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Lessons from Tree-Huggers and Corporate Mercenaries:
A New Model of Sustainable Capitalism

Title clearly announces topic and gets attention through provocative word choice—"Tree Huggers" and "Corporate Mercenaries"

Emotional appeals created through use of vivid imagery; statement of problem announced

Televised images of environmental degradation—seagulls with oil coating their feathers, smokestacks belching gray fumes—often seem designed to shock, but these images also represent very real issues: climate change, dwindling energy resources like coal and oil, a scarcity of clean drinking water. In response, businesspeople around the world are thinking about how they can make their companies greener or more socially beneficial to ensure a brighter future for humanity. But progress in the private sector has been slow and inconsistent. To accelerate the move to sustainability, for-profit businesses need to learn from the hybrid model of social entrepreneurship to ensure that the company is efficient and profitable while still working for social change, and more investors need to support companies with long-term, revolutionary visions for improving the world.

Response to the problem presented

Two-part thesis announced, establishing purpose of essay

Refinement of first part of thesis

Claim related to first part of thesis

In fact, both for-profit corporations and "social good" businesses could take steps to reshape their strategies. First, for-profit corporations need to operate sustainably and be evaluated for their performance with long-term measurements and incentives. The conventional argument against for-profit companies deeply embedding environmental and social goals into their corporate strategies is that caring about the world does not go hand in hand with lining pockets. This morally toxic case is also problematic from a business standpoint. A 2012 study of

Opposing viewpoint considered, helping to establish credibility of the writer

Rebuttal of opposing argument presented

Source: Lunsford Handbooks (Bedford/St. Martin's, 2016).
This project follows the style guidelines in the *MLA Handbook*, 8th ed. (2016).

180 high-profile companies by Harvard Business School professors Robert G. Eccles and George Serafeim and London Business School professor Ioannis Ioannou shows that "high sustainability companies," as defined by environmental and social variables, "significantly outperform their counterparts over the long term, both in terms of stock market and accounting performance." The study argues that the better financial returns of these companies are especially evident in sectors where "companies' products significantly depend upon extracting large amounts of natural resources" (Eccles et al.).

Transition refers back to ideas in previous paragraph before moving to new information

Such empirical financial evidence to support a shift toward using energy from renewable sources to run manufacturing plants argues that executives should think more sustainably, but other underlying incentives need to evolve in order to bring about tangible change. David Blood and Al Gore of Generation Investment Management, an investment firm focused on "sustainable investing for the long term" ("About"), wrote a groundbreaking white paper that outlined the perverse incentives company managers face. For public companies, the default practice is to issue earnings guidances—announcements of projected future earnings—every quarter. This practice encourages executives to manage for the short term instead of adding long-term value to their company and the earth (Gore and Blood). Only the most uncompromisingly green CEOs would still advocate for stricter carbon emissions standards at the company's factories if a few mediocre quarters left investors demanding that they be fired. Gore and Blood make a powerful case against requiring companies to be subjected to this "What have you done for me lately?" philosophy, arguing that quarterly earnings

Details of claim introduced

Logical appeals draw on information and evidence in a published white paper

Ethical appeal to companies to behave appropriately

Source: Lunsford Handbooks (Bedford/St. Martin's, 2016).

guidances should be abolished in favor of companies releasing information when they consider it appropriate. And to further persuade managers to think sustainably, companies need to change the way the managers get paid. Currently, the CEO of ExxonMobil is rewarded for a highly profitable year but is not held accountable for depleting nonrenewable oil reserves. A new model should incentivize thinking for the long run. Multiyear milestones for performance evaluation, as Gore and Blood suggest, are essential to pushing executives to manage sustainably.

Writer proposes partial solution to problem

But it's not just for-profit companies that need to rethink strategies. Social good–oriented leaders also stand to learn from the people often vilified in environmental circles: corporate CEOs. To survive in today's economy, companies building sustainable products must operate under the same strict business standards as profit-driven companies. Two social enterprises, Nika Water and Belu, provide perfect examples. Both sell bottled water in the developed world with the mission of providing clean water to impoverished communities through their profits. Both have visionary leaders who define the lesson that all environmental and social entrepreneurs need to understand: financial pragmatism will add far more value to the world than idealistic dreams. Nika Water founder Jeff Church explained this in a speech at Stanford University:

Writer extends claim to socially responsible businesses

Logical appeals presented in support of claim

> Social entrepreneurs look at their businesses as nine parts cause, one part business. In the beginning, it needs to be nine parts business, one part cause, because if the business doesn't stay around long enough because it can't make it, you can't do anything about the cause.

Source: Lunsford Handbooks (Bedford/St. Martin's, 2016).

When U.K.-based Belu lost £600,000 ($940,000) in 2007, it could only give around £30,000 ($47,000) to charity. Karen Lynch took over as CEO, cutting costs, outsourcing significant parts of the company's operations, and redesigning the entire business model; the company now donates four times as much to charity (Hurley). The conventional portrayal of do-gooders is that they tend to be terrible businesspeople, an argument often grounded in reality. It is easy to criticize the Walmarts of the world for caring little about sustainability or social good, but the idealists with big visions who do not follow through on their promises because their businesses cannot survive are no more praiseworthy. Walmart should learn from nonprofits and social enterprises on advancing a positive environmental and social agenda, but idealist entrepreneurs should also learn from corporations about building successful businesses.

Further evidence—additional logical appeals

Restatement of first part of thesis: for-profit and socially responsible businesses should learn from one another

The final piece of the sustainable business ecosystem is the investors who help get potentially world-changing companies off the ground. Industries that require a large amount of money to build complex products with expensive materials, such as solar power companies, rely heavily on investors—often venture capitalists based in California's Silicon Valley (Knight). The problem is that venture capitalists are not doing enough to fund truly groundbreaking companies. In an oft-cited blog post entitled "Why Facebook Is Killing Silicon Valley," entrepreneur Steve Blank argues that the financial returns on social media companies have been so quick and so outsized that the companies with the *really* big ideas—like providing efficient, cheap, scalable solar power—are not being backed: "In the past, if you were a great [venture

Transition to second part of thesis signalled

Problem related to second part of thesis explained

Reasons offered in support of claim

Source: Lunsford Handbooks (Bedford/St. Martin's, 2016).

capitalist], you could make $100 million on an investment in 5–7 years. Today, social media startups can return hundreds of millions or even billions in less than 3 years." The point Blank makes is that what is earning investors lots of money right now is not what is best for the United States or the world.

Transition sentence signals readers that there is reason for optimism

There are, however, signs of hope. Paypal founder Peter Thiel runs his venture capital firm, the Founders Fund, on the philosophy that investors should support "flying cars" instead of new social media ventures (Packer). While the next company with the mission of making photo-sharing cooler or communicating with friends easier might be both profitable and valuable, Thiel and a select few others fund technology that has the potential to solve the huge problems essential to human survival.

Reason for optimism presented

The world's need for sustainable companies that can build products from renewable energy or make nonpolluting cars will inevitably create opportunities for smart companies to make money. In fact, significant opportunities already exist for venture capitalists willing to step away from what is easy today and shift their investment strategies toward what will help us continue to live on this planet tomorrow—even if seeing strong returns may take a few more years. Visionaries like Blank and Thiel need more allies (and dollars) in their fight to help produce more pioneering, sustainable companies. And global warming won't abate before investors wise up. It is vital that this shift happen now.

Emotional appeal created through evocation of global warming and use of the strong term "vital"

When we think about organizations today, we think about nonprofits, which have long-term social missions, and corporations, which we judge by their immediate financial returns like quarterly earnings. That is a treacherous dichotomy.

Logical appeal created by pointing out a false dichotomy

Source: Lunsford Handbooks (Bedford/St. Martin's, 2016).

Instead, we need to see the three major players in the business ecosystem—corporations, social enterprises, and investors—moving toward a *single* model of long-term, sustainable capitalism. We need visionary companies that not only set out to solve humankind's biggest problems but also have the business intelligence to accomplish these goals, and we need investors willing to fund these companies. Gore and Blood argue that "the imperative for change has never been greater." We will see this change when the world realizes that sustainable capitalism shares the same goals as creating a sustainable environment. Let us hope that this realization comes soon.

Thesis revisited

Strongly worded quotation, restatement of the thesis, and an emotional appeal to hope to close the argument

Source: Lunsford Handbooks (Bedford/St. Martin's, 2016).

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Source: Lunsford Handbooks (Bedford/St. Martin's, 2016).