



# University of Colorado

Boulder | Colorado Springs | Denver | Anschutz Medical Campus

## EXECUTIVE MBA

### Sustainable Value Creation (XBUS 6710)

Term 8, Spring 2017

Instructor:	David Chandler
E-mail:	<a href="mailto:david.chandler@ucdenver.edu">david.chandler@ucdenver.edu</a>
Office:	The Business School, Office 6107 (6 <sup>th</sup> floor)
Tel:	(303) 315-8462
Office hours:	By appointment (feel free to email any time).

## COURSE INFORMATION

### Course Description

The purpose of this course is to understand the goals and purpose of the for-profit firm. In particular, we will explore how the firm creates value, broadly defined, by investigating the concept of strategic corporate social responsibility (*strategic CSR*). *Strategic CSR* draws on what we know about economic exchange and human psychology to explain how markets work (or don't) and how value is added (or subtracted) across the range of the firm's stakeholders. Understanding these processes allows managers to build a strategic competitive advantage for the firm, which places *strategic CSR* at the center of business success in the twenty-first century.

### Course Objectives

The main objective of this course is to introduce and understand the concept of strategic corporate social responsibility (*strategic CSR*).

*Strategic CSR* is related to, but is fundamentally different from, concepts such as sustainability and business ethics. While sustainability focuses on resource utilization and ecological preservation, and business ethics seeks to construct normative prescriptions of *right* and *wrong*, *strategic CSR* is a comprehensive, pragmatic philosophy grounded in the day-to-day operations of the firm. As such, *strategic CSR* is central to the firm's value creating activities.



That is, in a dynamic environment that is defined by the actions and decisions of the firm's broad set of stakeholders, value is optimized when stakeholders convey and enforce their needs, while the firm responds to those evolving needs. Thus, these economic and social exchanges are essentially interactions formed around the collective set of values prevalent in society at any given point in time. These values determine the decisions we make and, as a direct result, the success or failure of for-profit firms.

*Strategic CSR* draws on what we know about economic exchange and human psychology to explain how markets work and how value is created. Understanding these processes allows managers to build a strategic competitive advantage for the firm.

In short, understanding, adopting, and implementing *strategic CSR* is the source of **sustainable value creation** in today's business environment.

### **Course Format**

The starting point for this course is that businesses today operate in a highly dynamic environment, the boundaries of which are constantly shifting. This course adopts multiple perspectives to help you understand this complex environment and how executives can help their firms navigate the opportunities and threats that result from competing stakeholder claims to build a sustainable competitive advantage. In its broadest sense, therefore, the learning objective for this course is to consider the following two questions:

**What is the role of the for-profit firm in society?**

**Does the firm optimize value creation by focusing solely on profit, or does it have broader social responsibilities?**

More specifically, this course is intended to introduce you to the business situations faced by a firm's executives in a way that challenges existing preconceptions and helps make strategic decisions that affect the long-term viability of the organization. To be effective, executives need to have an in-depth understanding of relevant functional areas such as marketing, finance, R&D, and operations. They must also be able to anticipate and prioritize issues that arise in relations with key stakeholders (both internal and external).

In order to achieve these goals, effective communication is a critical skill. As such, in-class discussion and debate are essential components of the active learning environment I am seeking to enable in this course. Specifically, I will conduct this class using a lecture/discussion format, with an emphasis on in-class discussion and debate. A central focus of this discussion will be the detailed analysis of the book we will be reading for the course.



In addition, a valuable part of the course is your participation in the *Strategic CSR Simulation*, which provides the opportunity to implement the ideas we discuss in class across the range of operations of a multi-national corporation. In particular, the simulation encourages you to consider the impact of the firm's broad scope of operations across the range of its stakeholders.

## **REQUIRED COURSE MATERIALS**

### **Textbook**

The main text for the course is [\*Corporate Social Responsibility: A Strategic Perspective\*](#) (Business Expert Press, 2015). The book is part of the United Nations Principles for Responsible Management Education (PRME, <http://www.unprme.org/>) book collection.

Any other required readings will be made available through the Executive MBA office.

### **Strategic CSR Simulation**

The Strategic CSR Simulation (<http://www.strategiccsrsim.com/>) is an online simulation developed to test students' abilities to apply the stakeholder theory frameworks we discuss in class in a realistic corporate setting.

In order to register for the simulation, go to this site:

<http://www.strategiccsrsim.com/registerstudent.asp?SimAccess=37211160>

After completing the required information, you will enter the simulation where you can form your groups (the same as your groups in the class) and begin the pre-simulation exercises.

## **CLASS ASSIGNMENTS AND GRADING**

Fully understanding the complexity of the issues we will cover in class relies on interactive discussion and debate. Readings provide a basis for lectures and discussions and should be completed prior to each session. You should come to class prepared to summarize main points and apply the readings to in-class analysis. In addition, you should be willing to brainstorm based on your

own ideas and prior experience to add value to the class discussion. The focus of your grade, however, will be your performance on the section quizzes and on the simulation.

1. Section quizzes	50%
2. Strategic CSR simulation	50%

Since this is a discussion-based course, attending each class is important. If you must miss a class, it is your responsibility to find out from your classmates what material was covered and what you missed. **If you have to miss class on a quiz day, you must inform me in advance of the start of that class.**



### **Section quizzes (50%)**

During the course, there will be two short-answer, non-cumulative quizzes to test your knowledge of the class material. Each quiz is worth 25% of your final grade, will be 30 minutes long, and will be held at the end of the relevant class. The quiz dates are noted in the Course Schedule. The quizzes will focus on assigned readings, lecture slides, and class discussion.

During the quizzes, you are not permitted to reference notes or any other course materials. Moreover, electronic devices of any kind (e.g., cellphones, calculators, and laptops) must be turned off. Failure to comply will result in an automatic zero for that quiz.

### **Strategic CSR Simulation (50%)**

In the simulation, your group will act as the newly-appointed Corporate Responsibility and Ethics Officer (CREO) for a fictional cellphone company, K-Tai, Inc. As the firm's new CREO, you will work within a budget to set-up the CREO's office, employ personnel, and respond to various scenarios that are presented to you over multiple years of operations. The scenarios emerge from the firm's wide range of stakeholders and the CREO's responses have consequences at the individual, firm, and industry levels.

The focus of the simulation, therefore, is to present you with a range of issues that you should address from a broad stakeholder perspective. That is, think-through the implications for each decision for each of the firm's stakeholders, attempting to create the most value for as many stakeholder groups as possible. The more you take into account the interests and needs of the firm's broad range of stakeholders, the better you will perform on the simulation.

As shown in the Course Schedule, there are five years of operations in the simulation. In addition, there are two pre-simulation exercises that can be completed before you begin. All five rounds of the simulation will be held in the final class of the course.

Overall, the simulation constitutes 50% of your final grade. This is determined as follows:

Description	% score
Your team's quantitative performance – the overall score listed on the Results page at the end of the simulation.	25
Your team's qualitative performance – the memo you will write as a team at the end of the simulation.	25



### **OTHER IMPORTANT CLASS INFORMATION**

1. Laptops are discouraged in class! They are a distraction and detract from the interaction among students. Copies of my ppt. slides will be distributed by the EMBA Office (I will also post them to Canvas before class each week).
2. You should be professional in your approach to class—both in terms of how you present yourself and interact with others. Respect the views and opinions of your classmates and participate whenever possible. The more we foster an atmosphere of mature debate in class, the more we all benefit. In general, there are no bad questions. If you do not understand an issue, there are others who also do not understand. Please let me know!
3. If you cannot meet a class deadline, contact me as soon as possible. Except in unusual circumstances, late class assignments will not be accepted.
4. Do not wait until the end of the semester to see me regarding problems with the course. Please contact me if there is any aspect of the class you would like to discuss.
5. The Canvas system will be used in this course. Powerpoint slides, class documents, and any course announcements will be posted to the course website.

### **UNIVERSITY POLICIES AND ACADEMIC ETHICS**

By enrolling in this class, you have agreed to observe all student responsibilities described in the University of Colorado Denver Catalog. By teaching this course, I have also agreed to observe all faculty responsibilities described in this policy.

You should refer to the University of Colorado Denver Catalog for all policies and definitions about scholastic dishonesty. If the application of that Policy Statement to this class and its assignments is unclear in any way, please ask me for clarification.



<b><u>COURSE SCHEDULE</u></b>		
<b>Classes</b>	<b>Topics</b>	<b>Reading Assignments and Quizzes</b>
Class 1 03/03/2017 8:30am-12:00noon	<b>What is CSR?</b> <ul style="list-style-type: none"> <li>Introduction to the class</li> </ul>	<ul style="list-style-type: none"> <li><b>Text:</b> Introduction, Principle 1</li> <li><b>Harvard case:</b> Hitting the Wall: Nike and International Labor Practices [9-700-047]</li> </ul>
Class 2 03/04/2017 8:30am-12:00noon	<b>What is the purpose of the firm?</b> <ul style="list-style-type: none"> <li>History of the corporation</li> <li>Stakeholders vs. shareholders</li> </ul>	<ul style="list-style-type: none"> <li><b>Text:</b> Principle 2</li> <li><b>Article:</b> Stout et al. (2016), 'Statement on company law' (<b>Canvas</b>).</li> </ul>
Class 3 03/17/2017 1:00pm-4:30pm	<b>Stakeholder theory</b> <ul style="list-style-type: none"> <li>Stakeholder prioritization</li> <li>Corporate <i>stakeholder</i> responsibility</li> </ul>	<ul style="list-style-type: none"> <li><b>Text:</b> Principles 3, 4</li> <li><b>Quiz #1:</b> Material from classes 1-3</li> </ul>
Class 4 03/18/2017 1:00pm-4:30pm	<b>How do firms add value?</b> <ul style="list-style-type: none"> <li>Economic value + social value</li> <li>Sustainability</li> </ul>	<ul style="list-style-type: none"> <li><b>Text:</b> Principles 5, 6, 7, 8</li> </ul>
Class 5 03/31/2017 8:30am-12:00noon	<b>What is strategic CSR?</b> <ul style="list-style-type: none"> <li>Sustainable value creation</li> </ul>	<ul style="list-style-type: none"> <li><b>Text:</b> Principles 9, 10, Conclusion</li> <li><b>Harvard case:</b> Starbucks and Conservation International [9-303-055]</li> <li><b>Quiz #2:</b> Material from classes 4-5</li> </ul>
Class 6 04/01/2017 8:30am-12:00noon	<b>Online Strategic CSR Simulation</b>	<ul style="list-style-type: none"> <li>Years 1-5</li> </ul>