Strategy 564/SNRE 513
Strategies for Sustainable Development I:
Enterprise Integration
FALL 2016

Syllabus

Class Meets: Tuesday and Thursday 10:00 am – 11:30 am September 6 – October 13 Room R1220 12 sessions

Professor Andrew Hoffman Room R4390, Ross School Email: ajhoff@umich.edu Phone: 734-763-9455 GSI: Daniel Patton, email: djpatton@umich.edu

Course Overview

Over the past 50 years, the notion of corporate environmentalism (later corporate sustainability) was born, grew, and evolved. Though the history of concerns about the state of the natural environment can be traced back more than 300 years, the decade of the 1960s marks the dawn of the “modern” environmental movement. Initially focused on visible forms or air, water, solid and even thermal and aesthetic pollution, attention grew over the next 50 years to include toxic substances, stratospheric ozone, climate change, water scarcity, ecosystem destruction, and species extinction. An even more recent evolution, triggered by the publication of the Brundtland Commission 1987 report on sustainable development, has witnessed a growing concern for income inequality, living wages, fair representation, secure retirement, transparency, and safe working conditions to round out the “triple bottom line” of the sustainability agenda: environment, equity, and economy (profit).

Today, this expanded notion of sustainability has become commonly accepted within both the academy and the corporate sector. Within the academy, what began as a modest offshoot of management science in the early 1990s has grown into a maturing area of study, one that encompasses a wide range of related disciplines. Within business practice, sustainability has entered most domains of corporate activity. Corporations print annual “Sustainability Reports,” insert the term into press releases and CEO speeches, create new positions such as the Chief Sustainability Officer, and gather for conferences on the “sustainability challenge.” A survey by Price Waterhouse Coopers found that 87% of Fortune 1000 CEOs believe sustainability is important to a company’s profits.

To be defined as a profit concern, the sustainability problem has been framed as a continuing shift in stakeholder demands. Pressures from a wide range of institutional constituents (governments, consumers, investors, insurance companies, and others) translate sustainability into frameworks that are familiar and for which ready repertoires are available. For example, as insurance companies apply pressures on the firm, response becomes an issue of risk management. As competitors apply pressure, sustainability becomes an issue of strategic direction and market growth. With investors, it becomes an issue of capital acquisition, and so on.
Over time, sustainability has become less and less an isolated business concern. The firm's business channels have been altered to bring environmental and social issues to managerial attention through avenues related to marketing, accounting, finance, product development, etc. For each case, firms have pre-existing models and language that enable them to understand the issue and formulate a response. As these responses have become routinized, ongoing sustainability issues are treated as ordinary strategic concerns, no longer dictated by external social interests or ecosystem constraints, but rather by internal strategic norms.

This half of a two part course will examine sustainability as a mainstream business issue, one that fits within existing business parameters. Part two will explore the ways in which some of those parameters must shift if we are to fully address the sustainability challenges before us.

**Class Format**

The course will meet twelve times during the fall term. These sessions are divided into two sections. The first deals with the key drivers of corporate environmental management: regulation, international standards and policy, investors, consumers, industry trade groups and natural resource scarcity. The second section considers how these drivers alter the basic "rules of the business environment." The final session will be a wrap-up that considers what we have covered and where the issue may be heading in the future.

**Assignments**

Readings and case preparation *are to be completed before* the class meets. Each session's reading assignments will present a variety of viewpoints. While reading these materials you should continually ask yourself: Do I understand the issue being discussed? Can I frame the issue in the perspective of both the environmental critic and the environmental proponent? How might this affect my decision-making as a manager?

**Position Papers (Individual).** Throughout the course, one-page position papers are assigned to each class related to the evening's readings. The topics are listed at the bottom of each week's assignment. Each student will be assigned two papers to complete over the course of the semester and be prepared to discuss in class (if time permits). These papers are meant to challenge you on some fundamental aspects of the environmental issue. Treat them as such. They need not be pro-environment. They must simply present a sound argument taking a stand on the issue. Think of it as something that you might submit to the *Wall Street Journal* or *New York Times* op/ed page.

**Class Participation (Individual).** The environment is a topic on which everyone has an opinion. It is pervasively covered in the news, movies, TV etc. However, we want to keep the discussion grounded in rational debate and avoid a tendency towards extemporaneous philosophizing in class. Excellent comments possess one or more of the following attributes: (1) they offer an original and relevant perspective on the issue, (2) they move the analysis forward by building on previous contributions or by revealing fresh insights, (3) they transcend the "I feel" syndrome by including evidence that is based on more than personal experience — in other words, your thinking should reflect and integrate examples from other contexts.

One formal part of the class participation grade will be leading a case discussion for the first part the class. The class will be divided into small groups and each of you will be assigned the role of discussion leader for one class. You will be required to come fully prepared to guide the group through the process of examining the case study; the critical issues, possible solutions, etc. Then you will report your group's conclusions back to class and defend your positions.
Futures Scenario (Group). The business environment is changing. Sustainable development is emerging as a concern within policy and economic circles. But what does it mean? And what will it mean? Your task in this group assignment is to play business futures expert. You will write a 10-15 page report (appendices, tables and references can be counted above this total) on what you think global businesses will be expected to do in the next 10 years, and the next 50 years, with regards to the environment. What will the environment look like with regards to climate change, water availability, food scarcity, etc? What will the market look like in regards to energy, consumers, buildings, etc? What might the political or economic conditions look like? Try to think of this as a consulting project with yourself as the client; what is your future business environment going to become? Be creative and thoughtful about this, but please try to avoid unrealistic prognostications.

The syllabus provides a future analysis for each session. Additionally, here are some resources that may be helpful:


Map your write-up along the lines of “Plotting your scenarios;” brainstorm a list of key factors, distinguish the predetermined elements from those that are based on uncertainty (on pages 4 and 5). Use the deductive approach and once you have your 2x2 matrix, flesh out your scenario. Pay attention to the ten tips for successful scenarios. Overall, look at the deeper questions and rethink their assumptions about the future.

Your argument should include specific supporting facts where possible and should be properly cited in footnotes at the end of the text. (Please use the style guide at the end of this syllabus.) Your paper should not be more than 15 pages (not including footnotes and up to two attachments), double spaced, 12 point, times roman font with one-inch margins. You should hand-in and be prepared to discuss your analysis in session #12.

Final grade is composed of:
- Position papers (2) 15% Due IN CLASS on the assigned day.
- Class participation 40%
- Futures Scenario 45% Due IN CLASS on the last day.

Course Material
There is a course packet of cases and one required text for this course. This material should be supplemented by steady reading of contemporary environmental issues as published in The New York Times, Wall Street Journal, Business Week etc.

- Reading Packet

Academic Honor Code:
Personal integrity and professionalism are fundamental values of the Ross Business School community. This course will be conducted in strict conformity with the Academic Honor Code. The Code and related procedures can be found at

Hoffman, revised 6/16/2016
Note to Students with Disabilities:
If you need an accommodation for a disability, please let me know at your earliest convenience. Some aspects of the course, the assignments, and the in-class activities may be modified to facilitate your participation and progress. As soon as you make me aware of your needs, we can work with the Office of Services for Students with Disabilities to help us determine appropriate accommodations. I will treat information you provide as private and confidential.

### STRAT 564/SNRE 513: Class Schedule

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<tr>
<th>Session #1</th>
<th>Introduction</th>
<th>Tuesday, September 6</th>
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<tr>
<td>READINGS:</td>
<td>▶ CES Preface (pages xv-xvii)</td>
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<td>▶ CES Chapter 1 (pages 3-26)</td>
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<tr>
<th>Session #2</th>
<th>Regulatory Drivers</th>
<th>Thursday, September 8</th>
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<tr>
<td>READINGS:</td>
<td>▶ CES Chapter 2 (pages 27-51).</td>
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<td>CASE:</td>
<td>▶ Molten Metal Technology (A), 2010, Erb Institute Case 1-429-049.</td>
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<td>QUESTIONS:</td>
<td>▶ What was the overall business model for MMT: (a) from 1989 to 1995, (b) from 1995 and beyond? Are there any peculiarities about the hazardous waste market that make this start-up company different from other high-tech start-ups? What were the toughest challenges and greatest uncertainties/risks as the company was poised for commercialization at the end of 1995? How well had MMT protected itself from these risks? Looking to the future, if you were Bill Haney, what would you do? If you were Chris Nagel, what would you do? Is this technology an example of a win-win scenario?</td>
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<th>Session #3</th>
<th>International Drivers</th>
<th>Tuesday, September 13</th>
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<tr>
<td>READINGS:</td>
<td>▶ CES Chapter 3 (pages 52-69).</td>
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<td>QUESTIONS:</td>
<td>▶ Corporations have poured billions of dollars into creating CSR teams and conducting social audits since the 1990s, when the sweatshops supplying Nike and Kathie Lee Gifford came to the world’s attention. So why are people still dying on their watch? Companies like Walmart</td>
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www.bus.umich.edu/Academics/Resources/communityvalues.htm. The site also contains comprehensive information on how to be sure that you have not plagiarized the work of others. Claimed ignorance of the Code and related information appearing on the site will be viewed as irrelevant should a violation take place. Non-Ross Business School students taking the course should also familiarize themselves with the Code as they will be subject to the Code as well while in this course.
state that they do not know whether their products were made in a Rana Plaza factory because they contracted out production to their suppliers, who could have further subcontracted out portions of the job. Is this a valid excuse or should Walmart be held responsible for actions that occur throughout its entire supply chain? Does a disaster like this change consumers’ future purchasing habits?

**POSITION PAPER 2:**

**FUTURES:**

► Is It Immoral to “Buy the Right to Pollute”? (CES 2.1, page 40).


**SESSION #4**

**Technology Drivers**

**Thursday, September 15**

**READINGS:**


► Slides from Erb Institute Webinar with Tom Catania, *No Right Way to do a Wrong Thing*. [On Course Canvas page](#)

**CASE:**

► Volkswagen’s *Clean Diesel Dilemma*, 2016, Erb Institute Case 1-430-484

**QUESTIONS:**

► Was there anything about the culture at VW that could have contributed to the implementation of a defeat device? Was there an effective CSR program in place to catch this violation? How did VW approach market competition considering the methods of other diesel manufacturers? How did VW’s business model match its sustainability strategy? What role did environmental and social responsibility play in VW’s decision-making? How does government play a role in business and the environment? Should governments regulate companies in order to protect the environment? Even if it may stifle economic growth? What have companies besides VW done in order to incorporate environmental and social outcomes in their business strategies? If health concerns and deaths could be linked to nitrous oxide (NOx) emissions, should criminal charges be brought against the company? How far up in the organizational hierarchy should prosecution go? Were VW’s sustainability initiatives an example of green-washing? How could the VW emissions scandal affect the market for clean fuel technologies? What does VW have to do to regain its reputation? What should the incoming CEO do internally to ensure something like this never happens again?

**GUEST:**

• Tom Catania
  Executive-in-Residence at the Erb Institute
  Former VP of Government Relations at Whirlpool

**POSITION PAPER 3:**

**FUTURES:**

► Why Not Skip All the Complicated Compliance Schemes and Simply Ban Dangerous Chemicals? (CES 2.2, page 45).

### Session #5

**Resources Drivers**

**Tuesday, September 20**

**READINGS:**
- CES Chapter 4 (pages 70-84).

**CASE:**

**QUESTIONS:**
- Is there a business case to be made to take action on climate change? What strategies should Evan recommend based on the particular business case? Should Travelers revise its catastrophe models to account for more extreme weather events? Could these adjustments make the company into a better underwriter, or will they cause the company to price itself out of the certain markets? Should the company change its policies to reflect the increasing likelihood of these events? Should it withdraw from specific regions, choose not to renew existing policies, or raise premiums for existing customers with high-risk exposure? Should it purchase more weather derivatives from reinsurers companies as a hedge against climate risk? Should it find a way to turn the massive volume of climate data available through agencies like the National Climatic Data Center into practical actuarial and business data? Or, would it be wiser to wait for third-party contractors to develop this data into useable business models?

**POSITION PAPER 4:**

**FUTURES:**

### Session #6

**Market Drivers**

**Thursday, September 22**

**READINGS:**
- CES Chapter 5 (pages 85-104).

**CASE:**

**QUESTIONS:**
- Would you invest in Steve Glenn’s company? Would you buy one of his products (assuming you had the capital)? Is there a proper fit between his target market and the product he has to offer? Glenn says he has a six-month window to perfect his business plan. What do you think are his critical challenges in the three legs of his business model? What are the immediate threats and opportunities to his business model? Where should he position the company for long term growth? Is the Living Home model a credible solution to the problems created by the built environment?

**POSITION PAPER 5:**
- Is “Green” Marketing Really Greenwashing? (CES 5.1, page 95).

**FUTURES:**

### Session #7

**Social Drivers**

**Tuesday, September 27**

**READINGS:**
- CES Chapter 6 (pages 105-125).

**CASE:**

**QUESTIONS:**
- Why should Coke even pay attention to the issues raised at the University of Michigan? How do you, as a corporate executive, know when to attend to some social issues and not others? Does this one have merit? On what grounds? Did Amy Landau really fail in her efforts to address water issues in India? How do the four characters in the case fit together? Are their goals in opposition? Are their tactics in
opposition? Is the outcome a good one? More personally, where do you stand on the green continuum? There is no longer such thing a single green movement. There are shades of green, and the lines of the movement blur into the corporate sector. Are you a ‘bright green’ – believe that corporations are the solution – or “dark green” – believe that corporations are the problem? Where will you most fit, given your interest in promoting sustainability? Is one right and one wrong?


FUTURES:  ► The Future of Water: World Resources Institute Water Aqueduct Project

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**CORPORATE ENVIRONMENTAL STRATEGY: THE NEW "RULES OF THE GAME"**

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<tr>
<th>Session #8</th>
<th><strong>Altering Strategic Objectives</strong></th>
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<tr>
<td>READINGS:</td>
<td>► CES Chapter 7 (pages 127-159).</td>
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<td>QUESTIONS:</td>
<td>► The Clorox Company launched green household cleaning products line GreenWorks in 2008 and immediately commanded 40% of the market. Following stagnant sales in the early 2000s due to fierce competition with Procter and Gamble, Unilever and others, the company made a bold move into the green consumer market with the launch of GreenWorks, acquisition of Burt’s Bees natural personal care products, and a strategic partnership with the Sierra Club. Where should Clorox go from here? Can Clorox leverage the success of GreenWorks in other areas? If so, how? Should Clorox switch strategies from fast follower to first mover? If so, how will this affect potential new “green” products?</td>
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<td>POSITION PAPER 7:</td>
<td>► Is Technology the Solution or the Cause of Environmental Problems? (CES 7.1, page 154).</td>
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<th><strong>Strategy &amp; the Organization</strong></th>
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<td>READINGS:</td>
<td>► CES Chapter 8 (pages 160-182).</td>
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<td>POSITION PAPER 8:</td>
<td>Do the Solutions to Environmental Problems Lie in Technological or Organizational Innovation? (CES 8.1, page 161).</td>
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<th>Session #10</th>
<th><strong>The Institutional Context</strong></th>
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<td>READINGS:</td>
<td>► CES Chapter 9 (pages 183-199).</td>
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<td>► “How driverless vehicles will redefine mobility and change car culture,” The Conversation, February 24, 2016 – Read the article and the comments; add a comment to the discussion</td>
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<td>CASE:</td>
<td>► Blueprint for Ford’s Future: From Personal Automobiles to Mobility, 2013, Erb Institute Case 1-429-303</td>
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QUESTIONS: ► Is Ford headed in the right direction? Can Ford make the transition from being a car manufacturer to a provider of mobility services? If so, should the company make this transition? What are the key drivers behind this shift? How should the company be positioned for long-term growth? What is Ford’s value proposition within the context of the new mobility market? What are the toughest challenges and greatest uncertainties/risks Ford is facing? How well has Ford protected itself from these risks? What are the critical challenges in the Ford business model as outlined in the “Blueprint for Mobility”? What are the immediate threats and opportunities to this business model? What is the role of partnerships and nontraditional stakeholders in Ford’s vision of the future? Does this exemplify a new model of business management? What are the pros and cons of the Zipcar partnership to each company? If you were a developing country or a burgeoning megacity, would you look to partner with Ford? What are the unique benefits/drawbacks Ford brings to the partnership (compared to other automotive companies/firms in other industries)? Can you envision any forms of resistance that the advocates for these partnerships might encounter in Ford? How can Ford be a leader in resource-efficient, sustainable transportation and still be the company that sells SUVs like the Explorer? How should Ford market these products? How can Ford convince customers and potential partners about its seriousness in entering the mobility market? Looking to the future, if you were David Berdish, what would you do? If you were Bill Ford Jr.?

FUTURES: ► The Future of the Automobile: “Special issue: The future of cars,” The Economist, (1) Gloom and Boom (2) Clean, Safe and it Drives Itself

Session #11 Climate Change Strategy Tuesday, October 11
READINGS: ► “Climate change strategy: The business logic behind voluntary greenhouse gas reductions,” California Management Review


QUESTIONS: ► How should a large company approach movement into a new sector? With a brand as powerful as Google’s, can you rely on the power of brand recognition for success or should you be more cautious and avoid damaging your brand when trying to diversify into new markets? Would the failure of a company that Google has invested in hurt its brand? Would Google’s investments be more likely to succeed if they integrated companies and placed them under the Google name? Was releasing energy consumption and emissions data a strategically optimal decision? Why or why not? Will Google be able achieve its sustainability objectives given its projected growth? What are the consequences of failing to do so? Should Google invest more in companies it already has a stake in or broaden its investments to include more companies?

Session #12  Conclusion  Thursday, October 13

DUE: ◮ Individual Assignment: Future’s Scenario Analysis
QUESTIONS: ◮ Be prepared to discuss your individual assignment regarding the present and future expectations on business regarding the environment.

Style Guide for References

Please use endnotes for all references in your papers. The form of entries should fit the following format.

**Book entries** follow this form: Authors’ or Editors’ Last Names, Initials. Year. *Title of book*. (Italic, lowercase except for the first letter of the first word and the first word after a long dash or colon). City Where Published, with abbreviation for state or province (North America) or full name of country, only if needed to identify a small city: Name of Publisher. Examples:


**Periodical entries** follow this form: Authors’ Last Names, Initials. Year. Title of article or paper (in lowercase letters except for the first letter of the first word and the first word after a long dash or colon). *Name of Periodical*, volume number (issue number, *if needed*—see below): page numbers. Examples:


Include an issue number *only* if every issue of the referenced periodical begins with a page numbered 1. (Look at more than one issue to check.)

If an article has no author, the periodical or producing body is referenced:


**Chapters in books** (including annuals) follow this form: Authors’ Last Names, Initials. Year. Title of chapter (in lowercase letters except for the first letter of the first word and first word after a colon). In Editors’ Initials and Last Names (Eds.), *Title of book*: page numbers. City Where Published, State or Country (only if necessary to identify the city): Name of Publisher. Examples:


For *unpublished* papers, dissertations, and papers presented at meetings:


For an *electronic document*, include the author’s name, if known; the full title of the document; the full title of the work it is part of; the ftp, http, or other address; and the date the document was posted or accessed.
Strategy 565/NRE 513
Strategies for Sustainable Development II:
Market Transformation
FALL 2016

Syllabus

Professor Andrew Hoffman
Room R4390, Ross
Email: ajhoff@umich.edu
Phone: 734-763-9455

GSI: Daniel Patton, email: dpatton@umich.edu

Course Overview
Sustainability has become mainstream in both management practice and management research. Firms incorporate sustainability strategies into their core mission. University administrators promote sustainability as central to their curricula. Scholars pursue sustainability as a bona fide field of research inquiry. Given this level of attention and action, the world should be on the road to a sustainable future.

But it is not. In spite of the myriad of new programs under the rubric of sustainability, problems of social and environmental sustainability continue to worsen. Sustainability activities have been integrated into corporate practice without serious changes in core beliefs that underpin the root cause of the problems, such that the resultant solutions do not actually solve the core problems. If progress is to be made, it is important to look critically at the shape of corporate sustainability that is now emerging: what problems it seeks to address, what changes it entails, and what it means for the corporate organization and the market system as a whole. This next iteration in the distinctive waves of management frameworks will redefine the role of the corporation within society.

Where Part I (Enterprise Integration) looks at ways in which corporations fit sustainability within the parameters of the market, Part II (Market Transformation) looks at some new and emergent developments in the ways that markets are or may be transforming to address the critical sustainability issues of our day. Where Part I looks at the shifting role of the corporation within the market, Part II looks at the ways in which the market is and must shift if we are to fully address the sustainability challenges we face. As we do this, we will explore the shifting role of the corporation within society. We will explore this topic together. Sessions are designed around key topics and readings, videos and cases are assigned. But you are challenged to be a participant and bring additional materials to class to add to our discussion.

In the end, the market is the most powerful institution on earth, and the corporation is the most powerful entity within it (which also includes the government and civil society). So, if we are to solve out sustainability challenges, those solutions will have to come from business.

Course Expectations
Because this class depends on our interactive dialogue, class participation is essential, both for your and your classmate's learning. If you have reservations about speaking in class, you may wish to
carefully consider your taking this class. When you speak in class, your emphasis should be on quality as opposed to quantity. Your comments should be focused on one point and should be backed up with sound reasoning. Comments should transcend the “I feel” syndrome. This is too easy a topic to drift into easy platitudes and reactionary statements. You should build your comments on models, evidence or analysis of inherent tradeoffs. In other words, the comments should demonstrate some reflective thinking.

Generally a high participation grade is difficult to achieve if you are absent. Therefore, class attendance is critically important. If you must miss a class, please inform me in advance.

In this course you will be expected to do a lot of reading. On such a topical and emergent issue, discussion without solid analysis and evocative case examples would likely digress into a fruitless exchange of unsupported opinions. We will take a slightly different approach to reading in this class than you may be familiar with in other classes. There are many articles, videos and webpages (with hyperlinks). You are expected to review this material but are strongly encouraged to find additional materials on the topic of each class and bring that material to the class discussion. In this way, we will learn together.

**Course Requirements**

**Requirement #1 – Contributions to Class Learning and Discussion (Individual) 30%**

Class participation is a very important part of the learning process (as well as an important part of your grade). It is critical not only for your personal learning, but also for the learning of your fellow classmates. Much of the value of the class comes from prepared, thoughtful, and informed dialogue between you and your classmates. You are expected to read all the materials and you should apply the material in those readings to your class discussion. When engaging in classroom discussion, the following are some of the behaviors we look for as good contributions: Raising relevant, insightful questions; Making comments that build on the ideas of others, moving the discussion and analysis forward; Helping other students contribute their ideas; Offering your own ideas to help analyze the case and to develop a sound course of action; Sharing your own personal experiences in a way that adds to our understanding of the topic being discussed; Talking with appropriate frequency (i.e., neither dominating the conversation nor being too passive).

**Requirement #2 – Sustainability Case Study (Group) 40%**

In this assignment you will write a case study of a business challenge related to sustainability and the triple bottom line. You will be placed in groups of 4-6 members, asked to pick a company and the challenge they are facing and write a case study that you might expect to read in class. In fact, the best papers will be turned into formal case studies that will be used in subsequent year’s classes (with proper attribution). You must write a (minimum) 8 page case and (minimum) 4 page teaching note (each single spaced 12 point font). For the former, follow the format of cases you will see in this class and other classes – it has a central question that opens and closes the case; there is a protagonist that must make a decision; and the material inside the case provides the necessary information for answering the question, but it does not answer it. The Teaching Note provides the analysis that you think students will have to go through to answer the question, and the key learnings that you think students should take away from the experience. Some elements of the case might include the business challenge of the case (for the protagonist), the sustainability issues at play, the financial, technical, marketing, political, public relations, or other strategic considerations necessary for considering the full scope of the challenge. You may base your case on only secondary data (i.e. literature review) or primary data (i.e. interviews). Be creative in your writing. Remember,
your classmates may be reading this in the future; what might you appreciate if your predecessors had written one for you to read? Please use footnotes (at the bottom of the page) and cite any sources per the citation guide at the back of this syllabus. A few good sources of tips on writing case studies are posted on Canvas and listed here:

- How to write a business case study:
  http://www.globalens.com/DocFiles/PDF/cases/Preview/GL1429140P.pdf
- Hot to write a teaching note:
  http://wdi-publishing.com/DocFiles/PDF/cases/preview/GL1429016P.pdf

**Requirement #3 – Position Paper (Individual) 10%**

Throughout the course, one-page position papers are assigned to each class related to the evening’s readings. The topics are listed at the bottom of each week’s assignment. Each student must complete Position Paper #1 and Position Paper #11 – note that they are the same question and you will answer it at the beginning and again at the end of the course. In between, you will be assigned one paper to complete over the course of the semester and be prepared to discuss in class. These papers are meant to challenge you on some fundamental aspects of the future market transformation around sustainability. Treat them as something that you might submit to the Wall Street Journal or New York Times op/ed page. They must be no longer than 1 page single spaced and must simply present a sound, yet unique argument taking a stand on the issue.

**Requirement #4 – Reflective Journal Summary (Individual) 20%**

To aid you in the reflection process inherent in a class such as this, you are encouraged to keep a journal of your thoughts as we progress through the semester. This journal will help you sort out issues that the course raises. You will not be asked to actually hand in your journals but the contents will inform your final assignment. You will be required to submit a 3 page summary that consists of the following: (1) One page that offers 2-3 bullet points of your key takeaways from each class session, (2) one page that offers an integration of the concepts and ideas from your bullet points into a cohesive model that explains the market transformation that you will likely see in your career, and (3) one page that displays a graphic depiction of that model. This assignment must be grounded in some sense by the distant signals that we can already see in the market. This cannot be simply your value projection of how things “ought” to be. Your assignment will be due at 6:00pm on the evening of session #11 and we will discuss on session #12.

**Required Course Materials**

There is a book, a course packet of cases and on-line readings for this course (listed as hyperlinks in this document). This reading should be supplemented by steady reading of contemporary environmental issues as published in The New York Times, Wall Street Journal, Business Week etc.

**Required:**

- Case Packet
**STRAT565/SNRE 513: Class Schedule**

### Session #1  
**Reexaming Capitalism**  
**Tuesday, November 1**

**READINGS:**

**REVIEW:**
- (2015) *Rewiring the Economy: Ten Tasks, Ten Years*, University of Cambridge
- *Creating Shared Value*
- *WWF Living Planet Index*
- *Millennium Ecosystem Assessment, Living Beyond Our Means*
- *United Nations Millennium Development Goals*
- *United Nations Global Compact*
- *Regenerative Capitalism*

**POSITION PAPER 1:**  
Can we achieve sustainability within a capitalist system?  
Naomi Klein says that we need to “shred the free-market ideology that has dominated the global economy for more than three decades.” Is this realistic? Are our sustainability challenges (like climate change) the outcome of a consumerist market system run rampant? If so, must the result be a call to replace capitalism with a new system that will correct our present ills with regulations to curb market excesses?

### Session #2  
**Human Rights & the Supply Chain**  
**Thursday, November 3**

**READINGS:**
- UN Guiding Principles on Business & Human Rights
- Guide to *Human Rights Impact Assessment and Management* (HRIAM)
- EICCC Conflict-free Sourcing Initiative
- Transparency International

**CASE:**  
*Intel: Undermining the Conflict Mineral Industry, #1-429-411, (University of Michigan, 2015), coursepack*

**QUESTIONS:**
- Are human rights and social issues areas for competitive advantage or are they to be addressed strictly as noncompetitive? Identify the pros and cons of each side of the argument. Describe why Intel would engage with competitors when it can gain a competitive advantage under current SEC regulations with its head start in supply chain transparency and auditing. Explain the largest risks in a supply chain from a public relations
perspective. Consider other issues associated with mining, such as labor rights and environmental justice.
POSITION PAPER 2:  • What business does business have in addressing human rights? What are human rights?
Where is the overlap between human rights and business strategy? One of the biggest challenges with human rights (and social issues in general) is quantification. We can quantify the costs of environmental pollution as well as the costs (or benefits) to address them. This makes it hard to communicate. Further, some see human rights issues strictly around human trafficking, slave labor, child labor, working conditions, etc. But what about access to healthy food, education, broadband access… the list goes on. But where does it stop when it comes to the domain of corporate responsibility and control?

Session #3 Business in the Political Environment Tuesday, November 8

• Here are the 379 Companies Urging The Supreme Court to Support Same-Sex Marriage
• Blue chips accused of obstructing climate policy in new ranking
• The Next System Project: New Political-Economic Possibilities for the 21st Century

CASE:  • Firestone: Crises Across the Decades, #1-429-412, (University of Michigan, 2015), coursepack

QUESTIONS:  • How does Firestone’s response to the Ebola crisis differ from its response to Liberia’s civil wars? How much of Firestone’s actions in both cases were influenced by its financial investments and how much by its social responsibility? Firestone did not have a means of protecting its managers, assets, or employees from war. Did it really have any other options but to leave and then make an agreement with the likely next president of Liberia, Charles Taylor, to return? Firestone estimates that between concession agreements and tax payments, it put over $1 billion into the Liberian economy since the civil wars. At what point in time or at what dollar figure should a company cease to provide reparations for past wrongs? Would Liberia be worse off today had Firestone left at the beginning of the first civil war and not returned? It is said that consumers vote with their dollars. If knowledge on social impacts is limited, is this still the case? Does Firestone have a “social debt” to Liberia? Are these projects an indicator of Firestone’s long-term investment, from both a financial and social perspective? Do you think this information should be incorporated into Bridgestone/Firestone CSR?

POSITION PAPER 3:  • Should companies be political actors? Are they by definition?
Or, should they stick strictly to running their operations, selling their goods and services, hiring employees and providing wages, and paying their taxes? Certainly, the Firestone presents a challenging extreme to this question. But should companies get involved in referenda on gay
marriage, abortion, and the election process? Or, do they have no choice?

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<tr>
<th>Session #4</th>
<th>Business and Personal Freedom</th>
<th>Thursday, November 10</th>
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<td>READINGS:</td>
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<td>• Protecting Freedom of Expression, AT&amp;T Issue Brief Library</td>
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<td>• Global Network Initiative: Protecting Freedom of Expression and Privacy in Information &amp; Communications</td>
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<td>CASE:</td>
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<td>• Vodafone Egypt and the Arab Spring: When Government and Business Collide, #1-429-417, (University of Michigan, 2015), coursepack</td>
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<td>QUESTIONS:</td>
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<td>• Is broadband access or freedom of information access a human right? What are the responsibilities that a company has towards following the rule of law versus the rights of a country’s citizens, especially in a politically tense nation? What if their own policy statements are at variance with notions of human rights in a particular country? What are the limitations with transparency in respect to security and trade secrets? Should corporations and governments impose limits on transparency? With the power to control communication, how do telecommunication companies function as political actors? How do AT&amp;T’s actions (Angwin above) fit with your answers to these questions?</td>
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<td>POSITION PAPER 4:</td>
<td>How far should companies go to restore faith in capitalism (see Montgomerie above)? Is capitalism and inclusiveness in opposition (see de Rothschild and Barton above)? Carney (above) says that “firms must have a sense of their responsibilities for the broader system. Do you agree? Taken to its extreme, should companies ever willingly break the law to be right? If a company moves into a region where the legal institutions are repressive or even corrupt, should it knowingly and willingly break the law? What if the human rights the company seeks to uphold are at variance with the definition of human rights of the government of one of their operating units (i.e. women’s rights, free speech, privacy, same-sex marriage), whose definition of human rights should prevail? What if breaking the law brings about social change and a brighter future for the country’s citizenship, especially the weak or the poor? What are the broader implications of your answer?</td>
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<tr>
<th>Session #5</th>
<th>The Circular Economy</th>
<th>Tuesday, November 15</th>
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<td>READINGS:</td>
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<tr>
<td>• BSR, Business Action for Climate-Resilient Supply Chains</td>
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<td>• Ellen MacArthur Foundation, Circular Economy Reports</td>
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<td>• UNGC: A Guide to Supply-Chain Traceability</td>
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<td>• California: Transparency in Supply Chains Act</td>
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**CASE:**
- *Dow and the Circular Economy: Trash to Treasure? #1-430-478, (University of Michigan, 2016), coursepack*

**QUESTIONS:**
- What is a circular economy? What are some of the other companies implementing a circular economy? Is Dow’s program in Citrus Heights an example of a circular economy and a closed-loop system? Why/why not? Which partner was most important for success of the Citrus Heights program? What are the implications of a circular economy for Dow? How might Dow pitch the circular economy to stakeholders? Why should it be important for Dow to set long-term goals? Why might shareholders be opposed to long-term goals? How should Dow explain to a shareholder its reasoning behind thinking about long-term goals? What are the next steps for Dow if the pilot is successful? Should it expand to other cities? Try other fuel sources? What are the barriers for scaling of this program? What made the pilot program so successful?

**POSITION PAPER 5:**
- *Is the supply chain the most important lever for addressing the sustainable use of materials?*
  Creating a circular economy requires thoughtful and rigorous analysis of the many factors in a company’s (and consumer’s) supply chain. Going back to primary, secondary, tertiary suppliers (and even further) is extremely complicated. Can we expect that this is possible? Can we really close the loop? Does this require full transparency through the supply chain? Is this even realistic?

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<th>Session #6</th>
<th>Systems Change for Sustainable Outcomes</th>
<th>Thursday, November 17</th>
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<tr>
<td><strong>GUEST:</strong></td>
<td>Monique Oxender</td>
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<td>Chief Sustainability Officer</td>
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<td>Keurig Green Mountain</td>
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<td><strong>READINGS:</strong></td>
<td>Keurig Sustainability Report, pages 21-39 Product Stewardship</td>
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<td>Leyla Acaroglu TED Talk, 2013</td>
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<td>William McDonough TED Talk, 2005</td>
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<td><strong>CASE:</strong></td>
<td>Recycling at Keurig Green Mountain: A Brewing Problem, #1-430-482, (University of Michigan, 2016), coursepack</td>
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<td><strong>QUESTIONS:</strong></td>
<td>Looking at the history of Keurig Green Mountain, at what points did the business make fundamental changes? How did these changes influence the scope of Keurig Green Mountain’s influence, risk, and opportunity? How should a company weigh the balance of a product that has huge</td>
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profit potential, but also brings large sustainability challenges? Is there a level of profit that makes any legal, but negative, environmental impact worthwhile? What is the actual environmental impact versus perceived environmental impact? What is the impact relative to waste in general? If you could travel back to 2006 would you advise Green Mountain Coffee not to acquire Keurig? Why or why not?

**POSITION PAPER 6:**
- How can a company successfully determine thresholds for the required trade-offs among consumer demand/purchases, cost quality and functionality? Companies survive based on the success of their products and services in the marketplace. And in offering these products and services, prioritization and tradeoffs are required. How do you weigh and quantify pros and cons, including reputational impacts of those decisions? What trends are you seeing across both the public and private sector as it relates to materials management and product marketing strategies? The majority of consumers and clients are not motivated to purchase or contract based on environmental impact alone. Can companies lead broad-based consumer choice and move environmental products and services from a niche market or minor consideration to a “default setting”? And finally, can one company do that, or must it be done by a network of companies?

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**Session #7: Diversity, Equity, and Inclusion in Sustainability**

**Tuesday, November 22**

**GUEST:**
- Emily Reyna
  Director of Diversity
  Environmental Defense Fund

**READINGS**
- EDF’s Diversity Strategy
- 1990 Letter to 10 Big Green Environmental groups regarding diversity
- For Our Future: Board-Led Best Practices on Diversity, Inclusion and Equity For U.S. Environmental Organizations
- Politico: Green Groups Set sites on diversity
- Green 2.0 Executive Summary
- Colorlines: Mainstream Green is still too white
- Sierra Club: Why Civil Rights are Central to Our Mission
- Racism in the air you breathe: When where you live determines how fast you die.

**POSITION PAPER 7:**
- Why do we care about diversity, equity, and inclusion (DEI) in the sustainability movement?
  Why does it matter that we consider DEI in sustainability? Is it critical to achieving a sustainable future? How do you define the issues, and how do you define diversity in this context? Is it different or the same as considerations for civil rights and inclusion in other domains?
### Session #8: Metrics and Taken-for-Granted Assumptions

**Tuesday, November 29**

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<tr>
<th>READINGS:</th>
<th>• Report by the Commission on the Measurement of Economic Performance and Social Progress</th>
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<td></td>
<td>• Huet, E. &amp; B Stone (2016) “Silicon Valley’s audacious plan to create a new stock exchange,” Bloomberg</td>
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<td>• The MBA Oath</td>
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<td>REVIEW:</td>
<td>• An Introduction to G4 Reporting, GRI</td>
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<td></td>
<td>• Carbon Disclosure Project</td>
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<td>• The Equator Principles</td>
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<td>CASE:</td>
<td>• <em>Volvo: Finding True Value in the Electric Bus Market</em>, #1-430-480, (University of Michigan, 2016), coursepack</td>
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<td>QUESTIONS:</td>
<td>• What are the externalities of China’s industrialization in urban areas, especially the focus on gas and diesel-powered transportation? How does the True Value methodology seek to capture externalities not currently captured by the market, and is this an effective method of quantifying these costs? How can Volvo utilize the True Value methodology to gain a competitive edge in the Chinese market? What are the market and nonmarket advantages and risks faced by Volvo and its True Value methodology in the Chinese market? Are these risks relevant in other countries as well? What are some advantages and disadvantages of utilizing these types of sustainability methodologies and metrics for measuring success, especially across international markets?</td>
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<td>POSITION PAPER 8:</td>
<td>• Which metrics and concepts from your other classes are unsustainable? This is not a malicious question. You are learning a myriad of models and concepts in your classes (particularly in business management, but also other schools). Think carefully about the underlying values that they are based on. For example, Gross Domestic Product is based on an underlying assumption that the more money that is flowing in the economy, the better their state of well-being. Or, a discount rate of 5% says that anything beyond 20 years from now is worthless. How does the idea of the “purpose of the corporation” differ between that espoused by Milton Friedman and that espoused by Peter Drucker and Jack Welch; and how does that idea influence other ideas about the role of managers and the corporation? Ultimately, sustainability should influence the metrics for evaluating the value of a firm. Does GRI, CDP or SAM address that issue? Will the MBA Oath take care of it? What other metrics and concepts do you see that lead us away from a sustainable future; and how would you change them?</td>
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Session #9  Water as a Human Right? Thursday, December 1

READINGS:
- WBCSD: Ecosystem Valuation Tool
- The Natural Capital Coalition
- McGraw, G. (2013) "Nestlé Chairman Peter Brabeck says we don’t have a right to water, Believes we do have a right to water and everyone’s confused," Huffington Post.
- The Rights to Water and Sanitation
- United Nations Human Right to Water and Sanitation

CASE:

QUESTIONS:
- If you think about Coke’s response to water issues in India, the company now sees itself as a water company. This is its most important ingredient, without which it cannot run its business. This is a good thing, right? But now that is its main source of revenue, does this bring the interests of society in line with the interests of business? Does valuing ecosystem services (see WBCSD and Natural Capital Coalition) capture the full scope of business’ attention to water scarcity? Think about these questions in relation to Nestle. What are the most significant factors that should drive Nestlé’s water strategy? How can Nestlé strategically address water scarcity today and how might it address it in the future? What role could partnerships play in a water strategy? How might shareholders react to any changes or projects Nestlé announces related to water? Is transparency and disclosure of water consumption enough to drive change? What metrics might be important to measure and manage, from the point of view of Nestlé, shareholders, environmental groups, and society at large?

POSITION PAPER 9:
- Is water a human right? How does this answer change the role of the corporation in bringing water to the user? Certainly water is different than your average commodity (pork bellies, aluminum, wheat). We can live without these other items; we cannot live without water. And yet, it is a product that we consume, one producer’s water is virtually indistinguishable from another’s (even though Evian, Desani and others would like you to think otherwise), and it requires capital investment to bring to the user (wells, treatment, delivery infrastructure). So, any organization that invests that capital deserves a return on their investment. How do we balance these competing ideas of right versus commodity?

Session #10  Questioning Consumerism Tuesday, December 6

READINGS:
- WBCSD: A Vision of Sustainable Consumption
- Lifestyles of Health and Sustainability (LOHAS)
- Paul Polman, Mindless Consumption
- World Economic Forum: Sustainable Consumption
REVIEW: • The Transition Initiative and Transition Towns
• B Corporation
• Benefit Corporation
• Independent Sector

CASE: • Patagonia: Encouraging Customers to Buy Used Clothing, (A & B) #1-429-230 (University of Michigan, 2012), coursepack

QUESTIONS: • Should Patagonia even be considering [this/these] initiative[s]? Did the company make a mistake when it included “reduce” in the five Rs? Is Patagonia in a unique position not only to pursue such a radical initiative, but to derive value from it as well? Why or why not? Although more ecologically sustainable, will asking customers to reduce the amount of Patagonia products they buy be economically unsustainable in the long run? Or might it end up winning over even more customers by proving that Patagonia looks beyond the bottom line? If you were Chouinard, what course of action would you take, and why? Should Patagonia have partnered with eBay for this initiative, or should it have tried to do this independently? Are both companies risking and gaining equally from this partnership? Will other companies again follow in Patagonia’s footsteps and adopt this latest strategic move? Or is Patagonia moving too far ahead of the curve?

POSITION PAPER 10: • Can a company survive while asking consumers to reduce consumption?

There is little disagreement that consumption is at the core of many of our environmental problems. Many say we have to separate consumption from environmental problems, that can we expect people to give up what they have in order to achieve a sustainable future. Others worry that the growing desire (and right) of people in developing countries to enjoy the same standard of living as those in developed countries means that we are facing a serious problem unless people consumer less. Is it realistic to ask companies to use their marketing power to convince people to buy less? If not, how do we get where we need to go?

Session #11  The Sharing Economy Thursday, December 8

READINGS: • Triple Pundit (2014) “The rise of the sharing economy”
• Collaborative Consumption
• Conscious Capitalism

CASE: • Uber and the Sharing Economy: Global Market Expansion and Reception, #1-430-479, (University of Michigan, 2016), coursepack

QUESTIONS: • How is the sharing economy characterized? What challenges does this economic model face? Is this economic model a viable alternative to or significant alteration of capitalism? Can sharing economies go global? What are Uber’s core competencies? How does this answer matter to the sharing economy? What challenges does Uber face during global expansion? Is Uber’s business vulnerable since it is easy for others such as Didi Kuaidi in China and Ola in India to imitate? Can Uber overcome the challenges from foreign governments? Should it try to collaborate with these foreign governments? If so, how? What are the pros and cons of

Hoffman, revised 8/22/2016
doing so? What strategies should Uber implement to expand globally?
Due to the furious competition from rivals in global markets (China, India, or Southeast Asia), should Uber leave these markets and focus only on the U.S. market? What are the pros and cons of Uber’s choice?

**POSITION PAPER 11: Can we achieve sustainability within a capitalist system?**

Naomi Klein says that we need to “shred the free-market ideology that has dominated the global economy for more than three decades.” Is this realistic? Are our sustainability challenges (like climate change) the outcome of a consumerist market system run rampant? If so, must the result be a call to replace capitalism with a new system that will correct our present ills with regulations to curb market excesses?

**DUE (at 6:00pm):**

- Individual Assignment: Reflective Journal Summary

**DUE:**

- Group Assignment: Case Study and Teaching Note

**Session #12 Tuesday, December 13**

**QUESTIONS:**

- Be prepared to discuss your individual Reflective Journal Summary as we collectively create a model for market transformation on sustainability.

**DUE:**

- Group Assignment: Case Study and Teaching Note
Style Guide for References

Please use endnotes for all references in your papers. The form of entries should fit the following format.

**Book entries** follow this form: Authors’ or Editors’ Last Names, Initials. Year. *Title of book*. (Italic, lowercase except for the first letter of the first word and the first word after a long dash or colon). City Where Published, with abbreviation for state or province (North America) or full name of country, only if needed to identify a small city: Name of Publisher. Examples:


**Periodical entries** follow this form: Authors’ Last Names, Initials. Year. Title of article or paper (in lowercase letters except for the first letter of the first word and the first word after a long dash or colon). *Name of Periodical*, volume number (issue number, if needed—see below): page numbers. Examples:


Include an issue number only if every issue of the referenced periodical begins with a page numbered 1. (Look at more than one issue to check.)

If an article has no author, the periodical or producing body is referenced:


**Chapters in books** (including annuals) follow this form: Authors’ Last Names, Initials. Year. Title of chapter (in lowercase letters except for the first letter of the first word and first word after a colon). In Editors’ Initials and Last Names (Eds.), *Title of book*: page numbers. City Where Published, State or Country (only if necessary to identify the city): Name of Publisher. Examples:


For **unpublished** papers, dissertations, and papers presented at meetings:


For an **electronic document**, include the author’s name, if known; the full title of the document; the full title of the work it is part of; the ftp, http, or other address; and the date the document was posted or accessed.

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