Global Sustainability
What is the impact on our clients?
Do business schools have a role to play?
Overview

• A client perspective: what do business schools do?
• How could Global Sustainability affect that?
• Some examples
• The role of a business school?
What do business schools do?

• They build the capacity of organisations and individuals grow shareholder value.

• They are thought leaders on the issues and tools for sustaining organisational value for the longer term.
Building capacity

• Developing strategies
  – Analysing the environment
  – Developing strategic responses

• Change management
  – Internal and external drivers

• Engaging and empowering employees to make better decisions
Supply side of business strategy

Adapted from Hubbard et al, 1996
Strategy formation – Mintzberg 1990

Intended/planned strategy

Actual realised strategy

Unrealised strategy

Emergent strategy

Internal and external forces resisting intended strategy, proposing alternative strategy
Global Sustainability?

• What are the key sustainability issues?
• Do they present any opportunities/threats for the organisation?
Business Impact of Global Sustainability

Sustainability Drivers for Change:

• Climate change
• Population
• Availability of natural resources
• New knowledge about substances
• Availability of waste disposal

Real Business Risks:

• Direct impacts
  • drought, floods, sea level risk
  • migration, health, social
  • Lack of access to resources etc
• Indirect impacts
  • Changed customer and community expectations
  • Policy, regulatory response
  • Competitive action
    Current, new entrants, substitutes
  • Innovation, new technologies

• Opportunities
Business Strategy

• What issues could be material to the organisation’s ability to grow shareholder value?

• What strategic responses?
  – What opportunities do we need to seize?
  – What risks do we need to manage?

• How do we ensure that our people can identify and adapt to change?
Example: water supply for Melbourne

Figure 3.3 Melbourne storage inflows 1913 – 2006
Inflows in 2006 were the worst in recorded history

Average inflows 1913-2005: 588 GL
Average inflow 1997-2006: 387 GL
Average inflow 1996-2005: 453 GL

2006: 165 GL

Source: Melbourne Water
Challenges

• Is it another ‘Federation Drought’?
• Is it climate change?
• What are the risks?
Figure 3.5 Forecast Melbourne storage levels 2007-2016 under three inflow scenarios

- With no new supply

- 100 year scenario - Long-term average with no new supply
- 10 year scenario - 1997-2006 average with no new supply
- 3 year scenario - Repeat of 2004-2006 with no new supply
Indirect impacts?

- What are the alternatives?
  - Restrictions, desalination, trading, IPR, dual system recycling
- What are the risks of the alternatives?
  - Excess capacity?
  - Energy intensity given policy responses?
  - Cost to customers?
- Need to make the best possible business decision, in a timely manner, with best information available at the time
The Mining Industry

Sustainability Drivers for Change:
- Iconic Disasters
- Climate change
- Biodiversity
- Community expectations
- Lack of engagement

Real Business Impacts:
- New, tighter, costlier regulations
- Access to new mines;
- Access to human capital
- Access to financial capital
- Community licence to operate
The Packaging Industry

Sustainability Drivers for Change:

- Perception of wasteful society
- Sensitive or limited raw materials (fibre, plastics)
- Climate change and drought

Real Business Impacts:

- Packaging waste obligations
- Limited access to raw materials
- Increasing costs of raw materials
- Energy, water costs rising
- Customer impacts of drought
News chief sets zero-emissions goal

Murdoch orders a clean-up

Seffra Hendon
THE world's top media company, News Corporation, will slash its global carbon footprint to zero under a bold plan revealed by its chairman, Rupert Murdoch.

Having the global media empire produced 41,000 tonnes of greenhouse gas last year, the News chairman and CEO last night pledged to go green.

"We could make a difference just by holding our emissions steady as our businesses continue to grow, but that doesn't seem to be enough," Mr Murdoch said. "This is about changing the DNA of our business to re-imagine how we look at energy."

"Climate change poses clear, existential threat," Mr Murdoch said. "We may not own the world, but we certainly can't afford the risk of inaction."

Rupert Murdoch

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What does Sustainability mean?

• Direct impacts on many businesses
• Indirect impacts on many businesses
• Presents material opportunities and risks for sustained shareholder value
• Needs to be embraced as part of core business strategy and change management
Role of Business Schools

• Responding to changing business and societal needs

• Leadership in finding business solutions
  – Capacity-building for understanding and managing sustainability-driven change
  – Developing new models to measure risk and value creation