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MOBIL CORPORATION

Teaching Note

The Mobil Corporation case study is designed to be used in discussions of management accounting or control and organizational behavior. In the case, Fred Schoeneborn, Mobil's Facilities Management Coordinator, holds no real authority over the facilities managers themselves. Yet he is faced with the daunting task of trying to get these facilities managers to undertake projects that may put them at risk, with little obvious incentive or reward for success. Fred Schoeneborn's success in implementing this complex initiative throughout a large, wide-spread organization can be seen as a valuable model for other, similar efforts.

1. Prove that the initiative works on a smaller scale. Although Fred felt that Green Lights lighting retrofits could have outstanding returns for Mobil, he had no proof until he convinced one of the facilities managers to experiment with the specific audit and retrofit procedure. When these experiments at the Princeton facility were successful, Fred had the proof he needed to be able to show facilities managers that Green Lights projects could produce significant savings. Thus taking part in the program would be viewed as less risky for the managers.

This case was prepared by Robert Day and Mathew Arnold of the Sustainable Enterprise Program (SEP) to stimulate class discussion rather than to document effective or ineffective management strategies. Funding provided through Lisboa Associates from the U.S. Environmental Protection Agency. Copyright © 1996 by SEP. Not for citation, distribution, or duplication without permission of SEP.

2. Obtain corporate commitment to the project. Fred Schoeneborn had also used the Princeton results to obtain support from top Mobil management, who were convinced that joining Green Lights was not only the smart thing to do, but was also the right thing to do. Nevertheless, Fred made sure that Mobil's corporate commitment to the program was highly publicized. Not only did this provide Mobil with positive publicity, but it also ensured that Fred could call on top management for help when and if he needed it, because now Mobil's integrity was on the line. In fact, Mobil's involvement in the Green Lights program became a source of corporate pride – in the main meeting room at Mobil's headquarters, there is only one trophy displayed: Mobil's Green Lights Partner of the Year Award.

3. Establish communications with the people who will actually implement the initiative. When Fred Schoeneborn became the new Facilities Management Coordinator, one of the first things he did was to try and establish connections with all of the people involved with managing the actual facilities. This was a difficult task because of Mobil's organizational structure, in that none of these facilities managers were responsible for reporting to him. Fred solved this problem by contacting those facilities managers he knew and asking them to contact other facilities managers that they knew, thereby establishing a fledgling network which he later used in his Green Lights efforts. By communicating with the facilities managers in his network, Fred also gained a better understanding of their collective skills and needs, important information for planning purposes. Other people outside Mobil provided valuable expertise as well – managers such as Harry Kauffman, the Energy Director for Johnson & Johnson, helped Fred develop solutions to many of his technical and managerial problems. Fred facilitated the exchange of ideas through a weekly bulletin that he distributed to his contacts both within and outside the Mobil network.

4. Provide an incentive for managers to undertake these projects. A major obstacle for Fred was the fact that undertaking Green Lights audits and retrofits would be risky for the facilities managers. Because they were seen only as cost-centers, facilities managers were rarely given recognition for successful efforts at improving operations, but if these relatively costly projects did not pay off, they would be responsible for having failed to keep costs low. As Fred put it, "So many of these studies are sitting on a shelf somewhere, but the implementer on-site views it as an audit."¹ He also knew the low status of facilities managers within the organization, however, and used it to provide them with an incentive to undertake these projects: recognition.

Whenever a facilities manager authorized the Green Lights audit and retrofitting procedure at his or her facility, Fred Schoeneborn made sure that their efforts were widely publicized throughout top management. Memos were sent around headquarters which single out these managers and noted how much money they were saving for Mobil. To make a deeper impression on the reader, these memos translated the cost savings at each facility into the amount of additional oil that would have had to be sold in order to make the same amount of money. For the first time, individual facilities managers were being brought to the attention of top management alongside quantified and impressive

¹ Conversation with Fred Schoeneborn, 6/14/96

measures of their success. “Execute Energy Efficiency” awards were given out to facilities that demonstrated commitment to the program by saving over \$1 million or by cutting usage by 5% overall, and these awards were widely publicized throughout the facility and the organization as a whole.

Fred also made sure that whenever Mobil’s involvement with the Green Lights program was recognized for its achievements by the EPA, facilities managers were brought to Washington, D.C. to be at the awards ceremonies and to have their pictures taken with Carol Browner of the EPA. He also had replicas of the awards made up and sent to every Mobil facility, and made tee shirts emblazoned with the Green Lights logo and award sent to everyone who had helped the effort. Instead of being seen as a risk for facilities manager’ careers, Fred was able to turn involvement in the Green Lights program into a tremendous opportunity for them.

5. Provide necessary expertise and resources for implementers. Because the Green Lights auditing procedure was fairly technical, most facilities managers did not have the knowledge and expertise necessary to undertake the procedure on their own. Fred solved this problem through a train-the-trainer method, utilizing his fledgling facilities network. He had a few facilities managers who were trained in the necessary procedures, and he offered to pay the expenses of anyone who would travel to other facilities and pass on the knowledge to their colleagues there. Many facilities managers volunteered, and eventually the entire network had undergone the Green Lights auditing procedure. Fred also hosted Green Lights symposiums at Mobil facilities, and invited facilities managers to these meetings where information was provided by the EPA to Mobil and other Green Lights participants. Fred himself went around to a number of facilities, passing on knowledge and reassuring mangers and workers.

Mobil has since started a certification program of its site specialists through the Association of Energy Engineers (AEE). Fred Schoeneborn himself is one of the dozens of Mobil personnel now certified as an Energy Manager under this program, and Mobil has been nominated to receive the AEE’s 1996 International Corporate Energy Management Management Award for its efforts.

Fred Schoeneborn, now Mobil’s Global Facilities and Energy Management Coordinator, and Mobil Corporation were very successful in the Green Lights efforts. Mobil successfully complete Green Lights within three years of Mobil’s commitment to the program. This was two years ahead of schedule. In 1994, EPA awarded Mobil as the first “Partner of the Year,” and the following year Mobil received the “Sustained Excellence by a Green Lights Partner or Ally” Award. Overall, Mobil invested \$2.17 million in lighting upgrades, which resulted in savings of over \$1.13 million a year. See Exhibit D for a chronology of Mobil’s energy management achievements.

Mobil has learned the lessons of energy efficiency well, and has developed a comprehensive energy management policy. The corporation continues to undertake lighting retrofits at its non-corporate facilities in the U.S. and overseas, and the

implementation strategy that succeeded in the US is being applied to these facilities as well (see Exhibit E). In addition, Mobil has gotten involved in other voluntary initiatives, signing up its Reston, VA headquarters as an Energy Star Showcase Building, and becoming a charter member of the Energy Star Buildings Program. Fred Schoeneborn has made a written commitment to Mobil's Executive Committee that Mobil will save \$25MM each of the next 5 years in energy efficiency projects, and this goal is likely to be reached; such efforts saved Mobil approximately \$22.4MM in 1995.² Mobil's involvement in the Green lights program provides a model for similar efforts at implementing complex initiatives within large organizations.

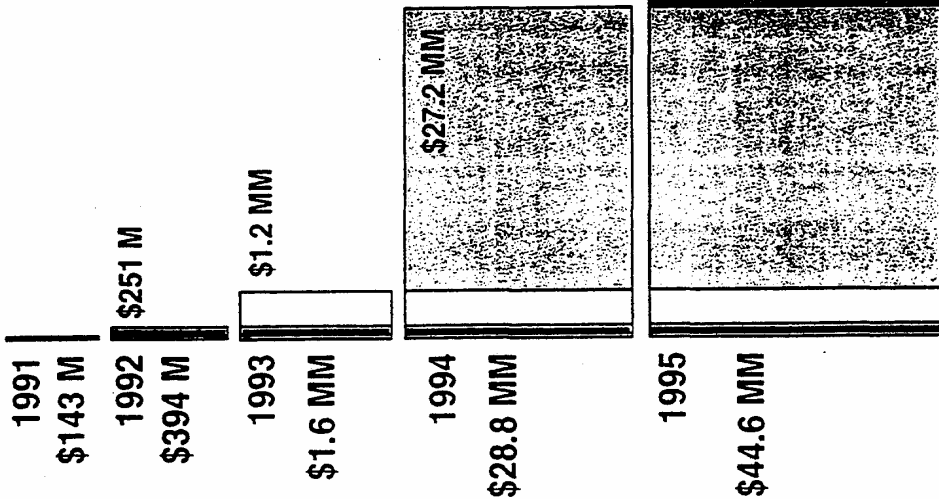
² Conversation with Fred Schoeneborn, 6/14/96

Exhibit D – Energy Management Achievements



Energy Management Achievements

Savings (Actual and Identified)



Energy Efficiency Milestones

- First Pilot Test of Energy Efficient Lighting - Princeton, NJ
- First Energy Audit - Mobil Place, Dallas, TX
- Mobil Initiates EPA's Green Lights Program
- First Utility Bill Audit - Joliet Refinery, Joliet, IL
- First Green Lights Leased Facility - MEPUS, Santa Barbara, CA
- Green Lights Program 76% Complete - Mobil Corporation
- First Refinery Energy Efficiency Program - Beaumont, TX
- EPA Green Lights Partner of the Year Award - Mobil Corporation
- First Green Lights Service Station - MSKK Tokyo, Japan
- First International Energy Review - Europe
- First Competitive Bid of Electric Services - London, UK
- Beaumont Refinery On-Going Energy Efficiency Program - Beaumont, TX
- First Lube Plant Green Lights Program - Cicero, IL
- First Chemical Plant Energy Efficiency Programs - Beaumont, TX
- Energy Star Showcase Results - Dallas, TX, Reston, VA
- Trane Award for Energy Efficiency in Building Cooling - Farmers Branch, TX
- EPA Award for Sustained Excellence - Mobil Corporation

\$75.5 MM Total Cumulative Savings

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