

BUSINESS IN AN AGE OF SUSTAINABILITY

STARTUP BLUELAND HAS ONE SOLUTION TO THE PLASTICS WASTE ISSUE.

Page 6

IMPACT

The HBS Fund makes a difference

What is the role of business in addressing climate change? How should asset managers weigh the social impact of their investments? What steps should a company take to ensure transparency in management and compensation? Climate change and sustainability are challenges that will impact business across multiple dimensions. And innovative approaches for addressing this impact are being devised, including the use of environmental, social, and governance (ESG) standards in investment today to help business leaders understand how best to address these issues.

HBS has, throughout its history, educated business leaders able to develop solutions to challenges of their time. Today our faculty's research is guiding both student and alumni understanding of sustainability issues and how they can help address them. Through annual giving to the HBS Fund, donors enable the School to conduct research on and educate leaders about these critical issues facing the world today.

■ **Shaping leaders who understand business and the environment**
Page 2

■ **Regional alumni events address climate change**
Page 4

■ **Making eco easy**
Page 6



MICHAEL TOFFEL
the Senator John Heinz Professor
of Environmental Management
and chair of the Business and
Environment Initiative

SHAPING LEADERS

WHO UNDERSTAND BUSINESS

AND THE ENVIRONMENT

Five years ago, as **George Serafeim** recalls, if he had walked into the classroom on the first day and mentioned ESG (environmental, social, and governance) standards, 1 percent of the class would have known what he was talking about. “Today, it’s more than 50 percent. Students understand that those are important considerations that are going to affect their organizations and their careers,” observes Serafeim, the Charles M. Williams Professor of Business Administration. Serafeim teaches Reimagining Capitalism: Business and Big Problems, one of several electives in the MBA Program that focus on environmental and social challenges.

Given the surge of student interest in the topic, Serafeim, who has been studying ESG questions for about a decade, introduced a new component to the Reimagining Capitalism course this year. He calls the module “What can I do now?” That’s the question he was getting from students after they read cases such as “JetBlue: Relevant Sustainability Leadership,” in which executives for the airline pioneered a system of sustainability standards and committed to transparency on environmental issues. Few new graduates will immediately become CEOs, with the direct responsibility to reshape a company’s ESG policies in such dramatic ways, but Serafeim wants to show students that they don’t have to wait to make an impact. “The message is that opportunities exist every day to make a difference,” says Serafeim. “The question

is whether you are aware of the opportunities and of the agency that you have at every level.”

As part of the School’s focus on shaping successful, responsible business leaders well versed in ESG issues, first-year MBA students encounter nearly a dozen cases that address environmental concerns. “My vision would be that all students graduate with a clear understanding of the predicted ramifications of climate change on society and on business, and how companies can better prepare for that future by mitigating risks, pursuing new opportunities, and participating in the policy arena,” says **Michael Toffel**, the Senator John Heinz Professor of Environmental Management and chair of the HBS Business and Environment Initiative. “You don’t have to work for an environmental nonprofit or a renewable energy company to engage on this issue.”

Toffel, as course head for the Technology and Operations Management course, has himself taken the lead on introducing some of these cases. One example is Indigo Agriculture, in which CEO **David Perry (MBA 1997)** and **Rachel Raymond (MBA 2014)**, now Indigo’s COO, were debating in 2016 how quickly the firm should bring to market its novel microbiome-coated seeds, which increased crop yields, reducing the environmental impacts of farming. Some of their seeds were able

to thrive even in water-stressed situations, which meant they might be especially valuable in regions where climate change was leading to drier climates.

“It’s a rare look at a company that’s positioning itself to develop profitable opportunities, both to mitigate contributors to climate change and to accommodate the climate changes that are already occurring,” notes Toffel, who coauthored the case. “Those are the questions students want to explore: not ‘How do we batten the hatches?’ but ‘What are the opportunities for new products and services in a world of climate change?’”

Other class sessions challenge students to assess EcoSecurities’ opportunities in carbon credits, evaluate IKEA’s ambitious efforts to institute new wood sustainability initiatives, and strategize about how Nike could use the World Cup to showcase its commitment to corporate responsibility.

Toffel knows that today’s students can make a difference, because they already do. “This generation is already driving change in the business world,” he says. “They are the customers current CEOs are responding to when they make sustainable choices.”

— APRIL WHITE



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GEORGE SERAFEIM ←
the Charles M. Williams Professor
of Business Administration



REGIONAL ALUMNI EVENTS ADDRESS CLIMATE CHANGE



PANEL
DISCUSSION
"CONFRONTING
CLIMATE CHANGE:
BOSTON-BASED
IDEAS THAT CAN
CHANGE THE
WORLD"

"Inspiring" is how **David Chan (MBA 2018)** described the forum he attended in New York, "An Investor's Guide to Climate Change: Disruption and Opportunity," part of a global series of events organized by the HBS Business & Environment Initiative (BEI) and cosponsored by local HBS alumni clubs. The series launched in February 2018 in San Francisco, and has been presented subsequently in Miami; Washington, DC; New York; Boston; Los Angeles; and Chicago, engaging nearly 450 alumni and other business leaders as well as a number of the School's faculty members.

The BEI's goal in launching the panel discussions was to get people around the table talking about climate change, explains Jennifer Nash, who serves as director of the BEI, under



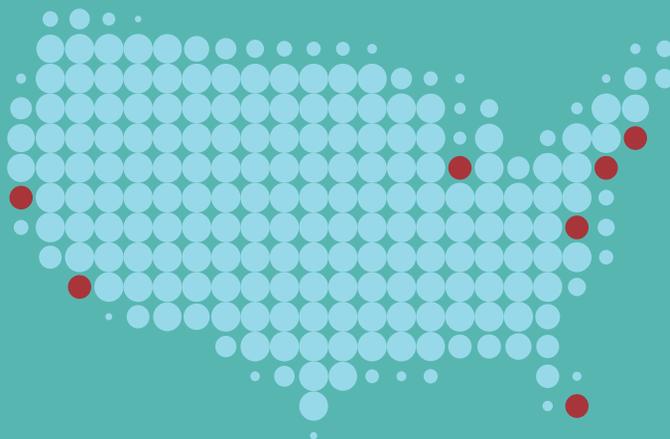
the leadership of Faculty Chair Michael Toffel, the Senator John Heinz Professor of Environmental Management. These events are an example of the many ways in which HBS convenes leaders to discuss important issues facing society.

"When alumni put their heads together, magic can happen," says Chan, cofounder and COO of FarmTogether, a startup connecting investors to farmland investment opportunities. "There is a strong coalition of alumni working in various roles and industries here in New York City who are committed to generating action toward climate mitigation and adaptation. I have no doubt these events will lead to meaningful discussions that eventually evolve into real-world impact."

The event also gave Chan the opportunity to connect with panelist Michael Ellis, a managing director at Inherent Group, an ESG (environmental, social, and governance)-focused asset manager. "Hearing Michael's views on how his team considers ESG investments, particularly in agriculture, helped shape FarmTogether's investment process," Chan explains.

Like Chan, **Valerie Grant (MBA 1994)**, SVP and senior portfolio manager for

Since February 2018, the HBS Business & Environment Initiative has held a series of climate change events. Cosponsored by local HBS alumni clubs, the gatherings have taken place in San Francisco; Miami; Washington, DC; New York; Boston; Los Angeles; and Chicago, engaging nearly 450 alumni and other business leaders as well as a number of the School's faculty members. More events are planned in the US and abroad.



AllianceBernstein LP, made a connection at the New York event. She spoke with **Kyung-Ah Park (MBA 1998)**, managing director and head of

Environmental Markets at Goldman Sachs, who will be meeting with

members of the investment team at her company. Grant says the gathering "was useful in helping me to develop a framework for thinking about investing with a focus on

addressing climate change, whether in companies that are mitigating its effects or preventing further damage."

She sees the climate change series as a great way to connect and engage HBS alumni, faculty, and students working on innovative solutions to the crisis and hopes the reach can be expanded even further by connecting with faculty and alumni from other parts of Harvard. "The challenge of addressing climate change will require an interdisciplinary approach," Grant observes.

At the San Francisco event, titled "The Role of Business Leaders in the Age of Climate Change,"

Rick Needham (MBA 2002), partner and energy sector lead for The Rise Fund at TPG Global, saw interest from both younger alumni working in the field and senior alumni who have had successful careers and are looking for new opportunities to make a difference. "Climate change touches so many areas of business. Whether you work in finance, product, policy, or legal, there is a way to tackle part of this big problem," he says.

Caroline Quazzo (MBA 2017), a founder

within Exelorate Growth, the internal incubator of Exelon, the leading provider of zero-carbon energy in the US, attended the events in Chicago and San Francisco. She was interested to hear about the challenges other alumni are facing and about

new technologies being used to combat the crisis. "It was inspiring to learn about different ways alums are thinking about solutions to help fight climate change," she says. "These problems are incredibly frustrating, but there are really smart, talented people working to solve them, so work in this space is even more valuable and necessary."

For the last year and a half, HBS alumni and faculty have dissected and discussed myriad related issues, from opportunities to invest in negative emissions and adaptation technologies in New York, to the importance of business leaders speaking out politically in Los Angeles, to the risks facing Midwest agribusiness in Chicago. The BEI will continue the series in 2020 and plans to extend it overseas by holding an event in London.

"Through these events and conversations, we have built a community of alumni interested in learning more and have gotten a much clearer sense of how they think about climate change and what it means to them in their professional roles," explains Nash. "It's incredibly rewarding to have these informed and meaningful conversations from such diverse perspectives."

—JEN MYERS





BLUELAND
COFOUNDERS,
SARAH PAIJI YOO,
JOHN MASCARI
(MBA 2012), AND
GINA PAK (MBA 2015)

MAKING ECO EASY



As new mom Sarah Paiji Yoo contemplated the switch from nursing her infant son to making him formula, she was horrified to discover that drinking water averages over 100 pieces of microplastics per liter. “All the plastic our society is consuming is ending up in our oceans and waterways, where it is breaking down into tiny pieces and appearing in the water we drink, the food we eat, and the formula I was making for my baby,” says Paiji Yoo. She wanted to cut back on her plastics consumption, but found that everything from shampoo to toothpaste to glass cleaner came packaged in single-use plastic.

That realization later led Paiji Yoo (who left HBS after her first year to pursue a mobile shopping startup she created) and her sectionmate **John Mascari (MBA 2012)** to cofound *Blueland*, which makes environmentally friendly cleaning products. They developed specially formulated, concentrated products that consumers reconstitute with water in *Blueland*’s reusable acrylic spray bottles—tinted pink for bathroom cleaning, yellow for multisurface, and blue for glass or mirrors. The company also recently introduced a foaming handwashing liquid in a glass pump bottle. The products are sold directly to consumers and will be available at a national retailer by summer of 2020.

In starting *Blueland*, Paiji Yoo and Mascari aimed to help reduce up to five billion cleaning-product bottles used per year. “We share a passion for the environment and felt this was an opportunity to create products that enable consumers to easily do the right thing,” says Paiji Yoo.

It’s a sentiment shared by founding member **Gina Pak (MBA 2015)** who, as *Blueland*’s head of

Marketing and Experience, was the one to deliver the company’s 90-second pitch to judges and 400 audience members during HBS’s New Venture Competition (NVC) on April 23, 2019. The judges, many of them alumni, represented sectors ranging from venture capital to private equity to impact investing. Pak detailed the products’ key points and sold the judges on the concept, winning the \$75,000 Alumni Track Grand Prize, as well as the \$5,000 Crowd Favorite Prize.

“It’s all a blur,” says Pak of the whirlwind experience. Just the day before—Earth Day—she, Paiji Yoo, and Mascari had launched the New York-based company. Then, that night, Pak boarded a flight to Boston for the NVC, which helps to spur on entrepreneurial ventures founded by the School’s students and alumni. “What I remember most is the moment I showed our spray bottle, and then the cleaning tablet that you dissolve into water,” says Pak. “Several people gasped when they saw that, reinforcing the point about how novel this is and why that drives our vision.”

Each \$2 tablet makes 20 ounces of nontoxic solution that has proven cleaning power. “One of the goals is to make sure that our products perform well in third-party independent testing, and we’re excited that they have matched or exceeded the efficacy of leading brands,” says Mascari. Testing was only one aspect of the rigorous process that went into developing *Blueland* products. The cofounders hired chemist Syed Naqvi to develop formulas in-house, and worked with Cradle to Cradle, the environmental assessment agency, to create platinum-rated, chemical-free bottles, which are wrapped in recyclable, compostable paper for shipping. Because the lightweight bottles contain no liquids and the tablets are nickel-sized, the environmental impact of delivering the products to consumers is lessened.

“We’re fortunate to be building this business at a time when there is so much focus on the plastics problem. It is helping to shift the consumer mindset from single-use to reuse,” says Pak. Kevin O’Leary, one of the “sharks” on *Shark Tank*, would agree. Paiji Yoo and Naqvi appeared on the popular television show on September 29, 2019, and their winning pitch secured \$270,000 in funding from O’Leary for 3 percent equity and also royalty fees. “When I started on *Shark Tank*, it was all about the money, growing financial freedom, and helping entrepreneurs do the same,” tweeted the investor after the show. “Companies like *Blueland* have changed that. They’re changing the world with their innovation and making money at the same time!”

—JENNIFER GILLESPIE





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HBS has a tremendous impact on business and society, and you can further that impact. By making a leadership annual gift you will foster innovation, strengthen core priorities, and support the people, programs, and ideas that, in turn, make a difference in the world. Additionally, the School will recognize you as a member of the HBS Fund Investors Society.

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