

Collaborate for success and sustainability

David Grayson explains the dramatic growth of the quantity and quality of business collaboration linked to sustainable development





Sustainability is “the primary moral and economic imperative of the 21st century,” according to Mervyn King, a former governor of the Bank of England. It is also considered to be “one of the most important sources of both opportunities and risks for businesses”.

If a business aspires to continue into the indefinite future, it can no longer be hesitant or half-hearted about sustainability: it has to go “All In”.

In a book of that title (Grayson D, Coulter C, Lee M, *All In – The Future of Business Leadership* – Routledge 2018) I argue together with Chris Coulter and Mark Lee that organisations going All In requires five key interlinking and mutually reinforcing attributes:

- **purpose:** an inspiring, authentic explanation of how a business creates value for itself and for society
- **plan:** a comprehensive strategy and business plan, covering all aspects of the business – and increasingly their value-chains – which minimises negative social, environmental and economic (SEE) impacts and aims to maximise positive SEE impacts.
- **culture:** innovative, engaging and empowering, open and transparent, and ethical and responsible.
- **collaboration:** the skill and the will to partner with a range of other organisations including other businesses, NGOs, social enterprises, public sector agencies, academia and so on to drive sustainability at speed and scale
- **advocacy:** All In businesses speak up and speak out for social justice and sustainable development.

Crucially, leadership today requires all five attributes. So, for example, advocacy is only credible and effective if it builds on the other four attributes and so on.

The quantity – and critically – the quality of business collaboration linked to sustainable development has grown dramatically in recent decades. Early, pioneering responsible business coalitions such as Philippines Business for Social Progress (founded 1976), Business in the

Community (UK, founded 1981) and Sweden’s Jobs and Society (1985) tended to focus on developing a business case for action, mobilising collective corporate community involvement around particular issues including job-creation, enterprise promotion, urban regeneration and social inclusion.

During the 1990s, four “global field-builders” – BSR (Business for Social Responsibility: www.bsr.org), CSR Europe (www.csreurope.org), the International Business Leaders Forum (set up by Business in the Community but now defunct) and the World Business Council for Sustainable Development (www.wbcsd.org) – encouraged the creation of responsible business coalitions in most of the world’s 100 largest economies.

Increasingly, these tended also to identify and disseminate good practice in responsible business and sustainability. They were joined in 2000 by the UN Global Compact (www.unglobalcompact.org)

Over the last two decades, there has been an explosion of industry and issue-specific coalitions and multi-stakeholder initiatives. These include *Better Cotton Initiative* (<https://bettercotton.org>), *Extractive Industries Transparency Initiative* (www.eiti.org) and the Round-Table on Sustainable Palm Oil. (www.rspo.org)

As Jane Nelson from the Harvard Kennedy School of Government in the US shows in a major 2017 report for the Business and Sustainable Development Commission (itself a limited-life coalition to engage businesses on the Sustainable Development Goals – SDGs), there are now few significant industries or sustainable development issues that do not have one or more dedicated collaborations.

A May 2018 report co-authored by CSR Europe and consultants PwC indicated that some sectoral trade associations, usually prompted by member companies with strong sustainability credentials, are also now becoming more active in helping their general membership to understand the material issues facing their industry.

A recent report from BSR and the Rockefeller Foundation provides a useful taxonomy of today’s

business collaborations. This is based on the scope of change that a collaboration seeks: organisational, market or system change.

Using this taxonomy, collaborations might, for example:

Organisational

- identify and disseminate good practices and encourage more businesses to adopt them
- pool R&D efforts to innovate sustainable technological or social solutions to specified problems

Market

- set and subsequently certify collective, self-regulatory standards
- create a “safe space” to explore pressing business or societal and ethical dilemmas

System Change

- advocate jointly for public policy supportive of sustainable development
- tackle the systemic challenges inherent to sustainability

BSR and the Rockefeller Foundation also helpfully identify a number of critical components for high-impact collaboration:

- a compelling common purpose that brings participants together and enables each to accrue value from the collaboration
- the right partners in the right roles that bring the required authority and resources to drive the collaboration forward
- good governance that enables efficient, transparent and fair decision making
- an organisational design that is fit for purpose – with sufficient resources and staffing to operate
- accountability to the objectives the collaboration participants have committed to

We can see these components – and more – in one of the examples of industry and issues-specific coalitions that have become more popular in recent years: the Sustainable Apparel Coalition (SAC). (www.apparelcoalition.org)

This was initiated by retailers Patagonia and Walmart in 2009 to address “the urgent, systemic challenges that are impossible to change alone”. The coalition’s vision is of “an apparel, footwear and textiles industry that produces no unnecessary environmental harm and has a positive impact on the people and communities associated with its activities”.

Rick Ridgeway from Patagonia explains that SAC’s theory of change is “straightforward and profound: putting standardised sustainability in

the hands of key decision makers in the apparel and footwear value chain will incentivise them to make better decisions that collectively reduce the environmental impact and increase the social justice of the entire industry”.

SAC now has more than 200 members worldwide including major brands and retailers such as M&S, Disney and Burberry and manufacturing, academic, government and NGO affiliates. At the heart of the coalition is the Higg Index – “a suite of tools that enables brands, retailers and facilities of all sizes – at every stage in their sustainability journey – to accurately measure and score a company or product’s sustainability performance”.

Early on, Nike was persuaded to donate the Nike Considered Index to the coalition. It became the Materials Sustainability Index, now one of the tools in the Higg Index suite.

The creation and early evolution of the SAC is well told in a short article by a leading sustainability commentator, Marc Gunther. Drawing on Gunther’s piece and other materials, it is possible to discern several critical success factors for SAC that are highly relevant to other business collaborations today.

- The initial pairing of Walmart and Patagonia was engineered by a trusted intermediary – Jib Ellison, the founder of consultancy BluSkye – who advised Walmart and its CEO, Lee Scott, on sustainability. Ellison is also a long-time friend of Rick Ridgeway
- Unlike conventional trade associations, which typically operate at the “lowest common denominator”, SAC focused on a set of companies that they were confident would want to set a high bar and move fast
- They established a rule of engagement that companies designate one person to work on the coalition and send that person to all its meetings; this ensured continuity and that individuals had authority to commit
- As with most – if not all – of the best coalitions over the years, there was a credible facilitator to hold the ring, cajole and keep moving things forward: John Whalen, a principal at BluSkye
- At the outset, Walmart and Patagonia worked hard to attract other sustainability leaders who would make this “a club you wanted to be invited to join”. Nike, for example, had to be convinced that Walmart was serious before it agreed to participate



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200

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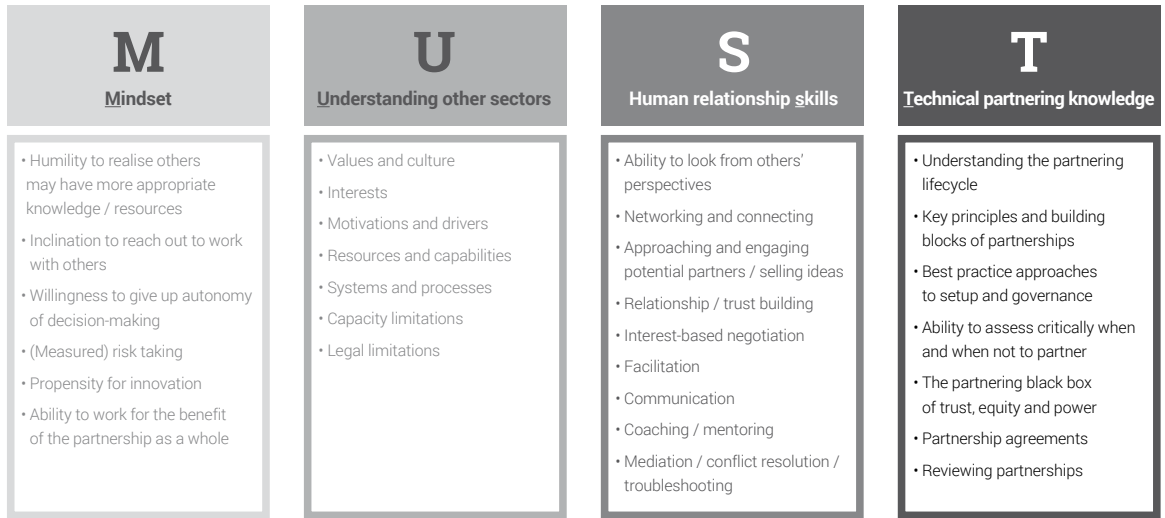


Figure 1 MUST-Have Partnering Competencies – The Partnering Initiative



- The initial participants took the time to build trust and to share tangible signs of their commitment
 - SAC brought in critical external friends such as Michelle Harvey of the NGO Environmental Defense Fund as a member of the SAC's board
 - They were willing to build on existing good practice such as the Nike Considered Index
- Interestingly, a Boston Consulting Group (BCG) / MIT Sloan Management Review study with the UN Global Compact, published in 2015, suggested that the more a company gets involved in collaborations, the more effective and valuable the company rates its collaborations. Practice in this case – if not making perfect – certainly makes more positive.

While pre-competitive collaborations are becoming much more commonplace, they are not a panacea. Businesses should approach them like any other potential joint venture.

Businesses also need to ensure they are systematically capturing the learning from different collaborations they are involved in, making sure this gets assimilated by R&D, horizon-scanning, strategy, corporate diplomacy and public affairs, procurement and specialist sustainability functions – and also by teams responsible for top talent learning and development.

In her report on Partnerships for Sustainable Development, the Kennedy School's Nelson emphasises that "effective partnership building, especially across sectors, requires new mindsets and skill sets on the part of individuals and new

capabilities and incentives on the part of institutions".

Another member of Harvard, Professor Joe Nye, has coined the phrase "tri-sector athlete", which was taken up and popularised by McKinsey's then Global Managing Partner Dominic Barton and further developed by Nick Lovegrove in his 2016 book *The Mosaic Principle*, which captures some of the key perspectives required by successful collaborators. (See interview with Lovegrove in *Global Focus* Vol 12 Issue 1).

Certainly, as more businesses recognise the growing importance of collaborations for sustainability and the need for their representatives in partnerships to be effective, they will be rightly expecting management educators and leadership training providers to offer training in collaboration.

This training will also be needed by independent directors serving on the boards of sustainability coalitions and coalitions' staff. The NGO The Partnering Initiative has helpfully defined M.U.S.T – have collaboration skills – see Figure 1.

Educating for these M.U.S.T-have skills surely represents an exciting new opportunity for EFMD members.



About the Author

Professor David Grayson is an independent commentator on Responsible Business & Sustainability and Emeritus Professor of Corporate Responsibility at Cranfield School of Management in the UK. He will be talking about why and how businesses need to go "All In" for sustainability at EFMD's conference in Lisbon in June 2019. www.DavidGrayson.net Twitter: @DavidGrayson_