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ERB INSTITUTE  
UNIVERSITY OF MICHIGAN

# Strategic Plan

2022–2026



## **Sustainability with a sense of place; business with a sense of justice**

**T**he Erb Institute has turned 25. As part of our “looking back, looking forward” celebrations, we are releasing our new Erb Strategy 2022–26. This bold five-year strategic plan doubles down on our traditional focus of transforming markets for systemic sustainability. It also brings in a fresh perspective of justice to guide how we approach transformation, whom we choose to partner with, and ultimately whom we consider our stakeholders. It recognizes the urgency of action during the “decisive decade” that we have to avert the worst effects of climate change. In doing so, we recognize the deep divides that increasingly polarize society and can paralyze action on sustainability, and we commit to support business and nonprofit leaders in working across these divides for social and environmental impact.

This ambitious new vision for business, sustainability and justice informs our three strategic goals, which aim to broaden our multi-stakeholder approach to governance and impact, make global issues more relevant at the local level through our unique interpretation of “sustainability with a sense of place,” and scale up our ambitions for impact over the institute’s next 25 years.



## The Erb Institute reassesses strategy with a bold new vision

Every five years, the Erb Institute pauses to survey the global sustainability landscape, reconnect with stakeholders and map out priorities for our teaching, research and business engagement going forward. Above all, we refresh our strategic plan with a vision for impact, a select number of strategic goals and an integrated strategy for our unique contribution as an institute. Given our thought leadership, institute resources and worldwide network, what can we do for social and environmental impact better than any other peer in the marketplace?

For our new plan, we worked with strategy partner BSR throughout 2020-21, punctuated by the COVID-19 pandemic, and conducted a series of research pieces, stakeholder roundtables, board dialogues and strategy workshops with our faculty, staff, students and alumni—all focused on the core question, “What should be the Erb Institute’s unique contribution to global sustainability over the next five years?”

Gradually, the pieces of the puzzle fell into place, and our opportunity for contribution became crystal clear as our new Erb Strategy 2022-26 emerged:

**Empower architects of change who work across divides to transform companies, industries and markets for a just and sustainable world.**

One of the themes that came out of our global roundtables time and again is that we live in an increasingly complex and polarized world—socially, culturally, ideologically and geographically. The sustainability space is no exception, especially in the United States. We see our contribution as training and empowering sustainability leaders who collaborate across these divides and work together on systemic solutions to complex global challenges.

We also reassessed our opportunity space. Our previous five-year strategy focused on sustainability at two levels: the company level through enterprise integration, and the systems level through market transformation. Our new strategy doubles down on market transformation, while complementing this business focus with a new lens of justice. We are a business institute and will continue to work with companies and nonprofits to leverage the power of markets for transformation. At the same time, the calls for justice—social, environmental, racial and economic—resonated throughout our global roundtables last year and expanded our thinking on the role of business in society. If we learned anything from the public health crisis, social upheaval, economic meltdown and racial justice movement of 2020-21, it was that we still have a long road ahead of us to a just and sustainable world.

Our new strategy puts a stake in the ground for **Business, Sustainability and Justice**. We will work with student, business, nonprofit and policy leaders to rethink business’s opportunities for impact and to drive toward more just outcomes for society and more sustainable outcomes for the planet. We will better define the role of business in promoting justice; develop new research on how systemic change happens; create practical management tools for getting things done at the company, industry and policy levels; and broaden our traditional networks to bring new voices to the table and fresh perspectives to our research and teaching.

Our hope is that Erb Strategy 2022-26 will serve as both a compass for the long haul and a practical road map to guide our immediate next steps. Read on for more detail about our first steps along the way, our long-term destinations, and opportunities to partner with the institute in bringing to life our ambitious vision for a just and sustainable world.



## **We worked with strategy partner BSR for more than a year**

We began work with BSR early in 2020, paused for the worst of the COVID pandemic in late 2020 and early 2021, and then completed our collaboration by the end of the year. Together, we designed the strategy process, shared existing market insights, conducted new desktop research and stakeholder roundtables, and then collaborated in synthesizing the findings, conclusions and strategy recommendations.

We tested hypotheses with our Strategic Advisory Council, Erb students and Erb alumni. BSR opened up its global network and convened three regional roundtables in 2021 with business and nonprofit leaders in Asia, Latin America and Europe, and Middle East and Africa to bring a global perspective to our thinking.

We then worked through the insights and recommendations—including a fair number of surprises—in a series of workshops with BSR and Erb Institute faculty, researchers and staff, which informed the final strategy outlined in this document.

Going forward, Erb staff will guide the strategic plan’s implementation over 2022–26, with quarterly reviews and a midpoint “strategy refresh” planned for 2024.

## **Getting sustainability done at the intersection of business & justice**

The Erb Institute was founded in 1996 and has a simple mission.

**ERB INSTITUTE MISSION: To create a sustainable world through the power of business.**

We are celebrating the institute’s 25th anniversary in 2022 (delayed a year by the pandemic) with a series of events around the theme “looking back, looking forward.” We are reflecting on the first 25 years of institute impact, while looking forward to the next quarter-century. Our new strategy provides a vision for the next five years:

**STRATEGIC VISION 2026: Markets are anchored in just and sustainable systems.**

This is a vision for systems change. We believe in the power of business, but business can’t create a sustainable world alone. It will require a systems approach, bringing together business leadership, public policies, equitable access and democratic institutions for a justice-centered sustainability.

**STRATEGIC APPROACH 2022–26: Empower architects of change who work across divides to transform companies, industries and markets for a just and sustainable world.**

Recognizing the pivotal role of business and market systems, we expand our previous focus on “change agents” at the company level to “architects of change” at the systems level. Just as architects design integrated building systems, we aim to enable change architects who can transform the systems underlying individual enterprises, entire industries and eventually the global marketplace. Acknowledging the deep cultural and ideological polarization highlighted throughout our global roundtables, we will develop and support leaders—student, business, nonprofit and policy leaders—who are committed to understanding other stakeholders’ points of view and working across these different perspectives to help get sustainability done.



## Business, Sustainability and Justice

Ours is a systems approach to working for sustainability at the intersection of market transformation and justice.

Our previous plan, Erb Strategy 2015–20, was anchored in two strategic pillars. The first, enterprise integration, is an incremental, efficiency-oriented approach to embedding social and environmental criteria in company strategy and operations. The second, **Market Transformation**, lifts the constraints of incremental “business as usual.” It asks what a just and sustainable world would look like and then works backward to consider the role of business in arriving at that vision.

Our new plan, Erb Strategy 2022–26, is an evolution of that thinking. Today, we see enterprise integration as table stakes for most large companies in the United States and globally. Although much remains to be done, most companies are already taking the first steps—sometimes incremental, sometimes tentative—with energy-efficiency programs, water targets, community-investment plans, human-rights assessments and diversity strategies. Over the past five years, we’ve learned that incremental change is absolutely necessary—but entirely insufficient—for a sustainable world.

Our new strategy doubles down on market transformation, which adopts a systems view of structural change in global markets. Ours is a multi-stakeholder approach, inviting business, nonprofit and policy leaders to the table for a deeper discussion of business models, policy frameworks and sustainability innovation. We assume that individual companies can, and will, continue to tweak strategies, improve efficiencies and reduce negative impacts. However, as Erb faculty member Andy Hoffman and MIT Professor John Ehrenfeld argue in their book *Flourishing*, society must shift from simply being less unsustainable to true sustainability, which they neatly define as “the possibility that humans and other life will flourish on the Earth forever.” This market transformation will require collaboration across sectors, stakeholder groups and ideologies.

**Justice** is a new lens on transformation. Along with climate, the single issue that bubbled up in every one of our student workshops and global roundtables was the challenge of justice—social, environmental, racial and economic.

This justice perspective is aligned with the United Nations Sustainable Development Goals (SDGs), which emphasize eliminating poverty and hunger, reducing inequality, and building peace, justice and strong institutions, along with climate



action and protecting life on land and below water. We will continue to use the SDGs to frame our impact as we think about companies' role in promoting equitable access to social connection, economic opportunity, quality of life and human development.

In 1987, the United Nations Brundtland Report<sup>1</sup> defined sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” This was pivotal in reframing the global sustainability debate around a bold new concept of intergenerational equity—giving the needs of future generations the same standing as the needs of today's generations.

The Brundtland Report also highlights “the concept of ‘needs’, in particular the essential needs of the world's poor, to which overriding priority should be given.” But this point is often overlooked. The report also cautions, “Even the narrow notion of physical sustainability implies a concern for social equity between generations, a concern that must logically be extended to equity within each generation.”

Although equity across generations has always been central to sustainability, considerations of basic equity and access within the present generation have long been absent from our sustainability work. This additional criterion of intragenerational equity deserves the same attention as its intergenerational sibling in how we think about justice.

Erb faculty member Sara Soderstrom's research and teaching are at the frontier of defining a role for business in promoting an equitable, just and sustainable society. Soderstrom's research examines how organizations practically advance social justice<sup>2</sup>, and her innovative courses on business, sustainability and justice are challenging graduate and undergraduate students alike to assess business impact on society.

As a business institute, we look to markets to enable inter- and intragenerational equity, but we recognize that achieving both may require public policy guardrails. More fundamentally, we view capitalism from a systems perspective. Markets historically have been good at creating wealth but less successful in ensuring equitable access to that wealth. We believe that a structural transformation of capitalism has begun, with a shift over the past five years from “shareholder primacy” to an emerging “stakeholder capitalism”—a transition from a singular focus on shareholder returns to a recognition that capitalism must serve all stakeholders, not just those with capital. Nowhere is this transition more apparent than in the increasing calls in our roundtables to complement traditional “inbound materiality” assessment of social and environmental risks to company performance with a new “outbound materiality” focused on identifying and evaluating the company's impact on society.

Stakeholder capitalism will require stronger and more inclusive democratic institutions and a market economy anchored in just and sustainable systems. Erb Faculty Director Tom Lyon's research focuses on this constantly shifting dynamic among business drivers, policy guardrails and stakeholder activism. Lyon's 2018 *California Management Review* article “CSR Needs CPR [Corporate Political Responsibility]: Corporate Sustainability and Politics,”<sup>3</sup> co-authored with scholars from a dozen other universities, shines a spotlight on the gap that often exists between large companies' sustainability goals in public and their political lobbying in private. Erb will continue to work with business leaders and policy advocates to help companies better align lobbying with company purpose, values and sustainability commitments.

1 <https://sustainabledevelopment.un.org/content/documents/5987our-common-future.pdf>

2 <https://journals.aom.org/doi/abs/10.5465/AMBPP.2017.11202abstract>

3 <https://journals.sagepub.com/doi/10.1177/0008125618778854>



## Strategic goals

We believe that our unique contribution as a business institute will happen at the intersection of business, sustainability and justice, where we aim to empower architects of change to work across divides and transform systems for social and environmental sustainability.

We have developed three high-level, long-term goals to guide implementation of our strategic plan. Each year, we will draw on our strategic goals to define annual objectives and key results (OKRs), as well as initiatives, timelines, budgets and staffing plans. In Year 3, we will pause for a strategy refresh to adjust our strategic goals and OKRs according to changes in the global sustainability landscape, as well as what we have learned from the first years of implementation.

The three strategic goals below represent our avenues to impact as an institute. The foundation for all three is our belief that stakeholder capitalism will thrive if it opens up market systems to a much broader range of voices, and if it makes global sustainability progress real at the local level through tangible improvements in quality of life and human development. Likewise, we as an institute have the opportunity to dramatically scale up our ambition and our impact as we enter our second quarter-century.



### **Multi-Stakeholder Governance**

**Empower current and prepare future sustainability leaders for success in increasingly complex and polarized environmental, social and governance systems.**

We live in an increasingly polarized landscape—geographically, culturally, politically and racially—across the U.S. and around the world. Meanwhile, we are just beginning to understand the complexity and interconnectivity of our social, environmental and economic systems, and we acknowledge that the emerging model of stakeholder capitalism will require a new, more inclusive form of governance.

Our goal is to open up our thinking on institute impact to include a broader, more diverse group of stakeholders, industries, sectors and geographies. This goal will extend to OKRs to intentionally broaden our traditional scholarly and student networks to include new demographics and geographies in the U.S. and abroad, while also bringing in new stakeholder perspectives (such as activists, policy advocates and traditionally underrepresented voices) and new types of institutions (such as government agencies, industry associations and multilateral organizations).



### **Global Vision & Local Solutions**

**Create scalable solutions for global sustainability challenges through action-based learning and place-based research in the Great Lakes, across the U.S. and globally.**

Sustainability, by nature, deals with risks and opportunities on a global scale. Wicked problems like climate change, water scarcity, human-rights abuses and endemic poverty require a systems approach to fully understand and a global response to effectively address. But with our sights set globally, we sometimes overlook what matters most here at home in Michigan. Are we advocating for local solutions to global problems? Are we elevating local lessons learned to the international debate? Are we learning from solutions created by others around the world to apply here in Michigan and the Great Lakes?



We are a business institute with a global perspective. This second strategic goal reminds us to bring that international ambition back to Michigan—and to other communities across the U.S. and around the world—for tangible impact at the local level. This is a sustainability that responds to local histories, cultures and priorities. We think of it as “sustainability with a sense of place.” While we are not abdicating our responsibility (or ignoring our unique capability) to work for change on a systems level, we are challenging ourselves to extend this responsibility to solutions for friends, family and neighbors who share the place we consider home.



## Scaled Reach

**Take Erb learning and impact to scale through entirely new, significantly larger audiences of current and future leaders.**

The Erb Institute is one of the world’s top centers of excellence for business, sustainability and impact. Our 25th anniversary is a celebration of all that we have accomplished during our first quarter-century. It is also a reminder of the unparalleled platform for impact that we have forged over the years—including our thought leadership, practical management tools, student passion, alumni commitment and global partner network. But a question echoed throughout our stakeholder roundtables and internal workshops: How can we do more? How can we have deeper impact, accelerate change and reach out beyond our traditional audiences for impact?

Our third strategic goal is a challenge to ourselves, as an institute and as a global community, to step up our ambition. We need to expand our teaching to reach beyond learners at Ross and SEAS and connect with eager learners in other schools across the University of Michigan, to other universities in the U.S. and abroad, to managers and executives, and to virtual platforms for lifelong learning. We need to broaden the demographic, cultural and geographic diversity of our research, business partners, advocacy networks and media outreach. With each new investment of time or resources, we will ask: How can we do this at a scale that honors the challenge of this decisive decade for climate, justice, democratic institutions and a capitalism that serves all?

## Objectives & key results

Delivering on our strategic goals begins with breaking them down into shorter-term, more manageable objectives, each of which can be assigned to an Erb department for stewardship across functional areas. Our progress on the objectives will be measured through key results, which are time-bound and quantifiable and allow us to sequence the start and end times of major initiatives over the next five years. While the following OKRs suggest a total of nine objectives and 20 key results, we will reassess and modify the OKRs at our midpoint strategy review in 2024.

### Goal #1: Multi-Stakeholder Governance

**University learners:** Expand the scope of Erb co-curricular programming around business, sustainability and justice to include a broader range of institutions and stakeholder perspectives.

**Professional learners:** Provide sustainability leaders opportunities to integrate innovative thought and practical action into traditional fields of expertise and integrate new voices into traditional stakeholder perspectives.

**Alumni learners:** Continually build Erb graduate and undergraduate alumni capacity through professional development that integrates multi-stakeholder perspectives around business, sustainability and justice.





## Goal #2: Global Vision & Local Solutions

**Action-based learning:** Provide students with new action-based research and learning opportunities that demonstrate local and regional solutions for global challenges.

**Place-based research:** Explore current thought and practice around business, sustainability and justice, and evaluate the possibility of expanding our sustainability research agenda to incorporate considerations of justice and “a sense of place” (for example, social and environmental impact through the lens of local communities as interpreters of global challenges and local solutions).

## Goal #3: Scaled Reach

**University learners:** Scale Erb learning opportunities for broader graduate and undergraduate audiences at U-M and beyond.

**Executive learners:** Scale learning opportunities for broader audiences of early, mid-career and senior business and nonprofit leaders.

**Capacity building:** Build an organizational structure and secure new funding to support scaled reach.



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