



TEMPES CORPORATION (B) (ABSTRACT)

Thinking About Environmental Impacts: Materials, Costs, Performance, Regulations, and Marketing

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.

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In keeping with Tempes Corporation's traditional approach to capital budgeting, cash flows and other financial measures of the design choice have been estimated. Yet Susan Barclay, the *Water Moccasin* business manager, is not satisfied: having examined the cash flow analysis, she realizes that these data do not capture the effects of a range of potentially important factors. In particular, she is concerned that environmental issues may influence projected cash flows. After all, the company president requested that two designs be prepared so that costs and benefits of using recyclable engineering thermoplastic could be compared with those of the more traditional design. Now the challenge is to better understand these tradeoffs.

The first step is to learn more about plastics and cadmium, and the implications for the design choice facing the company. Barclay has called on her colleagues, and in particular the environmental compliance officer, for information on the materials they are considering. She has received a memo summarizing a number of articles and other information (see **Exhibit 1**).

This case was prepared by Lawrence Molinaro, Jr., William Lovejoy, and Christopher A. Cummings, as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. It was subsequently revised by Anjali Sastry and Henry Jacoby, Sloan School of Management, Massachusetts Institute of Technology. This case was developed with support from the Management World Resources Institute. Copyright © 1995 by the World Resources Institute. All rights reserved.

While the results of the search do not indicate that one design would be clearly superior to another, they have given the business manager plenty to think about. Calling an informal meeting, Barclay asks her colleagues to come up with a list of all the factors that might affect costs, performance, marketing, compliance, and liabilities. As the meeting begins, it becomes clear that the environmental dimensions of the design choice are significant.

ed any additional information.