## Activity – Licensing IP to Housing Groups – FairShares Live Action Role Play

*Based on your participation in this role play, answer the following three questions.*

1) How do the *interests and ethics* of the stakeholder groups differ?
2) What *ethical justification* can you offer for the way you voted on the proposal?
3) Based on this experience, what *recommendations for responsible/ sustainable/green HRM/D practices* can you offer to the case study organisation?

## Introduction

**Future Energy Ltd** is a fictional company based on a real case study that occurred during a knowledge exchange project in 2011. Future Energy Ltd is a specialist in renewable energy production that has established itself as a supplier of solar panels to the domestic (private consumer) market. After a government funded venture/collaboration with a network of community groups in deprived urban areas, Future Energy Ltd is now debating whether to enter into an agreement with a housing association to license its self-build solar panel technology to community groups.

## The Role Play Scenario

Future Energy has developed self-build renewable community energy technology. Now the government funded project is complete, the partners have found a *housing association* that wants to offer roof space (on blocks of flats and semi-detached homes) as well as internal infrastructure (piping and plumbing etc.) in exchange for income from electricity generation. They would provide sites to install the solar panel technology created by Future Energy Ltd and the *community groups* would organise the labour required to install the self-build systems in housing association properties. Their goal is the skill up apprentices in electrical and renewable energy technologies to help them get jobs.

### Background

Future Energy's founder members' (three scientists and one businessperson) created low cost renewable energy products whilst studying at university. The company has built its market selling solar panels to domestic buyers. After the company participated in a government funded experiment on skilling up community groups to install and maintain solar panels, the groups have secured the support of a housing association to expand the scheme. Under the scheme, solar panels were sold at cost (to support social goals) and income was derived by selling electricity back to the national grid. The current proposal is to expand the scheme and share income 50/50 between the housing associations and Future Energy Ltd.

#### Business Model

Future Energy currently has two revenue streams: hardware sales and service sales:

1) **Hardware:** private sales of solar panels to domestic customers have a 'mark-up' of 40% on the cost of manufacture). At the moment, an installation charge of £4,000 produces a nett surplus (after labour costs) of £700. With 42,000 domestic customers, the company has earned £92m from hardware sales, netting £29.4m in surpluses. In the last accounting period, hardware sales produced an £3m surplus.
2) **Services:** Maintenance contracts exist for all domestic installations (charged at the point of sale, drawn down at the rate of £200/annum for 20 years). For this fee, there is an annual inspection and free replacement of any defective panels for the lifetime of the installation. With 42,000 customers, the company draws down £8.4m in fees each year, which (after labour costs) nets £2.1m/annum in surplus.

This proposal would add a third revenue stream.

3) **Energy:** If the company receives 50% of the energy savings and income from generating electricity for the national grid in exchange for providing solar panels at cost price, it would earn (with public subsidies) £2,430/property over 20 years (roughly £121 per year, per property). The housing association has between 7,500 – 10,000 properties capable of supporting solar panels. The expectation is that Future Energy Ltd would earn between £454,750 and £610,500 a year from the new arrangements.