

BUS 264f
BUSINESS AND THE ENVIRONMENT
Fall 2012 Module 2

Tuesdays and Thursdays, 5:00 – 6:30 pm

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Overview

This course will focus on the relationship between business and the environment. On the one hand, the actions and activities of businesses significantly impact the environment, both for good and ill. On the other hand, environmental considerations shape business activities and strategies in a variety of ways: physical limits can constrain the resources available to businesses while environmental regulations and public attitudes towards the environment can place limits on how businesses operate.

Businesses in most countries are facing growing environmental challenges and demands for action. Whether or not a business causes unusual damage to the natural environment, executives need to manage the business risks created by public concern about the environment. But businesses also have significant opportunities to capture competitive advantage through environmental action. Among the potentially profitable strategies are reducing costs through lower-impact operations, building loyal customers by being a good environmental steward, and offering products and services that solve environmental problems.

The course is divided into four main parts. The first few classes will introduce the varied ways in which business and the environment intersect. We will look at how the physical environment affects business, as well as how businesses affect the environment. We will explore key debates economists and scientists have had about how the economy and physical world interact. In addition, students will participate in a simulation of how fishing businesses can manage limited physical resources.

The second part of the course will focus on how businesses should think about the environment when setting their business strategy. It will look at firms' fundamental strategic choices and will emphasize options for profiting from pro-active actions to address environmental problems. We will examine several different approaches to environmentally oriented business strategy, including reading about two of those approaches. Students will also read and discuss three cases showing how three different companies have addressed environmental challenges. Guest speakers will discuss their companies' strategies.

The third part of the course will focus on the differences between effective and ineffective environmental business strategies. It will give special attention to the issue of greenwashing and how companies can avoid criticism for engaging in greenwashing.

In the last part of the course, students will divide into groups, each of which will write a paper and give a presentation on a different company's environmental activities and strategies.

Learning Objectives

From this course, you will:

- Understand key concepts related to the relationship between business and the environment, including public goods, externalities, and the tragedy of the commons.
- Improve your ability to design and implement business policy in situations where environmental considerations are important.
- Understand the reasons for and against companies focusing on environmental issues.
- Be able to determine whether a particular company will lose or gain from environmental regulations.
- Know how to identify specific activities that are both good for a company's financial bottom line and for the environment.
- Be able to identify opportunities for a business to benefit from addressing environmental challenges.
- Know how to distinguish effective environmental action from greenwashing and understand how companies can avoid greenwashing.
- Be familiar with key debates economists and scientists have had about how the economy and physical world interact.

General Course Structure

Because the class will meet once a week for a three-hour block, each session will be divided into three parts to allow us to cover a wide range of topics and to maintain variety. On any given evening the different parts of the class may include a discussion of a case, a lecture by the professor, a guest speaker, presentations by student groups, or a discussion or debate about a reading assignment.

Attendance and Participation

Class attendance is required. For most classes, there will be a case or article assigned and students are expected to come prepared to discuss it in detail.

Academic Honesty

Students are expected to be honest in all of their academic work. This includes the proper citation of the work of others in papers and presentations. Instances of alleged dishonesty will be forwarded to the Office of Campus Life for possible referral to the Student Judicial System. Potential sanctions include failure in the course and suspension from the University. For the University policy on academic honesty, please see section 5 of *the Rights and Responsibilities Handbook*.

Disabilities

Students with a documented disability on record at Brandeis who wish to have reasonable accommodations made for their disability should see me immediately. Reasonable accommodations will not be provided retroactively.

Grading

Grading will be based on:

- **General class participation: 25%.**
- **Forum posts: 25%.** Each student will find a newspaper, magazine, or blog article about a company's environmental activities and will write a forum posting about the article. The posting should be approximately 250-750 words. Each student will also comment on at least two of the forum posts of other students, and should respond to comments on her/his initial posting, if appropriate. The initial posting must be posted by XX. The comments on other people's post must be posted by XX. Responses to comments must be posted by XX.
- **Short paper on case study: 25%.** Students will be asked to write a three-page paper in response to a question about either the Millipore, McDonald's, or Waste Concern case study
- **Group project: 25%** (15% for paper and 10% for class presentation). The class will be divided into groups of 5-6 students. Each group will focus on a different company's environmental activities and strategy. The group will then make a 15-minute oral presentation to the class and write a 10-page paper.

The same grade will be assigned to all members of a team for the group project unless it is clear to me that an individual did not contribute in a consistent and meaningful way.

Readings

The class will read and discuss five case studies:

- “Aspen Skiing Company (A)”
- “Fiji Water and Corporate Social Responsibility—Green Makeover or ‘Greenwashing’?”
- “McDonald's Corp.: Managing a Sustainable Supply Chain”
- “Sustainability at Millipore”
- “Waste Concern: Turning a Problem into a Resource”

Simulation: Fishbanks: A Renewable Resource Management Simulation

There will also be readings of journal articles and book chapters:

- Frances Cairncross, “Growth and Sustainable Development,” *Costing the Earth: The Challenge for Governments, the Opportunities for Business* (Harvard Business School Press, 1993)
- Herman Daly, “Economics in a Full World,” *Scientific American* (September 2005). Available at http://sef.umd.edu/files/ScientificAmerican_Daly_05.pdf.
- Paul Kedrosky, “Re-Litigating the Simon/Ehrlich Bet,” *Infectious Greed* (February 18, 2010). Available at http://paul.kedrosky.com/archives/2010/02/re-litigating_t.html
- Jonathan Lash and Fred Wellington, “Competitive Advantage on A Warming Planet,” *Harvard Business Review* (March 2007).
- Christopher Marquis, and Michael W. Toffel. "[The Globalization of Corporate Environmental Disclosure: Accountability or Greenwashing?](#)" Harvard Business School Working Paper, No. 11-115, May 2011.
- Michael Porter and Mark Kramer, “Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility,” *Harvard Business Review* (December 2006).
- Marc Sagoff, “Do We Consume Too Much?” *The Atlantic* (June 1997). Available at www.theatlantic.com/past/docs/issues/97jun/consume.htm.

Outline of Classes

Business-Environment Interactions: How the Physical Environment Affects Business and How Business Affects the Environment

Class 1

- Introduction to the course
- Introduction to the ways in which the physical environment shapes the business environment
- Reading:
 - Cairncross, “Growth and Sustainable Development,”

Class 2

- Resource constraints and business decisions
- Simulation: “Fishbanks: A Renewable Resource Management Simulation”
- Readings:
 - Preparatory materials for the simulation

Class 3

- The relationship between the economy and the environment: classic debates among economists
- The relevance of the theoretical discussions for business decisions
- Readings:
 - Daly, “Economics in a Full World”
 - Sagoff, “Do We Consume Too Much?”
 - Kedrosky, “Re-Litigating the Simon/Ehrlich Bet”

Business Strategy with the Environment in Mind

Class 4

- Business strategy for a world with environmental problems
- The concept of “the triple bottom line”
- Reading:
 - Porter and Kramer, “Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility.”
 - Lash and Wellington, “Competitive Advantage On A Warming Planet,”

Class 5

- Reactive business strategy
- Which companies lose and gain from environmental regulations
- A case of a Massachusetts business working to make its operations more environmentally sustainable
- Reading:
 - Case: “Sustainability at Millipore”

Class 6

- Cleaning up corporate supply chains

- Reading:
 - Case: “McDonald's Corp.: Managing a Sustainable Supply Chain”

Class 7

- Pro-active business strategy
- A case of seeking out business opportunities by solving environmental problems in Bangladesh
- Reading:
 - Case: “Waste Concern: Turning a Problem into a Resource”

Class 8

- How to profit from solving environmental problems
- Guest speaker(s)

Effective versus Ineffective Environmental Business Strategy

Class 9

- Distinguishing between smart strategy and greenwashing
- Readings:
 - Case: “Fiji Water and Corporate Social Responsibility—Green Makeover or ‘Greenwashing’?”
 - Marquis and Toffel. "The Globalization of Corporate Environmental Disclosure: Accountability or Greenwashing?"

Class 10

- Deciding between a good opportunity for leadership and the risk of backlash
- Reading:
 - Case: “Aspen Skiing Company (A)”

Group Project Presentations

Class 11

- Student presentations of group projects

Class 12

- Student presentations of group projects
- Wrap-up of the relationship between business and the environment