Principles for Responsible Management Education (PRME)

Business & management education for a new era of sustainability

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UN Global Compact – www.unglobalcompact.org

- Objective: Creating a more sustainable and inclusive global economy
- Universally accepted value platform for responsible business practices
  - Human Rights,
  - Good Workplace practices,
  - Environmental standards,
  - Anti-Corruption.
- 6,000+ businesses in over 130 countries
- 4,000+ non-business participants
- More than 100 Local Networks
A company’s delivery of long-term value in financial, social, environmental and ethical terms.

Corporate Sustainability
Need for change in management education?

Business

88% of CEOs surveyed believe that to reach a “tipping point” for corporate sustainability, it is important that educational systems and business schools equip future leaders with the mindsets and skills needed to manage sustainability.

- Source: UN Global Compact/Accenture Study of over 750 CEOs, 2010
UN-backed initiative to change the curriculum, research and learning methods of management education based on UN Global Compact/Corporate Sustainability approach

Launched in 2007
Principle 1 - Purpose: We will develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy.

Principle 2 - Values: We will incorporate into our academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact.

Principle 3 - Method: We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.
Simulation
Virtual Business Environments
Virtual Business Environments
Why is simulation so important?

- Allows realistic competitive business environments to be created at low cost and low risk.
Teaching and learning objectives

To allow insights into:

- complexity of a business environment;
- skills required to manage a competitive business scenario;
- Elements of sustainability and risk to products and business.
In an academic environment:

- Enables students to operate as a group;
- sensitises the students to the value of subsequent classroom courses and lectures;
- identifies skill deficiencies directly to students.
In a national/international competition:

- Gives a measure of team competence against experts;
- Gives status to team/business/university if team progresses to final.
Corporate Functions

Managing Director

Marketing
- Product Package
  - Promotion
    - Selling
      - R & D
  - Promotion
  - Selling
  - R & D

Production
- Scheduling
  - Purchasing
    - Transport

H.R.M
- Hire & Fire
  - Wages
    - Conditions

Finance
- Borrowing
  - Investment
  - Dividends
FUNCTION of MANAGING DIRECTOR

☐ To improve Shareholders’ Value?
Finance

PROFIT & LOSS
- Revenue
- Cost of Sales
- Overheads

Profit

BALANCE SHEET
- Fixed Assets
- Current Assets
- Liabilities

Net Assets

Dividends
Conflict Resolution

Marketing

Production

H.R.M

Finance
Unintended Consequences with this policy

- Environmental consequences
  - To others

- Sustainability
  - Risks to Company and Source of materials
FUNCTION of MANAGING DIRECTOR

- To achieve sustainability and protect the environment while giving a fair return to shareholders?
The Principles for Responsible Management Education have the capacity to take the case for universal values and business into classrooms on every continent.

UN Secretary-General Ban Ki-moon
Learning Agenda
VIRTUAL BUSINESS ENVIRONMENTS

- Using simulation technology to shape more effective and responsible business leaders.

- Including Sustainability and Risk.
Highlights Importance of:

- DESIGN
- DEVELOPMENT
- TRAINING
- MAINTENANCE
- SUBCONTRACTING
- MATERIAL SUPPLY

- AS WELL AS FINANCE
Sustainability Evaluation

Development Inputs
- Design
- Training
- Subcontracting

Results
- Co2 Emissions
- Reduce Risks
- Reduce Liabilities

Added Value
- Reduction in Risks
- Increase Sustainability
Sustainability Resolution

Design

Development

Training

Subcontracting
Global Management challenge

The biggest International Competition of Strategy and Management Simulation.

Ideal way to enter a National and International Competition.

Simulation created by
Global Management Challenge
Developments for 2013
## Production vs Carbon Footprint

<table>
<thead>
<tr>
<th>Carbon footprint (CO2e)</th>
<th>Tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factory heating and lighting</td>
<td>14.25</td>
</tr>
<tr>
<td>Energy used in production</td>
<td>37.91</td>
</tr>
<tr>
<td><strong>Total primary CO2e</strong></td>
<td><strong>52.16</strong></td>
</tr>
</tbody>
</table>
QUALITY and PREMIUM MATERIALS

**Quality:**
- Take up product improvements: 1
- Product development (€'000): 30
- Assembly times (minutes): 110
- Premium materials (%): 15

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<thead>
<tr>
<th></th>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
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<tbody>
<tr>
<td>Take up product improvements</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Product development (€'000)</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Assembly times (minutes)</td>
<td>110</td>
<td>170</td>
<td>380</td>
</tr>
<tr>
<td>Premium materials (%)</td>
<td>15</td>
<td>25</td>
<td>50</td>
</tr>
</tbody>
</table>
## TRAINING

<table>
<thead>
<tr>
<th>Personnel:</th>
<th></th>
<th>Number to train</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Assembly workers to recruit</td>
<td>2</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Hourly wage rate (€.c)</td>
<td>13.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management budget (€'000)</td>
<td>180</td>
<td></td>
<td></td>
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<tr>
<td>Staff training (days)</td>
<td></td>
<td>20</td>
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</tbody>
</table>
Subcontracting:
Components to order (units)

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>1500</td>
<td>1000</td>
<td>500</td>
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</tbody>
</table>
# MAINTENANCE

**Operations:**
- Materials to buy ('000) Spot
- Maintenance hours/machine
- Number of ports operated

<table>
<thead>
<tr>
<th></th>
<th>10</th>
<th>35</th>
<th>12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spot</td>
<td>10</td>
<td>35</td>
<td>12</td>
</tr>
<tr>
<td>Maintenance hours/machine</td>
<td>10</td>
<td>35</td>
<td>12</td>
</tr>
</tbody>
</table>
BUSINESS ASSESSMENT

- Profitability is not enough.

- What steps are being taken for:
  - Risk Assessment?
  - Sustainability?
Results of Poor Sustainability/Risk Analysis?

- Chernobyl
- Lehman Brothers
- Gulf of Mexico Oil Spill
CRITICAL AREAS

☐ DESIGN

☐ PLANNING

☐ TRAINING
LEHMAN BROTHERS
CRITICAL AREAS

- DESIGN (financial complexity of products)
- RISK ASSESSMENT
- SUSTAINABILITY of COMPANY
GULF of MEXICO – OIL SPILL
CRITICAL AREAS

- MAINTENANCE
- SUB CONTRACTING
VALUE of COMPLEX SIMULATION

- HIGHLIGHTS a RANGE of DECISION MAKING FUNCTIONS for TRAINING and EDUCATION

- DEVELOPS OUTWARD LOOKING MANAGEMENT
IN SUMMARY

- Complex businesses need more 'multi-factorial' managers;
- Not just those expert in some narrow area.
PREVIOUS WEBINAR 11 OCTOBER 2012

- GBSN Webinar: Experiential Learning Through Simulation Technologies

- The listing for the webinar is:
  www.gbsnonline.org/events/event_details.asp?id=265883
Virtual Business Environments
INTRODUCTION TO THE GLOBAL MANAGEMENT CHALLENGE USA
• Started in 1980 – Portugal

• 40 Countries

• More than 480,000 participants around the world

• Sample Corporations: NYSE Euronext, Barclays Bank, Deloitte, Coca-Cola, Pfizer, Accenture, Hersheys

• Sample Universities: Oxford, Cambridge, Purdue, Georgetown, Stanford
OVERVIEW – Who’s Involved?
We Remember

10% of what we read
20% of what we hear
30% of what we see
50% of what we read and see
70% of what we say
90% of what we do
Global Management Challenge is often positioned as a training and development program for current corporate managers and high-potential students at the university level.

- Acting young professionals representing companies (e.g. corporate high potentials/ talent pools representatives etc.)

- Young managers/executives from national and multinational companies

- MBA and high-potential undergrad students and alumni/graduates of business schools, graduates of various entrepreneurial/managerial student programs and associations (e.g. AIESEC, Entrepreneurship Club, etc.)

- MBA students/alumni

- Undergrads/student organizations alumni

OVERVIEW – Participants
1. Intra-company/university teams are organized (minimum of 3 to a maximum of 5 individuals).

2. There are 4 rounds of competition. In the First and Second Rounds: Over the course of a 2-week period, teams work together to manage a virtual company. They will be competing with other national teams and focused on an objective of achieving the highest share price in a simulated stock market.

3. Upon completion of the First and Second Rounds of competition (both virtual), the top 8 teams will be invited to the NYSE Euronext HQ in New York for the Global Management Challenge National Final (March 25-26, 2013). The National Finalist receives prize money, recognition, and an opportunity to represent the USA at the International Final in Bucharest, Romania (April 16-18, 2013).
In 2013, the simulation will incorporate additional emphasis on responsible management practices related to environmental issues:

1. Purchase of premium quality materials that are both more environmentally friendly and of superior quality.

2. Measurement of company’s carbon footprint and ability to offset it by taking responsible actions.

3. Dealing with tax implications as a result of being more environmentally responsible.
<table>
<thead>
<tr>
<th><strong>Training</strong></th>
<th><strong>Networking</strong></th>
<th><strong>Image</strong></th>
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</thead>
<tbody>
<tr>
<td>• ACTIVE Training Method</td>
<td></td>
<td>• Company/University Advertising</td>
</tr>
<tr>
<td>• Excellent SIMULATION of Reality</td>
<td></td>
<td>• Media Partner Coverage</td>
</tr>
<tr>
<td>• Teambuilding &amp; Solution to Silo Thinking</td>
<td></td>
<td>• National and International Finals</td>
</tr>
<tr>
<td>• Decisions In Different Areas</td>
<td></td>
<td>• Awards</td>
</tr>
<tr>
<td>• Results Appraisal</td>
<td></td>
<td>• Promotion Inside the Company/University</td>
</tr>
<tr>
<td>• Accredited Certification</td>
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</table>
✓ Only simulation competition offered on a **nationwide competitive** format (not only as in-house training), involving a broad range of participants including **low-mid-senior level professionals**, undergraduate-graduate students, public servants, civil society, and more

✓ Only **internationally-accredited** simulation by EFMD (top 3 business accreditation agencies in the world)

✓ Only management simulation competition that’s truly **international** in scope involving **40 countries** using the same scenario annually, with national winners competing in-person at an **annual international final event** in an exciting destination like Romania (2013 venue)

✓ One of few competitions presented in a **team format** and also not as a course, so participants are more likely to be self-motivated given their natural strong desire to win

✓ One of the few cross functional management simulations where participants make decisions around **human resources, finance, production, research and development, marketing, and sales**

**VALUE PROPOSITION – What Makes Us Unique? (Part 1)**
One of few simulation competitions that are **dynamic** in that the decisions of other participants in the competitive market are factored in with the software’s research data when processing the business outcome, to arrive at a result that more closely mirrors how real world markets work.

For **corporations**; the Challenge is not only an **internal talent/professional development tool for staff of all levels**, but it also offers a pipeline of new talent through access to and in collaboration with universities.

For **universities**; the Challenge not only provides an **experiential learning opportunity** for both students AND faculty, but offers access to corporate and association partners (some universities use the Challenge as development & team-building tool for their faculty and staff).
First Round Virtual (Jan. 25 – Feb. 14)
Second Round Virtual (Feb. 15 - Mar. 7)
National Final in New York (Mar. 25-26)
International Final in Romania (Apr. 16-18)
✓ Organize your teams today! Each team must comprise of 3-5 students.
✓ Register online at www.usamanagementchallenge.com/register!
✓ Contact the PRME Secretariat on how to get sponsored!

Snapshot of First Round of Competition (Virtual):

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tbody>
<tr>
<td>Material is distributed for review</td>
<td>Friday, January 25, 2013</td>
</tr>
<tr>
<td>First Set of Decisions</td>
<td>Thursday, January 31, 2013 by 1.00 pm (EST)</td>
</tr>
<tr>
<td>Second Set of Decisions</td>
<td>Monday, February 4, 2013 by 1.00 pm (EST)</td>
</tr>
<tr>
<td>Third Set of Decisions</td>
<td>Thursday, February 7, 2013 by 1.00 pm (EST)</td>
</tr>
<tr>
<td>Fourth Set of Decisions</td>
<td>Monday, February 11, 2013 by 1.00 pm (EST)</td>
</tr>
<tr>
<td>Fifth Set of Decisions</td>
<td>Thursday, February 14, 2013 by 1.00 pm (EST)</td>
</tr>
</tbody>
</table>
QUESTION & ANSWER

For inquiries following the webinar, please contact:

info@usamanagementchallenge.com
PRMESecretariat@unglobalcompact.org
"Global Management Challenge did not only expose us to practical knowledge in finance, human resource, operations management and marketing, it also revealed in us our true behavior in stressful moments and indirectly taught us qualities we hardly understood like tolerance, teamwork and having an eye for detail. It is closest to the ultimate test for a well-rounded manager."