

**ENVIRONMENTAL COLLABORATIONS FOR PROFIT AND
PROTECTION: A FRAMEWORK FOR ASSESSING CORPORATE AND
NON-PROFIT GROUP ALLIANCES**

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ABSTRACT

Corporate environmental responsibility is becoming an increasingly important issue for companies, their stakeholders, and nonprofit organizations. A growing interest by some corporations and nonprofit groups in reconsidering traditional adversarial relationships is yielding new forms of cooperation. Although many corporations now provide financial support, equipment, or personnel to assist environmental interest groups, the relationship between companies and nonprofits has typically remained one of tension and mutual distrust. Given the complementary resources of these two types of organizations, however, forming partnerships that more effectively use the capabilities and resources of both can create new opportunities to achieve, synergistically, greater corporate profitability and environmental protection.

Key Words: corporate environmental responsibility; corporate-nonprofit environmental collaboration; alliance management; environmental nonprofit organizations

1. INTRODUCTION

Corporations and nonprofit organizations (NPOs) are working together in cross-sectoral partnerships on a wide variety of community, environmental, and social issues (Coogins & Rochlin, 2000). Cooperating with NPOs is one way for corporations to demonstrate their corporate citizenship and social responsibility. This includes not only obeying the law, but also engaging in ethical behavior and giving back to the community through philanthropic activities (Carroll, 1998). However, some firms are going even further. They produce annual environmental performance reports that include information on their sustainable development and environmental citizenship activities, support their employees' participation in community environmental programs, provide financial assistance for specific environmental projects, and develop alliances with NPOs to address important environmental issues in corporate facilities around the world (Burke, 2000). Working with NPOs can provide tangible financial benefits and allow corporations to legitimize their internal environmental improvements and externally verify their concern for environmental protection (Rogers, 2000).

Until recently, most corporations saw a strong distinction between their internal environmental management activities and their external social and environmental responsibilities (Rondinelli & Berry, 2000). Corporations spend significantly more money on internal product and process improvements than on external philanthropic activities, and environmental groups such as the Alliance for Environmental Innovation, the World Resources Institute, The Nature Conservancy, Conservation International and others have begun to forge active alliances with corporations to address both internal and external environmental issues (Hoffman, 1997). More corporations are recognizing the skills and resources that NPOs can bring to external environmental protection activities, and some are now examining more closely the role that collaboration can play in addressing problematic operational practices, in supporting product development and marketing, and in dealing with suppliers and external stakeholders.

Although companies such as McDonald's, United Parcel Service, Shell, Dupont, Westvaco, and Starbucks see advantages of alliances with environmental NPOs, the general atmosphere of corporate-NPO relationships tends to remain one of mutual distrust and tension. Traditionally, environmental NPOs have brought external pressures on companies through public demonstrations, boycotts, media campaigns, complaints to government authorities and regulatory agencies, legal challenges, and political lobbying.

Greenpeace's confrontation with Shell Corporation over the Brent Spar is an example of how environmental NPOs use adversarial pressure to change business practices or to stop what they consider to be threatening activities. In 1995, a team of Greenpeace protestors occupied Shell's offshore oil installation after the company received permission from the British government to sink the unused storage platform in deep seas. Despite studies by Shell and some environmental groups that deep-sea sinking was the most economically efficient and least environmentally damaging alternative, Greenpeace activists seized the platform and launched protests against Shell gas stations in Europe. Widespread publicity turned public opinion against Shell. Protestors set off explosions at two German gas stations and

Greenpeace organized a successful boycott of Shell products in Europe, forcing the company to reverse its decision.

Under increasing external pressure, Shell agreed to dismantle the Spar instead of sinking it and to dispose of remaining contents on land, which Greenpeace argued was more environmentally benign (Barbone, 1996). The crisis damaged Shell's corporate reputation and forced it to use an alternative method of disposal that ultimately cost the company £60 million instead of the original £10 million for sinking the storage platform (Unsigned article, 1999).

But Greenpeace's victory also had costs for the advocacy group. The organization had to admit publicly that it used erroneous information in claiming that 5,500 tons of oil had been left in the spar when independent studies found that it contained only about 150 tons. Moreover, Greenpeace ignored the opinions of other environmental groups that deep-sea sinking was environmentally preferable to land disposal because of the relatively small amount of oil left in the spar and the depth at which Shell proposed to sink it. Governments, corporations, and more moderate environmental groups publicly criticized Greenpeace's tactics. Moreover, while the dramatic campaign against Shell worked in this case, such tactics may not be effective if repeated more frequently.

Although attacking corporate policies through protests, the media, and legal means can be effective strategies for NPOs in particular situations, some environmental groups see the potential for greater impacts through working with corporations to improve their environmental performance. Forming partnerships that effectively use the resources of both corporations and NPOs creates opportunities to promote long-lasting environmental practices while recognizing the need for firms to earn profits. By working with corporations to improve internal processes and products, NPOs can help avert negative impacts to the environment before they occur. NPOs can focus on eliminating the causes of environmental degradation within manufacturing and distribution systems instead of simply reacting to the results. Some NPOs are also recognizing that there are funding opportunities associated with establishing a mutually beneficial corporate relationship.

With the increasing awareness of the potential benefits of working together, the number, scope, and depth of corporate-NPO collaborations is likely to grow in the future. Yet, because active partnerships between corporations and NPOs are often complex, they do not always succeed. And even those that do can be wrought with difficulties. The attempt by Scott Paper Company and the Rainforest Action Network to develop an environmentally sound eucalyptus plantation in Indonesia, for example, never achieved its intended goals despite the fact that both organizations were committed to cooperating (Stern, 2000). Thus, both corporations and NPOs need a clearer understanding of the types of alliances that are forming on environmental issues, the potential benefits of cross-sectoral alliances, and the factors that contribute to the successful management of collaborative activities. This paper reviews the literature and cases on environmental collaborations to illuminate these issues, and draws from our in-depth interviews with 16 representatives of organizations that participated in corporate-NPO alliances to identify crucial management principles that make them successful.

2. TYPES OF CORPORATE-NPO ENVIRONMENTAL PROTECTION RELATIONSHIPS

Relationships between corporations and environmental NPOs vary in the intensity of interaction between the organizations, that is, in the amount of direct corporate participation in NPO activities. Collaborations can be classified from the least intensive to the most intensive interactions. (See Table 1.)

2.1 Corporate Support For Employee Participation in NPO Activities

Perhaps the least interactive way in which corporations relate to environmental NPOs is by matching employee contributions to environmental causes or by maintaining programs that encourage and facilitate employees to volunteer their time to NPO environmental activities. This type of relationship is generally initiated and maintained by a corporation's employees who, either on their own or through corporate outreach activities, donate their time and money to selected NPOs. Many firms match their employees' contributions to environmental (and other public interest or charitable) organizations. IBM, for example, in 1998 matched its employees' gifts to 481 environmental organizations including The Nature Conservancy, the Wilderness Society, and the World Wildlife Fund (IBM, 1999).

Other companies encourage employees to volunteer for NPO environmental projects. PepsiCo double matches its employees' contributions of personal time or money. In addition to making direct grants, DaimlerChrysler Fund's Matching Gift Program and company-sponsored volunteer programs recognize employee involvement in community and environmental activities. Xerox provides "Earth Awards" to its employees worldwide who use their knowledge, experience, and skills to help communities and NPOs solve environmental problems. Ashland Inc. makes donations to NPOs through a Chairman's Challenge Award that recognizes employees, retirees, and family members who volunteer or participate in noteworthy environmental programs in their communities. AT&T developed a corporate program to pay employees for an eight-hour day that is dedicated to volunteering with environmental or community organizations. Chevron provided more than \$200,000 to the Yosemite Fund to support more than 900 company employees and their families to volunteer their time to remove invasive vegetation and replant native oaks in Yosemite National Park. Chevron also supports employee volunteers in California, Texas, Mississippi and Louisiana to volunteer each year to cleanup beach areas during National Coastal Cleanup Day.

For corporations, these collaborations boost employee morale, enhance community relationships, and generate good public relations. They help NPOs to tap new sources of funding and recruit new volunteers and give their programs greater visibility. In this arrangement, however, corporations typically maintain an "arms-length" relationship with NPOs and there may be little or no interaction between the organizations.

Table 1: Types of Corporate-NPO Environmental Relationships

Types of Relationships	Intensity of Corporate Participation	Objectives of Corporations	Objectives of NPOs
Corporate Support for Employee Participation	Low	-Provide employee reward system -Develop image of social responsibility -Enhance community relationships	-Obtain corporate endorsement for programs -Tap new sources of funding -Recruit new volunteers and participants
Corporate Contributions and Gifts	Low	-Support favored environmental organizations -Develop image of social responsibility -Cultivate potential allies in environmental community	-Acquire new sources of funding -Obtain publicity for environmental programs
Corporate-NPO Fund Raising Affiliations	Low	-Obtain endorsement from environmental groups -Add social value to products -Develop image of social responsibility	-Acquire new sources of income -Enhance visibility -Endorse environmentally-friendly companies -Strengthen market for “green” products
NPO Certification of Corporate Purchasing Practices	Low to Moderate	-Obtain external certification of environmental practices -Offer “green” products -Develop image of social responsibility -Prevent boycotts and protests	-Certify sustainability of sources of natural resources -Change corporate purchasing practices -Publicize importance of natural resource conservation -Help environmentally responsible resource owners expand markets for their products
Targeted Project Support	Low to Moderate	-Focus corporate contributions on specific environmental activities -Develop medium- to long-term philanthropic relationships -Enhance image of social responsibility -Provide visibility for products through equipment donations	-Obtain additional sources of revenue -Publicize high-priority projects -Obtain equipment and services -Expand activities in specific projects -Enhance ability to raise project-specific funding
Environmental Awareness and Education Alliances	Moderate to High	-Create base of environmental information -Networking and business development -Support research on new environmental approaches -Influence business practices -Increase public awareness of environmental issues -Disseminate issue information and performance results	-Expand research on environmental issues -Influence business leaders’ thinking on environmental issues -Expand public education on environmental issues -Engage in training and educational functions -Influence public policy on environmental protection
Corporate-NPO Environmental Management Alliances	High	-Obtain access to environmental expertise -Diversify perspectives on environmental problems -Obtain external endorsement of environmental solutions -Achieve favorable publicity for partnering efforts	-Achieve environmental goals and objectives -Learn how corporations deal with environmental issues -Influence changes in corporate management practices -Help prevent environmental pollution and degradation -Tap expertise and resources of corporations

2.2 Corporate Environmental Philanthropy

The most prevalent form of relationship between corporations and environmental NPOs is philanthropic. This is also an “arm’s length” relationship in which a corporate foundation or public relations division makes grants or gifts to selected environmental organizations, often based on proposals submitted by NPOs. After the donation is made, NPOs must usually report on the use of the funds, but typically the relationship ends there.

Many large U.S. and multinational corporations now contribute to community and environmental groups. For example, between 1999 and 2004, General Motors plans to make more than \$5 million in donations in cash and vehicles to The Nature Conservancy (TNC). The contributions will support TNC-administered GM Fellowships to create conservation plans for U.S. communities, and establish preservation projects in the Appalachian region of the United States as well as in China, Indonesia, Brazil, and Venezuela (General Motors, 2000). Since 1991, Hewlett Packard (HP) has donated nearly \$4 million in cash, equipment, and technology to U.S. environmental and conservation groups. HP also provides geographic information systems, mapping equipment, and training to more than 150 conservation groups in the United States and contributes to NPOs seeking to improve rivers and waterways in Europe (Hewlett Packard, 1998). Philip Morris supports hundreds of environmental programs such as the Conservation Fund’s conservation leadership project, its Great Lakes Basin initiative, and its national forum on non-point pollution. Motorola has donated more than \$1 million worth of two-way radio equipment to the Worldwide Fund for Nature to use in protecting wildlife in remote and environmentally endangered regions in the world (Motorola, Inc., 1999). The clothing and outdoor equipment company, Patagonia, has donated more than \$15 million to more than 900 NPOs that protect habitat, wilderness, and biodiversity.

This type of cooperation provides a corporation the opportunity to demonstrate good citizenship without having to make a significant investment in time to develop and manage a formal alliance. Contributions provide companies with opportunities to enhance public relations and demonstrate that the corporation is “giving back to society.” As government funds become more limited and foundation grants become more competitive, non-profits see corporations as an important funding source. Thus, NPOs are becoming more aggressive in targeting businesses for in-kind or cash donations.

2.3 Corporate-NPO Fund-Raising Affiliations

Some companies license the name or logo of environmental organizations for their products, purchase the endorsements of environmental groups for their goods or services, or donate a portion of their sales to environmental NPOs as a way of affiliating with an environmental cause. Toy manufacturer Milton Bradley licensed the name of the Sierra Club, for example, for its jigsaw puzzles, as did Bushnell binoculars from the National Audubon Society (Hartman & Stafford, 1997). The Bay Beyond Corporation, a Virginia food company with strong interests in environmental and social issues, for many years placed the logo of the Chesapeake Bay Foundation on some of its products and gave the foundation a percentage of sales from those products to support its environmental protection activities. The clothing manufacturer, Eddie Bauer, works closely with American Forests to replant trees in urban areas and in woodlands

devastated by natural disasters. Eddie Bauer solicits one dollar in donations from customers added to the purchase price of its products to support the “Eddie Bauer Global Releaf Tree Project.” Through the project, American Forests has replanted, since 1998, more than 536,000 trees in the United States and Canada.

Corporations see these fund-raising affiliations as means of supporting worthy causes, obtaining endorsements from environmental groups, adding social value to their products, and enhancing their public images. For NPOs, these affiliations can be effective new sources of income that also provide visibility for their causes. They offer NPOs the opportunity to endorse companies that pursue environmentally friendly practices and to strengthen the market for “green” products.

2.4 NPO Certification of Corporate Business Practices

Recently, corporations in environmentally sensitive industries -- such as natural resource exploitation or sales of natural resource products -- began developing relationships with environmental NPOs, primarily as the result of external pressures to provide third-party authentication of environmentally appropriate business practices. Unilever and the World Wide Fund for Nature (WWFN), for example, established the Marine Stewardship Council, an independent certification program that endorses environmentally responsible fishing practices. The Unilever-WWFN alliance developed principles and criteria, began the process of accrediting professional assessment organizations, and formed the Council as a self-financing NPO. Unilever committed itself to purchase all of its fish from certified fisheries by 2005 (Weir, 2000).

Major lumber wholesalers, retailers, and users such as Home Depot, Wickes Inc., Lowes, 84 Lumber, and the Anderson Corporation work with the Forest Stewardship Council (FSC) to obtain FSC’s certification that their products come from forests in which environmentally and socially responsible harvesting processes are used and in which environmental damage is minimized (Carleton, 2000). The FSC develops and promotes certification and labeling through the use of a trademark that allows customers to identify and purchase “green” timber products that originate from a forest or woodland that is managed according to accepted social and environmental criteria.

According to FSC its trademark allows consumers and corporations to put pressure on forest product companies to change their harvesting practices to meet environmental standards. FSC has the support of many companies that have formed themselves into “buyers groups.” The members of buyers groups commit themselves to selling only independently certified timber and timber products within three to five years. Buyers groups in the United Kingdom, Netherlands, Belgium, Austria, Switzerland, Germany, Brazil, Japan and the United States use FSC labeling. Through certification, FSC provides an incentive in the market place for good forest stewardship. A growing number of products -- such as wooden kitchen utensils, doors, and frames -- are already available.

Certification-oriented NPOs do not typically accept funding from corporations and are not necessarily interested in developing long-term relationships with them. Although they

sometimes involve the private sector in their activities, their main focus is linking buyers and producers of products from properly managed environmental sites and thereby expanding the market for “green” products. Thus, corporations change their operational practices to meet certification requirements, but usually limit their direct collaboration with the certification groups.

2.5 Targeted Project Support

Beyond simply making a donation, many corporations are targeting a significant portion of their philanthropic activities to particular projects, activities, or geographic regions that are in some way related to corporate interests. Most of these corporate-NPO relationships focus on one specific project or activity, typically for a limited period of time.

The Ford Motor Company, for example, works with the Wildlife Habitat Council to encourage communities to create wildlife sites and educational programs in the United States, Canada, Mexico, England, Brazil and other countries where Ford has significant manufacturing and assembly operations. In addition, the alliance has helped to establish more than a dozen “Wildlife at Work” sites at Ford plants, providing protection and habitats for wildlife. Ford also developed a strategic partnership with Conservation International to support research on biodiversity of the fragile rainforests of the Amazon Basin (Ford Motor Company, 2000).

Corporations recognize that supporting specific projects of NPOs, either financially or through employee participation, can result in good public relations and help develop their image as environmentally responsible organizations. Visitors to a corporate-supported wildlife refuge or company-sponsored reforestation project, for instance, are reminded of a company’s positive impact. In addition, the corporation increases its organizational knowledge about and commitment to a particular region or activity. This can be valuable as it considers future activities in the same region or faces similar issues in other locations. Additionally, staff can get involved in these projects, building a sense of teamwork and increasing internal morale.

Starbucks works with Conservation International to use new shade-grown coffee harvested from farms supported by the partnership. The coffee marketed by Starbucks under the name “Shade Grown Mexico” comes exclusively from farms in a buffer zone surrounding the El Triunfo Biosphere Reserve in Chiapas, Mexico. Conservation International promotes water and soil conservation, crop diversification, and chemical fertilizer and pesticide reduction, which help protect the forest, streams, and wildlife surrounding the reserve and Starbucks offers financial support to the project and technical advice to farmers to raise the quality of their coffee.

For corporations, targeted projects offer an opportunity to focus contributions on preferred activities, provide visibility for products through in-kind contributions, develop longer-term philanthropic relationships, and enhance their image as socially responsible organizations. For NPOs, a corporate donation directed at a particular project provides both financial support and a unique opportunity to increase the visibility of an important on-going activity. This could lead to additional support from other sources or leverage with other parties (e.g. government, multinational donors) to further the goals of the project. Additionally, once a corporation

contributes to a successful project, it is more likely to offer additional support to that project or to other programs managed by the same NPO.

2.6 Environmental Awareness and Educational Collaborations

An increasing number of corporate-NPO collaborations focus on education. Nike's "The Air to Earth" (ATE) program, for example, is a collaboration with the North American Association for Environmental Education (NAAEE) and Eco Educators (a non-profit environmental training organization) that allows fifth and sixth grade students to explore how businesses and consumers can share responsibility for building sustainable communities and how they themselves can get involved.

Beyond working together to improve environmental awareness, education, and training for the general public and for targeted groups of people, corporations and NPOs are also collaborating to increase the information available to the private sector on important environmental topics. With corporate support, a variety of NPOs conduct research, publish reports, organize workshops, seminars, and conferences, and develop training and educational programs on environmental issues of concern to businesses.

One way in which corporations support environmental education and awareness is through business membership organizations, such as the World Business Council for Sustainable Development (WBCSD) or Business for Social Responsibility (BSR). These NPOs attempt to establish long-term relationships with corporations in order to obtain financial support and involve company representatives in their activities. Membership usually encourages corporations to commit both time and resources to the NPO's projects and to the principles it advocates. Implementation of ideas generated from business-membership NPOs generally face less resistance than recommendations coming from institutions with which companies have no affiliation.

The WBCSD, for example, is a coalition of 125 international companies from 30 countries and more than 20 major industrial sectors united by a shared commitment to the environment and to the principles of economic growth and sustainable development. Its global network of national and regional business councils and partner organizations brings WBCSD into contact with a far larger number of companies and executives. The WBCSD promotes cooperation among businesses, governments, and other organizations concerned with the environment and encourages high standards of environmental management in the private sector. WBCSD is a channel through which corporations can participate in policy development, demonstrate progress in environmental and resource management, and share leading-edge practices. The WBCSD has published reports on sustainable production and consumption and organized dialogues with academic, government, NGO, consumer groups, and business participants on other environmental issues.

Many corporations -- including American Express, Wal-Mart, S.C. Johnson, Novo Nordisk, BP Amoco, Cisco Systems, Johnson & Johnson, General Motors, Land's End, and Home Depot -- financially support Business for Social Responsibility (BSR), a US-based NPO that seeks to be a global resource for companies concerned with ethical values, communities, and

the environment. BSR assists member companies by providing expert assistance on corporate responsibility issues. BSR provides businesses with information needed to understand and implement more responsible policies and practices, and promotes knowledge-sharing and collaboration among companies and with other sectors. BSR operates a Global Business Responsibility Resource Center, a collection of reports on environmental issues and company experiences with environmental improvements, and links to resources on corporate social responsibility.

2.7 Environmental Management Alliances

Although “arms-length” corporate and NPO relationships can benefit both parties by sponsoring or financing external environmental programs, some corporations are pursuing more active partnerships with NPOs to address problems of internal environmental management. And some NPOs are seeking stronger impacts on corporate practices by working collaboratively with companies to change their products or processes to prevent pollution and environmental damage.

For example, Business for Social Responsibility’s “Business and the Environment” program also helps member companies develop cost-effective practices for improving environmental performance, including establishing environmentally-sustainable supply chain management, creating value from sustainable development, mitigating greenhouse gas emissions, designing products to reduce negative environmental impacts, improving the environmental aspects of building design, and incorporating sustainability practices into business operations.

One of the earliest collaborations was formed in 1990 when McDonald’s and the Environmental Defense Fund (EDF) created a task force to seek ways of reducing waste in McDonald’s operations. The six-month process produced a comprehensive waste reduction action plan with 42 discrete initiatives, pilot projects, and tests in source reduction, materials recycling, reuse, and composting for the 80 percent of McDonald’s waste that was generated “behind the counter ” (Environmental Defense-McDonalds, 1991). As a result of the partnership’s recommendations, McDonald’s reduced its packaging volume 70 percent to 90 percent by switching completely from polystyrene foam “clamshells” to paper-based wraps. It also replaced disposable containers with reusable bulk storage systems. McDonald’s began recycling corrugated boxes and coated and uncoated paper food-contact items, and composting on-premises food waste. It requested that its suppliers use recycled materials in paper and post-consumer materials in bags, napkins and other packaging.

Abbott Laboratories works with the Wildlife Habitat Council (WHC), an NPO that helps corporations in managing wildlife habitats on corporate land and with improving environmental conditions at plant sites. Abbot Labs and the WHC develop wildlife protection programs on company property, engage employees in voluntary environmental activities, and accredit the company’s environmental activities. Bristol-Myers Squibb partnered in 1999 with the Alliance for Environmental Innovation to develop a software package that improves integration of environmental considerations into new product development. Dupont has worked closely with the World Resources Institute (WRI) on a “Green Polymers” project and other activities to improve the company’s environmental performance.

Several other corporations have worked closely with the Alliance for Environmental Innovation (the Alliance) to improve internal operations. For example, Norm Thompson Outfitters, a specialty retailer of apparel, gifts, and home items, developed a project with the Alliance to reduce energy and resource use, solid waste, and pollution in its catalog paper practices. SC Johnson, a worldwide manufacturer of household, professional, and institutional products, formed a joint task force with the Alliance to assess the environmental impacts of its new product conceptualization, design and development, and to review its existing products and packaging. The company needed an alternative to costly and lengthy lifecycle assessments to analyze the environmental implications of its new products rapidly in order to compete more effectively in world markets and to understand consumer preferences for “green” products.

Starbucks Coffee Company’s task force with the Alliance focused on finding environmentally beneficial changes in the way Starbucks served coffee in its 1,000 company-owned stores and with its licensees and joint ventures who serve millions of customers a week. The collaboration focused on finding ways of substituting reusable cups for disposable cups and improving the environmental performance of single-use hot cups.

United Parcel Service worked with the Alliance on a project for decreasing the amount of material used in its packaging and improving the environmental impact of its production, expanding the use of reusable packaging, increasing the post-consumer recycled content in plastic and paper envelopes and boxes, and eliminating bleached paper in air express packaging. The overnight shipping industry uses more than a billion shipping envelopes and boxes each year; the packaging creates after-use solid waste and its production requires large quantities of paper and plastic, energy, and water, and produces both air and water pollution. The joint effort began early in 1998 while UPS was developing its reusable Next Day Air envelope for overnight shipping.

The goal of these internal environmental management partnerships is usually to help corporations become more environmentally friendly while positively impacting the bottom line. These activities are typically project-focused, but not necessarily aimed at developing long-term relationships or at expanding efforts into other activities. Corporations gain from these partnerships greater knowledge of environmental and social issues and effective implementation strategies to reduce or eliminate negative environmental impacts. These internal projects allow corporations to take advantage of NPOs’ environmental expertise in a relatively non-threatening way. The non-profits learn more about the key issues involved in designing and implementing a corporate environmental strategy and become more knowledgeable about the relationship between social responsibility and profit-driven business development. Both organizations gain experience that they can use outside of their current partnerships.

In brief, corporations are engaging in a wide range of alliances with NPOs, encompassing a rich diversity of environmental activities. The types of activities undertaken by corporations in these alliances are summarized in Table 2.

3. A FRAMEWORK FOR MANAGING CORPORATE-NPO ALLIANCES

In order to understand better the types of environmental management alliances corporations and NPOs are forming, the benefits to each party, and the factors that contribute to their successful implementation, we interviewed 16 participants from both corporations and NPOs that have been involved in these types of partnerships. Representatives of Dupont, Starbucks, The Bay Beyond, Norm Thompson, Westvaco, Collins Products, and Shell agreed to be interviewed as did those from World Resources Institute, Conservation International, the Center for Compatible Economic Development, The Nature Conservancy, The Natural Step, the Alliance for Environmental Innovation, Business for Social Responsibility, and SustainAbility (which is somewhat of a hybrid organization that operates as a think tank, a campaigning organization, and a for-profit consultancy). We asked them to discuss these issues with the assurance that confidential information would not be attributed to specific projects. The responses to three sets of questions provided insights into how corporations and NPOs can better manage the partnerships.

3.1 What Corporate Characteristics or Conditions Contribute to Alliance Success?

We asked both corporate and NPO personnel to identify what they thought were the most important characteristics of or conditions in corporations for successfully implementing environmental management alliances. Among the conditions identified were the following:

- Having a specific project or objective for collaboration.
- Strong commitment of high-level executives to addressing environmental problems or threats and to cooperating with external groups in solving them.
- Value-driven corporate leaders who see collaborative activity as part of the long-term vision for the corporation.
- Company experience in dealing with nonprofit or community groups.
- Assignment of responsibility for participation in the alliance to interested and committed managers who can serve as “champions” for recommended changes.
- Selection of managers for the alliance who are able to develop, sustain, and nurture strong relationships with NPO participants.
- Assignment of managers to the alliance representing a cross-section of administrative and operational units within the company and having impact at the highest levels in the organization.
- Development and use of metrics for measuring environmental aspects of company operations and impacts or results of recommended changes.
- Selection of managers for the team who are willing and able to follow up effectively on recommended changes.
- Willingness to make environmental performance improvements part of the remuneration/bonus package for managers.
- Ability to get suppliers involved in making environmental improvements in inputs and materials.

Table 2: Corporate Activities in NPO Environmental Alliances

Type of Interaction	Typical Activities	Corporate Examples
Corporate support for employee participation	<ul style="list-style-type: none"> -Corporate outreach -Release time for employee volunteers -Compensation for employee participation -Corporate matching of employee gifts -Corporate awards for employee volunteers 	<ul style="list-style-type: none"> -IBM -PepsiCo -Xerox -Ashland -Chevron -AT&T -Daimler-Chrysler
Corporate philanthropy	<ul style="list-style-type: none"> -Grants to NPOs -Monetary donations to environmental programs -Equipment/technology gifts to NPOs -In-kind or materials contributions 	<ul style="list-style-type: none"> -General Motors -Hewlett-Packard -Philip Morris -Motorola -Patagonia
Corporate-NPO fund raising affiliations	<ul style="list-style-type: none"> -Licensing of NPO name or logo -Purchase of NPO endorsement -Joint fund-raising campaigns -Product price supplements as donations 	<ul style="list-style-type: none"> -Milton Bradley -Bushnell -The Bay Beyond -Eddie Bauer
NPO certification of corporate purchasing practices	<ul style="list-style-type: none"> -Creation of stewardship councils -Agreement to recognize NPO certification -Use of certification standards in purchasing practices -Promotion and sale of “green” products 	<ul style="list-style-type: none"> -Home Depot -Wickes Lumber -Lowe's -Anderson Corp. -Unilever -84 Lumber
Targeted project support	<ul style="list-style-type: none"> -Sponsorship of wildlife or habitat protection projects -Development of eco-preserves on company property -Sponsorship of environmental education programs -Protection of endangered animal and plant species -Protection of biodiversity areas -Use or sale of products from sustainable eco-areas 	<ul style="list-style-type: none"> -Kodak -Johnson & Johnson -Ford Motor Co. -Starbucks
Environmental awareness and education alliances	<ul style="list-style-type: none"> -Support for environmental research -Participation in environmental workshops and panels -Dissemination of corporate environmental best practices -Sponsorship of environmental education and training -Collaboration on business-government environmental task forces -Participation in environmental business membership organizations 	<ul style="list-style-type: none"> -American Express -BP-Amoco -Land's End -Home Depot -SC Johnson -Wal-Mart -Novo Nordisk -Cisco Systems
Corporate-NPO environmental management alliances	<ul style="list-style-type: none"> -Waste reduction and reuse -Product redesign -Manufacturing and distribution process changes -Improvements in plant environmental performance -Application of life cycle analysis -Packaging reduction -Materials substitution -Air and water pollution prevention -Energy and water conservation 	<ul style="list-style-type: none"> -SC Johnson -Johnson & Johnson -Starbucks -United Parcel Service

3.2 What Characteristics or Conditions in NPOs Contribute to Making Alliances Successful?

Similarly, we asked representatives of both corporations and NPOs involved in environmental management alliances to identify the most important characteristics of environmental NPOs for implementing corporate partnerships successfully. They responded that the success of corporate-NPO alliances depends on the existence or development of a set of characteristics in NPOs that include:

- Having credibility as a legitimate, serious, responsible, and knowledgeable environmental group.
- Experience in dealing with private companies and in understanding how private enterprise works and the need for corporations to make profits if they are to survive.
- Ability to provide unique experience and commit jointly to identifying alternatives that will improve environmental performance.
- Capacity to maintain an appropriate balance between environmental advocacy and cooperative activity in order to make the partnership productive.
- Ability to produce high quality work that builds the NPO's credibility and trustworthiness.
- Willingness to state clearly what it can and cannot do as part of a collaborative alliance.
- Ability to deliver real value to the company through realistic, cost-effective and technically sound recommendations.
- Capacity to understand the length of time it can take to bring about meaningful changes in large organizations.

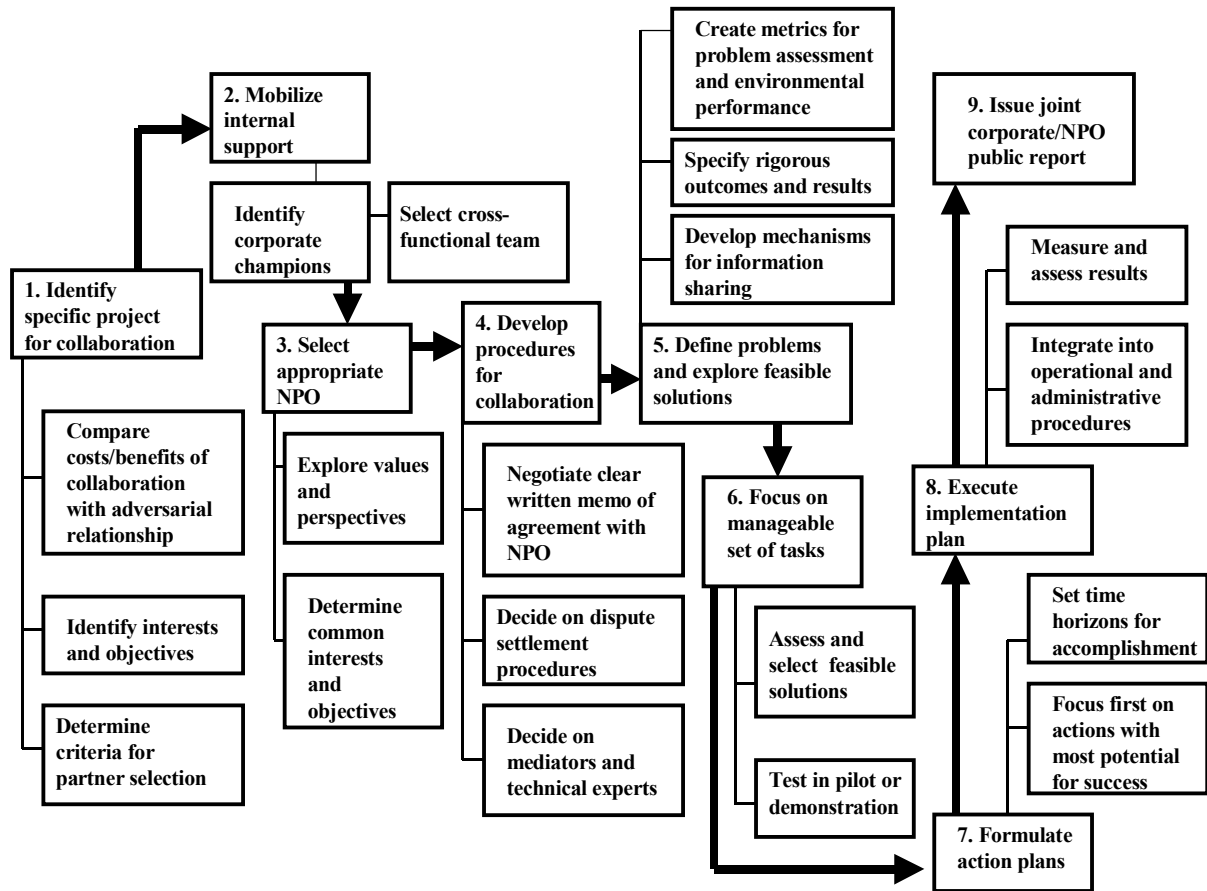
3.3 What are the Most Important Factors in Managing Corporate-NPO Alliances?

We drew on both the interviews and archival material on corporate-NPO alliances to identify elements that are considered crucial in managing environmental partnerships successfully. Figure 1 depicts a framework encompassing the most important stages for corporate management of NPO alliances.

First, corporations considering environmental management alliances with NPOs should identify specific projects or activities for which they need external assistance. Successful alliances are focused on clearly-defined tasks that can be accomplished in a reasonable period of time. Companies should consider the costs and benefits of collaborating compared to simply dealing with the problems themselves or of risking adversarial pressures from external groups from ignoring problems or proceeding alone. The corporation should clearly identify its interests and objectives for the alliance and determine criteria for partner selection. Starbuck's, for example, focused on improving the environmental quality of its cups, McDonald's on reducing waste in operations and packaging, UPS on substituting packaging materials that were less environmentally harmful, and Collins products on improving manufacturing operations in its lumber mills. Unilever decided to work with the World Wide Fund for Nature on certifying environmentally sustainable fisheries because of the "high level of public awareness" motivating its stakeholders" and the mutual recognition by partners that pursuing common interests would help them achieve similar goals (Weir, 2000: 123). Westvaco had two important criteria: that The Nature Conservancy was able to bring to the

partnership technical competence (decision-making based on science and technical data) and professionalism (operating on business and environmental criteria rather than emotional reaction).

Figure 1: Framework for Managing Corporate Environmental Alliances with NPOs



Second, if the partnership is to be productive, there must be strong commitment within the corporation to pursue the alliance and to cooperate with the selected NPO on finding solutions. Finding “champions” of environmental dialogue and cooperation within the firm is crucial to initiating the partnership and keeping it on track. In addition, the NPO representatives must be able to understand business needs and constraints and to work cooperatively with business executives. The corporate-NPO alliance at UPS, for example, succeeded in part because top corporate executives “believed from the start that this environmental project could benefit its customers and its businesses in a tangible way. Because of that, there was high-level commitment to the goals of the project” (United Parcel Service and the Alliance for Environmental Innovation, 1998: 11).

The corporation should select a cross-functional team that is respected by high-level executives in the company. Starbucks aligned itself internally before its president signed a memorandum of agreement with Conservation International. Responsibility for dealing with

product issues was assigned to the coffee department and on-going relationships with the NPO was assigned to the department of environment and community affairs. Both partners agree that the alliance progressed because it not only focused on environmental and social issues but also because it was aligned with Starbuck's business structure. The United Parcel Service-Alliance for Environmental Innovation task force succeeded because both the corporate and NPO team members were knowledgeable about packaging, environmentally favorable materials, and UPS' graphic standards and operating requirements. As the final report noted "...the project team was cross-functional both within and across the two organizations" (United Parcel Service and the Alliance for Environmental Innovation, 1998: 4). The UPS team members included representatives from environmental affairs, domestic and international marketing, customer communications, package engineering and materials management and purchasing. The Alliance team had technical expertise in lifecycle analysis of paper and plastic materials and waste reduction. The company team members represented their own departments but also communicated important decisions to key corporate decision makers.

Third, corporations should carefully consider which environmental NPOs are most likely to have the information, expertise, and experience to work effectively with its managers in defining the problem and finding feasible solutions. The corporation should use its internal criteria to select an appropriate NPO with which to work (or determine if it can work with an NPO that initiates the partnership). Many corporations work with Business for Social Responsibility, for example, because it offers a "safe space" to obtain information and advice about problems for which they might feel uncomfortable working with more militant environmental groups and because BSR, as one of our respondents noted, "can link its projects to business reality." Initial team meetings should focus on exploring values and perspectives, determining common interests and objectives, and maintaining open minds on both sides about the nature, extent, and importance of problems and potential solutions. In the UPS-Alliance team, for instance, participants started with an open mind about the nature of the problems and the possible solutions for preferable packaging rather than staking out positions before information and knowledge was exchanged.

Fourth, the alliance team should develop procedures for collaboration, including negotiating a clear written memorandum of agreement on the purpose, scope, objectives, intended outcomes, and duration of work. The Norm Thompson-Alliance collaboration, for example, was anchored in an agreement that clearly stated the scope of work, specific deliverables, confidentiality provisions, resource commitments, termination clauses, and reporting conditions. The agreement should protect the independence of the NPO and recognize the profit-making objectives of the corporation. The team should jointly decide how disputes will be settled and who will mediate them, and on technical experts who will conduct studies or provide information.

Fifth, the corporation-NPO team should move quickly once an agreement is signed to explore the dimensions of the problem and feasible solutions. If the partnership is to succeed the company should create metrics for measuring its environmental performance and assessing the problems under consideration. Collins Products, using the principles of The Natural Step, developed a results tracking system called "Journey Indicators" for log, fiber, steam and

electricity use, raw material use compared to output, and hazardous waste reduction, allowing for better oversight and direction. The team should also specify rigorous outcomes and results that can be monitored and measured after solutions are applied, and develop mechanisms for sharing information. The corporate-NPO task force working on environmental design problems at SC Johnson, for example, developed a specific set of environmental strategies and design principles -- focused on dematerializing, conserving materials, reducing chemical intensity, reducing energy intensity, extending product life, and enhancing functionality -- through which all new product concepts would be screened. The alliance was successful in part because the team focused initially on establishing a “scientifically sound conceptual framework for systematically driving value-added environmental improvement into the company’s products” (United Parcel Service and the Alliance for Environmental Innovation, 1998: 4).

Sixth, the alliance team should focus on a manageable set of tasks, recognizing that the partnership can get bogged down quickly if problems are defined too broadly or abstractly or if solutions are so comprehensive that it will take years for the company to implement them. Dupont’s collaboration with the World Resources Institute initially focused on generating good ideas about how to improve environmental performance in polymers, but the partnership proceeded through several other small projects that were market-oriented and feasible to implement. The more focused the tasks are, the more likely the partnership will achieve its objectives. Nike, Home Depot, Collins Products, Interface, IKEA and other companies have worked closely with The Natural Step (TNS) because it is able to apply life cycle analysis and system-wide reviews of products and production processes for integrating sustainability into a company’s activities. Nike collaborated with TNS on developing “sustainability champions” within the company and Collins Products used TNS principles for improving the manufacturing process in its lumber mills. The McDonald’s-EDF partnership was successful because it focused specifically on a waste reduction plan with clearly stated initiatives, projects, and pilot tests.

Seventh, the alliance should formulate recommendations into an action plan that focuses initially on those tasks that have the highest potential for success and set a time schedule for achieving other targets. In the McDonald’s-EDF partnership, the company adopted a waste reduction policy committing it to taking a total lifecycle approach to solid waste and to three specific courses of action: to reduce, reuse, and recycle its waste. It set out for each course of action well-defined targets with specific time periods for accomplishment, and it systemized waste reduction into the company’s standard operating procedures and its packaging and product specifications (Environmental Defense-McDonalds, 1991). Westvaco’s partnership with the Nature Conservancy focused on conducting inventories of all of its corporate land to identify rare species, special natural habitats, and areas of high biodiversity. Westvaco funded the inventory with a \$2 million grant that also helped The Nature Conservancy develop a GIS system for use in this and its other projects.

Eighth, if the project is to succeed, the company must also take specific steps to implement the action plan by integrating the recommendations into operational procedures and throughout the supply chain, measuring and assessing results, and linking performance to managerial compensation and bonuses. The packaging action plan announced in November 1998 by UPS

and the Alliance addressed all of UPS' express packaging. The new packaging improvements and the reusable envelope reduced air pollution by almost 50 percent, cut wastewater discharge by more than 15 percent, and used 12 percent less energy than previous UPS packaging. In addition, the initiatives saved the company more than \$1 million annually. The packaging changes included nearly doubling the amount of post-consumer recycled material in the UPS box, and use of at least 80 percent post-consumer recycled material in the Express Letter. UPS eliminated the use of bleached paper in all express packaging and reduced overall waste and pollution from production of shipping materials by an average of 13 percent. UPS also began using post-consumer recycled material in its plastic PAK, reducing each PAK's weight by almost 10 percent.

Moreover, for many corporations, the success of alliance recommendations depends on enlisting the support or active participation of their suppliers and customers. In the UPS-Alliance collaboration, the project team worked with and enlisted UPS' suppliers as active partners in the search for packaging options. The suppliers created new designs and technological alternatives for meeting the team's objectives. Customer surveys carried out by the SC Johnson-Alliance task force found that marketing the changes that come out of the team's work on product design had to be sold on sound business principles not primarily on the environmental benefits. The participants learned that "...product performance, not environmental benefit remains the primary product differentiator" (Alston & Roberts, 1999: 120). Although customers approved of environmentally-beneficial products and product characteristics, the surveys uncovered the fact that "environmental product concepts are most successful when no tradeoff is stated or implied between the environmental benefit and primary purchasing criteria such as efficiency, value, and convenience."

Finally, once the project is completed and results are known, public reports should be issued jointly (or simultaneously) by the corporation and the NPO. Neither side should leak advance information or independently put a "spin" on the results that assigns credit or blame for the process and outcomes to only one party.

4. CONCLUSION

As environmental issues become more important to people and communities, and as information about corporate practices and products become more accessible through the Internet and the media, corporate-NPO alliances are likely to be used more frequently by both types of organizations to improve environmental performance. Corporations can use a variety of relationships – from "arms-length" arrangements such as supporting employee volunteerism, corporate philanthropy, and fund-raising affiliations, to more intensive interactions such as project-specific funding, support for environmental education and awareness, and internal environmental management partnerships -- to collaborate with environmental NPOs. Each type of relationship has benefits and limitations and requires different levels of commitment, support, and participation. Arms-length relationships usually focus on activities external to the corporation, while environmental management alliances address internal process and product improvements.

No matter what type of relationship corporations choose, they must carefully plan and manage the alliance process if they are to benefit from the collaboration. Experience suggests that successful alliances depend on corporations' ability to identify carefully projects and activities for collaboration, mobilize internal support, and develop criteria for selecting an appropriate NPO with which to partner. Participants in the alliance must, together, develop procedures for collaborating and for defining problems and exploring feasible solutions. The corporation must be willing to formulate an action plan for implementing feasible solutions, and to integrate actions into their operations, administrative procedures, and supply chains. When alliances are carefully crafted, cooperatively pursued, and successfully implemented, they benefit both corporations and environmental NPOs by synergistically achieving the objectives of improving environmental protection and enhancing corporate performance.

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