

Warming Up to Climate Change

Schools Work With Companies to Develop Strategies on the Environment and Sustainability

By: Beth Gardiner

Business school faculty and students are applying their management skills to one of the world's knottiest problems: climate change.

Several years after global warming first became a big topic in B-school classrooms and cafeterias, schools are now digging into the issue in a far more detailed way. There are new faculty posts dedicated to environmental concerns, case studies highlighting companies that have succeeded in shrinking their carbon footprints and a slew of student consulting projects on cutting emissions. Norwich Business School in England recently launched what it says is the world's first M.B.A. in strategic carbon management.

"This has gone from what 10 years ago, when I started, was kind of a novelty to something that is a core part of our business, because it's a core part of business," says Gail Whiteman, who holds a newly created chair in sustainability and climate change at Rotterdam School of Management, Erasmus University, in the Netherlands. "As opposed to a few years ago, the legitimacy within the business school has climbed significantly."

Dr. Whiteman says her school's corporate advisory board, composed of executives from large corporations, had recently told her sustainability and climate concerns should be one of the institution's three key focuses.

"There was something like €300 billion worth of responsibility in that room which was saying 'This is not decorative,'" she says. "They're strongly committed to doing something on climate change and they need staff who know something about it."

Like many business school faculty working on climate issues, Dr. Whiteman emphasizes that it goes beyond corporate social responsibility. Retooling for a low-carbon economy must be a central concern for businesses, they say,

particularly since governments around the world are likely to eventually require it.

At IMD business school in Switzerland, professors worked with the conservation group WWF to write 13 case studies on companies that had taken innovative steps to cut greenhouse-gas emissions. A representative of the school joined WWF in distributing them at the Copenhagen climate summit in December, says Aileen Ionescu-Somers, director of IMD's Center for Corporate Sustainability Management.

Topics included the Tetra Pak packaging firm's decision to site a new Chinese plant near sources of renewable power and an internal finance mechanism at [Johnson & Johnson](#) intended to facilitate funding for long-term carbon-saving projects, Dr. Ionescu-Somers says.

She argues that business schools have a big role to play in showing future managers the importance of sustainability, noting that IMD's research indicated the biggest obstacles to companies working in a more environmentally friendly way were not external issues but their own executives' mindsets.

"Integrating this as part of how you think as a business leader will definitely allow more opportunities to be perceived, as opposed to only risks, in the area of sustainability," she says. IMD is starting an executive-education program on sustainability this fall, also in collaboration with WWF.

At the China Europe International Business School in Shanghai, students in a new, mandatory M.B.A. course on sustainability and responsible leadership work jointly with companies, non-profit groups or government agencies on a broad range of social and environmental problems, many of them with climate implications, says Richard Brubaker, a sustainability consultant and visiting professor who teaches the course.

"For China these issues are very real," says Lydia Price, the school's M.B.A. program director. "There's just no way that China can continue its economic

growth without confronting (sustainability) issues very seriously, and that means they will have a very strong impact on our students in their careers."

Whether through regulation, government investment in clean technologies or consumer demand for environmentally sensitive practice, "if they're working in China, they're going to be affected by this in a big way, sooner rather than later," she says.

Sustainability, the consumption of natural resources at a rate that doesn't deplete the planet, now cuts across the curriculum, Dr. Price says. "We're starting to get into the finance field, we're talking about sustainable investment, we're seeing it emerge in all the functional areas of business, sustainable marketing, sustainable supply chain."

At the University of Cambridge's Judge Business School, policy modeling expert Chris Hope designed a model policymakers and businesses can use to estimate the social cost of carbon, using their own assumptions about temperature changes and their economic impact. It's been used by the U.S. Environmental Protection Agency and the authors of the influential Stern Report on the economics of climate change, commissioned by the U.K. government.

The model lets policymakers see what the long-term costs of different decisions on carbon cutting might be, by putting a price on the damage done by every additional ton of carbon in the atmosphere. That figure varies depending on the assumptions used, but Dr. Hope puts it at around \$80. Whatever amount policymakers come up with is exactly where they should set a carbon tax, he argues.

"That's a really useful number, both for governments who might be thinking of using these kinds of financial measures and for businesses who are thinking 'What might we be asked to pay in the future?'" Dr. Hope says.

He's also shared his model with Britain's Committee on Climate Change, which advises the government on carbon limits, and international bodies

including the Asian Development Bank, he says. And big corporations are increasingly seeking his help as they consider plans to shrink their carbon footprint.

"Business schools should have a practical focus; we're interested in results in the real world," says Dr. Hope. "And so we would certainly be a good place to move beyond the complex science and see what the implications of that science might be for businesses and for government."

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