

# **SUSTAINABILITY AND THE CORPORATE RESPONSE**

Course Syllabus, Spring 2004  
2280 Grainger Hall

IES 400, LECTURE 1  
GEN BUS 765, LECTURE 1  
GEN BUS 365, LECTURE 1

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A Joint Effort of the  
**INSTITUTE OF ENVIRONMENTAL STUDIES**  
And the

**SCHOOL OF BUSINESS**  
**UNIVERSITY OF WISCONSIN - MADISON**

Syllabus Paper Specifications

Environment 25 Writing Paper, Moonrock

50 lbs. basis weight

100% recycled, 30% post-consumer fiber, 25% cotton, no coating

## Objectives:

This course is for students interested in the concept of sustainability and how it applies to businesses (as well as other institutions in our society). The goal of the course is to convince you that sustainability is a cornerstone upon which decisions affecting the future must be built.

Sustainability (or sustainable development – I use the terms interchangeably) refers to balancing economic progress with environmental care and concern for the community. For many companies, this means maximizing economic performance while minimizing the environmental impact of operations and contributing to community development.

However, at the larger level, sustainability is not just about different types of information: it is also about a different way of thinking. I invite you to explore this way of thinking and evolve your own interests and responses throughout the course and beyond.

Increasingly, sustainable development is being recognized as a driver of innovation and value creation while at the same time protecting an organization's standing in the community. Though this is not solely a class about the corporate response to society's growing interest in corporations (both from a social and environmental perspective), it is clear that business plays a central role in our progress (or our lack of progress) toward sustainability. As one of, if not THE, dominant social institutions of our time, corporations have the financial resources, the technology, the know-how and the global reach to lead the quest for a more sustainable relationship with the natural world. Without the involvement of the business community in reshaping how we think about our individual and collective responsibility to the earth and future generations, our chances of successfully navigating the very troubled waters ahead of us are slim.

This class brings together Business School students with students from the Gaylord Nelson Institute for Environmental Studies (and other schools and programs on campus) to dialogue on the relevance of sustainability in a focused and constructive way. It has been organized to give you better insights into how sustainable development can be a part of most decisions that are made, whether at the individual lifestyle level or at the organizational level. The class will consist of lectures supplemented with student discussions based on readings and case studies, and information gathering and writing about ways that we can change things right now so that as a society we are able to live in a more sustainable manner.

The key benefits of the class include:

- understand sustainable development as an important element of business practices and a value driver
- see how environmental and social issues are an integral (and complex) part of the landscape in which business operates
- learn about emerging trends in institutional investment that are pushing sustainable development further into mainstream investing
- appreciate the inter-relatedness of business systems and natural systems
- help identify next steps to better leverage sustainable development activity in your personal lives

**WARNING:** This class carries a relatively heavy reading load for most of the semester. You will be required to indicate that you have done the readings each week (see below). You will learn as much from the preparation of the readings as you will from the lectures. It is essential therefore that you **be present and be prepared to discuss** the major themes from the readings.

*This is not a course geared toward "passive learning". Your purpose for being in this class should not be to passively receive information from "experts", but rather to actively engage in your own inquiry and restructure your thoughts about, and your relationship with, the concept of sustainability.*

A substantial amount of "out-of-class" time will be required as you work with classmates toward the production of a final project.

*This class will formally introduce the concept of personal integrity through your responses to the readings each week. This university does not teach about the importance of integrity in any systematized way; however, I believe that any individual's future success in whatever they choose to do is attributable, to a large degree, to their personal integrity. I recently saw a chairman of the board pass along this advice regarding integrity, "In whatever organization you find yourself, remember that people talk. And it's not all idle gossip. Our cultures learn to protect themselves by getting the word out about people whose honor is doubtful. You'll never be more valuable than your reputation for honesty and integrity. Healthy organizations also spread the word about people of incorruptible honesty. So tell the truth, deliver what you promise, let your caring show, and you'll be noticed."*

*Therefore, I will ask that you email the class each week brief comments, reflections or questions from the readings you have done. Please don't send me anything if you haven't really done **ALL** the readings--ala the integrity issue. To say it again, even with the best of intentions sometimes work just doesn't get done. If your actions are guided by your integrity, you will not submit anything that week.*

As described above, each week you will be asked to post an email to the class listserv ([bus-sustain@lists.students.wisc.edu](mailto:bus-sustain@lists.students.wisc.edu)) that contains brief comments, reflections or questions about the week's readings, due by 10:00 p.m. on the Sunday before class. For example, this email might reflect your understanding of the readings and the relationship of the readings to each other or to one (or more) earlier classes. One way to do this is to pick a sentence or so each week that you would like to put up on your refrigerator, mirror, etc and reflect on why that sentence (or so) is one that you would want to remember. Keep these SHORT! There will be a lot of responses each week, and if we all are to get through everything that is written, keep your response to a paragraph or two.

You will also be assigned two short writing assignments during the semester. Short means 2 pages (standard margins, **single spaced** and 10 point or 12 point font). It is important to note that you will be graded on both the content and your writing skills. This means that your story or your factual arguments and logic are given equal weight with grammar, paper organization, development of your ideas, and other writing skills. Being able to say what you need to say concisely is an important skill to learn.

Each week, you will be responsible for contributing to a story started (or continued) by another classmate. These stories will be collaborative efforts. On the first week of class everyone will be given a unique beginning to a story. By the beginning of class the following week, you will be required to write the next page of the story. The next page needs to be sent to me electronically, and a hard copy needs to be printed out for the next author. I will be providing you with a number of themes that I would like to see you try and address in the story. If you do not complete your assignment by the beginning of class, you will not be given someone else's story to continue. Why am I doing this? Creative writing is meant to exercise the creative parts of your brain. Thinking creatively is critical to thinking outside the box, a skill that is necessary if we are to make progress toward sustainability.

Finally, you will work in groups on a project that will not only satisfy a major portion of your grade, but will also satisfy a research and analysis need of a local business or non-profit. This assignment is described in more detail in a handout to be provided during the first class period. The first part of your final paper will provide the basic detail about a sustainability topic identified by your client. This part of the paper should then serve as background material for your recommendations on how to meet your client's needs. You will be asked to recommend an action or develop a plan, and describe how it could be implemented by your client. In general, your final project will be an advocacy piece to convince a decision-maker to take an action. You must develop your most convincing argument(s) and be prepared to answer objections (it costs too much, no one would want to do this, etc.). This is NOT your traditional academic paper, and if you insist on writing a traditional research paper, you will have missed the point of this assignment. You must talk with your client, and quite probably others in the field, as you undertake your project. I think you will find it useful to distinguish the kind of writing you have learned to do in an academic setting from the kind of writing you will be asked to do in the real world.

## **GRADING**

20% of your final grade will be based upon class participation, readings preparation and associated emails.

20% of your final grade will be based upon your papers.

15% of your final grade will be based upon your story contributions.

35% of your final grade will be based upon your paper.

10% of your final grade will be based upon your presentation of your final paper.

**In fairness to others in the class, late submissions of the written material will be penalized at a rate of 20% of the submission's value per day (e.g., your final papers presented one day late will receive at most a weight of 28 out of the 35 points available).**

## **LIST OF MATERIALS**

### **Books:**

What We Learned in the Rainforest: Business Lessons from Nature, by Tachi Kiuchi and Bill Shireman (San Francisco, CA; Berrett Koehler Publishers, 2002). \$27.95

The Lorax, by Dr. Seus (New York, NY Random House, 1971). \$14.95

Birth of the Chaordic Age, by Dee Hock (San Francisco, CA. Berrett Koehler Publishers, 1999) \$27.95 **(you may have to order this on your own from Amazon.com or equivalent)**

Having Faith by Sandra Steingraber (New Your, NY, Berkely Publishing Group, 2001) \$14

Hunting for Hope by Scott Russell Sanders (Boston, MA, Beacon Press, 1998) \$15

### **REQUIRED READINGS:**

Reading Packet available from Underground Textbook Exchange and printed on 100% post-consumer recycled paper (meaning that this is paper made from the paper that is recycled at the university and government buildings)

**Recommended Books:** Leading Change toward Sustainability by Bob Doppelt (Sheffield, UK, Greenleaf Publishing, 2003)

## **January 26) Introduction**

The first class is designed to accomplish five things. First, the goals, purposes, structure and format of the class will be made clear through a review of the syllabus and other relevant materials. Second, students will fill out information about themselves and indicate what grade they intend to work for in the class. Third, we will discuss the final project. Fourth, we will provide a grounding for what I mean when I talk about sustainability. Finally, if we have time, we will start the long process of building group cohesion.

## **February 2) Spirituality and Sustainability**

Our traditional view about our relationship with the earth is often shaped by our spiritual beliefs. These beliefs have been given to us from childhood by the church we were a part of. Spiritual communities are increasingly becoming engaged in helping shape how people think about our relationship with the Earth. The role of spirituality, and of spiritual communities, will be discussed in class.

**GUEST LECTURER:** Jane Elder

**READINGS.** Selected excerpts from Ethics for a Small Planet, published by the Biodiversity Project (Madison, WI 2002)

Spirituality and Sustainability, by Jay McDaniel, Conservation Biology 16:1461-1464 (2002)

Stewards of the Earth, by Jim Motavalli, E Magazine, Nov/Dec 2002 (published on-line at [http://www.emagazine.com/november-december\\_2002/1102feat1.html](http://www.emagazine.com/november-december_2002/1102feat1.html)).

What We Learned in the Rainforest, Introduction

## **February 9) The Native American View of Sustainability**

Native Americans have traditionally been viewed as having a closer relationship with the Earth, and thus there is a prevailing belief that they live in a more sustainable way. As an example, the Menominee Tribe have long managed the forest on tribal land in a sustainable way, and this relationship with the Earth has infused many other elements of their culture. Ada will talk about the way Native Americans traditionally incorporate the future into how they think about the present.

**GUEST LECTURER:** Ada Deer

**READING:** Chief Seattle speech (though this is referred to as a speech by Chief Seattle, it is now clear he never spoke these words. Still these live on.)

Native Americans Have Been Stewards of Wisconsin Land for Centuries by Ron Seely (5 part series), WI State Journal, October 5 – 9, 2003.

Walking with Nature an Interview with Jewell Praying Wolf James and Kenneth Cooper by Kari Berger, In Context, late winter 1990 p.50.

Ethics and Spiritual Values and the Promotion of Environmentally Sustainable Development, speech by Oren Lyons.

What We Learned in the Rainforest, pp. 15-119

## **February 16) Understanding and Responding to Sustainability**

We jumped into discussions about sustainability from two different perspectives in the previous two

classes. I now want to take a step back and talk more about the concept of sustainability through the use of a PowerPoint presentation. I will also spend some time talking about the framework for thinking about sustainability developed by The Natural Step.

**READINGS:** Lines in the Mind, Not in the World by Donella Meadows, published in Timeline, Jan/Feb. 2002 pp. 19-21.

Privileging the Present by Brad Allenby, The Green Business Letter, April 2000, p. 8.

Only the Well Fed Worry About Tomorrow by Bjorn Lomborg, "Earth" special supplement to The Guardian, August, 2002.

Birth of the Chaordic Age, pp. 1-111

## **February 23) Systems Thinking and Sustainability**

Systems thinking has so much to do with sustainability, that it will be a theme that constantly reappears in our discussions throughout the semester. Understanding what we mean when we talk about systems thinking is thus critical. For many people, systems thinking helps explain why we have found ourselves in the mess we are in. The flip side of that coin, is that systems thinking explains why we are so well off, even given all the stupid stuff we are doing. Tim will start the discussion on systems thinking which we will return to at several points during the semester.

**GUEST LECTURER:** Tim Allen

**READINGS:** Birth of the Chaordic Age, pp. 112 - 194

Places to Intervene in a System by Donella Meadows, Whole Earth, Winter 1997.

The Change Agent in the Gray Flannel Suit, by Brad Allenby, The Green Business Letter, May 2003.

**PAPER ASSIGNMENT:** Working in pairs, you are to read the Dr Seuss classic "The Lorax", and then write your own children's story about an environmental issue. You can choose from one of the following issues, or choose one of your own: global warming, species extinction, over-population, over-consumption, build-up of toxics in our world, ozone hole, growing dead areas in our oceans, starvation, accessibility to clean water, soil loss/erosion, vanishing rainforests, or plunging fish stocks. You may illustrate your story – and the illustrations need not be your own (you can use illustrations from magazines, the internet, graphics software programs, newspapers or anywhere else). It does not need to be as long as The Lorax. Decide on the point(s) that you want to make and how you can explain this point so that a child can understand it. This is going to be hard, so two of you can exercise your creativity together.

## **March 1) SYSTEMS THINKING AND BUSINESS DRIVERS**

It should be obvious by now that our society exists within a vast array of natural and man-made systems. Though we may understand some of these systems individually, it is often difficult to understand the relationships between these systems. Yet if we hope to bring about change in the world in which we live, we need to understand how the business world works (we also obviously need to understand the relationship between the natural world and these man-made systems, but that is for another discussion).

There are many systems that need to be accounted for in the business world. These systems include the legal system, the design - manufacturing - marketing system, the accounting and purchasing systems and

such related (but external to the firm) systems such as the financial system (how firms get money), the insurance and risk management system and the prevailing economic system (capitalism). These systems generally function to protect the status quo and increase predictability for business, but they can also be used as allies in bringing about change. In order to use these systems as allies, firms must better understand how these systems currently shape firm actions. A few firms are engaged in seeking to understand a new role for the firm within these systems. Kay Plantes, an economist and corporate strategist will tell you about how some of these systems are changing and how responsible companies are taking advantage of these changes to benefit society and their company.

**GUEST LECTURER:** Kay Plantes, consultant

**READINGS:** Selected excerpts from the Sacred Balance by David Suzuki, Prometheus Books, Amherst, NY 1998.

Investment in Citizenship: A New Look at the Commons, Andrew Gaines, Sustainability Network Update 31E (2003)

Birth of the Chaordic Age, pp. 195 - 311

### **March 8) *Subsidies and Pollution, Economic Success and Income Maldistribution***

As we seek to understand the systems that are available to us to bring about change, we must start with the grand-daddy of all systems, our underlying system of capitalism. However, capitalism assumes no price distortions and an open access to information. The capitalism that multi-national businesses love is filled with price distortions and inequity in the access to information. John will talk about some of the most blatant distortions, and will describe how subsidies can produce both great good, and great bad.

**GUEST LECTURER:** John Keckhaver, Center for Wisconsin Strategy, UW –Madison.

**READINGS:** Total Corporate Responsibility: Achieving Sustainability and Real Prosperity by Frank Dixon, personal communication (2003).

Defending the Public Domain: Pollution, Subsidies and Poverty by Paul Templet, published by the Political Economy Research Institute, Univ of Massachusetts-Amherst. (2003)

What We Learned in the Rainforest, pp. 121 – 163

**PAPER ASSIGNMENT:** Second paper due. In preparing for this paper, you are required to make an appointment with a Congressperson, Senator, state legislator, Governor, Mayor, County Supervisor, County Board representative or city council representative and discuss with them what their main priorities are for the future. Go into this interview with a set of questions that will allow you to understand where their main interests lie. After gathering this background information, your paper is a series of recommendations to the person that you interviewed on how they can incorporate the concepts of sustainability into the issues that are important to them. You are to send them a copy of your paper, with a copy to me.

Your paper can not exceed two single spaced pages with regular margins and no smaller than a 10 point font. It must indicate what the key issues of the person you talked to are, and then you must weave your recommendations into these issues. For instance, if a key issue was tax reduction, you could recommend how taxing pollution is far superior to taxing people's labor, and that subsidies are in fact working against sustainability principles, at least in many instances.

**The important point with this assignment is to get started early. It will require making an appointment and talking with one of the above people before you can write this paper.**

### **March 22)** *Making the Business Case for Sustainability: Socially Responsible Investing and the Role of the Financial Community in Sustainable Development*

Hopefully by now you will realize that sustainability (also called corporate social responsibility) should be on the radar screen of every business. There are tremendous benefits to those businesses that successfully understand and integrate these concepts into their decision making. Or are there? Is this just a bunch of liberal BS? John will talk about how the market is rewarding those businesses that are staking out some territory in the environmental and social responsibility area. One way to encourage businesses to begin exploring what sustainability might mean to them is to get their attention through investment decisions. More and more people are choosing to invest their dollars only with companies that pass certain environmental and social screens. Investing with a conscience is the area of greatest growth in the investment community.

**GUEST LECTURER:** John Surdyk

**READINGS:** Letter to the Editor from Paul Hawken, The Green Money Journal, (Feb/March, 2003)

Defining Global Business Principles: Toward a New Role for Investors in Promoting International Corporate Responsibility, by Craig Mackenzie (Insight Investment, London, UK 2002)

Sustainability Pays published by CIS Insurance and Forum for the Future (Forum for the Future, London, UK 2002).

What We Learned in the Rainforest, pp. 165 - 208

### **March 29)** *Making the Business Case for Sustainability: Reputational Risk*

Think about this list of companies, Johnson & Johnson, Nike, Exxon, Microsoft, Shell, Union Carbide, the Gap, Firestone and IBM. Is their reputation positive or negative? Do you know why you have a positive or negative feeling for each of these companies? Do you think that positive or negative reaction to the corporate name affects the company in the marketplace?

Corporate reputation is extremely important to most businesses. It often goes to their “social license to operate”, which is granted by society. Though we no longer have the ability to revoke a corporate charter when it no longer serves the public purpose that the corporation was originally created to serve, we have recently seen the equivalent of this power with companies like Arthur Anderson. They stopped attracting clients and were eliminated from the marketplace. Thus, reputation is something that many companies care a great deal about.

Dan will talk about his recent research in this area, and how companies are responding to the threat of boycotts and public criticism while trying to attract positive press.

**GUEST LECTURER:** Dan Anderson, Leslie P Schultz, Professor of Risk Management and Insurance.

**READINGS:** BAT says it will sacrifice income to join war against smuggling from The Guardian, Feb. 27, 2002.

The Green Business Revolution, Cait Murphy, Fortune, June 3, 2003.

**April 5)** *What Does the Future Hold: Moving Toward a Service Economy*

Is there a business case for strategically considering a model whereby a business moves from thinking of itself as providing a product to providing a service? The provision of services includes such things as renting, leasing, sharing, and pooling. What are the primary obstacle to a service model? How can we overcome the psychological attraction of product ownership, which confers social status on the owner?

**GUEST LECTURER:** Rep Mark Miller and Sonja Newenhouse, CEO, Madison Environmental Group

**READINGS:** Selected excerpts from [Eco-Service Development: Reinventing Supply and Demand in the European Union](#).

Interface's Evergreen Services Agreement, Harvard Business School Case Study No. 9-603-112 (2003)

**April 12)** *Personal Values and the Challenge of Sustainability*

For these last two class periods, I will form you into groups of 8 – 10 people. This group will be your support group as you work through one of the books, *Having Faith* or *Hunting for Hope*. Both of these books expose you to future decisions that each of you will be involved in as a father or mother (or as a temporary father or mother for someone else's kids). The books are meant to make you think about the future in a much more pragmatic way than anything we will have done to date. These classes are designed to allow you to get to know each other much better and to explore issues that most students don't talk about. I will provide some questions to start with, and you may decide to use some of your own. Think of these last two classes as book clubs, and open yourselves up to enjoying the discussions.

**READINGS:** *Having Faith*, Preface – p. 200 or *Hunting for Hope*, pp. 1 - 112

**April 19)** *Personal Values and the Challenge of Sustainability*

We will continue in our groups to work through your book.

**READINGS:** *Having Faith*, 203 – end or *Hunting for Hope*, pp. 113 - end

**April 26)** *Final papers due and first presentations of Final Papers to entire class.*

**May 3)** *Presentation of remainder of Final Papers to entire class.*

## **Summary Schedule:**

**February 2: Project preferences due.**

**February 9: Project assignments distributed**

**February 23: 1<sup>st</sup> paper due**

**March 8: 2nd paper due.**

**April 26: Final papers due. Presentation of first papers (this is a formal presentation).**

**May 3: Presentation of rest of papers (this is a formal presentation).**

**"Teachers open the door, but you must enter by yourself."**

**-- Chinese Proverb**