Course Description:

This course provides an overview of sustainability as it functions in modern society – it introduces students to the “triple bottom line” concept with its focus on financial, social and environmental responsibility. Students will study both theory and application as they take a broad approach to understanding sustainability in a variety of disciplines in the context of the global environment of today.

Students in all majors should find this course helpful in gaining knowledge of the role of sustainability in contemporary society, but it is especially important for students majoring in sustainable business to begin their studies with an understanding of the context in which business decisions are made from a cross-disciplinary perspective.

Course Objectives & Expected Outcomes:

Students who master the course will be able to do the following:

1) Gain an understanding of sustainability in a broad context of disciplines.
2) Demonstrate an understanding of how business is integrated into the global economy from the perspectives of other disciplines.
3) Become familiar with basic economic, political, social, and cultural factors that companies must accommodate to compete successfully in a global market.
4) Develop an understanding of and appreciation for business ethics and corporate social responsibility.
5) Define environmental responsibility in a cross-disciplinary context, and apply it to making a more sustainable world.
6) Demonstrate the ability to think critically about multi-disciplinary dilemmas by identifying components of a problem and the stakeholders involved, gathering information and considering the perspectives of others, processing information, and then formulating a well-reasoned solution.

These objectives will be accomplished using many online resources and other applicable teaching aids.

This course meets the MBC Thematic Seminar (Learning Outcome 1) requirement and is a required introductory course for the major.
Resource Materials:

Texts:


Other Supplemental Material:

From the Grafton Library:

Other Resources:
Print and On-line Resources such as Business Week, Fortune, Forbes, Wall Street Journal, Investor’s Business Daily, New York Times, etc. (Daily breaking news is available at no charge through the publication websites—you can easily reach these sites using google.com).

Company websites and daily news from Internet sources such as msnbc and cnn.

Grading Components:

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assignment 1</td>
<td>10%</td>
</tr>
<tr>
<td>Assignment 2</td>
<td>10%</td>
</tr>
<tr>
<td>Assignment 3</td>
<td>10%</td>
</tr>
<tr>
<td>Assignment 4</td>
<td>10%</td>
</tr>
<tr>
<td>Assignment 5</td>
<td>10%</td>
</tr>
<tr>
<td>Assignment 6</td>
<td>10%</td>
</tr>
<tr>
<td>Assignment 7</td>
<td>10%</td>
</tr>
<tr>
<td>Assignment 8</td>
<td>10%</td>
</tr>
<tr>
<td>Assignment 9</td>
<td>10%</td>
</tr>
<tr>
<td>Assignment 10</td>
<td>10%</td>
</tr>
</tbody>
</table>

TOTAL 100%
<table>
<thead>
<tr>
<th>Dates</th>
<th>Class and Reading Assignments</th>
<th>Papers Due</th>
</tr>
</thead>
</table>
“What is The Triple Bottom Line?” |
| Jan. 18  | Read: Articles found at the following websites:  
Friedman article: [http://www.colorado.edu/studentgroups/libertarians/issues/friedman-soc-resp-business.html](http://www.colorado.edu/studentgroups/libertarians/issues/friedman-soc-resp-business.html)  
Post your online response comparing and contrasting the view of business presented by the two authors. React to at least one other student’s response. |
| Feb. 1   | Read: Strategy for Sustainability: Chapter 2 – Mapping Your Opportunities | Assignment 3: ONLINE POSTING  
“What Cleaner for the Environment, but not for Dishes” article |
| Feb. 15  | Read: Strategy for Sustainability: Chapter 3 – Setting Your North Star and Initiating the TEN Cycle  
Prepare a report outlining their environmental initiatives |
| March 1  | Read: Strategy for Sustainability: Chapter 4 – Using Transparency to Execute Your Strategy | Assignment 5: ONLINE POSTING  
“Carbon Footprint” |
| March 15 | Read: Strategy for Sustainability: Chapter 5 – Engaging Individuals  
Prepare a paper summarizing the environmental concerns and initiatives of Honda Motor Company |
| March 22 | Read: Strategy for Sustainability: Chapter 6 – The Network of Sustainability Partners | Assignment 7: WRITTEN PAPER  
Prepare a paper summarizing the UN Report on Environment and Development. Answer the following: Why are environmental issues tied to economic development? |
| March 29 | Read: Strategy for Sustainability: Chapter 7 – Leadership at All Levels | Assignment 8: WRITTEN PAPER  
Answer the questions at the end of the case (The Diaper Debate) |
| April 5  | Read: The Triple Bottom Line: Chapter 1: Selling Hershey: A Business Fable for Our Times | Assignment 9: WRITTEN PAPER  
Answer the questions at the end of the case (Herman Miller) |
<table>
<thead>
<tr>
<th>Date</th>
<th>Reading Assignment</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 19</td>
<td>Read: The Triple Bottom Line: Chapter 7: reviewing the Penobscot: “A More Productive Use of Capital”</td>
<td>Assignment 10: WRITTEN PAPER Prepare a report assessing a business with which you are personally familiar – where does it stand on sustainability issues? What recommendations might you offer to management in order for them to become more sustainable? This may be a business for which you work or have worked in the past, or one with which you are otherwise personally familiar.</td>
</tr>
<tr>
<td>April 26</td>
<td>Read” The Triple Bottom Line: Chapter 8: Where Do You Stand Today? Your Self-Assessment</td>
<td>Assignment 11: REFLECTION What are three actions I can take personally to reduce my own carbon footprint, both at home and at work?</td>
</tr>
<tr>
<td>May 4</td>
<td></td>
<td>Assignment 12:REFLECTION Thoughts about this course – what was the most surprising thing you learned? What you add or delete? What other topics should have been included?</td>
</tr>
<tr>
<td>May 14</td>
<td>ALL WORK DUE</td>
<td>Syllabus continues below…………….</td>
</tr>
</tbody>
</table>
Assignment 5: The Great Disposable Diaper Debate

In the late 1980’s, environmentalists raised concerns about the disposal of diapers in municipal landfills, space for which is becoming scarce. The average infant uses 7,800 diapers in the first 130 weeks of life.

The debate over disposable diapers was complex. Disposable diapers account for just 2 percent of municipal solid waste. The time required for plastic to break down is 200 to 500 years. Eighteen billion disposable diapers go into landfills each year. An Arthur D. Little study comparing the environmental impact of cloth and disposable diapers over the products’ lifetimes found cloth diapers consume more energy and water than disposables. Cloth diapers also cost more (not counting diaper-service fees) and create more air and water pollution through washing. Critics point out that the study was commissioned by Proctor and Gamble, the largest maker of disposable diapers, with 50 percent of the market. However, the study was a sophisticated “life-cycle analysis” that used elaborate computer models, and Arthur D. Little, although now defunct, was considered an eminent research firm.

In surveys in the early 1990s, four of five American parents preferred disposables. Most hospital staffs and daycare centers favor using disposables, even though many personally use cloth diapers. Switching from disposable to cloth diapers costs about 2.5% more. The disposability of the diapers was also improving, with companies devoting significant R&D dollars to reducing the time for biodegradation. Proctor & Gamble created advanced techniques for industrial composting of solid waste and spent $20 million to develop diapers that break down into humus.

Environmentalists, however, were quite successful in obtaining regulation of disposables. Twenty states considered taxes or complete bans on disposables. Nebraska banned non-biodegradable disposables, with a low that took effect in October, 1993. Maine required day care centers to accept children who wore cloth diapers. New York considered requiring that new mothers be given information explaining the environmental threat of disposables. In 1990, the Wisconsin legislature barely defeated a measure to tax disposables.

Alternative to disposables were being developed. R. Med. International distributes Tender Care, a disposable diaper that degrades in two to five years because its outer lining is made of corn starch. However, the price of these diapers is substantially higher than that of other disposables and made mass market appeal impossible.

The Great Disposable diaper Debate peaked on Earth Day, 1990. After the Little Study appeared, parents’ guilt about rain forests and landfills was relieved, and by 1997, 80 percent of all babies were wearing disposables. Many attribute the change in attitude as well as the halt in regulatory and legislative action to Proctor & Gamble’s effective public relations using the Little Study results. Also, Allen Hershkowitz, as senior scientist at the Natural Resources Defense Council, said, “The pediatric dermatology clearly seemed to favor disposables, while the environmental issues were murky.” Environmentalists referred to Mr. Hershkowitz as “the skipper of the Exxon Valdez.”

During the 1990s, all disposable diaper manufacturers were able to develop materials that were much thinner and lighter than their predecessors. Not only were the diapers decomposing faster, but they also took up less room in the landfills.

By 1997, the National Association of Diaper Services (NADS) reported its membership at an all-time low, with closing of diaper services even in ecologically conscious Boston. There are no diaper services located in any of New York City’s five boroughs. Their current marketing campaign emphasizes a two-year guarantee for potty-training with diapers free after that. Babies, the NADS says, can’t feel the wetness in disposables.
The Internet has created a new submarket for cloth diapers because the network of parents who prefer cloth diapers is so easily connected. The two national companies remain Mother-ease of New York, and Kooshies Baby Products of Ontario, Canada, but there are several small companies, including Darla’s Place, based in Imlay City Michigan. Founded by Darla Sowders because of her frustration with the national brands, the company uses at-home mothers to sew its product, which captures the market for used diapers. The diapers are sewn a certain way that customers say prevents leaks. The brand is regarded as the “champagne” of diapers and sells at a premium above other diapers in the submarket. Despite this activity, Kimberly-Clark indicates that there is no change in demand for cloth diapers or any reduction in the use of disposables. P&amp;G reports sagging diaper sales, and is competing with a new premium brand marketed as an item of clothing.  

References:

Citations:

Questions:
1. Did Arthur D. Little have a conflict of interest with Proctor & Gamble’s sponsorship of its work?
2. Would it be a breach of duty to the hospital’s patients and shareholders to adopt a position (that is, using cloth diapers) that increases costs?
3. Do people ignore environmental issues for the sake of convenience? Do your arguments depend on whether you must change diapers?
4. What lessons are learned from this case for applicability to other industries?
5. Did environmentalists exaggerate?
Assignment 6: Herman Miller and its Rain Forest Chairs

In March 1990, Bill Foley, research manager for Herman Miller, Inc., began a routine evaluation of new woods to use in the firm’s signature piece – the $2,227 Eames chair. The Eames chair is a distinctive office chair with a rosewood exterior finish and a leather seat and was sold in the Sharper Image’s stores and catalog.

At that time, the chair was made of two species of trees: rosewood and Honduran mahogany. Foley realized that Miller’s use of tropical hardwoods was helping destroy rain forests. Foley banned the use of the woods in chairs once existing supplies were exhausted. The Eames chair would no longer have its traditional rosewood finish.

Foley’s decision prompted former CEO Richard H. Ruch to react: “That’s going to kill that [chair].” Effects on sales could not be quantified.

Herman Miller, based in Zeeland, Michigan, and founded in 1923 by D. J. DePree, manufactures office furniture and partitions. The corporation follows a participatory-management tradition and takes environmentally friendly actions. The vice president of the Michigan Audubon Society noted that Miller had cut the trash it hauls to landfills by 90% since 1982: “Herman Miller has been doing a super job.”

Herman Miller built an $11 million waste-to-energy heating and cooling plant. The plant saves $750,000 per year in fuel and landfill costs. In 1991, the company found a buyer for the 800,000 pounds of scrap fabric it had been dumping in the landfills. A North Carolina firm shreds it for insulation for automobile roof linings and dashboards. Selling the scrap saves Miller $50,000 per year in dumping fees.

Herman Miller employees once used 800,000 Styrofoam cups a year. But in 1991, the company passed out 5,000 mugs to its employees and banished Styrofoam. The mugs carry the following admonition: On spaceship earth there are no passengers … only crew.” Styrofoam in packaging was also reduced by 70 percent for a cost savings of $1.4 million.

Herman Miller also spent $800,000 for two incinerators that burn 98% of the toxic solvents that escape from booths where wood is stained and varnished. These furnaces exceeded the 1990 Clean Air Act requirements. It was likely that the incinerators would be obsolete within the next three years, when nontoxic products became available for staining and finishing wood, but having the furnaces was “ethically correct,” former CEO Ruch said in response to questions from the board of directors.

Herman Miller keeps pursuing environmentally safe processes, including finding a use for its sawdust by-product. However, for the fiscal year ended May 31, 1991, its net profit had fallen 70% from 1990 to $14 million on total sales of $878 million.

In 1992, Herman Miller’s board hired J. Kermit Campbell as CEO. Mr. Campbell continued in the Ruch tradition and wrote essays for employees on risk taking and for managers on “staying out of the way.” From 1992 to 1995, sales growth at Herman Miller was explosive, but as one analyst described it, “expenses exploded.” Despite sales growth during this time, profits dropped 89% to a mere $4.3 million.

Miller’s board, concerned about Campbell’s lack of expediency, announced Campbell’s resignation and began an aggressive program of down-sizing. Between May and June of 1995, 130 jobs were eliminated. Also in 1995, sales dropped from $879 to $804 million. The board promoted Michael Volkema, then thirty-nine and head of Miller’s file cabinet division to CEO.
Volkema refocused Herman Miller’s name with a line of well-made, lower-priced office furniture using a strategy and division called SQA (Simple, Quick and Affordable). The dealers for SQA work with customers to configure office furniture plans, and Miller ships all the pieces ordered in less than two weeks.

Revenues in 1997 were $200 million with record earnings of $78 million. In 1998, Miller acquired dealerships around the country and downsized from its then 1,500 employees.5

Volkema notes that staying too long with an “outdated strategy and marketing” nearly cost the company. By 1999, Herman Miller was closing in on Steelcase, the country’s number one office furniture manufacturer, in part because of its new Aeron chair. The Aeron chair, which came in hundreds of versions, had lumbar adjustments, varying types of arms, different upholstery colors, and a mesh back. Its price was $765 to $1,190, and it was said to be capitalizing on an “Austin Powers – like” look. The chair had 35 patents, and was the result of $35 million in R&D expenditures and cooperation with researchers at Michigan State, the University of Vermont, and Cornell University who specialized in ergonomics. The seat featured a sort of spine imprimatur. That is, the chair almost conformed to its user’s spine.6

Since 2002, Herman Miller has been named one of the “Sustainable Business 20,” which is a list of the top twenty stocks of companies with strong environmental initiatives as well as good financial performance. The list is compiled by Progressive Investor, a publication of SustainableBusiness.com. In announcing the list, the Progressive Investor said, “Our goal is to create a list that showcases progress in either greening their internal operations or growing a business based on an important green technology.”7

For the fiscal year ended June 2007, Herman Miller announced that it had a 9 percent increase in sales and a 32 percent increase in earnings per share. Also in 2007, the company was again included in CRO (Corporate Responsibility Officer) magazine’s “100 Best Corporate Citizens” and was cited by Fortune magazine as the “Most Admired” company in the industry. Herman Miller’s NASDAQ listing finds its shares priced at between $26 and $40 per share. Its expansion into home furnishings from its traditional limitations of office furniture has found a new market and fueled the increased sales.

References:

Citations:
2. Id.
3. Id.

Questions:
1. Evaluate Foley’s decision on changing the Eames chair woods. Consider the ethical standards at issue for the various stakeholders.
2. Is it troublesome that Miller’s profits were off when Foley made the decision?
3. What are your thoughts on businesses that use “green marketing”? Do you think Herman Miller is bluffing with its use of “green” messaging?
4. Why would Herman Miller decide to buy equipment now that exceeded the 1990 Clean Air Act standards when they knew it would be outdated in another three years?
5. Would you be less comfortable with Herman Miller’s environmental decisions if it advertised them?
6. Has Herman Miller changed its focus? Was there a change in focus to compete more effectively?