

NGO Briefing Part 2: Partnership in action - Playing to each other's strengths

Posted by [Rajesh Chhabara](#) [1] on May 5, 2011

NGO-business partnerships can help build sustainable operations. The trick is to know how to make the partnership work

Not long ago, a partnership between an NGO and a business was pretty simple. A company wanting to do philanthropy would find a suitable NGO or an NGO looking for funding would find a willing company.

The company would write a cheque to the NGO and get a few photo ops for the chief executive. The PR team would promote the event as the company's corporate social responsibility initiative.

But the actual corporate responsibility movement that has largely taken shape over the past two decades was not the work of old fashioned donation-seeking philanthropic charities. The corporate responsibility agenda has been pushed mainly by activist NGOs such as Greenpeace, Amnesty International, Human Rights Watch and Oxfam.

Campaigning against irresponsible business practices of large multinational companies resulted in mutual suspicion and distrust, preventing both sides from working together.

However, businesses soon discovered that engaging with NGOs was necessary to manage reputational risks. Companies that engaged more seriously and genuinely quickly learnt that a number of sustainability challenges they were expected to address could not be resolved by businesses alone.

On the other side of the fence, NGOs realised too that the social and environmental problems they wanted to solve were complex and industry had to be part of the solution. So much so that a new breed of NGOs emerged that were set up to partner with businesses. WWF is a famous example in this category.

The past decade has seen a number of multi-stakeholder initiatives where businesses and NGOs have sat together to find solutions with varying success.

But more interestingly, individual companies have started viewing two-way partnerships with NGOs as strategic to meeting their sustainability goals.

Strategic solutions

Examples of such collaborations include Marks & Spencer and Oxfam, Kingfisher Group and Bio Regional in the UK, Nestlé and the Forest Trust, Marshalls and Hadoti, and HSBC and Earth Watch.

"Sustainability is a global humanitarian challenge. We can't do it alone. NGOs can't do it alone. We have to be working together," says Jamie Micah Lawrence, corporate responsibility manager at Kingfisher.

Kingfisher's partnership with Bio Regional has helped the company establish leadership in eco products in the home improvement retail industry.

Lawrence says NGOs bring a level of credibility to the sustainability programme of a company so that it does not become a sales spin.

"We are independent. We give companies an independent view of their programme and that brings credibility to their programme," says Hayley Bell, sustainable business manager at Bio Regional.

Increasingly, NGOs are also sought for their expertise. "To move quickly and in the right direction, we need to work with people who have the expertise, skills and knowledge to help us deliver on sustainability goals," says Adam Elman, head of delivery of sustainable business at Marks & Spencer.

Elman says M&S's partnership with Oxfam UK for clothes recycling is an example of how combining an NGO's skills and knowledge with a company's marketing and financial resources can be of immense value in making collaboration successful.

"The trick is to set up a partnership that is positive for both sides in order to have a long-term relationship," Elman says.

Oxfam UK's trading director, David McCullough, says: "We have come to realise in the last five to 10 years that enterprises have to be part of the solution to overcoming poverty." He says companies have "the resources, people, cash and often global reach that NGOs possibly can't have".

McCullough says Oxfam brings credibility, reputation, knowledge of ground reality, understanding of real impacts and positive solutions to collaboration.

Specialist NGOs are valued by businesses for their unique strength in the given area. For example, M&S also works with WWF, which has technical expertise in sustainable fishing.

"If we try to do it ourselves it will take far longer and the money will be spent in setting things up rather than actually delivering the benefit that we want to deliver," Elman says.

NGOs also bring in the human element, and the heart to the heart-and-mind story in trying to convince people that sustainability is the only way forward, says Kingfisher's Lawrence. "Within businesses everything has to come down to the bottom line. But NGOs help keep people on track by pointing out that there are elements that cannot be measured within the current accounting mechanism."

Trust from transparency

Transparency, openness and trust are essential. "If we feel that the company is holding back information, we lose trust," says Scott Poynton, executive director at The Forest Trust.

He says transparency and trust shown by Nestlé played a key role in TFT's decision to partner with the food giant on a palm oil sustainability programme. "If [companies] trust our advice, if we trust what they are telling us, we can do some amazing things together and make some rapid progress."

A serious commitment by the company management is necessary to gain confidence of an NGO. Bell of Bio Regional says: "It's really about whether a company is willing to publicly commit to a quite an ambitious reduction in carbon, water, waste and so on."

Eve Carpenter, international director of engagement and learning at Earthwatch, says NGOs also need to be aware of the potential cultural differences between the NGO and corporate worlds, and between different individual organisations.

"They should be aware of the different issues and pressures facing their corporate partner and be prepared to engage them in a way that is appropriate to that organisation," she says.

NGO-business partnerships are not without challenges. "A key challenge may be around expectations," Elman says. He says it is important for both sides to be very clear about the expectations and objectives right from the outset and have an agreement on these.

Lawrence says that for a successful partnership, both parties should understand the role everyone has to play. "Sometimes tensions are created in a partnership by people crossing into others' roles."

He says that, for example, Kingfisher-owned B&Q debated internally what a credible forestry

certification is before realising that the company's actual role should be in identifying credible forestry NGOs. "Our role is not to decide the standards. It's quite a dangerous area for a retailer deciding environmental standards," Lawrence says. The company then engaged with the Forest Stewardship Council to implement sustainable timber policy.

Lawrence, however, has a word of advice for NGOs that partner with businesses: "Stick to your guns." He says that in any relationship with a powerful company there will be pressures.

"If standards are weakened under business pressure then in the medium to long term people will not value the partnership." Lawrence says credibility is what makes the partnership work. "Challenging the right people in business at the right time is very valuable because it allows them to look forward," he explains.

McCullough says lots of Oxfam supporters and partner charity organisations are still sceptical of partnering with businesses. So the organisation has to do a lot of management of stakeholders to make sure they understand the benefits of collaboration.

Linking with a reputed NGO can bring a great deal of benefits for a company in terms of corporate responsibility credentials. Reputable NGOs also have to worry about their brand. "We have to be very careful that we don't give away our brand too cheaply," McCullough says.

McCullough points to another challenge working with big companies. He says the top management of a large company may have the right intentions, but there is no guarantee that someone down in the organisation will not be doing something that is not right. "You have to be on your guard."

NGOs face a potential dilemma if their business partner does not heed their advice.

"It's the biggest threat to an NGO in a partnership if the company is not taking it seriously. The NGO's reputation will be damaged very quickly," Poynton says.

Sustainability-focused NGOs have their own dilemma in a partnership. Bell of Bio Regional says: "One of the biggest challenges we face is that increasing consumption is a key reason of resource depletion and yet companies want to grow the business and sell more products."

That means finding new and innovative ways of doing business such as encouraging repairs or recycling of products.

McCullough says starting small in a partnership helps. "The most important thing is to set out very clearly upfront, contractually, what both parties are trying to get from the partnership."

Earthwatch's Carpenter says these kinds of strategic partnerships require a significant and committed investment of time and effort from both parties to develop.

"But once you have achieved an alignment of vision and goals, and the level of trusted dialogue where both partners are unafraid to put their hands up when things are not working, you have a recipe for success."

Case study: Kingfisher and Bio Regional - reducing impact through eco products

NGO partnership has helped UK-based **Kingfisher**, the world's third largest home improvement retailer with **£10.5bn** in sales in 2010-11, to become an industry leader in selling eco products.

It is estimated that **25%** of carbon emissions come from homes. So Kingfisher, whose main brands include **B&Q**, **Castorama**, **Brico Depot**, **Screwfix** and **Koctas**, wanted to help customers reduce the environmental footprint of their homes by providing affordable eco products.

But the company realised there was no credible and consistent industry-wide definition or labelling of what an eco product is. So it turned to **Bio Regional**, a UK-based non-profit group that

specialises in developing ways to live without, as it puts it “squandering the earth’s resources”.

In 2007, B&Q, the UK DIY chain, became the first retailer to join Bio Regional’s **One Planet** programme, which was aimed at reducing impact on world’s resources. The initiative has resulted in B&Q launching more than **4,000 eco products** under the **One Planet Home** range. In France, Castorama now offers more than **5,400** verified eco products for homes and gardens.

In 2009, Bio regional helped Kingfisher create a group-wide definition of eco products and further expand eco product guidelines.

In partnership with Bio Regional, the company identified six eco product categories, drafted eco products guidelines for suppliers and implemented an independent assessment and verification programme. At B&Q, each eco product is independently assessed and verified by Bio Regional to check it has strong environmental credentials.

Kingfisher chief executive Ian Cheshire’s pay is linked to achieving eco products sales targets. Sales of eco products totalled **£1bn** in 2010, accounting for **10%** of total retail sales across the group, up from 7% the previous year. And Cheshire’s sales target was met for the year.

The group, which has **860** stores in Europe and Asia and employs over **80,000** people, is included in the FTSE4Good Index and the Dow Jones Sustainability Index.

Kingfisher and Bio Regional are now working together to influence governments and other organisations to promote the eco products framework across global home retail industry.

Case study:M&S and Oxfam Clothes Exchange - sustainability means business

It is estimated that **80%** of clothing sold in the UK ultimately ends up as **landfill** waste. Being one of the largest clothing retailers in the UK, **Marks & Spencer** decided to address the problem.

M&S included a commitment in **Plan A**, the ambitious sustainability programme adopted by the company in 2007, to introduce a service for customers to recycle used clothing.

The company decided to partner with the non-profit organisation **Oxfam**, which operates 790 stores in the UK selling donated clothing and other articles to raise funds for charity programmes.

Together they launched the M&S and Oxfam **Clothes Exchange** in January 2008. Under the scheme, customers who donate clothes to Oxfam, including at least one M&S item, receive a voucher worth **£5** to use against their next M&S clothing purchase of over £35.

M&S says the Clothes Exchange provides a triple win: it **raises funds** for Oxfam through the reselling of the clothes that customers return; it **reduces** the amount of clothes sent to landfill; and customers receive a **discount** when they shop at M&S.

The company says that accessibility of stores, brand recognition, acceptance by M&S customers and the effectiveness of clothes recycling system made Oxfam the right partner for the scheme.

For Oxfam, the partnership could not have come at a better time. Donated clothing accounts for **80%** of sales in their shops, and between 2005 and 2007 donations fell by 16%. The M&S Clothes Exchange is bolstering Oxfam’s supply of good quality clothing for reselling.

An extensive marketing campaign by M&S to promote the scheme has also helped **drive more donations** to Oxfam.

M&S says the scheme has diverted **7m garments** weighing more than 3,500 tonnes from landfill while raising **£3.7m** for Oxfam. The scheme has saved more than **£7.5m** for consumers. And discount voucher redemption has increased sales for M&S.

“We feel the M&S and Oxfam Clothes Exchange has delivered amazing results. The reason it has succeeded so well is that British consumers love it – you can save money; reduce, reuse and recycle; get rid of clothes you don’t wear; declutter your home and do something for charity,” says David McCullough, trading director at Oxfam UK.

Case study: Nestlé and TFT - zero deforestation palm oil

Nestlé was recently at the centre of an intense **Greenpeace** campaign that accused the company of sourcing palm oil from producers that are responsible for destroying rainforests and orang-utan habitats.

Widely perceived as a laggard in **palm oil** sustainability in comparison with industry peers that were beginning to tackle the problem, Nestlé has suffered significant damage to reputation because of the campaign.

In May 2010, Nestlé partnered with **The Forest Trust** with the aim of ensuring that its palm oil procurement has no deforestation footprint.

The closely watched partnership has resulted in Nestlé rolling out a “**no deforestation** palm oil programme” and **responsible sourcing** guidelines for palm oil suppliers.

An assessment checklist has also been developed that TFT teams are using to audit supplying plantations to identify the gaps. They then develop action plans for corrective actions and, with Nestlé financial support, engage the companies to build their capacity to comply.

In an interesting turn, **Golden Agri Resources**, the world’s second largest palm oil producer and a key target of a Greenpeace campaign, also signed up to a partnership with TFT in February 2011 and announced its own no deforestation policy.

Golden Agri Resources and its subsidiary SMRT have lost several big customers in recent times including **Unilever** and Nestlé, after Greenpeace reports alleged that the company was behind massive destruction of rainforests in **Indonesia**. Nestlé says the Golden Agri-TFT partnership is a major breakthrough and is a result of Nestlé’s engagement with TFT.

In February 2011, Nestlé-TFT published the first progress report on the TFT website. The company is extending the TFT partnership to pulp and paper sourcing with the aim of seeking suppliers that can guarantee that their packaging does not contain paper pulp from forest destruction.

“Nestlé’s policy sends a very clear message to companies that are destroying forests and peatlands for new plantations,” says Andy Tait, senior campaign adviser at Greenpeace. “If you don’t stop deforestation and protect peatlands, your days of supplying to global brands such as Nestlé are over.”

Links:

[1] <http://www.ethicalcorp.com/users/rajesh-chhabara>