

intersections

A publication highlighting work at the intersection of business and society

Green Buildings: Fad or the Future?

An Interview with Professor John Vogel

by John D. Goldsmith Jr. T'09

John Vogel is associate faculty director for corporate citizenship, Allwin Initiative for Corporate Citizenship, and an adjunct professor of business administration. He has taught courses in real estate, entrepreneurship in the social sector, and non-profit management at Tuck since 1992. His areas of research include affordable housing, sustainable buildings, real estate capital markets, and social entrepreneurship. Professor Vogel is chairman of the board of the Twin Pines Housing Trust, which promotes affordable housing in the Upper Valley, and is a member of the faculty advisory board of Dartmouth's Tucker Foundation.

Could you put the issue of sustainable building into perspective for us? How much energy do buildings in the U.S. consume today?

Sustainable building has been brought to the forefront because of recent concerns about climate change. U.S. buildings account for 40 percent of this nation's total energy use, 68 percent of its electricity consumption, 40 percent of its CO₂ emissions, and 60 percent of its nonindustrial waste. If we're going to be serious about reducing carbon emissions, we need to make buildings more energy efficient and use existing materials more intelligently.

So it's all about energy reduction?

No. What is interesting today is that "green building" is not

just about saving energy. Americans spend 90 percent of their time indoors, and recent studies suggest that indoor air is two to five times more polluted than outdoor air. A significant part of green building is about creating healthier environments. We're finding that employees exposed to better air quality and more sunlight are more productive and are less likely to be absent from work.

Who is governing and enforcing green building standards?

The industry standard for sustainable building is the U.S. Green Building Council, which created the LEED certification program for Leadership in Energy and Environmental Design. The LEED program started in 2000 and has taken off to the point where an industry leader like Steve Roth D'62, T'63, chairman and CEO of Vornado Realty Trust, says, "If you build a new building that is not green, you're going to be in trouble."

Is the current system successful?

A big issue today in sustainable building and the LEED program is separating what is real from what is simply "greenwash." Although the LEED program is getting better, it's still evolving, and you can get points for things like putting a bike rack in front of a building. The best developers worry about the total carbon footprint and creating healthy spaces for their tenants, not merely focusing on point accumulation and certification.

Please tell us about the economics of sustainable building. Is it considerably more expensive?

One of the reasons why people think building green is significantly more expensive is because they view it as an addition to existing plans, like incurring the cost of adding on solar panels or a special wastewater-treatment system. Experienced developers and architects who incorporate the idea of green development at the beginning of a project have found they can build LEED certified at almost the same cost as conventional building and can build gold- or platinum-certified buildings at less than a 10 percent premium. On the revenue side, it used to be that tenants would not pay a premium to be in a green

continued on page 4

In this issue:

Green Buildings: Fad or the Future?	1
Making an Impact	2-3
Tuck GIVES 2008 Summer Interns	4
About the Allwin Initiative	4

Making an Impact

First Allwin Community Service Award

(Spring 2008)

The Tuck Class of 1976 Allwin Community Service Award was created by T'76 alums in honor of their classmate James Allwin, who passed away in 2007. The award recognizes Tuck students or recently graduated alumni who embody Allwin's values of community service, with a preference for students pursuing a career in the nonprofit or public sectors. The award is also a reminder of how Allwin, a successful businessman, used his skills, time, and resources to make a difference in the lives of those in need. For his work in gang-violence prevention in Boston and his commitment to working with youth, Nick Richardson T'08 is the first recipient of the award. In remarks during the award ceremony, Nick said, "Tuck students are accepting a moral obligation as leaders to think deeply about the impact of their actions on society.... For a good life, work is necessary but not sufficient. True fulfillment can be found only by giving our talents, energy, and time to a program, problem, or possibility about which we are passionate."

Supporting At-Risk Youth

A Tuck GIVES Internship

For nearly 30 years, Communities in Schools (CIS) has worked on solutions to America's high school dropout problem by connecting community resources to the academic and social-services needs of at-risk youth. By the end of the 2005–06 school year, CIS affiliates had directly served approximately 1.2 million students in 27 states. One measure of their effectiveness is that 80 to 90 percent of students tracked by CIS stay in school, earn better grades, and have fewer discipline issues. My primary project for the summer was to create a financial model that would help local affiliates plan strategically for growth into new school systems. To do this, I worked closely with leaders in the national office, local affiliates, and Bridge-span consultants. I also had the opportunity to craft marketing materials for business development and help prepare the annual budget. My experience at CIS exposed me to the importance and urgency of the national dropout epidemic. I was truly amazed at the dedication and commitment of the talented individuals who work tirelessly to address this critical

issue, and I am thankful for the opportunity to play a small role in helping this organization achieve its long-term goals.

Intern: Christopher M. Carrillo T'09

Clean Water for Rural Africa

A Tuck GIVES Internship

I worked for the Aquaya Institute, a San Francisco-based nonprofit research and consulting organization. With a goal of preventing waterborne disease, Aquaya promotes innovations through technology development, product distribution, and impact evaluation. According to the United Nations, over 4.8 billion people lack access to safe drinking water. Point-of-use water treatment is one possible solution. Aquaya, together with CARE Kenya and the Haas School of Business at the University of California, Berkeley, is conducting a survey in rural Kenya to determine whether a market for point-of-use water-treatment products exists, what products consumers prefer, and whether consumers are willing to pay for such products. The study has the potential to impact how organizations market safe water to rural communities throughout the world. Acting as Aquaya's project manager in the field, I was responsible for launching and refining the survey instrument, the experimental design, and the marketing materials; harmonizing the interests of CARE Kenya, UC Berkeley, and Aquaya; and overseeing enumeration, analysis of water-quality samples, and maintenance of quality control in data collection. I gained a deeper understanding of the difficulties of and opportunities for providing safe water to people around the world.

Intern: Bradley A. Lang T'09

Sustainability at Coca-Cola

Allwin Initiative Visiting Executive (Winter 2008)

John Brock, president and CEO of Coca-Cola Enterprises, was interviewed by Jessica Gunter T'09 when he visited Tuck as a keynote speaker at the Business and Society Conference. Brock stressed that "sustainability has become mainstream and we [Coca-Cola] are absolutely going at it with a really intense focus." Water stewardship is also extremely important, and

the company's long-term goal is to "use no water other than the water we're selling to produce our products." Among the many other topics he discussed is the changed relationship of food producers and processors with nongovernmental organizations. Brock said, "We've realized that the Natural Resources Defense Council, EPA Climate Leaders, [National] Wildlife Federation, and Coca-Cola have the same objective. Even today, we don't quite necessarily agree on the means, but we're talking to each other, and what used to be an obstacle is now getting close to being a working partnership, which I think is a very good thing."

Will Oil Always Be in Our Future?

Allwin Initiative Visiting Executive (Winter 2008)

In an interview conducted by Jon Mohraz T'09 during the Business and Society Conference, "peak oil" expert Matthew Simmons, chairman and CEO of Simmons & Company International, spoke about aging oil fields in Saudi Arabia. Jon asked whether alternative energy sources can adequately replace oil as a principal energy source. Simmons replied, "The answer is really simple; unfortunately, they can't. Because oil, unlike the rest of energy, ends up creating our petrochemical industry, our chemical industry, and all the various things that are made out of chemicals, plastics. The black part of the oil barrel is all transportation energy—motor gas, diesel, jet, train, bunker fuel. There has to be a fuel that can be stored in a tank and moved, and we've never been able to do that with anything other than converted and refined crude. That's the genius of crude."

To listen to the interviews, go to <http://mba.tuck.dartmouth.edu/initiative/visitors.html>.

Sovereign Wealth Funds and ESG Issues

Independent Study (Spring 2008)

T'09 Meg Kibbee's first-year independent study topic was sovereign wealth funds (SWFs) and their implications for the United Nations' Principles for Responsible Investment (PRI) in Emerging Markets project. SWFs manage more than \$3 trillion in assets and are expected to grow significantly in the coming years. Therefore, they are potential targets as the UN

project seeks to expand commitments to incorporate environmental, social, and corporate governance issues into the funds' investment decisions. The objective of Meg's research was to present a strategy for obtaining signatories to the PRI in Nigeria and Kenya. She outlined the countries' investment value chains, including all major internal and foreign players. She then identified key potential signatories and described a strategy for PRI to use in approaching them.

Corporate Social Responsibility in China

Shanghai Conference (June 2008)

Jennifer Blazejewski T'09 represented Tuck at the China Europe International Business School's third annual corporate social responsibility (CSR) conference. Using the CSR framework developed by FSG Social Impact Advisors, she suggested a business's social initiatives need to be appropriate to the company's strategy. CSR can be much more than a cost, constraint, or charitable deed if approached strategically. It provides the opportunity to transform value-chain activities to benefit society, while reinforcing strategy. Since a single company cannot take on every issue, how can it make strategic choices? First, by identifying points of intersection between the company and society. Second, by selecting social issues that would create the greatest shared value for society and the firm's competitiveness. Jenn used her former employer, Honest Tea, as an example of a firm that created shared value and distinguished itself in the process. The company is committed to sustainability, fair trade, expanding sourcing partnerships, and using organic materials in its products. Instead of just mitigating harm, Honest Tea has created products that build the brand and increase sales. She believes that Coca-Cola recently invested \$43 million in Seth Goldman, the founder, and the people at Honest Tea, as well as the brand, because they recognize what the company has achieved. Jenn said the hope is that socially conscious independents can do more good for the world with the help of big corporations than they can by fighting them.

Her trip was co-sponsored by the Allwin Initiative and the Center for International Business.

Green Buildings: Fad or the Future? continued from page 1

building. However, this is quickly changing, and recent studies show that green office buildings command a rent premium, have higher occupancy, and sell for a higher price per square foot than conventional buildings.

What lessons can MBA students take from this movement, even if they're not planning to go into real estate?

I predict that the current emphasis on sustainable building practices is going to be a bigger and bigger issue for MBA students, in whatever career path they pursue. When they are thinking about buying a home or renting office space, issues related to sustainability will become an increasingly important consideration.

About the Allwin Initiative for Corporate Citizenship

An interconnected globe, shifting ideologies, and the changing role of governments have made business a significant agent of transformation. Business knowledge can be applied to community needs and world issues. It can work across sectors to develop solutions. The opportunities are endless. The Allwin Initiative aims to prepare Tuck students for decision making and leadership in this increasingly complex, interconnected world. We work to ensure that the changing issues at the intersection of business and society are a key component of our MBA education and a part of Tuck's broader scholarly activities.

Allwin Initiative for Corporate Citizenship

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Tuck GIVES

Nonprofit and public-sector organizations usually cannot afford the skills of an MBA intern. To help, Tuck GIVES (Grants to Interns and Volunteers for the Environment and Society) was created and has raised money for these internships for the last eight years. In April 2008, students, faculty, and staff came together in Tuck's Cohen Great Hall to participate in the annual student-run Tuck GIVES auction, raising \$64,000 in support of nine summer internships.

Tuck GIVES Internships Summer 2008

International

Dawn Barclay T'09	Grassroot Soccer, South Africa
Khalida Fazli T'09	Asian Development Bank, Philippines
Adesuwa Ighile T'09	World Experience for Georgia, Republic of Georgia
Bradley Lang T'09	Aquaya Institute, Kenya
Robert Pascal T'09	TechnoServe, Swaziland
Chaerin Yun T'09	World Experience for Georgia, Republic of Georgia

United States

Christopher Carrillo T'09	Communities in Schools, Washington, D.C.
Takashi Mikoshiba T'09	Education Pioneers, New York, N.Y.
Laura Mogilner T'08	State of Vermont, Agency of Agriculture, Food and Markets