

Stern School of Business. Undergraduate College. Fall, 2018

C75.0068.01 BSPA-UB.0068.01 Sustainability for Competitive Advantage

Times: Tu/Th at 3:30p – 4:45p

Location: KMC 4-60

Office Hours: By Appointment

Faculty: Professor Tensie Whelan (twhelan@stern.nyu.edu)
Director: Stern Center for Sustainable Business

Teaching Assistant: Jamie Friedland, jf3735@stern.nyu.edu

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. The policy on missed classes is as follows. The first missed class is excused, provided you submit notice for your absence for illness or otherwise. A second missed class will not be penalized if the student writes a short paper (2 pages, double-spaced, submitted to the course TA) summarizing and analyzing the missed readings. After 2 missed classes, the overall participation grade for the course will be affected.

Every class will be recorded; recordings can be accessed in the NYU Classes portal, under the MediaSite tab on the menu on the lefthand side.

Group presentations: 30%

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: 40%

At the end of the term, students will submit a 12-page, double-spaced, 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

The NYU Bookstore will carry the following required books:

- "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

Tuesday, 9/4

Readings: How are businesses approaching sustainability today and why?

- Chapter 1: "Business Reality Reshaped," Embedded Sustainability: The Next Big Competitive Advantage, Chris Lazlo and Nadya Zhexembayeva, 2011
 - *Located in NYU Classes: Resources*
- Chapter 3: "A Higher Purpose" from Green Giants by Freya Williams, 2015

Thursday, 9/6

Readings:

- Chapters 1 – 2: of Conscious Capitalism: Liberating the Heroic Spirit of Business. Mackey, J & Sisodia, R. 2014.
 - *Located in NYU Classes: Resources*
- "The State of Sustainable Business 2017" Globescan and BSR, July 2017
 - https://www.bsr.org/reports/2017_BSR_Sustainable-Business-Survey.pdf

Guest Speaker: Alessandro Carlucci, Chairman of Business for Social Responsibility former CEO of Natura. <https://www.linkedin.com/in/alessandro-carlucci-658779ba/>

Tuesday, 9/11

Readings: To look at the dark side: what causes companies to pursue the unsustainable path?

- Joseph L Bower and Lynn S Paine. "The Error at the Heart of Corporate Leadership, HBR, May 2017 <https://hbr.org/2017/05/managing-for-the-long-term#the-error-at-the-heart-of-corporate-leadership>
- How the Twinkie Made The Superrich Even Richer <http://www.nytimes.com/2016/12/10/business/dealbook/how-the-twinkie-made-the-super-rich-even-richer.html?mtrref=query.nytimes.com&gwh=41FFC20EF4D5A4D30BFA0AEA0E8F01E0&gwt=pay>

- Route to Air Travel Discomfort Starts on Wall Street:
<https://www.nytimes.com/2017/05/28/business/corporate-profit-margins-airlines.html?mcubz=0>

Thursday, 9/13

Readings:

- “The Extraordinary Science of Addiction to Junk Food,”
 - *Located in NYU Resources*
- Timber Company Tells Town in California, Find Your Own Water
<http://www.nytimes.com/2016/10/02/us/california-drought-weed-mount-shasta.html?mtrref=query.nytimes.com&gwh=B5E1AE1AB579E8FDD21BA93B774EEF7D&gwt=pay>
- As America’s Opioid Crisis Spirals, Giant Drug Distributor McKesson Is Feeling the Pain <http://fortune.com/2017/06/13/fortune-500-mckesson-opioid-epidemic/>
- Indigenous People are left Poor as Tech World Takes Lithium From Under their Feet
https://www.washingtonpost.com/classic-apps/indigenous-people-are-left-poor-as-tech-world-takes-lithium-from-under-their-feet/2016/12/19/b86e2ea8-b8cf-11e6-959c-172c82123976_story.html?utm_term=.93db61308d50

Module 2

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

Tuesday, 9/18

Readings:

- http://riskybusiness.org/site/assets/uploads/2015/09/RiskyBusiness_Report_WEB_09_08_14.pdf Pgs 1-23, 49-53
-
- UN Sustainable Development Goals – click on each goal to read the background behind it. We will discuss each one as this provides a good road map for the sustainability issues confronting business and society.
 - <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>
- “The Corporate Ecosystem Review: Guidelines for Identifying Business Risks and Opportunities Arising for Ecosystem Change” World Business Council on Sustainable Development, Meridian Institute, World Resources Institute, 2012. (optional)
 - Download here:
 - http://wbcserver.org/wbcserver/publications/cd_files/datas/business-solutions/ecosystems_solutions/pdf/ESR-GuidelinesForIdentifyingBusinessRisks_update.pdf

Module 3

Learning Objective: How to Map Material Sustainability Issues and Stakeholders

In these two classes we will build materiality matrices and map stakeholders for sample companies.

Thursday, 9/20

Readings:

- Stakeholder Engagement Mapping
https://www.bsr.org/reports/BSR_Stakeholder_Engagement_Stakeholder_Mapping_final.pdf
- CSB: Nespresso Stakeholder Case study:
http://www.stern.nyu.edu/sites/default/files/assets/documents/Nespresso_Shared%20Value%20Case%20Study%208.29.16.pdf

Tuesday, 9/25

Readings:

- BlackRock CEO Larry Fink's Annual Letter to CEOs: A Sense of Purpose (2018)
 - <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>
- Sustainability Materiality Matrices Explained
 - *Located in NYU Classes: Resources*

Thursday, 9/27

No reading, prep for Sharktank (see guidance in NYU classes)

Shark Tank. Students will pitch the class on a company they would like to track as a group 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. Students will vote and pick the top 7 and decide which group they will join.

Module 4

Learning Objective: Learning Additional Sustainability Management Tools

In these three classes we will study emerging business tools such as systems thinking, life-cycle analysis, standards, reporting and certification, and ecosystem services analysis.

Tuesday, 10/2

Reading:

- CEO Guide to the Circular Economy
 - *Located in NYU Classes: Resources*
- <https://www.fastcompany.com/40425022/if-these-giant-companies-can-switch-to-the-circular-economy-so-can-anyone>

Speaker: Kevin Eckerle, CSB Senior Scholar, formerly in sustainability at Accenture

Thursday, 10/4

Reading:

- State of Sustainability Standards IISD 2017 (pgs xxii – 8)
http://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/State-of-Sustainable-Market-2017_web.pdf
- The Business Benefits of Using Sustainability Standards
 - *Located in NYU Classes: Resources*

Tuesday, 10/9

Legislative Day: NO CLASS – UG Classes meet on a Monday Schedule

Thursday, 10/11

Readings: Systems Thinking (and Supply Chain Partners)

- “Dancing with Systems,” Donella Meadows
 - <http://donellameadows.org/archives/dancing-with-systems/>
- FabIndia, HBS case.
 - *In NYU Classes: Resources*

Module 5

Learning Objective: Understanding Sustainable Supply chains/procurement

Tuesday, 10/16

Readings:

- Greening Supply Chains: From Blind Spots to Hot Spots to Action
 - *Located in NYU Classes: Resources*

Thursday, 10/18

Readings:

- “Kashi: Growing the Supply Chain for Organic Food,” Center for Sustainable Business Case Study 2017
 - *Located in NYU Classes: Resources*

Speaker: Kip Walk, Senior Director, Sustainability, Blommer Chocolate

<https://www.linkedin.com/in/kip-walk-5b873010/>

Module 6

Learning Objective: To Begin to Develop the Business Case for Sustainability
In this class we will look at the drivers of financial performance resulting from sustainability initiatives and examine how to monetize them.

Tuesday, 10/23

Reading:

- Watch Video First: <https://hbr.org/video/5415413929001/whiteboard-session-the-business-case-for-sustainability>
- “The Comprehensive Business Case for Sustainability,” HBR, Tensie Whelan and Carly Fink
 - *Located in NYU Classes: Resources*

Thursday, 10/25

Readings:

- “How to Quantify Sustainability’s Impact on the Bottomline,” HBR, Tensie Whelan, Bruno Zappa, Rodrigo Zeidan and Greg Fishbein
 - *Located in NYU Classes: Resources*

Module 8

Learning Objective: how sustainable management is being used to fuel innovation

Tuesday, 10/30

Readings

- Chapter 2: “Disruptive Innovation” from Green Giants by Freya Williams, 2015
- CSB Case Study on Sustainability and Innovation in Nike:
 - http://www.stern.nyu.edu/sites/default/files/assets/documents/Sustainability%20and%20Innovation_NIKE.pdf

Guest Speaker: Freya Williams. CEO Futerra North America,
<https://www.linkedin.com/in/efreyawilliams/>

Thursday, 11/1

Readings

- Chapter 5: “Embedded Sustainability,” Embedded Sustainability: The Next Big Competitive Advantage, Chris Lazlo and Nadya Zhexembayeva, 2011
 - *Located in NYU Classes: Resources*
- Wanted: Fresh Solutions for Age-Old Problems
 - *Located in NYU Classes: Resources*

Module 9

Learning Objective: Engaging today’s consumers in sustainability

Tuesday, 11/6

Readings:

- Chapter 5: “Mainstream Appeal” from Green Giants by Freya Williams, 2015
- “The Cost of Silence: Why more CEOs are speaking out in the Trump era”
 - https://www.washingtonpost.com/news/on-leadership/wp/2017/02/17/the-cost-of-silence-why-more-ceos-are-speaking-out-in-the-trump-era/?utm_term=.ad7b2e454b44
- Edelman Trust Barometer 2018 (pgs 1-34)

<https://cms.edelman.com/sites/default/files/2018-01/2018%20Edelman%20Trust%20Barometer%20Global%20Report.pdf>

Guest speakers: Robert I. Tomei, President, Consumer & Shopper Marketing and Larry Levin, EVP, Consumer and Shopper Marketing, IRI

Thursday, 11/8

Readings:

- Big Brands, Big Impact: A Marketer's Guide to Behavior Change
 - Download the report here:
https://www.bsr.org/reports/BSR_SLFG_Marketers_Guide_to_Behavior_Change.pdf
- Meet the Aspirational: Designing Brands for Humans
 - *In NYU Classes: Resources*

Module 10

Learning Objective: To explore Sustainability and Employees

Tuesday, 11/13

Readings:

- Tim Ryan's Awakening
 - <http://fortune.com/pwc-diversity-tim-ryan/>
- State Street's gender Show
 - <http://fortune.com/2017/05/23/state-street-women-gender-diversity-finance/>
- CSB Case Study "West Elm: Bringing Purpose to its Corporate Ecosystem Through Human Resource Practices"
 - *Located in NYU Resources*

Module 12

Learning Objective: To understand ESG (environment, social and governance) investing

Thursday, 11/15

Readings

- Total Societal Impact: A New Lens for Strategy, BCG, October 2017.
https://www.bcg.com/Images/BCG-Total-Societal-Impact-Oct-2017-R_tcm30-174019.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

Tuesday, 11/20

Readings

- CSB Case Study: “Parnassus Investments: A Contrarian, Socially-Minded Mutual Fund Manager,” Chet Van Werk, 2017
 - *Located in NYU Classes: Resources*

Note: I will be out this class. We will have CSB Senior Scholar and writer of the Parnassus case in class to lead discussion of the case.

Guest lecturer: Chet Van Wert, CSB Senior Research Scholar, NYU Adjunct Professor

Chet has been developing new businesses at the intersection of media and technology for over 20 years, launching and leading a variety of new business units and new business models for both Conde Nast Publications and Columbia House Company. Since 2003, he has also taught graduate students in Integrated Marketing in NYU’s School of Professional Studies. Chet established an early ecommerce leader at Columbia House, launched and led four new business units for the company, and developed a new business model for the company’s iconic music business. He established Conde Nast’s digital consumer marketing unit and then served as an internal consultant for content monetization and brand extension strategies company-wide. A long-time supporter of environmental causes, Chet recently launched Sustainable Business Partners, a collaborative marketing platform that accelerates growth for social enterprises of all kinds. Chet has previously held leadership roles at early-stage advertising technology and ecommerce firms. He earned an MBA (Marketing) from NYU Stern School of Business and a BA (English) from the University of California, Berkeley

Thursday, 11/22 – Thanksgiving Day, no classes

Module 13

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

Tuesday, 11/27

Readings:

- Manning, T. CSB. “Green Bonds” May 2016.
 - http://www.stern.nyu.edu/sites/default/files/assets/documents/Green%20Bonds_June%202018_Final.pdf
- 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

Guest speaker: Patsy Doerr, Global Head of Corporate Responsibility, Sustainability and Inclusion. <https://www.linkedin.com/in/patsydoerr/>

Thursday, 11/29

Readings

- CSB Case Study: “Citigroup, inc.: Innovation in Energy Efficiency Financing” by Tom Manning
 - *Located in NYU Classes: Resources*
- “The Conservative Case for a Carbon Tax” with Jerry Taylor
 - http://www.huffingtonpost.com/mark-tercek/the-conservative-case-for-a-carbon-tax_b_7214984.html
- Defying Trump, these state leaders are trying to impose their own carbon taxes
 - https://www.washingtonpost.com/news/energy-environment/wp/2017/05/12/defying-trump-these-state-leaders-are-trying-to-impose-their-own-carbon-taxes/?utm_term=.ee9b037056ab
- Financial firms lead shareholder rebellion against ExxonMobil climate change policies
 - https://www.washingtonpost.com/news/energy-environment/wp/2017/05/31/exxonmobil-is-trying-to-fend-off-a-shareholder-rebellion-over-climate-change/?utm_term=.8ac63b662c74

Guest Speaker: Brace Young, Partner, Arabesque <https://arabesque.com/brace-young/>

Module 14:

Learning Objective: To look at how Companies Can Pursue a Net Positive Future

Tuesday, 12/4

Readings:

- Net Positive: the Future of Sustainable Business
 - https://ssir.org/articles/entry/net_positive_the_future_of_sustainable_business
- Change the World
 - *Located in NYU Classes: Resources*
- Selling Soap and Saving the World
 - <http://fortune.com/2017/02/17/unilever-paul-polman-responsibility-growth/>

Module 15:

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

Tuesday, 12/6, 12/11

Reading:

- The student plans and presentations

Thursday, 12/13

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

PAPER DUE DECEMBER 13

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:

<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.

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:

Wirtenberg, 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.

Stout, Lynn. (2012) *The Shareholder Value Myth*. Berrett-Koehler Publishers.

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.

Winston, Andrew S. *The Big Pivot: Radically Practical Strategies for a Hotter, Scarcer and More Open World*. Harvard Business Review Press. 2015