Accountants learn to measure financial performance and report on company activity. These skills place them at the centre of sustainability discussions in companies as the business world reacts to the environmental and energy challenges of the next decades. How should company sustainability be measured and what role might accountants play? This is the tale of the accountant with three eyes.

I am standing on the factory floor. Everything is operating as it should be. The renewable energy generators are keeping energy flowing to the factory and the houses around; monitoring systems show that all emissions are being trapped and sequestered in line with global protocols and there is no waste. Everything that this factory produces is either sold or used by co-factories: The natural water cleaning system returns fresh water to the factory; off-cut materials are used by a series of small producers that share the site; process steam provides heat for others. I know all of our suppliers and exchange business and environmental impact information.

The ICAS Sustainability Essay Competition, sponsored by Grant Thornton, attracted nearly 90 entries competing for a cash prize of £3,000. The overall winner was Dave Marshall of Newton St Margarets, Herefordshire, who argues that accountancy should escape from its Victorian viewpoint and embrace a sustainable future.
with them in real time. We agree the share of responsibility for the sustainability of each part of the production process and the full cost of any environmental impact is embedded in the pricing. Most suppliers and customers are local and the factory is a social hub where people are welcome, and that they come to talk is one measure of our success. I am an accountant and everything is in balance.

INTRODUCTION

A textbook definition of accounting is "the art of communicating financial information about a business entity to users" (Elliott and Elliott 2008) and this suggests that the information should be seen to be both relevant to the user and reliable. An accepted definition of sustainability might be to "meet the needs of the present without compromising the ability of future generations to meet their own needs" (United Nations World Commission on Environment and Development 1987). Sustainability, or the move towards more environmentally sustainable business, will therefore require information that is relevant to addressing a global and inter-temporal issue that is generally accepted to be of human creation. The loudest voice now for the environment is about the changing climate as a result of emissions of carbon dioxide and other gases by industrialised economies, but maintaining a balanced ecosystem including rich and complex biodiversity will be fundamental to at least human existence on this planet. It may in fact turn out that the tipping point in this century will be water – both from regional shortage and flooding caused by rising sea levels as a result of climate change and human activity. However energy usage, price and availability will also be increasingly significant issues in themselves due to our reliance on finite oil resources. The current difficulty for business is the need to look beyond the traditional short-term profit motive in order to attempt to recognise co-responsibility for global phenomena and to be prepared for global challenges. There have, however, been numerous examples of businesses who have realised that moving towards more sustainable ways of working has made good business sense – for example, to control energy costs through efficiencies and investment in renewable energy or to reduce waste through closed loop thinking (Hawken, Lovins and Lovins 1999). Or simply as a demonstration of corporate social responsibility or a marketing device. However, for most businesses, all that they can see is more complexity, cost and effort. This is where the accountant really comes into play.

INFORMATION

The first "eye" is the need to identify the correct information. Visibility of information is important in leveraging change in a system (Meadows 1999) and without information feedback loops, behaviour is much less likely to change.

There are several mechanics already available to collect data relevant to environmental sustainability, in particular carbon tracking tools. The Carbon Trust for example (Carbon Trust 2010) has a tool that allows greenhouse gas emissions to be measured in tonnes of carbon dioxide equivalent. The approach is straightforward and can be undertaken by anyone right now based upon energy bills and mileage. There are also attempts to report performance, most notably through the Global Reporting Initiative (www.globalreporting.org), an overarching attempt to encourage businesses to pull together and report data across a whole range of indicators of sustainability. The problem, however, is that data on an inconsistent basis can be numbing. Who really remembers how far you have to drive to emit one tonne of carbon (4,000 miles I gather in a standard small car) and indeed how bad this is even in carbon terms compared to other things you might do – using electricity, flying, embedded energy in food, clothes, the new TV?

The contention is, firstly, that it makes sense to start looking at environmental sustainability by focusing upon carbon because that is vital, and secondly, that although carbon emissions can be readily measured, this needs to be converted to money terms in order for us to make sense of it. For at least most businessmen, money talks more than carbon. The exact cost isn't really the issue and there are for carbon at least accepted measurements – Stern (2007) prices carbon dioxide at $85 per tonne based upon future modelling of the damage caused by climate change and the UK government is using a price for untraded carbon dioxide based upon £50 per tonne (DECC 2009) calculated...
from the cost of mitigation. After carbon we can think about water and biodiversity and other key elements of environmental sustainability, but this is the start.

INTERNALISATION

Our current economic model, reflected in accounting, is founded in a Victorian world of essentially limitless resources. A sustainable economic model will need to take into account the fact that on this planet, the resources or capitals that we are using are wider than traditionally described, and include mutual relationships with natural capital, the air, soil and plants and all biological systems that support life (Hawken, Lovins and Lovins 1999). These capitals are also finite. The second “eye” therefore explores the failure to account for our impact upon the natural environment. This was described by Al Gore, former US vice president, as “partial blindness”, suggesting that “to exclude inconvenient facts from what is good and what is bad is a form of dishonesty” (Gore 2000). Accountants have ignored this, and have ignored the materiality of issues such as biodiversity and other key elements of sustainability.

An imaginative accountant can really inspire. Accountants are considered to be dull – this is the press stereotype – an article in The Independent cited research into emotional intelligence – an article in The Independent 2000). So if an accountant stands up for something, or says something differently, people take note.

The third “eye” is to envisage the future now with imagination and inspiration, to engage with the sustainability debate and to just get on and produce accounts that are different and not to be afraid to account in different ways for different audiences. Accountants may be thought of as boring, but they have also been characterised as “constructors of reality” (Morgan 1988) as the information that they provide presents their extracted view of the world.

Thus: “We create a picture of an organisation, or the economy, whatever you like, and on the basis of that picture (not some underlying ‘real’ reality of which no one is aware) people think and act. And by responding to that picture of reality, they make it so: it becomes real in its consequences.” (Hines 1988)

We are more powerful than we realise. By moving to participate fully in business and community conversations about sustainability and by taking ownership for a broader view of reality, we can inspire people to think deeply about our place on the planet and be the difference in balancing human endeavour with more sustainable living.

CONCLUSION

Let’s get on and monetise information, by exploring and internalising the wider impacts of company activity, throwing off the cloak to reveal ourselves as creative and inspiring leaders of the change that is needed to address the environmental and energy challenges of the future.