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## The Dirty Little Secret About Green MBAs

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A lot has changed in the past several years that have shifted companies' focus toward sustainability.

Post-9/11, post-financial crisis, post-BPA and melamine scandals, the public opinion pendulum has swung strongly toward a more activist role for governments and corporate boards in overseeing how companies operate globally.

If this is the "new normal," future business leaders have to be prepared to deal with these complex issues -- not as matters of public relations but as integral parts of operational strategy.

But business education programs, even green MBA programs, are failing to prepare students for the deep, complex and sticky issues that underlie sustainability strategy. In narrowly focusing on topics like cap-and-trade and carbon footprint reduction, business education has left uncovered the hidden, human dimensions to sustainability -- an exclusion that is leading to a major void in the sustainability efforts at companies across the globe.

According to recent research from Harvard Law School and the IRRC, only 28 percent of global companies have in place labor and human rights (LHR) policies covering their global supply chains. And for most green MBA and sustainability programs, human rights are too politically charged to warrant a place in the coursebook.

We argue that sustainability is not merely a series of financial decisions, but a complex web of social, environmental and economic ecosystems in which global companies need to operate in order to create long-term success and profitability. And the human elements of those systems, including working conditions, access to clean water and education, health care and other related issues, should be central to businesses' sustainability strategies.

To incorporate these complex issues into the curriculum, business schools must make a shift away from process thinking and into systems thinking, and take a more scientific approach to business education. They must help students make this radical shift in thinking by offering courses and projects that shift the way their analytical minds work.

Business schools are very good at asking students to ask hard questions -- for example, how would marketing, IT and operational functions work together to reduce a company's energy consumption?

Traditionally, we are not so good at asking students what the questions should be, in the first place, or how the systems within and outside a business support or conflict with a company's mission and goals. A cross-functional team to address energy consumption will have little long-term

impact if, for example, a citywide shift to wind power is imminent, or if all employees drive individual cars to work, or the company's widget manufacturers in Asia employ child labor.

!-pagebreak-- Business schools and executive education programs need to start thinking differently about how they frame these issues for those future leaders. But how?

As someone who's been on both sides of the fence-as social sustainability manager for Ford and now a guest lecturer teaching at the University of Michigan's Erb Institute -- I've come up with a few ideas for how innovative business programs can, and in some circumstances already are, tackling this challenge:

### **Think like a diplomat -- multilaterally.**

Business schools are only as strong as their weakest economist. A multi-disciplinary faculty will provide students and the companies that hire them with the kind of systems-oriented insights they need to address sustainability holistically.

As the quest continues to reduce greenhouse gases, the automobile industry is pressed to produce and sell electric vehicles. But what of the cost? And we're not only referring to the price point differential of a battery.

The impact of lithium-the bribery and corruption that will exist by mining and operating in politically unstable countries, dangerous working conditions, the impact on indigenous populations, and the water used to extract the raw materials are all system variables that need to be balanced beyond the triple bottom line.

### **Redefine the case study.**

Beyond stories about successful light bulb replacement programs and carbon offsets, there are multitudes of business case studies that explore companies' broad-based sustainability strategies. For example, a new book by Erb Institute MBA/MS students, "Hybrid Organizations," profiles for-profit but social mission-driven companies for whom sustainability is core to their very existence, but manifested in very different ways

### **Sleep with the enemy -- then kick them out of bed.**

Relationships with corporate partners, advisors and funders are invaluable to business schools because they give business students access to real-world ideas and insights. But sustainable MBA programs should constantly challenge even their staunchest financial supporters in order to ensure that they, and their students, are never greenwashed.

### **Embrace complexity, think in systems, understand mental models and be humble.**

It is time to better understand diverse cultures and the global challenges of sustainable development. While MBAs can get excited about the money to be made in energy markets, technologies, turbines and solar panels now that this technology is mainstream, the MBA should learn about the problems, policies, risks and opportunities for leadership and establishing new markets.

Only when business education programs challenge their own "business as usual" can they truly prepare students to address the social challenges associated with sustainability not as hurdles, but as business opportunities.

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