COURSE OVERVIEW

The focus of this course will be what farsighted thinkers, entrepreneurs, and commercial firms are proposing and doing to address widespread and deepening anxiety over worrisome environmental trends while improving their own “bottom lines.” Called by some “strategic environmentalism,” this is a win-win view of environmental protections and business opportunity that hails a change in orientation for many in the commercial sector where previously environmental wins tended to be viewed as business losses.

Indeed, until quite recently common knowledge amongst America’s business elite has been that environmental protections are an un-recoupable cost pushed by environmental activist Cassandras and enforced by overly zealous government regulators. A case in point, the U.S. auto industry continues to resist pollution controls claiming the costs are prohibitive. U.S. auto makers have also lagged in their manufacture of electric, hybrid, and alternative fueled vehicles claiming there is not strong enough consumer demand to warrant mass production. In contrast, their Japanese counterparts Toyota and Honda have embraced the opportunity and now dominate the hybrid auto market. Thus, even as some firms and industries have resisted the changing rules for doing business, a small but growing number have embraced a new view of environmentalism as an opportunity. Patagonia Inc., Interface Corporation, Toyota, Dell Inc., Cliff Bar, Gap Inc., Proctor and Gamble, and Honda Corp are among a growing list have each benefited from strategically pursuing environmental goals that in turn benefit the environmental commons.

Finally, while our focus will be on the commercial sector, the general trends and implications of much of what we will discuss will also be widely applicable to non-profit organizations and individual consumers.

COURSE FORMAT

We will meet Tuesday evenings for three hours, 10 times this quarter. These sessions will be divided into two and sometimes three parts dependant on whether we have a visiting speaker and/or video showing. The first part of each class will involve a lecture on a principal topic relevant to business, organizations, and the environment—e.g., strategic environmentalism; domestic regulation and economic incentives; international standards and accords; the role of investors, buyers, and suppliers; targeting green consumers; social and cultural pressures; the ecological modernization of production; and globalization and just and sustainable development. The second part will involve discussion of identified cases or readings and the third portion videos and or visiting speakers.

Readings and case preparation must be completed before the class meets if we are to get anything out of discussion. Readings will present a handful of viewpoints, strategies, and cases. While reading these you should ask yourself, “Do I understand the issue being discussed” and “How might this affect my decisions as a manager, investor, or consumer?” I also urge you to seek to understand each issue from the
multiple standpoints presented. This does not mean you must agree with all points of view, but rather strive to see and understand them on their own terms.

What is more, because the environment is a topic that inspires strong opinion we need to keep the debates and discussions rational and reasonable and move away from extemporaneous philosophizing and hyperbole. Excellent discussions reflect the sharing of original and relevant perspectives that move the whole discussion or analysis forward by building off of previous contributions. However, they must move beyond “I feel it is so” or observations based entirely on personal experience. Keep this in mind when we discuss the environment.

Finally, related to class, to a great extent the success of MGT 291-2 pivots on the quality of class discussion; my expectation is that students will engage course materials and make beneficial and insightful comments. For this reason, I reserve the right to use student contributions to class to adjust a final grade upward by one-third a letter grade. That is, students who contribute often and insightfully might increase their final grade, say, from a B to a B+ or from a B+ to and –A, and so forth.

COURSEWORK & EXPECTATIONS

Position papers. At the end of each section (i.e., week’s topic, reading, and cases) there are provocative topics for the week. Students will compose a 2 to 3.5 page (maximum please) single spaced brief related to course materials on two occasions this quarter: one is due before midway point in the term—on or before the November 30th class—and the other after the midway point. Your position paper is due to me one week after the topic has been covered in class, discussed, and/or relevant readings have been assigned. Please email them to me as Word.docs so that I can type comments into them. I will return them either by email or hard copy after I’ve read and commented on them.

The position papers are meant to challenge you to engage the materials. They need not be pro- or anti-environment or pro- or anti-business. However, knee jerk anti- or pro- arguments will be looked on skeptically. I expect you to move beyond facile arguments such as those that are common on AM radio, like environmental problems are “just lefty propaganda” or likewise that appear on environmental blogs such as “all business is inherently evil” and thus anti-environment. I expect you to found your arguments in some defensible framework. Neither one of the above is on its face defensible as there is to much strong scientific documentation on the problems we collectively confront to pretend otherwise and there are indeed firms out there that are doing and incredible job cleaning up their acts and the environment along with it. Think of this as an Op-Ed Column of sorts, the kind you would see, perhaps, in the New York Times or Wall Street Journal or at least those that are done well and done using more than purely ideological presumptions to make their case. Another difference, your position papers are to reference course materials directly through the use of formal citations and should also include a bibliography of sources used (this is excluded from the page length parameters).

I will assess your position papers based on the following three dimensions: Clarity, the clarity of your papers form and content; Comprehensiveness how well your paper documents its claims with reference to course materials and points of view; and Argumentation, how well it reasons from an initial claim(s) to its conclusion(s) and in doing so addresses and defends against rival explanations and positions.

Sustainable Enterprise Assessment (SEA) (For more explicit directions see SEA project handout). Student teams will produce an SEA that addresses the environmental challenges faced by a business and that includes the development of a detailed Environmental Performance Baseline (EPB) from which the team will then design a Strategic Environmental Plan (SEP) in response to the challenges uncovered in the EPB. The SEP should aim to improve both the firm’s bottom line and substantially improve their environmental performance. The firm you choose must be approved by me in advance of your research effort. My recommendation is that you choose a regional firm that you can visit/tour and whose managers you can interview and follow up with questions if needs be. However, you can choose whatever firm you like as long
as you can compile the extensive amount of information required of the SEA (again, see the SEA project handout). Teams will submit an initial proposal electronically by the end the 3rd week of class (October 16th). The final SEA will be due December 10th.

**SEA Presentation.** Your team will also present the results of your SEA to the class in a 10-15 minute PowerPoint presentations on the last day of class December 4th (time allotted to each team depends on enrollment and the number of teams presenting). Each member of the team is expected to play an equal and substantive role in this presentation.

**SEA Peer evaluation.** Finally, while everyone is expected to contribute to their teams, it is inevitable that some will not do so in equal amounts. To address this possibility, each member of each team will also be expected to separately submit an evaluation of their peers and their own efforts on the final SEA. Peer evaluations are to reflect two dimensions: (1) The level of effort that each team member (including oneself) contributed to the final SEA (High, 4 pts; Medium, 3 pts; Low 2 pts; Poor 1 pts) and (2) The substantive contribution of each team member (including oneself) contributed to the final SEA (High, 4 pts; Medium, 3 pts; Low 2 pts; Poor 1 pts). Students will be afforded peer evaluation points by my adding up all evaluations (including your own of your effort) and dividing by the number of teammates for an average evaluation score. I will hand out or send electronically Peer Evaluation Forms sometime near the end of the quarter. Peer Evaluations are due to me electronically by December 11th the day after teams turn in their final SEA.

**COURSE BREAKDOWN**

<table>
<thead>
<tr>
<th>Task</th>
<th>Points</th>
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<tbody>
<tr>
<td>Position Paper #1 (due on or before Oct. 30)</td>
<td>15 pts</td>
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<tr>
<td>Position Paper #2 (due on or before Dec. 4)</td>
<td>15 pts</td>
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<tr>
<td>Sustainable Enterprise Proposal (due on or before Oct 16)</td>
<td>8 pts</td>
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<tr>
<td>Sustainable Enterprise Presentation (done in class Dec. 4)</td>
<td>20 pts</td>
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<tr>
<td>Final Sustainable Enterprise Assessment (SEA) (due Dec. 10th by 5:00 pm)</td>
<td>30 pts</td>
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<tr>
<td>Peer Evaluations (emailed and due Dec. 11th by 5:00 pm)</td>
<td>12 pts</td>
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<tr>
<td>Course discussion participation (discretionary +/-)</td>
<td>+/-</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>100 pts</td>
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**COURSE MATERIALS**

There is a course packet downloadable at Study.net and a course text as well, M. V. Russo. 1999. *Environmental Management: Readings and Cases*, Houghton Mifflin Co. These readings should be supplemented by steady diet of contemporary environmental and business issues and events that unfold each day and week as published in the New York Times, Wall Street Journal, and your local paper (Sac Bee, SF Chronicle, LA Times, Etc.). I encourage you to bring the issues you observe in and share them with the class as they can also add to our ongoing discussions.

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1 By “substantive contribution” I mean the level a team member contributed to the substance of the SEA—ideas, insights, creative aspects, problem solving and solutions—or put another way to the conceptualization of the SEA.
TOPIC OUTLINE & COURSE SCHEDULE

WEEK 1. Introduction (Oct. 2)

Readings
Herman Daly. 1990. “Sustainable Growth: The Impossibility Theorem.” Development. No. 3/4: 45-47. (Reader)
"The Living Planet: Facts And Figures.” BBC NEWS: http://news.bbc.co.uk/. Published: 2006/10/24 15:06:08 GMT. (Reader)

Case/Discussion and Position Paper Topic
J. Simon. “YES, Life on Earth is Getting Better, Not Worse.” The Futurist. 328-333. (Reader)

Discuss the case of Cornucopian’s or Cassandra’s above given your own views, the in class discussion, and the course readings. With which philosophical approach do you most identify or is there a middle ground you inhabit? Why and why not? Analyze the competing views of Grant and Simon; both are seasoned intellectuals with arguments based on ideas that are viewed as theoretically sound by their home disciplines (ecology and economics). What issues do they raise that resonate with you and challenge, reinforce, or ? your conception managing in business, investing, or indeed consuming? Consider why such serious, and seriously talented, scholars can disagree so strongly: Who’s right and who’s wrong or what’s right and wrong about both?

WEEK 2. Moving Beyond Green Management and Toward Green Strategy (Oct. 9)

Readings
S. L. Hart “Beyond Greening: Strategies for a Sustainable World” Harvard Business Review. (#1 Course Text)
W. E. Stead and J. G. Stead. “Strategic Management for a Small Planet.” Management for a Small Planet. (#12 Course Text)

2 Side note: Julian Simon (a University of Maryland economist) and Paul Ehrlich (a population ecologist at UC Berkeley) entered a bet in 1985. Simon, in an article published in Science, challenged anyone to a bet that the price of any natural resource would be lower, not higher, on a mutually agreed on future date. A group of population ecologists from UC Berkeley lead by Paul Ehrlich, who believed that as population grew so would the cost of natural resources, accepted Simon’s offer. They bet $1000 on the expected price of five metals—chrome, copper, nickel, and tungsten. If the prices fell below the $1000 (in 1980 dollars) the Ehrlich group would pay the difference; if the prices rose Simon would pay the difference. During the 1980s 800 million people were added to the worlds population and the price of the five metals fell. Simon won the bet. Does this settle the issue? Who uses the most resources, persons and industries where population growth is greatest or slowest? What is more, if as an industry I can dig deeper, faster, and at a lower cost does this mean natural resources are more plentiful and the environment is in better shape? Assess, discuss, explain!
Speaker

David Olsen leads collaborative planning for transmission and renewable energy development projects. He is the former President/CEO of Patagonia, Inc., a pioneer of sustainability practices in commerce. Earlier, he led the development of wind, solar, hydro and geothermal power projects in more than 20 countries, as President of Clipper Windpower Development, President of Peak Power Corporation, President/CEO of Northern Power Systems, and Vice President of Magma Power Company. In 2000, he led creation of the California Climate Action Registry, the first state registry of greenhouse gases. David Olsen’s focus is now on the practical “next steps” that support both companies and government agencies to take advantage of the opportunities of building a socially and ecologically sustainable economy.

Position Paper Topic

Are the goals of business and that of environmental protection compatible? Some view current business practices as entirely compatible. Others regard the profit motive as incompatible with protecting the environment. What are your views? Can the business of profit making be made entirely compatible with environmental protections and true sustainability? Describe, explain, discuss.

WEEK 3.  U.S. Domestic Regulation: Carrots OR Sticks or Carrots AND Sticks? (Oct. 16)

Reminder: Sustainable Enterprise Proposal is due on or before Oct 16th

Readings


Frances Cairncross. “Costs and Benefits.” Costing the Earth: the Challenges for Governments the Opportunities for Business. (#7 Course Text)


Case/Discussion and Position Paper Topic


Market incentives are designed to place an economic value on the environment. In doing so, according to advocates, the values of the market are brought to bear in protecting the environment. Others feel, however, that market values are unable to capture the full or specific value of ‘the environment’ as the term environment itself is a euphemism that oversimplifies and undervalues how totally dependent we are on air, water, soil, plants, animals but also the beauty of open space and need for unmanaged natural environments to survive. They ask how much is a view worth, how much is a species worth, and as it relates to trading pollution credits, how much is pollution worth when it is, say, your child’s asthma that is in question? For these folks, environmental protection and pollution control is an inherently moral issue. Considering the views of those we have discussed in class, such as the debate amongst ethicists and economists, what is your view? Are market machinations commensurate with the morality/immorality of polluting and pollution control efforts?
WEEK 4.  International Regulation and The Environment: Trade Agreements and Voluntary Initiatives (Oct. 23)

Readings
T. Tibor and Ira Feldman. “Introduction to ISO 14000” ISO 14000. (#20 Course Text)
The Natural Step to Sustainability. Wingspread Journal. Vol. 19, No. 2. (#21 Course Text)

Case/Discussion

Position Paper Topic
Are there limits to growth in the world economy? The development of international agreements and accords are driven by assumptions regarding free trade, comparative advantage, and the desire to expand the global economy continuously. Advocates claim that prosperity must come before environmental concern can develop. A central question is whether the promise of free trade and infinite growth is sustainable or whether more draconian measures must be in place to assure that the commons is protected for future generations. Your thoughts? Are there limits to growth even given all this “greenness?” Will a richer world lead to better environmental performance as some claim, will there be a “world” left to protect once we’ve collectively reached this point of richness, and at what point are we rich enough (given that we are currently the richest society in real terms in human history!)?

WEEK 5.  Keeping The Market Pressure On: The Role Of ‘Buyers’ and ‘Suppliers’ in Fomenting Environmental Initiatives (Oct. 30)

Reminder: Position Paper #1 due on one of the topics covered on or before the week of Oct. 30th

Readings

Case/Discussion and Position Paper Topic

Should investors be held personally culpable for the social and environmental transgressions of their investments? Put another way, what role and indeed culpability do business financiers—shareholders, venture capitalists, institutional investors, etc.—have in the ventures they finance and from which they expect dividends and returns? In our system, investors are not typically held directly accountable for the excesses of the firms in which they invest; we as investors are allowed the luxury of remaining ignorant or figuratively can “look the other way” as the engines behind our affluence pursue strategies that some claim knowingly ruin the environment and exploit other human beings. In brief, should investors be held personally financially (even criminally) accountable—for example paying fines and doing time—for
investing in and receiving profits from firms that pursue anti-social and anti-environmental strategies and behaviors? Why or why not?

WEEK 6. Recognizing Market Constituents: Targeting Consumers With a Conscience (Nov. 6)

Readings

Speaker:
Tracy Twist, VP Marketing, Mariah Power
Tracy led the formation of a $200 million private equity fund dedicated to clean technology at CalPERS. She also worked on the Million Solar Roof Initiative, and the pilot phase of LEED for homes. Tracy now runs marketing for a company making consumer-oriented wind power appliances, Mariah Power. She holds a B.A. - Psychology and a B.S. - Physics from the University of British Columbia, and an MBA from UC Davis (2004).

Case/Discussion and Position Paper Topic

Does green marketing work? Must green marketing strategy reflect both a legitimate effort on the part of a firm to pursue green initiatives and accurately portray those efforts? Why shouldn’t a firm play on the biases people already have and use the environment as a public relations ploy to increase their market share even if they have no intention of improving their environmental performance? What risks are there to crowing about one’s green badge to proudly and loudly and not measuring up once the public flood lamps reveal a firm to be a green imposter? Finally do the green marketing efforts of one firm that fails to live up to its green slogans impact other firms in its industry, sector, or service arena? Discuss, explain, defend!

WEEK 7. The Social and Cultural Pressure for Environmental Protections: A Transformed Institutional Context (Nov. 13)

Readings
Aldo Leopold. “The Land Ethic.” Sand County Almanac. (#3 Course Text)
Frederick J. Long and Mathew B. Arnold. “The Emergence of Environmental Partnerships.” The Power of Environmental Partnerships. (#14 Course Text)

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3 For example, BP spent more than $200 million about its green re-branding initiative called, “It’s a Start” and “Beyond Petroleum” and received positive coverage for doing so. But recently, BP has been fined, cited, and sued for accidents and oil spills that reflect negligence in their infrastructural upkeep and for their poor environmental performance.

Case/Discussion

Position Paper Topic
Is there inherent value to nature or should business practices remain unfettered by values that have no place in formal economic deliberations? Put another way, does the environment have value if there is no human there to enjoy it, use it, and thus place a value on it? (See Aldo Leopold reading in course text.) If yes, how does one reconcile life’s inestimable costs with the most basic of tool on which business decisions are heavily, indeed, utterly reliant: cost-benefit analysis under which moral-values are supposed to have no place? If there is an inherent value how does one approach it from a business perspective? If not, are you and other products of nature only worth what the actuarial charts or the market pricing claims? Discuss.

Video
Rachel Carson and Silent Spring

WEEK 8. Ecological Modernization: Eco-Trends and Design for the Environment (NOV. 20)

Readings
Susan Svobaoda. 1995. "Note on Life Cycle Analysis" University of Michigan (#17 Course Text)

Case/Discussion

Position Paper Topic
Is technology the solution or is the solution (i.e., technology) the problem? Until quite recently, religious and intellectual traditions in the west have typically conceptualized nature as the opposite of human civilization. Technology, indeed science itself, has often been conceived of as a means of controlling and even “torturing the secrets out of nature” (to quote, Sir Francis Bacon ‘father’ or empiricism). Even more contemporary thinkers, like biologist and Pulitzer Prize winner Rene Dubos, have viewed humans’ as stewards of nature who should intervene and invent new futures not predicted from the deterministic natural order of things. Others, such naturalists like H. D. Thoreau (Walden Pond), Rachael Carson (Silent Spring), and Aldo Leopold (Sand County Almanac), while not being anti-technologists urged humankind to balance its needs with those of ecosystems on which it depends and show respect for something that transcends humanity. Finally Bill McKibben (Deep Economy), an environmental writer, holds that

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4 Also relevant but not required reading in your course text, “The Procter and Gamble Company: Disposable/Reusable Diapers.” (#32 Course Text); Mathew M. Mehalik et. al. 1997. “Designtex Incorporated (A) (#33 Course Text)
technology does not hold the answer; more technology to solve technologically derived problems generates deeper and more profound problems, which in turn begets more technological solutions leading to more problems (ad infinitum). How should we (re)solve environmental problems then? Which perspective is correct? Can we really improve ecological systems with technological interventions and if so perhaps you know of an example? In short, is technology the solution to our problems or must there be more to it than technological innovation alone?

WEEK 9. Upward Harmonizing or Downward Leveling? Globalization, Strategic Environmentalism, and Just and Sustainable Development (Nov. 27)

Readings

Case/Discussion and Position Paper Topic
How free should free trade be? How much power should a society cede to GATT/WTO in its regulation of trade and their impact on a wide range of other non-trade based issues like the environment, social justice, and even domestic business competitiveness? Evaluate the “The Lawrence Summers World Bank Memorandum.” What does it represent philosophically as it relates to what we have covered thus far this quarter and specifically this week? Does the logic of Summers’ argument make sense? If so, for whom? If not, why? For example, if the positives of free trade are gains any given country can make through its comparative advantage is it an advantage to be so poor, uneducated, and skill-less as a nation that your destiny is to be a waste dump? Is this state of affairs the fault of the inhabitants of any given nation? Likewise, can you claim that its due to your skills and efforts that the U.S. is currently on top? In short, should theoretical arguments like comparative advantage be extended to the disposal of pollution (e.g., the Summers Memorandum is the example here)? Furthermore, should countries be treated as if they were corporations in competitive marketplaces, the context within which comparative advantage may best apply? Put another way, are we employees of the societies to which we belong or citizens? Is there a difference? In the end, can the issues presented in the Summers memorandum—free trade and comparative advantage—be reconciled with the pursuit of a clean and healthy environment as well as just work and living arrangements? This is obviously a fertile topical arena, explain some of it away!

Video
Videos: “Black Gold” (Shields Reserves Media, Order in process) or “China Blue” or “China from the Inside”

WEEK 10. Student Presentations and Wrap It Up! (Dec. 4)

Reminder: Position Paper #2 due on one of the topics covered on or before the week of Dec. 4th
Reminder: Final Sustainable Enterprise Assessment (SEA), due Dec. 10th by 5:00 pm
Reminder: Peer Evaluations, emailed and due Dec. 11th by 5:00 pm