

Strategic ESG: Creating Sustainable Value

Course Outline

Week 0 (2 hours)

Getting Started

- Welcome to Strategic ESG—Start Here!
- Course Expectations and Schedule
- How to Navigate the Learning Platform
- Welcome to CareCo Natural
- Team and Role Assignment
- Introduction to Project
- Ready to Get Started?

Week 1 (6 hours)

Introduction to Week 1

- Overview of Week 1

Module 1: Creating Value (2h)

- Introduction: Why start with Finance?
- Self-assessment: What's your level of financial acuity?
- Lesson 1: Financial basics
 - The Income Statement
 - The Balance Sheet
 - Key Financial Metrics: Revenue growth, profit growth, ROIC
- Lesson 2: Creating Shareholder Value
 - Two Kinds of Investors
 - Return on Invested Capital (ROIC)
 - 4 Drivers of Value
- Lesson 3: Strategy-driven Value Creation
 - Traditional Strategy
 - How Strategy Drives Value (Sustainable Value Creation Map)
 - Competitive Advantage and Relative Attractiveness
 - Core Business Processes
 - Resources & Capabilities
- Case Study: How Did Southwest Airlines Veer Off Course?
- Summary and What's Next

Module 2: Sustainability, Business, and ESG (1.75h)

- Lesson 1: Sustainable business and the Triple Bottom Line

- The Great Trade-Off Illusion
- The Triple Bottom Line
- The Larger Systems View of Business Impact
- Lesson 2: Sustainable Investing, ESG, and its impact on business
 - Spectrum of Investing Approaches
 - How Investors View ESG Performance
 - ESG As Risk Avoidance
 - ESG Integration
 - Do High-Performing ESG Firms Produce Superior Financial Returns?
- Case study: EcoLab (water preservation technologies)
- Summary and What's Next

Week 1 Team Assignment (2h)

- Individual Preparation:
 - Review CareCo Natural Documents
 - Complete PREPARE Section of Assignment
- Live Team Meeting:
 - Introductions & Team Covenant
 - Competitive Strategy for CareCo Natural

Week 1 Wrap-Up (15m)

- Personal reflection

Week 2 (6 hours)

Introduction to Week 2

- Overview of Week 2

Module 3: Strategic ESG: Creating Sustainable Value (2h)

- Lesson 1: Identifying Material ESG Issues
 - A Note on Materiality
 - Assessing Materiality to Prioritize ESG Issues
- Lesson 2: Connecting the Dots: Mapping Cause-and-Effect from ESG Initiative to Impact and Value
 - Connecting ESG Priority Issues to Impact and Value Creation
 - The Sustainable Value Creation Map
 - Practical Tips for Using the Sustainable Value Creation Map
- Lesson 3: The Value of a Sustainability-Driven Strategy
 - Beyond ESG Initiatives: Sustainability-Driven Strategy
 - The Intangibles of Sustainability Strategy
 - Mapping Long-term Strategy Using the SVCM
- Case Study: DE&I at a Major Hotel Chain Property

Lesson 4: Applying the Sustainable Value Creation Map

Exercise: Create a SVCM for a CareCo Natural ESG Initiative (Grower Certification)

Summary and What's Next

Module 4: Sustainability Reporting and Materiality (1.75h)

Lesson 1: A Brief Overview of Sustainability Reporting Frameworks

Sustainability Reporting and the Global Reporting Initiative (GRI)

Additional Frameworks: CDP, SBTi, GHG Protocol, UN SDGs

Lesson 2: Reporting Sustainability to Investors

SASB + TCFD = ISSB

Emerging Trends in Reporting

Case Study: Nike and SBTi

Summary and What's Next

Week 2 Simulation Team Assignment (2h)

Individual Preparation:

Review the CareCo Natural Sustainability Scorecard/Key Metrics

Map ESG Initiatives for CareCo Natural

Live Meeting:

Share Maps and identify priority ESG initiatives

What are implications for CareCo Natural competitive strategy?

Week 2 Wrap-Up (15 m)

Personal reflection

Week 3 (6 hours)

Introduction to Week 3

Overview of Week 3

Module 5: Making Progress (e.g. Application to project) (1h)

Lesson 1: What are you going to do?

Choose Your ESG Initiative

Finding Your Project Sweet Spot

Lesson 2: Making Your Proposal

Making a Strong Pitch

Mapping Your Project Using the Sustainable Value Creation Map

Review the Project Assignment

Leadership Team Hub (15m)

CareCo Natural Leadership Hub Tour

Performance Report Tour

Year 03-04 Simulation Team Assignment (4h)

Individual Preparation 1:

Review Year 03-04 briefing materials and Partner Project Proposals

Live Meeting 1:

Year 03-04 strategy

Individual Preparation 2:

Review Guidebook: Roles & Decisions

Enter preliminary input decisions

Live Meeting 2:

Review and finalize Year 03-04 input decisions

Advance simulation and get Year 04 results

Project Assignment (30m)

Begin mapping your organization's strategy (do your homework) — using the Sustainable Value Creation Map

Week 3 Wrap-Up (15m)

Personal reflection

Week 4 (6 hours)**Introduction to Week 4**

Overview of Week 4

Year 05-06 Simulation Team Assignment (3h)

Individual Preparation:

Review Year 04 reports

Review Year 05-06 briefing materials

Enter preliminary input decisions

Live Meeting:

Year 05-06 strategy and input decisions

Advance simulation and get Year 06 results

Year 07-08 Simulation Team Assignment (2.75h)

Individual Preparation:

Review Year 06 reports

Review Year 07-08 briefing materials

Enter preliminary input decisions

Live Meeting:

Year 07-08 strategy and input decisions

Advance simulation and get Year 08 results

Week 4 Wrap-Up (15m)

Personal reflection

Week 5 (6 hours)

Introduction to Week 5

Overview of Week 5

Year 09-10 Simulation Team Assignment (2h)

Individual Preparation:

Review Year 08 reports

Overview of Upcoming Regulatory Changes (Yr 10 and beyond)

Enter preliminary Year 09-10 input decisions

Live Meeting:

Long-term strategy and input decisions

Advance simulation and get Year 10 results

Distill Insights — As a Team (1h)

Live Meeting:

Share insights from the simulation experience

Project Assignment (2.75h)

Work on Project Assignment

Week 4 Wrap-Up (15m)

Personal reflection

Week 6 (6 hours)

Introduction to Week 6

Overview of Week 6

Project Assignment (5h)

Complete and submit Project Assignment

Provide 3 peer reviews

Reflect on peer reviews received

Content Final Quiz (30m)

Team Contribution Ratings (30m)

Resources and Inspiration

CareCo Natural Simulation: The simulation is realistic, but the specific scenarios, strategies, and financials are fictional. The operational and financial performance of the underlying system dynamics model is based on available data from public companies in the Fast-Moving Consumer Goods (personal care) industry, including:

- Marico Ltd
- Natura & Co
- Unilever (including brands such as Love Beauty and Planet)
- P&G

Sustainable Value Creation Map: The SVCM builds on several frameworks that have guided sustainability strategy over the past two decades. We acknowledge the valuable foundation these have provided in the development of this tool. To learn more, see:

- Robert S. Kaplan and David P. Norton, *Strategy Maps: Converting Intangible Assets Into Tangible Outcomes* (Boston: Harvard Business School Press, 2004). [The Balanced Scorecard features layers similar to the SVCM.]
- Stuart L. Hart, [*Capitalism at the Crossroads: New Generation Business Strategies for a Post-Crisis World, Third Edition*](#) (Upper Saddle River, NJ: Prentice Hall, 2010). [Chapter 3: The Sustainable Value Portfolio features the Sustainable Value Framework which first described the core linkages between sustainability and business value creation.]
- David J. Collis and Michael G. Rukstad, "[Can You Say What Your Strategy Is?](#)", *Harvard Business Review* (April 2008); Roger L. Martin, "[Five Questions to Build a Strategy.](#)" *Harvard Business Review* (May 26, 2010). [These classic articles help boil business strategy down to its essence and bring focus to an otherwise complex maze of frameworks and methodologies.]
- SAP, Impact Through Innovation: SAP Integrated Report 2016, available at <https://www.sap.com/docs/download/investors/2016/sap-2016-integrated-report.pdf> [SAP has been a pioneer in integrated reporting and mapping the cause-and-effect connections between sustainability initiatives and financial performance. In 2015, their website featured an interactive map that highlighted these connections. This was an early inspiration for our SVCM map. See "Connectivity of Financial and Non-Financial Indicators," pp. 215-223 in their 2016 Integrated Report.]