Stern School of Business Sustainability for Competitive Advantage

Fall 2024

Times: Mondays, Wednesdays 11 AM-12:15 PM Location: UC21 (Tisch Hall)

Faculty: Professor Tensie Whelan (twhelan@stern.nyu.edu)

Director, Stern Center for Sustainable Business

Office Hours: By Appointment

Teaching Assistant: Matthew Casale, mpc9463@stern.nyu.edu

Course Overview: 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 are facing constraints on natural resources, greater demands for transparency, less available water, a warmer climate and societal challenges related to growing inequity. 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 manage 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 affecting business today, 2) to understand the evolution of corporate response—from compliance to engagement to innovation, 3) to develop some of the skills and become familiar with the tools required for leading in this new social and political environment (e.g. multistakeholder management), 4) to explore the efficiencies and innovations being developed by corporate leaders in pursuit of sustainability, 5) to explore innovations in sustainable finance, 6) to become familiar with the latest consumer insight research on sustainability and 7) be able to design an effective embedded sustainability strategy that will deliver competitive advantage. 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. Student group projects will enable them

to act as management consultants and provide recommendations for developing and implementing a sustainability strategy for their chosen company,

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, 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 Brightspace 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:

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Class Participation	30%	
Attendance in this course is mandatory. The policy on missed classes is as follows: The first two missed classes are excused, provided you submit notice for your absence for illness or otherwise. A third 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 3 missed classes, the overall participation grade for the course will be affected. Every class will be recorded; recordings can be accessed in the NYU Brightspace portal, under the MediaSite tab on the menu on the left-hand side.		
Further details on participation grading can be found below.		
Group Projects	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. In addition, students will have an opportunity to reflect on the group dynamics and provide feedback on their group members' contributions.

Course Paper	40%
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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 and create recommendations for improved sustainability for a specific firm (separate from the group project).

Course Schedule:

Notes:

- The course will have regular guest speakers from business and civil society.
- PDFs of all readings and website links will be found in the Content section of NYU Brightspace.

Module 1	
Learning Object	ve: To introduce the course themes
Wednesday, September 4 th	 Readings: How are businesses approaching sustainability today and why? Introduction (pgs. 1-24): Net Positive: How Courageous Companies Thrive By Giving More Than They Take, Paul Polman and Andrew Winston, HBR Press, 2021 TED video: The Power of Purpose in Business
Monday,	Readings: To look at the dark side: what causes companies to pursue the
September 9 th	unsustainable path?
	 NYT: "The Extraordinary Science of Addiction to Junk Food" by Michael Moss
	NYT: "Timber Company Tells Town in California, Find Your Own Water" by
	Thomas Fuller
	HBR: Joseph L Bower and Lynn S Paine. "The Error at the Heart of
	Corporate Leadership," May 2017
	 NYT: "How the Twinkie Made The Superrich Even Richer" by Michael Corkery and Ben Protess

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Module 2 Learning Objective	<u>Module 2</u> Learning Objective: To provide an overview of the key environmental and social issues affecting	
business today		
Wednesday, September 11 th	The UN Sustainable Development Goals represent one way of understanding the material environmental and social issues for society and business. Reading: UN Sustainable Development Goals – click on each goal to read the background behind it and review the background and targets for each.	
	Assignment: Using an industry that you are personally interested in, identify 1-2 SDGs of importance to that industry and how that industry can contribute to those SDGs, referring to the metrics in the UNSDG guidance. Come prepared to discuss.	
Monday, September 16 th	There are also global standards that define material environmental, social, and governance issues by industry. Readings:	
	 Material environmental, social, governance (ESG) issues by industry Sustainability Accounting Standards Board (SASB) and ISSB Global Reporting Initiative (GRI) CSR-D (Europe) "ESG Reports Aren't a Substitute for Real Sustainability," Tensie Whelan, HBR, 2022 	
	Assignment: Using the same industry you looked at for the SDGs, review the material ESG issues for that industry as defined by IISB/SASB and GRI. Write a 2-page single-spaced paper summarizing the material issues, how they differ between the two standards and your thoughts on what might be missing from the standards approach, if anything. Provide concrete examples using your industry of choice. Students find GRI is much harder to navigate than SASB. So do practitioners. That challenge is part of the exercise.	
Wednesday, September 18 th	Deep dive into climate change	
September 10	 World Resources Institute: Sophie Boehm and Clea Schumer. "10 Big Findings from the 2023 IPCC Report on Climate Change," March 2023. University of Michigan. Climate Change Science and Impacts Factsheet Financial Times, How an Era of Extreme Heat is Reshaping Economies, July 21, 2023 	
Monday, September 23 rd	Designing a Sustainability Strategy: Overview	
September 25	Readings:	

 Tensie Whelan and Chisara Ehiemere. "Practitioners' Guide to Embedding Sustainability," March 2023. Pgs 1-22

Review Unilever's Sustainability Strategy: The Unilever Compass for Sustainable Growth

Assignment: Write a 2 paragraph pitch for a company you would like to propose that the class work on together in a group. The company needs to be a public company and one that needs improvement in its sustainability strategy. Make sure to read the group project guidance in Brightspace before writing the pitch. The professor will pick 10 companies and students will join the group that is their first or second choice. They will work together as management consultants to develop a sustainability management plan for the company which they will present to the class at the end of the semester.

Module 3

Learning Objective: How to Map Material Sustainability Issues and Stakeholders
In these classes we will build materiality matrices and map stakeholders for sample companies.

Wednesday,	Determining What is Material to Business Strategy
September 25 th	Sustainability Materiality Matrices Explained
	 Further discussion of IISB/SASB industry materiality
Monday,	Readings:
September 30 th	BSR: Stakeholder Engagement Mapping
	Nespresso Stakeholder Case Study by NYU Stern CSB
Wednesday, October 2 nd	In-class work on materiality mapping for companies
Monday, Octobei	Present your groups materiality matrix to the class. your team to finalize the
7 th	materiality mapping. Present in class in 5 minutes.
Module 4 Syster	ns Thinking, Supply Chains, and Procurement
Learning Objective	ve: Understanding the Cornorate Ecosystem through Systems Thinking

Learning Objective:Understanding the Corporate Ecosystem through Systems Thinking

Wednesday,	Readings:
October 9 th	Systems Thinking (and Supply Chain Partners)
	 "Dancing with Systems," Donella Meadows FabIndia, HBS case

Module 5

Learning Objective: Understanding Sustainable Value Chains/Procurement

Wednesday,	Readings:
October 16 th	

- GreenBiz: Terry F. Yosie. "A tectonic shift in supply chain governance," May 2023
- Washington Post: "Indigenous People are left Poor as Tech World Takes Lithium From Under their Feet" by Todd C. Frankel and Peter Whoriskey
- IISD: Sara Elder, Vivek Voora, and Pierre Courtemanche. "Improving Visibility in Cotton Supply Chains to Achieve Transparency," February 2023

Monday, October Readings:

21st

- "Kashi: Growing the Supply Chain for Organic Food," Center for Sustainable Business Case Study 2017
- How Tony's Chocolonely Created a Purpose-Driven and Profitable Supply Chain. HBR Sept 11, 2023

Assignment: Please research on-line one sustainability certification standard of your choosing (e.g. Fair Trade, FSC, organic, cradle to cradle, Kimberly process, Rainforest Alliance, OEKOS, B-Corp, Energy Star, Better Cotton Initiative or others.) Explore the following questions for that standard:

What change in practices is the standard aiming to make for those who use it? How does the certification process work? How widespread is the use of the standard? How do companies advertise the certification? Are there any studies available about the impact of the standard on changing practices? improving performance?

There is no paper due: Please come to class prepared to discuss your findings and the Kashi case

Wednesday, October 23rd

Life-Cycle Analysis and Scope 3 Emissions: How to Employ Value Chain Tools

Readings:

- View this video on Life-Cycle Analysis: https://www.youtube.com/watch?v=2s8wqa_lvoQ
- MBA Edge on Lifecycle Assessment 2021 Duke University
- MBA Edge on Greenhouse Gas Inventory 2021 Duke University

Module 6

Learning Objective: How sustainable management is being used to fuel innovation and circularity

Monday, October Readings:

28th

- Chapter 5: "Embedded Sustainability," <u>Embedded Sustainability</u>: The Next Big Competitive Advantage, Chris Lazlo and Nadya Zhexembayeva, 2011
- Paine, Lynn S., Nien-he Hsieh, and Lara Adamsons. "Governance and Sustainability at Nike (A)." Harvard Business School Case 313-146, June 2013. (Revised September 2016.)

	BCG. Four Steps to Sustainable Business Model Innovation, 2021
Wednesday, October 30 th	Readings: • MBA Edge: "Circular Economy: What Every MBA Needs to Know," 2022
Module 7	

Learning Objective: Engaging today's consumers in sustainability

Monday, November 4th

Readings:

- HBR: How to Effectively Market Green Products: Tensie Whelan and Randi Kronthal-Sacco, July 2023.
- NYU Stern CSB and Edelman: Effective Sustainability Communications: A Best Practice Guide for Brands & Marketers (2023)

Assignment: Survey 5 friends and family to determine their approach to purchasing of sustainable products. Survey questions to be provided. Be prepared to discuss findings in class. How do your interviews differ or support the research findings?

Module 8

Learning Objective: To explore Sustainability and Employees

Wednesday, November 6th

Readings:

- "How Financial Accounting Screws Up HR," Peter Cappelli, HBR 2023
- NYT: "How Did Walmart Get Cleaner Stores and Higher Sales?" by Neil Irwin
- BCG: "Why is Diversity Lacking at the Top of Corporations," 2020.
- CSB Case Study: Greyston Bakery Open Hiring

Module 9

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

Readings: Monday, November 11th • HBR: "How to Talk to Your CFO About Sustainability," Tensie Whelan, Elyse Douglas. January 2021.

Wednesday,	
November 13 th	Hands-on Return on Sustainability Investment (ROSI) exercise
Module 10	
Learning Objectiv	ve: To understand ESG (environment, social and governance) investing
Monday, November 18 th	Readings: • Manning, T. CSB "Financing Mechanisms to Support Sustainable Practices" 2023.
Wednesday, November 20 th	The ESG backlash Readings: • Eccles and Crowley, "Turning Down the Heat on the ESG Debate: Separating Material Risk Disclosures from Salient Political Issues," 2022 • Garrot and Ivanov, "Gas, Guns and Governments: Financial Costs of Anti-ESG Policies," 2022
Module 11 Learning Objectiv	ve: To look at how Companies Can Pursue a Net Positive Future
Monday, November 25 th	 Culture and governance: Readings: Tensie Whelan and Chisara Ehiemere. "Practitioners' Guide to Embedding Sustainability," March 2023. Pgs 23-50 Taylor and Eccles, "The Evolving Role of Chief Sustainability Officers," HBR, 2023 Chapter 8. "A Business Plan for America," The New Grand Strategy: Restoring America's Prosperity, Security, and Sustainability in the 21st Century, by Joel Makower, Mark Mykleby, and Patrick Doherty
Monday, December 2 nd	Stern Alum Career Panel: Discussion with Stern alums who have found work in the sustainability space
Module 12	
Learning Objectiv	ve: To conclude the course by discussing the student consulting teams' as for improved sustainability strategy and management at their chosen company.
Monday, December 4 th Wednesday, December 9 th	Student presentations

All students are required to turn their final project decks using the Assignments tab in NYU Brightspace. Integrated in NYU Brightspace 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: Due 9AM, December 4

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 10 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.

Specific guidance for the group project content is in the Brightspace course site.

Final paper: Due 5PM December 16

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 on how to create competitive advantage through embedded sustainability. The firm should not be any of the firms covered by the group projects.

Directions for the paper are in NYU Classes.

Papers should be submitted using the Assignments tab in NYU Brightspace. Integrated in NYU Brightspace 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.

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:

Grade	Criteria
	An excellent student comes to class prepared; contributes readily to the
Excellent	conversation but does not dominate it; makes thoughtful contributions that
LACCHETT	advance the conversation; shows interest in and respect for others' views;
	participates actively in small groups.
	A better student comes to class prepared; makes thoughtful comments when
Better	called upon; contributes occasionally without prompting; shows interest in and
	respect for other' views; participates actively in small groups.
	A good student comes to class prepared, but does not voluntarily contribute to
Good	discussions and gives only minimal answers when called upon. Such students show
Good	interest in the discussion, listening attentively and taking notes. They may also
	participate fully in small group discussions.
	A fair student participates in discussion, but in a problematic way. Such students
Fair	may talk too much, make rambling or tangential contributions, interrupt others
l an	with digressive questions, or bluff when unprepared. Such students also
	participate actively in small groups.
	A poor student does not come to class prepared; does not contribute to discussion
Poor	voluntarily or when called upon; and does not participate in small group
001	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
annig	rude to others, or passively by appearing distracted, bored or sleepy.

NYU Stern Policies:

ACADEMIC INTEGRITY

Our undergraduate <u>Academics Pillar</u> states that *we take pride in our well-rounded education* and approach our academics with honesty and integrity. Indeed, integrity is critical to all that we do here at NYU Stern. As members of our community, all students agree to abide by the <u>NYU Academic Integrity Policies</u> as well as the NYU Stern Student Code of Conduct, which includes a commitment to:

- Exercise integrity in all aspects of one's academic work including, but not limited to, the preparation and completion of exams, papers and all other course requirements by not engaging in any method or means that provides an unfair advantage.
- Clearly acknowledge the work and efforts of others when submitting written work as one's own. Ideas, data, direct quotations (which should be designated with quotation marks), paraphrasing, creative expression, or any other incorporation of the work of others should be fully referenced.

Refrain from behaving in ways that knowingly support, assist, or in any way attempt to
enable another person to engage in any violation of the Code of Conduct. Our support
also includes reporting any observed violations of this Code of Conduct or other School
and University policies that are deemed to adversely affect the NYU Stern community.

The Stern Code of Conduct and Judiciary Process applies to all students enrolled in Stern courses.

For graduate students, information can be found here: https://www.stern.nyu.edu/uc/codeofconduct.

For undergraduates, information can be found here: https://www.stern.nyu.edu/portal-partners/currentstudents/undergraduate/community/com munity-expectations

To help ensure the integrity of our learning community, prose assignments you submit to NYU Brightspace will be submitted to Turnitin. Turnitin will compare your submission to a database of prior submissions to Turnitin, current and archived Web pages, periodicals, journals, and publications. Additionally, your document will become part of the Turnitin database.

GENERAL CONDUCT & BEHAVIOR

Students are also expected to maintain and abide by the highest standards of professional conduct and behavior. Please familiarize yourself with Stern's Policy in Regard to In-Class Behavior & Expectations

(https://www.stern.nyu.edu/portal-partners/registrar/policies-procedures/general-policies/cod e-conduct)

(http://www.nyu.edu/policies/index.htm) and the NYU Student Conduct Policy (<a href="https://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/universitystudent-conduct-policy.html).

GRADING GUIDELINES

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 <u>enrollments of more than 25 students</u> in which approximately 35% of students will receive an "A" or "A-" grade. There is no enrollment minimum for graduate courses to this rule, but applies to Undergraduate core with <u>enrollments of more than 25 students</u>. In Undergraduate core classes of less than 25 students, the instructor is at liberty to give whatever grades they think the students <u>deserve</u>, while maintaining rigorous academic standards.

STUDENT ACCESSIBILITY

If you will require academic accommodation of any kind during this course, you must notify me at the beginning of the course and provide a letter from the Moses Center for Student Accessibility (212-998-4980, mosescsa@nyu.edu) verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the Moses Center for Student Accessibility, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation. For more information, visit the CSA website: https://www.nyu.edu/students/communities-and-groups/student-accessibility.html

STUDENT WELLNESS

Our aim is for students to be as successful academically as they can, and to help them overcome any impediments to that. Bookmark the NYU Stern Well-being Resource Hub (https://www.stern.nyu.edu/wellbeing) for existing services at NYU and Stern covering a wide variety of topics including financial well-being, relationship well-being, mental well-being, and more. Any student who may be struggling and believes this may affect their performance in this course is urged to contact the Moses Center for Student Accessibility (see also the Student Accessibility section of this syllabus) at 212-998-4980 to discuss academic accommodations. If mental health assistance is needed, call the NYU's 24/7 Wellness Exchange hotline 212-443-9999. Furthermore, please approach me if you feel comfortable doing so. This will enable me to provide relevant resources or referrals. There are also drop in hours and appointments. Find out more at http://www.nyu.edu/students/health-and-wellness/counseling-services.html

NAME PRONUNCIATION AND PRONOUNS

NYU Stern students now have the ability to include their pronouns and name pronunciation in Albert. I encourage you to share your name pronunciation and preferred pronouns this way. Please utilize this link for additional information: Pronouns & Name Pronunciation

RELIGIOUS OBSERVANCES AND OTHER ABSENCES

NYU's <u>Calendar Policy on Religious Holidays</u> states that members of any religious group may, without penalty, absent themselves from classes when required in compliance with their religious obligations. You must notify me in advance of religious holidays or observances that might coincide with exams, assignments, or class times to schedule mutually acceptable alternatives. Students may also contact <u>religiousaccommodations@nyu.edu</u> for assistance.

Except for religious observances or other absences that may be required in compliance with nondiscrimination law, this class otherwise requires attendance and participation and cannot accommodate conflicts. Please review all class dates at the start of the semester and review all course requirements to identify any foreseeable conflicts with exams, course assignments, projects, or other items required for participation and attendance. If you are aware of a potential conflict, it is strongly recommended that you do not take this class.

LAPTOPS, CELL PHONES & OTHER ELECTRONIC DEVICES

Due to the nature of this class and the potential disruptions caused by student use of electronic devices, students are not permitted to use any such devices during class without explicit permission from the instructor.

INCLUSION STATEMENT

This course strives to support and cultivate diversity of thought, perspectives, and experiences. The intent is to present materials and activities that will challenge your current perspectives with a goal of understanding how others might see situations differently. By participating in this course, it is the expectation that everyone commits to making this an inclusive learning environment for all.

Recommended Books:

Paul Polman and Andrew Winston (2021) *Net Positive: How Courageous Companies Thrive By Giving More Than They Take*, HBR Press.

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.

Henderson, Rebecca. (2020). Reimagining Capitalism in a World on Fire. Penguin Business

Anderson, Elizabeth (2017). *Private Government: How Employers Rule our Lives (and Why We Don't Talk About It.* Princeton University Press

Joly, Hubert (2021). The Heart of Business. Harvard Business Review Press.

Edmans, Alex (2020). *Grow the Pie: How Great Companies Deliver on Purpose and Profit*. Cambridge University Press

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.

Polman, Paul and Winston, Andrew (2021). *Net Positive: How Courageous Companies Can Thrive by Giving More Than They Take*. Harvard Business Review Press

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

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

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

Zammit-Lucia, Joe (2022). *The New Political Capitalism: How Business and Societies Can Thrive in a Deeply Politicized World*. Bloomsbury Publishing

Selected Organizations and Publications to Subscribe to:

Bloomberg Green (https://www.bloomberg.com/green)

BSR (www.bsr.org)

ESG Today (https://www.esgtoday.com/)

FT Moral Money (https://www.ft.com/moral-money)

GlobeScan (https://globescan.com/)

GreenBiz (https://www.greenbiz.com/)

SustainAbility (https://sustainability.com/)

Sustainable Brands (https://sustainablebrands.com/)