

## **Stern School of Business.**

### **Sustainability for Competitive Advantage**

Faculty: Professor Tensie Whelan  
Director: Stern Center for Sustainable Business

This course is designed to assist students in developing the knowledge, skills, and perspective they need to understand and address environmental and social challenges in business, so that as leaders they reduce risk, create competitive advantage, and develop innovative services, products, and processes, all while building value for society and protecting the planet.

Due to a rapidly changing global ecosystem, businesses in the future will face fewer resources, greater demands for transparency, less available water, and a warmer climate. At the risk management level, leaders need to understand how these changing factors can impact their businesses, much as they do for civil conflict, financial panics, and political upheavals.

But as is often the case, new risks create new opportunities: the business leaders who can meet such risks through effective innovation and collaboration will find solutions to these sustainability challenges that meet the needs of society while delivering returns to shareholders.

In this course, students will develop an effective leadership perspective through pursuit of the following *learning objectives*: 1) to become familiar with the key environmental and social issues effecting business today, 2) to understand the evolution of corporate response—from compliance to engagement to innovation, 3) to develop some of the skills required for leading in this new social and political environment (e.g. multi-stakeholder management), 4) to explore the efficiencies and innovations being developed by corporate leaders in pursuit of sustainability, 5) to explore innovations in finance (true cost accounting, net positive value, social impact bonds), and 6) to become familiar with the latest consumer insight research on sustainability. In short, this course is multi-disciplinary, and seeks to integrate across the functions of the firm to arrive at an effective firm-wide leadership sensibility.

The format of the course is a combination of lecture and *discussion seminar*. Class sessions will span a variety of activities, including: guest lecturers from the business community, discussion, in-class writing, role-playing, and other participatory exercises. These various activities will be designed and facilitated by the instructor in order to allow students to engage in reflective dialogue with each other.

Course cases and readings will be posted on NYU Classes, and students are expected to come to class ready to reflect upon their meaning with respect to the topics addressed in that class session.

The course proceeds cumulatively so that all themes, cases and readings inform subsequent discussions.

Toward the beginning of the course, the student will pick a company for which s/he will develop an in-depth competitive sustainability analysis with specific recommendations for the firm's management, writing as a management consultant. The research will culminate in a 12 page paper and a presentation to the class, who will critique the presentation as though they were the clients.

**Grading:**

**Class Participation:** **30%**

Attendance in this course is mandatory, and students are responsible for providing prior notice of any absence for illness or otherwise.

**Presentation:** **20%**

At the end of the term, each student will present a summary of their paper's recommendations to a "management board" (a pre-assigned group of students who will have pre-read the presentation). This will take place in front of the class.

**Course Paper:** **50%**

At the end of the term, students will submit a 12-page paper in which they perform an in-depth competitive sustainability analysis of a specific firm. The topic of this paper must be approved in consultation with Professor Whelan.

## INTRODUCTION

Note: the course will have regular guest speakers from business and civil society, to be identified in December and January.

The NYU Bookstore will carry the following required books:

- "Building a Culture for Sustainability" - Wirtenberg, J.
  - ISBN: 9781440803765
- "Green Giants" - Williams, E. F.
  - ISBN: 9780814436134

PDFs of chapters from other books or readings will be in the Resources section of NYU Classes.

### Module 1

Learning Objective: to provide an overview of the key environmental and social issues effecting business today

Readings:

- Risky Business  
[http://riskybusiness.org/site/assets/uploads/2015/09/RiskyBusiness\\_Report\\_WEB\\_09\\_08\\_14.pdf](http://riskybusiness.org/site/assets/uploads/2015/09/RiskyBusiness_Report_WEB_09_08_14.pdf) Read pages 1-23, 49-53
- The Paris Agreement
  - *In NYU Classes: Resources*
- UN Sustainable Development Goals – click on each goal to read the background behind it.
  - <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>
- “Rewiring the Economy: Ten Tasks, Ten Years” Institute for Sustainable Leadership, University of Cambridge, 2015
  - <http://www.cisl.cam.ac.uk/publications/publication-pdfs/rewiring-the-economy-report.pdf>
- The Financial System We Need: Aligning the Financial System with Sustainable Development,” UNEP Inquiry Report, 2015. "Inquiry in Brief" pgs x-xxii
  - *In NYU Class: Resources*

### Module 2

Learning objective: to examine the evolution of thinking in the corporate response to global sustainability trends

Readings:

- “The State of Sustainable Business 2015” Globescan and BSR, September 2015
  - [http://www.bsr.org/reports/BSR\\_GlobeScan\\_State\\_of\\_Sustainable\\_Business\\_2015.pdf](http://www.bsr.org/reports/BSR_GlobeScan_State_of_Sustainable_Business_2015.pdf)

- “From the Stockholder to the Stakeholder: How Sustainability Can Drive Financial Outperformance,” University of Oxford and Arabesque partners, March 2015
  - [http://www.corporate-engagement.com/files/publication/20140915\\_FROM\\_THE\\_STOCKHOLDER\\_TO\\_THE\\_STAKEHOLDER.pdf](http://www.corporate-engagement.com/files/publication/20140915_FROM_THE_STOCKHOLDER_TO_THE_STAKEHOLDER.pdf)
- Chapter 3: “A Higher Purpose” from Green Giants by Freya Williams, 2015
- Chapters 1 – 2: of Conscious Capitalism: Liberating the Heroic Spirit of Business. Mackey, J & Sisodia, R. 2014. *In NYU Classes: Resources*

### **Module 3**

Learning Objective: To explore how and why to embed sustainability in corporate strategy.

Readings:

- Chapter 1: “Business Reality Reshaped,” Embedded Sustainability: The Next Big Competitive Advantage, Chris Lazlo and Nadya Zhexembayeva, 2011
- The Sustainability Business Case for the 21<sup>st</sup> Century Corporation
  - <http://www.stern.nyu.edu/experience-stern/about/departments-centers-initiatives/centers-of-research/center-sustainable-business/research/resources/sustainability-business-cases>
- Profits with a Purpose:
  - <http://www.mckinsey.com/business-functions/sustainability-and-resource-productivity/our-insights/profits-with-purpose-how-organizing-for-sustainability-can-benefit-the-bottom-line>
- CSB: Mining & Water Risk Management Case Study:
  - <http://www.stern.nyu.edu/experience-stern/about/departments-centers-initiatives/centers-of-research/center-sustainable-business/research/resources/risk>
- CSB: Supply Chain Case study:
  - <http://www.stern.nyu.edu/experience-stern/about/departments-centers-initiatives/centers-of-research/center-sustainable-business/research/resources/sustainable-supply-chains-0>

### **Module 4**

Learning Objective: The evolution of consumer attitudes toward corporations, purpose, and sustainability

Readings:

- Chapter 5: “Mainstream Appeal” from Green Giants by Freya Williams, 2015
- Chapters 7 & 8 of Firms of Endearment
- Rethinking Consumption: Consumers and the Future of Sustainability, Globescan/BBMG/Sustainability, 2012

- <http://www.globescan.com/component/edocman/?task=document.viewdoc&id=51&Itemid=0>
- “The New Sustainability Narrative,” BBMB, Rainforest Alliance, 2014
  - <http://www.rainforest-alliance.org/sites/default/files/publication/pdf/new-sustainability-narrative.pdf>
- Edelman Trust Barometer 2016 (slides 1-50)
  - <http://www.edelman.com/insights/intellectual-property/2016-edelman-trust-barometer/global-results/>

## **Module 5**

Learning Objective: How today’s company needs to manage multiple stakeholders and do deep systems and design thinking.

Readings:

- “Food Systems, Climate Systems, Laundry Systems: The Time for Systems Literacy Is Now!,” [Linda Booth Sweeney](#)
  - <https://thesystemsthinker.com/%EF%BB%BFfood-systems-climate-systems-laundry-systems-the-time-for-systems-literacy-is-now/>
- “Dancing with Systems,” Donella Meadows
  - <http://donellameadows.org/archives/dancing-with-systems/>
- FabIndia, HBS case.
  - *In NYU Classes: Resources*

Stakeholder Mapping and Engagement Lab

Guest Professor: Andre Correa d’Almeida, PhD

<https://sipa.columbia.edu/faculty/andr-corr-a-dalmeida>

Watch video:

<https://www.youtube.com/watch?v=mF4DfgaynMo&list=PL9FA821381FAADB58>

## **Module 6**

Learning Objective: how sustainable management is being used to improve operational efficiencies and performance

Readings:

- “A New Vision of Value: Connecting corporate and societal value creation,” KPMG 2014
  - <https://www.kpmg.com/Global/en/topics/climate-change-sustainability-services/Documents/a-new-vision-of-value.pdf>

- “The Corporate Ecosystem Review: Guidelines for Identifying Business Risks and Opportunities Arising from Ecosystem Change” World Business Council on Sustainable Development, Meridian Institute, World Resources Institute, 2012.
  - Download here: <http://wbcspublications.org/project/the-corporate-ecosystem-services-review-guidelines-for-identifying-business-risks-and-opportunities-arising-from-ecosystem-change/>
- Chapter 4: “BASF: Creating Chemistry for a Sustainable Future”, from Building a Culture for Sustainability, Jeana Wirtenberg, 2014

## **Module 7**

Learning Objective: how sustainable management is being used to drive innovation and competitive advantage

- CSB Case Study on Sustainability and Innovation in Nike: <http://www.stern.nyu.edu/experience-stern/about/departments-centers-initiatives/centers-of-research/center-sustainable-business/research/resources/sustainability-business-cases>
- “Sustainability and Competitive Advantage” MIT Sloan Review, Maurice Berns et al, Fall 2009.
  - <https://www.bcg.com/documents/file32201.pdf>
- Chapter 2: “Disruptive Innovation” from Green Giants by Freya Williams, 2015
- Chapter 7: “Ingersoll Rand: Integrating Sustainability into the Heartbeat of the Company”, from Building a Culture for Sustainability, Jeana Wirtenberg, 2014

## **Module 8**

Learning Objective: To consider sustainability from the point of view of an investor

Readings

“Corporate Sustainability: First Evidence of Materiality,” Mozaffer Khan, George Serafeim, Aaron Yoon, HBS, 2015.

- <https://dash.harvard.edu/bitstream/handle/1/14369106/15-073.pdf?sequence=1>
- Sustainable Accounting Standards Board,
  - <http://www.sasb.org/>
- Center for Sustainable Business white papers on ESG investing and data providers
- Manning, T. CSB. “Green Bonds” May 2016.
  - <http://www.stern.nyu.edu/experience-stern/about/departments-centers-initiatives/centers-of-research/center-sustainable-business/research/resources/sustainable-finance>
- Manning, T. CSB “Financing Mechanisms to Support Sustainable Practices,” September 2016. [http://www.stern.nyu.edu/sites/default/files/assets/documents/Sustainable%20Finance%20Survey\\_NYU%20CSB\\_Final\\_9.20.2016.pdf](http://www.stern.nyu.edu/sites/default/files/assets/documents/Sustainable%20Finance%20Survey_NYU%20CSB_Final_9.20.2016.pdf)
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## **Module 9:**

Learning objective: Examine the tools and organizations useful for embedding sustainability

Readings:

- “The Corporate Ecosystem Review: Guidelines for Identifying Business Risks and Opportunities Arising for Ecosystem Change” World Business Council on Sustainable Development, Meridien Institute, World Resources Institute, 2012.
  - Download here: <http://wbcspublications.org/project/the-corporate-ecosystem-services-review-guidelines-for-identifying-business-risks-and-opportunities-arising-from-ecosystem-change/>
- CSB: Business Tools for Managing Water Resources and Risk:
  - <http://www.stern.nyu.edu/experience-stern/about/departments-centers-initiatives/centers-of-research/center-sustainable-business/research/resources/risk>
- “Water Risk Valuation Tool: Integrating Natural Capital Limits into Financial Analysis of Mining Stocks” Bloomberg with Natural Capital Declaration, UNEP, GCP, 2015
  - <http://globalcanopy.org/sites/default/files/documents/resources/BloombergWRVTWEB.pdf>

## **Module 10:**

Learning objective: What creates sustainable leaders and leadership?

Readings:

- Summary of Pope’s Encyclical:
  - <http://wpo.st/Qhf31>
- Larry Fink, CEO Black Rock, on Short-termism
  - <http://www.businessinsider.com/blackrock-ceo-larry-fink-letter-to-sp-500-ceos-2016-2>
- Big Coal Big Lies (Video)
  - [https://www.youtube.com/watch?v=0M\\_XbeXDNnM](https://www.youtube.com/watch?v=0M_XbeXDNnM)
- Blankenship Indicted (Video)
  - <https://www.youtube.com/watch?v=QlrHu4ocM48>
- Paul Polman on Sustainability (Video)
  - <https://www.youtube.com/watch?v=nShlnBJko5s>

## **Module 11:**

Learning Objective: To conclude the course by discussing the student recommendations for improved sustainability strategy and management at their chosen company.

Reading:

- The student presentations and feedback from the students acting as firm representatives

**Module 12:**

Continue student presentations. Career panel for last 90 minutes. Discussion with Stern alums who have found work in the sustainability space. Final course wrap-up and feedback.

**PAPER DUE MAY 12**

Students will complete one 10-12 page paper typed in 12-point font and double spaced with 1” margins. The topic of the paper will be written from the perspective of a management consultant performing an in-depth competitive sustainability analysis of a specific firm with specific recommendations. The topic of this paper must be approved in consultation with Professor Whelan.

All students are required to turn their papers in using the Assignments tab in NYU Classes. Integrated in NYU Classes is an online plagiarism prevention and detection software – Turnitin – that enables faculty to compare the content of submitted assignments to data on the Internet, commercial databases, and previous papers submitted to the system. Additional information about expectations regarding academic integrity appears below

**CLASS PRESENTATION**

Students will prepare a 7 minute summary of their recommendations to the management of their chosen company. A group of 3-4 students will be assigned to read the presentation before the class and come prepared with one question each, for a total of 8 minutes. Thus each student will have 15 minutes focused on their recommendations.

**Class Discussion**

Faculty as well as students are responsible for maintaining a positive and constructive professional atmosphere within the classroom. Each student must engage in discussion during every class session in order to perform well in the course.

Class discussion will be assessed using the following rubric:

<i>Grade</i>	<i>Criteria</i>
Excellent	An excellent student comes to class prepared; contributes readily to the conversation but does not dominate it; makes thoughtful contributions that advance the conversation; shows interest in and respect for others’ views; participates actively in small groups.
Better	A better student comes to class prepared; makes thoughtful comments when called upon; contributes occasionally without prompting; shows interest in and respect for other’ views; participates actively in small groups.



Good	A good student comes to class prepared, but does not voluntarily contribute to discussions and gives only minimal answers when called upon. Such students show interest in the discussion, listening attentively and taking notes. They may also participate fully in small group discussions.
Fair	A fair student participates in discussion, but in a problematic way. Such students may talk too much, make rambling or tangential contributions, interrupt others with digressive questions, or bluff when unprepared. Such students also participate actively in small groups.
Poor	A poor student does not come to class prepared; does not contribute to discussion voluntarily or when called upon; and does not participate in small group discussions. Such students may listen attentively but fail to contribute due to lack of preparation.
Failing	A failing student disrupts class discussion, whether actively by being negative or rude to others, or passively by appearing distracted, bored or sleepy.

## **NYU Stern Policies**

### Academic Integrity

Integrity is critical to the learning process and to all that we do here at NYU Stern. All students are expected to abide by the NYU Stern Student Code of Conduct. A student's responsibilities include, but are not limited to:

- A duty to acknowledge the work and efforts of others when submitting work as one's own. Ideas, data, direct quotations, paraphrasing, creative expression, or any other incorporation of the work of others must be clearly referenced.
- A duty to exercise the utmost integrity when preparing for and completing examinations, including an obligation to report any observed violations.

Please see [www.stern.nyu.edu/uc/codeofconduct](http://www.stern.nyu.edu/uc/codeofconduct) for more information.

### Students with Disabilities

Students whose class performance may be affected due to a disability should notify the professor early in the semester so that arrangements can be made, in consultation with the Henry and Lucy Moses Center for Students with Disabilities, to accommodate their needs.

Please see [www.nyu.edu/csd](http://www.nyu.edu/csd) for more information.

### NYU Stern Course Policies

- Laptops, cell phones, smartphones, recorders, & other electronic devices may not be used in class unless advance permission is given by the instructor.
- Attendance is required. Absences will be excused only in the case of documented serious illness, family emergency, religious observance, or civic obligation. If you will miss class for religious observance or civic obligation, you must inform your

- instructor no later than the first week of class. Recruiting activities are not acceptable reasons for absence from class.
- Students are expected to arrive to class on time and stay to the end of the class period. Students may enter class late or leave class early only if given permission by the instructor and if it can be done without disrupting the class. (Note that instructors are not obliged to admit late students or readmit students who leave class or may choose to admit them only at specific times.)
  - Late assignments will either not be accepted or will incur a grade penalty unless due to documented serious illness or family emergency. Instructors will make exceptions to this policy for reasons of religious observance or civic obligation only when the assignment cannot reasonably be completed prior to the due date and the student makes arrangements for late submission with the instructor in advance.

### Recommended Books:

Wirtgenberg, J. (2014). *Building a culture for sustainability: People, planet, and profits in a new green economy*. Santa Barbara, CA: Praeger.

Williams, E. F. (2015). *Green giants: How smart companies turn sustainability into billion-dollar businesses*. AMACOM.

Browne, J., Nuttall, R., & Stadlen, T. (2015). *Connect: How companies succeed by engaging radically with society*. WH Allen.

Sisodia, R., Sheth, J. N., & Wolfe, D. B. (2014). *Firms of endearment: How world-class companies profit from passion and purpose*. Pearson FT Press.

Mackey, J., & Sisodia, R. (2014). *Conscious capitalism: Liberating the heroic spirit of business*. Boston, MA: Harvard Business Review Press.

Laszlo, C., & Zhexembayeva, N. (2011). *Embedded sustainability: The next big competitive advantage*. Stanford Business Books.

Robertson, M. (2014). *Sustainability: principles and practice*. Routledge.

Willard, B. (2012). *The new sustainability advantage: Seven business case benefits of a triple bottom line*. Gabriola Island, B.C.: New Society.

Meadows, D. H., & Wright, D. (2008). *Thinking in systems: A primer*. White River Junction, VT: Chelsea Green Pub.

Blackburn, W. R. (2007). *The sustainability handbook: The complete management guide to achieving social, economic and environmental responsibility*. London: Earthscan.

