

INTRODUCTORY REMARKS

SPEAKERS: **JOHN D. MACOMBER**, Senior Lecturer of Business Administration, Harvard Business School

DAVID MILLER, former Mayor of Toronto; former Chairman, Clinton C-40 Cities

DEAN NITIN NOHRIA, Dean of the Faculty, Harvard Business School

OVERVIEW

The population of the world's cities will double by 2030, and at that time more than half of humanity will be urban. This will occur in the face of increasing scarcity of basic resources like land, energy, clean air, and clean water. While cities are the major user of these resources, cities also are the organizing core for dramatic advances in resource productivity and sustainable infrastructure. These advances, many led by private sector investment and entrepreneurship, can result in dramatic environmental and economic benefits.

CONTEXT

After Professor Macomber summarized the conference's key ideas, Dean Nohria shared from his life experience about the role that cities play, and described HBS's ambition to speak to the most important problems in business and society. Mr. Miller then shared observations from his experience as Toronto's mayor and from chairing C40.

Already overcrowded and facing tremendous challenges, cities will continue to grow.

Many of the world's cities are overcrowded and already "stretched to the max." Cities face enormous challenges in not having enough land, water, clean air, energy, or places to put waste. And cities already produce 80% of the world's carbon emissions. Yet during the lifetime of today's children, the population of cities is expected to double, from its current level of three billion to six billion.

Cities are engines of economic progress and prosperity.

Every day, people continue to pour into cities. Nitin Nohria said the reason for this migration is because, "The truth of the matter is that there's no other choice. Economic development centers around cities. They're the engines of economic progress."

"Cities are the places where people see economic opportunity . . . they are, in fact, the engines of prosperity."

— Nitin Nohria

The challenge is creating cities that will continue to be engines of prosperity while at the same time being more sustainable.

Cities have the ability to act, and in doing so are producing solutions that connect the environment and the economy.

Cities don't have to wait for agreement to international treaties or development of national policies in order to take action. Under the leadership of strong, activist mayors—who are closer to citizens—cities can craft regulations, collect taxes, affect building permitting, and set a wide range of policies that produce near-term results.

"If you have a strong mayor and a good city government, you can actually make real change very quickly."

— David Miller

The reality is that cities are acting independently and collectively to produce solutions that have environmental and economic benefits. Among the examples discussed were:

- *The C40.* Mayors of the world's 40 largest cities have come together in partnership with the Clinton Global Initiative to address the issue of climate change. The idea is to address environmental challenges in a way that helps build a strong economy. The C40, currently chaired by New York City mayor Michael Bloomberg, has balanced representation from both the developed and the developing world. The C40 is advocating, sharing success stories about what is already happening in cities, and working together to create uniform standards in emerging areas, such as charging stations for electric vehicles.
- *India's major cities.* In Dean Nohria's view, 25 years ago India's major cities of Calcutta, Delhi, and Bombay (now Mumbai) felt like they had no place to grow and there was no place for a car to move. Today, there are 10 times as many cars in India and these three cities have made tremendous progress. Once considered unthinkable, Calcutta built a metro, which has dramatically changed the city and reduced pollution. Delhi's leadership mustered the political will to convert the city's public transportation system to compressed natural gas, which over five years decreased pollution in a palpable way and transformed the city.
- *Denmark and Copenhagen.* About 35 years ago, after the first oil crisis, Denmark decided it did not want to be dependent on foreign oil and decided that all electricity in the country would be generated from coal. The country was successful in implementing this strategy, but 25 years later realized it was the wrong strategy and switched course. The country then made the strategic decision to pursue renewables and it is underway in implementing this strategy, with progress in wind, geothermal, and other types of renewable energy. This combination of forward thinking and political organization has helped this cold, energy-poor country remain competitive in the global arena.

- *Toronto's deep-lake water cooling program.* Near Toronto is Lake Ontario, which has deep water that is cold year round. A company in Toronto, Enwave, has laid pipes in Lake Ontario that use the cold water to cool 60 of Toronto's office towers during the summer. This has a massive impact in reducing greenhouse gasses. The innovative technology being used, which was developed by a Spanish company, now is being studied by a company in Copenhagen that wants to run pipes into the oceans to cool buildings in warm countries. Developing and commercializing this technology will provide environmental benefits and create jobs. Toronto was able to accomplish this in part because the electric utility is owned by the city—one example of a way to allocate benefits and costs of this major investment program.

These examples are ways that cities are taking action to simultaneously produce environmental benefits, develop new industries, and create jobs—and enhance their economic effectiveness as well.

The challenges of cities in the developing world are taking place right now.

The challenges in the developing world are remarkable and they are happening today. The cities of the 21st century are being built right now in the developing world—not next year, but right now. These cities must seize the opportunity to be economically, socially, and environmentally sustainable.

The core infrastructure of these cities—power, water, transit, waste—is at the center of both environmental quality and also economic competitiveness. Cities that can harness public and private capital and competency to build out resource-efficient infrastructure will be far more competitive than their less prescient peers looking into a rapidly urbanizing 21st century.

The conference shows Harvard Business School's focus on the most important problems affecting business and society.

A priority at HBS is to speak about the most important problems in business and society, to be a place where the most important conversations occur. Along with being an intellectual leader, HBS will continue to be a convener, bringing together influential experts in different areas collectively to produce imaginative ideas. And HBS is tackling these problems in a collaborative, multidisciplinary way.

Already an extraordinary amount of work has taken place at HBS, and the Business and Environment Initiative is making great progress. This conference is another step in advancing the conversation about business and the environment.

While business is not the sole answer to all of the big problems of the world, none of the world's problems will be solved without the involvement of the business and investment community. Many of these problems—and opportunities—are best approached in highly inclusive manner incorporating the work of many areas of expertise. Investing in cities of the 21st century—notably around infrastructure—is just one of the areas in which HBS is leading thought and action with respect to business and the environment.

JOHN D. MACOMBER (MODERATOR)

John Macomber is a senior lecturer in real estate at Harvard Business School. His professional background includes leadership of real estate, construction, services, and technology businesses. He is the former chairman and CEO of the George B. H. Macomber Company, a large regional general contractor and a principal in several real estate partnerships in Massachusetts.

At HBS, Macomber teaches Finance and Real Property courses in the elective curriculum, including Real Property Asset Management; Real Estate Development, Design, and Construction; and Sustainable Cities: Urbanization, Infrastructure, and Finance. He is part of the teaching team for the Building Green Businesses field study seminar. Macomber also teaches Real Estate Sustainability, Strategy, and Finance at Harvard's Graduate School of Design.

Prior to coming to HBS, Macomber was a lecturer at MIT in Civil Engineering and Real Estate. He is chair or a co-chair of Executive Education programs including Real Estate Management, Real Estate Executive Seminar, and Develop India: Real Estate Strategies for Growth.

In the community, he is active with the Young Presidents' Organization (YPO), Boys and Girls Clubs of Boston, the Appalachian Mountain Club, and Mount Auburn Hospital. He serves on the boards of Boston Private Bank and Vela Systems.

DAVID MILLER

David Miller is a leading advocate for the creation of sustainable urban economies. In addition to being a strong and forceful champion for the next generation of jobs through sustainability, Miller advises companies—and governments—on practical measures to make this happen.

As chair of the influential C40 Cities Climate Leadership Group from 2008–2010, Miller was instrumental in demonstrating the practical and real change cities are already making and can continue to make as they fight climate change and create green jobs. In this capacity, Miller worked with the World Bank, OECD, the Club de Madrid, and other national and international organizations to strengthen the capacity of city governments worldwide to act.

As mayor of Toronto from 2003–2010, addressing climate change was a top priority for Miller. In July 2007, the city of Toronto released a wide-ranging Climate Change, Clean Air, and Sustainable Energy Action Plan that included over 100 actions to reduce the city's carbon footprint. In October 2009, the Power to Live Green outlined step-by-step how Toronto will reach 80 percent reductions in greenhouse gas emissions based on 1990 levels.

Under Miller's leadership, the city of Toronto allocated \$4 billion to climate change related projects and programs. Major projects to meet the city's 80 percent reduction in greenhouse gas emissions included over 120 km of new light rail to add to Toronto's transit system, which is the third largest in North America; Tower Renewal, a project designed to create jobs, promote local food production, and revitalize communities through energy efficiency improvements on over 1,000 high-rise residential buildings; and Live Green Toronto, which places community workers in neighborhoods across the city to identify, raise funds for, and work with residents to implement innovative new programs in all parts of the city.

Miller is a Harvard-trained economist and, professionally, a lawyer.

NITIN NOHRIA

Nitin Nohria became the tenth dean of Harvard Business School on July 1, 2010. He previously served as co-chair of the Leadership Initiative, senior associate dean of faculty development, and head of the Organizational Behavior unit.

His intellectual interests center on human motivation, leadership, corporate transformation and accountability, and sustainable economic and human performance. He is co-author or co-editor of 16 books. His most recent, *Handbook of Leadership Theory and Practice*, is a compendium dedicated to advancing research on leadership based on a colloquium he organized during HBS's centennial celebrations.

In *Paths to Power: How Insiders and Outsiders Shaped American Business Leadership*, he chronicles how leaders from different backgrounds rose to power in American business. This is a companion book to *In Their Time: The Greatest Business Leaders of the 20th Century*, which draws lessons from some of the most celebrated American business lead-

ers of the 20th century. The third book in this trilogy of historical studies of leadership is *Entrepreneurs, Managers, and Leaders: Leadership Lessons from the Airline Industry*.

Dean Nohria is also the author of over 50 journal articles, book chapters, cases, working papers, and notes. He has served as an adviser and consultant to several large and small companies in different parts of the world. He has been interviewed by ABC, CNN, and NPR, and cited in *BusinessWeek*, *The Economist*, the *Financial Times*, *Fortune*, the *New York Times*, and the *Wall Street Journal*.

Dean Nohria has taught courses across Harvard Business School's MBA, Ph.D., and Executive Education programs. He also served as a visiting faculty member at the London Business School in 1996.

Prior to joining the Harvard Business School faculty in July 1988, Dean Nohria received his Ph.D. in management from the MIT Sloan School of Management, and a B.Tech. in chemical engineering from the Indian Institute of Technology, Bombay (which honored him as a Distinguished Alumnus in 2007).