

Strategies for Sustainability (MGPO-440)

Fall 2017

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Course description:

Over the past century, technological and economic development have significantly elevated the living standards of many people, yet many more remain in abject poverty, while the scope and scale of negative ecological impacts caused by organized human activity have also increased dramatically. Humankind is, and increasingly recognizes itself to be, a truly global force with the potential for both positive and negative impacts. Concern for these impacts – for ecologically sustainable and socially responsible economic development – is becoming a key strategic issue for nations, industries and firms. The aim of this course is to equip future leaders with conceptual tools for addressing the complex and difficult issues surrounding the formulation and implementation of organizational strategies for success in the 21st century, in which sustainability will no longer be perceived as a “nice to have” and will become a fundamental business imperative.

Learning Outcomes:

This course is designed to provide an introduction to the relevance of sustainability as a framework for driving business value creation. At the end of this course, you will be able to:

- 1) Understand the systemic nature of sustainability and the challenges it poses for “business as usual”.
- 2) Comprehend the linkages between sustainability and economic theory, including common misconceptions, limits and paradigms, both entrenched and emergent.
- 3) Conceptualize and analyze sustainable development issues as “business problems” that pose opportunities and threats to a firm’s competitive advantage and social legitimacy:
 - Understand the forces establishing the environment, sustainability and sustainable development as important issues for business.
 - List and explain the business logic behind five approaches for employing sustainability as a source of competitive advantage.
 - Recognize and critique the implementation of these approaches by firms in cases discussed in class and cases drawn from current events in the real world.
- 4) Recognize and understand innovative business models, governance models and frameworks for innovation that both foster sustainability and confer competitive advantage, rather than viewing them as trade-offs.
- 5) Appreciate and empathize with the perspectives and demands of different stakeholders brought together around sustainable development issues. Furthermore, explain how and why firms might collaborate with governments, rivals, NGOs and other stakeholders in the process of managing and resolving sustainable development issues.
- 6) Comprehend the paradigm shift required in order for business to become sustainable, including changes at the structural and institutional levels.
- 7) Take steps towards promoting sustainability in organizations with which you will work.

Pedagogy:

The course is structured around four central themes:

1. **Introduction** - in which we discuss the linkages between environment, society and the economy.
2. **Sustainable development and business strategy** – in which we understand several basic strategy templates that can make sustainability tenable in a competitive business context.
3. **Economics and sustainability** – in which we understand economic approaches, old (conventional) and new (behavioral).
4. **Sustainability and innovation** – in which we examine how sustainable development can drive technological and business model innovation.

Course materials:

You will need to obtain a coursepack for the course. It will be on sale at Dave's. The coursepack contains the cases we will be using in some of our sessions.

You will also need to obtain a copy of the book *Drawdown*, by Paul Hawken, available at many local booksellers as well as at online retailers. Unfortunately, the library does not yet carry this book as an ebook. Here is the full reference:

Hawken, P. (2017) Drawdown: The Most Comprehensive Plan Ever Proposed to Reverse Global Warming. Penguin.

All the rest of the course materials are available on MyCourses.

Evaluation – Overview¹

Participation and professionalism – instructor assessment:	10 %	
Mid-term exam:	35 %	
Strategy assignment (in teams):		50% (total)
Paper #1 Initiative selection and analysis:	10 %	
Paper #2 Business-as-usual proposal:	10 %	
Paper #3 Business-as-unusual proposal:	10 %	
Presentation:	15 %	
Participation and professionalism – peer assessment:	5%	
Strategy presentation assessment:		<u>5 %</u>
		100 %

Evaluation - Details

Participation and professionalism – instructor assessment (10%)

I will need your cooperation to make our time together interesting and beneficial for us all. Your ongoing commitment, participation and attention are crucial for our success. This shouldn't be

¹ In the event of extraordinary circumstances beyond the University's control, the content and/or evaluation scheme in this course is subject to change.

too hard, since sustainable development is not a dogmatic topic, and it begs for discussion and analysis. Learning in this course will not be passive; thinking and creativity are expected. Moreover, I will challenge you to closely examine many assumptions, and to think critically about the concepts, tools and practices we will discuss in class. We are very lucky to be working in a diverse group, with students from many faculties. The knowledge and expertise you have already accumulated in your disciplines can enrich our discussion immeasurably, and I encourage each and all of you to share the views you see from these different vantage points.

Professionalism implies that students are expected to do all the required readings and to come to class prepared to actively and knowledgeably participate in discussions of the ideas and cases found therein. In particular, some of our learning will be facilitated by discussing cases. Case discussion is a highly participative form of learning, and thorough preparation will dramatically improve your contribution to our analysis in class.

Participation is not equivalent to speaking often or at length. Facilitative and integrative interventions are as important as direct contributions. Brevity, tact and staying on topic are also hallmarks of quality participation. Punctuality, adherence to timetables, and mutual respect are important facets of professional behavior.

Mid-term (35 %)

A mid-term exam will take place on **Friday, November 3**, and will draw upon the content we will have covered by that date. A sample mid-term exam is available on MyCourses.

Strategy assignment (50%)

This assignment will be conducted in teams of four, which you will form on your own. Typically, teams with diverse backgrounds (finance, marketing, arts, engineering, etc.) do well in the assignment, but this is a recommendation, not a requirement.

To complete the assignment you must read the book *Drawdown* by Paul Hawken. The book presents what the authors consider to be the “100 most substantive solutions to reverse global warming, based on meticulous research by leading scientists and policymakers around the world”. Your assignment is to pick one of these solutions and develop a strategy proposal for turning it into reality.

To do so, identify some solutions that appeal to you in the book, read about them, and survey some of the academic literature that underlies these solution as presented in the book. You can get started with academic literature on the Drawdown website itself (www.drawdown.org) by finding the page for the solutions that interest you, scrolling down, and clicking the link for "Technical Assessment References (PDF)". You are invited to find additional literature on your own so deepen and strengthen your knowledge. Finally, pick the solution that you find the most enthralling, and that you think will allow you to develop the high-quality deliverables described below.

Deliverables:

Each team will develop its proposal in a series of three papers, and will then present its proposal to the class, at the tail end of the term.

Paper #1 Initiative selection and analysis (10%):

Using concepts we will have covered in Theme 1, try to understand the system or systems of which your solution is a part. Then, identify leverage points for pursuing the solution. Describe the obstacles that prevent this solution from currently being pursued at scale.

Due date: September 28

Paper #2 Business-as-usual proposal (10%): Using the ideas we will have covered in Theme 2, develop a strategy or business proposal to help reduce environmental impacts via the activity you chose. You can imagine yourself as an entrepreneur seeking funding for a new business, a manager in an existing company/NGO of your choice trying to make a case to your boss or board of directors. Explain how your strategy will be a “win-win”, having both meaningful sustainability impacts as well as financial viability.

Due date: October 17

Paper #3 Business-as-unusual proposal (10%): Identify emergent trends in business covered in Themes 3 and 4 that can be applied for pursuing your solution (e.g. the sharing economy, Big Data, additive manufacturing or anything else) and describe how they can make your strategy viable in the long term.

Due date: The same date as your team’s final presentation

Each of the three papers should be up to 1200 words long, + tables, figures, appendices and references as needed. The rubric that I use for grading your papers is available as an appendix, at the end of this document.

Presentation (15 %): The final presentation should be 10-12 minutes, with up to five minutes of Q&A immediately following. In the presentation, you will pitch your strategy, based on the ideas and arguments you developed in the three papers (and additional content, if you like). The goal is to win over the hearts and minds of the class in your vision and the feasibility of the solution you devised. Powerpoint or other presentation files, if used, need to be emailed to me at least one hour before you present.

Participation and professionalism – peer assessment (5%): On the day of your team’s presentation I will ask you to confidentially assess your teammates’ participation and professionalism throughout the term. Each person’s grade will be the average of the scores given by her/his team members.

Strategy presentation assessment (5%)

Following the last presentation, I will ask you to identify the most compelling proposal that you heard (excluding your own!). Explain what made it compelling, and provide feedback to the team to make their proposal even better (be it in terms of positioning, economics, target market, presentation, etc.) Imagine yourself as a potential investor who wants to help make the initiative a huge success. I will forward your feedback to the relevant team.

Coordinates and communications

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Office hours: Tuesdays, 13:00 – 14:00 and by appointment

I am generally good, though not exceedingly quick, with email. In other words, you can expect me to respond to all emails, and I can generally promise a 48 hour turnaround time, but don't assume anything better than that.

You are most welcome to drop in unannounced at office hours, but if you stop by some other time I may or may not be able to accommodate you right away. But I will try.

Fine print

In accord with McGill University's Charter of Students' Rights, students in this course have the right to submit in English or in French any written work that is to be graded.

McGill University values academic integrity. Therefore all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Student Conduct and Disciplinary Procedures

(see <http://www.mcgill.ca/students/srr/honest> for more information).

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Reading schedule:

Date	Topic	Readings
Theme 1: Introduction		
September 5	Course overview	None
September 7	The food system	<ul style="list-style-type: none"> Foley, J.A. et al. (2011). Solutions for a cultivated planet. <i>Nature</i> 478: 337–342. Moss, M. (2013). The Extraordinary Science of Addictive Junk Food. <i>New York Times</i>. February 20.
September 12	Understanding problems	<ul style="list-style-type: none"> Rittel H.W.J. & Webber M.M. (1973). Dilemmas in a general theory of planning. <i>Policy Sciences</i> 4: 155-169. Ramani, S.V. (2016). Why it's easier for India to get to Mars than to tackle its toilet challenge. <i>PSMag.com</i>.
September 14	Systems thinking	<ul style="list-style-type: none"> Ehrenfeld, J.R. (2008). <i>Sustainability by design</i>. Yale University Press. Chapter 2, 10-21. Benady, D. (2015). Wouldn't it be better to say that your business has purpose? <i>The Guardian</i>. March 27.
September 19	Impact	<ul style="list-style-type: none"> Abson, D.J., et al. (2017). Leverage points for sustainability transformation. <i>Ambio</i> 46(1): 30-39. Hawken, P. (2017). Drawdown: The most comprehensive plan ever proposed to reverse global warming. Penguin. "An opening", 216-217. Salisbury, C. (2017). Paying for health care with trees: A win-win for orangutans and communities. <i>PSMag.com</i>.
September 21	Measuring sustainability	<ul style="list-style-type: none"> Zink, T. & Geyer, R. (2016). There is no such thing as a green product. <i>Stanford Social Innovation Review</i>. Delmas, M.A., Etzion, D. & Nairn-Birch, N. (2013). Triangulating environmental performance: What do corporate social responsibility ratings really capture? <i>Academy of Management Perspectives</i> 27(3): 255-267.
Theme 2		
Sustainable development and business strategy		
September 26	Marketing and labels	<ul style="list-style-type: none"> Jampel, S. (2016). Why I care about where my milk comes from (but not whether it's organic). <i>Food52</i>. June 8. Tugend A. (2016). Seventh generation taps Maya Rudolph for its biggest campaign yet. <i>New York Times</i>. April 17. <p>CASE STUDY: Phoenix Organic.</p> <p>Case preparation questions</p> <ol style="list-style-type: none"> Is organic beverage a good (i.e. profitable) industry sector in New Zealand? Why does Phoenix Organic want to grow? Is it a good idea? What are Phoenix Organic's options for growth? Which option is best?

September 28	Sustainability and risk	<ul style="list-style-type: none"> World Economic Forum. (2016). The global risks report 2016 11th Edition. 1- 22. Moser, S. C. (2012). Adaptation, mitigation, and their disharmonious discontents: An essay. <i>Climatic Change</i>, 111(2), 165-175. Specter, M. (2013). Climate by numbers. <i>The New Yorker</i>. <p>Paper #1 due September 28, at 23:00.</p>
October 3	Collaboration	<ul style="list-style-type: none"> Morden, L. (2014). What Kimberly-Clark learned from five years with Greenpeace. <i>Greenbiz</i>. Skar, R. (2014). What Greenpeace learned from five years with Kimberly-Clark. <i>Greenbiz</i>. <p>CASE STUDY: CARE Kenya.</p> <p>Case preparation questions</p> <ol style="list-style-type: none"> Who are REAP's stakeholders and what might be their motivations for being involved in this project? Why is REAP's CMU running a loss? If you were George, what would you do to turn REAP around?
October 5	Government and regulation	<ul style="list-style-type: none"> Ambec, S., Cohen, M. A., Elgie, S., & Lanoie, P. (2013). The Porter hypothesis at 20: Can environmental regulation enhance innovation and competitiveness? <i>Review of Environmental Economics and Policy</i>, 7(1), 2-22. Kahn, G. (2016). Did California figure out how to fix global warming? <i>Mother Jones</i>. March/April.
October 10	Social entrepreneurship and the BOP	<ul style="list-style-type: none"> Yunus, M., Moingeon, B., & Lehmann-Ortega, L. (2010). Building social business models: Lessons from the Grameen experience. <i>Long Range Planning</i>, 43(2), 308-325. <p>CASE STUDY: GE Healthcare</p> <p>Case preparation questions</p> <ol style="list-style-type: none"> How is the MAC 400 device different from the MAC 5500? Does it make sense for GE and other large multinationals to invest in development of products for the BoP? Why or why not?
Theme 3: Leveraging economics, financing sustainability		
October 12	Externalities and other tragedies	<ul style="list-style-type: none"> Trucost (2013). Natural capital at risk: the top 100 externalities of business Carrington, D. (2015). Fossil fuels subsidized by \$10M a minute, says IMF. <i>The Guardian</i>. May 18. Bittman, M. (2011). Bad food? Tax it, and subsidize vegetables. <i>New York Times</i>. July 23.

October 17	Market instruments	<ul style="list-style-type: none"> Toomey, D. (2015). How British Columbia gained by putting a price on carbon. <i>Yale Environment</i> 360. April. Gelles, D. (2015). Microsoft leads movement to offset emissions with internal carbon tax. <i>New York Times</i>. September 27. <p>Paper #2 due October 17, at 23:00.</p>
October 19	The value of ecosystems	<ul style="list-style-type: none"> Costello, C., Gaines, S., & Gerber, L. R. (2012). Conservation science: A market approach to saving the whales. <i>Nature</i>, 481: 139-140. Costanza, R., et al. (2014). Changes in the global value of ecosystem services. <i>Global Environmental Change</i>, 26: 152-158.
October 24	Behavior, economics, and behavioral economics	<ul style="list-style-type: none"> Egebark, J., & Ekström, M. (2016). Can indifference make the world greener? <i>Journal of Environmental Economics and Management</i>, 76, 1-13. Langston, E. (2016). The ridiculously simple thing businesses can do to save millions of dollars (and animals!). <i>Mother Jones</i>. November 28. Ariely, D. & Grüneisen, A. (N.D.) How to turn consumers green. http://voices.mckinseysociety.com/how-to-turn-consumers-green/
October 26	Shareholder activism and divestment	<ul style="list-style-type: none"> Obama, B. (2017) The irreversible momentum of clean energy. <i>Science</i> 355 (6321): 126-129. The Divest McGill brief (2015). www.divestmcgill.com (skim!)
October 31	Value systems	<ul style="list-style-type: none"> Schumacher, E.F. (1973). <i>Small is beautiful: Economics as if people mattered</i>. Chapter 4, 32-39 Del Pino, S.P., et al. (2017). The elephant in the boardroom: Why unchecked consumption is not an option in tomorrow's markets. <i>Worldwatch</i>. Jackson, T. (2012) Let's be less productive. <i>New York Times</i>. May 26.
November 2	Midterm review	<ul style="list-style-type: none"> Reinhardt, F.L. (1999). Bringing the environment down to earth. <i>Harvard Business Review</i>, 77(4): 149-157.
Friday, November 3	Midterm exam	
Theme 4: Sustainability and innovation		
November 7	Technology	<ul style="list-style-type: none"> Twilley, N. (2017). In the future, we'll all wear spider silk. <i>The New Yorker</i>. Dyllick, T. & Rost Z. (2017). Towards true product sustainability. <i>Journal of Cleaner Production</i>.

November 9	Systemic change	<ul style="list-style-type: none"> Winston, A. (2016). How technology will enable business to solve the world's challenges. <i>MIT Sloan Management Review</i>. <p>CASE STUDY: Tesla Motors</p> <p>Case preparation questions</p> <ol style="list-style-type: none"> How has Tesla departed from existing auto industry norms and practices? What are the advantages and disadvantages of open sourcing Tesla's patents? Which car components, if any, should Tesla develop itself and why?
November 14	The sharing economy	<ul style="list-style-type: none"> Schor, J. (2014) Debating the sharing economy. <i>Great Transition Initiative</i>. Makower, J. (2016). The sharing economy goes B-to-B. <i>Greenbiz</i>. <p>CASE STUDY: Communauto</p> <p>Case preparation questions</p> <ol style="list-style-type: none"> What are the barriers to carsharing? What are the environmental benefits Communauto has created through carsharing so far (do the MATH!)? Looking forward, where should Benoit focus Communauto's future efforts?
November 16	The circular economy	<ul style="list-style-type: none"> McKinsey (2014). Toward a circular economy: Philips CEO Frans van Houten. <i>McKinsey Quarterly</i>, February. MacKinnon, J.B. (2016). The L.E.D. quandary: Why there's no such thing as "Built to Last". AND Trying to solve the L.E.D. quandary. <i>The New Yorker</i>. (July 14, October 5) <p>CASE STUDY: Patagonia.</p> <p>Case preparation questions</p> <ol style="list-style-type: none"> What are the key characteristics of Patagonia's competitive strategy? How important is Patagonia's environmental positioning? Is Patagonia a role model for other corporations pursuing sustainability? What general lessons can be learned, if any? Where should Patagonia focus its future efforts? Should it grow?
November 21	Leading the charge	<ul style="list-style-type: none"> Schendler, A. (2009). <i>Getting green done: Hard truths from the front lines of the sustainability revolution</i>. Public Affairs. Chapter 1. Bhattacharya, C. B., & Polman, P. (2017). Sustainability lessons from the front lines. <i>MIT Sloan Management Review</i> 58(2): 71-78.

November 23	Presentations	
November 28	Presentations	
November 30	Presentations and takeaways	<ul style="list-style-type: none"> • Stevenson, R. (2011). We Need To Do More When It Comes To Having Brief, Panicked Thoughts About Climate Change. <i>The Onion</i>. http://www.theonion.com/articles/we-need-to-do-more-when-it-comes-to-having-brief-p,21295. September 6. • Moore, K.D. (2010). The No-Hope Fallacy: That's No Excuse for Failing to Act. http://www.powells.com/blog/?p=24320. • Schendler, Auden. "Making Rosa Parks." <i>Climatic change</i> 120.1-2 (2013): 21-24. • Hawken, P. (2009). You Are Brilliant, and the Earth is Hiring. <i>Yes</i>. http://www.yesmagazine.org/issues/columns/you-are-brilliant-and-the-earth-is-hiring.

Appendix

Grading criteria for written assignments

The papers you write for this class should be precise, organized, logical, and appropriately supported^{A1}. Thus, I look for the following when I read your assignments:

Evaluation rubric:

Item	Details (questions you might want to consider in orienting your work)	Weight
Cogently articulated thesis	Are you clearly explaining what it is that you are trying to say (your argument)?	10%
Substantiation	Is your argument based on facts and evidence? Are your claims justifiable and traceable (references)? If applicable to the assignment, did you make use of concepts and frameworks we have covered in class and in the readings?	30%
Coherence	Does the argument stand up to inspection? Are your claims supported by logic? Are there non sequiturs or internal inconsistencies?	30%
Applicability and limitations	Are there contexts where your analysis will not be applicable? Are there assumptions you made which may not always be valid? Will there be side effects, or obstacles to implementation that need to be thought through?	10%
Clarity of writing	Is the text clear, well organized, crisply written, unambiguous, easy to follow, grammatically correct, free of typos, etc.? Did you go way over the word limit? Did you make good use of tables, figures and graphs (encouraged)?	20%

Format:

Format your references and bibliography any way you like. I will not be printing the assignments out so please use generous spacing and ample margins to make my life easier. Please upload your work in one (1) pdf file, including images and appendices.

^{A1} Developing such writing skills will make you an effective communicator as a professional, and possibly in other life situations as well.