

Environmental Strategy for Businesses

There are as many ways for companies to improve their environmental performance as there are stakeholders who are calling upon them to do so. If companies make the right choices, they can satisfy their stakeholders, enhance their financial position, and help address the climate crisis. The wrong choices invite stakeholder scorn and risk wasting valuable resources. What problems do companies need to solve, and how can they solve them, to achieve the promise of shared value environmental performance? This book presents a framework for companies to design, develop and implement an effective environmental strategy that identifies environmental improvements, enables value exchanges with stakeholders, and improves competitive advantage. The step-by-step guide through this framework, illustrated with many examples, shows the promise of environmental initiatives that align with strategic opportunities and resources and the pitfalls of those that do not.

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Environmental Strategy for Businesses

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Preface

When people asked what I was working on, I would tell them, “I’m writing a book about why some businesses do good things for the environment.” What I really thought I was writing was a book about “how can we give people incentives to do what is good for society as a whole?” The environment as a business issue was just the setting for thinking through the question. I have come to realize that I have been thinking about this question since I was a kid, when for some reason, my siblings and I devised our own institutions to channel our individual incentives toward collective goods. Before each meal, we made the last kid to arrive at the table act as the “servant” for the rest of us – fetching milk, salt, or whatever else our whims called for – as a humiliating price for making the rest of us wait to start the meal. Of course, the Potoski kids never used terms like “collective action” and “institutions”; we had just grown tired of waiting to start eating.

In graduate school, I found a broader theoretical framework – the concepts, terms, and relations among them – to help me understand what we Potoski kids had been doing. Our institutions were rules for who got to sit where at the table and roles like being the “servant,” and our circumstances were those surrounding the “Potoski dinner table.” We had designed our institutions to fit our circumstances and move toward the outcomes we collectively wanted: Each kid had incentives to arrive at the dinner table at a reasonable time.

Many of the scholars I admired – Elinor Ostrom, Gary Libecap, Robert Putnam, and Robert Axelrod – made it look so easy: Pick a defining problem of social interaction, pull together insights from many academic traditions, and offer a framework for how institutions can be tailored to address collective action problems across different circumstances. I was particularly drawn to Elinor Ostrom’s book *Governing the Commons* (Ostrom 1990). For academic research, *Governing the Commons* defined the important questions and theoretical perspectives in the field and offered a framework through

which research could be analyzed and integrated into academic disciplines. Students could read the book to learn theory and practice on environmental management as well as institutionalist approaches for how to understand social interaction. The book was a lodestar for how I pursued my early research and teaching, and it even helped me understand my siblings' efforts to corral the five of us to the dinner table on time.

After finishing my PhD, my research and teaching drifted toward business sustainability, and I started looking for a framework that would help orient my work in the way I had learned in graduate school. I wanted a framework to define the important questions and problems, their potential solutions, and the theoretical constructs for how the pieces would fit together in different circumstances. Over the years, I read the literature, taught classes, talked to managers working in corporate sustainability. A few years ago, I felt I had learned and aged enough that I needed to write it all down to keep things organized. The result is this book.

I have many people to thank. I'll start with my family, who taught me many lessons about organizing individuals for collective action, starting before the "dinner table servant" was even a thing. In 2008 I spent a sabbatical year at the Bren School of Environmental Science and found myself in a community of smart, creative, and curious faculty, staff, and students, all committed to harnessing the power of collaboration to solve environmental problems. I was happy to join the Bren School's faculty a few years later and have been grateful every day since.

Just about everything I have published has been the product of collaboration. Even though only my name is on the cover, this book is no different, because it contains so much that I have learned from my collaborators. I owe particular thanks to Sarah Anderson, Trevor Brown, Patrick Callery, Nicole Darnall, Seonghoon Kim, Hunter Lenihan, Aseem Prakash, Jeff Talbert, Robert Urbatsch, David Van Slyke, and Neal Woods. I should list my students as collaborators since I have learned so much from them as well. I thank them all. The Bren School has hosted scores of business-sustainability managers and executives, many of whom have spent an afternoon guest teaching, thanks to the generous financial support of former Bren School dean, Dennis Aigner. While I was the course instructor on paper, I was really just the organizer and was learning as a student in all those classes. I owe

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