



Value balance[©]

Balancing Values and Effects



Wertebilanz - value balance©
Future viability and sustainability

IN A NUTSHELL

Value Balance is a novel system for comprehensive accounting and balancing. Using enhanced methods, a traditional balance sheet gets redimensioned around social, environmental, sustainable, and cultural factors, by way of actual bookings, not through reporting. In this context, formulating which values play which roles for an enterprise becomes particularly significant. The first question is to determine which these values are. Second, to determine if these values reflect on the balance sheet. And third, to determine if they also acquire monetary value.

Let us analyze some 120 values of interest in the Western world. What is interesting here is that there are innumerable values that leverage added value, but they have not been recognized on the balance sheet, until now. We intend to change this by appreciating values and by bringing them to the attention of the enterprise.

This intention equates to a journey to the land of values. Engaging with one or more values could cause effects which inherently add value for the enterprise, combined with the basic matter of how a value is measured. Measuring values also increases clarity in corporate processes and decision-making. Tracing and assessing effects resulting from corporate decisions in the future is also useful.

An ordinary balance sheet and basic points of view are thus complemented and taken to the next level. Our method taxonomy prevents overlooking the fact that values and their onset are crucial for every enterprise. Enterprises that implement value balance aggressively demonstrate their social, cultural, environmental, and sustainable capabilities and performance. Value Balance represents economic conditions more realistically and according to corporate reality. Added value belongs mainly to this reality: precisely what value establishment is about.

Audacity is required to venture into the practically unknown land of values and their effects on the entrepreneurial genius. The reward? Accounting and balancing come alive and can bring joy. Why? Because the insights of the journey are actually also reflected on the balance sheet. In the end, a qualitatively observable Value Balance emerges. What has been accomplished generates enthusiasm. Also, because new things were discovered through collaborative inspection. Using the Value Balance system will anyway result in raising awareness of values. Here, effect accounting also helps as an inherent part of Value Balance. It focuses on the future. Things and processes that were previously scarcely handled and considered, become transparent with effect accounting.

- *Along with financial transparency, we enhance the balance sheet around cultural, sustainable, and environmental factors, and render them visible.*
- *The enterprise's potential for improvement can be identified early.*
- *This new transparency allows clarity and efficiency in the enterprise's management.*
- *The process motivates and inspires employees, as they feel included and connected to the company.*
- *That makes the company particularly attractive for qualified and for new employees, in terms of competition and talents.*

PROPOSAL

Value Balance identifies relevant values for close cooperation between staff and management. Besides financial factors, cultural, social, and environmental/ sustainability factors emerge at the core of the orientation of a new economic activity. Identifying values at their source, along with observing and documenting their development, is the new way to balance and set new standards. We enhance and differentiate bookkeeping, accounting framework, income statement, and balance sheet, aligned towards existing sustainability standards. Value Balance enhances and complements tax and trade balance. This way, it reaches a more realistic level than that

achieved with a traditional financial balance. So, the enterprise can confront the requirements for systematic, transparent, and efficient measurability of economy and ecology. Society, politics, and investors will continuously and consistently demand this in the future.

The debate about sustainability is the struggle for future viability in the economy, financial markets, politics, and society. The concept of sustainability keeps expanding constantly. Social, cultural, and human values emerge. A new responsibility awareness develops, also for enterprises. An economy based on our human livelihood, and therefore on our very future, cannot go forward. Enterprises focus on asset maintenance and safeguarding the future of our livelihood. From now on. The 2015 Paris Agreement, the UN Sustainable Development Goals (SDG), and the 2018 IPCC Special Report call for a corresponding transformation.

There are currently no uniform concept nor standards in place regarding the actual meaning of sustainable investment or how it can become measurable. Investors increasingly demand this and rely on credit rating agencies and corporate balance sheets. Collective uncertainty, fear, and confusion are rampant everywhere. Transparency is a basic condition for long-

term added value in enterprises, along with the ability to measurably represent sustainability in the balance sheets. Since 2016, enterprises with over five hundred employees are even required to include "non-financial" environmental and social aspects of their business activity in the management report of the annual statement, although without a financial report in the income statement or in the balance sheet.

The integral approach of Value Balance allows representing the social, environmental and cultural success of an enterprise, not just its economic success. Successes thus related, but also expenses, will end up in the Value Balance income statement.

AIMS

Financial reporting standards should allow a true and fair representation of assets and liabilities, financial position, and corporate performance. Besides informing, value balance sheets expanded around sustainability issues also serve for controlling purposes. This financial reporting allows Investors, employees, customers, and interested members of the public access to assessment criteria that were previously not available. Neither the International Financial Reporting Standards (IFRS) nor their European counterpart reflect systematically satisfactory

sustainability risks. Only an integral financial reporting of Value Balance offers a realistic foundation and measurable reference values for rating criteria, such as Environmental, Social, and Governance (ESG). Value Balance implements meaningful and well-proven principles, such as budget and follow-up. Consumption, wear and tear, recycling, and renaturing can be systematically balanced using economic and sustainable methods. Resource balancing allows a precise representation of material flows in an enterprise. Possible risks and damages are detected earlier in enterprises and neutralized accordingly, without damage to people or nature. Value Balance enhances and complements existing accounting standards and strengthens them for the future with clarity and transparency.

CORPORATE HORIZONS

Value Balance can broaden corporate horizons and unlock new potentials for enterprises and make visible what previously could not be seen. Realignment provides momentum for enterprises, along with a robust orientation toward those values found to be worthwhile.

MOMENTUM AND MOTIVATION

We find an unprecedented situation in the 21st century. Every significant issue that is neglected or about which no decision is made cannot be reverted nor repaired by our children and grandchildren. Climate change is a portent for future of humanity. And related to this, a certain collective discomfort has spread. Especially youngsters wonder how much time we have left and how much of our resources and space will be available for us to survive. Culprits and initiators are being sought. Contemporaries tend toward polarizing reactions. This ranges from panic mode, considering the opinion of dissenters or even facts, all the way through complete denial. Often, the prevailing apocalyptic mood raises issues such as “the time we have left” and “transformation speed.” We have established ourselves in actual or invoked squalor; we seem to have comfortably reached a dead end and even decorated it.

The comfort zone is apparent. Surveys show poor results for enterprises in terms of reliability. But they nonetheless hold a huge lever that can change the world and make it more livable. How can enterprises become more successful in a modified and improved system of coordinates for values? The thrill of discovery in companies leads employees, managers, and entrepreneurs to value added processes. Existing values

are acknowledged, new are created, and not as many valuable things are modified. In addition, corporate development must be triggered, and transformation processes initiated. With methodology, structure, and audacity. Value Balance raises issues that are currently still latent. It fosters an awakening of new awareness.

CENTRAL QUESTIONS

- *How transparent is my enterprise and how do I achieve transparency?*
- *Will the balance sheet live up to its claim to document all essential corporate processes?*
- *How can I broaden the vision and the insight for the enterprise? Am I really seeing everything?*
- *What instrument is appropriate to reflect these insights?*

VALUES AND THEIR MEANING FOR VALUE BALANCING

Values are understood as moral or ethical properties and qualities. Within a social community, they are deemed good and desirable. The value set of our Western civilization surprisingly comprises many values. These values play various roles in our

lives at each level of effect: individual, familial, social, human and related to nature. For Value Balance, it is particularly important to formulate which values play roles for an enterprise, whether socially or commercially. For this purpose, we have carefully examined relevant values from our cultural context. For this, the following matters were conducive to the aims:

- *How can the practical meaning of values like dignity, justice, and freedom be assessed?*
- *Which values, such as patience, self-discipline, or gratitude, are rather individual in nature or could be implemented by individuals?*
- *Which values play a relevant role in an entrepreneurial context?*
- *Which values could have a positive impact on corporate development?*
- *At the enterprise level, how can we classify values, such as financial, social, or administrative, or whether they affect net income?*
- *Do monetary values result directly and immediately from enterprise values?*

CHANGE

TYPES OF VALUES

There are several different types or sorts of values of varying nature. In contrast to values themselves, their power and effectiveness can be clearly recognized. It becomes apparent that we must invest in the origins of values and build up on them. Investments in values are mostly rather indirectly perceivable as monetary results. Effectiveness and development appear chronologically offset. Higher values correspond to high ideals. They transcend people. Those values that can be individually realizable are clear and targeted. They can be merged in groups. High individual values, positivity, and virtue are rather outwardly expressed. Many values play significant roles in the enterprise context. Investments in enterprise values mostly result indirectly and chronologically offset as monetary results. Regardless of its company law, an enterprise must consistently value its assets. Undoubtedly, assigning a value in euros to “peace” as a value is complicated, however, not to the effort it implies. And also the effects of the efforts to establish peace can be reflected at some point on a balance sheet, as long as Value Balance is understood as an integral system.

The aim is, by no means, to prescribe “moral” values for enterprises to achieve. What matters is what is achieved, what generates values, and what makes our future endearing and worth living.

TRANSFORMING ENTERPRISES

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As an entrepreneur, you afford particular significance to sustainability and future viability in your enterprise

By implementing novel balancing methods, you decide to shape your own enterprise and, as a result, the economy

With this, you can expand your corporate perspectives and increase your chance of success

With the Value Balance system, sustainability and future viability become measurable for you

With this, you can expand your corporate perspectives and increase your chance of success

They complement current corporate perspectives around new values, effects, and resources

This will provide you with a more complete representation of performance and valorization in the enterprise

This means recording and tracking values and added values precisely for the following issues: Ecology, sustainability, culture, social issues, profitability

UNTERNEHMEN VERWANDELN

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There are gaps in traditional balance sheets and accounting. They have not met the ever-changing requirements of the global market (for instance, agility, sustainability, enthusiasm, motivation, identification, value generation)

They assess enterprises by implementing Value Balance. The future of balancing includes representing values and resources realistically

Through novel and legally compliant methods, you increase your chance of success with future challenges

With sustainable and valuable methods, you can contribute to a future viable economy

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Value Balance can be used flexibly and can gradually, issue by issue, result in a complete balance sheet

Value Balance changes awareness optimizing the transparency of corporate facts

The assets side is strengthened human involvement is more valued

TRANSFORMING VALUES

Simple and realistic sustainability accounting is an integral part of Value Balance

Human, natural and social resources (skills, knowledge, innovation, patent values, raw materials) become integral parts of the balance sheet

Consumption, wear and tear, elimination, and renaturing of natural resources are entered as values at the correct location in the income statement

Representing resources (nature, people, culture) as assets

The responsibility for the raw materials used lies in the enterprise

The account system is complemented, rearranged, and restructured with meaningful accounts

Realistic, complete, correct, and compliant with the German Commercial Code (HGB)

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Founding board of the promotion association, Waldorf School Markgräflerland,
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Two decades in the most diverse posts in manufacturing and SMEs,
of which ten were in SAP AG as Innovation Manager
Since 2012, MONNET – Strategy and Enterprise Development, www.monnet.pro
Foundation of DIE AGRONAUTEN (The Agronauts), a research company
Development of a diagnostic tool for the discovery of the social genius
Interim management and crisis intervention in social economy

Since 2018, Value Balance: Values and Effects on the balance sheet,
www.wertebilanz.com

Experience and Abilities

- * Corporate development
- * Interim management
- * Investment project development for construction
- * Management
- * Founder, entrepreneurship, innovation management
- * Digital Scout and Business Analyst
- * Visualizing business processes

Value Balance®
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