

ONLINE SIMULATION SCENARIO INTRODUCTION

*Change Management: Power and Influence***Scenario 1: Director of Product Innovation**

You are Director of Product Innovation within the Research & Development unit of Spectrum Sunglass Company. Spectrum's immediate future looks bright as the company enters its second decade of operations. Externally, the consumer sunglass market is growing again, and competitive-pricing pressures have subsided. The company recently rehired some of the workers laid off during the last recession, and many departmental budgets have been restored to well-funded, pre-recession levels. You are especially proud that one potential new product design has received positive focus group feedback after the first phase of development, and some exciting branding deals with Hollywood celebrities are under negotiation. Everyone at Spectrum Sunglass is looking forward to growth and enhanced earnings.

While you generally feel very positive regarding the situation at Spectrum, you have noticed that the topic of sustainable economic development and the link between sustainability and innovation is featured in many of the professional articles you read, such as "Why Sustainability Is Now the Key Driver of Innovation." You are frustrated that you don't have any new sunglass products to offer to the vocal customers who increasingly express concerns about Spectrum's environmental impact. Not only does sustainable development make sense to you personally, from both a moral and an economic standpoint, but you also see this as an opportunity to differentiate Spectrum's products from your competitors, which focus exclusively on design and price.

During Spectrum Sunglass Company's annual strategy retreat, you decide to pitch the idea of forming a task force to make the company and its products more environmentally sustainable. Your vision for Spectrum consists of three specific goals: (1) Eliminate 25% of waste by redesigning the manufacturing process; (2) reduce the current level of greenhouse gas emissions by 15%; and (3) create a new product line based entirely on environmentally benign materials. You argue that these goals, while aggressive, are achievable within the next two years. You also add that based on your current understanding, the task force will need to pursue the following activities: (1) Conduct energy audits and set aggressive milestones

for improvement on the three goals; (2) redesign processes and products to be more environmentally sustainable (and scale up successful experiments quickly); (3) analyze environmental life cycles throughout the entire value chain inside the firm and with its suppliers; (4) seek to replace fossil-fuel energy sources with renewable energy sources; and (5) seek to replace petroleum-based materials with biodegradable materials.

After politely listening to your proposal, Andrew Chen, the General Counsel, interjects that in his professional opinion, the sustainability project opens up the company to unnecessary legal risks. If the company does go ahead, he advises that only one of the three goals be pursued and that it not be publicly announced or promised until after a careful internal due diligence process. Then the CFO, Paul D'Arcy, speaks up, adding that instead of focusing on a pie-in-the-sky sustainability project, the task force's time and money would be better spent on finding innovative ways for Spectrum to reduce raw material costs and counteract the seasonality of its business. Just when you are about to inject a counterargument to this increasingly negative reception, Luke Filer, the VP of Operations, states that he is concerned about a product and process change that is likely to increase raw material costs and disrupt existing production flows.

Breaking the impasse, Leslie Harris, Spectrum's VP of Sales and Marketing, argues that this idea has considerable promise and that it would be foolish to reject it prematurely. After an hour-long discussion, during which some members of the top management team voice support for the initiative while others express skepticism, Henry Adams, the CEO and the rest of the management team agree to support your proposal, with the condition that the measure of success be your team's ability to achieve the proposed three goals within the next two years. The CEO agrees to allow you and your task force members to spend 75% of your time on this change initiative over the next two years. You agree to this arrangement, and you recommend that the task force report directly to the CEO in order to signal its importance to the rest of the organization and to facilitate direct communication on key issues as they come up. As the retreat ends and everyone heads to dinner, you start pondering the numerous issues and obstacles you'll need to overcome in order to implement your sustainability vision.

Your central challenge is to convince your colleagues that a dramatic change in the organization's strategy and products is necessary and that environmental sustainability is one of the keys to the firm's future. This challenge is somewhat complicated by the fact that you must influence the rest of the organization without the formal authority to command employees' attention, and there is no generally

perceived need to change at this moment because of the firm's return to normal profitability. However, you do have a reputation for being competent and trustworthy, and this reputational capital will be invaluable to you as you take on this new challenge.

Scenario 1: Organizational Structure for Spectrum Sunglass

