

## **Beyond Codes of Conduct for Sustainability**

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*The report delivered to us by the EEC team gives us a valuable initial guideline to determine our future export strategy which is going to be very important for us. It would have cost us much time, money and effort to rise on the learning curve regarding the US Market and now . . . we know which road to take from this point on.*

*--Scandar Abbud, Entrepreneur, Ouro Fétil , Brazil*

*This project informed me that environmentally concerned enterprises are also very prosperous in the real world. Before doing this project, I never thought this would be an interesting area for me to do business. But I totally change my mind now!*

*--Thunderbird student*

*The real application of our education and intuition was the best part of the project. Typically, in case studies presented in classes, there is a narrow range of "correct" answers. However, in this experience the possibilities were wide open and only limited by our degree of creativity.*

*--George Washington University student*

*This project is the greatest experience that I have ever had in school.*

*--Thunderbird student.*

The World Resources Institute (WRI) is working to create a new business model in which entrepreneurs do more than what governments and institutions require regarding environmental and social codes of conduct. Through the New Ventures and Environmental Enterprise Corps (EEC) programs, WRI helps entrepreneurs in Latin America (and soon Asia) with business plans that incorporate exceptional environmental and social benefits to attract capital and teach MBA students the value of these environmental business plans. WRI matches teams of students with the entrepreneurs for business advisory services.

New Ventures works to overcome a main barrier to investment in sustainable enterprises: the lack of bankable business plans. To reduce this barrier, New Ventures provides executive mentoring, and the EEC provides MBA student consultants to the company. New Ventures then provides the entrepreneurs access to investors through an annual Investor Forum.

New Ventures is the first collaborative effort in Latin America to connect investors with sustainable business leaders. New Ventures is growing a pipeline of sustainable businesses, building local capacity and strengthening local institutions to support hundreds of environmental entrepreneurs in the region. The entrepreneurs that we support

work in fast-growth sectors such as clean technologies, ecotourism, non-timber forest products and certified wood, organic foods and fibers, renewable energy and sustainable fisheries management.

To date, our portfolio of enterprises includes fifteen outstanding businesses that are moving forward on different fronts. As a result of participating in our process, New Ventures' entrepreneurs have received a total \$2.7 million in investment with others in due diligence for an additional \$2 million. New Ventures' companies are opening new markets, growing sales, and becoming leaders in the sectors they operate. For example, Jolyka, a Bolivian company and South America's first producer of hardwood flooring products from managed Amazonian forests, now ranks among the country's top 70 exporters. Noram, one of three companies worldwide that sells FSC certified sustainable hardwood charcoal, recently co-organized the first National Conference on Forest Certification in Mexico, in partnership with the state of Durango, and promotes the certification of forests owned by Ejido communities. By providing sound business opportunities for investors and the growing Latin American economy, New Ventures is demonstrating that investing in sustainable enterprise makes good business sense. Ultimately, their success will promote an alternative development paradigm that incorporates environmental and social considerations for sound economic growth.

New Ventures' support involves a series of activities that includes an identification, selection and mentoring process. Through a large local and regional network of "feeders," we identify potential entrepreneurs throughout the region. These feeders include national grant-making environmental funds, government agencies, private investment firms and NGOs. Once identified, environmental experts, such as sector specialists at WRI, and financial analysts conduct a rigorous evaluation to select a group of finalists. These finalists receive pro-bono mentoring through our Mentoring Program that engages corporate executives, professional consultants and MBA students. Entrepreneurs are then invited to present their business plan at our Investor Forum in Latin America. New Ventures' continues to assist our Portfolio entrepreneurs until they receive investment and consider them "graduated" from our process. They remain in our network as alumni enabling us to track their successes and develop success stories as well as transferring their knowledge and experience to new entrepreneurs working in similar regions or sectors. We also extend our Mentoring Program services to our alumni as we see needed and add value to the entrepreneurs that are not selected as finalists by pairing the top semi-finalists with teams of MBA students through our Mentoring Program and inviting them to attend our Investor Forums (and waive registration fees) where they are able to display and market their enterprises.

To capture and replicate these successes and better promote sustainable enterprise creation, New Ventures is planning to compile and create a series of unique publications addressing sustainable entrepreneurship and document the successes of the entrepreneurs that we support. We will also develop market intelligence reports to include up-to-date information about our sectors of operation, global and regional industry trends, major players, and market drivers. Through our local networks and partners, we will disseminate these publications and findings and engage and educate local institutions and agencies.

New Ventures is successfully empowering the region's sustainable business leaders and introducing traditional entrepreneurs to the opportunities sustainable markets offer. We are promoting the success of green venture capital funds by expanding and strengthening their deal flow and improving the businesses they invest in. We are leveraging US-based resources and programs to the region and introducing them to organizations in Latin America that are working locally to promote sustainable development.

With the EEC, not only do the student teams help these entrepreneurs move closer to attracting investment, but students gain experience addressing real business issues and witness the successes of these sustainable businesses. The students finish the projects with personal experience in businesses that are succeeding environmentally and socially as well as financially.

Jolyka, in Bolivia, is a business that has benefited from these programs. This company is the only South American producer of hardwood flooring products from managed Amazonian forests. An MBA student team from George Washington University helped Jolyka finalize a business plan, leading to Jolyka's advancement as a winner of the New Ventures Business Plan competition. As a result, the company is now in Due Diligence for a \$350,000 investment. After the Forum, a student team from the University of Michigan made recommendations for Jolyka to expand their US market. The company is in the process of carrying out these recommendations.

Top MBA programs in the US and Latin America are incorporating EEC projects into distinct niches. Students have participated in EEC projects for independent study or internship credit or as a major requirement in various courses: International marketing, emerging markets, field study, global projects, entrepreneurship, and environmental business. Students have reported their satisfaction with working with real projects instead of theoretical cases.

Students typically produce market studies, marketing strategies, or financial analyses. Travel is not a requirement for most projects, although many student teams have been able to secure funds to visit the clients in Latin America. The EEC has grown over the past year: in spring 2001, the EEC worked with 32 students; currently in spring 2002, the EEC is working with 90 students.

EEC projects work well as independent study courses or as a major part of an MBA course such as Emerging Markets, International Marketing, Entrepreneurship, or Strategy. Although Spanish or Portuguese may be an asset or required with some projects, EEC has many projects with no language requirement.

This semester the student teams are working on a range of business issues and sectors. Several projects involve companies working within sustainable forestry guidelines. A team from Columbia University is working with Noram, a charcoal producer from Mexico that works with local members of *ejidos*, communally owned lands, to sustainably manage the forests and harvest oak for the charcoal. The students are producing a marketing and outreach strategy for the company - a challenge in a sector in which two major corporations dominate the market. Two Thunderbird teams are working with two separate enterprises on US market studies on kitchen and closet doors and cabinets, all sustainably harvested from forests in Peru and Bolivia.

Several teams are working with ecotourism operators. A team from UCLA is working with Rainforest Expeditions, an ecotourism operator in Peru. The students are analyzing the company's cost structure to enable the company to take advantage of recently passed tax laws aimed at companies catering to tourists. A team from the University of Virginia

is working with Belize Lodge & Excursion to produce a business plan for cacao production which will benefit the local Maya and profit potential investors.

The Environmental Enterprise Corps welcomed several new universities into its network this semester, including the business schools of Columbia University, Georgetown, UCLA, and Loyola Marymount. We are also continuing to work with Thunderbird, University of Michigan, Duke, George Washington University, and University of Virginia. The projects are going well - three student teams have visited their clients in Peru and Mexico. Four teams have plans to visit before the end of the project to Costa Rica, Mexico, and Belize; and a Thunderbird team has been able to meet directly with an entrepreneur with an office in Phoenix.

New Ventures and EEC are helping individual businesses improve to attract investment and increase overall investor confidence in sustainable businesses. The MBA students observe the financial viability of these responsible businesses and could start their own sustainable business or incorporate more rigorous sustainability standards in established firms. These programs are making the business case for moving beyond basic codes of conduct in sustainability.