

Guide to Successful Corporate-NGO Partnerships

Global Environmental
Management Initiative (GEMI) and
Environmental Defense Fund



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The Global Environmental Management Initiative (GEMI) is a non-profit organization of leading companies dedicated to fostering environmental, health and safety excellence and corporate citizenship worldwide. Through the collaborative efforts of its members, GEMI also promotes a worldwide business ethic for environmental, health and safety management and sustainable development through example and leadership.

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For more information about this project, please contact GEMI at info@gemi.org or Environmental Defense Fund at partnerships@edf.org.

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Preface

Leading companies know that: “Business as usual” has changed. Investors and customers want companies to address social and environmental concerns. Leading companies in the private sector recognize that they should develop strategies to meet these needs while remaining profitable. At the same time, many of the most effective non-governmental organizations (NGOs) recognize that they can achieve widespread and lasting change by harnessing the power of the market. To achieve these goals, companies and NGOs are finding ways to work together. The GEMI-Environmental Defense Fund *Guide to Successful Corporate-NGO Partnerships* was born out of the belief that these partnerships, if designed and executed effectively, can achieve remarkable business and environmental results—and inspire the next generation of successful partnerships.

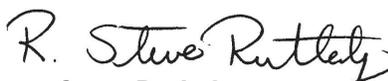
This Guide itself is the product of collaboration among GEMI member companies and Environmental Defense Fund. It is intended as a comprehensive aid to organizing, designing, implementing and measuring the success of corporate-NGO partnerships. The Guide also includes several case examples of successful partnerships. While the focus is on environmental projects, we feel the lessons learned can apply to any type of sustainability-driven partnership that involves active engagement between businesses and NGOs.

We hope the approach outlined in this Guide and the case made for corporate-NGO partnerships helps companies and NGOs to better understand the potential of collaboration and provides readers with concrete ideas to bring back into their own organizations. By working together constructively, businesses and NGOs can achieve their mutual goals while benefiting the environment, society and business. For more information about this Guide, GEMI and/or Environmental Defense Fund, please contact us at info@gemi.org or partnerships@edf.org.



Mark Hause

Global Environmental
Competency Leader
DuPont



Steve Rutledge

Manager, Integration &
Governance
Duke Energy



Kyle Cahill

Director, Corporate Engagement
Environmental Defense Fund

Co-Chairs, GEMI-Environmental Defense Fund Partnership Guide Work Group

Chapter 1: Introduction

For businesses, the “bottom line” includes more than just profits. Investors, customers and other stakeholders want to see progress on a broader range of measures, including environmental and social performance. To achieve such goals, companies and non-governmental organizations (NGOs) are joining forces. This Guide shows how corporations and NGOs can best collaborate together to achieve the new “business as usual” – realizing environmental, social and business benefits.

The Guide contains the following sections:

- ◆ **Why Partner.** An overview of the key drivers behind business-NGO partnerships, as well as potential pitfalls.
- ◆ **Partnership Best Practices.** Detailed recommendations for successful business-NGO partnerships based on Environmental Defense Fund’s almost 20 years of working with corporations and the legacy of GEMI member companies’ experiences. This section is organized into three parts: outlining best practices in project design (Part 1); project implementation (Part 2); and, measurement of results (Part 3) and contains specific examples of business-NGO partnerships featuring a range of experiences among GEMI companies and Environmental Defense Fund. These case examples highlight aspects of partnership best practices as well as the environmental, social and business benefits.

Companies can help the environment and the communities where they operate in many ways, including through philanthropic activities. In this Guide, however, we distinguish business-NGO partnerships from corporate philanthropy. In our view, a true partnership between a company and an NGO should not rely solely on financial contributions. Rather, a partnership occurs when independent organizations bring together their distinct views, expertise and resources to work towards common goals. A partnership is best measured by the environmental and business results achieved once both organizations have shared the risks, responsibilities and rewards of the project.

This Guide focuses on environmentally driven partnerships, including partnerships with broader mandates that have environmental components. However, we believe that many of the practices can be adapted to a wider range of business-NGO partnerships, including those addressing community development, health and other social issues.

The Guide is a product of a business-NGO partnership involving GEMI member companies and Environmental Defense Fund, so it is also self-reflective. Based on an earlier Environmental Defense Fund publication, *Catalyzing Environmental Results: Lessons in Advocacy Organization-Business Partnerships (1999)*, this updated Guide reflects the more recent partnership experiences of GEMI member companies and Environmental Defense Fund.

Chapter 2: Why Partner?

Since Environmental Defense Fund engaged in its first corporate partnership project in 1990 with McDonald's, it has found that working with leading companies provides maximum leverage for both parties. Major companies can create significant environmental benefits, since millions of people use their products and rely on their services. In addition, environmental improvements can multiply throughout a company's supply chain, and actions taken by market leaders often spur competitors to follow suit, spreading the benefits yet further. Compared to other approaches, such as advocating for legislative or regulatory change, measurable results can often be achieved faster through business-NGO partnerships, as long as they are designed and executed properly.

Companies also have discovered that environmental stewardship supports their long-term health and viability. Businesses use many tools to improve the environment, including preventing pollution, developing environmentally friendly products and services, educating the public and engaging in philanthropic activities. A number of GEMI companies recognize that partnerships with NGOs can help achieve their environmental, health, safety and sustainability goals.

Companies and NGOs have discovered a number of reasons to partner:

- ◆ **Creating business value and environmental benefits.** A business-NGO partnership can result in measurable business and environmental benefits such as reduced costs, reduced risk, new market development and enhanced brand value along with reduced environmental impacts in the company's product line, operations or supply chain.
- ◆ **Raising the bar on environmental performance.** Innovations arising out of partnerships can create competitive advantage for a business as well as establish a new standard of environmental excellence for others to build on.
- ◆ **Leveraging skills and perspectives not available in the organization.** Partnering with an NGO can help a company address issues that it may not have the expertise, skills or resources to manage on its own. NGOs also provide a valuable outside perspective. For the NGO, a partnership can provide a testing ground for the effectiveness of its approach to a particular issue.
- ◆ **Building respect and credibility.** When a partnership between a trusted NGO and a well-known company delivers tangible results, it improves the image and credibility of both organizations.
- ◆ **Providing independent validation.** NGO participation can provide independent "third party" validation of a company's claim of environmental and social benefits from a project.
- ◆ **Helping achieve a long-term vision.** While most leading companies and organizations have long-term goals and visions, they often are preoccupied with short-term priorities in their day-to-day operations. A partnership project designed to address a long-term issue can help provide the external push needed to realize long-term goals.

In some situations, a partnership may not be practical. If the need is immediate, or is one that can be achieved independently, a partnership might not make sense for the company. Similarly, an NGO may determine that a partnership is not the best way to achieve a particular policy goal or social outcome. In general, if a company or NGO can accomplish its goals on its own, there may be no need to partner.

Partnerships also require readiness from all parties. As described in the GEMI publication (www.gemi.org), *Transparency: A Path to Public Trust*, a partnership compels the business and the NGO to work toward a common goal and share both the risks and rewards. This is a relationship built on mutual trust and respect. Both sides must be ready for a high degree of transparency. As such, a business-NGO partnership can be difficult to establish, especially when it addresses a contentious or hard-to-solve issue.



Chapter 3: Partnership Best Practices

The success of a partnership depends to a great degree on the strength of the project around which it is organized. A project generally has three phases—design, execution and measurement of results. Each phase is crucial to success. A well-structured project can create lasting changes and leave a legacy of innovations for others to adopt.

The following discussion highlights lessons learned in the areas of project design, execution and measurement from GEMI and Environmental Defense Fund's partnership experiences.



Part 1 - Project Design: Structuring Partnerships for Success

- ◆ Developing Criteria for Selecting Projects
- ◆ Identifying a Good Partner
- ◆ Properly Structuring Agreements



Part 2 - Project Execution: Making the Project a Reality

Project Team

- ◆ Developing a Cross-Functional Team
- ◆ Building Support at the Appropriate Level of Management
- ◆ Selecting a Project Lead

Project Work

- ◆ Developing a Clear Project Plan
- ◆ Maintaining Momentum



Part 3 - Measuring and Communicating Results

- ◆ Measuring Business Benefits
- ◆ Measuring Environmental and Health Benefits
- ◆ Communicating Results



Part 1 – Project Design: Structuring Partnerships for Success

Perhaps the most important consideration when entering into a business-NGO project is the investment of time required to design and initiate the project. The start-up period often begins with the initial contact between a business and an NGO, but may continue for many months as both parties evaluate the resources required, the potential for environmental results and business benefits, and the risks of undertaking a cooperative venture. This phase also enables the partners to get to know each other, build common expectations about the project, and commit sufficient resources to it. The mutual trust created during this period will help the project run efficiently once it is under way.

The project design phase starts with an initial concept and ends with the signing of an agreement or other way of formalizing the work plan and ground rules for the partnership. This section describes key elements of the design phase of a partnership.

Developing Criteria for Selecting Projects

Having specific criteria for a project helps determine its overall success. Even before approaching potential partners, an organization should know what it wants to achieve. It is then useful to assess the potential for achieving this goal through a partnership. Major criteria to evaluate when performing such a partnership “screen” include:

- ◆ **Environmental impacts.** Will the project address significant environmental impacts from the company? Will it result in measurable long-term benefits to the environment? For a company, it is important to consider the benefits accruing not only within the company’s operations, but also upstream in the supply-chain and downstream in product use and disposal.
- ◆ **Business benefits.** Will the project add business value? Will the benefits be significant, long lasting, and measurable? Is the project aligned with the mission and goals of the company, and-of the NGO? Does it fit within each organization’s focus areas? Will it have positive impacts on the company’s key stakeholders? Consider both tangible and intangible business and organizational value, such as reducing long-term costs and risks, increasing future revenue, learning new decision-support approaches and improving image in the community.
- ◆ **Project scope.** Can a project be developed that is both aggressive and manageable? Is the project feasible, given available financial and staff resources?
- ◆ **Leverage potential.** Can the results of the project be replicated by other parts of the company, other industry players, government agencies, NGOs, or the community-at-large? Does the partner have a national or international presence that will maximize the visibility and impact of the project? Will it provide a model or testing ground for other projects? Will it provide educational value to the company’s employees and the public?
- ◆ **Fit with company/NGO capabilities.** Does the project fit well with the current capabilities of the company and the NGO? Is it an area where the NGO’s capabilities add value to the company and vice versa? Are both organizations excited by the project?

Case Example: Designing a Partnership for Success

FedEx and Environmental Defense Fund

Developing Hybrid Diesel-Electric Delivery Trucks

Key Success Factors

- ◆ Common vision and objectives among partners
- ◆ Significant purchasing clout to influence the supply chain
- ◆ Proof of concept – demonstrating feasibility of new technology

Vehicles with diesel engines are known for their contribution to air emissions, including greenhouse gases. In 2000, FedEx Express and Environmental Defense Fund struck an alliance to develop a delivery truck that dramatically decreases emissions while increasing fuel economy. The result was a diesel-electric hybrid, an ideal application for hybrid technology, given the frequent stopping and starting of delivery trucks and the amount of pollution and greenhouse gases they emit.

The FedEx-Environmental Defense Fund project exemplifies many of the qualities of a successful partnership:

- ◆ The team members shared a common vision and objectives and each brought necessary skills.
- ◆ FedEx, with its 30,000-vehicle truck fleet, had the purchasing clout to attract manufacturers and the expertise to test and evaluate the advanced trucks.
- ◆ Environmental Defense Fund provided the metrics for environmental performance and was the catalyst in developing a competitive process for manufacturers to meet these standards.

The project resulted in delivery trucks that operate and perform like a conventional truck yet use hybrid electric technology to achieve a new standard of environmental performance. These trucks go up to 50% farther on a gallon of fuel than a conventional truck, reducing greenhouse gas emissions by approximately 30%. They emit 65% less smog-causing pollution and 90% less soot. All environmental and performance goals set at the beginning of the project were met or exceeded when the new hybrid trucks were rolled out in 2004. However, cost goals have not yet been met, in part due to limited product to date.

Business Benefits

- ◆ Established industry leadership in clean truck technology
- ◆ Enhanced brand value
- ◆ Reduced risks associated with fuel use and emissions

Environmental & Social Benefits

- ◆ Reduced air emissions and increased fuel efficiency of diesel trucks
- ◆ Transformed the market for clean truck technology across the industry

For more information about this initiative, please visit www.fedex.com and www.edf.org.

Case Example: Selecting an Appropriate Project

Eastman Kodak Company and The Nature Conservancy *China Photovoice Project*

When Kodak was expanding the traditional photography market into the less developed western provinces of China, they sought a partnership to support their growing presence, and looked for a credible global NGO with a strong reputation in the region. They found one in The Nature Conservancy, with whom they already had a long-standing relationship. The Nature Conservancy was looking for a partner for an innovative program that would provide cameras and film to remote villagers in order to learn about local priorities and needs in southwestern China. Called Photovoice, the project was an integral part of The Nature Conservancy's effort with local government agencies to establish nature reserves, protected areas, and other conservation objectives.

Key Success Factors

- ◆ Alignment of business and environmental objectives
- ◆ Access to local and global resources
- ◆ Measurable results

The remote areas of southwestern China is home to a myriad of ethnic groups and some of the world's biological hotspots. The Photovoice project helps the region's inhabitants record and communicate their endangered culture and environment. It empowers them to have their voices and concerns heard by local decision-makers as well as the public at large. So far, the project has assembled over 50,000 pictures and 15,000 narratives. They document images and stories that support conservation planning, ranging from the role of environment to the villagers' culture and livelihood, to evidence of local environmental impacts and potential climate change impacts. Shrinking glaciers, previously undetected algal blooms, and local air pollution are among environmental issues captured by the images and stories.

The project was based on a concept developed in the early 1990s by the University of Michigan, Duke University, and the Ford Foundation to use cameras and writing to stimulate learning and community awareness. The project was managed and carried out locally by The Nature Conservancy, with Kodak providing technical support regarding the photographic equipment and imaging, in addition to the cameras and film. A cross-functional team from Kodak, involving representatives from EH&S, engineering, research and development, and communications as well as leaders from its imaging business, were involved in the design and execution of the project.

The project gave Kodak significant information that helped define its market in China. Key to Kodak was that three demographic groups had access to the cameras during the project: men, women and young adults. It was rapidly apparent that women were the best utilizers of the technology, and tended to focus on family/celebration/cultural events. The feedback on the film cameras also helped design engineers focus on which features could be and should be automated (e.g. indexing film after a shot). In addition Kodak quickly realized the extent of technology leapfrogging that was taking place in China. Despite a lack of electricity, people were familiar with and comfortable using digital technology. It was also clear that sharing images was important, even if the images were captured digitally. This led to the drive to print digital images with the push of a button. All of these insights helped Kodak develop long-term product and market strategy for the area.

Business Benefits

- ◆ Supported strategic growth and market-creation objective
- ◆ Enhanced brand value
- ◆ Supported product improvement and innovation

Environmental & Social Benefits

- ◆ Visually documented environmental concerns and evidence of impacts
- ◆ Supported conservation planning
- ◆ Empowered remote villagers to voice their concerns

For more information about this partnership, please visit www.kodak.com and www.nature.org.

- ◆ **Alignment with organization's core values.** Does the project fit the business objectives and core values of the company? Are the issues of central importance to the NGO? Will the project excite the organizations' employees and key stakeholders? Projects that do not fit the company's core values or align with the NGO's mission risk getting neglected over time.
- ◆ **Support from appropriate level of management.** Is the project supported by the appropriate level of management in the company and the NGO? The level of management support can depend on the scale of the project, level of organization involved, degree of cross-functional involvements and level of risk. Senior executive support of the partnership is desirable.

A successful partnership project does not need to meet every criterion. However, the project should be designed to deliver significant, lasting and measurable environmental and business benefits, while satisfying as many of the other criteria as possible. The criteria should help identify at an early stage problems that may emerge or areas that need extra attention. A new partnership may require starting with a small, more manageable project while keeping the goal of addressing larger and more substantive issues in the long term.

Identifying a Good Partner

It is useful to consider the following questions when evaluating a potential partner:

What motivates the company or the NGO?

An NGO should understand the business priorities, core values and environmental challenges faced by a potential partner company. This helps the NGO "sell" the benefits of a partnership project to the company, instead of depending on the company to figure out the business case.

Similarly, a company should understand the motivation of the potential NGO partner. In general, a project needs to result in significant environmental benefits within the NGO's core area. Sometimes a partnership project can provide the NGO an opportunity to pilot new tools and innovative approaches that can lead to more widespread use.

How does the company view the environment? How does the NGO view business?

Historically, companies often viewed the environment as little more than a matter of regulatory compliance. Today, however, companies increasingly recognize the importance of environmental stewardship to their long-term business success. An NGO needs to understand whether the potential company partner views environmental matters as simply a risk to manage or as a business opportunity.

A company also should anticipate the willingness of a potential NGO partner to appreciate the complexities of doing business:

- ◆ Does the NGO view the world as black and white, or is it open to understanding the complex nuances of business?
- ◆ Does the NGO realize that there is often not one solution only, but multiple pathways to the same result?
- ◆ Does it have a history of cooperation and partnership, or confrontation?

Case Example: Choosing the Appropriate Partner

Occidental Petroleum, ECOPEPETROL, International Alert, and Fundación Ideas Para la Paz

Piloting Innovative Social Assessment in a Colombian Oil Field

In 2005, Occidental Andina, LLC, a subsidiary of Occidental Petroleum Corporation (Oxy) entered into an enhanced oil recovery project with Ecopetrol S.A., the Colombian state oil company. The project takes place in La Cira, the country's oldest oil field, located in a region that has been impacted by conflict and diminishing economic opportunities. To assure positive impacts to the local community, to comply with Ecopetrol's Integral Responsibility Policy, and to meet Oxy's human rights policy, the two parties decided that a rigorous stakeholder engagement and social assessment process was needed before the project could enter into its long-term implementation phase.

Key Success Factors

- ◆ Trust building
- ◆ Mutual learning
- ◆ Senior management involvement
- ◆ Building a common approach

Around the same time, International Alert, a London-based conflict resolution and peace building NGO funded by international donor governments, released a new toolkit, "Conflict-sensitive business practice: Guidance for extractive industries." The La Cira project provided an opportunity for Oxy and Ecopetrol to develop experience with this innovative social assessment methodology and for International Alert to "road test" the tool. To initiate collaboration, executives from Oxy Colombia and Ecopetrol met with International Alert in London. Mutual expectations for independence, transparency, confidentiality and external communication were discussed. As sensitive views and information needed to be exchanged, establishing trust among the organizations was essential. The parties decided to pilot test the collaboration in incremental periods, while building trust and collaborative experience, before entering into a longer-term engagement. Another NGO, Fundación Ideas Para la Paz, participated as the local partner of International Alert in Colombia.

The initial 6-month agreement led to a full-fledged application of the tool and continued collaboration in subsequent phases over the next 24 months. Willingness to learn about each others' issues and concerns and to build a common approach to the risk assessment process has been a key success factor. The collaboration and partnership have effectively addressed social and environmental issues, including the community's interest in employment, business opportunities, safety and water supply, which are recognized and reflected in business plans and incorporated into the management system. One other important issue concerned the proximity of oil field operations and residential dwellings. Stakeholder dialogue, enhanced by the company/NGO collaboration, successfully engaged the community in an initiative to discontinue the practice of connecting household stoves to abandoned oil wells and fostered conversion to containerized propane fuel. Continuous burning of natural gas from the wells for household use, while providing a perceived "free" source of energy, was unsafe and wasteful. By ending this practice, up to 200 million cubic feet of natural gas is being saved annually.

This collaborative model has been adopted by other projects in the country, the partnership with the NGO continues and the risk assessment methods are being utilized in other locations in Colombia.

Business Benefits

- ◆ Assurance of project success through improved risk management
- ◆ Developed experience with an innovative social assessment methodology
- ◆ Gained credibility and trust in the community

Environmental & Social Benefits

- ◆ Reduced emissions and conservation of energy resources
- ◆ Improved community safety and environment

For more information about this partnership, please visit www.oxy.com, www.ecopetrol.com, www.alert.org.

What is the decision-making style in your partner's organization?

Every organization has a distinct culture and internal procedures for making decisions. It is important for each potential partner to understand the other's leadership style, decision-making processes and organizational culture. Questions that are useful in understanding a potential partner's management style include:

- ◆ Are the operational and decision-making procedures transparent and well organized?
- ◆ How does the corporate or NGO structure (e.g., decentralized versus centralized) play a role in operations? Who gets things done?
- ◆ Will the support of senior management result in follow through on project initiatives? Who else does a project team have to consult with to make decisions?
- ◆ How do stakeholder relations and communication affect decision-making? What is the role of marketing and public relations in operational decisions?

An NGO also should consider whether environmental improvements can be effectively integrated into the company's management system. For example, does the potential partner company consider environmental and social value in project and capital budgeting decisions?

Does the company/NGO have a favorable partnership history and reputation?

The history and reputation of a potential partner are useful in assessing what kind of a partner the company or NGO is likely to be:

- ◆ Is the potential partner "publicity-shy"? Is it risk averse?
- ◆ Does it desire to become an environmental leader?
- ◆ Is it innovative and open to leading practices?
- ◆ Is it financially sound?
- ◆ Is it viewed favorably by its own employees and key stakeholders?

An NGO will want to review the company's history and track record on environmental and social issues. NGOs also should consider whether they have contacts or entry points into this company, and if there is a champion for an aggressive and effective partnership. A company should review the NGO's policy positions and track record on business relations. An NGO new to business partnerships can become a reliable partner if mutual trust and respect can be established.

Can credibility and trust be established and maintained throughout the project?

Building and maintaining trust is critical for a project's success. Both businesses and NGOs look for partners with transparent motivation and goals. Do past behaviors support alignment amongst the potential partners on transparency and motivation?

Case Example: Aligning Interests and Strengths

The Scotts Miracle-Gro Company and Keep America Beautiful *Promoting Community Gardens and Consumer Education*

For the vast majority of Americans in urban communities, lawns and gardens serve as the primary gateway to understanding and interacting with nature and the environment. Based on this premise, ScottsMiracle-Gro, a global leader in the consumer lawn and garden care industry, and Keep America Beautiful, a nationwide community NGO, formed a partnership beginning in 2004. The two organizations worked to advance the development of community gardens and green spaces across the United States and promote consumer education around product and lawn care stewardship best practices.

Key Success Factors

- ◆ Alignment of goals
- ◆ Leveraging each partner's expertise and strengths

The partnership goals are twofold. First, the organizations strived to create public green spaces to provide communities with safe, healthy and environmentally beneficial community parks, lawns and gardens, particularly in underserved neighborhoods. Second, it aimed to educate homeowners nationwide about simple steps they can take to protect and benefit the environment starting in their own backyards.

A successful partnership requires partners to clearly understand each other's unique goals, assets and strengths. In this example, Keep America Beautiful sought to expand its influence beyond litter prevention and clean-up activities to include more visible and enduring community beautification efforts. As a primarily volunteer organization, it also recognized the need for a strategic business partner to help shape, fund and execute these efforts. ScottsMiracle-Gro's interest in developing stronger community partnerships, combined with its agronomic, environmental and operational expertise, made the relationship a natural fit. Through an extensive network of support and engagement from within ScottsMiracle-Gro, the number of Scotts/Keep America Beautiful-sponsored community green spaces has steadily increased over the last four years in the United States. Involvement and support from ScottsMiracle-Gro went beyond financial and in-kind commitments. Associates from different areas of the company attended each of the community green space installations to lend their support for the projects. For example, Scotts LawnService technicians provided advice and services to ensure the garden and green space areas were weed-free and ready for planting.

The partnership also has expanded to include comprehensive educational outreach. These communications have included brochures on "backyard stewardship" tips for growing healthy lawns and beautiful gardens. These materials were shared with millions of homeowners across the country. The ScottsMiracle-Gro/Keep America Beautiful partnership also created educational activity calendars to encourage students and their families to explore the outdoors and nature. This information was distributed to thousands of classrooms nationwide.

The two organizations credit a shared understanding of each other's goals and strengths as key to the rapid growth and increased impact of the program.

Business Benefits

- ◆ Stronger presence in key business markets
- ◆ Product stewardship
- ◆ Opportunity for local community partnerships
- ◆ Relationships with local governmental influencers
- ◆ Enhanced brand value
- ◆ Increased brand awareness

Environmental & Social Benefits

- ◆ Development of community gardens and green spaces
- ◆ Reduction of garden effluents and waste
- ◆ Environmental stewardship education

For more information about this partnership, please visit www.scotts.com and www.kab.org.

Projects often require partners, especially the company, to share sensitive views and information. The company must feel sufficiently comfortable that the potential NGO partner will respect confidentiality requirements. All partners need to feel comfortable that other partners will not distort facts and findings from the project.

Potential partners may have synergies in certain areas and disagreements or adversarial relationships in others. In such cases, the partners must agree to disagree, while maintaining trust within the scope of the project.

Does the partner have the necessary expertise and capabilities?

It is important for the company and NGO partners to have all the necessary expertise and capabilities needed for the project. If not, consider involving additional partners or agree on outside resources. For example, for an overseas or international project, local NGOs may need to be involved. In some cases, it is also necessary to involve value-chain entities, such as suppliers and customers.

Properly Structuring Agreements

After a period of building relationships, establishing a common goal, and developing a proposed scope of work, a written agreement should be drawn up and signed by senior managers from each organization. Agreements not only define the ground rules, but also clarify the goals and expectations of the project.

Businesses and NGOs typically operate under different organizational cultures and may have different expectations. In developing an agreement, especially in early discussions, it may be most productive to focus on the following areas:

- ◆ **Goals and objectives.** Define clearly the goals and objectives of the project. Whenever possible, establish measurable goals. The goals and objectives may be limited for partners trying to test out a partnership idea and build mutual respect and trust, with the view of expanding them in the longer term.
- ◆ **Scope of work.** Define a scope of work for the project at the outset in order to ensure that the staff and resources are available to meet the partnership goals. The scope of work should address a key part of the company's business and should define which areas of the company's operations, products, services and value chain will be involved and what environmental benefits are expected. Providing a specific statement of what issues are to be addressed (and, by implication, those that will not be addressed) clarifies the expectations of both partners from the start. Also discuss the longer-term impacts anticipated from the project, including on others in the industry and the community.
- ◆ **Timeline.** Companies and NGOs may work on different timeframes. Ensure agreement is reached on the specific project timeline. Discuss expectations for how the team will work together to meet the timeline.

Case Example: Involving All Partners

Perdue Incorporated, Center for the Inland Bays, and Others *"Model Watershed" to Promote Best Practices in Nutrient Management*

The Little Assawoman Bay in Delaware is an intensively farmed region with 27 poultry operations, 12 of which are Perdue contracts. Land use changes towards urbanization increase the burden on poultry farmers to manage nutrient loading to the region's waterways to protect water quality.

In 2001, Perdue approached the Center for the Inland Bays (CIB), a private non-profit organization under the U.S. EPA's National Estuary Program. A "model watershed" initiative was proposed to accelerate compliance and nutrient management certification in the region, ahead of a State-mandated schedule. The initiative, named the Poultry Integrators' Nutrient Effort (PINE), received funding from CIB, Perdue, other major poultry integrators, the local Sussex Conservation District, and two State of Delaware Programs - the Delaware Nutrient Management Program and the EPA-funded Delaware Non-point Source Program. CIB acted as the independent project coordination body. To effectively manage the project, a full-time Watershed Coordinator position was created and filled, the first such position in Delaware.

A survey was conducted in 2003 to assess existing nutrient management practices among the region's poultry operations. Expected nutrient load reductions from various best management practices were identified by a group of scientists led by the University of Delaware. Data collected through this survey was utilized to develop a plan for reducing nutrient loading into the Little Assawoman Bay. Furthermore, model farms were created to demonstrate practical practices that are beneficial to water quality and neighbor relations. This includes the Dan and Iris Moore farm, a contract grower of Perdue, chosen due to its proximity to sensitive waterways and a new golf course community. Freeman and Associates, the adjacent developer, also participated and provided funding to the model farm.

The poultry growers are critical links in Perdue's supply chain. In this project, Perdue provided not only financial support but also expertise in identifying and implementing the best management practices, in collaboration with other partners. The success of this project was important to Perdue to prevent supply chain interruptions and to meet Perdue's own commitment to environmental sustainability. Overall, the PINE project is estimated to have reduced over 60,000 tons of total nitrogen and 4,000 tons of total phosphorus through the adoption of poultry best management practices in the watershed.

Key Success Factors

- ◆ Involvement of all partners in planning and decision-making
- ◆ Each partner having something to gain by the project's success
- ◆ Shared financial obligations
- ◆ Independent and non-partisan project coordination body
- ◆ Full-time project coordinator

Business Benefits

- ◆ Minimized risk of supply chain interruptions
- ◆ Supported corporate environmental sustainability goal
- ◆ Enhanced brand value

Environmental & Social Benefits

- ◆ Reduced nutrient loading in a sensitive watershed
- ◆ Reduced air emissions and odor
- ◆ Influenced behavior of area's farm owners and home developers

For more information about this partnership, please visit www.perdue.com and www.inlandbays.org.

Case Example: Creating a Clear Project Roadmap

Abbott, PHH Arval and Environmental Defense Fund *Reducing Greenhouse Gas Emissions from Corporate Fleets*

Key Success Factors

- ◆ Alignment of objectives among all partners
- ◆ Open and transparent process, starting with a good project roadmap
- ◆ Active contributions from all partners, thus each partner having a stake in a successful outcome
- ◆ Individuals from each partner pushing the process along during slow periods

“PHH GreenFleet” is North America’s first comprehensive greenhouse gas management program for corporate fleets. The program helps fleets measure, reduce and offset greenhouse gas emissions. PHH Arval, a leading fleet management company, collaborated with Environmental Defense Fund to develop the program. Abbott was the first company to partner with both organizations. The GreenFleet program helped Abbott’s progress toward its goal of reducing its global greenhouse gas emissions 10 percent below 2004 levels by 2010. As part of the program, Abbott committed to going “carbon neutral” with its commercial fleet by improving fuel efficiency and by purchasing carbon credits.

The project achieved success by starting with specific goals and objectives and a clear roadmap for getting there. Because each partner actively contributed, each had a stake in the outcome and was able to keep the project momentum going.

To make the green fleet vehicle alternatives as appealing to drivers as possible, Abbott offered upgrade incentives such as satellite radio and sunroofs, and clearly communicated with drivers about the environmental impact of their choices. Abbott and the GreenFleet team also educated the sales force on driving habits and vehicle maintenance practices that enhance fuel efficiency. As a result, approximately 20 percent of Abbott’s eligible drivers (those due for vehicle replacements) selected more fuel-efficient vehicles in model year 2007 and 31 percent selected more fuel-efficient vehicles in 2008. In the program’s first year, Abbott’s fleet miles-per-gallon improved by 4.3 percent; greenhouse gas emissions dropped by 4.2 percent; and overall cost was reduced 4.1 percent.

Each new vehicle buying cycle offers the opportunity to re-evaluate Abbott’s fleet and expand driver incentives to participate in the program. Abbott has pursued new opportunities to increase efficiency, including limiting 4-wheel drive vehicles to employees in Snow Belt states and offering hybrid vehicles to all U.S. sales force members due for vehicle replacements. Abbott announced that it will make its entire U.S. fleet “carbon neutral” in 2008 through the purchase of carbon offsets. In addition to the environmental and cost-saving benefits of this program, Abbott received an overwhelmingly positive response from employees who are excited to see their company taking steps to reduce its environmental footprint.

Business Benefits

- ◆ Reduced vehicle lifecycle operating costs
- ◆ Increased employee morale
- ◆ Enhanced brand value

Environmental & Social Benefits

- ◆ Reduced emissions and improved fuel efficiency
- ◆ Demonstrated benefits of climate neutral fleet management to the industry, and communicated desire for fuel efficient fleet vehicles to automakers

For more information about this partnership, please visit www.abbott.com, www.edf.org, and www.phharval.com.

- ◆ **Roles and responsibilities.** Both the business and the NGO should have significant roles and responsibilities. Work to ensure that the project is an equal priority for both the company and the NGO. The agreement should note that the partners will devote sufficient resources to the project, consistent with fulfilling the goals of the venture.
- ◆ **Public transparency.** While proprietary information must be respected, a business-NGO partnership should not involve the development of trade secrets. To protect the NGO's credibility and reputation, it should insist that, while respecting confidentiality, the project is carried out in an open manner and results are made public so that others can benefit from the venture.
- ◆ **Independence.** Both the company and the NGO must be able to maintain independence. Direct partnership activities should be able to proceed without limiting either organization's broader public policy stances. Public transparency on past financial support, decision-making and results helps ensure the impartiality of the project.
- ◆ **Funding.** Partners need to agree on the key costs and on the division of funding responsibilities. Funding arrangements must be transparent and not affect the partners' independence.
- ◆ **Replicability.** The partnership outcomes should be applicable to other parts of the company, others in the industry, or to other NGOs and the public. It is in the NGO's best interest, and in most cases also the company's, to maximize the project's reach by sharing the results as broadly as possible. Thus, an agreement should affirm the right of both parties to disseminate information, tools and methodologies developed by the project, subject only to confidentiality restrictions.
- ◆ **Communication.** Partners must agree on the approach and timeline of communications. Furthermore, to protect the credibility of both the business and the NGO and avoid claims of "greenwashing," the partners should agree that results be achieved before they are marketed. Additionally, partners should agree to jointly review all public communications strategies and documents to ensure proper representation of all views and opinions.

Investing significant time and resources in project design upfront is necessary to achieve success. Partnerships often involve new ways of doing business. Ensuring results requires an in-depth look at how the project will be structured, what each side expects, and how each party will be protected.



Part 2 – Project Execution: Making the Project a Reality

The steps necessary to keep a project focused will vary depending on the pace of the project, the effectiveness of the teamwork, and the nature of the results. As the project progresses, team members will gain increased insight into each party, which is helpful in assessing the team's work.

The Project Team

A number of key factors need to be considered when building a project team as noted below.

Developing a cross-functional team

It is critical to have the right people from both the company and the NGO at the table, especially in initiating the project and developing recommendations. Within a company, a partnership project typically begins from a certain “pocket” or functional area. However, the support and involvement of multiple functional areas is usually necessary for the project to succeed.

A cross-functional team also provides organization-wide accountability and taps the varied expertise within the partner organizations. It educates more people about the project and its goals, while minimizing the challenges of bringing new people on board once the project is underway.

Some suggested steps to developing a cross-functional team include:

- ◆ Anticipating the organizational functions—e.g. operations, marketing, engineering, purchasing, legal, public relations, government relations—that could contribute to the project's success, and choose a representative from each of those areas. Where cooperation from outside parties such as suppliers will be necessary, include representatives from those parties.
- ◆ Asking the managers of the relevant departments for support to ensure that their representatives will have sufficient time to devote to the project.
- ◆ Involving employees either as formal members of the team or as designated “advisers.” Seek employee input at key points in the project.
- ◆ Seeking informal participation by developing relationships with individuals outside the formal project team in departments that are less involved in the project.
- ◆ Engaging stakeholders at appropriate points in the project. For the company, this may include engaging supplier, customer and community representatives.

Case Example: Building a Project Team

DuPont and Environmental Defense Fund

Framework for Responsible Nanotechnology

Nanotechnology holds great promise for new applications in materials, energy, medicine and other fields, but more needs to be known about the potential risks. In 2005, DuPont and Environmental Defense Fund partnered to ensure the responsible development of nanoscale materials and develop a tool to share information with stakeholders. The project also aimed at facilitating public understanding of the new technology and providing input for future government policy.

Tackling a project of such scope and complexity required a wide range of expertise. The partnership brought together a multidisciplinary team from both organizations, with experience in relevant branches of science, law and business. The team solicited input from stakeholders including large and small companies, government agencies, universities and public interest groups. Based on discussion, analysis, interviews and research, a Nano Risk Framework was released by DuPont and Environmental Defense Fund in 2007. DuPont pilot tested the framework on several materials and applications to ensure that the approach is flexible, practical, affordable and effective. Since launching the Framework, the partnership has presented to government and industry audiences and worked with other companies to implement the Framework in their own operations.

Environmental Defense Fund considered DuPont to be an optimal partner for the project considering the company's research and technology capabilities, commitment to product stewardship, powerful marketplace position, role in the value chain as a potential purchaser and seller of nanoscale materials, global reach, reputation, and outlook toward nanotechnology policy. DuPont and Environmental Defense Fund have collaborated on several other projects for over 20 years.

The partnership was extremely effective—the project goals were achieved in less time than originally planned, and the feedback has been overwhelmingly positive. Using the Framework has greatly enhanced DuPont's interactions with regulatory agencies over the nanoscale materials that they are developing. Other companies have also reported the effectiveness of the framework in simplifying decision-making regarding environmental, health and safety issues around nanomaterials.

Key Success Factors

- ◆ Excellent multidisciplinary team, drawn from both partners
- ◆ Extensive stakeholder outreach and consultation
- ◆ Pilot testing of a new concept on real products

Business Benefits

- ◆ Improved product stewardship
- ◆ Developed framework to identify, reduce and manage environmental, health and safety risks posed by an emerging technology
- ◆ Enhanced interactions with regulatory agencies
- ◆ Established technical leadership in the field
- ◆ Enhanced brand value

Environmental & Social Benefits

- ◆ Gained a better understanding of the risks of nanotechnology to the environment and society
- ◆ Initiated discussion among key stakeholders
- ◆ Advanced nano risk assessment

For more information about this partnership, please visit www.dupont.com and www.edf.org.

Building support at the appropriate level of management

The level of management within the company and the NGO needed to authorize the project depends on the scale of the project, organizational divisions involved, degree of cross-functionality, and level of risk. At the very least, support is needed from managers authorized to approve any changes in the company's operations or NGO's activities that may result from the partnership project. Experience shows that executive and senior management support for partnerships boosts the likelihood of success.

A project can succeed as long as the project team members are empowered and qualified to promote the project internally and deliver commitments on behalf of the company. Support from senior management is critical to increase the project's internal visibility, keep the project high on the company's agenda, and motivate staff participation. Involving the appropriate level of management early on in the project paves the way for later implementation of the project's initiatives or actions.

Some possible steps to building management support include:

- ◆ Asking a senior manager to sign the partnership agreement.
- ◆ Developing a relationship between high-level managers at the company and the NGO. Arrange for an initial meeting between the NGO and the company's senior management and schedule joint periodic briefings for them as the project proceeds.
- ◆ Being on the lookout for an early expression of interest by individuals in senior management. Identify a person who may be willing to be a senior level "champion" for the project.
- ◆ Taking advantage of any contacts between the company's Board of Directors and the NGO.

Selecting a project lead

Both within the company and the NGO, a "project champion"—someone who grasps the benefits of and is enthusiastic about the project—may be one of the most critical elements of the team. A project champion does not have to be a senior executive as mid-level employees can be effective champions who inspire the company or NGO to participate.

A project champion is not always a "project lead"—the person responsible for keeping the project a priority and for ensuring the necessary resources are committed. The project lead plays a vital role in managing the development, execution and measurement of the partnership. While a champion may inspire the organization to participate, the project lead handles the day-to-day operations of the project.

Individuals on the project team need to be empowered within their organization. Senior managers usually have this influence, but mid-level employees who have the ear of senior management and are empowered to make decisions are powerful assets.

In the best case, a project lead will voluntarily step forward. Other steps for selecting a leader include:

- ◆ Identifying those who have championed similar initiatives.
- ◆ Observing how managers and staff treat the members of the project team. Are certain individuals listened to more than others?
- ◆ Clarifying how much responsibility—beyond this project—has been assigned to various team members. Has one of them recently been promoted or otherwise recognized for effective work (a “rising star”)?
- ◆ Identifying a project team member or other staff person who has been particularly enthusiastic about the project.

The Project Work

Developing a clear project plan

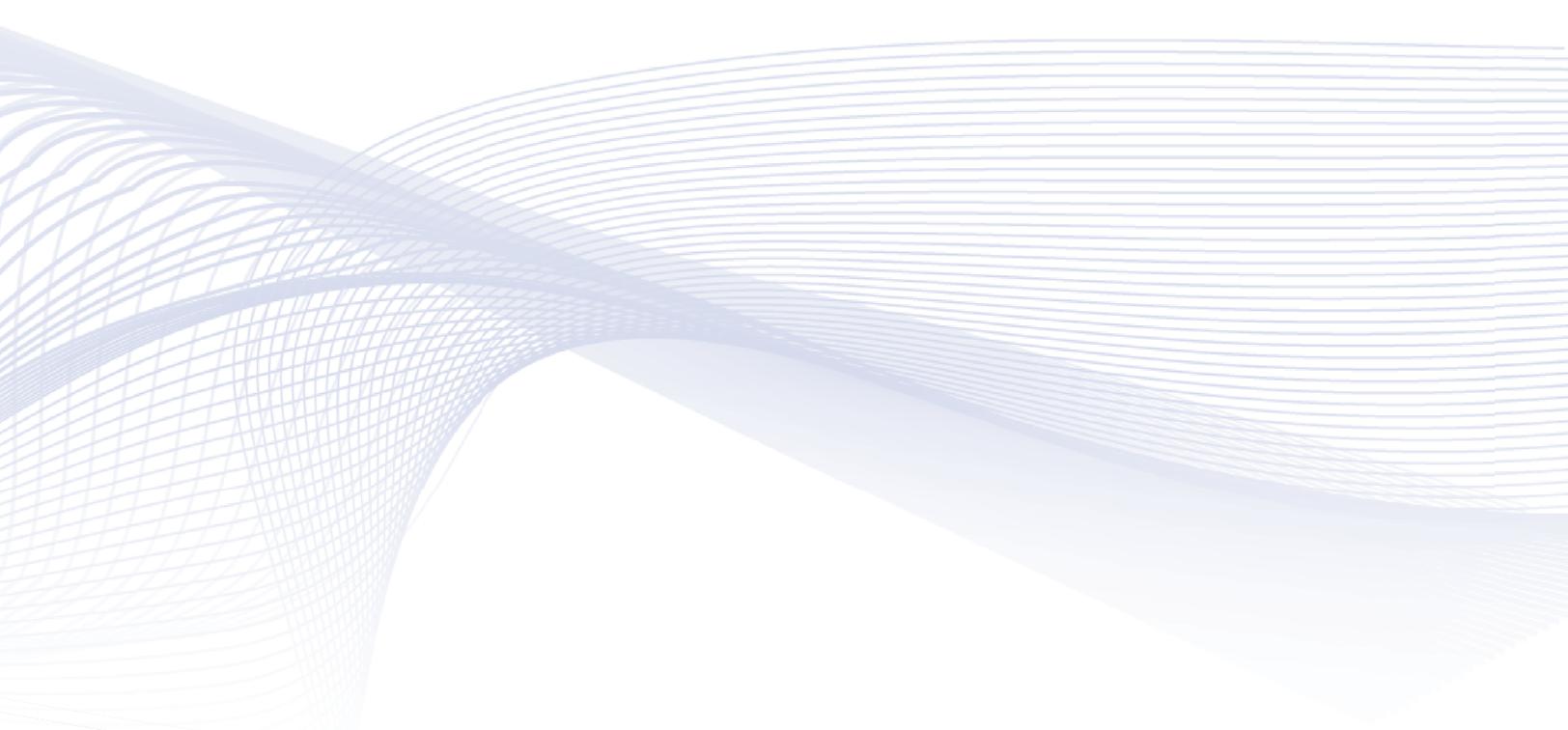
While work plans often change in the course of a project, developing an initial work plan enables each party to communicate its expectations. As discussed earlier, much of the initial work plan, including goals, scope, timeline and responsibilities, should be determined early in the project as part of structuring an agreement.

Early decisions need to be made about what information the team will need in order to develop effective recommendations and how it will gather the information. Also necessary to identify are specific tasks, the sequence in which those tasks will be conducted, and a lead person on the project team to oversee each task. A project implementation plan also needs to be discussed, even if not all the partners will be involved in this phase of the project.

Maintaining momentum

In order to keep all members of the project team engaged, distribute tasks equally among team members and ensure that the project remains equally important to the company and the NGO. It is also important to keep track of the project timeline and milestones. Plan regular team meetings and re-evaluate the project plan and schedule if milestones are not being met.

Another good way to maintain momentum is to identify and work toward early, visible results. Achieving and highlighting even a minor accomplishment early on can generate enthusiasm and momentum for a project, as well as provide an indicator for ultimate success.



Case Example: Maintaining Momentum

Southern Company and National Fish and Wildlife Foundation *Strategic Bird and Ecosystem Conservation Programs*

Southern Company and the National Fish & Wildlife Foundation (NFWF) established strategic partnership programs to conserve critical southeastern habitats and species. While providing competitive grants to diverse groups, they created a model learning forum to share conservation best practices among business, academic, NGO, and community organizations.

A large electricity producer in the southeastern U.S., Southern Company is responsible for managing well over 400,000 acres of land surrounding its operations, along with more than 300,000 acres of transmission rights-of-way. Increasing population and demand for electricity will drive the need for more effective land use and natural resources management by all. Being at the table with conservation leaders to discuss and understand priorities, needs and opportunities is important to the company's land management and operational strategy, which must balance cost, reliability, and environmental issues.

The Power of Flight program began in late 2002 as a one-year pilot project to conserve southern birds, but was soon extended into a 10-year commitment. The Longleaf Legacy was launched the following year (also a 10-year effort) to restore the imperiled, native longleaf pine ecosystem, sequester carbon, and engage private landowners (who own most of the land in the region). Longleaf Legacy is part of the company's portfolio of voluntary climate initiative projects that complement its technology development focus. For both programs, having a strategic, long-term focus on regional priority issues and needs provided a vehicle to draw all interested groups together to accelerate work toward compatible and/or shared goals.

This partnership is distinguished by a high level of interactions among all organizations involved. Southern Company and NFWF host annual meetings with the project grantees, key regulators, local and national conservation leaders, as well as key corporate executives and employees. Project site visits allow company employees to experience, learn about, and better appreciate critical ecosystem needs and the tangible results of the programs, as well as to establish personal relationships. These meetings and visits provide an effective way to network, find synergies across efforts, and build trust.

Lessons from the partnership also help the company improve its own land management practices. By engaging key stakeholders through these programs, this partnership provides win-win solutions. For example, informed by key conservation needs, the company volunteered in 2007 to restore and maintain critical habitats for the endangered red-cockaded woodpeckers at two generating sites, even as one was being considered for expansion. This 'Safe Harbor' agreement protects the company from incurring additional regulatory restrictions, improves the outlook for this species and others, and engenders employee pride.

Key Success Factors

- ◆ Focus on strategic, measurable objectives and co-benefits
- ◆ Nexus with business activities and community interests
- ◆ Employee and executive involvement
- ◆ Long-term funding commitment, allowing better planning

Business Benefits

- ◆ Establishing credibility and relationships with conservation experts and local groups
- ◆ Ensuring license to operate
- ◆ Improved employee morale and employee education
- ◆ Enhanced brand image

Environmental & Social Benefits

- ◆ Conserved, enhanced or restored critical habitats and species
- ◆ Sequestered greenhouse gases through tree planting
- ◆ Improved public awareness and action

For more information about this partnership, please visit www.southerncompany.com and www.nfwf.org



Part 3 – Measuring and Communicating Results

In most cases, environmental initiatives will only sustain themselves when they deliver specific, measurable business benefits, particularly regarding a company's strategic objectives and core business functions. Once these benefits are accounted for, communicating the results both internally and to external stakeholders will bring increased public recognition to the partners and push others in the industry to follow suit.

Measurement

It is essential first to establish a baseline to mark environmental and business progress. Only by understanding before the project starts the initial and ultimate costs, revenues and environmental performance, can true impacts be assessed. If relevant business or scientific expertise does not exist on staff to establish a baseline, consider using outside sources.

The business analysis should be done concurrently with the environmental analysis, with company staff providing the necessary information about the company's business operations. This process may reveal ideas that are unrealistic or impractical and have to be tabled, while other ideas may emerge as winners for the customer, shareholder and the environment.

Broadly, an environmental partnership can add value to business performance in one of three ways:

- ◆ By decreasing or avoiding costs
- ◆ By increasing revenue
- ◆ By reducing risk, both short- and long-term

The GEMI publications (www.gemi.org) — *Clear Advantage: Building Shareholder Value/Environment: Value to the Investor (EVI)*; *Environment: Value to the Top Line (EVTL)*; and the *Metrics Navigator™* — provide further discussions about the business value that may be gained from environmental initiatives and give examples of metrics to assist in measurement.

Table 1 summarizes a number of indicators to consider when evaluating the business impacts of a project. They include a mix of quantitative and qualitative measures. For example, in measuring revenue increases resulting from a project, it can be difficult to separate the project-specific results from other, simultaneous initiatives. Instead, one may qualitatively assess impacts on the intangibles such as reputation and customers' purchasing decisions and estimate how they may translate to actual top-line benefits. Whether quantitative or qualitative, understanding and clearly communicating the benefits of a project—both environmental and business—is critical to sustaining progress once the project is complete.

If the partnership innovation requires an up front investment on the part of the company, the team will have to demonstrate that the payoff is positive and within business timeframes and guidelines. To do this over the life of the project's benefits, the team must measure future cash flows from cost savings and any incremental operating costs or savings from implementing the project, as well as potential revenue increases as a result of the project.

Table 1. Measuring the Business Benefits of Partnerships

WHAT TO MEASURE	TYPE OF MEASUREMENT	FACTORS TO CONSIDER
RISK REDUCTION		
Future liabilities	Qualitative and Quantitative	<ul style="list-style-type: none"> ◆ Reduced accident-related liability exposure due to fewer hazardous materials ◆ Reduced product liability exposure due to fewer chemicals/lower toxicity chemicals ◆ Increased worker safety due to less hazardous materials ◆ Reduced regulatory burden ◆ Reduced off-site liability due to less waste ◆ Reduced risk of legal and regulatory costs ◆ Reduced risk through educating customers about environmentally appropriate uses of products ◆ Improved risk management
Risk of business interruption	Qualitative	<ul style="list-style-type: none"> ◆ Increased understanding of stakeholder needs now and in the future ◆ Improved relationship with suppliers and business partners ◆ Improved access to resources ◆ Improved supply chain quality and transparency ◆ Protection of long-term asset viability
COSTS		
Cost of capital	Qualitative and Quantitative	<ul style="list-style-type: none"> ◆ Increased attractiveness of company securities to “socially responsible” investors ◆ Increased attractiveness to lenders ◆ Preferential interest rates ◆ Increased returns due to lower risk, lower cost and higher revenues ◆ Higher stock valuations due to improved future prospects
Material and chemical costs	Quantitative	<ul style="list-style-type: none"> ◆ Reduced material costs ◆ Reduced inventory carrying costs ◆ Reduced waste disposal
Energy costs	Quantitative	<ul style="list-style-type: none"> ◆ Reduced energy costs ◆ Reduced vulnerability to energy cost fluctuations
Water costs	Qualitative and Quantitative	<ul style="list-style-type: none"> ◆ Reduced cost of water and water treatment ◆ Access to water resources
Shipping and transportation costs	Quantitative	<ul style="list-style-type: none"> ◆ Reduced fuel and vehicle operating costs ◆ Increased cost effectiveness due to lighter, smaller and more efficiently packaged products ◆ Fewer vehicles or loads ◆ More efficient routing

Table 1. Measuring the Business Benefits of Partnerships *(continued)*

WHAT TO MEASURE	TYPE OF MEASUREMENT	FACTORS TO CONSIDER
Research and development (R&D) costs	Qualitative and Quantitative	<ul style="list-style-type: none"> ◆ Reduced cycle time for new products; faster time to market ◆ Reduced development cost due to less re-work around regulatory parameters ◆ Shorter permitting cycles
Environmental health and safety (EHS) costs	Qualitative and Quantitative	<ul style="list-style-type: none"> ◆ Fewer regulatory staff needed ◆ Fewer fines and penalties ◆ Less management time devoted to environmental matters
Relationship costs	Qualitative and Quantitative	<ul style="list-style-type: none"> ◆ Less time spent managing public relations ◆ Fewer legal costs
Greenhouse gas costs	Quantitative	<ul style="list-style-type: none"> ◆ Reduced future cost of greenhouse gas emissions (based on estimates)
REVENUE		
Sales	Quantitative	<ul style="list-style-type: none"> ◆ Increased market share due to effective environmental differentiation in the marketplace ◆ Increased market share due to attraction of “green” consumers ◆ Increased customer retention due to greater product loyalty from innovation and environmental performance
New markets and products	Quantitative	<ul style="list-style-type: none"> ◆ Product improvements and innovations ◆ Entries of new products into market ◆ Improved access into new markets
Greenhouse gas credits	Quantitative	<ul style="list-style-type: none"> ◆ New asset to trade in the marketplace
Company reputation	Qualitative	<ul style="list-style-type: none"> ◆ Increased customer loyalty ◆ Increased positive image in the form of media stories, awards and academic recognition ◆ Improved performance in broad-based surveys ◆ Improved acceptance rate of new hires ◆ Improved employee morale ◆ Increased employee retention ◆ Industry leadership
Product or brand image (also known as “brand equity”)	Qualitative	<ul style="list-style-type: none"> ◆ Enhanced brand value ◆ Increased product recognition ◆ Increased attention to products due to environmental attributes ◆ Increased free publicity for product due to environmental attributes ◆ Improved image for the product and its brand name

Table 2 summarizes a number of environmental improvement areas that may apply to partnership projects. Environmental benefits should be considered from a value-chain perspective. Measure effects from procurement (e.g., products and services with less upstream environmental impacts), R&D (e.g., development of environmentally friendly products), logistics, retail, customer use, and other relevant value-chain stages. Also, consider the broader impacts and consequences of the project in influencing the behavior of others. Similar to measuring business benefits, not all environmental benefits can be quantitatively measured. Impacts on value-chain, especially, can be qualitatively assessed and their tangible environmental benefits estimated.

Table 2. Measuring the Environmental and Health Benefits of Partnership		
WHAT TO MEASURE	TYPE OF MEASUREMENT	FACTORS TO CONSIDER
<i>EMISSIONS, WASTE AND TOXICS REDUCTION</i>		
Greenhouse gas (GHG) emissions reduced	Quantitative	<ul style="list-style-type: none"> ◆ Reduction of GHG emissions in procurement, manufacturing, logistics, retail or customer use
Hazardous pollutant releases reduced	Quantitative	<ul style="list-style-type: none"> ◆ Reduction of hazardous pollutant releases to air, water and land ◆ Reduction of priority substance releases to air, water and land ◆ Reduction of criteria air emissions ◆ Consider reductions in procurement, manufacturing, logistics and customer use
Solid waste (or material use) reduced	Quantitative and Qualitative	<ul style="list-style-type: none"> ◆ Solid waste reduced from company's operations ◆ Reduced packaging ◆ Increased use of recycled materials in product composition ◆ Increased recycling by customers
Use of toxic substances	Quantitative and Qualitative	<ul style="list-style-type: none"> ◆ Reduced toxic substances in procurement and manufacturing processes ◆ Reduced toxic content of products (e.g., through R&D)
<i>RESOURCE CONSERVATION</i>		
Energy use reduced	Quantitative and Qualitative	<ul style="list-style-type: none"> ◆ Increased use of water-efficient products ◆ Reduced water use in procurement, manufacturing or customer use
Water use reduced	Quantitative and Qualitative	<ul style="list-style-type: none"> ◆ Increased use of water-efficient products ◆ Reduced water use in procurement, manufacturing or customer use
Natural resources protected and restored	Quantitative and Qualitative	<ul style="list-style-type: none"> ◆ Land, water or wildlife protected or restored in procurement, manufacturing, logistics and retail
<i>VALUE-CHAIN INFLUENCE</i>		
Value-chain behavior influenced, resulting in environmental benefits	Quantitative and Qualitative	<ul style="list-style-type: none"> ◆ Leadership and influence among industry peers, along the value-chain and with stakeholders ◆ Environmental benefits from changes in behavior of suppliers, employees, customers, business partners and competitors ◆ Reach of environmental education messages ◆ Advancing environmentally friendly technologies or approaches

Case Example: Leveraging Results

Johnson Controls and Clinton Climate Initiative

Improving Energy Efficiency in Cities

Key Success Factors

- ◆ Alignment with corporate vision and strategic objectives
- ◆ Executive involvement
- ◆ Program development support
- ◆ Execution expertise

Johnson Controls recently developed in 2007 its new corporate vision to provide solutions for “a more comfortable, safe, and sustainable world,” a vision that captures the company’s growth focus. As part of achieving this vision, Johnson Controls has pledged to work with the Clinton Climate Initiative, headed by former U.S. President Bill Clinton, on its Energy-Efficiency Building Retrofit Program.

The program involves working with public and private sector entities to reduce greenhouse gas emissions in buildings through energy-efficiency solutions and retrofits, by reducing their energy usage by 20-50 percent.

Johnson Controls is one of the founding partners of this program. Six of the world’s largest banks have committed to invest in this program. An initial group of 16 cities, representing all 6 continents, are taking part in this effort, making this a truly global program. The cities include New York, Chicago, Los Angeles, Berlin, London, Paris, Mexico City, Sao Paulo, Seoul, Tokyo, Melbourne, and Mumbai — all areas where Johnson Control facilities and customers are situated. The program follows a “Performance Contracting” model. That is, Johnson Controls will make energy upgrades and other improvements that will be paid back over time through energy savings. In February 2008, Johnson Controls secured the first ever project under this program – to retrofit the largest mall in Mumbai, India.

In working with large cities, the initiative is looking to make the most impact for the effort. Urban areas make up 75 percent of energy use and greenhouse gas emissions worldwide, and the building sector accounts for up to 40 percent of global energy use. Involving businesses, banks, and cities in improving energy efficiency is anticipated to have significant impact in reducing greenhouse gases emissions.

Business Benefits

- ◆ Supported strategic growth and market-creation objectives
- ◆ Enhanced brand value

Environmental & Social Benefits

- ◆ Improving energy efficiency and reduce greenhouse-gas emissions
- ◆ Promotion of green city and green building practices worldwide
- ◆ Creating jobs and energizing local economies

For more information about this partnership, please visit www.johnsoncontrols.com and www.clintonfoundation.org.

Communicating

Properly communicating the results of a successful partnership can bring substantial benefits to both organizations' public image. It is a compelling way to galvanize employees, strengthen brand loyalty, impress investors and funders, and demonstrate a leadership position and vision for the future. Ways to keep key stakeholders informed of activities and successes could include:

- ◆ Issuing press releases for project milestones
- ◆ Writing an op-ed about the effort
- ◆ Including details of the partnership in corporate social responsibility reports
- ◆ Proactively informing donors and investors
- ◆ Prominently listing the partnership on both organizations' web sites

Case Example: Aligning the Supply Chain

Smithfield Foods, Compass Group and Environmental Defense Fund *Reducing Antibiotic Use to Maintain Efficacy for Humans and Animals*

Key Success Factors

- ◆ Supply-chain alignment and collaboration
- ◆ Active participation by all project partners
- ◆ Environmental and social improvements while maintaining production cost

Smithfield Foods Inc., with partners Compass Group North America and Environmental Defense Fund, unveiled in 2005 the first-of-its-kind purchasing policy to curb antibiotic use in pork production.

In this partnership Smithfield, Environmental Defense Fund and Compass developed an antibiotics use policy for Murphy-Brown LLC, the hog production subsidiary of Smithfield Foods that ensures minimal and prudent use of antibiotics to protect animal well-being and food safety. A significant component of the policy is that human antibiotics will not be used in healthy animals to promote growth. Smithfield is the world's largest pork processor and hog producer and the main pork supplier to

Compass Group. It had committed to limit antibiotic use through enhanced management practices several years prior to the partnership, and the new policy institutionalized some of those practices and added others. For example, Smithfield agreed to publicly report its use of feed-grade antibiotics per pound of product sold, which represents an important first step in the industry. These actions enabled Smithfield to supply pork that meets Compass' needs.

The work built on Environmental Defense Fund's previous partnerships to develop purchasing agreements to reduce antibiotics use in poultry. Focusing on pork production was an important next step, as it is generally regarded as the heaviest use of medically important antibiotics. The partnership brought together a large food service business that purchases a wide range of pork products and the world's largest hog producer to create the volume and financial incentives needed to make the effort cost-effective. The scope and reach of these companies is likely to affect antibiotic use practices throughout the industry.

Business Benefits

- ◆ Strengthened supply-chain relationship
- ◆ Educated customers and consumers through publication of antibiotics use policy
- ◆ Enhanced brand value

Environmental & Social Benefits

- ◆ Reduced use and protected effectiveness of medically important antibiotics
- ◆ Influenced industry practices

For more information about this partnership, please visit www.smithfieldfoods.com, www.compass-group.com, and www.edf.org.

Case Example: Increasing Reach by Pooling Resources

World Resources Institute's Green Power Market Development Group

The Green Power Market Development Group (GPMDG) is a partnership between the non-profit environmental organization World Resources Institute (WRI) and a number of leading corporations, including GEMI members Dow Chemical Company, DuPont, and FedEx. Initiated in 2000, the partnership has established a goal to develop corporate markets for 1,000 megawatts of new, cost competitive green power by 2010.

As a collaboration of large energy users, the partnership is transforming energy markets to enable corporate buyers to diversify their energy procurement portfolios with green power and reduce their impact on climate change. The partnership leverages its purchasing power to stimulate the development of cost-competitive renewable energy resources. By developing the business case for clean energy and creating replicable purchasing strategies, the partnership seeks to build robust corporate markets for green power.

WRI researchers work closely with corporate energy professionals on the project. The partnership activities include conducting market research on green power technologies, products, economics, and providers. The partnership engages developers of on-site and grid-connected green power projects to provide green power to its corporate members and works with power suppliers to design green electricity products that are attractive to commercial and industrial end users. Innovative analytical tools were developed to support corporate buyers in evaluating the economic and environmental value of green power projects, and were made publicly available. Strategies and lessons learned from the collaborative project were disseminated through a series of publications, including the "Corporate Guide to Green Power Markets" series. The project also aims to inform legislators and other decision-makers about policy actions that can overcome barriers to corporate markets for green power.

To date, the U.S. GPMDG and its counterpart in Europe have facilitated over 600 megawatts of renewable energy through green power procurement and on-site projects. The partnership and its members have received multiple awards, including from the U.S. Department of Energy and Environmental Protection Agency, for their leadership in green power procurement and market development.

Key Success Factors

- ◆ Close cooperation between NGO and industry partners
- ◆ Pooling of resources and research efforts
- ◆ Combining purchasing power of major corporations
- ◆ Comprehensive scope of work

Business Benefits

- ◆ Sharing of best practices for purchasing and developing renewable energy sources
- ◆ Reducing exposure to volatile fossil fuel prices
- ◆ Enhanced brand value

Environmental & Social Benefits

- ◆ Reduced emissions of greenhouse gases and other pollutants
- ◆ Establishing new market demand for green power

For more information about this partnership, please visit www.thegreenpowergroup.org.

In Closing

A successful partnership requires a commitment built on mutual trust and respect, as well as the willingness to understand the values, objectives and concerns of all partners. In working together on environmental partnerships, partners realize the business, environmental and societal benefits from the project.

The examples discussed in this Guide are not intended to be a complete representation of all successful environmental business-NGO partnerships. Instead, they represent a diverse set of experiences from which much of the working knowledge to support our recommendations has come. The case examples also showcase many of the business and environmental benefits outlined in Tables 1 and 2. All of the partnerships presented result in measurable environmental improvements. Some also result in social benefits and intangible environmental benefits extending beyond the formal project scope, such as providing industry leadership in new environmentally-friendly technologies and business practices. Similarly, these case examples demonstrate many of the tangible and intangible business benefits, ranging from cost savings, to reducing risks of business and supply-chain interruptions, to enhanced brand value, and to contributing to strategic market-creation goals. Most of the business and NGO partners also benefited from leveraging their partners' expertise and capabilities.

This Guide represents a set of collective experiences that we hope will provide you with guidance and approaches that can be used to improve our environment, our economy and our society.

Global Environmental Management Initiative (GEMI)

1155 15th Street, NW, Suite 500

Washington, DC 20005

Tel: 202-296-7449

www.gemi.org

Environmental Defense Fund

257 Park Avenue South

New York, NY 10010

Tel: 800-684-3322

www.edf.org