Stern School of Business. Undergraduate College. Fall, 2016

MULTB 68-001 (20008): Sustainability for Competitive Advantage

Times: 9/6/16-12/16/16, TuTh 3:30-4:45

Location: KMC 575

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.

**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.

**Group presentations:** 40%

During the course of the term, students will form groups, pick a company to track through each module, present a summary of the readings of one module and relate them to their company and present a final management plan for improving sustainability at the company.

**Course Paper:** 30%

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 (separate from the group project). 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 August and September.

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 introduce the course themes

September 6
Readings:
- “From the Stockholder to the Stakeholder: How Sustainability Can Drive Financial Outperformance,” University of Oxford and Arabesque partners, March 2015

September 8
Readings:
- Chapter 3: A Higher Purpose” from Green Giants by Freya Williams, 2015

September 13
Readings:
- Summary of Pope’s Encycllical:
  - https://wpo.st/Qhf31
- Larry Fink, CEO Black Rock, on Short-termism
- Big Coal Big Lies (Video)
  - 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 2
Learning Objective: to provide an overview of the key environmental and social issues effecting business today

September 15
Readings:
  - In NYU Class: Resources
- The Paris Agreement
  - In NYU Classes: Resources
- UN Sustainable Development Goals – click on each goal to read the background behind it.

Module 3
Learning Objective: To explore the key environmental and social issues affecting key industries

September 20th
Readings:
- 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
- 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

September 22nd
Readings:
- The Sustainability Business Case for the 21st Century Corporation
  - http://www.stern.nyu.edu/experience-stern/about/departments-centers-initiatives/centers-of-research/center-sustainable-business/research/resources/sustainability-business-cases
Students will organize into groups for the rest of the class and pick a company that they will track through the different themes of the class, culminating with a final presentation where they, as management consultants, have a sustainability management plan developed for the company.

**Module 4**
Learning Objective: To explore the evolution of the corporate response to sustainability issues

*September 27th*
Reading:
- “Rewiring the Economy: Ten Tasks, Ten Years” Institute for Sustainable Leadership, University of Cambridge, 2015

  Guest Speaker, former CEO Natura, BSR CEO Alessandro Carlucci. Please research Natura to prepare for the discussion. [https://www.bsr.org/en/about/staff-bio/alessandro-carlucci](https://www.bsr.org/en/about/staff-bio/alessandro-carlucci)

*September 29th*
Reading:
- “The State of Sustainable Business 2015” Globescan and BSR, September 2015

*October 4th*
Reading:

  Guest Speakers: Jennifer Gootman, Director of Social Consciousness, Aaron Rose, VP Strategy, West Elm [https://www.uschamberfoundation.org/bio/jennifer-gootman](https://www.uschamberfoundation.org/bio/jennifer-gootman)

  Please research West Elm prior to the class.

**Module 5**
Learning objective: To understand the different types of sustainability risk being assessed by managers and investors
October 6th
Readings:
- Profits with a Purpose:

Guest speaker: Tommy Stadlen, coauthor, Connect, bio at CSB advisor site:
[http://www.stern.nyu.edu/experience-stern/about/departments-centers-initiatives/centers-of-research/center-sustainable-business/who-we-are](http://www.stern.nyu.edu/experience-stern/about/departments-centers-initiatives/centers-of-research/center-sustainable-business/who-we-are)

October 11th
Readings:
- “Toward Including Natural Resource Risks in the Cost of Capital” Natura;

Module 6
Learning Objective: To consider sustainability from the perspective of a CFO

October 13th
Readings
- Sustainable Accounting Standards Board,
  - [http://www.sasb.org/](http://www.sasb.org/)

Guest speaker: Eric Kane, SASB, Sector Analyst for Health Care. Prior to his current position at SASB, Eric served as a Senior Consultant at Context. In that role, he advised numerous Fortune 500 companies on sustainability strategy and reporting. Eric was also a Senior Analyst at Innovest Strategic Value Advisors, where he managed a global team of analysts that rated utility companies on the basis of environmental, social, and governance performance. While at Innovest, Eric served as the Lead Author of the Carbon Disclosure Project Report 2007: Global FT500. The Report, which was written on behalf of 315 institutional investors with combined assets of $41 trillion, analyzed how the world’s 500 largest companies were responding to the risks and opportunities associated with climate change. Eric holds a MPA from NYU Wagner Graduate School of Public Service and a BA in political science from Bates College.

October 18th
Readings:
- Sustainability and the CFO: Challenges, Opportunities and Next Practices” Rarn Nidumola et al, Corporate Ecoforum and World Environment Center, April 20015.
Module 7
Learning Objective: To consider sustainability from the perspective of a CMO

October 20th
Readings:
- Chapter 5: “Mainstream Appeal” from Green Giants by Freya Williams, 2015
- Chapters 7 & 8 of Firms of Endearment

October 25th
Readings:
- 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](http://www.globescan.com/component/edocman/?task=document.viewdoc&id=51&Itemid=0)
- “The New Sustainability Narrative,” BBMB, Rainforest Alliance, 2014
- Edelman Trust Barometer 2016 (slides 1-50)

Module 8
Learning Objective: How today’s company needs to manage multiple stakeholders and do deep systems and design thinking.

October 27th
Readings:
  - [https://thesystemsthinker.com/%EF%BB%BFfood-systems-climate-systems-laundry-systems-the-time-for-systems-literacy-is-now/](https://thesystemsthinker.com/%EF%BB%BFfood-systems-climate-systems-laundry-systems-the-time-for-systems-literacy-is-now/)
- “Dancing with Systems,” Donella Meadows
- FabIndia, HBS case.
  - In NYU Classes: Resources
November 1st
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 9
Learning Objective: how sustainable management is being used to Improve operational efficiencies and performance

November 3rd
Readings:
• “A New Vision of Value: Connecting corporate and societal value creation,” KPMG 2014

November 8th
Readings:
• Chapter 4:”BASF: Creating Chemistry for a Sustainable Future”, from Building a Culture for Sustainability, Jeana Wirtenberg, 2014

Module 10
Learning Objective: how sustainable management is being used to fuel innovation, build value in the corporate ecosystem and create competitive advantage

November 10th
Readings
• 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.

November 15th
Readings
- 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

Guest Speaker: Freya Williams, CEO North America, Futerra, Author, Green Giants.
Freya co-founded OgilvyEarth and during her time there had the opportunity to work with sustainable business leaders including Unilever, the Coca-Cola Company, Delhaize Group and Tetra Pak on brand platforms designed to engage and motivate mainstream consumers. Freya launched the influential publication, Mainstream Green: Moving Sustainability from Niche to Normal (of which she is co-author) at Sustainable Brands 2011. This thinking has since shaped the way many marketers approach marketing around sustainability. Freya recently joined Publicis Kaplan Thaler where she will continue this work.

Module 11
Learning Objective: To consider sustainability from the point of view of an investor

November 17th
Readings
  - https://dash.harvard.edu/bitstream/handle/1/14369106/15-073.pdf?sequence=1

November 22nd
Readings
- TBD

Guest speaker: Kevin Parker, Managing Partner, Sustainable Insight Management. Kevin has over 30 years of investment experience. Kevin was a Member of the Management Board of Deutsche Bank for 10 years and the former Global Head of Deutsche Asset Management from 2004 - 2012. Kevin is an outspoken advocate for a global shift towards sustainability, identifying climate change as a megatrend in 2004. He is also the owner of Chateau Maris Cru, La Livieniere, an award-winning, certified
organic and biodynamic winery in France. Kevin holds a Bachelor of Science in Finance from New York University Stern.

**Module 12**
Learning Objective: To explore innovations in financing aimed at mainstreaming sustainable solutions and investments

*November 29th*
Readings:

Guest Professor (I will be out): Tom Manning: CSB Senior Research Scholar.
[http://www.stern.nyu.edu/experience-ster.../center-sustainable-business/who-we-are/csb-research-scholars](http://www.stern.nyu.edu/experience-ster.../center-sustainable-business/who-we-are/csb-research-scholars)

*December 1*
Readings
  - Center for Sustainable Business case on Citi securitization (in process)

Guest speaker: Bruce Schlein. Bruce Schlein is a Director in a Corporate Strategy group focused on Citi’s Community Reinvestment Act (CRA) obligations, where he develops clean energy solutions for low and moderate income households and communities, having recently transitioned from Citi’s Alternative Energy Finance (AEF) group in Capital Markets Origination. Prior to AEF Bruce served as Director of Corporate Sustainability with Citi business and operations units to identify and develop solutions for emerging environmental and social issues and opportunities. Previously he worked as a sustainability specialist for Bechtel on petrochemical and civil projects in China and Romania, and for international development agencies including Save the Children, Catholic Relief Services in Bosnia Herzegovina and the U.S. Peace Corps in Papua New
Guinea. Bruce is a graduate of Cornell University and holds a Masters in International Affairs from Johns Hopkins Nitze School of Advanced International Studies (SAIS).

**Module 13/14:**
Learning Objective: To conclude the course by discussing the student consulting teams’ recommendations for improved sustainability strategy and management at their chosen company.

*December 6, 8,*
Reading:
- The student plans and presentations

*December 12 (NOTE: class change to Monday from Tuesday due to UG legislative day)*
Observation of CSB advisors meeting

*December 15*
Career panel. Discussion with Stern alums who have found work in the sustainability space. Final course wrap-up and feedback.

**PAPER DUE DECEMBER 16th**
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 (building on the group project). 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

**Group Presentation Instructions**
During the course of the term, students will form groups, pick a company to track through each module and present a final management plan for improving sustainability at the company.

- Meet with your group members regularly to discuss the relevance of each module’s discussion to your company. At least 1 month before the final presentation is due, meet to plan and prepare your presentation.
• The presentation should be a powerpoint, prepared by a team of management consultants for the C-suite of the company. It can be no longer than 15 minutes and each team member needs to be part of the presentation.

The class will provide feedback on your presentation, adding points they think you may have missed and explaining why they agree/disagree with your conclusions.

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:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Criteria</th>
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<tbody>
<tr>
<td>Excellent</td>
<td>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.</td>
</tr>
<tr>
<td>Better</td>
<td>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.</td>
</tr>
<tr>
<td>Good</td>
<td>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.</td>
</tr>
<tr>
<td>Fair</td>
<td>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.</td>
</tr>
<tr>
<td>Poor</td>
<td>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.</td>
</tr>
<tr>
<td>Failing</td>
<td>A failing student disrupts class discussion, whether actively by being negative or rude to others, or passively by appearing distracted, bored or sleepy.</td>
</tr>
</tbody>
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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.

Grading Policies: At NYU Stern, we strive to create courses that challenge students
intellectually and that meet the Stern standards of academic excellence. To ensure
fairness and clarity of grading, the Stern faculty have adopted a grading guideline for
core courses with enrollments of more than 25 students in which approximately 35% of
students will receive an “A” or “A-” grade. In core classes of less than 25 students, the
instructor is at liberty to give whatever grades they think the students deserve, while
maintaining rigorous academic standards

Please see 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 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:


