

## Lesson 1

# The Sustainable Business Landscape

## What are the models, standards, and trends for sustainability in business?

Businesses have a huge environmental impact but are also the drivers of many sustainable innovations. Leveraging markets and businesses to forge a more sustainable world can help us to both achieve important sustainability goals, and also support livelihoods and communities. Doing so requires an understanding of how businesses impact natural systems at both global and local scales, as well as how these impacts are considered within different sustainability and economic frameworks. This lesson includes an introduction to the topics and frameworks that define sustainability within the business world. You'll learn fundamental concepts within environmental economics as they pertain to the private sector as well as the prominent frameworks used to address environmental concerns.

By completing this lesson, you will:

- Map and analyze the impacts that businesses have on large and small scale social-ecological systems.
- Practice applying some of the major economic and business frameworks for sustainability. In doing this, you'll explore the nuances of how they overlap, what they mean in practice, and how they will shape the businesses of the future.
- Analyze existing businesses and take a position on whether they're going far enough in their sustainability efforts, and identify high-leverage opportunities to increase their positive impact.

## Pre-Reading

We'll start by using Ecosystem Services as a way to understand business' relationship to the environment. The Millennium Ecosystem Assessment's [Ecosystems and Human Well-Being](#) report offers a great primer (skim p. 2-18, read p. 27-29).

[Climate Change and Business: What Every MBA Needs to Know](#) sets the stakes for businesses by outlining some of the risks and opportunities they face due to climate change. In a world that is changing rapidly, businesses are waking up to the realization that not taking action is not an option: whether they want to or not, they must adapt in the face of increasing uncertainty and risk.

[A Doughnut for the Anthropocene: humanity's compass in the 21st century](#) introduces Kate Raworth's doughnut economic model. This alternative to classic models of economics is growing in popularity and is being employed in urban design, academia, by policy makers, and businesses.

There are many frameworks for businesses to track their impact on the environment and improve the sustainability of their operations; we'll cover a few in class:

- Corporate Social Responsibility (CSR) and Environmental, Social, and Corporate Governance (ESG) are two of the classic models: read [What is CSR?](#) and [ESG breakdown](#) to get an introduction to each of them. [What's the difference between CSR and ESG?](#) explains why ESG has been overtaking CSR as a standard for business responsibility.
- These videos introduce three of the newer business sustainability frameworks that are inspiring leaders these days: [Triple Bottom Line](#), [Regenerative Capitalism](#), and [Circular Economy](#).

## Lesson Content

<p><b>VIDEO</b></p> <p><a href="#">The case for letting business solve social problems</a></p>	<p>Typically, “business is not seen as the solution, it’s seen as the problem”. But in this talk, Professor Michael Porter argues that business actually profits from solving social problems -- and is the only way to drive change at the scale and speed needed to tackle these issues. (Watch 0:00 - 11:43)</p>
<p><b>DISCUSSION</b></p> <p><a href="#">Perspectives on business and the environment</a></p>	<p>There are many different positions on what the relationship between business and environmental conservation should be. Here, we'll use quotes from business leaders as provocations to explore and discuss our own attitudes.</p>
<p><b>ACTIVITY</b></p> <p><a href="#">Material biographies</a></p>	<p>Understanding basic environmental economics and business' environmental impact often requires reaching back to the origins of the natural resources we use every day. Humanizing these supply chains is a simple way to illustrate the complexity of these issues.</p>
<p><b>VISUAL AID</b></p> <p><a href="#">Types of Ecosystem Services</a></p>	<p>Ecosystem services is a concept widely used by decision makers to better understand environmental impacts. We'll use it to contextualize our discussion around the impacts of business.</p>
<p><b>ACTIVITY</b></p> <p><a href="#">Situation Assessment: Resources, Ecosystem Services &amp; Externalities</a></p>	<p>Understand the basic definition of natural resources, ecosystem services, and environmental externalities in the context of a real issue.</p>
<p><b>NEGOTIATION ROLE PLAY</b></p> <p><a href="#">Negotiation Naranja</a></p>	<p>As we dig more into supply chains, practice your negotiation skills with this example of managing a limited natural resource.</p>

<p><b>VIDEO</b></p> <p><a href="#">Doughnut Economics: Change the Goal</a></p>	<p>Kate Raworth introduces planetary boundaries, the key places they're being breached, and a new model for how we might balance human needs with environmental impact.</p>
<p><b>DISCUSSION READING</b></p> <p><a href="#">Climate Change and Business: What Every MBA Needs to Know</a></p>	<p>This article sets the stage for why businesses have no choice but to adapt, and reminds us of the significant market opportunities to engage in tackling climate change.</p> <p><i>Consider: Will every industry need to make major adjustments to fit into new economic models to combat climate change? Does every industry have a place?</i></p> <p><i>Based on the opportunities laid out in the article, brainstorm 10 ideas for new businesses that leverage these trends and needs. Then, craft a 30-second elevator pitch for your favorite idea.</i></p>
<p><b>VISUAL AID</b></p> <p><a href="#">A Business' Impact Goals</a></p>	<p>Every business needs to decide: How ambitious does it want to be in its impact? This slide maps the different levels of commitment to impact that we see in business, and where some of the predominant sustainability models fall within this scale.</p>
<p><b>VIDEO</b></p> <p><a href="#">Paul Polman talks about Unilever's Sustainable Living Plan</a></p>	<p>Visionary companies see a planet-first approach as an opportunity. Hear about how Unilever has been ambitious in their environmental targets and has been successful <i>because</i> of this... not <i>in spite</i> of it. (Watch 0:00 - 1:27)</p>
<p><b>VISUAL AID</b></p> <p><a href="#">What's your North Star?</a> Certification models, standards, and environmental impact measurement</p>	<p>These widely-used standards serve as a reference for how industries are currently thinking about monitoring and managing business' environmental impact. While many of these are criticized for not going far enough to actually solve the problems at hand, they're a great way to get started and understand how businesses currently think about environmental performance.</p>
<p><b>VISUAL AID</b></p> <p><a href="#">Are these frameworks enough?</a></p>	<p>We're seeing increasing demand from consumers for sustainable products. As formerly ambitious sustainability standards become the new normal, what does it take to be a sustainability leader?</p>
<p><b>ACTIVITY</b></p> <p><a href="#">Is it Greenwashing?</a></p>	<p>These days, most big businesses are running sustainability initiatives. It can be difficult to sort through and understand which are greenwashing, and which indicate a genuine commitment to sustainability. By reflecting on a given initiative, you'll hone your ethical compass and decide whether you think a given business is making the right decisions and prioritizations.</p>
<p><b>ASSIGNMENT</b></p> <p><a href="#">Sustainability Consulting Case Studies</a></p>	<p>To get practice applying these concepts in specific cases, you'll use one of the business frameworks we shared to make recommendations for how a specific organization can improve. It'll force you to make some difficult decisions in finding a balance of a strategy that is both feasible and aspirational for an</p>

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organization, and you'll practice presenting strategy in a way that can get others onboard.

*Curious to learn more? There are additional resources for students, and alternative lesson content for educators, in the [Explore More](#) Section.*