



The AES Corporation (B)

Abstract

The Choice: The Guatemala Reforestation Project

For more than a decade, WRI's Sustainable Enterprise Program (SEP) has harnessed the power of business to create profitable solutions to environment and development challenges. BELL, a project of SEP, is focused on working with managers and academics to make companies more competitive by approaching social and environmental challenges as unmet market needs that provide business growth opportunities through entrepreneurship, innovation, and organizational change.

Permission to reprint this case is available at the BELL case store. Additional information on the Case Series, BELL, and WRI is available at: www.BELLinnovation.org.

With some trepidation, Sturges approached the 2:00 pm Operating Committee Meeting with her presentation materials. Sturges ran through the implications of the greenhouse gas buildup in the ozone and its potential link to global climate change. Then, she recommended that AES should fund a reforestation project in a tropical developing country to offset the carbon dioxide emissions that may be contributing to that buildup. She defended the project as being the most technically feasible, potentially coming under the 1% of capital costs of Thames, having positive social implications and ensuring AES's position as the least cost supplier of clean coal-fired power plant energy. She paused to let the idea sink in, and was greeted with an exclamation from Dennis Bakke, President and Chief Operating Officer of AES: "Great idea Sheryl!"

The company asked The World Resources Institute(WRI) to advise them on the implementation of a reforestation, or tree-planting, program in a developing country. Over the next six months, WRI convened a panel of foresters and development experts to analyze various proposals from

This case was prepared by Marcy Trent of the Sustainable Enterprise Program and reviewed by James E. Post, Professor of Boston University School of Management; Forest Reinhardt, assistant Professor of Harvard Business School; and Walter D. Scott, Professor of Kellogg School at Northwestern University to stimulate class discussion rather than to document effective or ineffective management strategies. Copyright © 1992 World Resources Institute.