M.B.A. Portfolio Business Report

ROBERT ARENZ
OREGON STATE UNIVERSITY
COLLEGE OF BUSINESS
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Abstract

Corporations should adapt policies that support renewable natural resource sustainability and promote altruistic behavior toward future generations of human and non-human species. These policies should include measures for obtaining adequate profit over long-term economic to geologic time frames. Systems thinking and quality management programs can be applied toward developing, implementing, and executing these policies. Corporate management should follow the lead of socially responsible companies in their efforts to support resource sustainability while obtaining adequate profits.

Introduction

Maintaining the earth's biological diversity is important for two reasons. First, biological diversity is what makes the planet unique. Allowing as many ecosystems, and the species that accompany those ecosystems, to exist as possible is important for protecting the rare and special essence of the planet. Second, an enormous amount of humanity's resource reserves result from earth's biological wealth. Maintaining these reserves for continued use by future generations is of key importance to the welfare of our species. Chris Maser (1994) writes that we, "by nature, are participatory partners in and with the landscape, and that our future as a society, even as a species, is inexorably intertwined in this interactive partnership."

At the same time, maintaining an acceptable standard of living is important to all of us. Access to natural resources is necessary for maintaining and improving the present human standard of living. Unfortunately, in the effort to achieve higher standards of living, we have abused much of the earth's resource reserves. Despite humanity's long-term reliance on natural resources, our species has considered only short-term interests in the treatment of these resources. Sustaining biological reserves by allowing the continued existence of natural habitat is necessary for long-term continuous improvement of our standard of living.

Sustainability of Natural Resource Reserves

Dasgupta (1995) suggests that environmental problems are almost always associated with resources that are regenerative, but that in danger of exhaustion from excessive use. These renewable natural resources include the earth's atmosphere, animal and plant populations, soil quality and vegetation cover, and water sources. Renewable natural resources are consumed directly (as with fisheries) or affect production (as with plankton and insect larvae, which serve as food for fish species), and sometimes contribute both to consumption and production (as with drinking and irrigation water).

Sustainable development of these reserves is often defined as development that meets the needs of present generations without compromising the ability of future generations to meet their needs Goldin and Winters (1995). The concept often underlines inter-generational responsibilities placed on the earth's inhabitants. Although environmental issues have been a matter of public concern for decades, the environmental debate in industry, including discussion regarding such concepts as sustainable development, has largely been one of rhetoric rather than action (Welford, 1995). The need exists to develop practical solutions to meet environmental challenges. In developing, implementing, and executing these solutions, the corporate world will have to re-evaluate the very basis on which it does business.

Uniting Business and Environmental Interests

A global movement for uniting long-term business and environmental interests is necessary to maintain quality of life for upcoming generations of all species, both human and non-human alike. To improve quality of life for humans and other organisms, ideas suggested by scientists and activists on maintaining sustainable resources should be embodied within corporate values. Corporate policies should emphasize intelligent land use policy and sustainable treatment of natural resources. Quality management programs within these organizations should address and support the incorporation of resource
sustaining actions into both daily activities and continuous improvement activities of corporations and other business related organizations.

Corporate managers should implement measures to obtain adequate long-term economic profits rather than simply emphasizing the attainment of maximum short-term or long-term profits (Figure 1). Managers should realize that the nature of disciplines regarding renewable natural resources requires them to be concerned with much longer periods of time than those involved in traditional economic analyses or business dealings. Because of this, profit margins should be considered over geological and biological time frames in addition to the more traditional economic time frames. Implementation of policies that cover these much longer time periods will help corporations develop long-range strategic plans and contribute toward the welfare of future generations, while improving their corporate image.

Achieving Long-Term Corporate Gain

In general, corporations have been more concerned with acquiring profits over a short-term business period (less than one year) rather than a long-term period (greater than one year, and usually over a period of approximately five to ten years). Businesses have not come close to concerning themselves with profiting for any time period close to a biological or geological time scale. This short-run orientation has occurred for a variety of reasons, including organizations lack the ability to think beyond the profit margin, non-systems thinking that orients organizations toward achieving short-term goals, and companies avoiding increased risk from longer-run investments. Possibly the most important factor causing individual corporations to emphasize short-term profits is that capital markets tend to be oriented toward achieving short-run economic profits.

Many companies live or die by very little more than the profit margin. Hayes and Abernathy (1981) discussed how organizations lack the ability to think beyond adjusting their profit margin. These companies tend to work toward reaching short-term fiscal goals, while ignoring the creation of fiscal and non-fiscal goals, which provide greater benefits to the company in the long run. Collins and Porras (1994) discuss their finding that profitability is a necessary condition for existence and a means to more important ends, but it is not the end in itself for a visionary company. They provide examples of companies that have successfully embraced ideology and profiteering to a greater degree than their comparison counterparts across a range of industries.

Senge (1990) suggests that corporations apply systems thinking throughout their activities. He proposes that business (and other human endeavors) are systems bound by invisible fabrics of interrelated actions, and describes systems thinking as a discipline for seeing the whole of these actions. Due to the difficulty in seeing a whole pattern of change, companies tend to focus on snapshots of isolated parts of the system and fail to solve their most important problems. Rather than strive for long-term profit, many companies emphasize short-term gains because they are more immediate, more easily isolated, and easier to focus on. Application of Senge’s systems thinking concept will help corporations achieve long-term goals, including those involving long-term profitability. Collins and Porras (1994) discuss the idea of visionary companies taking on daunting challenges to achieve lofty, audacious goals as a powerful mechanism to stimulate progress. However, application of this concept tends to be the exception rather than the norm, causing companies to focus on short-term profit oriented goals, while avoiding the increased risk from larger, more complex, longer-run investments. In addition to helping achieve long-term profits, Senge’s systems thinking concept will assist corporations in achieving bold missions involving audacious goals.

Michael Porter (1992) has suggested that “although critics frequently blame the shortcomings of U. S. industry on a ‘short time horizon’, ineffective corporate governance, or a high cost of capital”, these concerns are “just symptoms of a larger problem concerning the entire system of allocating investment capital within and across companies.” In this system investors make choices in a context determined by government regulations and prevailing management practices.

To include support for sustaining renewable resources in strategic planning, corporations that are oriented toward achieving short-run profits should implement policies for enhancing their ability to achieve long-term profit and non-profit oriented goals. Systems thinking will help these organizations develop, implement, and execute more efficient policies. The potential payoff in the form of increased profit margins and refined organizational growth from longer-run investments should be emphasized in those policies.

Achieving Adequate Long-Term Corporate Gain

Once a corporation is emphasizing long-term profiteering, the company should then implement policies that use a customer focus to emphasize adequate, rather than maximum, profit over the long-term. For example, Motorola has pledged in its statement of purpose to “honorably serve the community by providing products and services of superior quality at a fair price to our customers”, and to do this by earning an “adequate profit which is required for the enterprise to grow” (Collins and Porras, 1994). In pursuing adequate profit rather then maximum profit, Motorola has taken the first step toward considering not only the corporation and its direct customers, but also the community as a whole.
Corporations should extend this customer focus to emphasize serving future generations as well as present generations, while earning long-term adequate profit. Now that Motorola is emphasizing adequate long-term profits, the company could adjust those policies to consider, not just the present community, but future communities as well. In the future, mission statements and statements of purpose should include mention of the organizations contribution to the welfare of future human and non-human generations. Corporate goals and objectives should reflect those statements.

**Short-Term and Long-Term: The Variation Between Business and Science**

The definitions of "short-term" and "long-term" vary considerably between business related disciplines including economics, and other scientific disciplines such as biology and geology. In business, short-term generally refers to periods of less than one year, and is often used in reference to fiscal performance over one or a few (annual) quarters. Long-term refers to periods longer than one year, usually between five and ten years. This time frame originates from the economic concept of short-run versus long-run. The short run is a period of time too brief for an enterprise to alter its plant capacity, yet long enough to permit a change in the level at which the fixed plant is used (McConnell and Brue, 1996). In the long run, an industry and the individual firms comprising that industry can undertake all desired resource adjustments.

In contrast to business related time periods, those of biology, geology, and other natural sciences are often much more lengthy. Many biological and geological phenomena are measured according to the geological time scale, which consists of a sequence of geological periods that are grouped into four eras, each representing a distinct age in the Earth's history (Campbell, 1993). Short-term in evolutionary biology and geology generally refers to time frames of less than approximately one-thousand years, while long-term refers to periods of time on scales of millions to billions of years.

**Quality Management Programs: Adequate Long-Term Profits and Sustainability of Resources**

Collins and Porras (1994) have found that, contrary to business school doctrine, maximizing shareholder wealth and profit maximization are not the dominant driving forces or primary objectives through the history of most visionary companies. They tend to pursue a number of goals simultaneously, of which making money is only one, and often not the primary, goal. Visionary companies, of course, have to be interested in profitability and long-term shareholder wealth. However, these companies are generally more ideologically driven and less purely profit-driven than other comparison companies. Truly visionary corporations will regard the community, the planet, and future generations in developing core ideologies. The concepts of maintaining sustainable resources while attaining adequate long-term profit margins should be included in their core doctrines.

Policies that include regard for present and future generations should be implemented through quality management programs. Shibba (1993) defines total quality management as an evolving system, developed through success in industry, for continuously improving products and services to increase customer satisfaction in a rapidly changing world. Programs based on these concepts, particularly the idea of customer satisfaction, can be used to emphasize incentives for contributing to the economy, as well as the community, while avoiding environmental degradation. These programs can help companies develop long-term strategies and policies for keeping resources sustainable, including policies that support altruism toward future generations of both human and non-human "customers".

Presently, quality management programs do not provide much focus for companies to implement policies in these areas. For example, the Malcolm Baldrige National Quality Award is the top award given to United States companies that score highly in various quality oriented areas. These categories cover executive and corporate leadership, use and analysis of information, strategic planning, human resource development and management, management of process quality, quality and operational results, and customer focus and satisfaction (Ross, 1995). The 1995 version of the Baldrige Award contains only one subcategory addressing the company’s contribution to the community, and contains no references to resource sustainability.

Corporate quality management programs should address the needs of both present and future generations in all activities. Companies can address these concerns by adding criteria regarding the welfare of current and future generations to all seven of the Baldrige Award quality assessment categories. Each quality assessment category should include the analysis of how the company uses incentives and regulations to improve the company according to that particular category. Companies should use the assessment to question whether they, not only meet, but exceed all environmental regulations, particularly those regarding sustainability of resources. These incentives and regulatory structures should be developed in corporate policy and worked into corporate culture.

**Systems Thinking on a Long-Term Geological Time Scale**

**[LONG-TERM PROFITS (ECONOMIC) --> LONG-TERM PROFITS (GEOLOGICAL AND BIOLOGICAL TIME SCALE)]**

After solidifying corporate emphasis regarding systems thinking on a long-term economic time scale, corporations should take the final step - systems thinking on an enlarged long-term temporal gradient ranging from an economic to a geological time scale. Corporate emphasis on this relatively extreme gradient will assist in developing ideologies that accentuate long-term profitability for both present and future generations of human and non-human species. Quality management programs should be altered to provide this altruistic emphasis.
Socially Responsible Corporate Action

A number of companies have oriented themselves toward socially responsible corporate action, including efforts to promote renewable resource sustainability. Some companies donate a percentage of profits to charity while supporting resource sustainability. For example, Ben and Jerry's Homemade, Inc., the Burlington, Vermont ice cream manufacturer, has taken stands against various environmentally insensitive projects, and only purchases supplies from vendors who practice and support resource sustainability. The company has also created the Ben and Jerry's Foundation, a non-profit organization specializing in granting money to various other non-profit organizations (Lager, 1994). Other companies have been set up to exclusively provide donations to charity. For example, the actor Paul Newman donates all after-tax profits from his cuisine company, Newman's Own, Inc., to educational and charitable purposes (Newman's Own, Inc., 1995). Another set of companies has been set up as cooperatives, which are jointly owned by their customers. One example is Recreational Equipment, Inc., the Seattle based, customer-owned sports equipment cooperative. Ben and Jerry's, Newman's Own, and Recreational Equipment, Inc., are a few examples of companies that can easily adapt to using systems thinking concepts; not only on a long-term economic time scale, but also on economic to geological time scales as well. If they have not already, these companies can develop, implement, and execute total quality management concepts in their long-term strategies for sustaining renewable natural resources. Other, more traditional corporations should follow the lead of socially responsible companies in their efforts to support resource sustainability while obtaining adequate profits.

Conclusion

The majority of current corporate ideologies hold little room for either sustaining renewable natural resources or supporting altruism toward future generations. Corporations should re-evaluate and adjust their ideologies to support these concepts. Systems thinking can be applied toward developing measures for obtaining adequate long-term profit over economic and geologic time frames. Total quality management programs should be adapted to support long-term strategies for sustaining natural resources. Corporations can use these programs in developing, implementing, and executing policies that emphasize the welfare of both present and future generations.

Bibliography


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Figure 1: Development of Corporate Emphasis for Sustaining Renewable Natural Resources

* CORPORATIONS SHOULD GO …

FROM EMPHASIZING: TO EMPHASIZING:
short-term profits long-term profits
maximum long-term profits adequate long-term profits (economic emphasis)
long-term profits (economic) long-term profits (economic, geological, and biological emphasis)

* Developing, implementing, and executing policies that emphasize long-term profits achieved on economic to geological/biological time frames will promote altruistic behavior toward present and future generations of humans, and non-human species. These policies will in turn help present human generations.

Management and leadership are at the core of the MBA, yet they are the most difficult skills to demonstrate virtually. However, among our colleagues we all know who we want to have on our team. A business professional should be able to organize a team to produce a deliverable (project management), delegate and supervise the work of others (management), and be able to contribute to a team she is not leading (teamwork). While a business professional does not need to be a computer programmer, he does need to be able to use the technologies of the day.

- Analyzes and translates business reporting requirements into executable solutions.
- Works closely with lines of business and Credit Administration to ensure effective compliance with new or revised accounting, product and regulatory changes that affect reporting and/or data requirements.
- Supports, defines, and designs data infrastructure to support current and future credit portfolio reporting and credit analytics needs.
- Analyzes data and associated processes to identify and document data quality issues and proposes solutions/recommendations to line management and Credit Administration.


Few options in business education are more suitable for a certain type of highly accomplished professional than the Executive MBA (EMBA). Sure, there are part-time MBA programmes, the Global MBA option and some others. Rarely, however, do they offer a more aptly tailored curriculum for those with management experience or for the ambitious ladder-climbers just about to break into the executive world. Only online MBAs and part-time/flexible MBAs report higher satisfaction with their companies - respectively 88% and 77% of them say they would not switch employers. Overall, mainly due to the possibility of working while studying, the ROI of the EMBA is excellent.