**Chapter 1**

**Introduction to Sustainable Business**

**Chapter Overview**

Chapter 1: Introduction to Sustainable Business explains what sustainability means and why it is important to business leaders. This chapter provides a factual big-picture overview of the topic, including the evolution of sustainability within the business community, and environmental, social, and economic drivers of that evolution. This chapter motivates the book by ending with a discussion of the business case for sustainability and the role of innovation in addressing the risks and opportunities of sustainability.

After reading this Chapter, you should be able to:

* Define sustainability and explain its relevance to business.
* Articulate how global trends drive sustainability in the private sector.
* Distinguish between the levels of commitment to sustainable business.
* Make the business case for sustainability.
* Explain the role of entrepreneurialism and innovation in sustainability

**Lecture Outline with Notes**

1.1 What Do We Mean By “Sustainability”?

* Define “sustainability,” “sustainable business,” “triple-bottom-line”
* Spend time on Global Insight: Sustainability at Small- and Mid-Sized Enterprises. Most students work at an SME and will relate better if they know these concepts are applicable to even small companies.
* Explain the significance of population growth coupled with natural resource shortages (Figures 1.1, 1.2, 1.3, culminating in “ecological overshoot” in Figure 1.4)
* Discuss the collapse of the ocean’s fisheries (1.1.4)

1.2 Causes and Consensus Around Sustainable Business

* Explain the concept of a “negative externality” and the extent of business impacts on “natural capital” (with focus on Ethical Decisions: Business Externalities Threaten Natural Capital)
* Distinguish the various drivers of sustainable business (and see Table 1.1)
* Discuss the outcomes of the Rio+20 Summit on Sustainability

1.3 The Forms and Stages of Sustainable Business

* Even though some businesses are truly pioneering (see Leadership: Statoil ASA Provides Sustainable Oil), explain why sustainability has not received the attention it requires from some business leaders (1.3.1)
* Spend time on Table 1.2, with attention to behavior changes at each of the stages
* Reinforce the “maturation process” of Table 1.2 with attitude changes described in Table 1.3
* LEADERSHIP: Coloplast A/S Provides Sustainable Health Care

1.4 The Business Case for Sustainability

* Read aloud the quote from the former CEO of Coca-Cola in Managerial Insight: Balance and Stewardship are not Anti-Business Ideas. Remind students about the principles of balance and stewardship from the first section of the chapter.
* Go over the recent market takeover of sustainable products in Table 1.4.
* Go through each of the Business Impacts in Table 1.5 to highlight the inter-connected nature of environmental and economic pressures.
* Go through each of the market sectors of Table 1.6 for a future-oriented look at business opportunities.

**Suggested and Alternative Approaches to the Material**

For Chapter 1, begin at the end, with the Discussion Questions. Many students have pre-conceptions about this topic and it would promote learning and effectively “break the ice” with a new class by having students articulate these impressions and experiences up front. This also helps set a baseline for the semester: what do we think we know about this topic now, versus at the end of the semester? One possibility is to have each student write out their response and save these responses for the end of the semester to see how views change over time.

This first priority of this chapter is to get across the point that the status quo is not sustainable. This is a powerful lesson that may alter students’ worldview. It may work to engage some students, but not others. If the class is not responsive to a discussion of “externalities,” try diving right in to 1.4, “The Business Case for Sustainability.” If the class is not already inclined to care about this topic out of moral concern, discussing the payoffs and opportunities for sustainable innovation may do the trick. Remember: sustainability is the refinement of the profit motive, not the demonization of the profit motive.

**Further Research**

Check out “The Business Logic of Sustainability,” a TED-Talk by Ray Anderson, former CEO of Interface Carpet. Ander- son was a leader in sustainable business before his death in 2011. His legacy will endure for his personal transformation on the subject of corporate responsibility for environmental impacts, and making the business case for sustainability.

For a short documentary-advocacy video explaining the global overfishing problem, see the YouTube video “Ending Overfishing.”

A classic book on the business case for sustainability is Daniel C. Esty & Andrew Winston’s *Green to Gold: How Smart Companies Use Environmental Strategy to Innovate, Create Value, and Build Competitive* Advantage (John Wiley & Sons, Inc., 2009).

The non-profit Carbon Disclosure Project website hosts a series of video interviews with professionals at businesses from a variety of sectors, explaining their company’s climate change strategy.

*Harvard Business Review* Case: Michael Valente, PepsiCo’s Turning Point: Establishing a Role in a Sustainable Society, Prod. #: W11097-PDF-ENG (April 20, 2011).