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Executive Summary

This report consists of an examination of The Benziger Family Winery's problems regarding their environmental goals and the possible action plan to facilitate their difficulties concerning these goals.

The Benziger Family Winery is facing the decision of either putting all of their strength in an ISO 14001 certification or to continue to develop a steady environmental management system (EMS). BFW's national sales manager Chris Benziger and the ranch manager Matt Atkinson are uncertain if the benefits of the ISO 14001 certification will outweigh the costs and hours put into its obtention. There was also the internal problem of getting all the ranch managers to participate in the development of the EMS.

To ease the process of implementing and perfecting the BFW's EMS and make it comply to the ISO 14000 norm they would need to present this initiative to the company employees and all of the ranch managers as an ethical and most likely rewarding decision.

Motivate by rewarding those participating and get the environmentally friendly mentality into the corporate culture. By motivating the whole organization the obtention of an ISO 14001 certification will take less time and money because the employees will want and will believe in the cause and will therefore actively work to make it happen.

Statement of the problem

The Benziger Family Winery's first issue is the decision of either prioritizing the fast obtention of an ISO 14001 certification for all of their facilities and grape fields or to keep developing a steady EMS as a side project. This decision is particularly troublesome because of the uncertainty of the executives on both the benefits of the certification and the willingness of the managers to participate in the project. Their uncertainty lies a the list of advantages and disadvantages of going “*green*” in the wine industry.

Disadvantages:

- The present state of the U.S. market regarding environmental friendly wines
- The certification costs of 20,000\$
- The cost of training personnel and the time put into developing a plan to inform employees about the EMS.
- Keeping records and establishing monitoring procedures are also time-consuming and thus money consuming activities for the firm.
- Meeting ISO standards would require, if a consultant is used, over 100,000\$ and depending on employee and management collaboration six to nine months to complete as well as a 100 hours of Matt Atkinson's time.

Advantages:

- A certified environmentally friendly wine would influence customer choice.
- Secure BFW a place as a leading company in the growing industry of organic wine (20% growth annually).
- Appeal to environmentally aware customers and countries such as those part of the european union and japan.
- The positive attributes of a certified environmentally friendly wine are that it would influence
- Make BFW's wine stand out in such a large range of different wines.
- Avoid environmental liabilities and save the winery money by improving it's environmental performance.
- Appeal to external stakeholders.
- Reach the company's energy saving objectives faster (see exhibit 7 of BFW case).

Internal issue: If the BTW executives decide to implement the quest for an ISO 14001 certification

they need all of their associate vineyards to be on board with the plan. Not all vineyard managers want to participate in the development of a proper EMS. Convincing the managers of the vineyards producing grapes for BTW that it is beneficial for them to invest their time and employee resources into this project is an additional issue to deal with and plan.

The decision to either intensively pursue an ISO 14000 certification or to continue working on it as a side project relies on two factors:

1. Do the benefits outweigh the costs of a ISO 14001 certified environmental management system?
2. Is it possible to convince the vineyard managers to actively participate in the development and implementation of a ISO 14001 certified EMS.

Analysis

While analyzing the BFW case problem one realizes that the decision to be made relies mostly on the two questions stated in the last paragraph of the previous section. This part will thoroughly analyze both of them.

First, which factors are stronger those of the costs or those of the benefits? Assuming that the national market for environmentally friendly goods grows by twenty percent as it is now and that the demand from the European Union and from Japan does not diminish if not grow then the stakes of the costs they would have to pay to see these things happen seem less important and the benefits seem much more beneficial. Over time the profit of a 20% a year growing U.S. market for environmentally friendly products will create a substantial income for the BFW. This income will only grow and the initial investment of 100,000\$, manager and employee time spent establishing the system, keeping records, training personnel and monitoring procedures will in theory pay off. If the implemented EMS is working well then the company will be able to reach its energy reduction goals faster and start saving money earlier and therefore save more. Also, with a proper EMS system the Benziger Family Winery would constantly be improving their performance and energy saving activities, by doing so they would be reducing costs as well as meeting the company's objectives (see exhibit 7 of BFW case). The problems of BFW regarding their EMS system are mostly short term, solving these short term problems will eliminate long term problems like unnecessary energy costs and create long term benefits such as the advantage of being a leader in the ecologically friendly wine industry.

Second, convincing the partner vineyard's managers is a task that would require leadership skills from the BFW executives. Assuming the BFW executives believe in their cause and have the leadership skills, convincing the managers is only a matter of making them see why it is a profitable endeavor for them to join. If certain managers do not agree with BFW's ideologies and plans for the future, then the partnership could be reevaluated.

Decision Criteria

- If the BTW executives want long term positive outcomes for their company such as growth in their national market and expansion in the international market.
- If the national and international market for environmentally friendly wine evaluations and predictions are correct.
- If BFW wants to get ahead in this prosperous market.
- If the company can sacrifice management and employee time to develop and implement a certified EMS.
- If the company has sufficient funds or is willing to take a loan to invest in the tangible costs of a certification. (Worth about 100,00\$ plus employee pay during project)
- If the company has the internal resources to develop and implement a proper EMS.
- If the decision to pursue an ISO 14001 certifications fits with the company's ideologies.

Alternate Solutions

The first alternate solution would be to drop all of environmental initiatives and focus on the taste of the wine. This would allow the company to produce customer satisfying wine and thus create a better reputation for itself.

- Pros: Save the money that would be invested in an EMS, save time spend developing,

implementing and sustaining an EMS, no risk involved.

- Cons: Loose a place in the wine markets of environmentally aware countries (Europe, Japan), Not be part of the growing U.S. market, loose internal efficiency cuts, loose market recognition of an ISO 14001 certified wine producer, loose time and money already put into the EMS project, not be in accord with the wineries initial goals and values as well as the goals for the future,

Analysis: This solution could be profitable for BFW but it would go against the original beliefs of the company. Mike Benziger (founder) believed that wine should be made in harmony with nature and not go against its natural cycles. It is also possible that BFW does not think that its wines need amelioration.

The second alternate solution would be to hire an external company to develop and implement an EMS, pay them to inform/train personnel and to establish measuring and monitoring procedures.

- Pros: BFW's executives could focus their time on the other aspects of the winery, the ISO 14001 certification could be obtained faster, the external company could bring new ideas to the table and would allow BFW to get ahead even faster in the environmental wine market.
- Cons: Very costly solution and would take much more time to make a profit, the external company may not fully comprehend BFW's ideologies.

Analysis: This second solution would make the process of an ISO 14001 certification faster but would also leave the company in the dark on the process of developing a EMS, without knowing how to their EMS was developed the company would not know how to improve it and how to implement new ideas. Every time they would want to ameliorate their system they would need to pay a company or even hire new personnel so manage the process. This solution is an unnecessary money spending alternative to putting in hard work, especially if the reward is not one that's guaranteed.

Recommended solution

As presented above, the Benziger Family Winery case problem is the decision of whether or not to pursue an ISO 14001 certification for all of BFW's wineries and grape fields. The decision to be made must make good business sense (investment must be profitable), it must be applicable in the company as well as to its business partners and must conform with the business model and future objectives of the company.

After analyzing the problem thoroughly the best decision to be made would be to pursue the ISO 14001 for its long term benefits and do this with mostly internal resources. Conducting a series of company wide seminars where the executive would present the project as a profitable but also environmentally conscious and ethical decision. Get the employees and associate vineyard managers to believe in the cause and to want to participate, as a whole engrave the environmentally friendly mentality into the company's corporate culture. Encourage personnel to be part of the

environmental committee by promising rewards to those who actively participate. By doing this the process of getting a working EMS and getting it certified will take much less time and money because the people will want to work towards it. The personnel will see it as a personally profitable endeavor and will associate it to them selves as an ethically just cause which will result in their motivation and hard work. Having a unified team working towards the same cause with belief in their hearts will make the process faster and require less of Matt Benziger and other executive's time. This plan requires great leadership skills from the BTW executives, this report is writing assuming they have these skills because of their current positions in the company

Implementation

Short term: Next six to nine months.

- Executives write a plan on a way to conduct seminars and how to get personnel motivated.
- Conduct several seminars on the EMS plan. During these seminars talk about employee benefits and ethical duties regarding global environmental issues.
- Enlarge the environmental committee and work on the EMS, hold daily meeting where participants brainstorm and come up with new ideas for the EMS.
- Have written down a formal and enhanced EMS, hand it out to all the BFW employees and partners.
- Start implementation, assign roles and duties to employees.
- Continue holding seminars informing personnel on changes being done showing them the progress and results of the new actions being taken. Motivate personnel by rewarding the actively participating.
- Continue enhancing the EMS, apply for an ISO 14001 certification when EMS is up to standards.
- Start marketing the environmental activities of BFW to the national market but also the international wine market.

Long term: Nine months to indefinite time.

- Continue holding informational and motivating seminars for personnel.
- Keep encouraging environmentally friendly incentives and behavior.
- Continue rewarding the people working hard.
- Keep improving the EMS, implementing into it new technologies and knowledge to make BFW more efficient and cut energy costs.

Justification

This plan is the most likely to succeed because by involving the whole organization BFW is due for constant amelioration and advances in its environmental activities which would be both efficient and internationally embraced thus, making their product more popular. Most of the work and investment will be done in the short term period of the plan after which doing these steps will become like instincts for the employees and managers of the BFW association. Even if the market for environmentally friendly wine does not grow and BFW's sales do not increase (very unlikely), with time BFW will make its initial investment back through its energy cost cuts. The EMS would only get better through its Continual Improvement cycle and would make the winery more efficient.

References:

Thompson, Strickland, and Gamble. "Case 36, Benziger Family Winery." *Crafting and Executing Strategy: Concepts and Cases, 14th Edition*. McGraw-Hill Companies, 2004. Print.

Statement of Academic Integrity

This work conforms to the rules on academic integrity of the University of Ottawa.

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