

Key facts and issues case study example

Business, Company



General Electric Co. chairman Jeffrey Immelt faces several problems since he instituted a policy to make GE a corporate leader in addressing climate change. In 2007, he joined with other corporate leaders to ask the U. S. government to limit carbon emissions and reduced GE's emissions by 4% to 6% between 2004 and 2006. He reached an agreement with the Environmental Protection Agency to work on cleaning up the Hudson River. He also launched a campaign called "ecoimagination" to sell more eco-friendly products. Green Order certifies those products. The value Green Order certification carries with environmental groups is not clear. Immelt's policy is that the projects must make economic sense. " We invest in the basic strategies that we think are going to fit into the program, but make money for our investors at the same time." Some of these are paying off. GE projected sales of \$17 billion of its self-described environmentally friendly products in 2010.

Immelt has also received criticism and complaints about his new policies. One group of customers say " Can't you just shut up and sell us stuff?" Another set of concerns comes from customers who buy products such as coal-fired generators, which are not environmentally friendly. Internally he has staff which questions whether CO2 emissions are a proven cause of climate change and another group who acknowledges Immelt's actions and policies create friction.

Questions:

1. What do you advise leaders at GE to do about satisfying customers who are not so environmentally conscious?

Two groups of clients are not so environmentally conscious are speaking out. One group just wants GE to “ shut up and sell us some stuff”. The solution to satisfying those clients is to do just that, as much as possible do not send them any additional promotional material regarding ecoimagination and sell them their “ stuff.” The other group has a more serious concern. They are worried about buying products from a company that appears to be advocating against them. Immelt needs to explain his position that making changes to address climate change is a political necessity. Some of those changes are using the most effective coal-fired turbines possible, like the ones that GE sells.

2 What is your opinion of the ethics of GE leadership, which is engaging in environmentally friendly activities while at the same time selling products that are environmentally unfriendly?

There are two ways of looking at this ethical problem. One is of the hypocrisy of a company, which is both advocating for environmental responsibility on one hand and selling damaging products on the other. The other way is looking a company that has been ecologically irresponsible for decades trying to move in a more positive direction. I deplore hypocrisy and advocate corporate change. It seems unreasonable to expect a company as large as GE to change overnight. GE has had policies and products that are environmentally unfriendly for decades. Now GE leadership is trying to move their company in the right, environmentally friendly direction. I do not think they should be considered unethical because of that. In a perfect world all production of any products that are environmentally friendly would stop; not

because of any regulations or laws but because no one would buy them. This world is not perfect. Every day people buy products from bottled water to coal fired turbines not are not environmentally friendly. It is easy to make an argument against selling any product that is not environmentally friendly, but as long as there is a market, those products will continue to be made and sold.

3. How should Immelt deal with GE managers who do not agree with his concern about reducing CO2 emissions?

It does not matter if CO2 emissions are a proven cause of climate change, Immelt is instituting a politically sound marketing campaign that is working. Public concern about climate change is great enough that Immelt's policies have put GE on track to sell \$17 billion of environmentally friendly products in 2010. It would be fiscally irresponsible to avoid those products in favor of only producing and selling products that are not friendly to the environment. Immelt should convey that message more strongly

4. What is your opinion of the level of social responsibility shown by Immelt and most likely his executive team at GE?

I think Immelt's policy of moving his company in a more environmentally friendly direction is the right thing to do. Since he is receiving criticism from all directions, he is probably doing it as quickly as is possible.