Course Description

Global challenges such as urbanization, food security, water availability, inequality, natural resource degradation, and a changing climate increasingly put people and businesses at risk. Yet these same trends can create profitable opportunities for companies if innovation is harnessed to create products, processes and business models that provide solutions for growing global markets. As environmental and social challenges grow, companies are increasingly integrating sustainability as a business imperative and a key to competitive advantage.

This course is designed for students who want to learn the relevance of social and environmental issues to their specific industry or function, understand the interaction of business, government, and civil society in addressing society’s challenges, and/or pursue sustainability-related careers.

In the course, we will examine how businesses assess their risks and opportunities, and how they develop strategies to promote more sustainable practices. We will compare and contrast challenges in different firms, industries and geographies, and evaluate how these differences affect corporate strategy and practice. We will also evaluate the capabilities that firms need to address societal challenges, and how they organize this work inside their organizations. Class sessions will combine case study analysis, lectures, guest speakers, and interactive activities.
Learning Objectives

Specific learning objectives include:

1. Cultivate an informed point of view on broader debates regarding the relationship between companies, environmental challenges, public policy, and societal well-being.
2. Introduce key concepts, methodologies, strategic drivers, and practical applications of business sustainability.
3. Critically review industry case examples to understand how sustainability risks, opportunities, and practices are evolving across industries and organizations.
4. Master practical skills and tools for integrating sustainability into business practices, operations, organization, policies, communications and reporting.
5. Identify the roles and influences of different stakeholders on businesses—including shareholders, communities, customers, employees, NGOs, government and business partners—and the kinds of collaboration required to pursue sustainable solutions.
6. Apply course concepts and tools to develop a compelling business case study.

Class Materials

Course web site: Access through Canvas (details provided in class)

Text: Sustainability Business Strategy Reader (SBS)
- The Reader will be available at Jenkins Rooms A & B in Fuqua School of Business. Readings that are publicly available on the web are listed with links in the syllabus and will not be included in the course pack. These articles and other supplementary materials will also be linked to course site during the course.

Course Requirements

Grade Summary

<table>
<thead>
<tr>
<th>Due Date</th>
<th>Assignment</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class attendance and participation (individual)</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Case responses (individual)</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Sign-up Case memo (individual)</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>9/25</td>
<td>Sustainability ROI recommendation (team)</td>
<td>15</td>
</tr>
<tr>
<td>9/29</td>
<td>Sustainability Gap Analysis (team)</td>
<td>20</td>
</tr>
<tr>
<td>10/13</td>
<td>Case Study (team)</td>
<td>25</td>
</tr>
</tbody>
</table>

Graded elements for this course include:

**Class Attendance and Participation (20%)**

Class attendance and participation is an important part of the learning process in this course. You will learn a great deal from the ideas of others in the class. It is essential that you come to class prepared to share your insights with others and to compare your perspective on the day’s topic with the perspectives of your peers.
SYLLABUS

You will be evaluated on the quality of your contributions and insights. A contribution to class discussions builds on the preceding discussion and moves it forward to generate new insights.

Good comments are perceptive and relevant. They should use logic and evidence (e.g., specific incidents from the case), and should do more than express an opinion. Comments may also relate a personal experience or current event that helps to illuminate the ideas being discussed. Quality of comments is more important than quantity and dominating class discussions can negatively affect your participation grade.

Because discussions in large groups can suffer from a lack of continuity, comments that respond immediately to preceding comments--either by extending or critiquing the line of reasoning--are particularly welcome.

One of the best ways that you can ensure being included in class discussion is to display a clearly visible, legible nameplate.

**Case Responses** (individual) – due 11:59 PM on day before each class (1 point each; 10% total):

- **Description:** Over the 6-week term, we will analyze several case studies. *For each case except your selected case memo*, you will prepare a 200-word response addressing 1 or 2 of the assignment questions.
- **Format:** Your response can be in simple Word format using paragraphs and/or bullets. Please specify the question(s) you are addressing in your response.
- Responses will be graded (1 point/no points) based on your original insights on the selected questions – no cut-and-paste answers please.

**Case Memo (individual) – due 11:59 PM on day before your case’s class (10%):**

- **Description:** *For one of those cases*, you will sign up to prepare a memo that provides an analysis of the case’s key questions and develops a recommendation. If you are new to business case studies, please see this [linked article] for further guidance on analysis of case studies.
- **Format:** The corporate memo is a common format for internal communication within companies. *Your memo should be no more than 2 pages, single-spaced,* and should address the key questions of the case, in concise, direct language, using

---

1 **Note on assignment naming format**

- Please submit all individual assignments using this title format:
  
  "LastName FirstName – Company-name assignment-title"
  
  - e.g. "Vermeer Dan - Nike case memo"

- In addition, inside the document itself, please add a line at the top of your assignment, stating "Submitted by: FirstName LastName, Date" - for example "Submitted by: Dan Vermeer, September 20, 2018." This should be placed right at the top of the page, above the To: line of the memo, with a line below marking the start of the formal memo.
SYLLABUS

section headings, bullet points, etc. In positioning the memo, you might choose to play the role of the case protagonist recommending a course of action to their CEO, or you may be an external consultant recommending a course of action to the main protagonist.

- **For students submitting memos**: The instructor may “cold call” on you to discuss your memo, so please be prepared to share the highlights of your analysis in class.
- **For all students**: Please note that you are expected to read and prepare for every case and may be called on in class whether or not you have submitted a memo. We will also likely do small group “pair share” discussions in class, so be ready to share your thoughts about the case with others in class.

**Team deliverable: ROI recommendation: due 11:59 PM on Wednesday, September 25 (15%)**
- **Description**: In class, teams will receive a briefing about a sustainability-related investment decision. Teams will be given the required background information needed to evaluate the investment options and make a recommendation.
- Teams will submit their recommendation on Canvas on September 22. The recommendation should be formatted as PowerPoint deck format with the analysis and recommendation described in detail. A few (3-4) of the teams will be selected to present in class. Please be prepared for 1 team member to do a 5-minute verbal presentation in class if your team is selected.
- Teams will be evaluated on the basis of the persuasiveness of their recommendation – was the investment opportunity clearly defined? Was the data effectively used to make a clear recommendation? Did the team address potential weaknesses or challenges to their recommendation? Overall, was the logic of the assessment compelling?

**Team deliverable: Sustainability Gap Analysis – due 11:59 PM on Sunday, September 29 (20%)**
- **Description**: You will develop a thorough sustainability assessment for a target company. Ideally, you will select a company that is publicly listed (so that there is public information on the company), and demonstrates significant sustainability-related risks and/or opportunities that can be explored. The best companies for this exercise are probably **not** industry leaders that already have done significant work on key issues, or companies that have little demonstrated commitment to sustainability; rather, the best companies are those with compelling challenges or opportunities that have not been adequately addressed (relative to their potential impact or peer benchmarks). The focus should be on the material gaps.
- For this exercise, put yourself in the role of an investor. Given your stake in the company, you expect it to operate sustainably AND deliver a strong return on investment.
- Please write a corporate memo (~5 pages, single-spaced; 1,500-2,000 words including tables and graphics as needed) to the CEO of your target company
SYLLABUS

providing a critical analysis of the priorities, goals, and risks articulated in its sustainability report, 10K filing, annual report, and other external disclosures. Cite references in APA footnote format, with bibliography at the back of the report.

Your report should include:
1. **Company overview:**
   - Summarize the company, products, markets, and historical and current financial performance.
   - Analyze relevant trends facing the industry, and conditions in the markets where they operate. Think about what external factors are relevant in assessing the company’s sustainability performance.

2. **Sustainability review** - please consider the following dimensions:
   - **Materiality:** Has the company clearly defined its sustainability priorities based on a materiality analysis or something similar?
   - **Benchmarks:** How does the company’s sustainability strategy and performance compare to others in their industry? Are they a proactive leader or a laggard? Why might they have taken this approach?
   - **Governance:** Does the report provide clear information about governance for sustainability in the firm? What are the organizational boundaries of the report? Is there clear accountability?
   - **Risks:** Are there significant unmanaged risks or emerging issues that should be receiving more attention from the company? What evidence could you use to show them why these issues are important? Do the risks identified in the company’s 10k align with the sustainability report?
   - **Goals:** What goals has the company established for their sustainability strategy? Are the goals SMART (specific, measurable, assignable, realistic, time-related)? Are they ambitious or incremental? Science-based?
   - **Alignment:** Is the company’s sustainability strategy aligned to their core business strategy? Is performance on sustainability tied to employee compensation or other incentives?

**Team deliverable: Case Study on your target company** – due 8:00 AM on October 13 (25%)

**Description of deliverables:**
1) An 10-page (maximum) single-spaced written case study submitted as a Word-format document. The case study should be visually compelling and can include graphics, photos, and data summaries – but should also include enough text and

---

2 “Critical” does not necessarily mean negative – it means that you have fairly and objectively evaluated the report, identifying both its strengths and weaknesses. You could argue that the company should do more on sustainability - but you could also argue that the company should do less because it is using shareholders’ money on activities that don’t have direct bottom-line benefits.
SYLLABUS

description to clearly communicate your main points. Additional supporting materials should be included in exhibits at the end of the study.

2) An accompanying PowerPoint presentation summarizing the main points of the above report. Team will prepare an 7-minute presentation for in-class delivery, followed by a 3-minute feedback session.

See guidelines on developing case studies here:
- How to Write a Business Case Study (2013)

Grading Criteria
Required assignments for this class include written case responses, essays, and project reports. Criteria for reviewing written work include the following:

- **Prose**: Submissions should be well-organized, grammatically correct, free of spelling errors, and include proper citation. They should be well-designed visually and communicate in clear professional prose.

- **Scope**: How ambitious is your project? Have all relevant aspects been addressed? Are the recommended actions clear and feasible? In most cases, a more ambitious, insightful, and comprehensive approach is preferred, as long as it is realistic and achievable.

- **Mastery**: Do you make effective use of class concepts in your assessment? Did you draw on materials from outside class? It is important that submissions demonstrate insights from class readings and discussions. It is also valuable to introduce sources or ideas from outside the class that improve the argument.

- **Persuasiveness**: How convincing is your analysis? Do you bring meaningful order and insight to your argument? Do you make good use of evidence? The reader should feel compelled by your conclusions.

A Note on Late Assignments: If you have a good reason for not being able to turn in an assignment on time, it will be considered, if you speak to Dan beforehand. Otherwise, your grade will be adjusted downward.

Fuqua Honor Code: Duke University is a community of scholars and learners, committed to the principles of honesty, trustworthiness, fairness, and respect for others. Students share with faculty the responsibility for promoting a climate of integrity. As citizens of this community, students are expected to adhere to these values at all times, in both their academic and non-academic endeavors. The Fuqua School of Business Honor Code applies to all aspects of this course. The nature of each assignment indicates the type of communication and consultation that is permitted. Work that is described as an individual effort is to be your work alone, without consultation or assistance from any other person. Work that is described as a team effort is to be your team’s effort alone, again without consultation or assistance from anyone else. If you are uncertain about the nature of any assignment, please ask the instructor in advance.
### SYLLABUS

Details on the Fuqua Honor Code can be found [HERE](#). Please review the code before the first class.

#### Class Overview

<table>
<thead>
<tr>
<th>#</th>
<th>Dates</th>
<th>Topic</th>
<th>Case</th>
<th>Class speaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>9/5</td>
<td>Introduction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>9/9</td>
<td>Materiality and reporting</td>
<td>JetBlue</td>
<td>Sara Bogdan (by video)</td>
</tr>
<tr>
<td>3</td>
<td>9/12</td>
<td>Sustainable investing</td>
<td>Generation Capital</td>
<td>Chris Wedding</td>
</tr>
<tr>
<td>4</td>
<td>9/16</td>
<td>Water risk &amp; strategy development</td>
<td>Coca-Cola</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>9/19</td>
<td>Green product marketing</td>
<td>Clorox</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>9/23</td>
<td>Tragedy of the ocean commons</td>
<td>Global Fisheries</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>9/26</td>
<td>Energy Transitions</td>
<td>Enel</td>
<td>Raynor Smith, Building Clarity</td>
</tr>
<tr>
<td>8</td>
<td>9/30</td>
<td>Transforming Agriculture</td>
<td>Patagonia</td>
<td>Visit: Duke Campus Farm</td>
</tr>
<tr>
<td>9</td>
<td>10/3</td>
<td>Supply chain innovation</td>
<td>Dell</td>
<td>John Virdin</td>
</tr>
<tr>
<td>10</td>
<td>10/7</td>
<td>Measuring prosperity</td>
<td>Danone NA</td>
<td>Dirk Phillipsen</td>
</tr>
<tr>
<td>11</td>
<td>10/10</td>
<td>Next practices for a sustainable world</td>
<td>Unilever</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>10/14</td>
<td>Final in-class presentations</td>
<td><em>Outer Space</em></td>
<td></td>
</tr>
</tbody>
</table>

#### Detailed Schedule, Topics, Cases, and Readings

- **Note**: In the schedule, **SBS** refers to the *Sustainable Business Strategy Reader* that includes all the case studies and some of the required readings. If the readings are not included in the SBS Reader, then they will be available digitally as a link on the syllabus or through Canvas.

<table>
<thead>
<tr>
<th>Class</th>
<th>Date</th>
<th>Topic</th>
</tr>
</thead>
</table>
| 1     | 9/5  | **Business, Environment, and Society - Understanding Connections**  
**Reading pre-assignment (before first class):**  

Supplementary (optional):
• Barrett, Barbara. (2019, July 31). Is This Coastal County A Model For Addressing Climate Change For The Rest of America? Huffpost.com

Discussion:
1. What is climate risk? How is it calculated? Who is currently exposed to these risks?
2. How would you evaluate whether a particular business is prepared for an uncertain climate future?
3. How much responsibility does the private sector have to address climate change? How much is enough?
4. How might more capital be attracted to investing in climate solutions?
5. How should we balance mitigation and adaptation efforts?
6. How might climate change affect your career?
<table>
<thead>
<tr>
<th></th>
<th></th>
<th><strong>SYLLABUS</strong></th>
</tr>
</thead>
</table>
| 2 | 9/9 | **Materiality and Reporting: Setting Priorities**  
Case: *JetBlue: Relevant Sustainability Leadership (A)* (SBS)  
Assignment Questions:  
1. Had JetBlue pursued the right actions to develop their sustainability strategy?  
2. Is sustainability an important competitive advantage for JetBlue? Why or why not?  
3. Was investing time and energy into SASB a step in the right direction?  
4. How should JetBlue disclose its sustainability performance? Should they use the SASB airline standard? Should they disclose through their 10-K filing or external to regulated filings?  
5. What could JetBlue do to accelerate their sustainability efforts?  
Readings:  
- Blackrock CEO Larry Fink’s 2018 letter to CEOs – “A Sense of Purpose”. Blackrock web site.  
|   |   | **Investing and Returns: Does Green Pay?**  
Case: *Generation Investment Management*. (SBS)  
Assignment Questions:  
1. Would you invest in Generation’s Global Equity Fund? Why, why not?  
2. What, if anything, is distinctive about Generation’s philosophy compared to standard approaches to asset management and socially responsible investing (SRI)? |
### 3. Should Generation add ABB India to its focus list? Why, why not?  
4. Some people argue that investing more sustainably *must* reduce financial returns – do you agree? Why or why not?  
5. Do you think the global share of capital invested in socially responsible funds will grow? How fast?  

**Readings:**  
- Blackrock CEO Larry Fink's 2018 letter to CEOs – “A Sense of Purpose”. Blackrock web site.  

---

### Business Risk and Strategy Development  
**Case:** *Corporate Water Stewardship: Achieving a Sustainable Balance* *(Canvas)*  
**Assignment Questions:**  
1. Was Coca-Cola’s Replenish goal a credible commitment, or an example of greenwashing? Why?  
2. In what ways are water neutrality like carbon neutrality similar or different? Should neutrality be the goal for water, or should other goals be prioritized?  
3. Should NGOs like World Wildlife Fund partner with multinational companies? How would you evaluate the pros and cons of NGO partnering strategies vs. activist approaches?  
4. Is it fair to expect Coca-Cola to commit to water reductions in its supply chain? How might they exert pressure on suppliers to achieve those improvements?  
5. Should Coca-Cola shut down its operations in water-stressed areas? Should other companies that also operate in those places?  

**Readings:**
• Terra Alpha report (2016). Navigating Rough Waters: Businesses and Investors Must Adapt for a Water-Stressed Future. (Canvas)
• MacDonald, Christine. (2018, May 31). Coke claims to give back as much water as it uses. An investigation shows that it isn’t even close. TheVerge.com

Assignment Questions:
1. Which of Clorox’s 3 main green brands do you think is the most promising? Why? What key elements should in included in a marketing plan for that product?
2. How should Clorox manage the tension between green brands and the rest of their product portfolio?
3. Should Clorox continue to try to leverage "green" for growth?
4. What are the specific differences between credible green marketing and greenwashing?
5. What steps could be taken to make green claims more trustworthy and compelling?

Readings:

Assignment Questions:

Tragedy of the Oceans Commons: Global Fisheries
Case: Global Fisheries (SBS)
**SYLLABUS**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>For companies in the seafood industry, what are the most important actions they can take to ensure the long-term viability of their product and market?</td>
</tr>
<tr>
<td>2.</td>
<td>How should leaders of the sustainable seafood movement balance the demands of sustaining both global seafood demand and healthy ecosystems?</td>
</tr>
<tr>
<td>3.</td>
<td>What conditions would need to be present in global fisheries to foster collective protection of the commons? Which of these factors are actually present, and which are missing?</td>
</tr>
<tr>
<td>4.</td>
<td>Do you think government regulatory approaches to sustainable seafood are adequate for addressing the challenges? Why or why not?</td>
</tr>
<tr>
<td>5.</td>
<td>What are the opportunities and challenges for industry, NGOs, and governments to work together on this issue?</td>
</tr>
</tbody>
</table>

**Readings:**

*Team deliverable: ROI recommendation: due 11:59 PM on Thursday, September 22 (15%)*

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>9/26</td>
</tr>
</tbody>
</table>

**Energy Transitions**

**Case: Enel: The Future of Energy (SBS)**

**Assignment Questions:**
- How do utilities make money? What is their business model?
- What kind of company was Enel prior to the new CEO’s arrival in 2014? What were the main drivers that compelled Enel to change direction?
- From Enel’s perspective, what are the most important technological, policy, and consumer changes occurring in the energy sector?
- How did Enel reorganize to accomplish its new business goals?
### SYLLABUS

- What leadership qualities are needed for leadership to navigate complex transitions? How is Ernesto Ciorra doing so far?
- Do you think Enel will be successful over the next decade? Why or why not?

**Readings:**

<table>
<thead>
<tr>
<th>8</th>
<th>9/30</th>
</tr>
</thead>
</table>
| **Transforming Agriculture**
**Case:** *Reversing Climate Change Through Sustainable Food: Patagonia Provisions Attempts to Scale a “Big Wall”*. *(Canvas)*

**Assignment Questions:**
1. What is the rationale for Patagonia to extend its brand from a specialty apparel company into a specialty food company? How are these businesses similar or different?
2. How does Patagonia’s status as a privately held company either help or hinder its efforts to scale up Patagonia Provisions? How does this status relate to its efforts to influence the practices of other food companies?
3. What are the pressures on suppliers to transition to regenerative organic agriculture? How should Patagonia ease the transition to regenerative organic agriculture for suppliers?
4. What should Patagonia do to influence federal and state policy changes that could encourage adoption of regenerative organic practices?
5. How should Patagonia use its unique strengths and competencies to create broad appreciation, understanding, and purchasing of Provisions?
6. In what ways can the company’s venture capital arm, Tin Shed Ventures, help Provisions accelerate its goals?
7. How successful do you think Patagonia Provisions will be in scaling their business, and what risks and challenges will the company face?

**Readings:**


**Team deliverable: Sustainability Gap Analysis – due 11:59 PM on Thursday, September 29 (25%)**

---

### Supply Chain Innovation – Changing the Ecosystem

**Case: Upcycling Ocean Plastics Through Supply Chain Innovation (SBS)**

**Assignment Questions:**

1. Is it a good idea for Dell to take on a problem as daunting as ocean plastics? What are the risks and benefits for the company? Would you want to champion it?
2. What is the business case? What are the key elements? How attractive are the financials?
3. How does Dell define additionality? Does its approach achieve it?
4. What future measures should Bhargava recommend for additionality, sourcing ocean plastics, improving the supply chain, producing other products, or establishing the consortium?
5. How should a consortium be organized? What role should Dell play? Should Dell invite competitors into the consortium?
6. What other “wicked” problems might leading companies tackle in the coming decades? Which problems are unlikely to attract corporate champions?

**Readings:**

### SYLLABUS

<table>
<thead>
<tr>
<th>Date</th>
<th>Reading Details</th>
</tr>
</thead>
</table>
**Supplementary (optional):**  
| 10/7 | **Measuring Prosperity**  
**Case:** Danone North America: The World’s Largest B Corporation. (SBS)  
**Assignment Questions:**  
1. Does Danone NA offer a fundamentally different model of capitalism? How is it similar or different from other private or public companies?  
2. Do you think their new strategy will be successful? Why/why not?  
3. How widely popular will B Corp certification become with large companies? What kinds of firms are more or less likely to pursue this strategy?  
4. Can the B Corp movement provide significantly improved social and environmental outcomes for society? What might inhibit or enable these positive developments?  
5. What other changes to corporate governance would you recommend to better align corporate profits with societal benefit?  
**Readings:**  
**Speaker:** Dirk Phillipsen, Professor, Sanford School of Public Policy |
| 10/10 | **“Next Practices” in Business Sustainability**  
**Case:** Unilever’s New Global Strategy: Competing through Sustainability. (SBS) |
Assignment Questions:

1. Do you believe that Unilever has fully integrated sustainability into their core strategy? Was this "big bet" on sustainability a good idea?

2. What benefits or problems has Unilever experienced with their Sustainable Living Plan? Is it working?

3. Which of the 3 potential plans listed at the end of the case would you recommend? Why?

4. Is Unilever’s sustainability strategy sustainable? Do you expect that the company will continue to pursue their commitments after Polman’s departure?

5. Could Unilever’s approach be effectively used by other companies in the same industry? Different industries?

Readings:

- Feloni, Richard. (2018, March 15). Unilever’s CEO says that in 9 years, no investor has asked him the questions he’s waiting to hear. Business Insider.

- Unilever’s Sustainable Living Plan soars. Inside FMCG.


Final team presentations

Team deliverable: Develop Mini-Case Study on your target company – due 8:00 AM on October 13 (25%)

Case: Capitalism’s Next Frontier: Competing in Outer Space (A) (SBS)

Assignment Questions:

1. Estimates suggest that extreme poverty could be eliminated in the world for $30 billion per year. Why do you think world governments are spending more than twice that amount on space exploration? Should they shift their current investments?

2. Who is competing against whom in the space industries?

3. Which firms are you surprised to find among the entrepreneurs in space industries? Which firms would you have expected to find but are not mentioned in the case?

4. Which of the mentioned organizations would you like to work for? Why? What strategic recommendation would you make to the leaders of that organization?
| 5. | What things should we consider “common goods of humankind”? |
| 6. | Is collaboration possible in outer space? Why or why not? |
| 7. | Do you believe that the governments and private industries involved in the early race for outer space will garner the largest share of the potential profits? Why or why not? |

**Reading:**