

ONLINE SIMULATION SCENARIO INTRODUCTION

*Change Management: Power and Influence***Scenario 2: CEO**

You are the CEO and founder of Spectrum Sunglass Company. As the company enters its second decade of operations, its immediate future is looking bright. Externally, the consumer sunglass market is growing again, and competitive-pricing pressures have subsided. Spectrum 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. A potential new product design has received positive focus group feedback after the first phase of development; furthermore, some exciting branding deals with Hollywood celebrities are under negotiation. Everyone at Spectrum is looking forward to growth and enhanced earnings.

While you generally feel good about the state of the business, you just turned 60 years old, and you are beginning to think about your legacy. You are reading more and more professional articles emphasizing the importance of sustainable development for business and linking the themes of sustainability and innovation, 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 and overall company from your competitors, which focus primarily on price and design.

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.

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 decides to proceed, 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. As you start to think up counter-arguments to the General Counsel, you get a double whammy in the form of Luke Filer, the VP of Operations, who expresses concern about the impact of these changes on raw material costs and production processes. To top it off, the usually quiet Louise Orysh, the Benefits Administrator, comments that since Spectrum is still recovering from the recession and has only recently begun rehiring workers, a dramatic shift to focus on sustainability may be premature.

You acknowledge your colleagues' objections, and as a solution propose that you plan to lead a five-person, interdisciplinary task force to look into the issues. As the task-force chair, you will commit to devoting 50% of your time to this sustainability initiative while juggling your responsibilities as CEO. The remaining four task-force members would devote 75% of their time to the project. You 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.

Breaking the impasse, the VP of Human Resources, Mary Gopinath, suggests that Spectrum needs to give this initiative serious thought and endorses your proposed cross-functional task force as a way to come to a compromise solution. After an hour-long discussion, during which some members of the top management team express support for the initiative while others express skepticism, everyone agrees to support your proposal. With your reputation on the line, you realize that success will be measured according to your team's ability to achieve these three goals within the next two years. As the retreat ends and everyone heads to dinner, you start pondering the potentially numerous issues and obstacles you may need to overcome in implementing your sustainability vision.

In this context of "back to business as usual," 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. Fortunately, you have the requisite formal authority and widespread respect throughout the organization to tackle this challenge.

Scenario 2: Organizational Structure for Spectrum Sunglass

