ENVIRONMENTAL SUSTAINABILITY AND VALUE CREATION

SYLLABUS FOR OPIM-762 (MBA CLASS)
SPRING 2015-Q3 (JANUARY-MARCH 2015)
CLASS: MONDAYS AND WEDNESDAYS,
HUNTSMAN G65 – 3:00 TO 4:20 PM

Instructor:

Professor Erwann O. MICHEL-KERJAN (EMK)
The Wharton School, OPIM Dept., Huntsman Hall, 5th Floor, Room 556
3730 Walnut Street, Philadelphia, PA 19104
Email: ErwannMK@wharton.upenn.edu — Website: http://opim.wharton.upenn.edu/risk/faculty/michel-kerjan.htm

Office hours: M, W – 4:30-5:30 (after class) or by appointment.

Format: Lectures, case studies, videos, class discussion, outside speakers (BlackRock and McKinsey).
This course is one of the electives satisfying the core requirement.

No final exam: Grades will be determined by class participation, writing assignments and a course team project.

Maximum capacity: 50 students. (While this is an MBA class, students from other schools at Penn are welcome to register.)
Course Description:
With the growing globalization of social and economic activities worldwide, sustainability has become a fundamental component of the new business playing field (think not just “greening,” but climate, energy, water, food, health, land use, supply chains, new technologies, new services and financial products as well as firms’ strategy). A large range of companies, big and small, now out-compete their business rivals by implementing a robust sustainability stewardship, engaging stakeholders (shareholders, employees, government bodies, NGOs, trade associations, citizens’ groups, universities) and by making these efforts both measurable and visible. Climate-related business challenges and opportunities are a perfect illustration of what has become a revolution in thinking. Still, other firms (and their managers and executives) are far behind because they lack a proper vision and strategy to handle the new business era we have entered. Which one of those do you want to work for or advise?

What you will learn in this course: This course is intended to familiarize students who are not necessarily environmental specialists with relevant facts and analyses on the recent sustainability evolution. What is at stake? What are the key concepts? Who is leading the way in reshaping business strategies as well as public policies? What tools are companies and their leaders using to do better, not only sustaining the environment but also creating value? What are the lessons learned from successes and failures to integrate the environmental component, here and abroad? Also, why must those who want to “do good” need to develop a robust business model to achieve that goal, and how is this done? Finally, the current economic situation challenges good intentions and we will discuss how creating sustainable value is more important than ever. This is a very exciting time!

This course will allow students to:
1. Expand their awareness about sustainability as an increasing part of the core business model and day-to-day operations of many organizations; better understand metrics used to measure progress and success;
2. Develop sustainability blueprint for action;
3. Learn more about new financial products being developed to tackle the climate adaptation challenge (e.g., weather derivatives; catastrophe bonds; carbon trading);
4. Think strategically and act entrepreneurially to create value;
5. Interact with practitioners/guest speakers who have been pioneers in this field.

A course project will enable students to work in small groups on a concrete case study of their choice.
**Course Grading**

Case study assignment: 20%
Quick quiz: 15%
Participation and attendance: 15%
Team course project: 50%

**Short write-up assignments (30%)**

*Case Study (20%)* – One session will be devoted to discussion on a specific case study on WalMart. There is one writing assignment based on this case.

*Quick quiz* (15%; half of the points each). There will be two quizzes during class (5 to 10 multiple-choice questions). Anyone who has read the required readings and the class slides from previous classes should be able to answer easily.

**Note:** Unless otherwise specified, assignments are due at the beginning of class.

**Participation and attendance (20%)**

“Attendance” means being in the classroom when the instructor starts the class. “Participation” means participating in class discussions and small group exercises, making presentations in class, sharing relevant news items, and contributing to team projects. An important part of contributing to any endeavor is showing up prepared. Be ready to discuss assigned readings and cases. Each session of this class comprises about 8% of the content of the course, so every session is critical.
Course project (50%)

Your course project (team of five students) is deliverable as a video (15 minutes maximum) or a research paper (10-12 pages) along with its presentation to the class. Each team will have a choice between two types of project:

1) Identify a potential business opportunity (a new idea or a new version of an existing practice) to improve environmental sustainability.

Here, you have to ask yourself: “Is our idea really new? Why? Has there been any patent registered on that concept or product? Who would be the market, in which countries? How do we propose to develop this product? At what cost? What would we need to make it real?”

2) Analyze a company’s sustainability efforts and recommend how these can be improved.

The team will select a company and assess its environmental performance using the tools and concepts learned in the course. Only companies that publish annual environmental reports will be considered. You are free to contact the company directly to access more information, conduct interviews of decision makers, and seek other sources of information, such as on the Internet, through publicly available case studies, media analyses, academic publications, and financial sources, etc.

Note: Other creative project concepts can be proposed, as long as they are closely related to environmental sustainability and create value.

Deliverables:
Initial proposal (maximum 2 pages single-space) for the final project topic and abstract must be submitted in writing or via email for professor approval by Wednesday, January 28, 2015. Each team project will be presented orally during that session to receive feedback.

Final project must be submitted as a video file or PDF document (10-12 pages) by Monday March 2, 2015. Only electronic submission is acceptable. Files should be named: TeamProject_OPIM762_<lastname>_<firstname>.pdf. e.g., TeamProject_OPIM762_MichelKerjan_Erwann.pdf, and contain on the first page the names and email addresses of all members of the team. If your submission is a podcast, this information should be clearly stated in your email.

Teams will present their research results in a formal presentation to the rest of the class on the last session of the course (March 4, 2015).
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<thead>
<tr>
<th>Date (2015)</th>
<th>Topic</th>
<th>Reading</th>
<th>Due</th>
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<tbody>
<tr>
<td>1. Wed., Jan. 14</td>
<td>Environmental Strategy Today: Beyond Green, A Business Imperative to Be Competitive</td>
<td>(1); (2)</td>
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<td></td>
<td>(I) Introduction &amp; course overview</td>
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<td>2. Mon., Jan. 19</td>
<td>No class - Martin Luther King, Jr. Day</td>
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<td>3. Wed., Jan. 21</td>
<td>Environmental Strategy Today: Beyond Green, A Business Imperative to Be Competitive</td>
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<td></td>
<td>(II) Understanding who are the key drivers and how they impact the firm</td>
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<td>5. Wed., Jan. 28</td>
<td>Implementing a Sustainability Strategy within the Organization: (I) A Framework for Action (end); (II) Defining Key Performance &amp; Measurement Metrics</td>
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<td>2-page proposal</td>
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<td>6. Mon., Feb. 2</td>
<td>Implementing a Sustainability Strategy within the Organization: (II) Defining Key Performance &amp; Measurement Metrics (end)</td>
<td>(5)-to-(7)</td>
<td>Quick quiz</td>
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<td>7. Wed., Feb. 4</td>
<td>Application: The Case of Walmart (case study) – “Meet the CEO” Class Exercise</td>
<td>(8)</td>
<td>Walmart memo</td>
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<td>8. Mon., Feb. 9</td>
<td>Climate Change: What Do We Know and Don’t Know—and What Is At Stake?</td>
<td>(9)-to-(11)</td>
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<td>10. Mon., Feb. 16</td>
<td>Advising BlackRock, the World Largest Asset Manager. Case study with BR team leader</td>
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<td>12. Mon., Feb. 23</td>
<td>Adaptation to Climate Change: The Creation of New Products (weather derivatives, catastrophe bonds, index insurance, carbon trading…)</td>
<td>(12, optional)</td>
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<td>13. Wed., Feb. 25</td>
<td>Helping Poor Countries Survive the Climate Challenge: Concrete Success Cases</td>
<td>(13)</td>
<td>Quick quiz</td>
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<td>14. Mon., March 2</td>
<td>Last lecture – Course summary/take-away by the instructor</td>
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<td>Final project</td>
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<td>15. Wed., March 4</td>
<td>Last session (2 hours): Presentation of team projects to the class</td>
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Reading list:

All listed readings are required unless noted otherwise. Those marked with an (*) are advanced readings and are optional. That said I encourage you to read them since they provide highly relevant background on the topic. They are divided into two categories: business (i.e. has direct business implications) and research (i.e. more technical).

The readings for the course are available in the course calendar section on Canvas (available in December)


(8) Three complementary mini-cases on Walmart’s sustainability strategy + written assignment.

(9) IPCC (2014) – Key results on future climates, mitigation and cost of inaction


Note: There is no textbook for this class: if you are interested, I can suggest several good books; just ask me.
This page and the next one present a brief description of the case study that will be analyzed in class.

The case and assignment will be distributed in class 10 days before the due date.

Company snapshot

- #1 in Fortune 500
- Revenues: $476 billion
- Number of employees worldwide: 2.2 million
Case Study: Wal-Mart’s Sustainability Strategy (by David Hyatt, Laura Lambdin, Andrew Spicer)

Context and focus

In October 2005, in an auditorium filled to capacity in Bentonville, Arkansas, Lee Scott, Wal-Mart’s president and CEO, made the first speech in the history of Wal-Mart to be broadcast to the company’s 1.6 million associates (employees) in all of its 6,000+ stores worldwide and shared with its 60,000+ suppliers. Scott announced that Wal-Mart was launching a sweeping business sustainability strategy to dramatically reduce the company’s impact on the global environment and thus become “the most competitive and innovative company in the world.” He argued that, “Being a good steward of the environment and being profitable are not mutually exclusive. They are one and the same.” The first mini case—“Lee Scott’s Founding Vision”—takes the perspective from the apex of the organization as Walmart’s CEO, Lee Scott, develops and articulates his vision of what Walmart hopes to achieve by pursuing an aggressive sustainability strategy. This case explores the pressures that led Scott to announce the company’s ambitious sustainability goals: achieving zero waste, 100% renewable energy, and selling sustainable products. It also explores the choices made when defining and communicating the scope of the strategy, particularly through an in-depth analysis of his announcement of Walmart’s new goals in his October 2005, “Twenty-First Century Leadership” speech.

The second mini-case puts students into the role of Andy Ruben, Walmart’s first Vice-President for Sustainability asking them to make concrete decisions about what should be done, in what order, and by what process if they were to implement an ambitious corporate sustainability strategy. In the case, Ruben confronts specific choices about how to define the responsibilities of the new sustainability office at Walmart in his efforts to lead the organization toward achieving Lee Scott’s vision.

In the third case, the basic decisions Ruben made while building the resultant sustainability office are reviewed.
Access to Canvas

The Canvas site for the course will be made available in December.

The readings for the course will be available on Canvas a few days in advance. Electronic versions of all presentation materials used in class will also be posted on Canvas after class.

A computing account is necessary to access Canvas.

Note to New or Non-Wharton Students Taking This Course:

In some cases, Wharton courses may be taken by students who are from other schools at Penn or who are new to the University. Consequently, not all students will initially have the Wharton computing account necessary to use Canvas. Students who are enrolled in the class but who do not yet have a Wharton computing account will be able to apply online at this site: http://accounts.wharton.upenn.edu

In cases, a non-Wharton student will not be formally enrolling or may have difficulty with the account application form. To resolve this issue, please let the instructor know. Registration information (first name, last name and University email address of the non-enrolling student) needs to come from the instructor -- unfortunately, the Canvas team cannot accept course room access requests directly from students.

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