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 to making sustainability investments in order to achieve 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) Comprehend the complexity, ambiguity and uncertainty facing managerial decision making in light of evolving legal frameworks and changing norms that influence market dynamics.

6) 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.
7) Comprehend the paradigm shift required in order for business to become sustainable, including changes at the structural and institutional levels.

8) Become effective change management practitioners for promoting sustainability in organizations with which you will work.

**Pedagogy:**

Following a brief introduction that outlines the main sustainability challenges facing the planet and its peoples, the course is structured around two central themes:

1. **Strategizing sustainability** – in which we understand strategy templates that can make sustainability tenable in a competitive business context.
2. **Managing sustainability** – in which we focus on actually getting sustainability done in organizations.

In going over this material, we will adopt a primarily utilitarian perspective, based on achieving long-term competitive advantage. Although ethical and moral issues will surface as we go over the course material, we will not study these issues in great depth. We will, however, be aware of their existence and realize that in reality, successful strategies will be based on recognizing and embracing the fact that these additional perspectives are really a part of business life.

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 too hard, since sustainable development is not a dogmatic topic, and it begs for discussion and analysis. I will challenge you to closely examine many assumptions, and to think critically about the concepts, tools and practices we will discuss in class.

**Accessing Course Materials:**

MBA e-Coursepacks can be purchased at lejames.ca. Students should select Course Materials → Textbooks from the menu and follow the instructions.

All other readings are NOT in the coursepack – please access them via MyCourses. Additional materials not explicitly mentioned below are also available via MyCourses. As just one example, McKinsey has been, over the last few years, publishing a surprisingly large amount of whitepapers on sustainability and CSR and I have collected all those I have in my possession on MyCourses if you are interested in seeing what issues McKinsey is building its business around.
**Evaluation – Overview**

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<th>Component</th>
<th>Percentage</th>
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<tr>
<td>Participation and professionalism</td>
<td>10 %</td>
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<td>Mid-term exam</td>
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<td>Book club</td>
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<td>Final paper</td>
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**Evaluation - Details**

**Participation and professionalism (10%)**

Participation and professionalism are essential for this course to be an enlightening and rewarding experience. 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.

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. Learning will not be passive; thinking and creativity are expected.

Much 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.

**Mid-term (35 %)**

A mid-term exam will take place in class, on November 2, and will draw upon the content we will have covered by that date.

**Book club (25 %)**

I will ask you to run a small book club, typically in groups of four (depending on enrollment), using an influential and insightful text of your choice. Please find suitable partners among your classmates for this project. Your book club should meet once every two weeks, after having carefully read a predetermined section of the book. Your discussion of the book should be incisive, penetrating and rigorous. Ideally, you will tie in the ideas found in the book with principles we have covered in class. You may find the need to do additional reading or other research to more fully understand issues that arise as you discuss the book.

Each group needs to select the book they want to read and clear it with me before starting. I encourage you to look for books that provide particularly novel ideas, not necessarily in the domain of management. You will be sharing your synopsis of the book with the rest of the class, and since

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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.
this is a very knowledgeable group, you should pick a book that will be appropriate for challenging and educating this audience. In the past, groups have chosen books about water, about managing philanthropies, about design, and about many other topics related to sustainability.

I encourage you to chronicle the development of your thoughts throughout the Book Club process (as you read, prepare for meetings, conduct the discussion itself, or reflect on what you have assimilated) in a journal. I would suggest a personal journal, but if you prefer to maintain a group record of your development, that is absolutely fine. It does not have to be limited to text—as a matter of fact you may find that video, audio and other modes of expression are better suited for you.

The deliverable for this assignment will be a team “TED talk” which expounds upon the ideas in the book and presents them in a lively, engaging manner. The idea is to showcase the contents of the book—and sustainable development in general—as an exciting topic that will inspire others to embrace and pursue it in their own lives and work environments. The presentation should NOT be a dreary “summary” of the book. In fact, a good TED talk will often include ideas and material from other sources that complement the content of the primary book.

By September 29, you should have split up into groups, decided which book you will read and have emailed me to confirm that the book is suitable for this project.

**Final paper (30%)**

You may choose one of the following three options for your final paper. In all options, the deliverable is a paper of up to 5,000 words.

*Option 1: Teach thyself*  
The goal of this option is to provide an opportunity to scout the sustainability landscape, and particularly nascent issues within it. Attend a conference or other event of your choosing that is related, in your view, to sustainability or sustainable development. The only caveats are that it NOT specifically about business or management and that it is at least a full-day event. In the past, students have gone to conferences on water, biodiversity, soil pollution, “Occupy”, and more.

Your job is to “translate” the ideas and themes from the conference to the language of business. First, provide an overview and summarize the main points that you heard. Then draw your OWN implications for sustainability and management. For example, are there potential business models or start-up ideas? Are there risks that you learned about that businesses should be wary of? Major trends that will influence business success in the future? And so on.

In order to perform this analysis, you will make use of the frameworks and ideas we have gone over in class, and add additional paradigms, if you feel the need to do so. Perhaps the presenters in the conference will hold different views than yourself about the role and potential of business to address sustainability concerns, and if that is indeed the case, it is probably worthwhile to examine these assumptions and see how they affect your analysis. Generally speaking, your paper will likely be richer if you do some additional research - be it through reading, interviews, participation in other events, etc.
Option 2: Fly on the wall

Identify and establish contact with a senior environmental or sustainability manager in a medium to large organization (preferably someone with a title like “VP of Environmental Affairs” or “Director of Sustainability”). Then, shadow this individual for at least a day. Chronicle what their day looks like. A list of issues you might direct your attention to can include, but is not limited to: How much time do they spend doing what tasks? Who do they interact with? What types of projects are they involved in? What status do they have and how seriously are they taken, within the organization and outside it?

After spending as much time as feasible with your informant, theorize on the role of the sustainability manager as a change agent. Your paper can cover issues such as: What problems do they face? What strategies and tactics work for them in trying to do their jobs? What difficulties, if any, do they encounter in trying to juggle business values and sustainability values? In developing your paper, make sure you provide the facts of what that person’s day looked like.

Henry Mintzberg of McGill literally “wrote the book” on this type of research and a section from his first book, “The Nature of Managerial Work”, detailing his methodology, is useful as a guideline for performing this project (available on MyCourses).

Option 3: Strategy proposal

Go to one or several websites that allow you to calculate your personal environmental footprint, your carbon footprint, your water footprint, etc. Some examples are: http://www.footprintnetwork.org/en/index.php/GFN/page/personal_footprint/; http://calc.nprint.org/; http://waterfootprint.org/en/resources/interactive-tools/personal-water-footprint-calculator/personal-calculator-extended/), Each has its pros and cons.

After calculating your footprint on some of these websites, use them to run “what-if” scenarios in which you try to reduce your footprint. Save all these results. As you will throughout this process, each tool is based on a set of assumptions, and each has limitations, which you should give some thought to. More importantly, think about the size of your footprint, which aspects of your behavior make it big, and the ways you can reduce the footprint, in theory and in practice. Think also of the obstacles that prevent you from reducing your footprint significantly.

Following this exploratory work, pick a sphere of activity from your personal footprint assessment that you felt was difficult for you (and will also be difficult for others) to tackle in a meaningful way, and that interests you to explore. This could be the food you eat, travel, the stuff you buy, or anything else. Use existing scientific research to assess how big a reduction in carbon emissions could be generated if it was tackled at a national or global scale. Explain your assumptions and logic.

Finally, 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, or alternatively a manager in an existing company of your choice trying to make a case to your boss to reduce impacts. Using the strategy and economic concepts we cover in the course, develop a proposal that the start-up or established company may utilize to meaningfully promote sustainability while being competitively viable. You can choose to improve upon an existing product or service, or a mode of manufacturing or way of engaging with suppliers, or of course
invent something new. You may find it useful to draw on observations from your footprint calculation to discuss practices, behaviors, or products that might be effective. Make sure to describe how big a sustainability impact you predict your initiative can provide.

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By September 22, you should send me a one paragraph email proposal describing your choice for the final project. This is an important milestone to keep because experience indicates that students who identify their project early manage to allot the requisite amount of effort to it, subsequently submitting a quality manuscript.

Criteria for Evaluation
Submissions prepared for this class, like other forms of written communication produced by managers, should be precise, organized, logical, and appropriately supported. I look for the following when I read your work:

1) Don't assume anything on the part of the reader.
2) Don’t just summarize, or even worse, ramble.
3) Make sure your paper is not a laundry list of points that are only tenuously related to each other. Develop a narrative thread or an argument that makes your paper cohesive.
4) Value the quality of your own ideas. Bring in your own thinking when possible.
5) Incorporate the implications of your analysis, as well as its limitations.
6) Pay attention to style.
   1. Written work should be thoughtfully organized, with main points clear, and the flow of argument easy to discern.
   2. Use headings and sub-headings to help the reader grasp the overall structure while navigating the paper.
   3. Figures, diagrams, tables, etc. which neatly introduce or summarize portions of text are encouraged.
   4. Claims should be justified using relevant readings, class materials, or other reliable sources, explicitly cited.
   5. Errors of spelling, grammar, and syntax are rarely excusable.

Whichever final paper you choose, it must be submitted, via MyCourses, by 8pm, December 11! All submissions are due in electronic form and electronic form only (pdf files), so please use generous margins and ample spacing to make my reading easier.

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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Coordinates and communications

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Email: dror.etzion@mcgill.ca
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. I may or may not be able to accommodate you right away. But I will try.

(Some) Recommended listservs, blogs, etc:

www.greenbiz.org
www.rmi.org
www.grist.org (general sustainability news)
(Some) Recommended Background Readings:


Klein, Naomi (2014) This Changes Everything: Capitalism vs. the Climate


In addition to these books, there is a lot of additional very interesting reading material in articles – both academic and popular – and of course all over the Internet. If you are interested in readings on a specific topic, please let me know and I may be able to help guide you.
Weekly Course Outline

What follows is a list of weekly topics to be covered, with associated required readings, cases and discussion questions.

INTRODUCTION

Session 1: The state we’re in (and why it matters to business)  
September 7

In this session I will introduce the course, and we will discuss the state of the planet and its peoples. We will review the key trends, both promising and worrying, affecting ecosystems and human development around the globe. We will also introduce the concept of sustainable development, discuss its dimensions and understand the interrelatedness of the concepts it encapsulates.

Read:

Optional Readings:
Session 2 – Systems and impacts
September 14

In this class we will explore the nature of sustainability problems, often perceived as “wicked problems” (this is, perhaps surprisingly, a technical term). Wicked problems are systemic and thus necessitate unique managerial approaches in order to be effectively addressed. In this session we will study the key ideas that underlie systems theory, and also examine some real-world systemic problems. In particular we will think about how to generate meaningful impact for resolving the world’s grand challenges.

Read:

Optional Readings:
THEME I – Strategizing sustainability

Session 3: Selling sustainability
September 21

Competitiveness and sustainability are uneasy bedmates. Axioms that guide the one often seem to conflict with those of the other. We will discuss these frictions, approaches to bridging this gap, and the advantages and disadvantages of a convergent discourse integrating these two fields.

Read:

Optional Readings:

Case:
- Phoenix Organic

Assignment questions:
1. Is organic beverage a good (i.e. profitable) industry sector in New Zealand?
2. Why does Phoenix Organic want to grow? Is it a good idea?
3. What are Phoenix Organic’s options for growth? Which option is best?

MILESTONE:
Final paper decisions due September 22.
Session 4: Regulations and sustainability
September 28

Markets are guided by rules, regulations and institutions which can have very significant impacts
on strategic choices. We will analyze how strategy can leverage regulations and institutions to put
a company in a position where it has competitive advantage over industry rivals.

Read:
- Kahn, G. (2016). Did California Figure Out How to Fix Global Warming? Mother Jones. March/April.
Environmental Regulation Enhance Innovation and Competitiveness? Review of

Optional Readings:
- Dietz, Thomas, Ostrom, Elinor, & Stern, Paul C. (2003). The Struggle to Govern the
Commons. Science 302, 1907-1912.

Case:

Note: The exhibits in this case are particularly helpful. Please read them carefully!

Assignment questions:
1. What are the likely effects of the Montreal Protocol and the report of the Ozone Trend
Panel on the market structure of chlorofluorocarbons?
2. What are the implications for DuPont? What are DuPont’s options?
3. What would you recommend that Joe Glas do?

MILESTONE:
Book club teams and book title due September 29.
Session 5: Sustainability and big business
October 5

Pursuing sustainability in large, multinational corporations is particularly challenging. The upside is that the impact can be huge. In this session we will examine the obstacles such companies face and how they can be overcome.

Read:

Optional Reading:

Case:
- Sustainable Tea at Unilever. HBS 9-712-438.

Assignment questions:
1. Why did Unilever commit to sustainably source 100% of its tea?
2. Has Rainforest Alliance certification been a success for Unilever? Why or why not?
3. What should Unilever do with its tea business in India? Should it pursue Rainforest Alliance certification? Should it market sustainable tea to consumers?
4. Why has Unilever committed to source 100% of its agricultural inputs sustainably? Does this commitment make strategic and economic sense?
While innovation for sustainability at the product level is intuitive, other forms of innovation can change entire industries and sectors. In this session we will learn about approaches that encompass more than what one individual product or firm can achieve in isolation.

Read:

Optional Reading:

Case:
- Tesla Motors Inc., McGraw-Hill Education MH0032

Assignment questions:
1. How has Tesla departed from existing auto industry norms and practices?
2. What are the advantages and disadvantages of open sourcing Tesla’s patents?
3. Which car components, if any, should Tesla develop itself and why?
Session 7: The sustainable company
October 19

Some companies seem to do just a bit better than others in integrating sustainability onto their DNA. In this session we explore how tightly the two can be linked, and what makes some companies do it better than others.

Read:

Optional Readings:

Case:
- Patagonia. HBS 9-711-020.

Assignment questions:
1. What are the key characteristics of Patagonia's competitive strategy? How important is Patagonia's environmental positioning?
2. Is Patagonia a role model for other corporations pursuing sustainability? What general lessons can be learned, if any?
3. Where should Patagonia focus its future efforts? Should it grow, and if so, how?
Session 8: Collaborating for sustainability
October 26

Relationships between corporations and non-profits were, in the past, quite often adversarial. Today, corporate-NGO relations are more nuanced and more varied. We will analyze key success factors as well as potential pitfalls in collaboration, for all parties involved.

Read:

Optional Readings:

Case:
- CARE Kenya: Making Social Enterprise Sustainable. Ivey 905M56

Assignment questions:
1. Is CARE’s financial model for the CMU feasible?
2. Why is REAP’s CMU running a loss?
3. Identify the key stakeholders, their strengths and weaknesses, and determine what they stand to gain or lose from REAP.
4. As George, what would you do to make REAP sustainable?
As Peter Drucker, one of the most influential management thinkers in history, noted in a famous dictum: “What gets measured gets managed”. In this session we explore how sustainability can be measured within organizations, as well as by external audiences.

Read:

Optional Readings:

Case:
- The Robin Hood Foundation. HBS 9-310-031.

Assignment questions:
1. The Head of Sunshine Homes, Mary Montreaux, was honored as a Robin Hood “Hero” for the wonderful work she has done. Now the foundation says that she has just received her last grant. This BC methodology must be incredibly smart or just plain dumb. Which is it?
2. How valuable is the methodology for comparing “apples to oranges”, that is, investments in different portfolios?
3. How should the Robin Hood Foundation assess its own performance?
Session 11: Financing sustainability  
November 16

Ever since the musical “Cabaret” came out, we know that money makes the world go around, figuratively speaking of course. In this session we will examine a variety of ideas and policies that can harness financial acumen and expertise towards promoting greater sustainability.

Read:

Optional Readings:

Case:
- Using Satellite Data to Insure Livestock. Case Centre 315-297-1

Assignment questions:
1. What are the main successes and challenges of the IBLI program?
2. What is the main dilemma facing Andrew Mude? What are his options?
3. What would you recommend that Andrew do? What activities should he undertake in order to succeed?
Session 12: Moving the needle
November 23

In this session we will discuss how change can be promoted, and the actions which can steer the corporate world towards greater sustainability. We will examine how individuals within corporations can promote and emphasize the advantages that sustainability can lend to corporate success. We will also examine sources of leverage that corporations can employ to influence other corporations.

Read:

Optional Readings:

Case:
- Aspen Skiing Company (A) HBS 9-611-002.

Assignment questions:
1. Is Aspen Skiing Company serious about reducing its environmental impacts?
2. What should Aspen Skiing Company’s sustainability priorities be?
3. How should Aspen Skiing Company respond to the request to join the Kleercut boycott?

Session 13: TED talks
November 30

Optional Readings: