

Georgia Institute of Technology
College of Management
#4803—Business Sustainability Ethics
Classroom 224, Tuesdays and Thursdays, 12:05p to 1:25p
Syllabus

Ben Hill, Adjunct Professor; Senior Business Advisor, VentureLab
Office: Suite 314, Centergy Building (75 Fifth Street, NW)
Office phone: 404/894-2376
Email: ben.hill@gatech.edu

Objectives

When you finish this course, you should be able to:

- Recognize some of the business and ethical underpinnings of Sustainability
- Consider moral decision making as part of Sustainability
- Critically examine and understand the Triple Bottom Line
- Become aware of the need for sustainable business practices
- Create your own vision of sustainable business practices
- Think critically

Overview

Aren't all businesses sustainable? Business history clearly distinguishes between those companies that are viable, on-going firms, i.e. are "sustainable," and those businesses that fail to address long-term issues. In fact, it seems that a distinction exists in the thought processes and actions between creating lasting value versus engaging in short-term transactions with minimal, if any, regard for the future. As business people we must ask ourselves: Are we in business for the long-term, the day after tomorrow? If so, how does this business philosophy determine our business practices? As an example, think about the business philosophies and practices of UPS and Enron.

The notion of long-term value assumes that growth is perpetual. Likewise, the resources required for growth are inexhaustible and economically justifiable. The majority of businesses operate on these assumptions. But what if these assumptions change to where resources are finite or become prohibitively expensive? Likewise, how are pollution, waste and employee turnover factored into business models? These questions point to a growing trend of companies, industries and economies to recognize that creating value is a long-term effort, which takes into account financial, environmental and social considerations. The underlying ethos of these business practices is referred to as Sustainability. For this class, the focus will be on Business Sustainability.

Business Sustainability is driven by a philosophy of conducting business that balances the needs of the marketplace and business with the needs of stockholders, employees, customers, the environment, vendors, and the common good. It speaks to integrated business practices that take

into account the finiteness of inputs along with the need to reduce, minimize, and eliminate harmful outputs. It speaks to stewardship as a fundamental business practice. Ultimately, sustainability is about economic dynamics being circular and connected. Similar to ecosystem dynamics, businesses in the marketplace would operate like organisms in the biosphere where everything has a purpose and nothing goes to waste.

This course embraces the intersection business and philosophy. What are our actions and motives as business people? Do we follow certain mental model(s) of business? During the term we will think critically about how current and future business practices fit with the notion of Sustainability. We will dissect businesses using the triple bottom-line framework. We will look at laws which frame the boundaries and obligations of business to stockholders, the environment, and society. And, we will consider the extent to which Sustainability, as represented by the triple bottom-line, engages a handful of fundamental ethical principles. In sum, we will explore the intersection of business strategy and implementation, and ethics.

Course Format

This is a participative class in which discussion is vital to understanding the subject. The course will consist of presentations by the instructor, group presentations, case discussion, monitoring current events, maybe a class debate, and listening to a guest speaker. All of us can learn from the other and, likewise, each of us has something to contribute. The underlying premise of the class is interaction, not passivity. Consequently, class participation will be considered significantly in grading.

Required Texts

Stuart Hart, *Capitalism at the Crossroads* (Wharton School Publishing, 2005)

Reading packet, which will be obtained in class.

Supplemental material for those interested in learning more

Ray C. Anderson, *Mid-Course Correction* (Chelsea Green Publishing Company, 1998)

Amory Lovins and Paul Hawkins, *Natural Capitalism* (Back Bay Books, 2000)

William McDonough & Michael Braungart, *Cradle to Cradle* (North Point Press, 2002)

James Gustave Speth, *Red Sky at Morning* (Yale University Press, 2004)

Requirements and Grading

This class will be graded on a point system that is cumulative. Each component of the point system is worth a specific number of points as indicated below. Total points at the end of the term determine your grade. Every class day and assignment are important, and no single element makes or breaks your grade. It is important to note that **all papers are due at the beginning of class. Only hard copies are accepted.**

1. *Introduction. (10 percent)* The first assignment is simple: a three-page paper that addresses two general questions. First, I would like to know about your background, as an example--where you're from and why you're at Tech. Second, I would like to know your thoughts about the purpose of business and your business experience. **Due date: Tuesday, August 28.**

2. *Class participation. (20 percent)* As stated, class participation is a critical component of this course. Participating in class means you will have read the material for the day and will be prepared to lead a discussion about it. If you participate, you learn a lot more as you mentally work through the issues together with your classmates or the speaker.

One hundred points are possible for class participation. Five points per class are allowed for relevant participation. Participation will be evaluated on quality of discussion, not just quantity. Keep in mind that in order to obtain the full 100 points, relevant and germane participation is important in at least 20 classes. Participation includes, but is not limited to, the following:

- Contributing to class by providing examples of current issues as relates to sustainable businesses and business practices, and the environment. Refer to *Atlanta Journal and Constitution, the New York Times, Wall Street Journal, the Financial Times, or the Economist.*
- Volunteering to initiate class discussion for each class
- Contributing to discussions on class materials and assignments

Remember, the purpose of class participation is not to monopolize the conversation, but to add thoughts and provide insights which contribute to the learning experience for everyone in class.

Rules of etiquette for discussion, which will be reviewed the first day of class, will be followed throughout the term so as to encourage everyone's participation. If you miss class you cannot participate and therefore will miss points for participating. Being late to class is disruptive and will be counted as missing a class, so don't be late.

3. *Group Project: Company Spotlight. (35 percent)* Examine and critique the triple bottom-line approach of one of six companies. You will be selected randomly to participate in a group, and a company will be assigned randomly to each group.

The companies to be considered are:

- BP
- UPS
- Hewlett-Packard
- GE
- Citigroup
- BMW
- Interface
- Nike

Groups and companies will be selected on Tuesday, **September 4**. Use the frameworks of Stu Hart and John Elkington (see readings) to evaluate each company.

Four deliverables are expected. The deliverables and associated weight for grading purposes are:

1. Fifteen minute class presentation with five minutes for Q&A. (20 percent)
2. Ten slides for the class presentation. (20 percent)
3. Ten page analysis of the topic with list of references. (20 percent)
4. Review and grade of self and teammates on the project. Format to be provided. (40 percent)

Follow Guy Kawasaki's 10-20-30 presentation guidelines. (See: www.presentationzen.com)

Papers are to be double-spaced and will have one-inch margins. Style and format of papers and references are your decision; however, use a norm that is accepted at Georgia Tech.

**Due dates: Half of the teams will present Tuesday, October 16 and
Remaining teams will present Thursday, October 18**

Remember: All reference material for the papers and presentations must be cited.

4. *Individual Project (35 percent)* Examine in depth one of the following topics related to Sustainability. You will write an eight page paper, at the minimum, that will address the following: an overview of the topic, an explanation as to why it is relevant to Sustainability, the pros and cons of the issue, the current status of the topic and forecast for implementation, triple bottom line implications.

You will submit a paper topic no later than **Tuesday, October 23**.

Select one of the following topics:

- Should economics and marketplace dynamics be applied across all facets of society? Moreover, should certain social goods remain "economics-free?"
- Are social and environmental "free rider" issues a threat to civil society? If so, how should they be addressed? (As an example, see: <http://yosemite.epa.gov/ee/epa/eed.nsf/webpages/Publications.html>)
- Should costs be associated with CO₂ or should it remain cost-free? If costs were to be captured, what mechanism(s) would be appropriate and why?
- Evaluate the pros/cons of the different CO₂ trading emissions schemes pending before the US Congress (As an example, see: www.wri.org *Hot Climate, Cool Commerce*) What will their impact be on American industry?
- Analyze the environmental footprint of Georgia Tech and recommend courses of action to reduce it. (As an example, see: <http://www.tufts.edu/tie/tci/TuftsSustainability.htm>)
- Analyze your own environmental footprint and developed strategies to reduce it.
- Imagine you're an ethicist. Select one ethical theory and build a cohesive argument for or against business sustainability.
- Select a topic of your choice, which must be approved.

Papers are to be double-spaced and will have one-inch margins. Times New Roman type and 12-point font are to be used. Style and format of references are your decision; however, use a norm that is accepted at Georgia Tech.

Due date: Papers are due the last day of class, Thursday, December 6

Honor Code This is a course that is an ethical study of business. Therefore, being ethical should go without saying. However, like all Georgia Tech courses, this course falls under the purview of the Georgia Tech Honor Code. I urge you to read the Honor Code (www.honor.gatech.edu) if you have not. Be advised that if it is discovered that you have violated the honor code, you will be reported immediately to the Associate Dean of the College of Management.

Schedule This schedule covers the assignments associated with each class. Normally, every class will have reading assignments for purposes of discussion and consideration. The readings listed are due for each class. Completion of the assignments is vital to effective class participation and understanding the lectures, presentations, and debates.

Class Dates, Activities, and Assignments

Aug. 21

Course Overview and Introduction

A Sustainability Insight: Dr. Seuss, *The Lorax*

Aug. 23—No class due to travel.

Aug. 28

Introduction Paper Due

The Call to Sustainability

Video: Gus Speth, Dean, Yale Forestry and Environmental Studies

“Red Sky at Morning” video

Aug. 30

Business Models

Read and Discuss:

Peter Senge, *Mental Models* (reading packet)

Milton Friedman, “The Social Responsibility of Business Is to Increase Profits.” (reading packet)

Edward Freeman, “Stakeholder Theory of the Modern Corporation.” (reading packet)

Sept. 4

Select Teams and Companies

Business Models (cont’d)

Sustainability Discussed and Defined

Read and Discuss:

“The Roots of Sustainability,” *Sloan Management Review*, (reading packet)

John Elkington, “Cannibals with Pitchforks,” pp. 3-13, 69-95 (reading packet)

Sept. 6

Business Models (cont’d)

Sustainability Discussed and Defined

Read and Discuss:

Charles Handy, "What's a Business For?" (reading packet)

Sept. 11

What is a Corporation? (discussion)

Vignette from *The Corporation*

The Law: Limited Liability and Perpetual Lifetime

Corporate Personhood: Santa Clara County v. Southern Pacific Railroad Co.

Profitable Operations: Dodge v. Ford Motor Co.

Sept. 13

Introduce *Capitalism at the Crossroads* by Stu Hart

Read Stu Hart, Chap. 1

Sept. 18

Three Economies

Read Stu Hart, Chap. 2

Sept. 20

Buzzwords and Connecting the Dots

Read Stu Hart, Chap. 3

Sept. 25

Greening and Beyond Greening

Read Stu Hart, Chap. 4

Sept. 27

Counter-Intuitive Markets

Read Stu Hart, Chap. 5

Oct. 2

The Base of the Pyramid

Read Stu Hart, Chap. 6

Oct. 4

Low Income \neq Poverty

Read Stu Hart, Chap. 7

Oct. 9—Fall Break

Oct. 11
Developing Native Capacity
Read Stu Hard, Chap 8

Oct. 16
Team Presentations
Toward a Sustainable Global Enterprise
Read Stu Hart, Chap. 9

Oct. 18
Team Presentations
Toward a Sustainable Global Enterprise
Read Stu Hart, Chap. 9

What does the Law have to say? Some examples:
Clean Air Act
Clean Water Act
Endangered Species Act

Oct. 23
Decide on Individual Paper Topic
Two Ethical Theories: Responsibility to Nature and Obligations to Future Generations
Read and Discuss:
Garret Hardin, “The Tragedy of the Commons” (reading packet)

Oct. 25
Two Ethical Theories (cont’d)
Read and Discuss:
Holmes Ralston, III, “Environmental Business: An Ethic for Commerce” (reading packet)

Oct. 30
The Value of Nature
Read and Discuss:
E. O. Wilson, “What is Nature Worth?” (reading packet)
William K. Stevens, “How Much is Nature Worth? For You, \$33 Trillion.” (reading packet)

Nov. 1
The Intersection of Economics and Nature and Time (discussion)

Nov. 6
Child Labor and Minimum Wage: Fair Labor Standards Act
Case: Global Sourcing Challenge: Indian Rugs and Child Labor
HBS case: #9-906-414

Nov. 8
Child Labor (cont'd) and Minimum Wage:
Read and Discuss
Excerpt about John Rawls and *A Theory of Justice*
Consider: US Fair Labor Standards Act

Nov. 13
Consumption
Read and Discuss
Laurie Michaelis, "Ethics of Consumption." (reading packet)

Nov. 15
Consumption
Read and Discuss
Laurie Michaelis, "Ethics of Consumption." (reading packet)

Nov. 20
Triple Bottom Line Consumption (discussion)

Nov. 22—Thanksgiving

Nov. 27—No class due to travel.

Nov. 29—No class due to travel.

Dec. 4
Guest speaker

Dec. 6
Final Papers Due
Wrap-Up