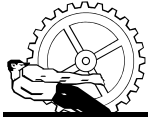


A Breakthrough in Transport Efficiency?

A Role Play on Sustainable Innovation in Business

The Story



Friction Free Plc.

has developed a new lubricating material (*Easy Move™*) that will increase the fuel efficiency of vehicles. In seeking to find markets for it, the management team prepares for a final meeting with their target first customer *Rapid Motion*, a large car company.



Rapid Motion Inc.

is quite interested in purchasing *Friction Free's* new lubricating material. They have tested the material in their labs and have seen promising results. A team of senior managers is assessing the outcome of such a purchase to prepare for an important negotiation with *Friction Free*. This meeting should decide whether or not to purchase *Easy Move*.

February 4 Module 4

Workplan

12:00 Study briefing notes

12:20 Separate preparation of the negotiation

Each team discusses its business objectives and the best negotiation strategy to reach them. They prepare the critical negotiation planned for February 10.

The IDEC consultants observe the process.

Friction Free team

- Managing Director (owns 40% of shares)
- R&D Director (owns 20% of shares)
- Manufacturing Director (owns 20% of shares)
- Sales Director (owns 20% of shares)
- Environment Director

You are expected to open the February 4 meeting with a short pitch that addresses all the critical questions raised by *Rapid Motion* in previous meetings.

Rapid Motion team

- President of the Cars Division
- R&D Vice President
- Manufacturing Vice President
- Purchasing Vice President
- Marketing Vice President
- Public Affairs Vice President
- Health, Safety and Environment Director

You should concentrate on what you want from *Friction Free* and how you will deal with the various issues that will follow from your decision to work with them.

13:40 Stepping out of the role play, evaluate what you learnt from the discussion and how this applies to the introduction of innovations in the market place.

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February 10 Module 7

- 18:30** Short review of the case: The day of the negotiation has arrived. The Friction Free team meets the management of Rapid Motion's Car division to convince them to buy their new product *Easy Move™*.
- The two teams should reach a clear decision by the end of the negotiation session. In case of an agreement they should specify the critical next steps each company needs to undertake.
- 18:50** The two teams meet to negotiate
The IDEC consultants observe
- 19:50** Stepping out of the role play evaluate what happened and why.
How could a better outcome have been reached?
What was overlooked?
- Summarise the main **principles** that apply in dealing with business innovation in a socially and environmentally responsible way.

A Breakthrough in Transport Efficiency?

A Role Play on Sustainable Innovation in Business

Your role: *Friction Free Plc.* Managing Director

You are the Managing Director and 40% owner of a small private company that is seeking to develop markets for a new lubricating material (*Easy Move™*) that will increase the fuel efficiency of vehicles by 30%. You are leading the team of managers that is to meet on February 4 with a top management team from your only target customer *Rapid Motion*, a large car company. You have an accounting background and you handle also the financial affairs of *Friction Free Plc.*

You have been in discussion with *Rapid Motion Inc.* for some months and you hope that this will be the final meeting that will result in a contract to supply significant quantities of *Easy Move™* over the next 2 years.

Easy Move™ is based on a plant oil found only in mahogany trees. The R&D and Manufacturing Directors have developed a process to extract this oil and convert it into a form which coats metal so that when small amounts of ferrous arsenide and scandium chloride are added it can act as a highly effective lubricant.

Rapid Motion Inc. have been conducting trials on *Easy Move™* and have confirmed that it improves fuel efficiency and would make possible a significant reduction in greenhouse gas emissions. However, *Rapid Motion* have raised questions about the sourcing of the mahogany oil, the amount of energy needed to process the oil and the safety of ferrous arsenide. They are also concerned that vehicles will need more frequent and expensive maintenance.

Your R&D, and Manufacturing Directors are the technical brains of the organisation. Without them the company would not exist. However, they are difficult people to work with since they get all tied up in their technical problems and rarely present straight forward solutions. You feel that their lack of commercial skill has held the company back from getting an order from *Rapid Motion* more quickly. About 6 months ago you hired the Sales Director to deal with this concern. You have agreed with him that it is important to prepare for the meeting with *Rapid Motion* much more effectively than in the past. You have asked him to actually lead both the preparatory meeting and the coming negotiation with *Rapid Motion Inc.* You will ensure that the commercial needs of *Friction Free* are properly factored into the presentation that will be made to *Rapid Motion*.

Just before the meeting with your fellow directors you received a phone call from your bank. They confirmed what you have feared: *Friction Free* has reached its credit limit and, unless you have a firm order within the next month, they will seek a bankruptcy order. In turn this would bankrupt you personally since all of your savings have been invested in *Friction Free*. You decide not to tell your fellow directors of this latest financial development.

With this in mind the meeting with *Rapid Motion* must be successful and the order must be 8,000 tonnes, rather than the 5,000 tonnes per year trial order discussed so far, in order to ensure a sound financial base for your company in the near term.

A Breakthrough in Transport Efficiency?

A Role Play on Sustainable Innovation in Business

Your role: *Friction Free Plc.* R&D Director

You are the R&D Director and 20% owner of a small private company that is seeking to develop markets for a new lubricating material (*Easy Move™*) that will increase the fuel efficiency of vehicles by 30%. You are the inventor of *Easy Move™* and are widely recognised as a very inventive and practical person. You are part of a team of five managers that is to meet on February 4 with a top management team from *Rapid Motion Inc.*, a large car company.

Friction Free has been in discussion with *Rapid Motion Inc.* for some months and you all hope that this will be the final meeting that will result in a long term contract to supply significant quantities of *Easy Move™* over the next two years.

Easy Move™ is based on plant oil found only in mahogany trees. Together with the Manufacturing Director you have developed a process to extract this oil and convert it into a form which coats metal so that when small amounts of ferrous arsenide and scandium chloride are added it can act as a highly effective lubricant.

Rapid Motion have been conducting trials on *Easy Move™* and have confirmed that it improves fuel efficiency and would make possible a very significant reduction in greenhouse gas emissions. However, *Rapid Motion* have raised questions about the sourcing of the mahogany oil, the amount of energy needed to process the oil and the safety of ferrous arsenide. They are also concerned that vehicles will need more frequent and expensive maintenance.

You have been working on the vehicle maintenance issue. It is clear that *Easy Move™* loses effectiveness over time and that vehicles really need to have a full service every 5,000 Km to clean off the old *Easy Move™* and replace it. Doing this only every 10,000 Km as the R&D Director of *Rapid Motion* proposed in the last meeting will reduce the fuel savings to a third. You think that the solution to this challenge is to make it easier to access the vital moving parts of vehicles, particularly the wheel bearings so that the lubrication can be done more easily. You have designed a system that would allow a garage to remove wheels and bearings and return the bearings to *Rapid Motion* for cleaning and re-lubrication. This service would require a pick-up and delivery system that would need to be cost-effective.

A Breakthrough in Transport Efficiency?

A Role Play on Sustainable Innovation in Business

Your role: *Friction Free Plc.* Environment Director

You are the Environment Director of a small private company that is seeking to develop markets for a new lubricating material (*Easy Move™*) that will increase the fuel efficiency of vehicles by 30%. You are the past European campaign organiser for Global Weather Drive; an NGO that has pressed government to deal with the threat of global climate change by improving the fuel efficiency of vehicles. You are part of a team of five managers that is to meet on February 4 with a top management team from *Rapid Motion Inc.*, a large car company.

Friction Free Plc. has been in discussion with *Rapid Motion Inc.* for some months and you all hope that this will be the final meeting that will result in a long term contract to supply significant quantities of *Easy Move™* over the next two years.

Easy Move™ is based on a plant oil found only in mahogany trees. The R&D and Manufacturing Directors have developed a process to extract this oil and convert it into a form which coats metal so that when small amounts of ferrous arsenide and scandium chloride are added it can act as a highly effective lubricant.

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You joined *Friction Free* when the Managing Director approached you 18 months ago and asked for help to deal with environmentalists' concerns about the source of the oil used in *Easy Move™*. You have very good contacts to the environmental movement world-wide. You have an agricultural background and have worked on the use of bio-engineering to develop crops that can supply chemical raw materials. You are a strong supporter of bio-engineering for this purpose although you have not taken any public stance and kept your views to yourself when working in Global Weather Drive.

You have traced the source of all of the oil that you would use to meet the projected trial order (5,000 tonnes per year) from *Rapid Motion*. You can be sure that such an amount of oil would come from sawdust and other waste in the use of mahogany from managed forests. However, any significant increase in the amount of oil needed would cause a severe problem. The only way of sourcing it would be from non-managed forests or from linseed plants which have been bio-engineered to also produce the mahogany oil. The Manufacturing Director appears to know a process to separate mahogany oil from linseed oil.

A Breakthrough in Transport Efficiency?

A Role Play on Sustainable Innovation in Business

Your role: *Friction Free Plc. Manufacturing Director*

You are the Manufacturing Director and 20% owner of a small private company that is seeking to develop markets for a new lubricating material (*Easy Move™*) that will increase the fuel efficiency of vehicles by 30%. You developed the process to make *Easy Move™*. You are part of a team of five managers that is to meet on February 4 with a top management team from *Rapid Motion*, a large car company.

Friction Free has been in discussion with *Rapid Motion* for some weeks and you all hope that this will be the final meeting that will result in a long term contract to supply significant quantities of *Easy Move™* over the next two years.

Easy Move™ is based on plant oil found only in mahogany trees. Together with the R&D Director you have developed a process to extract this oil and convert it into a form which coats metal so that when small amounts of ferrous arsenide and scandium chloride are added it can act as a highly effective lubricant.

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You have been dealing with the issue of oil processing and the safety of ferrous arsenide. Obtaining the oil from mahogany to produce *Easy Move™* requires a great deal of energy. *Rapid Motion* are concerned about the high amounts of energy required to extract the oil to make *Easy Move™*. With the general concerns about energy usage, they fear that the product may be undermined by stories of its high energy requirements which cancel out the gains in car fuel efficiency.. The process which you now use has been fully optimised to make it as low energy as possible and it leaves a net fuel efficiency gain.. But you are concerned that when it is scaled up to meet the 5,000 tonnes per year quantity being discussed with *Rapid Motion* the energy per tonne might increase by up to 25%, You can think of ways to improve this. You have talked this over with your two leading technicians but none of you can really be sure until you start up the large scale plant and try out the ideas. One thing is for sure - if anyone can achieve an energy reduction it is these two people. If the oil is sourced from bio-engineered linseed plants the energy required to make *Easy Move™* is lowered by 50%.

Ferrous arsenide itself is quite safe when handled properly or when incorporated at low levels into *Easy Move™*. The problem is that when *Easy Move™* gets very hot, minute amounts of an arsenic compound are released. Great care is needed in the manufacture of *Easy Move™* when the ferrous arsenide is added to the boiling mahogany oil. In addition to fail-safe systems on the equipment, samples of workers' hair are analysed every month to be sure that there is no build-up of arsenic in their bodies. In-use testing of *Easy Move™* has not detected any arsenic release up to 9,000 Km of use. However at 9,000 Km a few samples have shown amounts that are just at the limit of detection sensitivity of the standard methods. At 25,000 Km the levels released could cause medical concern in cities. Therefore timely car maintenance must be set and respected

A Breakthrough in Transport Efficiency?

A Role Play on Sustainable Innovation in Business

Your role: *Friction Free Plc. Sales Director*

You are the Sales Director and 20% owner of a small private company that is seeking to develop markets for a new lubricating material (*Easy Move™*) that will increase the fuel efficiency of vehicles by 30%. You have been brought in to the Company by the Managing Director to provide some sales and marketing skill. You are part of a team of five managers that is to meet on February 4 with a top management team from *Rapid Motion Inc.*, a large car company, your only target account at this stage of development.

Friction Free Plc. has been in discussion with *Rapid Motion Inc.* for some months and you all hope that this will be the final meeting that will result in a long term contract to supply significant quantities of *Easy Move™* over the next two years.

Easy Move™ is based on a plant oil found only in mahogany trees. The R&D and Manufacturing Directors have developed a process to extract this oil and convert it into a form which coats metal so that when small amounts of ferrous arsenide and scandium chloride are added it can act as a highly effective lubricant.

Rapid Motion have been conducting trials on *Easy Move™* and have confirmed that it improves fuel efficiency and would make possible a very significant reduction in greenhouse gas emissions. However, *Rapid Motion* have raised questions about the sourcing of the mahogany oil, the amount of energy needed to process the oil and the safety of ferrous arsenide. They are also concerned that vehicles will need more frequent and expensive maintenance.

At the last meeting with *Rapid Motion Inc.* the discussion centred on technical issues and went round and round. In fact at times you could not understand what was being discussed. The meeting never got to the real issue of how much *Easy Move™* *Rapid Motion* would want to buy and what price they would be prepared to pay. You strongly suspect that *Friction Free* is close to bankruptcy and that it is essential that a significant order be obtained soon. You have also reason to believe that a couple of key manufacturing people at *Friction Free* are thinking of leaving out frustration that they cannot get anything done at *Friction Free* even though the product is a great idea.

You have talked about all this with the Managing Director and he has agreed that you should prepare the meeting with *Rapid Motion*. You have decided to prepare a simple flow diagram from the sourcing of the mahogany oil to the re-lubrication of vehicles so that the issues and solutions can be easily communicated to *Rapid Motion* at the start of your meeting with them tomorrow.

A Breakthrough in Transport Efficiency?

A Role Play on Sustainable Innovation in Business

Your role: *Rapid Motion Inc. President of Cars division*

You have the position of president since six years. You are part of the “inner circle” of managers who, with the current CEO, took Rapid Motion from a conservative, union dominated state company, to private ownership and successful global market leader.

Your division is the largest of four that make up the total Rapid Motion business. You are part of the Executive Committee and nourish hopes to be on the short list for the next CEO in 4 years.

However, since your promotion the Cars division has suffered from market share erosion. While you could post some growth competition took most of it and in 4 years you saw your total share decline from 40% to 35%. You sense that the CEO’s trust and the board’s patience are running out. The rapid removal of your former Marketing vice president six months ago and the CEO’s demand that you take his hand –picked candidate is another sign that you are getting more help than you would like.

Moreover you completely lost your important performance bonus and stock options for 3 years now and have great financial difficulties to sustain the way of life and real estate investments you committed to in the heydays of success.

A fresh approach to the market is urgent and critical. It is unlikely to come from the internal R&D pipeline after a number of failed projects. Easy Move™ lubrication systems could counter your competition’s green marketing and buy precious time while you address a fundamental redirection of your R&D efforts.

A Breakthrough in Transport Efficiency?

A Role Play on Sustainable Innovation in Business

Your role: *Rapid Motion Inc.* R&D Vice President of Cars division

You have invested heavily into fuel efficiency innovation to try to keep up with competition. Unfortunately most of the fast track options have run into technical problems or patent boundaries with your main competitors. Instead of stepping up resources you are under pressure to cut your budgets by the amounts that were allocated to the aborted projects.

Because your room of manoeuvre is reduced you believe that the Easy Move™ lubricant will buy you time. But it also comes with a worrying question mark. All the accelerated aging tests show that beyond 9,000 km the compound starts to degrade and release arsenic and traces of dioxin. It also loses lubricating power. You doubt the capability of Friction Free to resolve such complex chemical stability issues, at least by the time you should launch the new system. This puts the burden on Rapid Motion to redesign its servicing scheme. This is not a big technical problem but it runs counter to the trend of increasing the servicing cycle.

On the whole you are rather frustrated. In a company that pays for performance the bonuses have been passed for 3 years. The employees openly blame the lack of innovation as the main cause for market share erosion. You have a hard time to keep the motivation of your troops and your most creative people apply to other divisions or even leave.

A Breakthrough in Transport Efficiency?

A Role Play on Sustainable Innovation in Business

Your role: *Rapid Motion Inc.* Manufacturing Vice President of Cars division

You run a tight shop and are recognised in the industry as the leader on quality management. While sales slumped you were able to break productivity records and mitigate the impact of lower returns. However you feel that this is poorly recognised as 2/3 of bonuses are based on division performance. You feel penalised by the lack of innovation in R&D and anticipation of trends in marketing.

You have a hard time to accept that a rescue depends now on a small start up like Friction Free with no business track record except an interesting developmental lubricant. You do not trust their manufacturing capability and you have yet to be allowed to audit their facilities for good manufacturing practices.

You are also responsible for the technical relations with the network of garages that are licensed to service Rapid Motion vehicles during their guarantee period. You have worked hard with them to introduce quality processes that make your servicing network the most efficient in the industry. You feel that your president and marketing colleague completely overlook this strength and underestimate the time to move to a different servicing scheme.

A Breakthrough in Transport Efficiency?

A Role Play on Sustainable Innovation in Business

Your role: *Rapid Motion Inc.* Marketing Vice President of Cars division

You took this position six months ago. You already know this division from the time you were marketing director for speciality vehicles before being offered the position of area president for the Components Division in Asia. This was the challenge of your life: a turn around assignment in a complex geography. You know you did very well. The results and your exposure in the business media are telling. You also sense that this new assignment is now another test on your way to the top. The CEO went out of his way to lean on you to come back to headquarters in the middle of the school year and the transfer back package is better than standard.

The Cars Division is not what it used to be. Morale is low. Sales are maintained at the cost of big discount campaigns while market share slips. You are back from a visit of the main agents in Europe and alarmed by the poor first half year forecasts.

The best idea to rescue business seems to be this fuel efficiency technology. It is a response to the chorus of competitors and public interest groups. Concerns about climate stability and the negative role of transport run high in northern Europe. Taking an initiative makes sense.

But your instinct tells you that there is something rushed and superficial in the negotiation with Friction Free. You are concerned about the number of open questions and the dependence on an unknown entity for most of their answers. Rapid Motion may end up with more problems than solutions.

More over you cannot figure out how to market this solution. Assume the technology delivers. You would have to explain to the customer the corners of the deal: the good news is that you will save fuel; the hitch is that you must service your car twice as often. Rapid Motion made that good decision for you to protect the environment. Take it or go to competition...

No way! We could only offer this as an option, not as a standard.

Let's see the economics: One more service every 10 000 km, that's about 50 euros. But with 15% fuel efficiency you drive 10,000 km while you only pay gas for 8,500. In the 10-12 litres/100km vehicle range that's worth looking at. But in the 4-6 l/100km range and small diesel it's close to break-even. We know that consumers always claim environmental concerns but hardly care to change their purchasing habits. Not clear where this would end up. On the other hand the commercial fleet market, where you have a strong position, seems an ideal first target market.

As you prepare your thoughts for the internal meeting you promise yourself to keep a low profile against the expectations from your new colleagues that you may display your whiz kid ego. You want to succeed in facilitating a good team decision, based on a rational analysis of the facts. You will take your time to build credibility with your colleagues.

A Breakthrough in Transport Efficiency?

A Role Play on Sustainable Innovation in Business

Your role: *Rapid Motion Inc.* Purchasing Vice President of Cars division

You are angry. This memorandum about Easy Move™ is just another sign of the strategic vacuum that plagues the Cars division. Thanks to the incompetence of the R&D group the whole top management team will spend another day to wonder if the car sales can be rescued by some mickey mouse company with fairy dust technology!

For the last 3 years you feel short changed with a compensation that does not reflect your contribution. Yes, you got the maximum of your personal bonus but that still leaves you behind your true market value because you are on the wrong team. But changing has proven difficult. For the last 2 years you explored switching ship. You have to admit it: the whole industry admires and hates you. Your harsh price negotiations got you a profile in the Financial Time but also the nick name “rabid motion strangler”. While your colleague in manufacturing coaxed suppliers to perfect their processes you made sure that they turned over every productivity gain in lower prices. This about compensated the lower sales revenues and kept the shareholders happy. But you got little in rewards.

So you are stuck with this job, the biggest purchasing job in the company, until retirement. Hopefully not with the same boss and R&D chief for much longer.

You think that the Easy Move™ project is completely on the wrong track. You are opposed to an environmental positioning. It does not work. Car buyers want the mobility, the comfort, the status, the freedom of the driving experience. They do not want to feel guilty about its environmental impact. They select their cars based on media reviews and the trade press ignores environmental features. The environmental positioning of competitors is just about good corporate conscience and PR to keep the environmentalists off their back.

Fuel efficiency that goes to the wallet of your customers is of course important. But it is obvious that the introduction of Easy Move™ would require a redesign of the service concept and frequency that clashes with the trend for less service. It would also reopen the tight agreements that you imposed on the servicing network.

You are determined to derail this idea and, if it comes to a February negotiation after all, to be as difficult as you can be with Friction Free.

A Breakthrough in Transport Efficiency?

A Role Play on Sustainable Innovation in Business

Your role: *Rapid Motion Inc.* Public Relations Vice President of Cars division

You are part of the inner circle of management. In fact you and the CEO started together as junior marketing staff and shared an office for a number of years. You also dated and married two sisters. After the tragic death of your sister in law you and your wife take care of the teenage daughter during her father's frequent trips. You have a profound admiration for your CEO and his steep career. Although close to him you never jump rank to discuss business. But you know him inside out. You understand that his swift move to replace the former marketing vice president by the most promising young executive in the company has started the countdown for your current boss.

You will do what you can to support the crown prince.

You enjoy your work and your credibility with government officials, the media and important stakeholders. Despite of the lacklustre sales you have been able to spin the good news about productivity records. You also have been able to emphasise the importance for the division of environmental and social issues. You are frequently invited to speak on Corporate Social Responsibility and you enjoy the public visibility. Without the formal title you are practically the corporate PR as the other divisions keep a low profile and have no staff working on issues. You also chair a number of industry commissions on CSR.

However you also need a good story to tell. Social Responsible Investors, analysts, rating agencies are getting less and less impressed with sweet talk. They want to see initiatives. So far you have been short on evidence. As you prepare your contribution to the company's sustainability report and to deal with 2 investment funds visits you want to build on the Easy Move™ decision. The timing is just right. Concerns about climate are high, the car industry is perceived to drag its feet on fuel efficiency, and competitors make a big deal out of marginal, business-as-usual type of progress.

With Easy Move™ you could make real waves. But you need a closer understanding of what is going on; you were too tied up in other meetings so far to spend anytime looking at details. Your president's memo raises a few questions and it is time to get involved. If it is a good story you cannot afford to let marketing turn it into the same mess as they did with low weight plastic body parts a couple of years ago when you only got involved for damage control.

A Breakthrough in Transport Efficiency?

A Role Play on Sustainable Innovation in Business

Your role: *Rapid Motion Inc.* EH&S Director of Cars division

You are a medical doctor that became involved in occupational health issues early on and ended up making a career in industry. Rapid Motion is leading the industry on every health, safety and environmental indicator. This is thanks to a creative application of quality management techniques to the questions of EH&S and an excellent cooperation between the manufacturing group and your staff.

With a shop in good order you are well aware that the main environmental impacts are caused by cars once they are on the road. You strongly believe that Rapid Motion should be aggressive in its environmental positioning and turn its know how in a number of environmental services for its suppliers, servicing network and even its customers. Why not "Safe and Caring" driving courses? You hope that the new marketing vice president will listen to your ideas.

The *Easy Move™* concept is exciting: A natural oil that improve man made machines and reduces their pollution and climate impact. Except that it also wears out and ultimately releases traces of arsenic and dioxins. But from a pure hazard and exposure point of view this is not dramatic. You already have arsenic and dioxins (and anything you care to look for) in the exhausts of combustion engines. *Easy Move™* does not make things worse even around the 10 000 km mark (as you also burn less fuel). However, try to explain that to the public. Industry and experts in white coats have lost credibility after so many safety scares.

The problem is that risk in the eyes of the public is always distorted by the level of outrage associated with a hazard. If we are to launch a new lubricating concept we must understand the potential for public outrage now. We must deal with the emotions. The only way to understand this is to open a large stakeholder consultation on this project. This openness can only reinforce our image of a safe and caring company while it also provides insights into how best position the innovation.

Obviously this is also the way to deal with the question of mahogany oil sourcing. From a purely technical point of view you favour biotechnology for the production of fine chemicals (but you have reservations that this is needed for food). Sourcing *Easy Move™* from linseeds could resolve availability and process energy bottlenecks together. Where would NGOs and activists stand on this question? We need dialogue.

You are glad that you have been invited with all the vice presidents to discuss the situation before the negotiation with Friction Free. Although you have seen the data from R&D you were so far not invited to the meetings and you felt side-lined. Actually you have the impression that your colleagues are so impressed with the environment director of Friction Free, because of his credentials of former activist, that they forget the competence of their own EH&S staff!

A Breakthrough in Transport Efficiency?

A Role Play on Sustainable Innovation in Business

Confidential memorandum

From: President Cars Division

To: Easy Move™ Negotiating team

Subject:

February 4 negotiation with Friction Free – “the state of play”

There can be no doubt that *Easy Move™* is a breakthrough invention. It presents a strong potential to improve fuel efficiency in transportation by at least 15%. The R&D organisation has reason to believe that this could be optimised to double over the next 10 years with a combination of vehicle modifications.

However there are some major issues to be addressed:

- How to source the necessary mahogany oil.
There seems to be little possibility for enough material from well managed sources. The development of alternate sourcing is essential, either from second rate sources or from bio-engineered linseeds. But this would be a major concern among environmentalists. The Environment Director of *Friction Free* should be able to provide some perspective since he has previously been the European campaign organiser for Global Weather Drive; an NGO that has pressed government to deal with the threat of global climate change by improving the fuel efficiency of vehicles. His background is in agriculture but we do not know where he stands on bio-engineering and how far *Friction Free* explored that alternative.
(We also have a high internal sensitivity here: our CEO has become deeply involved in questions of agriculture and food safety since his wife passed away from the Creutzfeld Jacob disease two years ago.)
- The life cycle energy balance
While the fuel efficiency gains in cars on the road is remarkable, we have indications that the process energy to make *Easy Move™* is significant. We are not yet clear about the net final balance. Every aspect of energy use in making and using vehicles is now under public scrutiny. We remember the front page stories when we moved to lower body weights with plastics components. We suspect that the negative speculations that the energy to produce the plastic parts exceeded the fuel efficiency on the road originated with the metal industry: We proved them wrong at great public relations efforts.. We cannot afford a repeat of such controversies.
- The safety of Ferrous Arsenide.
There is no doubt that this is a dangerous material when heated . *Friction Free* have indicated that they control the manufacturing process. Our evaluation shows that it is essential to properly clean old material from bearings and joints prior to applying new lubricant. To remain on the safe side will change our standard servicing recommendations.
- The safety of scandium chloride.
There is a recent literature report that this can cause the formation of traces of dioxin under certain conditions.
- Re-design of vehicles and their servicing.
This is a huge area for development if *Easy Move™* is going to be successful. We need to be able to get at most, if not all, of the moving parts of a vehicle and we need to re-lubricate them. *Friction Free* say we need to do this every 5,000 Km; we would clearly prefer to do it less frequently (say every 10,000 Km).

A Breakthrough in Transport Efficiency?

A Role Play on Sustainable Innovation in Business

With our extensive network of servicing franchises we should be creative and turn this into an opportunity.

The R&D Director of *Friction Free* seems highly creative and optimistic about finding a solution. We could engage him to help us find cost-effective solutions to this challenge.

- Friction Free's staying power

This is a small innovative company but it is burning cash without any commercial success yet. It is close to its credit limit. The financial resiliency of its 4 shareholders could not be assessed by our financial department. We do not know if they negotiate with our competition. We need to be aware of the potential financial burden if we seek exclusive cooperation.

We can expect that *Friction Free* will come to address most of these questions. Assuming that these answers are acceptable we need to move to the major questions that need to be addressed:

1. How can we change vehicle servicing systems? We should start by working on cars - changes to goods vehicles and buses can come later. (We note that the solutions found will probably be re-applicable to trains and may be planes. This could provide huge business growth opportunities for *Rapid Motion Inc.*). What can we do to get people to service their vehicles regularly?
2. How can we convince people that the potential risks of using *Easy Move™* are acceptable? There is no doubt that there will be concern about the use of mahogany oil and the safety of the additives ferrous arsenide and, perhaps, scandium chloride.
3. What form of cooperation do we want from Friction Free? How much do we need to commit to retain their interest and enable them to deliver what we need?

Please come prepared to discuss our negotiation approach on January 29 – 19:30 to 21:30.

A Breakthrough in Transport Efficiency?

A Role Play on Sustainable Innovation in Business

Your role: *IDEC consultant*

You have been retained by the company to evaluate their negotiation approach and provide feedback that helps them to learn and improve.

You will participate in 2 key meetings – the preparation of the negotiation and the negotiation itself.

During the meeting you are only an observer of the process.

After the meeting you will provide feedback and lead a discussion where managers can discuss improvements.

While you are very experienced here are some of the aspects that would be useful to bring back to the discussion:

- How clearly did the team define its desired outcome?
- Did they analyse all the key factors that facilitate or hinder the desired outcome
- Did they plan what to do about each factor
- How did they manage emotions and personal agendas
- How orderly did they discuss and listen to each other
- Etc.