

# Mt Eliza

EXECUTIVE EDUCATION



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**2008**

## Global Sustainability

What is the impact on our clients?

Do business schools have a role to play?



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GLOBAL. BUSINESS. LEADERS.

- 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?

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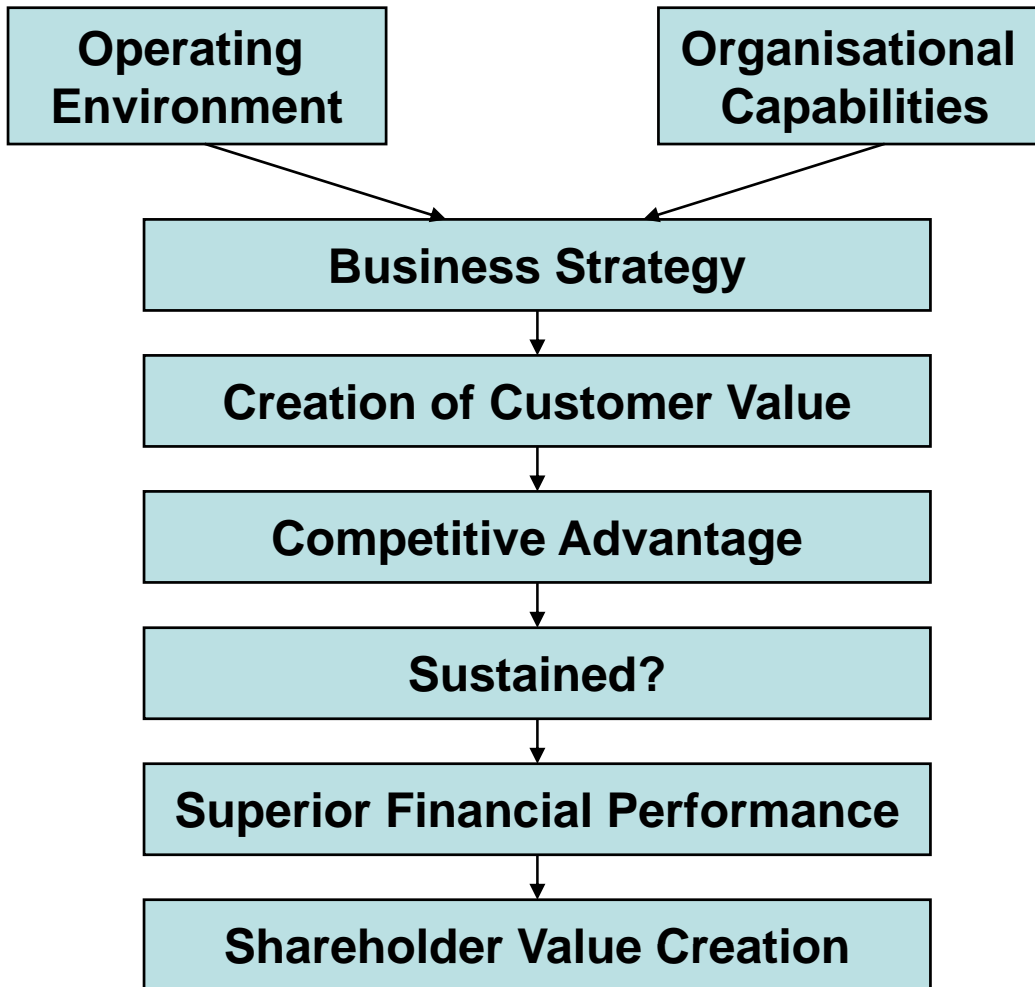
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- They build the capacity of organisations and individuals grow shareholder value.
- They are thought leaders on the issues and tools for sustaining organisational value for the longer term.

- Developing strategies
  - Analysing the environment
  - Developing strategic responses
- Change management
  - Internal and external drivers
- Engaging and empowering employees to make better decisions

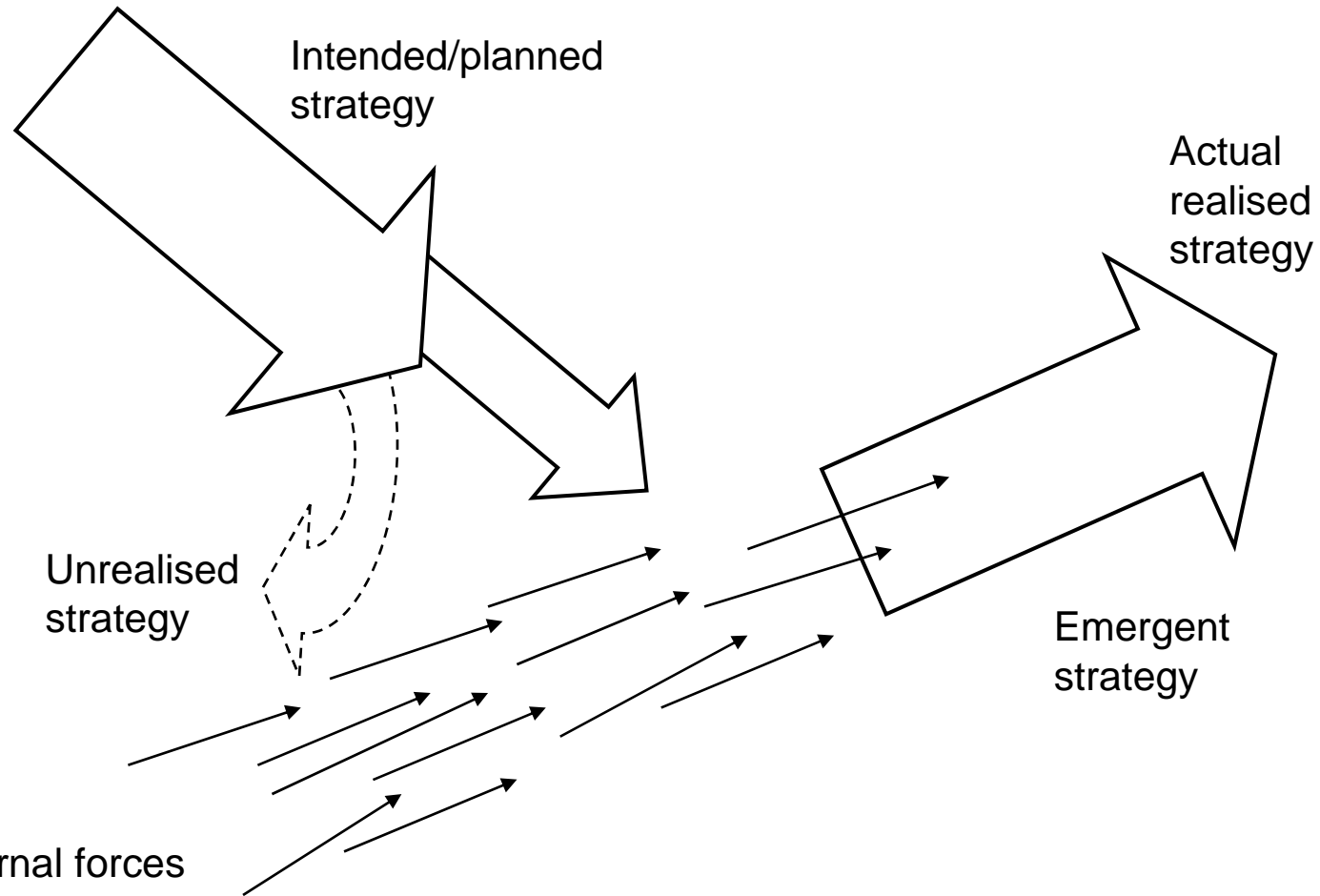
# Supply side of business strategy

**OT**  
**Opportunities,**  
**Risks**



**SW**

# Strategy formation – Mintzberg 1990



Internal and external forces resisting intended strategy, proposing alternative strategy



- What are the key sustainability issues?
- Do they present any opportunities/threats for the organisation?

## 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

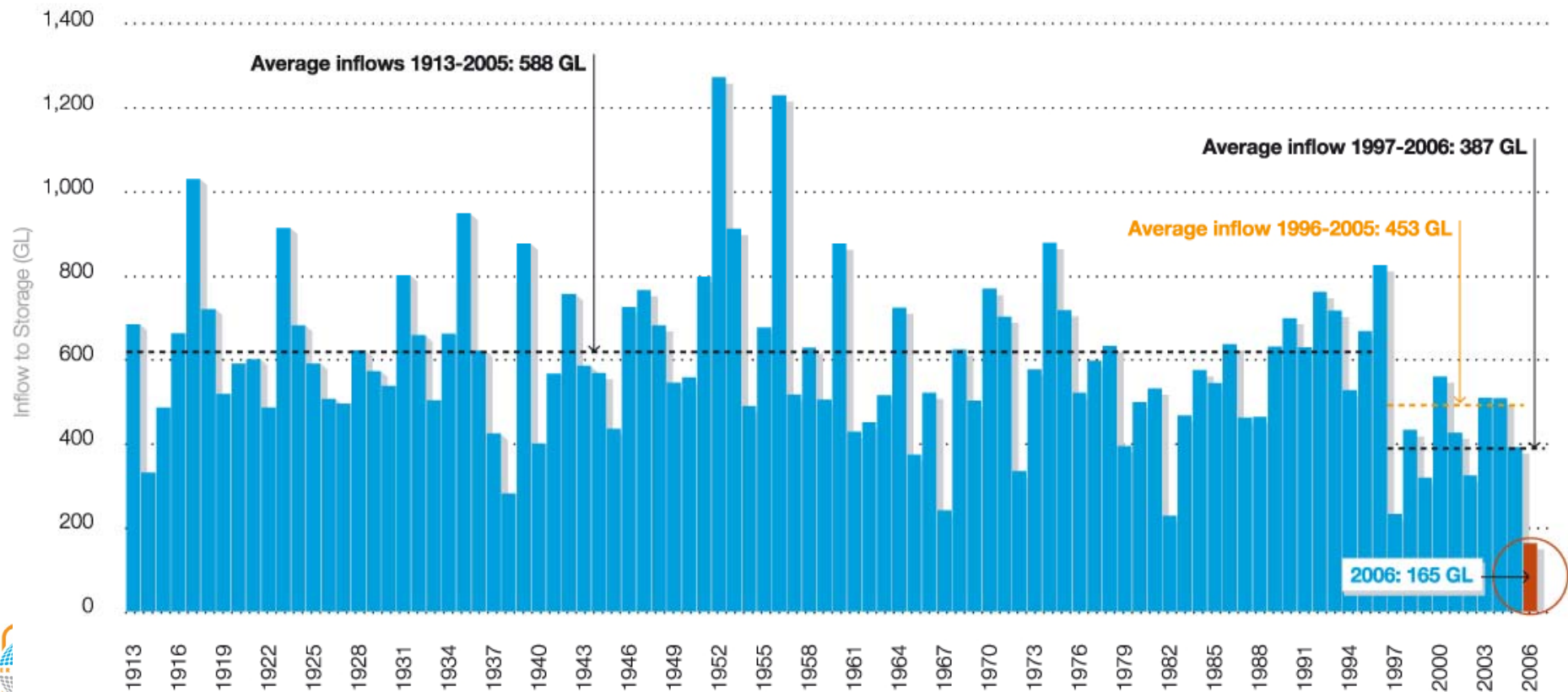


- What issues could be material to the organisation's ability to grow shareholder value?
- What strategic responses?
  - What opportunities do we need to seize?
  - What risks do we need to manage?
- How do we ensure that our people can identify and adapt to change?

# Example: water supply for Melbourne

### Figure 3.3 Melbourne storage inflows 1913 – 2006

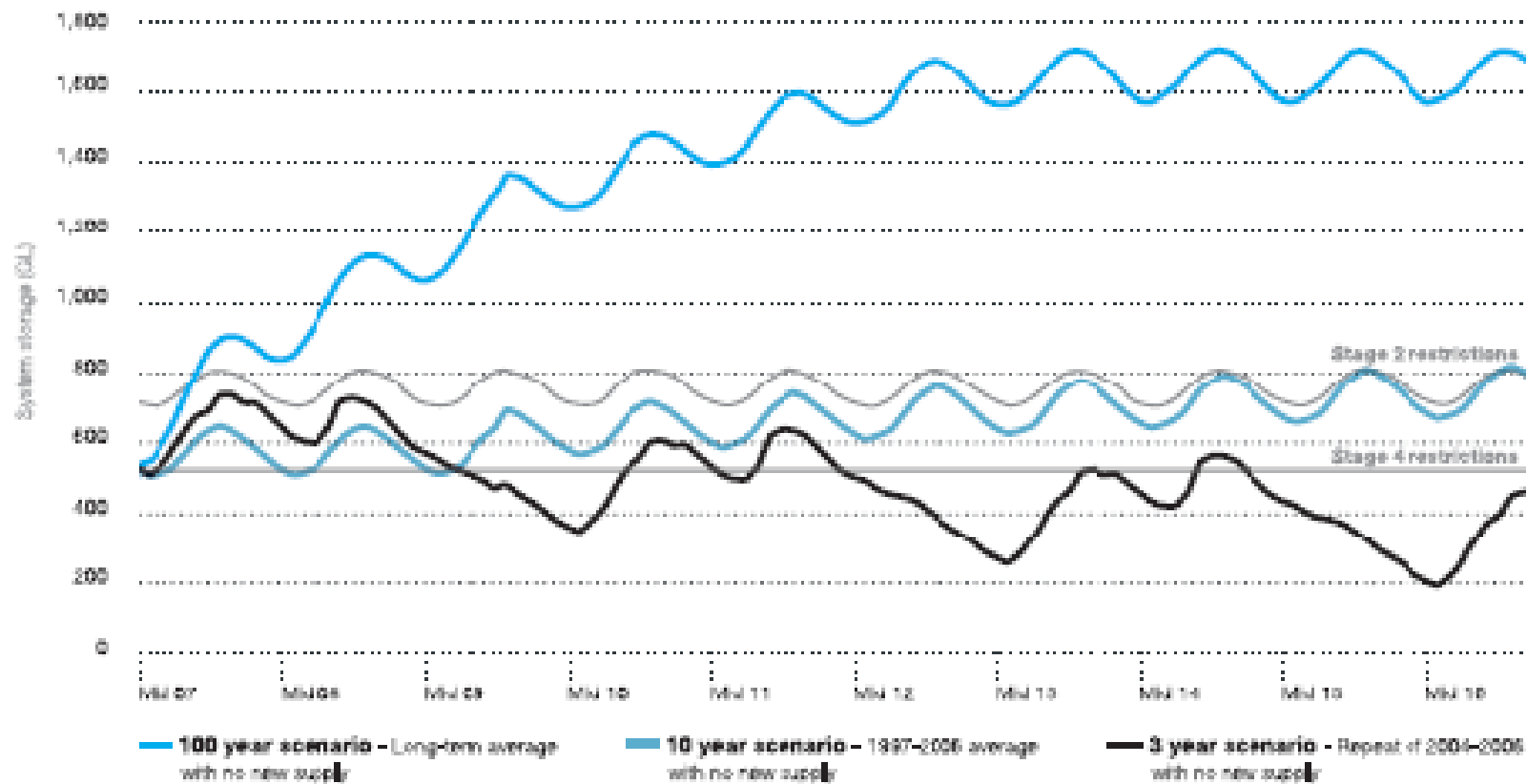
Inflows in 2006 were the worst in recorded history



Source: Melbourne Water

- 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



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- 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

## 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

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Virgin  
blue

FLY CARBON NEUTRAL



## News chief sets zero-emissions goal

# Murdoch orders a clean-up

Saffron Howden

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.

Saying the global media empire produced 641,150 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



Rupert Murdoch

"Climate change poses clear, catastrophic threats," Mr Murdoch said. "We may not agree on the extent, but we certainly can't afford the risk of inaction."

**'This is about changing the DNA of our business to re-imagine how we look at energy'**

- RUPERT MURDOCH

zines, books, internet media and films could inspire readers and viewers across the world to change their ways.

But there would be limits. "Not every hero on television can drive a hybrid car. Often times it just won't fit," Mr Murdoch said.



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MELBOURNE BUSINESS SCHOOL



# What does Sustainability mean?

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- 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

- 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