

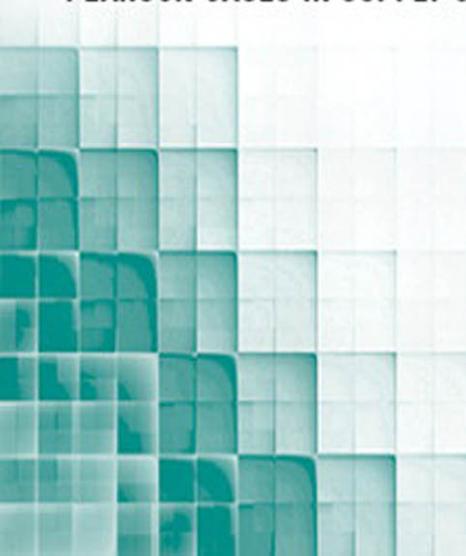


HealthCare's Corporate Social Responsibility Program

MATTHEW J. DRAKE

with Robert P. Sroufe and Marie Fechik-Kirk,
Duquesne University

PEARSON CASES IN SUPPLY CHAIN MANAGEMENT AND ANALYTICS



The case is reprinted from
The Applied Business Analytics Casebook
by Matthew J. Drake

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by Matthew J. Drake, Ph.D., CFPIM

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Robert P. Sroufe and Marie Fechik-Kirk,
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Sustainability Coordinator's First Project¹

From her tenth floor office, Stephanie Meyers watched as the first snow began to fall over the city and thought about how much had changed over the past few months. Stephanie had gone from leading an internal auditing team at HealthCare, one of Pennsylvania's largest health insurance companies, to working independently within the facilities department as the company's first sustainability coordinator. It was Stephanie's responsibility to successfully roll out sustainability initiatives to the staff and to select the first sustainable, eco-friendly, and green project at the Pittsburgh office. The success of these sustainability initiatives was crucial, as Stephanie was now evaluated based on the success of the initiatives and on the projects she instituted. Stephanie also wanted this first project to build awareness and buy-in.

Stephanie knew there was some internal interest in the company, but she was nervous about selecting the first sustainability project.

¹ Preparation of this case is for the basis of class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

After eight years in accounting, Stephanie knew how to evaluate the financial, operational, and reputational risk of a project or procedure; but she wanted her first project to offer the staff at HealthCare tangible benefits. Stephanie knew she could win over more people if the community and her colleagues at HealthCare believed they benefited from sustainability initiatives. Stephanie's goal was to select a project that would conserve energy and resources while benefiting HealthCare both economically and socially. Any building renovation project needed to reduce energy usage, decrease operating costs, and benefit the environment and the community.

For the past month, Stephanie had been researching ideas to upgrade HealthCare's 30-story headquarters. Built in 1988, the building consists of 2 floors of retail space, 28 floors of office space, and a 3-level underground garage. HealthCare is the primary tenant of the building and is exploring the possibility of seeking a LEED for Existing Buildings: Operations and Maintenance certification. After careful consideration of the options, Stephanie had narrowed her decision to three possibilities: HVAC replacement, exterior tree replacement, or interior tile replacement. From her experience in accounting and internal auditing, Stephanie knew that building a strong business case for any new project was crucial. However, after going through the information, Stephanie could create a business case for all three projects to varying degrees. Yet, facilities management would make the final decision, as they were responsible for completion of the project. Looking out into the falling snow, Stephanie decided to call Gary Render, the Contracting Solutions Leader of Santoro, a leading commercial HVAC provider in Pittsburgh, to get his input. Stephanie had met Gary at a Green Building Alliance sustainability workshop last year. Gary was well connected and knew the facilities director well, and might offer Stephanie some insight.

The phone rang several times, and as Stephanie was about to hang up, she heard "Hello, Gary Render," on the line. Grateful for the opportunity to get his input, Stephanie told Gary about her upcoming

decision. However, much to Stephanie's dismay, Gary did not offer her a solution. "Stephanie, HealthCare selected you to take on this task because you have the internal knowledge and the understanding of sustainability to make the best choice for HealthCare." Gary continued, "Instituting change is like driving a truck down a winding hill. You have to go slowly and carefully to avoid tipping over. You don't want to pick anything too extreme, or you'll lose people. Similarly, you also have to tie down everything carefully, so that you keep control of your load. When you present your ideas to the committee, prioritize and carefully defend your recommendations. Show that the initiative you select will save HealthCare money and will demonstrate good corporate citizenship and best practice within the industry." Gary also suggested working with a local university to have a team of business students help to confirm the analysis and opportunities. This kind of experiential learning is beneficial to both parties. Plus, community involvement aligns with HealthCare's corporate vision and values.

As Stephanie hung up the phone, she looked over the numbers again. Perhaps she needed to look not only at the numbers but also at the alignment between the project and HealthCare's mission (see Exhibit 1). No matter which project she selected, Stephanie needed to explain why HealthCare should complete the project and how the project aligns with HealthCare's commitment to promote and apply sustainable, eco-friendly, and green business practices. Stephanie also needed to consider the interests of multiple stakeholders, so that her project recommendations would be accepted not only by the finance department but also by the facilities department and others working in the building.

HealthCare's Current Situation

HealthCare is one of the largest health insurance companies in Pennsylvania with 4.6 million people served by HealthCare's programs. This 70-year-old company is a major employer in Pennsylvania