Case – Good Example

**Summary**

General Electric (GE) is a massive multinational conglomerate corporation. According to Forbes, GE is worth a total of $343.74 billion. GE covers a vast are of expertise, according to Forbes “Pproducts and services of the Company range from aircraft engines, power generation, water processing, and household appliances to medical imaging, business and consumer financing and industrial products. It serves customers in more than 100 countries. Its segments include Energy Infrastructure, Aviation, Healthcare, Transportation, Home & Business Solutions and GE Capital” (Forbes.com, 2014). In recent years, GE has been under pressure by religious groups and activists to become more environmentally friendly. Since GE is so large, they put out a significant carbon foot-print from their multiple operations. GE does not have the best track record, as they are responsible for dumping more than 1.3 million pounds of PCBs into the Hudson River beginning in 1945. Their lax attitude over the cleanup efforts does not sit well with activists, however. In addition to direct environmental issues, GE has faced criticism over their light bulb production. The argument is that they are capable of producing vastly more efficient bulbs, but they continue to produce inefficient ones, which senselessly wastes energy. In order to combat the criticism coming from all angles, Jeffery Immelt, the CEO of GE, launched a program called “Ecomagination”, which has been met with both praise and criticism. The goal of “Ecomagination” is to count and reduce global warming emissions in order to appease the growing criticisms. Among the accusations, however, GE has been accused of “Green washing” consumers by releasing CSR reports that show off their environmental achievements. The argument is that the achievements are misleading and divert public attention on their environmental practices. This is a fair argument in some respects, but GE has shown substantial progress toward their environmental goals. Immelt himselfhas been criticized for not fulfilling his role as CEO and expending too many recourses on the “Ecomagination” project only to appease a small populous of critics.

**Internal Analysis**

GE has many strengths that benefit them in the form of revenue. Market presence is one of those strengths. GE has a massive presence in several different industries. On top of that, their high brand recognition also serves as a strength, which aids in the abundance of sales for the company. Another strength, and probably the most obvious, is their extremely high net worth. At $343.74 billion, GE has enough combined worth to be less susceptible to market woes, should one area of the market be weak for an extended period. This keeps GE from going bankrupt and facing the same type of economic downturns that smaller companies may be vulnerable to. The “Ecomagination” project is also a great strength. There may be some dispute over its utilization and true intentions, but it does show that GE is trying to do something to appease its consumer base, which can be seen as a strength to be built upon. Lastly, their high net worth allows for acquisitions of other companies, should they be appealing.

While a company has strengths, there will also be weaknesses. GE is no exception in this case. One of the big issues with a multinational conglomerate, especially GE, is the fact that there are so many branches of the business that it is difficult to stay aligned or even keep up with a core business strategy. This makes it difficult for CEO’s, such as Immelt, to keep track of and ensure the success of each individual branch. This lack of oversight makes the company susceptible to major mistakes, such as with environmental organizations and activists. One of the big weaknesses displayed by GE is their obvious late response to economic and consumer indicators that show a desire for environmentally friendly processes and products. This is an area that GE should be ahead of the game on. Since it has taken consumer and regulatory backlash to cause force GE into a strategy that they should already have been utilizing, they have been negatively affected by lowered consumer trust. To add to this, their resistance to cleanup efforts has does not sit well with environmentally aligned groups and many of their motives seem to be only to fulfill selfish goals, not to do the right thing.

**External Analysis**

Some of the opportunities the GE has give a much better outlook for the company if they take advantage of them. One such opportunity is the ability to repair consumer trust through the utilization of strategic partnerships, whether it may be international governing bodies or independent organizations, such as Greenpeace. By aligning with such organizations, GE would be able to repair trust by essentially piggybacking to the trust present in said companies. This would give a giant boost to the “Ecomagination” project that GE is pushing. By having environmental give their stamp of approval, the “Ecomagination” project could hold more weight in the eyes of consumers without seeming like a scheme to make more money by taking advantage of consumer environmentalism. Not only is there a trust opportunity in this, there is a revenue opportunity as well. By aligning themselves with these organizations, GE gives themselves a major marketing boost through increased marketing saturation. One other vast opportunity that GE has is to release technology that they are holding back into the market. They still produce products, such as incandescent and fluorescent bulbs that could easily be replaced with technologies, such as LED driven lighting that has come a long way in the past few years. By not utilizing these technologies, they allow themselves to fall behind and lose revenue, due to other company’s high market saturations. The biggest opportunity they have, which really involves all of the environmental opportunities, is the chance for GE to utilize Strategic CSR in order to increase public trust by becoming a socially responsible company that can act as a god role-model in the industry. Not only would they be a good role-model, but they would be tapping into a new market that has a chance for increased revenue and company growth.

The threats that GE faces mostly based on their own inability to operate at a respectable company with respect to consumers and governing bodies. One big threat is the fact that their reputation is already damaged by past events. When poor response to current environmental trends is added to this scenario, it is not hard to see that GE faces some potentially serious consumer trust hurdles. Poor environmental outlook and practices also poses a threat to GE’s revenue through fines and cleanup efforts that they could be made responsible for. This could amount for millions upon millions of dollars that could be better spent toward innovation and expansion. Lastly, there is threat toward GE with respect to their market share. If they do not release innovative products quickly enough, other companies will beat them to the punch and attain a high market share with respect to the technology. This would make it difficult and costly for GE to recover and enter in a market technology that they, likely, should have already been leading in.

**SWOT Analysis**

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| --- | --- | --- |
|  | **Helpful** | **Harmful** |
| **Internal** | Market presence and brand recognition in several industries | Too much diversity in the market is makes it difficult to keep track |
| Ecomagination has great potential if utilized correctly | Late response to environmental trends obviously present in society. |
| High net worth protects the company from the ill effects of a lagging division | Resistance to cleaning up mistakes is obvious to the community |
| High net worth allows possibility of acquisitions | Motives often seem selfish and driven toward profit to the community. |
|  |  |
| **External** | ……………………………………….High brand recognition allows for easier repair of trust through strategic partnerships | ……………………………………….The EPA has a broad influence on the community’s perspective on a company. |
| Partnering with environmentally aligned company’s can yield higher sales | Poor or insufficient response causes fading consumer trust and opinion.  Poor environmental practices or outlooks causes company-wide risk  …………………………... |
| Simple utilization and production of advance technologies that the company already has can put an end to criticism and yield higher consumer trust.  Capacity to utilize Strategic CSR to increase brand trust and environmental footprint without. | Loss of market share due to competitors use of innovation at a quicker pace |

With the observation of the SWOT analysis factors noted, we can see that the biggest issues GE faces are consumer trust and environmental practices. Their environmental practices may not currently be condemnable, but they could lead the way and set a greater example without making it seem like a revenue aligned goal to the consumer. Better practices with respect to the environment will surely increase the consumer trust that has been damaged by past events. Essentially, GE needs to adopt a Strategic CSR mind-set in order to benefit from the positive effects that practicing an environmentalist outlook can have, rather Responsive CSR, where they essentially respond to public outcries. By utilizing Strategic CSR, they should already have proper guidelines in place, instead of having to scramble to compensate and their impact on society should be much greater.

**Alternative Courses of Action**

The “Ecomagination” project is definitely an asset to GE, so scrapping the project is not an option. There are two options, however, that can be pursued in order to increase the effectiveness of the Ecomagination project and regain consumer trust, while reducing liability for the company with respect to environmental practices.

One option, which should have been taken from the start, would be to allow the chief director of “Ecomagination” to take full control of the project, instead of Immelt taking it on himself. This would give Immelt the ability to utilize his time for acting as CEO of GE, instead of a “Politician” as described by the board of directors. As stated before, GE covers a wide spectrum of areas in the market. For Immelt to take on “Ecomagination” on his own or to expend too much of his time would be a senseless waste of recourses. By doing so, Immelt is off-setting his duties as CEO that could negatively affect the company through missed business opportunities, mistakes, and lack of company direction through innovation. This would effectively give Immelt time to ensure the release of innovative products and guide the company towards growth, while simultaneously giving the company the environmental edge it desperately needs to maintain.

The other, but slightly less likely option is to align the company at least one environmental organization, such as Greenpeace. By aligning with such organizations, GE will effectively be able to regain consumer trust through the trust present in said organizations. This option may be a stretch, however, because such organizations are likely to be very hesitant to accept a company with a history like that of GE, without long-standing proof of outstanding environmental practices. Organizations such as Greenpeace would likely hesitant to put their reputation at risk by endorsing a company at high risk for environmental backlash by the community.

**Evaluation of all Alternatives**

Allowing the chief director of “Ecomagination” to take over fully has many benefits with minimal risk. The only real risk involved is probably seen by Immelt himself in that his vision for the “Ecomagination” project may not be executed in the manner he sees fit.

Aligning with environmental organizations to improve consumer trust is a very likeable idea, but the likelihood of such organizations agreeing to a partnership or endorsement is very unlikely until GE displays a long-standing record of excellence with respect to environmental practices.

**Best Alternative**

The best alternative for GE is to allow Steve Fludder, the chief director of “Ecomagination” to take full control of the project. The best move for Immelt is to stay away from the intricacies of the project and merely set goals for Fludder to achieve. This gives Immelt the opportunity to act more like a CEO and appease the board of directors. This will also give the “Ecomagination” project a better chance of succeeding because it will be run more efficiently.

**Implementation**

Implementation is simple. Immelt needs to hand over control of the project to Fludder and stay out as much as possible. He can set long-term goals and still be a part of the project, but the bottom line is that he needs to utilize his efforts toward acting as CEO, which means the entire company.

**Conclusion**

In conclusion, GE needs to take heed to consumer demand for better environmental practices. They also need to become more familiar with strategic CSR and become a company that can realize profits from benefiting the environment, not from dodging regulations. By becoming environmentally aligned, GE and the environment can see massive benefits.

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