



Opposites Attract

Corporate and Nonprofit Partnerships Yield Benefits for Both

By Lori Tripoli

Rather than facing off in a courtroom, M.B.A.-toting business people and earth-friendly environmentalists are doing what some might once have thought impossible: working collaboratively to clean up the environment. A major hotel, paired with a foundation, charges its own customers to clean up a neighboring beach owned by the state. An organic coffee company partners with a nonprofit that provides livestock and other quality-of-life improvements to the farmers working the bean fields. A one-time critic of the plastics industry works with a chemical company to promote science education. Businesses and environmental groups together are seeking greater regulation of greenhouse gas emissions. Seemingly following the maxim to keep your friends close but your enemies closer, the corporate and nonprofit sectors are not only teaming up—they're benefitting from the effort.

While some in the business world might maintain that they're embarking on these ventures with nonprofits simply for the good of the universe (or because they're "good corporate citizens"), directly measurable benefits do accrue to the corporation. By partnering, the corporation can both increase its environmental cred—and realize a money savings. For instance, some hamburger junkies might remember the McDLT sold at McDonald's in the 1980s. It was packaged in a two-sided container intended to keep the hot side hot and the cool side cool. Back when the Environmental Defense Fund (EDF) partnered with McDonald's to reduce the fast-food giant's waste stream, "the most visible result was the elimination of the Styrofoam clam shell used to store burgers," says Kyle Cahill, director of corporate engagement in the Boston office of EDF. In so doing, McDonald's saved close to \$3 million, Cahill reports. McDLT sales ended in 1990.

Good Business

"Partnership can be a really important tool for both sides of the equation," says Tom Lyon, director of the Erb Institute for Global Sustainable Enterprise at the University of Michigan in Ann Arbor. An environmental group linked with a corporation has the

opportunity to influence the impact of that corporation on the environment. "Environmental Defense, probably as much as any group, moved toward partnering with companies rather than attacking companies," Lyon says.

"By reducing the environmental impacts of their own operations, a corporation will raise the bar for the entire industry," explains Cahill. Once best practices are established by a corporation involved in a partnership, those practices might become standard operating procedures for an entire industry—thus magnifying both the environmental success of any given collaboration and the overall financial results, Cahill explains. Entities that link up with EDF are put on notice that their efforts will be revealed. "We publicly share the results so other organizations are able to learn from us," Cahill says. A corporation that's the first to embark on such a venture with EDF is then established as a thought leader, he explains. "Our model is that as soon as we prove something works with a company, we'll take everything we've learned and bring it to other companies." By partnering with EDF at the get-go, a company can obtain first-mover advantage.

A company partnered with a nonprofit should expect some candid feedback about its own practices. "The first thing we advocate is identifying the opportunity to work with nongovernmental organizations (NGOs) and stakeholders," says Susan Graff, CEO of Atlanta-based ERS Global, a consulting firm that helps clients with sustainability strategies. Of course, by hooking up with an NGO, she observes, companies expose themselves to criticism from the very outsiders with whom they've partnered.

Nevertheless, the corporation itself can gain valuable insight into how various initiatives will fly with potential critics. "Feedback from environmental and NGO groups not only provides GE an important perspective on domestic and international public policy topics, but also allows the company to update the organizations on our plans and strategies as they progress," says Bob Corcoran, vice president of corporate citizenship at Fairfield, CT-based Gen-



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eral Electric. GE works with environmental groups through its ecomagination advisory panel, which provides counsel on GE's ecomagination program, and through its corporate citizenship engagement process, says Corcoran, who is also president of the GE Foundation. He appreciates the insight these engagements provide. "Some of the best feedback we have received on issues have come from those individuals not particularly associated with a dilemma, but who have an ability to look at an issue from a macro perspective," Corcoran says.

The Perfect Couple

Even so, one-time adversaries still approach each other with some measure of caution. "We want an engaged stakeholder who appreciates the role of business but also is passionate and knowledgeable about the issue at hand," GE's Corcoran says. "We receive recommendations on stakeholders to engage from within the company, consultants, and other stakeholders. It really is dependent on the dilemma or issue and then finding the right combination of engagement, honesty, and willingness to engage in a frank dialogue."

Of course, the potential offspring of any union also need to be sexy. After all, the nonprofit isn't there just to green up a company that's experiencing some environmental doldrums. "We don't work on low-hanging fruit," Cahill says. Rather, EDF looks for subjects on which nothing has been done before, such as bringing new technology to market or improving a product line. Indeed, EDF has been involved in some interesting initiatives, from creating the hybrid delivery truck with FedEx, to working on paper reduction with Citigroup, and teaming with DuPont to create a risk framework for nanotechnology, the science of engineering atomic-sized particles. In late September, Wal-Mart announced that EDF is its partner in its Global Shopping Bag Waste Reduction Commitment. EDF will help develop strategies to reduce, reuse, and recycle shopping bags and will monitor the company's attempt to decrease shopping bag waste by one-third per store by 2013.

"EDF has helped us assess the full scope of environmental challenges and benefits of reducing Wal-Mart's global plastic bag waste," said Matt Kistler, senior vice president for sustainability of Bentonville, Ark.,-based Wal-Mart Stores Inc. when the commitment was announced. "This initiative will help take nine billion bags out of the environment each year," added Gwen Ruta, EDF vice president for corporate partnerships.

Nonprofits are very much aware that their own reputations can be on the line when they embark on these sorts of ventures. No one wants to be accused of greenwashing or of aiding and abetting it. "An im-

portant differentiator for us is that we don't take any money from our partners," Cahill says. "Some NGOs do. For us, a company is not writing us a check at the end of the day, so we think we really can be true partners. We can push a company and catalyze and create a change."

As much as a corporation might be reticent to invite a nonprofit to see its inner workings, nonprofits themselves hesitate to pair up with a business that might not be a good match. EDF, for example, typically focuses on companies that could be viable partners and then considers how advanced the companies are in terms of their own environmental programs. "If it is still playing catch-up, it probably won't have the appetite for something innovative," Cahill says. As much as having rank-and-file support within a company is great, EDF is unlikely to proceed unless a corporation's executive team buys in to any collaboration. "We do a lot of due diligence," Cahill says. EDF considers a company's size, influence, respect, goals, and even its customers before embarking on any long-term relationship.

Sounding a similar note, Marleen New, director of corporate relations at Little Rock, AR-based Heifer International, says, "We're very picky in who we partner with. When we are out there shopping for a relationship, we are looking for a brand that really makes sense and fits with us." Logically, Heifer International, which provides people in impoverished countries with cows and other sources of food, is interested in partnering with a brand that has something to do with combating hunger and poverty.

Like Attracts Like

"What's really important to us, when we do enter into these relationships, is that everyone is clear from the get-go that we do what we do well, and we really don't want to go outside of that realm," New explains. While Heifer is involved in sustainable development, "we don't build schools," she says. "If that's what you're interested in, that would not be a good fit."

To that end, Heifer's partnership with Green Mountain Coffee seems predestined. "They were working with a coffee-growing community in Guatemala near where we worked," New says. Green Mountain "wants to make sure their supply chain is well taken care of," she says. Nowadays, java lovers can buy Heifer Hope Blend coffee from Green Mountain, which obtains the fair-trade coffee from those Guatemala farmers. "We did come into the community and provide animals and training on sustainable development," New observes.

Similarly, Norwalk, CT-based Xerox Corporation, a large distributor of cut-sheet paper, has part-



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Heifer International's Dr. Hauschka skin care kits

nered with the Nature Conservancy to conserve and strengthen forests. "We have common interests," says Xerox vice president of environment, health, and safety Patty Calkins. Sustainable management of forests happens to be one of them. "We have pioneered two-sided copying, expanded our recycled paper, and developed solid ink printing technology and other innovations aimed at conservation," said Anne Mulcahy, chairman and CEO of Xerox, when the partnership was launched. "This partnership with the Nature Conservancy takes our commitment to a new level by focusing on the responsible management of forests that provide raw materials to make paper."

In another example of a corporation sticking with what it knows, Los Angeles-based KB Home worked with the Natural Resources Defense Council, which is headquartered in New York City, to deal with the issue of old growth forest, observes Graff. They worked together to protect those forests. Nowadays, KB Home requires suppliers to provide woods that is not from endangered forests or is certified by a sustainable forestry management program.

Similarly, the Atlanta-based Coca-Cola Company is working on a water conservation project with the World Wildlife Foundation (WWF), Lyon says. "We are focusing on water because this is where the Coca-Cola Company can have a real and positive impact," E. Neville Isdell, chairman of the Coca-Cola Company, said last year when the company pledged \$20 million to work with WWF to conserve freshwater river basins and promote better water management in both its own operations and that of its supply chain. WWF's U.S. headquarters are in Washington, DC. "Our goal is to replace every drop of water we use in our beverages and their production," Isdell said. "For us that means reducing the amount of water used to produce our beverages, recycling water used for manufacturing processes so it can be returned safely to the environment, and replenishing water in communities and nature through locally relevant projects."

Strange Bedfellows

Sometimes those relationships suffering from a rocky start can ultimately thrive. Nowadays, Midland, MI-based Dow Chemical Company is partnering successfully with Jean-Michel Cousteau's Santa Barbara, CA-based Ocean Futures Society. Relations weren't always so friendly. The son of Jaques Cousteau, Jean-Michel was very concerned about the presence of marine debris in the Hawaiian islands. "He started to talk about how terrible plastic is," recalls Bo Miller, Dow's global director of corporate citizenship and president and executive director of the Dow Chemical Company Foundation. Of course, Dow has a vested interest in the plastics business. So a repre-

sentative of Dow called up Cousteau and invited him to lunch.

As a result, Dow and the Ocean Futures Society teamed up to create a "Don't be a beach bum" program to educate children about the hazards of littering beaches and oceans. Lesson plans are available at no charge at www.doweducation.com. "With these exercises, kids will see how their actions are connected to the health of the oceans, and how they can make a positive difference for the future," said Jean-Michel Cousteau at the time the program was announced. Dow and Ocean Futures have also launched an Ambassador of the Environment program in Brazil. A facility near Dow's plant in Guaruja allows children to learn about the environment and sustainability.



Dow is working with the Nature Conservancy to restore the shoreline of the Cachoeira Reservoir in Brazil's Atlantic Forest.

While never antagonistic toward each other, the partnering of Dr. Hauschka Skin Care with Heifer isn't an entirely intuitive relationship. "We met them at a conference," New recalls. Ultimately, Heifer agreed that Dr. Hauschka would sell co-branded kits with a portion of royalties going to Heifer. Initially embarking on a three-year venture, the two are now in the process of determining what their next project might be, New reports.

Commitment Issues

New makes a vital point when noting that their initial relationship with Dr. Hauschka has a time limit. Neither party has to make a long-term commitment. Indeed, these partnerships can even involve relatively small-scale initiatives to determine whether both sides are compatible.

Loews Coronado Bay Resort in Coronada, CA, has embarked on a pilot project with the California State Parks Foundation to preserve a state beach next to the hotel, reports Kathleen Cochran, general manager of the resort. The Silver Strand State Beach has the potential to be one of the top beaches in the world, she says. Unfortunately, it was dilapidated and run-



down. State funding to make the beach attractive and to preserve the habitat (it's home to the endangered snowy plover) just wasn't available.

"I started off trying to get my company to donate," Cochran says. "But times are tough." Instead, Loews opted to charge its guests an environmental fee. "It's one percent [of a guest's bill], but yet it's raising enough funding" to begin cleaning up the beach, Cochran says. "We've found guests are very enchanted and appreciative and happy to give something"



Loews' restoration project at the Silver Strand

The hotel is not simply donating money for cleanup. It has launched a volunteer vacation package that includes a tour with a park ranger (funded by those environmental fees) and a volunteer project—followed by a gourmet box lunch. "It's a nice activity for a family," Cochran says. "You get to be together in a beautiful environment, you get to learn about the flora and fauna, you get to help—and then you get to pig out." The hotel also donates some workers' time to improving the beach. "As an employee group, we do lots of beach cleanups, going over and painting, picking up, and planting," Cochran says.

Will the relationship last forever? "This is a one of a kind partnership," Cochran says. "We're into our first year. How long will we go? As long as we see progress and there's a value in it."

Making It Legal

Surprisingly, a number of experts interviewed indicated that they do not have book-length contracts denoting every possible aspect of a corporate-NGO relationship. EDF reaches an agreement with a partner company that lays out description of project, agreed upon objectives, and some the strategies. "It's not a contract," Cahill says. "There's nothing binding about it, but we both sign."

The amount of money being dedicated to a project can impact the level of detail in any agreement. "As the money value increases or the timeline extends, we do get a bit more structured," Dow's Miller says. Even so, some projects are embarked on with a document that's a bit more specific than a letter of intent but something less than a full-blown contract, he says. Funding in such a document might be specified, expected results identified, and means of communication might be enumerated should the scope of the effort be modified.

The folks at Heifer "don't have an 80-page contract, but we do require contracts for our partnerships," New reports.

Whatever the legal niceties, oversight of the relationship is a vital component. "We have quarterly meetings," says Cochran of the partnership between Loews and the California State Parks Foundation, which is a legal arrangement. "Oversight is really by the state parks foundation. They're set up to make sure the I's are dotted and the T's are crossed and that purchase orders are issued. It's all well-managed." That said, "the partnership really goes beyond the money," Cochran continues. After all, employees and the hotel's customers are all involved in cleaning up the beach.

"Consumers feel that companies should be giving back," New observes. By pairing up with nonprofits, they can.



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