



sustainability through partnerships

A Guide for Executives



Network for
Business Sustainability

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Prepared by NBS

The issues we face are so big and the targets are so challenging that we cannot do it alone. When you look at any issue, such as food or water scarcity, it is very clear that no individual institution, government or company can provide the solution.¹

PAUL POLMAN, CEO, UNILEVER

¹ Confino, J. April 24, 2012. Unilever's Paul Polman: challenging the corporate status quo. The Guardian. <http://www.theguardian.com/sustainable-business/paul-polman-unilever-sustainable-living-plan>

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Introduction

In multi-sector partnerships, businesses work with other types of organizations to tackle problems. A business works with at least one other type of organization: government, non-governmental organizations (NGOs) or other community-based groups.

The number of partnerships has grown exponentially over the last 15 years. Partnerships are increasing because they are effective: they can address problems that individual organizations, or even whole sectors, can't solve independently. These problems are usually complex, requiring different kinds of skills or resources and involving many stakeholders.

Partnerships are also increasing because of changes in society. Citizens have higher expectations of business — and may not trust them to act alone. Governments have reduced resources, and look for others to share burdens.

Partnerships are a natural way to address sustainability issues. They can enable your business to **innovate, improve society and the environment, increase legitimacy and acquire new skills and resources.**

But partnerships are also a new way of operating — and not all are successful. This report identifies steps for success. It provides the best research-based advice on planning and executing effective partnerships.

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Advice Grounded in Research

This report is an extension of a larger systematic review authored by Dr. Barbara Gray and Ms. Jenna Stites of Pennsylvania State University. They reviewed over 275 relevant articles and reports, including the best current academic research. They conducted extensive analysis and synthesis to identify best practices for multi-stakeholder partnerships.

The full analysis is [available online](#), with more information on every aspect of partnerships. You may be particularly interested in:

- Additional details on recommended actions.
- A table identifying more than 150 specific partnerships related to different sectors and issues.
- Guidance for organizations other than business: NGOs, government and community.

What is Sustainability?

Sustainability has many definitions; this report defines it as improving quality of life, now and in the future, in a way that maintains ecological processes while satisfying all stakeholders' needs. This task is complex and challenging; it requires the effort of multiple types of organizations.

1. what you can achieve through partnerships

Partnerships can help your business:

- **Innovate.** Collaborative partnerships can create value by finding new ways to address problems. Partners learn from each other, finding unexplored opportunities.
- **Achieve sustainability goals.** Research shows that partnerships provide the best chance of bringing the necessary resources, technology and commitment to ensure a sustainable future. Effective partnerships bring diverse insights together productively to tackle complex problems.
- **Gain access to skills and resources.** NGO, community and government partners have expertise that business may not. For example, these partners may be good at managing social conflicts, interacting with communities and identifying emerging issues. They also have access to different resources, such as broad social networks.
- **Increase legitimacy and protect license to operate.** Partnering with an NGO gives a firm additional credibility. Research shows that reputational gains are especially likely when partnerships result in concrete outcomes, such as new products or supply chain changes.

Positive outcomes increase when the partnership is widely publicized within the firm and top management and employees are engaged.

Collaboration: The Key to Better Outcomes

Not all partnerships create these positive outcomes. Benefits — especially innovation — are particularly likely when the partnership is truly “collaborative.”

Collaboration is a key partnership concept. We chart outcomes by degree of collaboration and describe how to make your partnerships as collaborative as possible (Section 3).

What is a Collaborative Partnership?

Collaborative partnerships are interdependent, with partners working closely together. Collaboration occurs when partners:

- Negotiate and build consensus, using shared rules and norms
- Accept tradeoffs to produce joint gains
- Bring different abilities and explore how they can be used together
- Assume joint risks and responsibilities for outcomes

2. what type of partnership should you pursue?

Many types of partnership exist. This section identifies key considerations for your company, and describes the different partnership options.

In choosing what type of partnership to engage in, consider:

1. **Your goal.** (See sidebar.)
2. **The size of the problem and number of relevant partners and sectors (the scope).**
3. **How ready you are for more complex partnerships.** More complex, often collaborative, partnerships produce great benefits, but also require the ability to relate in specific ways (see “How to manage the

process,” p. 12). And, they require deeper commitment of time and resources.

If you’re new to partnerships, start with a relatively simple effort. Starting slowly lets you develop skills and capacity. A simpler partnership can also lead naturally to a more complex one, as in some of the case studies in this report.

This section describes different types of partnerships in terms of these considerations.

Partnership Characteristics and Goals

Figure 1 shows different partnerships in terms of the scope (horizontal axis) and degree of shared responsibility (vertical axis). Partnership types further to the right on the horizontal axis involve more partners and larger problems. Partnership types higher on the vertical axis require partners to give up more control — but potentially gain from greater synergy. Complexity increases toward the upper right of the figure.

The bands of colour distinguish four broad categories of partnership, each associated with different primary goals. (Higher-level partnerships can also accomplish the lower-level goals.)

- **Reactive** partnerships are driven by threat (e.g. community outrage), compliance, or charity.
- **Transactional** partnerships focus on improving profit or market share.
- **Integrative** partnerships try to balance bottom-line considerations with social and ecological concerns.
- **Transformative** partnerships seek wider societal improvement by meeting all partners’ objectives and empowering communities.

FIGURE 1: PARTNERSHIP TYPES BY SCOPE AND SHARED RESPONSIBILITY

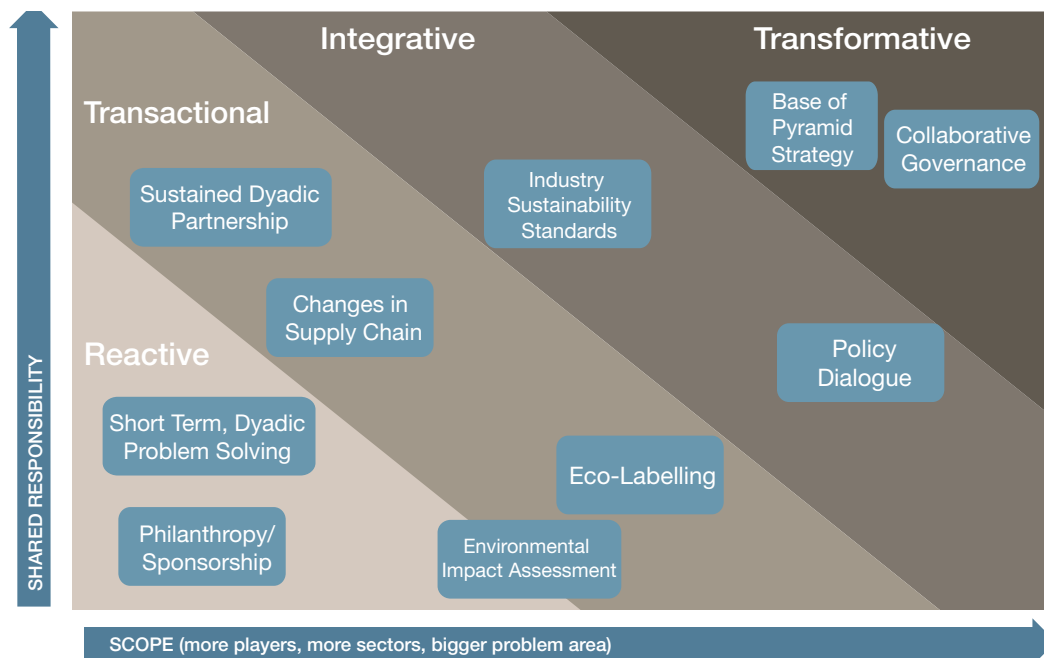


Table 1 defines partnerships and provides examples.

TABLE 1: EXAMPLES OF DIFFERENT PARTNERSHIPS

Type of Partnership	Example
Philanthropy/Sponsorship: A company offers a direct financial contribution to a charity or NGO; the contribution could include joint marketing. Typically this kind of partnership involves a single business and a single NGO.	TD Bank Group provides funding for music programs for at-risk youth. TD provided funds for a mobile recording/production studio that can be taken to priority neighbourhoods across Toronto.
Short-Term, Two-Group Problem Solving: A business and other organization work together on a single sustainability issue.	RaboBank (the Netherlands) worked with World Wildlife Fund to develop a “green” credit card. See Case Study 1.
Environmental Impact Assessment: A business considers other stakeholders’ input on its plans for a new facility or site. Stakeholders may provide one-time or ongoing input. If there’s broad participation by external stakeholders, this partnership may be transactional rather than reactive.	The United Nations Development Program conducted an Environmental Impact Assessment on behalf of StoraEnso, a Finnish forestry company operating in Brazil.
Sustained Two-Group Partnership: A company and other organization sign partnership agreements, agree on long-term common goals and cooperate in various ways.	Since 2004, Walmart <u>has worked with</u> the Environmental Defense Fund, an NGO, on ways to make the company more sustainable. The partnership has produced innovative products and processes and has reduced waste and greenhouse gas emissions.
Changes in Supply Chain: Changes in supply chain emerge from two previous types of partnership, short-term two-group problem-solving or sustained two-group partnerships.	Carpet manufacturer Interface <u>worked with</u> one of its suppliers, Aquafil, to develop fiber derived from salvaged commercial fishnets. Loblaw, Canada’s largest food retailer, worked with WWF to determining <u>how to source</u> only sustainable seafood. See Case Study 2.
Eco-Labeling: A number of firms within an industry adopt externally-certified standards for labeling products as meeting specific environmental and/or social performance measurements.	Appliance manufacturers identify their energy-efficient products with the Energy Star label, developed initially by the U.S. government.

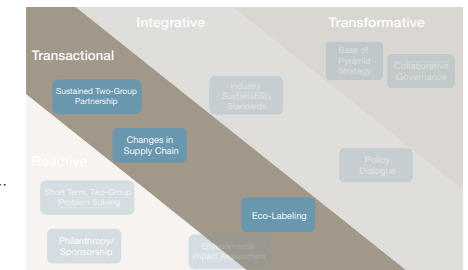
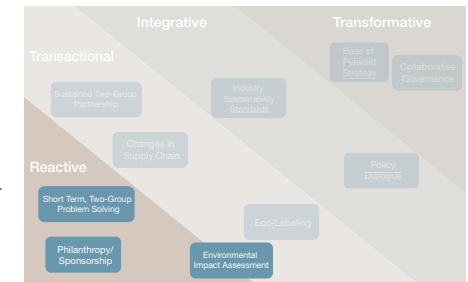
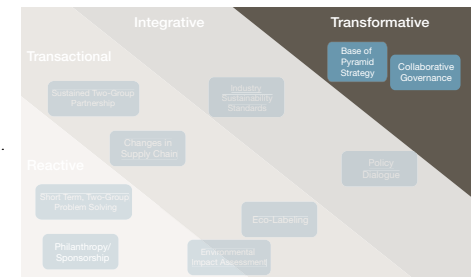
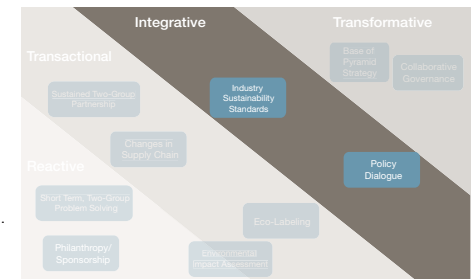


TABLE 1 CONTINUED

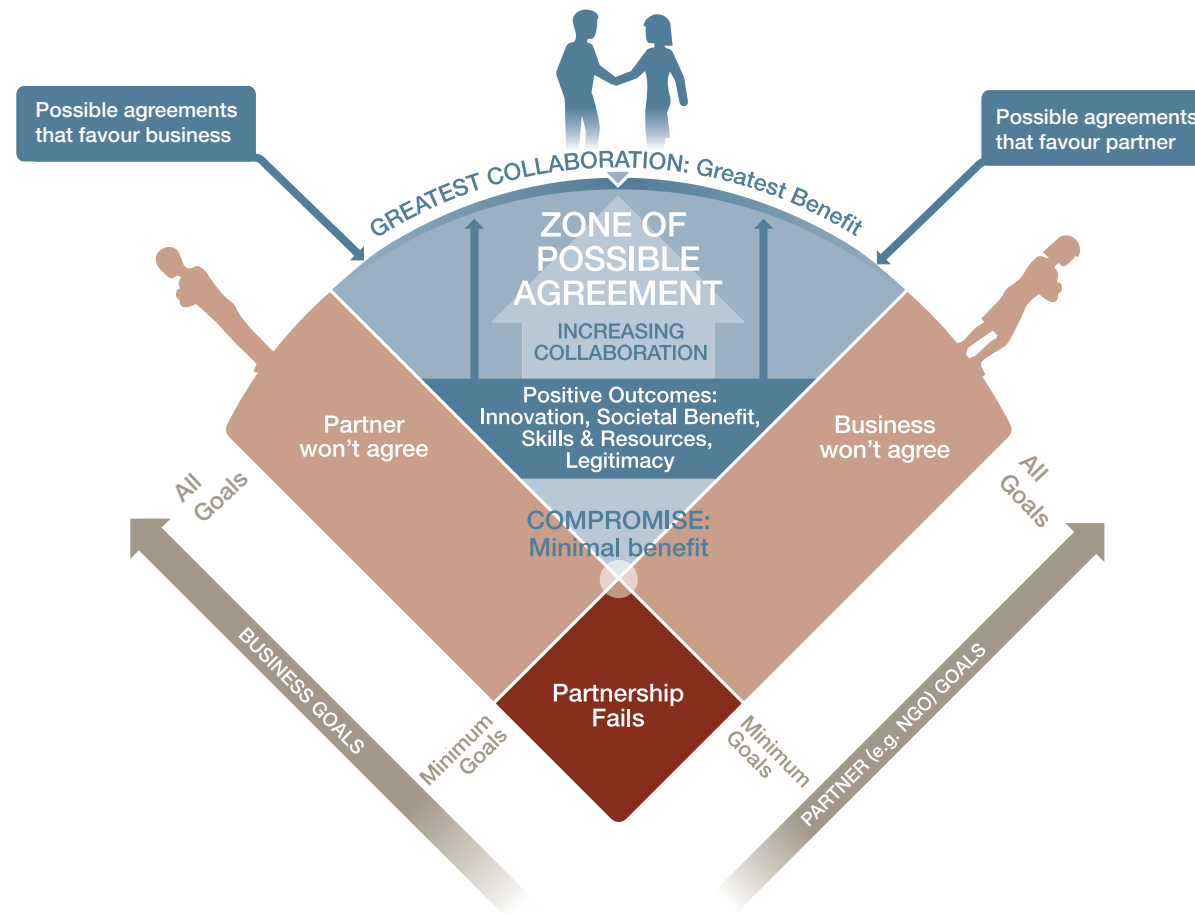
Type of Partnership	Example
<p>Policy Dialogue: A partnership recommends actions to government; however, the partnership has no authority to implement the changes (unlike in collaborative governance). Policy dialogues engage a wider set of stakeholders than a traditional stakeholder engagement process.</p>	<p>Some Commonwealth countries have Royal Commissions, public inquiries that address controversial or important topics by collecting wide input and recommending policy action. An example is the <u>Canadian Royal Commission on Aboriginal Peoples</u>.</p>
<p>Industry Sustainability Standards: Multiple parties come together to shape voluntary sustainability criteria for businesses operations. These standards are closely related to eco-labels, but focus on industry practices rather than products. Partners are involved in norm-setting and governance.</p>	<p>The European polyvinyl chloride (PVC) industry has developed a <u>voluntary sustainability program</u> with input from industry, NGOs, regulators, public representatives and users of PVC. See Case Study 3.</p>
<p>Base of the Pyramid Strategy (BOP): Companies work with income-poor communities to develop locally-embedded business opportunities that create value for all partners.</p>	<p>Honey Care Kenya began with an NGO training Kenyan farmers as beekeepers. A business provided additional financing, allowing the project to expand outside Kenya.</p>
<p>Collaborative Governance: Organizations from different sectors, including government, coordinate to develop and implement public policy and deliver public benefits. This approach is also called co-management when it focuses on a particular site, such as a watershed. It's often used to manage natural resources.</p>	<p>The <u>Canadian Boreal Forest Agreement</u> brought environmental groups and the forest industry together to develop a management plan for 73 million hectares of publicly-owned forest. See Case Study 4.</p>



3. how to make your partnerships more effective

To maximize your partnership experience, understand why different partnerships achieve different outcomes. This section describes the increasing gains possible through collaboration, and the actions that will let you achieve them.

FIGURE 2: PARTNERSHIP OUTCOMES WITH INCREASING COLLABORATION



Partnership Outcomes, From Failure to Greatest Benefit

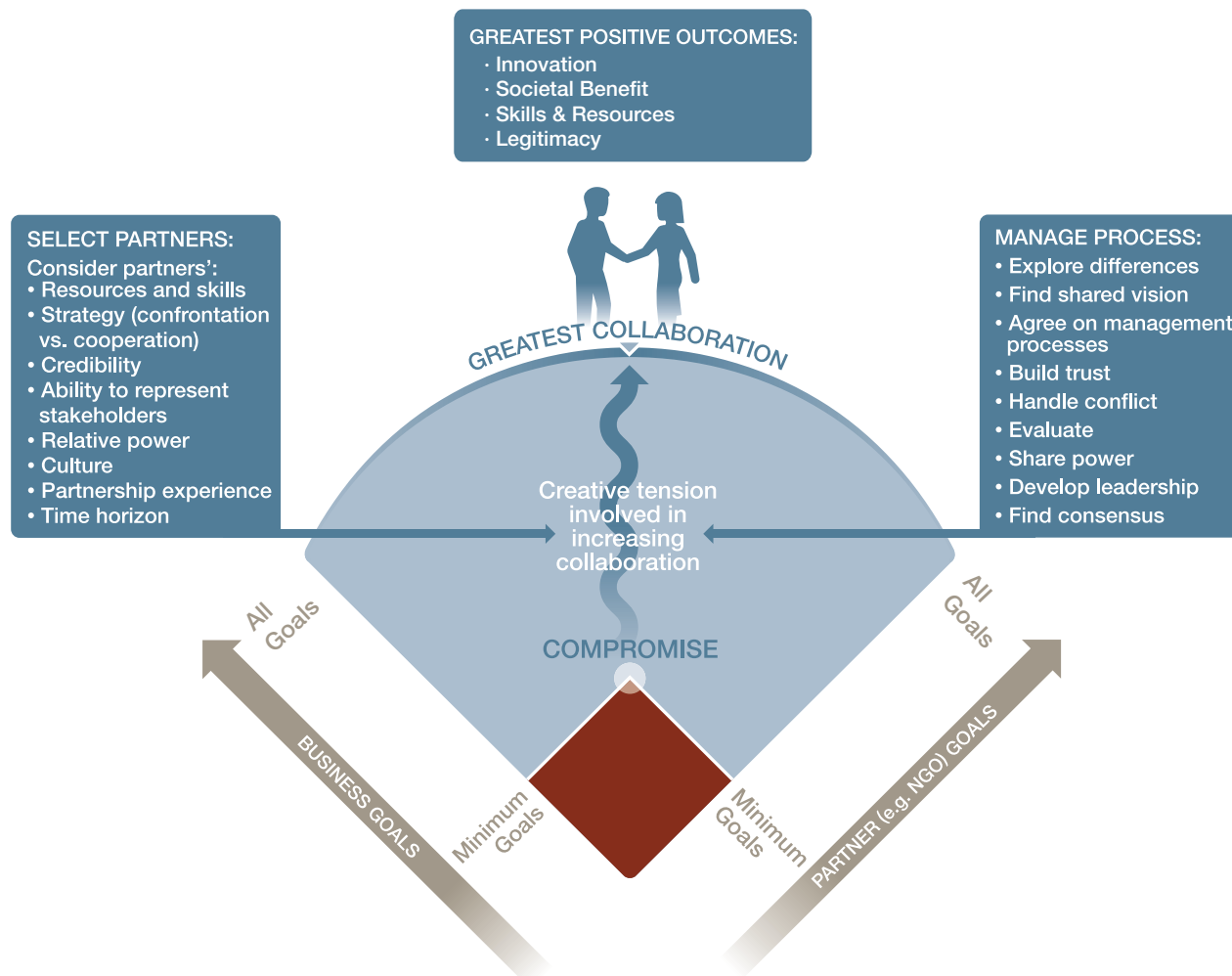
Figure 2 shows different levels of partnership outcomes. Gains increase as partnerships become more collaborative. Increasing collaboration (the central arrow in the figure) drives innovation, societal benefit, skills and resources and legitimacy. (Figure 3 will show how to create more collaborative partnerships.)

A successful partnership must address each partner's goals (left and right outside arrows in the figure). Organizations have minimum goals (e.g. to reduce public anger over a company action) and greater goals (e.g. to find innovative solutions to a problem).

If an organization's basic goals aren't met, the organization won't agree to participate and the partnership will **fail**. But when only minimum goals are met, the partnership is a **compromise**, providing minimal benefit. More **collaborative** partnerships, in the "Zone of Possible Agreement," reach greater goals. At the point of greatest collaboration, your business and its partners can achieve more than imagined: innovating and tapping new opportunities.

Key aspects of partnership success are partner selection and partnership process. The organizational partners you choose, and the way you work with them, can help you move from compromise to collaboration.

FIGURE 3: ACHIEVING COLLABORATION THROUGH PARTNERS AND PROCESS



Managing your Partnership

Figure 3 shows key aspects of partner selection and partnership process, and how they support the creative tension (central arrow) that's part of partnerships. Working across sectors is challenging but, managed effectively, can produce great insights.

These actions are useful for any partnership but especially for more complex ones. These actions are detailed in the following pages.

How to select partners

Consider potential partners' relevance, resources, and outlook or approach.



PARTNER RELEVANCE

- **Representation.** Make sure partners represent relevant stakeholders (those who affect or are affected by an issue); otherwise, the process may not address those stakeholders' needs, and the partners may not have authority to make decisions.
- **Partner appropriateness.** To identify the appropriate set of stakeholders for addressing the issue, put the problem, not the firm, at the center. Draw a boundary around the problem, issue or opportunity and identify who creates or is affected by it. Engaging these stakeholders as partners offers the greatest likelihood of positive outcomes.
- **Alternative perspectives.** Talk with diverse stakeholders even if those conversations aren't likely to lead to partnerships. You may be surprised by their partnership potential, or gain a broader view of the problem.



PARTNER RESOURCES

- **Partner resources and skills.** A partner's capabilities should complement yours. An NGO may not have great financial resources, but may have an extensive social network, or expertise in working with communities. Understand what resources are necessary to meet your objective, and what resources potential partners can contribute.
- **Partner credibility.** Partners with good images are likely to reinforce each other; partnering with an organization with a poor reputation will likely harm your organization's reputation.
- **Power balance.** With big power differentials, the stronger partner may manipulate the weaker and the weaker partner may pretend to cooperate. It's best to seek a partner who's equally powerful, although that power may take different forms: e.g. kinds of knowledge. You can also address power differences through process (see "Share power," p. 12).



PARTNER OUTLOOK/APPROACH

- **NGO type.** NGOs use different strategies. Some NGOs ("confrontational") campaign against business, while others ("cooperative") seek to engage businesses by working together towards complementary objectives. Cooperative NGOs are more likely to form an effective collaborative relationship, although others can provide helpful input. NGOs also have different expertise. Advocacy NGOs have skills in lobbying government; operational NGOs might be adept at providing social services.
- **Cultural fit.** Different types of organizations have different cultures. Businesses and NGOs often have different missions and accountability systems. Similarly, business decision-making is often quicker than government decision-making. In multinational partnerships, national culture is also relevant; for example, people in different countries may have different views about CSR/ sustainability and cooperation. Partners' cultures don't have to be similar, but partners should be aware of differences and share a vision (see "Find a shared vision, p.13").
- **Partnership experience.** Positive past experiences build trust and willingness to partner; previous grievances carry forward. Seek a partner with positive previous partnership experiences.
- **Time horizon.** Partners may expect results on a different timeline; clarify these expectations early on. Be open to renegotiating the timeline if the context changes: e.g. the economy falters or political dynamics shift.

How to manage the process

Partnering requires distinct skills. We list key concepts and some suggestions; professional facilitators can also help identify specific actions to support these goals.



BE INCLUSIVE:

- **Share power and support voice.** To achieve legitimacy and innovation, empower and represent weaker or disadvantaged stakeholders. Ways to do this include contracts that specify less powerful partners' rights, discussions structured for inclusion (e.g. with consensus decision-making and facilitation), and specific requirements to involve previously excluded parties.
Example: The Canadian government has set up Regional Resource Councils at the local level to review applications for land and water use, in order to give local communities more authority.
- **Find consensus.** Consensus decision making addresses the needs of individual group members as much as possible, while focusing on the best decision for the group. By giving each partner's concern serious consideration, consensus increases learning, reduces conflict and increases compliance.
- **Clarify decision making authority.** Understand whether representatives to the partnership have authority to make decisions for their organizations, and set up any necessary organizational approval processes.



SET EXPECTATIONS:

- **Agree on norms and management processes.** Partnerships need practical ground rules about how to manage conversations and address confidentiality, intellectual property and other issues. Clear rules, like "one person speaks at a time," make the partnership run smoothly and prevents partners from violating each other's expectations.
- **Handle conflict.** Conflicts over values, goals, procedures, roles and relationships will occur. They are less common if you choose partners with similar values, but such similarity can limit innovation opportunities. Early on, decide on a process for resolving conflict.
Example: In a collaboration addressing poverty in Indonesia, partners Oxfam and Unilever agreed on a process for resolving disagreement. When they entered into "intensive and sometimes difficult debates," this agreement eased pressure because the partners "knew they had a way to manage irreconcilable differences if they arose."² In fact, the partners never actually reached an impasse that required that they use their dispute resolution procedure.
- **Create accountability through evaluation.** Develop metrics of success on how the partnership is operating and whether it's meeting its goals. Collect data and use the information for continuous improvement.
- **Be patient.** It takes time to work through sustainability definitions and different goals, but working through issues will let you identify complementary interests.

² Senge, P. M., Dow, M., & Neath, G. 2006. Learning together: New partnerships for new times. *Corporate Governance*, 6(4): 420–430.



BUILD UNDERSTANDING:

- **Explore differences.** This exploration lets partners capitalize on each other's different perspectives, competencies and values. Understanding different views is key to innovation, but can be challenging. For example, partners need to become able to consider their own views and the partnership's vision simultaneously ("multiplex"³ or "holographic"⁴ thinking).
- **Find a shared vision.** A clear and strategic direction helps people commit to the partnership. Organizations may still have different individual goals (e.g. credibility versus income generation), but the vision can integrate these goals. Tools for developing a vision include scenario building, interactive back casting (working backward from a shared goal), and Delphi processes (expert feedback).
Example: The CEO of Timberland says: "if you can find at least one common goal... you've also found at least one reason for working with each other, not against."⁵
- **Frame the partnership as a continuous learning process.** Learning comes from listening with mutual respect, breaking down the problem and finding solutions.



DEVELOP RELATIONSHIPS:

- **Build trust.** Trust is key, but it takes time to build. Trust comes from behaving in a trustworthy way consistently and from trusting others. For example, make sure that others are heard and their views respected.
Example: In a dispute over water use allocation in Australia, productive dialogue led government regulators to understand farmers' pride in producing quality food and providing employment.⁶ Mutual respect made it easier for the partners to reconsider their positions and reach consensus.
- **Develop leadership.** In a collaboration, leadership often takes the form of facilitation: ensuring that all partners contribute to conversation and the shared vision. Independent facilitators are valuable because they can provide objective guidance to the process. But partnerships are strongest when other participants also have facilitation skills: e.g. cultural sensitivity, empathy, conflict resolution, empowerment and trust building. Building these skills in your employees can help both the partnership and the organization generally.

³ Manring, S. L. 2007. Creating and managing interorganizational learning networks to achieve sustainable ecosystem management. *Organization and Environment*, 20(3): 325–346.

⁴ Senge, P.M. 1990. *The fifth discipline: The art and practice of the learning organization*. New York: Doubleday Currency.

⁵ Austin, J. E., & Seitanidi, M. M. 2012a. Collaborative value creation: A review of partnering between nonprofits and businesses: Part I. Value creation spectrum and collaboration stages. *Nonprofit and Voluntary Sector Quarterly*, 41(5): 726–758.

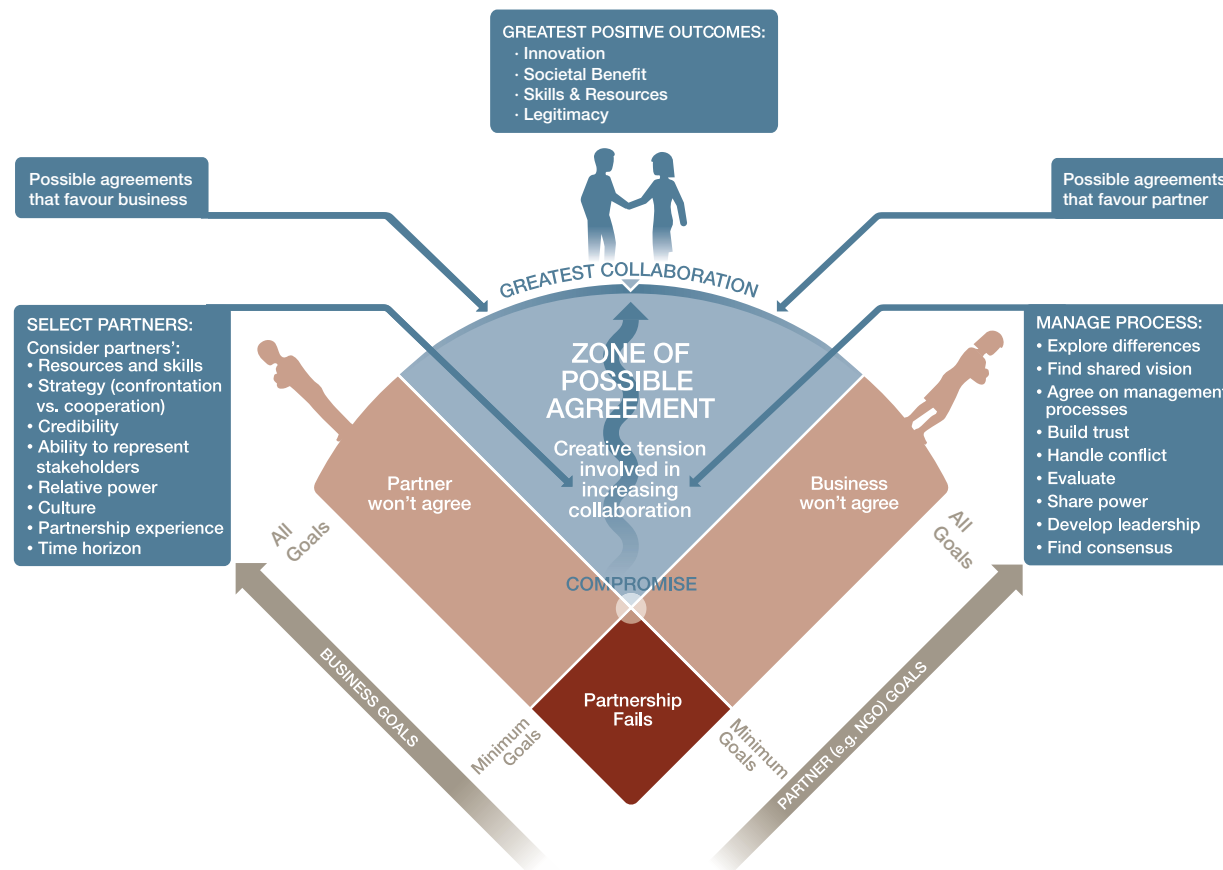
⁶ Baldwin, C., & Ross, H. 2012. Bridging troubled waters: Applying consensus-building techniques to water planning. *Society and Natural Resources*, 25(3): 217–234.

4. a toolkit for effective partnerships

This section integrates the previous material in the report. Figure 4 shows how good partners and good process create positive outcomes for both partners.

Some partnerships achieve both partners' basic goals, or favour one partner over the other. Collaborative partnerships are the best way to achieve greatest benefit for both partners — and greatest innovation.”

FIGURE 4: EFFECTIVE MULTI-STAKEHOLDER “COLLABORATIVE” PARTNERSHIPS



Guiding your Action

This framework is a quick guide to your partnership work. Remember to:

- Consider the type of partnership that addresses your goals, and your organization's readiness to engage (Section 2).
- Select partners carefully (Section 3).
- Pay attention to process.
- Over time, increase your degree of collaboration to receive the greatest benefit (Section 3).

The checklist on the next page provides more detail on the elements of the framework.

Partnership Checklist

This checklist summarizes the report's advice for each stage in a partnership: (1) deciding what type of partnership you need, (2) choosing partners and (3) managing the process.

Choose the Type of Partnership	Choose your Partners	Manage the Process
<p>Consider your partnership goals Higher-level partnerships (e.g. transformative partnerships) can address lower-level goals as well.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Transformative: You seek broad societal improvement by meeting all partners' objectives and empowering communities. <ul style="list-style-type: none"> • Collaborative Governance • Base of the Pyramid Strategy <input type="checkbox"/> Integrative: You seek to balance economic, social and ecological concerns. <ul style="list-style-type: none"> • Policy Dialogue • Industry Sustainability Standards <input type="checkbox"/> Transactional: You seek to improve profit or market share. <ul style="list-style-type: none"> • Sustained Two-Group Partnership • Changes in Supply Chain • Eco-labeling <input type="checkbox"/> Reactive: You seek to respond to threat (e.g. community outrage), comply with regulations, or provide charity. <ul style="list-style-type: none"> • Short-Term, Two-Group Problem Solving • Environmental Impact Assessment • Philanthropy/ Sponsorship 	<p>Assess a potential partner's relevance</p> <ul style="list-style-type: none"> <input type="checkbox"/> <i>Does the partner represent relevant stakeholders:</i> those who create or are affected by an issue? <p>Assess a potential partner's resources</p> <ul style="list-style-type: none"> <input type="checkbox"/> <i>Will the partner's resources complement yours, and contribute to the objective?</i> Remember that partners can have different types of resources: e.g. funding, social networks or expertise. <input type="checkbox"/> <i>Is the partner credible:</i> do they have a strong reputation? <input type="checkbox"/> <i>Is the power balance between you and the partner equal?</i> Imbalances can lead to manipulation. <p>Assess a potential partner's outlook and approach</p> <ul style="list-style-type: none"> <input type="checkbox"/> <i>Does the partner have a collaborative strategy;</i> is it interested in working together toward goals? Some NGOs are confrontational, relying on external pressure tactics such as shaming or boycotts. These organizations are more difficult to work with. <input type="checkbox"/> <i>Is there a cultural fit between your organization and the partner</i> (e.g. regarding missions and accountability systems)? Organizations from different sectors often have different cultures; be aware of differences and work toward shared vision. <input type="checkbox"/> <i>Does the partner have past partnership experiences that are positive?</i> Positive past experiences provide the best base for future partnerships. <input type="checkbox"/> <i>Does the organization have a similar time horizon for action?</i> 	<p>Be inclusive</p> <ul style="list-style-type: none"> <input type="checkbox"/> <i>Share power and support voice.</i> Empower weaker stakeholders. <input type="checkbox"/> <i>Find consensus.</i> Decisions that consider individual concerns as well as group needs have the best outcomes. <input type="checkbox"/> <i>Clarify decision making authority.</i> Understand whether representatives to the partnership have authority to make decisions for their organizations, and set up any necessary organizational approval processes. <p>Set expectations</p> <ul style="list-style-type: none"> <input type="checkbox"/> <i>Agree on norms and management processes.</i> Partnerships need ground rules about managing conversations, confidentiality and other issues. <input type="checkbox"/> <i>Create accountability through evaluation.</i> Ongoing evaluation should consider the partnership's outcomes and its processes. <input type="checkbox"/> <i>Handle conflict.</i> Conflict will happen, so decide on a process for resolving it. <p>Build understanding</p> <ul style="list-style-type: none"> <input type="checkbox"/> <i>Explore differences.</i> Exploration can be uncomfortable but lets you capitalize on different perspectives and create innovation. <input type="checkbox"/> <i>Find a shared vision.</i> A clear direction helps people commit to the partnership and unifies different goals. <input type="checkbox"/> <i>Frame partnerships as a continuous learning experience.</i> Learning involves listening with mutual respect, breaking down problems and finding solutions. <p>Develop relationships</p> <ul style="list-style-type: none"> <input type="checkbox"/> <i>Develop leadership skills.</i> Leadership in a partnership is facilitation: ensuring that all partners contribute to conversation and the shared vision. <input type="checkbox"/> <i>Build trust.</i> Trust comes from behaving in a way that's trustworthy and from trusting others. It takes time.

5. case studies

Case Study 1

Short-Term, Two-Group Problem Solving: Rabobank and WWF



In 2006, WWF-Netherlands (WNF) asked Dutch bank Rabobank to partner to develop a climate-neutral credit card. Rabobank welcomed the opportunity, seeking to differentiate itself and improve its reputation on climate issues.

The partners worked together to develop the card. They readily agreed on strategy and marketing, but took longer to determine how to offset climate impacts. The partnership was relatively smooth: WNF is a “cooperative” NGO, committed to working with companies to achieve complementary goals.

The partners released the credit card in 2007; a year later, one million customers were using it.

Yet the partnership’s greatest benefit for Rabobank may have been the experience of working with an NGO, which enabled it to surmount another challenge. Later in 2006, NGO Friends of the Earth-Netherlands (FoEN) challenged Dutch banks on their investments in non-sustainable industries. FoEN is a “confrontational” NGO, using boycotts and negative publicity to motivate change. While Rabobank’s competitors resisted the pressure, Rabobank met with FoEN and WNF to identify criteria to assess its portfolio’s sustainability. After reaching agreement on criteria, Rabobank revamped its investment strategy.

As a result, Rabobank gained recognition for having the best CSR reputation among major Dutch banks. The bank escaped FoEN direct action campaigns experienced by other banks; indeed, in 2007, climate experts of Rabobank and FoEN published a joint opinion piece.

Sources:

Van Huijstee, M., & Glasbergen, P. 2010. NGOs moving business: An analysis of contrasting strategies. *Business and Society*, 49(4): 591–618.

Rabobank. 2008; *Rabobank annual sustainability report 2007*. Available from <http://www.unglobalcompact.org/system/attachments/4232/original/COP.pdf?1262614959>

Gray, B., & Stites, J.P. 2013. *Sustainability through Partnerships: Capitalizing on Collaboration*. Network for Business Sustainability.

Outcome:

The partnership with WWF led to a new product: a green credit card. The partnerships also prepared Rabobank to negotiate with Friends of the Earth, leading to more substantial outcomes: revised investment criteria and the best CSR reputation among Dutch banks.

Lessons:

Organizations are likely to engage in multiple partnerships over time. Each experience provides learning and connections that can serve as a base for future, often deeper, partnerships.

NGOs have different strategies. Cooperative NGOs are generally the best partners, but working with confrontational NGOs can also produce gains.

Case Study 2

Eco-Labeling: Loblaw's Sustainable Seafood

Canadian retailer Loblaw became interested in sustainable seafood as part of its overall CSR initiative and from being targeted by Greenpeace, which publicly pressured the company to adopt new seafood sourcing policies. Loblaw's CEO challenged the executive team to move forward on the issue despite uncertain effects on profitability.

In acting on the issue, Loblaw worked through its existing NGO relationships, with WWF-Canada and the Marine Stewardship Council. (It also consulted with other stakeholders, e.g. through quarterly dialogues.) According to WWF VP Hadley Archer, Loblaw relied on the WWF-Canada team for science, expertise, experience, and credibility; in turn, WWF-Canada benefited from Loblaw's market size and power. "This [partnership] is different and unique," said Archer. "They see us as part of the team and a partner, not just an NGO they have to satisfy."

In 2009, Loblaw committed to sourcing all seafood sustainably by the end of 2013, a goal it is on target to meet. It is reporting positive results: record seafood sales and increased seafood availability and quality, and even some cost decreases. Greenpeace now calls Loblaw an "Ocean Advocate" rather than an "Ocean Villain."

Loblaw's actions have had broader effects on the supply chain. For example, the shortage of sustainable cod that it encountered prompted a longer-term partnership to improve fisheries in Eastern Canada. This partnership involves WWF, the Canadian government, and representatives from fish processors and fishing unions — and will benefit Loblaw and many other stakeholders.

Source:

Steele, B., & Feyerherm, A. 2013. Loblaw sustainable seafood: Transforming the seafood supply chain through network development and collaboration. In C.G. Worley & P.H. Mirvis (Eds.), *Building networks and partnerships*. Emerald Group Publishing: 101-132.



Outcome:

Loblaw is meeting goals to source all seafood sustainably. It has achieved record seafood sales, increased seafood and availability, and decreased some costs.

Lessons:

Different types of partnerships are designed to produce different short-term results (e.g. corporate innovation versus broader resource management). But long-term results often converge: a partnership focused on one goal can enable broader changes.

Case Study 3

Industry Sustainability Standards: European PVC Industry

In 1996, Greenpeace took a campaign against polyvinyl chloride (PVC) to UK high streets, calling on consumers to boycott products with PVC packaging because of alleged environmental and health risks. British retailers, concerned that consumers would “go PVC free,” took action: commissioning a scientific assessment and forming a PVC retailer working group.

Britain’s two PVC manufacturers initially sought to counter Greenpeace’s efforts with a public relations campaign. But the retailers called for greater action. The scientific report that they commissioned suggested that PVC manufacturing standards could be improved and retailers should work with industry to achieve this. In response to Greenpeace’s demands, the retailer working group appointed a new chairman: British environmentalist Sir Jonathon Porritt. He similarly insisted that PVC manufacturers undergo a “gap analysis” of their performance in terms of sustainability.

The Natural Step (TNS), an international NGO, performed this analysis and identified core actions needed for sustainable PVC: reduced energy emissions, recycling, elimination of toxic additives and byproducts, and industry commitment to transformation.

The leading British PVC company, Hydro Polymers, acted on all of the TNS recommendations: e.g. reducing CO₂ emissions by 12.5% in three years. Other European PVC companies focused instead on a parallel process: a Europe-wide voluntary commitment known as Vinyl 2010. But soon the initiatives merged. After INEOS, Europe’s largest PVC manufacturer, acquired Hydro Polymers in 2007, INEOS ensured that the European PVC industry’s next voluntary commitment program, “VinylPlus,” explicitly incorporated the TNS framework. Regulators, users and other stakeholders also shaped the VinylPlus program, launched in 2011.

VinylPlus’s annual, independently-verified reports shows clear successes. For example: In 2013, the European PVC industry recycled 362,000 tons of post-consumer PVC and reduced lead compounds by 76% (since 2007). A new VinylPlus product label will address product stewardship.

Increasingly, VinylPlus leaders look internationally: participating in UN initiatives (e.g. the Green Industry Platform). The European example needs to be emulated elsewhere, says Jason Leadbitter of INEOS: particularly in the United States, where the PVC debate remains intransigent.

Sources:

Leadbitter, J. November 2013. Personal communication.

Leadbitter, J. 2002. PVC and sustainability. *Progress in Polymer Science*, 27 (10), 2197-2226. Vinylplus. 2013. *Progress report 2013*. Available from <http://www.vinylplus.eu/publications/70/59/Progress-Report-2013>.

Smith, N.C., & Brennan, J. 2008. *Norsk Hydro ASA: Sustainable PVC at Hydro Polymers?* INSEAD-EABIS.



Outcome:

European PVC manufacturers have changed virtually every aspect of their operations. For example, by 2012, lead stabiliser consumption had decreased by 76 per cent compared to 2007. Innovative technologies now make it possible to recycle difficult-to-treat waste. The European PVC industry is also sharing best practices with other regional PVC associations.

Lessons:

Partnerships can begin with conflict. “Greenpeace was nipping at our heels; we were forced into partnership kicking and screaming,” said Jason Leadbitter, an industry representative. “But Greenpeace has done us a lot of good.”

An overarching vision helps unify different goals. The Natural Step’s framework played such a role, says Leadbitter. “The framework enabled us to ask the question, ‘What does it take to make PVC sustainable?’” Focusing on that question allowed the partners to develop a plan.

Case Study 4

Collaborative Governance: Canadian Boreal Forest Agreement



In 2010, the Canadian Boreal Forest Agreement created a new approach to managing Canada's huge boreal forest, which has tremendous value ecologically, economically and for local communities.

The agreement emerged from a partnership between nine environmental groups and 21 forest product companies, led by their industry association. The partnership also involves governments and communities.

Negotiations leading up to the agreement were difficult. "Progress in the talks came gradually, and more by the dint of grueling meetings than from any single breakthrough. There were squabbles, as often within ranks as between them." But both sides knew that an agreement was necessary. Environmentalist boycotts and lawsuits were threatening the lumber industry — and NGOs were unable to achieve their land protection goals on their own.

"While we were in the room together, our job was to find a joint solution," said Avrim Lazar, head of the forests products industry association. "When you do that over a period of time, you become a community. Slowly, trust builds, trust in each other, honesty with each other."

The final agreement included new forest management standards and a moratorium on logging in certain areas. NGOs committed to stop boycotting the forest products companies involved. Going forward, partners will develop action plans for species recovery and guidelines for improving ecosystem management and forestry practices. The agreement "will reassure global buyers of our product's sustainability," said Lazar; Canadian forest products will receive an edge in a competitive market.

Maintaining the partnership is challenging. Two NGOs have left, citing insufficient progress and violation of the agreement by one partner. Accounting firm KPMG provides annual evaluations: after year one, it reported: "progress [on milestones] is lagging."

The partnership has introduced some additional supports to the process: e.g setting up an "Undercurrents" forum to allow members to air concerns.

Sources:

Gray, B., & Stites, J.P. 2013. *Sustainability through Partnerships: Capitalizing on Collaboration*. Network for Business Sustainability.

Struck, D. 2010. Finding common ground. *Trust Magazine*. Available from http://www.pewtrusts.org/news_room_detail.aspx?id=61887.

Outcome:

The partnership resulted in an a new management approach for 72 million acres of boreal forest, after years of acrimony between environmentalists and the forest industry. The agreement enhances forest conservation and forest sector competitiveness.

Lessons:

Complex partnerships with high goals and broad scope are challenging. Potential exists for misunderstanding, misinterpretation of others' actions and potential violation of the agreement.

Process considerations are vital: e.g. recommitment to principles, monitoring of compliance and opportunities for renegotiation.

about the research

This report was inspired by the NBS Leadership Council, which gathers annually to identify the top sustainability challenges for business. The report is an extension of a [larger systematic review](#) authored by Dr. Barbara Gray and Ms. Jenna Stites of The Pennsylvania State University. With guidance from members of the NBS Leadership Council and an academic advisor, Dr. Gray and Ms. Stites reviewed more than 275 articles and reports published between 2000 and 2012; they also interviewed partnership participants for first-hand perspectives. They conducted detailed analysis and synthesis of these sources to identify best practices for multi-stakeholder partnerships. They presented their draft findings at a roundtable of industry and NGO representatives, for additional feedback. All content and references are derived from sources in the original systematic review.

About the researchers: Dr. Barbara Gray is Emeritus Professor of Organizational Behavior and Director, Center for Research in Conflict and Negotiation, at The Pennsylvania State University. Dr. Gray is also a trained mediator and consults with organizations about conflict and collaboration. She has published three books and over 70 publications. Jenna Stites is a PhD Candidate at The Pennsylvania State University. Her dissertation examines the consequences of social and environmental actions and partnerships for firms' reputations, and she has published in multiple journals.

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A Canadian non-profit, the Network for Business Sustainability (NBS) produces authoritative resources on important sustainability issues with the goal of changing management practice. We unite thousands of researchers and professionals worldwide who believe passionately in research-based practice and practice-based research.

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NBS's Leadership Council is a group of Canadian sustainability leaders from diverse sectors. At an annual meeting, these leaders identify their top priorities in business sustainability – the issues on which their organizations need authoritative answers and reliable insights.



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