SYNERGIES AND BEST PRACTICES OF CORPORATE PARTNERSHIPS FOR SUSTAINABILITY

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NOTE: A shorter version of this article was published by Corporate Environmental Strategy magazine, Vol. 9 #2, published by Elsevier Science Inc., provided by permission (www.elsevier.com).

Abstract:

Sustainability requires that problems be solved in the whole systems context. Corporations are increasingly finding that local/regional/state level partnerships provide whole-systems solutions and unexpected benefits.

Partnerships generally support four sustainability strategies:

• Learning Communities,
• Community Development of human and social capital,
• Environmental Restoration of natural capital and
• Regulatory/Standards Development.

Partnerships tend to become forms of learning communities if the efforts move beyond the corporate environmental staff.

The partnerships consistently lead to unexpected benefits, whether it be international sales leads from a totally locally-focused network, innovative practices like home ownership support programs, or analysis tools leading to cooperative solutions for contentious issues. Corporations are consistently pleased with results of partnerships.

Best practices include utilization of self-organizing whole systems approaches, transparency, and business-sector leadership. Specific partnership stories of Steelcase Inc., Wacker Siltronic, Stonyfield Farm, Starbucks, BC Hydro and Suncor are described.

Article:

Sustainability requires that problems be solved in the whole systems context, which means that we must understand the inter-relationships between the parts of a system, e.g. human and natural capital as well as economic capital, in communities, regions, countries and the world. Corporations and stakeholders are still learning about the whole systems and how their parts affect one another, but we do know that our efforts toward sustainability must be intergenerational. Corporations are increasingly engaged in partnerships that are moving us in this direction. This article describes partnership strategies that some corporations have adopted to enhance their path toward
sustainability, and demonstrates that through partnerships we can make progress not otherwise attainable.

The primary local/state sustainability partnership strategies are:

**Environmental Restoration** partnerships, which seek to protect and restore sufficient natural capital. A sustainability goal suggested by the Natural Capitalism Principles articulated by Hawken, Lovins and Lovins in *Natural Capitalism* would be to operate such that no net loss of natural capital results from product/service life-cycles.

The key principles for sustainable natural capital protection and restoration are biodiversity, reduction of habitat loss, long-term management, whole-systems approaches (as in wildlife corridors and systems rather than patches of wild lands), and public education. Restoration of “brownfields” is a subset of these principles, and has an indirect effect preserving natural capital when brownfield re-development substitutes for greenfield developments, and has a direct effect if brownfields are redeveloped into natural capital resources and/or clean up progressively contaminating situations.

**Sustainable Community Development** partnerships, which extend the longstanding practice of responsible companies that help develop human and social capital of host communities into the area of sustainable economic and community development primarily through whole-system human and social capital investments.

Sometimes creative tax incentive programs reinforce social responsibility. Examples below will focus on particular sustainability concerns, such as “equity” regarding both income and in decision-making. “Income” equity is a two-edged sword – the real objective is “affordable living” which is a combination of income and living costs; i.e. more income may not translate to more affordability (and equity) unless capital assets can be accumulated, such as through home ownership.

Key principles for sustainable community development are equity-enhancing initiatives (including reductions in the cost of living and access to wealth-generating capital); meaningful indicators of progress; accounting for intangibles in economic decisions such as economic/energy security or job security through employee ownership, etc.

**Regulations and Standards Development partnerships**, which demonstrate different ways in which new regulations and guidelines that support continuous movement toward sustainability can be established.

Key Principles for sustainability approaches to regulatory goals and standards regimes are: whole-systems involvement of all stakeholders; integration of existing international standards like ISO; growing use of “sustainability indicators” in communities.

**Learning Communities** that expand the horizons of leaders and employees, and provide local learning opportunities not otherwise existent or convenient. Learning occurs through exploration and support.
Key principles are: Self-organizing learning systems that support companies and individuals through the process of catalyzing sustainability; Strong leadership/support from the business community combined with public sector and NGO partner resources; safe mutual learning opportunities; effective synergies with national and international organizations; gradual growth of sustainability practices as mainstream business practices.

The examples in this article show that companies often choose one strategy to begin their partnership work, and then gradually encounter both the challenges and benefits of other strategies as the relationships between partners grow and offer opportunities to impact larger systems. It is not unusual for multiple strategies to play out through a single partnership.

Selected Stories of Corporate Partnerships for Sustainability

Steelcase Inc., Menasha Corporation and Western Michigan Sustainable Business Forum

Steelcase, Inc., a leading designer and manufacturer of office furnishings and the Menasha Forest Products Group established a partnership whereby Menasha manages the harvesting and marketing of timber from 1200 acres owned by Steelcase. This land has primarily been used for employee recreation (hunting, trapping, camping, hiking, bird-watching, cross-country skiing, biking boating, mushroom collecting).

Between 1968 and 1982, Menasha did five clearcuts, which was not beneficial to wildlife or oak trees. Steelcase hired a biologist in 1982 to enhance the productivity of the property. Their vision for the project was to 1) benefit employees through better hunting and recreation; 2) benefit the company through increased revenues that would defray costs; and 3) benefit the land and the wildlife that depend on it through harvesting mature timber and establishing new forest stands.

Because Steelcase is not in the business of managing land, they needed to work with a company that could maintain the land value for employees, Steelcase, and the environment. Gradually they realized that this land offered opportunities to develop new practices. Early on the sustainable forest plan showed that this forest could be managed in a new way — using a “shelterwood” management system. The practice of clearcutting was abandoned because it didn’t leave enough shade for oak seedlings to grow, which resulted in less tree growth and therefore less food and habitat for wildlife. The shelterwood system employs practices that regenerate the property and has demonstrated the feasibility of managing oak sustainably in Northern Michigan. This has attracted forestry professionals who have toured the land to learn about the shelterwood system. Menasha also uses the forest to teach loggers about safety and sustainable forestry practices.
Most of the timber harvested from the land is now made into cardboard shipping cartons for Steelcase products. Steelcase bails the cartons when they are finished with them and returns them to Menasha’s Paperboard Division for reuse and recycling. This Restoration strategy brings numerous benefits for both companies and demonstrates a symbiotic relationship for economic and environmental sustainability.

Steelcase has been a core member of the Western Michigan Sustainable Business Forum, an outstanding and senior example of a business-led sustainability learning community, since its inception in 1994. Steelcase’s Director of Corporate Environment, Health and Safety, David Rinard, currently serves as the Forum’s Board President. The objective of Forum participation, according to Rinard, is “knowledge - to bring the environmental community and the business community together to work towards identifying common problems, and more importantly common solutions. Where solutions haven't existed ,the SBF has worked to create innovative new solutions that will benefit our members.” His experience has been that the partnership has provided Steelcase with valuable relationships, peer learning, and outside industry perspectives.

The Forum’s goal is “To encourage the adoption of sustainable development business practices aimed at improving corporate profitability while enhancing the long-term health of the environment.” Other major corporate partners include Herman Miller, Guilford of Maine, American Electric Power, Johnson Controls and Pharmacia & Upjohn.

PORTLAND, OREGON: Oregon Natural Step Network and Oregon Dept. of Environmental Quality

Wacker Siltronic (Siltronic) of Portland, Oregon, a 1550 employee silicon wafer manufacturing subsidiary of German-based Wacker Chemie, has been involved in establishment of a one of the most successful learning communities in the U.S. and in development of Oregon’s Green Permit regulatory system. Wacker Chemie adopted sustainability goals in 1995, which were extended beyond its own business practices in 1998.

Tom McCue, Siltronic’s Environmental Manager, partnered with Nike, Portland General Electric, Bank of America, Collins Pine and the NW Earth Institute to form the Oregon Natural Step Network (ORTNS) in 1997. The ORTNS is the most successful U.S. learning community regarding The Natural Step System Conditions for a sustainable society. It presently provides events, case studies, industry working group support and individual company coaching to its members, which include 39 “sustaining” or “founding” public and private organizations. Sustainability coaching for member companies is provided by the Network through a contract with the Oregon Department of Environmental Quality (DEQ), an early network member and public advocate.

Siltronic also partnered with the Oregon DEQ and other environmentally progressive companies to craft and implement the leading-edge Green Permit program. The system is designed to support “beyond regulation” strategies by regulated companies with
regulatory flexibility and technical assistance. (Similar flexible permit programs have recently been launched in North Carolina, Ontario Province.)

According to McCue, “Our corporate commitment is to develop sustainable business practices which can manifest themselves in partnerships for efficient use of resources, regulations, and community development. In Germany Wacker has open house days to encourage young scientists. Wacker University in Portland partners with local educational resources to retrain people for technology sector work that will provide living wage jobs. Siltronic has also partnered with local governments and developers to provide a unique home purchase program for workers wherein Siltronic’s matching contributions help employees assemble a down payment.

Rejuvenation Inc., a manufacturer and retailer of traditional lighting fixtures, also partnered with ORTNS and Oregon DEQ but in a different way. Ready for both a sustainability framework on which to anchor its stewardship values, and an environmental management system for its growing metalworking operations, Rejuvenation’s partnership with ORTNS extended to a pilot project that developed one of the first EMS systems in the U.S. explicitly designed to embrace The Natural Step system conditions. Rejuvenation’s President Mary Roberts now serves on the ORTNS Board of Directors.

Progressive Investment Management of Portland and Seattle, WA, developer of the “Portfolio 21” sustainability-screened corporate investment fund, has also been a long-term supporting partner of ORTNS. Carsten Henningsen, Chairman, notes that the partnership has been a valuable two-way street providing cost-effective learning for his staff as well as both local and international customer leads. He believes that the chemistry of personalities and strong motivations of individuals such as CEO John Emrick of Norm Thompson Outfitters is a key component of the attractive sustainability dialogue created by ORTNS. A corporate challenge typical to this local partnership has been allocation of scarce corporate support resources between the localized effort and national nonprofits with similar objectives.

Emrick, with support from his spouse Jane Emrick and Norm Thompson’s Corporate Sustainability Manager Derek Smith, has led Norm Thompson to a leading sustainability stance through its partnership with ORTNS and a green catalog development venture with the Alliance for Environmental Innovation. Smith is enthusiastic about the value of partnerships, noting that “In every case, we have learned of opportunities to improve our business process beyond the original scope of the partnership. Often there are quantitative profitability enhancements. For example, through our partnership with the Alliance for Environmental Innovation, we formed a closer relationship with several key suppliers. As a result, we were able to strengthen those ties and reduce expenses.”

According to Smith, “We have been fortunate to partner with several organizations from a multitude of sectors. From nonprofits like Environmental Defense’s Alliance for
Environmental Innovation to government agencies like EPA to academic institutions like the University of Portland to for-profit colleagues like Nike, we have benefited greatly from sharing resources toward mutual goals. We actively seek partnerships for the following reasons:

~ to educate ourselves on appropriate and practical steps toward our sustainability objectives
~ to access experts on specific topics
~ to gain credibility for our actions
~ to leverage our results

EARLY LEADERS: The Body Shop And Stonyfield Farm

The U.K.’s Body Shop has been engaging in innovative local partnerships in its supply chain throughout its 26-year history. According to writer Elsie Maio, it “has long set the standard for both civic-interest stakeholder relationships and for reporting the social and environmental impacts of its business. Its historic, if unarticulated, emphasis on a core brand value and justice, led to a purity of intention and a mostly impeccable trust with the NGO community, a crucial new set of stakeholders”

Stonyfield Farm, a family-owned organic dairy product company in Vermont, U.S., began with fixed level donations providing the resources for strong partnerships. Each year 10% of company's profits are given to efforts that help protect and restore the environment. This embodies the spirit of the company's environmental and educational missions. Projects meet these criteria: 1) protect and restore the planet; 2) generate measurable results (natural resources saved, people educated); 3) promote Stonyfield Farm via sampling opportunities, collateral, and media relations. The goal is to build mutual support between Stonyfield Farm and each recipient.

According to Vice President of Communications MaryJo Viederman, Stonyfield’s leadership has led to partnerships with strong dividends. “Most environmental groups have sought funding or a partnership with us as a leading socially responsible company and brand, unlike other companies that may seek out sustainability groups to enhance their corporate identity. Because it is not possible to support everyone who is inquiring about a Profits for the Planet grant, we have always gone back to groups encouraging them to come up with creative ways to do something together. Our lid program, for example, is looked at as a mini educational billboard, going to more than 1.2 million consumers per week with an environmental/educational message and often a call to action.”

Regarding measurement of partnership benefits, she noted that “I don’t think we can ever truly measure the value of some of these benefits. I compare the return on investment of these partnerships with a rate of return on the environment. Investing in our planet's future takes time - word of mouth value of these
partnerships also takes time. But I do know that many of our partnerships have been a great source of mutual satisfaction in trying to move the needle forward on an issue of action item that is helping to make the world a bit better place.”

**Starbucks Coffee Company and Conservation International**

Conservation International (CI), known for its innovative partnerships with corporations such as Ford Motor Co., approached Starbucks and asked them to be involved in their conservation coffee project in Chiapas, Mexico. Constraints are what usually prompt a partnership. In this case, Starbucks had a responsibility and interest in the tropics, where coffee is grown, but didn’t have direct contact. CI made it possible for Starbucks to extend their reach into places where they would not otherwise have influence.

Through this project, created by CI’s Center for Environmental Leadership in Business, Starbucks has been working with coffee farmers and exporters in Chiapas, providing economic benefits for local farmers in the last remaining cloud forest in Southern Mexico. One result is the availability of Starbucks’s new coffee, Shade Grown Mexico. Other achievements that have been realized since the partnership began in 1998 are these:

- 65% increase in compensation to farmers above local prices,
- 50% increase in their coffee exports,
- $600,000 in harvest loans to farmers’ cooperatives,
- 220% increase in acres supporting biodiversity.

Initially, Starbucks intended to raise awareness about conservation and coffee. Toward that end, they agreed to provide funding and technical support. The partnership became more robust when the company saw the benefits to farmers. Thus, the magnitude of the project has been a surprise. Moreover, there are less tangible benefits that were not foreseen: company pride, employees who are motivated because the company is doing good work, and the support of customers who are impressed by the company’s efforts.

There are the benefits of leadership as well. Lessons learned through the Chiapas project now live on through Starbucks’ new Coffee Sourcing Guidelines, announced in November 2001, which are intended to support their commitment to purchase coffee that has been grown and processed by suppliers who meet environmental, social, economic and quality standards. The response has been unexpected enthusiasm up and down the supply chain. Other coffee companies have been calling to learn more about the Chiapas project, wondering if they should do something like it.

“Global coffee production can only be sustainable if it is economically viable, socially responsible and environmentally sensitive at all levels of the supply chain,” said Orin Smith, Starbucks president and CEO.

The Starbucks/Conservation International partnership began as a Restoration strategy, gradually became a Community Development strategy, and has now become a
Standards Development strategy, all benefiting Starbucks’ position in the marketplace. With such success, a second partnership program with CI is underway. It will replicate the Chiapas project in five sites around the world. The next to be developed will be in Colombia and Guatemala, and then perhaps Asia.

**BC Hydro, British Columbia Provincial Government, and the Canadian Federal Government Partnership**

BC Hydro is one of the largest power companies in North America, and is a Crown corporation owned by the province of British Columbia. Because effective use of water is such a fundamental part of the company’s success, it committed to Water Use Planning -- a joint initiative of BC Hydro, the provincial government, and the Canadian federal government, in consultation with First Nations and the public. It was developed in response to ever-increasing competing demands on the province’s abundant water resources. The goal is to find a better balance between competing uses of water that are socially, environmentally and economically acceptable to British Columbia.

Water Use Planning (WUP) is a 5-year, $25M capital project that is now in its 4th year. Water Use Plans will provide clear and understandable boundaries within which to operate and to plan for future electricity supply. Senior government and the BC Comptroller of Water Rights will do final WUP review and consultations. The results will comprise water use regulations for the 23 watersheds in which BC Hydro operates.

WUP was one of the initiatives that led BC Hydro to formally adopt sustainability as a goal. Access to public resources, especially water, and confidence in environmental management at existing and new facilities must be actively maintained to ensure the success of the business. The partnership allows the exploration of interests that require trade-offs among wildlife and within species. Multi-party discussions are critical to identifying and wrestling with fundamental choices that must be made. Better solutions come from a more comprehensive understanding of the various interests in water use and of the interactions among them. WUP provides a basis on which long term relationships can be built to support complex decision making over time.

According to BC Hydro’s John Kelly, WUP Project Manager, and Daryl Fields, Manager of Resource Planning, there have been many expected and unexpected benefits flowing from WUP. They include:
- humor, fun!
- development of analytical tools and processes in the areas of structured decision-making, especially with multi-stakeholder groups
- power modeling, and environmental modeling
- criteria/performance measures that form a common language across interests and guide water management decisions today and into the future
- increased power generation while enhancing all other objectives
- science that contradicted strongly held professional beliefs but was accepted and acted upon
This project began as a Regulatory and Restoration strategy and is growing into a Community Development strategy that will support a wide range of interests in hydroelectric generation for many years to come.

**Suncor Energy Inc. et al and Cumulative Environmental Management Association (CEMA)**

Suncor, Syncrude Canada Ltd., Albian Sands Energy, Canadian Natural Resources, Lt., Conoco Canada Resources Ltd., ExxonMobil Canada Ltd., Husky Energy Ltd., Japan Canada Oilsands Ltd., Pan Canadian Energy, Syncrude Canada Ltd., TrueNorth Energy and other companies have joined with four First Nations and affiliates, nine government agencies, and six environmental NGO’s to form CEMA and work toward responsible practices as the oil sands industry invests $7 billion in the development of Northeastern Alberta, Canada. Funding comes from the members who have assessed themselves flat fees based on the development stages their projects are in, plus a fee that is based on the environmental footprints of their projects. CEMA’s 2002 budget is $4.6M.

In 1996 tax laws changes, technology and good oil prices made the oil sands area of Alberta, Canada, more attractive for development. The Canadian Environmental Assessment Act required that the cumulative impacts of impending development be researched and measured. Industry representatives met to consider how they would deal with the Act. The Alberta government met with stakeholders to consider a Regional Sustainable Development Strategy and identified 72 issues that needed to be addressed. In June of 2000, industry and government representatives decided to form CEMA, which was designed to implement a regional resource development strategy.

“The evolution of the CEMA involved a shift from establishing a common approach to conducting Cumulative Effects Assessment to managing cumulative effects using an array of environmental management tools such as environmental limits or thresholds. The diversity of environmental values and interests in the region prompted the need for a multi-stakeholder forum to, among other things, establish environmental management objectives for the region.”

Industry wants a streamlined regulatory system. Government approvals for CEMA proposals come faster because their process includes public input and builds consensus. Public hearings held by individual companies would likely be adversarial in nature. CEMA will also provide research on all 72 issues identified in the earlier stakeholder sessions, reducing costs for each member company considerably.
This Restoration and Regulatory strategy has evolved into a Community Development strategy, and is a sound financial strategy as well.

**Conclusions:**

Our examination of these and other partnerships leads us to believe they all become forms of learning communities if the efforts move beyond the corporate environmental staff. In addition, the partnerships consistently lead to unexpected benefits, whether it be international sales leads from a totally locally-focused network, innovative practices like home ownership support programs, or analysis tools leading to cooperative solutions for contentious issues.

According to consultant Janet Barber, the question is whether a corporation has actually internalized biodiversity concerns. Barber's recent study of 30 global corporations' approach to biodiversity found a wide range of internalization. She warns: "The time when you could get away with writing out cheques to third parties for vaguely defined projects is well and truly over." xviii

Best Practices for sustainability partnerships include:

- Utilize self-organizing systems to capture an effective rhythm of change inspired/stimulated by the partnership
- Business leadership so the partnerships feel and act like a business-led organization
- Transparency of motives, objectives and results, which often begets pleasant surprises
- Whole systems approaches beyond environmental management foster synergies in corporate learning, supply chain development, employee training and retention, and ultimately design of facilities and products.

In addition, we agree with The Aspen Institute's thorough examination of corporate and nonprofit partnerships, which concluded that:

> When alliances are carefully crafted, cooperatively pursued, and successfully implemented, they benefit both corporations and environmental NPOs by synergistically achieving the objectives of improving environmental protection and enhancing corporate performance.

Though environmental advocacy organizations retain skepticism about the effectiveness of voluntary partnerships, particularly as substitutes for regulatory requirements (Friends of the Earth recently noted that less than a third of UK’s top 350 companies responded to Prime Minister Tony Blair’s call for sustainability reporting by end of 2001xx), history has already demonstrated that local sustainability partnerships have proven very effective and dynamic, often in very intangible ways such as stronger stakeholder
relations. Corporations that have ventured down this path have unanimously reported to us very positive experiences and enthusiasm for continuing the partnership strategy. As competence is developed by both businesses and their stakeholders, results can be expected to continuously improve.

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ii The authors offer these definitions of Human and Social Capital: Human Capital is the ability of a human being to add value because of their education, health, work skills, social skills, values; Social Capital is the ability of a group of humans to add value together, based on organization/coordination and empowerment of their collective Human Capital.

iii For example, see Portland, Oregon N/NE Portland Enterprise Zone Regulations, crafted by author Christopher Juniper with Portland citizens and City of Portland staff, 1996; www.portlanddev.org.


vii Wacker’s International Environmental Policy states "We are committed to sustainable development, a principle that is an integral part of our business thinking and practices. We attach equal weight to economic, environmental and social concerns." Source, Tom McCue, Siltronic.

viii For more information, visit www.ortns.org or contact Executive Director Regina Hauser at 503-241-1140. Author Juniper was the first Executive Director of ORTNS.

ix For more information about Oregon’s program, contact Marianne Fitzgerald, Oregon Department of Environmental Quality, at FITZGERALDMarianne@deq.state.or.us. Information about additional programs in the U.S. and Canada may be obtained through the Pollution Prevention Clearinghouse, www.p2.org.

x Correspondence with Tom McCue, Wacker Siltronic, April 2002. For more information about the Portland plant of Wacker Siltronic, see www.siltronic.com. For more information about Wacker’s international operations and sustainability commitment, see www.wacker.com.

xi Author Juniper led the partnership team for this project with Rejuvenation’s Vice-President for Manufacturing John Klosterman. For more information see Kuna, Klosterman and Juniper, “”, Pollution Prevention Review, Vol .... Also see www.rejuvenation.com.

xii Correspondence with Carsten Henningsen, Progressive Investment Management, April 2002. For more information see www.progressiveinvestment.com.

xiii Quotes are from correspondence with Mr. Derek Smith, April 2002. For more information see www.normthompson.com

xv Quotes and other information about Stonyfield provided through correspondence with MaryJo Viederman and Stonyfield’s website, www.stonyfield.com, sourced April 2002.


xix The Aspen Institute, PARTNERING FOR SUSTAINABILITY: MANAGING NONPROFIT ORGANIZATION-CORPORATE ENVIRONMENTAL ALLIANCES by Dennis A. Rondinelli and Ted London, Executive Summary

xx Ben Shaw and Rebecca Willis, “Handshakes All Around?”, Green futures magazine, Volume 32. See www.greenfutures.org.uk.