INTRODUCTION TO ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

(formerly: Leading Sustainable Enterprises)

B65.3359

DRAFT ONLY: FINAL SYLLABUS WILL BE POSTED IN JANUARY.

Please do not use this version of the syllabus to buy cases in advance as the cases may change. The same applies to the recommended books unless you are truly curious about these topics for your own information.

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Course Description and Objectives

Arguably, no issue is more at the forefront of management challenges at the beginning of the 21st century than the issue of the impact of business activity on the natural and social environment. Rather than treating environmental and social issues as a "side issue," many firms are seeking to understand the idea of sustainable development as it applies to their business and trying to figure out how to incorporate environmental and social sustainability into their strategic thinking.

The World Commission on Environment and Development defines sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs." In his book, The Ecology of Commerce, Paul Hawken (1993) defines sustainability as “an economic state where the demands placed upon the environment by people and commerce can be met without reducing the capacity of the environment to provide for future generations.”

In this course, we will look at issues regarding potential roles for business in contributing to sustainability, measuring the effectiveness of an organization in terms of sustainability indices, examples of firms that are creating and executing strategies for competing in a sustainable manner, engaging and managing stakeholders in this arena, innovative forms of business enterprises (e.g., micro-finance) and social ventures, and at methods for fostering innovation that could contribute to sustainability goals as well as at the role of leadership.
This course has several basic objectives. The first is to foster learning about the issues (e.g., climate change, water scarcity, pollution, food production issues, toxin creation, poverty alleviation, and social equity to name a few). The second objective of the course is to expose you to "thought leaders" in the area of sustainable business and their ideas as well as to companies that are leading the way. The third objective is to learn to apply key concepts and frameworks to the analysis of contemporary organizational situations. It is our hope that through exposure to examples and to key ideas, concepts, and theories that you will have the tools to become a leader in the world of sustainable enterprises, should this be the way you choose to direct your career. Learning will be interactive, and each class session will require your participation.

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<tr>
<th>Course Materials</th>
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<td>1. Probable required reading (at the NYU Professional Bookstore):</td>
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<td>- Others to be determined</td>
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<td>2. Course Website – a lot of the readings will be posted to the Course website.</td>
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<td>3. Required Harvard Cases. Available at:</td>
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<td>4. Handouts</td>
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<tr>
<th>Other Recommended but Not Required Materials (if you are interested)</th>
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Course Requirements

Grading:

Class Preparation (Homework, Participation and Reaction Papers) 35%
Sustainability Reports (due March 7th and April 11th) 25%
Team Final Project 40%

Class Preparation: Participation, Homework and “Reaction Papers” - 35%. This is a course that will use learning methods that require active student involvement.

In order to be an active participant, it will be necessary to read the articles and background text material as well as the case/exercise material (if any) assigned for that day. In many of the class sessions, there will be written homework assignments due (generally 2 double-spaced pages). The purpose of these written homework assignments is to help you practice using the ideas and frameworks introduced in the course and to challenge you to think through your analyses well enough to write them down. The homework will be challenging.

You will need to hand in at least 4 of the written homework assignments over the course of the semester, two of which are required assignments.

For classes in which you are electing to not hand in a written homework or for which there is no formal written assignment, I will still expect you to be prepared to participate in a class discussion or activity based on the reading and the material I have asked you to prepare. You will often not be able to follow the discussion if you have not read the preparation materials beforehand.

Thus, attending class but not participating in class will not be sufficient to earn you a good class participation grade. Absences, lateness, and a lack of preparation will all have a negative impact on your class participation grade. If you have difficulty with spoken English, or some other issue that will interfere with your ability to participate, please be sure to talk to us about it early in the semester so that we can arrive at common expectations for your performance.

You may also submit up to 2 optional Reaction Papers to supplement your in-class participation. These memos can address your reactions to any class session you choose although it is preferable to hand in these reaction papers within a week of the class session to which you are reacting. These reaction papers should be no longer than 2 double-spaced pages.

Your total class preparation grade will be based on the quality of the homework assignments and reaction papers (if any) that you hand in as well as the quality and thoughtfulness of your contributions to the class discussions.

Sustainability Reports (due March 7th and April 11th) (25%)

more to come.

Final Team Project – 40% of the final grade. Each student will be asked to work with a team of 2-3 other students on a final group project, which will involve both a presentation and a written component. The purpose of this project is to use the data, concepts, tools, and frameworks to advance the class’ understanding of a company’s sustainability strategy and position or of an industry’s sustainability issues and competitive landscape.
Each group will present their project in class and lead a short question and answer period. Each group will be asked to play a particular role in their presentation. Some possibilities include:

- a consulting role,
- the role of a top manager trying to help their CEO and top management team understand where the company is relative to its competitors,
- the role of a CEO reporting to the board,
- the role of a competitor attempting to summarize what they have learned about a company's position on sustainability.

The group will be asked to explain the perspective they are taking and to put the class into the role of a particular type of audience (e.g., a board, a top management team...). Each group will get written feedback from their peers on their presentations.

A 10-page paper on the project will be due the last day of class.

I have suggested three possibilities for projects below. I am open to other ideas for team term projects but please make sure to check with me before you get started.

Option 1:

This team project would involve selecting an organization to analyze using the tools that we have covered in the class. The precise nature of this project will be determined but below are some preliminary thoughts.

Pick a company:

- What are the key threats and opportunities the company faces in the short and long-term future regarding the sustainability of its operations?
- Evaluate the company on its sustainability performance – justify the evaluation using known indices of sustainability.
- What are the stakeholders saying about the company?
- How does it do in relation to other firms in its industry? Be specific. Pick a competitive set and compare the company's performance to this group.
- Has the company incorporated sustainability into its strategy? Does their portrayal of their sustainability strategy integrate with the company's business strategy? What's your evidence?
- Make a case as to whether you would be able to recommend the company as a “buy” if you were responsible for managing a sustainable enterprise portfolio.
- The final paper should be in the form of a consultant's report to the company's top management or a top manager's report to the top management team or to Board. Tell them how they are doing on sustainability issues and how they compare with their competitors. What recommendations would you have for the company? Lay out an action plan for how to make those changes.
Option 2:

The team project could involve creating an action plan to change an existing organization to become more “green” in its actions. Here, you could take the perspective of the Chief Sustainability Officer trying to sell your action plan to the top management team or to the Board of Directors.

You could also conceive of a new venture to solve some environmental problem that has not yet been effectively addressed or that could work with existing organizations. In your presentation, you could be presenting your idea to try to raise venture capital from a group of investors.

Option 3:

Your team could elect to study an industry and attempt to identify the key issues related to sustainability in that industry as well as analyze the competitive landscape (who is out in front and why, how will the competitive landscape change as sustainability concerns take on increasing importance in the world). If you elect this option, you could take the stance of an industry association seeking to become knowledgeable about the state of the art in the industry in order to reach a conclusion on a certification program, or you could take the perspective of an NGO such as EDF, or that of a government agency.

Option 4:

Explain to us what you are thinking of working on and we will consider it.
INDIVIDUAL AND GROUP CONSULTATIONS

You should feel free to consult with me or with Andrea Prado, the TA for this course, if you have questions. The best way to get in touch with me is via email. Except for weekends and when I am traveling, I will try to answer all e-mail questions within 48 hours. You can also feel free to call me at (212) 998-0227 if you want to schedule an appointment or if you have questions.

POLICIES ON ATTENDANCE, LATENESS and the USE OF ELECTRONICS

Attendance: Since this course uses various learning methods that require your physical presence and your active involvement (e.g., discussions, exercises, simulations, etc), it is my hope that you will attend as many of the class sessions as you possibly can.

Lateness: I expect that everyone will arrive to class on time and stay to the end of the class period. While I understand that there will be unforeseen events (traffic jams, etc) contributing to late arrivals, lateness should not be a common practice. I consider excessive instances of lateness to be disruptive and rude to all of us. Furthermore, we will be doing exercises on several occasions for which it is absolutely critical that everyone be present at the start of class.

The use of electronic devices: Laptops, cell phones, Smartphones and other electronic devices can be a disturbance to other students and to me. Please check that all cell phones, smartphones, and pagers are turned off prior to class. Please do not attempt to engage in surreptitious texting or email reading in class. I know you think I can't see you but I can.

My preference is that laptops not be used in class as using them, even for note-taking, can be distracting to other students and can interfere with the ability of the class to focus. If you deem it necessary for your own learning, you may use a laptop to take notes or to access the course website but please try to do so quietly. Obviously, laptops should not be used for any other purpose in class – needless to say, this is not the time to surf the web or read your email.

I will occasionally ask you to use laptops in class to research something, so you should bring them.

Students with a Need for Special Accommodations

If you have a qualified disability and will require academic accommodation during this course, please contact the Moses Center for Students with Disabilities (CSD, 998-4980; http://www.nyu.edu/csd/) and provide me with a letter from them verifying your registration and outlining the accommodations they recommend. If you have questions, the CSD is very helpful and you should feel free to contact them.
In the spring of 2000, the MBA Student Government elected to put an Honor Code into place at Stern.

I take the Honor Code very seriously and expect that you will as well.

It would be considered a violation of the Honor Code to plagiarize in any way in this course. Case analyses and homework should be your own work. I would consider it an honor code violation to view or use anyone else’s written preparation of the case. I would also consider it an honor code violation to not properly give credit to your sources (by using quotations and footnotes). It is tempting to use the words of others -- don’t do so unless you properly acknowledge the source. The final group project will require the use of outside resources, but groups must be careful not to plagiarize from them (literally or conceptually). The case analysis should reflect the conceptual work of only your group members.

As a faculty member, I am obligated to refer all cases of behavior that appear to violate the Honor Code to the Discipline Committee.
Course Outline

This course outline is based on last year’s outline of topics. The dates of assignments and Topics are subject to change but this gives you an idea about the content of the course.

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<thead>
<tr>
<th>Monday February 7th</th>
<th>Introduction to the Course</th>
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<tbody>
<tr>
<td>Read:</td>
<td>Inter-governmental Report on Climate Change, 2007 Summary of Robust Findings (see section 6 for a summary)</td>
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<tr>
<td>Recommended (especially if you are unfamiliar with the issues):</td>
<td></td>
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<td>Sachs, foreward and chapter 1</td>
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<tr>
<td>Class Content:</td>
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<tr>
<td>Overview of course and of the issues</td>
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<tr>
<td>Faculty/student introductions</td>
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<tr>
<th>Monday February 14th</th>
<th>Sustainability Challenges</th>
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<tr>
<td>Watch (if interested; not required):</td>
<td>The Story of Stuff.</td>
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<tr>
<td>Case:</td>
<td>Esty and Winston, chapters 1 and 2</td>
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<tr>
<td>Required Homework:</td>
<td>Herman Miller</td>
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<tr>
<td>Answer case questions (2 pages; see back page of syllabus)</td>
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<tr>
<th>Monday February 28th</th>
<th>The Sustainability Stakeholders</th>
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<tr>
<td>Possible Guest Speaker:</td>
<td>Esty and Winston, chapter 3</td>
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<tr>
<td>Read:</td>
<td>Esty and Winston, chapter 3</td>
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EDF’s strategic plan (see course website)

Articles on Robert Kennedy and Al Gore (on course website)

Report on McDonalds (on course website)

http://www.us-cap.org/USCAPCallForAction.pdf


Required Homework (option 1): TBA

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**Monday March 7th**

**Measuring and Monitoring Environmental Sustainability**

Read: Esty and Winston, chapters 4, 5, and 7 and Appendix 2

Homework: Visit:

- B Lab [http://www.bcorporation.net/](http://www.bcorporation.net/)
- Global reporting Initiative [http://www.globalreporting.org/Home](http://www.globalreporting.org/Home)

Possible Guest Speaker

**Sustainability Report 1(Required):**

Pick two organizations in the same industry with a sustainability report on-line. Research their environmental sustainability performance.

Compare the information relayed for both companies to the indicators of the GRI. What is being emphasized? What is not? If you were a
competitor, what would you think their strengths and weaknesses were? If you were a consultant, what would your recommendations to each company be?

**Monday March 14th**  
**Spring break -- enjoy**

**Monday March 21st**  
**Conceiving and Implementing a Sustainability Strategy**

Possible Guest Speaker:  
Read:  
Sustainability at Millipore (on Harvard website in electronic course library)  
(You may want to review material from your LiO class on organizational structure to answer the structure question.)

Homework:  
Case Questions (2 pages max.)

**Monday March 28th**  
**Enacting Sustainability Strategies: The Case of Wal-Mart**

Possible Guest Speaker:  
Read:  
Porter and Kramer; Unruh articles.

Case:  
Walmart’s Sustainability Strategy (on Harvard website in electronic course library)

Homework:  
Answer Case Questions  
Possible other assignment (TBA)

**Monday April 4th**  
**Creating Change**

Read:  
Esty and Winston, chapter 6; other readings on water on course website
Watch: Watch the movie "Flow."

Homework (new): Answer one of the case questions on the movie. (2 pages max.)

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**Monday April 11th  Addressing Social Sustainability Issues**

**Part One:** Assessing Impact


Also, article on social footprint idea at:
[http://www.sustainableinnovation.org/index.html](http://www.sustainableinnovation.org/index.html)

**Other sites to be added.**

**Sustainability Report 2 (Required):** Pick two organizations in the same industry with a sustainability report on-line. Research their social sustainability performance.

Compare the information relayed for both companies to the indicators of the GRI. What is being emphasized? What is not? If you were a competitor, what would you think their strengths and weaknesses were? If you were a consultant, what would your recommendations to each company be?

**Read:** Sachs, J. 1999. “Helping the world’s poorest.” *The Economist*, 14 August: 17-20


New York Times article on Red in the file called "Red" on the course website.

**Case:** (Product) Red A (Harvard case -- in the electronic library on the Harvard website)

**Visit:** Joinred.com ([http://www.joinred.com/red](http://www.joinred.com/red))

**Homework:** Evaluate the arguments for and against Red. Who are the stakeholders? How do they benefit, if at all? If you worked for a retail store, would you join. Why or why not?

Also, will be time to meet with groups on group presentations/projects
**Monday April 18th**  Reducing Poverty and Providing Opportunities: Base of the Pyramid Initiatives

**Part One:**

**Readings:**
- Phan, P. (on course website)
- The “Tipping Point” (Harvard Business Review article)

**Case:**
- Unilever in India (Harvard electronic packet)

**Homework (option 1):**
Write a two-page memo comparing and contrasting Omidyar’s approach to micro-finance with Yunus’ view. Is it possible to reconcile these two positions?

**Homework (option 2):**
Answer case questions on Unilever (see back page of syllabus; 2 page max.)

**Recommended if you are interested:**
- Sachs, Jeffrey. *The End of Poverty*, Introduction and chapters 1, 2, 9, and 14
- Yunus, M. *Creating A World without Poverty*

**Part Two:**
In-Class Exercise

**Monday April 25th**  Considering Careers and Course Wrap-Up

**Possible Guest Speaker**

**Read:**
- Profession and Purpose

**Course Wrap-Up**

**Monday May 2nd**  Final Project Presentations

**Monday May 9th**  Final Project Presentations
Case Questions

Homework: Herman Miller case

1. What are some of the key aspects of the environmental issues facing Herman Miller? (Reference Esty and Winston, pgs. 60-63)
2. Do you think Herman Miller should use PVC or TPU in the Mirra Chair arm pad? Why is this decision so difficult for the company to resolve?
3. To what extent do you think the C2C protocol that Herman Miller is using is generalizable to other production companies? Why or why not?

Homework: Sustainability at Shell

1. Will stakeholder management become more important to organizations in the future? Why or why not?
2. Is Shell's stakeholder engagement model generalizable to other companies? Why or why not?

Homework: Sustainability at Millipore

1. If you were Newman, would you recommend a structural re-organization for the sustainability initiative at Millipore? Why or why not? If so, what would you propose and why?
2. If you were Newman, how would you go about figuring out what the next set of sustainability projects at Millipore could (should) be?

Homework: Walmart Case

1. In what ways are they a model for other companies? In what ways, not?
2. What aspects of their methods could be applied by other companies successfully? What are the boundary conditions for the application of these methods? Did anything surprise you about their methods?
3. How is Wal-mart doing now with each of these three initiatives (fish, electronics, and cotton)? How much progress have they made since the case was written?

Homework: Flow (the movie) -- choose either of the questions to focus on in a 2 page write-up.

1. Discuss the role of the corporation in solving and in creating problems in relation to water. Reach a conclusion on the question of whether the privatization of water makes sense and under what circumstances.
2. Discuss how the issue of water allows us to see the linkages between environmental and social sustainability. Are these links generalizable to other issues like climate change? Why or why not?

Homework: Unilever in India

1. What are the key ways that the Shakti system of selling is different from HLL’s usual system of sales and distribution?
2. Explain how the business objectives align with the societal objectives in this case.
3. What are the risks?
4. Is this sustainable?