

# New Economy Networks

**A Development Proposal for How Businesses Themselves  
Can Drive the Transition to Sustainable Commerce**

**A New Initiative Proposed by  
The Center for Sustainable Organizations (CSO) and  
The International Reciprocal Trade Association (IRTA)**

August, 2017 (v3)





# Contents

- Executive Summary 2
- Who Are We? 3
- What Are *New Economy Networks (NENs)*? 4
- What's the NEN *Theory of Change*? 5
- Membership in NENs 6
- Our Development Proposal 9
- Workplan 14
- Appendix 20
  - What Are New Economies?
  - Social, Ecological and Economic Thresholds
  - What Are Blockchain-Based Networks?



# Executive Summary

- A regional economic development proposal that seeks to jump-start transitions to sustainable commerce (i.e., *New Economies*) by:
  - Equipping existing businesses that choose to participate with tools required to effectively measure, manage and report their sustainability performance (i.e., their Triple Bottom Line)
  - Incorporating blockchain-based reciprocal trading systems as platforms for sustainable commerce in ways that reward strong sustainability performance with tangible economic benefits to the financial bottom line
- An economic model that includes a cutting-edge alternative to GDP for assessing the sustainability of an economy, and not just its size



# Who Are We?

- Center for Sustainable Organizations (CSO):
  - A Vermont-based non-profit since 2004 credited with co-development of the world's first Triple Bottom Line, corporate sustainability accounting system: the MultiCapital Scorecard
  - Led by consultant, educator, author and innovator in the field, Mark W. McElroy, Ph.D.
- International Reciprocal Trade Association (IRTA)
  - A non-profit founded in 1979 to foster the common interests of the commercial barter industry in the United States and worldwide
  - Interfaces with governmental agencies, the media and the public to promote the numerous benefits of barter systems as an important component of economic development
  - Led by Ron D. Whitney, JD, President and CEO, IRTA



# What are New Economy Networks (NENs)?

- Self-organizing, opt-in, and blockchain-based networks of businesses committed to doing business sustainably
- Reciprocal trading systems (networks) with a sustainability “spin” to them whose members are rewarded in various ways for their sustainability performance
  - Strong performers receive preferential terms and conditions in their B2B transactions with other members
  - Strong performers receive preferential credit and other terms in their dealings within the network (i.e., the reciprocal trading system)
  - Providers of products or services with low negative and high positive social and/or environmental footprints receive additional benefits
  - Strong performers are publicly showcased as leaders in sustainability and in the transition to sustainable commerce



# What is the NEN *Theory of Change?*

- That opt-in networks with shared benefits and built-in incentives can be used to jump-start new economies
- That participation in such networks can:
  - Facilitate the launch of new economies from within old ones
  - Offer a viable, opt-in and self-paced way out of old economies
  - Provide a means of resolving the free-rider problem in sustainable commerce by incentivizing cooperation
  - Help build reputation and strengthen brand (like B Corps)
- That the introduction of Triple Bottom Line accounting to organizations can catalyze sustainability in commerce



# Membership in NENs



# What Are Members Expected to Do?

- Join the NEN and use it to their advantage
- Trade with other NEN members for at least 20% of their B2B needs by the end of their 3<sup>rd</sup> year of membership
- Begin using a Triple Bottom Line performance measurement and reporting system to be provided by the network (i.e., the MultiCapital Scorecard)
- Participate with the NEN on an annual basis as the sustainability performance of the network itself is assessed and reported (i.e., as a sustainability reporting alternative to GDP)





# How Do Members Benefit?

- By participating in a groundbreaking attempt to convert *old economies to new economies* (i.e., sustainable commerce):
  - Triple Bottom Line measurement, management and reporting
  - Sustainability measurement and reporting as an alternative to GDP
- By receiving all of the other benefits of reciprocal trading, *plus* enhanced terms for strong sustainability performance
  - Preferential terms of membership in the exchange
  - Preferential terms in reciprocal trading transactions
  - Preferential terms of credit with the exchange
- By receiving the positive reputational effects of being involved in a new model for sustainable commerce



# Our Development Proposal



# What are we proposing?

## *The New Economy Networks Initiative!*

- A multi-stakeholder effort to develop and test the NEN concept in action
  - Conduct a live *in situ* experiment in the real economy
    - Proof of Concept demonstration with opt-in business involvement
    - Concluding with a proven model for broader global deployment
  - Develop an administrative platform for launching and supporting additional NEN rollouts in the future



# What are the *Initiative's* goals?

- To pilot, test and evaluate a promising new model for how commerce can make the transition from growth economies to new, inclusive and sustainable ones
- To launch and test a prototypical “new economy” in the real world using the NEN model
- To design, test and evaluate a supporting platform for how best to help organizations make such transitions
- Or in general, as Donella Meadows used to say:

*“To play the big game!”*



# Our Relevant Credentials

- CSO
  - Co-creator of the *MultiCapital Scorecard (CSO)*
    - An open-source Triple Bottom Line accounting system
  - A leading provider of sustainability accounting to businesses
  - A 501(c)(3) non-profit established in 2004 in Vermont
- IRTA
  - Has over 100 members in the commercial barter and complementary currency sectors from around the world
  - Through its subsidiary, Universal Currency Clearinghouse, Inc., IRTA provides the most robust and successful global inter-exchange trading platform in the world
  - Provides professional consulting services regarding all topics related to the barter industry



# Other potential collaborators



Brought to you by  
the community of

**Certified**



**Corporations<sup>®</sup>**





# Workplan



# Key steps in the *Initiative*

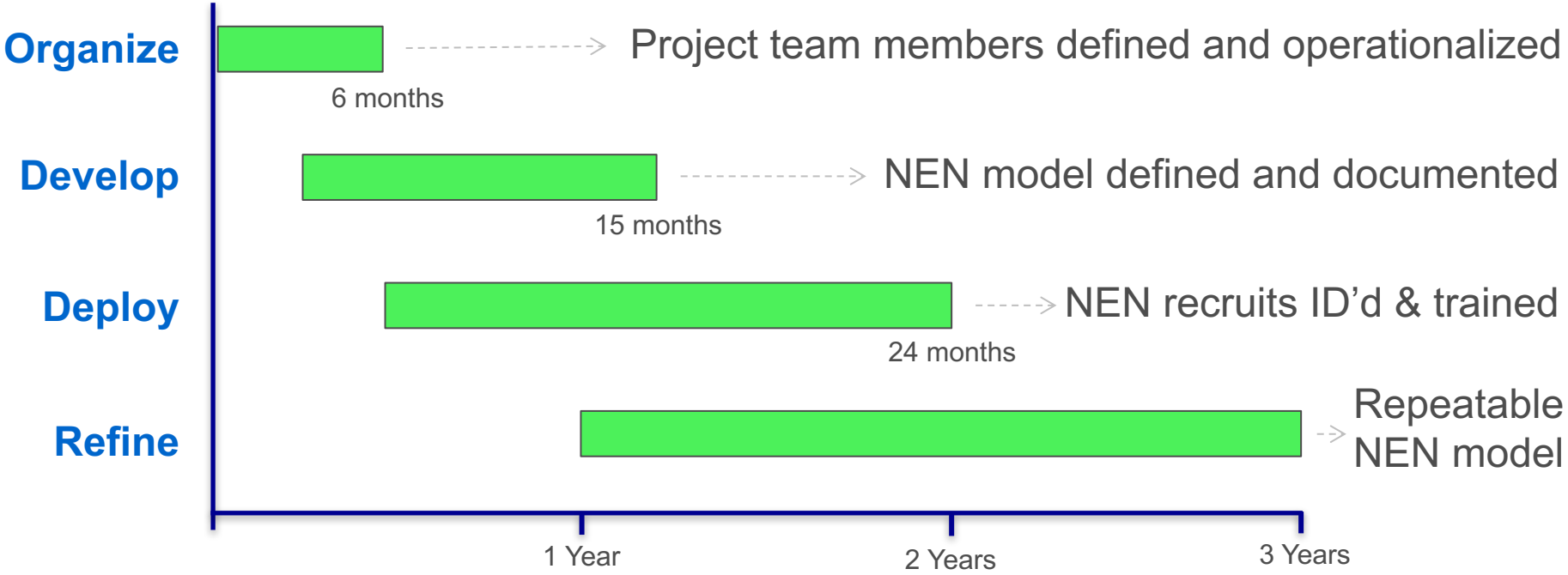
1. **Organize:** Recruit, orient and work with other key partners and collaborators to define project goals, deliverables, workplan and funding strategy
2. **Develop:** Incorporate as a B Corp in VT and develop initial NEN model and supporting administrative platform, policies and programs
3. **Deploy:** Recruit starter set of member organizations and deploy prototype of NEN model
4. **Refine:** Test, evaluate and refine NEN model for broader dissemination and use





# Timeline and deliverables

## Key Deliverables



**3-year timeline**



# Expected outcomes

- A prototypical self-organizing network of companies and other organizations that are:
  - Managing and accounting for their performance using a cutting-edge Triple Bottom Line measurement and reporting system
  - Transacting with one another on a B2B, reciprocal basis
  - Cooperating with one another to demonstrate how a more meaningful, non-GDP measure of an economy (e.g., the MultiCapital Scorecard) can be used to express collective performance
- Proof that new and inclusive economies can be launched and grown from within old, existing ones
- A replicable model for launching new economies anywhere!



# Resource needs & sources

- Grant funding
  - 3-year timeframe
  - \$200K per year (estimated)
  - Initial grant of \$50K to organize program and recruit partners
- In-kind contributions of organizers and key partners
  - Donated time
  - Open-source intellectual capital (e.g., MultiCapital Scorecard)
- New Economy Network fees
  - Membership fees (annual fees scaled by size of organization)
  - Member transaction fees



# Thank you!

For more information, contact:

Mark W. McElroy, Ph.D.  
Center for Sustainable Organizations

[mmcelroy@vermontel.net](mailto:mmcelroy@vermontel.net)



# Appendix



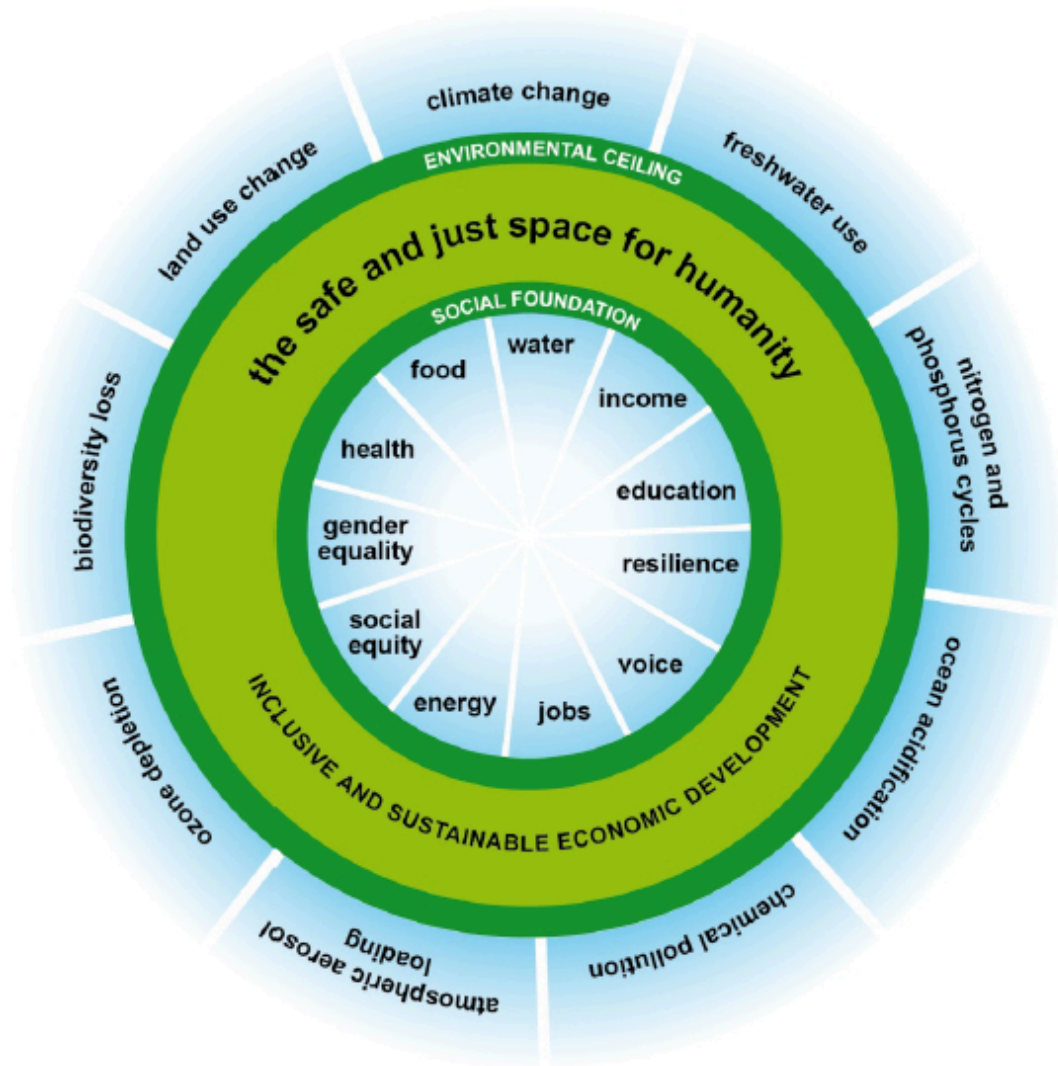
# What are New Economies?

- Economies grounded in a doctrine of Multicapitalism
  - That renounce the old and still dominant doctrine of *monocapitalism* (i.e., growth in economic capital at the expense of all others: natural, human, social and constructed)
  - That seek instead to operate within, and maintain, the carrying capacities of vital capitals at levels required to ensure human and non-human well-being
  - That are open, inclusive and stakeholder-centric
- Economies that are steady-state
  - Empirically sustainable relative to ecological limits (ceilings)
  - Empirically sustainable relative to social and economic thresholds, as well (floors)



# Social, Ecological and Economic Thresholds

*Multi-capital-based new economies operate within the safe and just space for humanity ... the MultiCapital Scorecard helps companies assess their performance relative to limits, limits & thresholds in the world*



Graphic: K. Raworth, Oxfam, 2012



# What Are Blockchain-Based Networks?

- Blockchain refers to a suite of information technologies that support distributed users on a peer-to-peer basis
  - “...a purely distributed peer-to-peer system of ledgers that utilizes a software unit that consists of an algorithm, which negotiates the informational content of ordered and connected blocks of data together with cryptographic and security technologies in order to achieve and maintain its integrity.”<sup>1</sup>
  - “Integrity of a purely distributed system of ledgers is found in its ability to make true statements about ownership and to ensure that only the lawful owner can transfer his or her property rights to others.”<sup>2</sup>
- The ideal infrastructure for keeping track of credits, trades and trading dollars in a reciprocal trading system!

<sup>1,2</sup> From *Blockchain Basics*,  
Drescher, D. (2017)