Catalyzing Environmental Results

Lessons in Advocacy Organization–Business Partnerships

A Report Sponsored by the J.M. Kaplan Fund

The Alliance for Environmental Innovation

A Project of

ENVIRONMENTAL DEFENSE FUND *and* THE PEW CHARITABLE TRUSTS

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The primary author of this report is Elizabeth Fastiggi. It reflects the insights and experiences of past and current Alliance staff.

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Bringing strong environmental science, business acumen, and market perspective to bear on the economy creates the opportunity for powerful environmental changes. Such change is not easy and there has been little discourse on how cooperative projects between environmental groups and businesses actually work. When the Alliance for Environmental Innovation wanted "the license" to step back and evaluate critically how well they have done, it became an opportunity to capture the lessons learned and to build the credibility for this partnership method of business sustainability.

—Charles Hamilton, Director, The J.M. Kaplan Fund

The Alliance for Environmental Innovation, created in partnership with The Pew Charitable Trusts, works with business to create direct and measurable improvements in the environment and business practices. We live in an age that demands creativity in response to environmental problems. By forging direct, face-to-face relationships with individual businesses, the Alliance blazes a new path toward environmentally-sound, cost-effective, sustainable solutions. We seek to catalyze new ways for the business community to address environmental issues. Most important, this approach — working towards win-win, leadership solutions — is a powerful way to achieve important results.

—Fred Krupp, Executive Director, Environmental Defense Fund

The Alliance for Environmental Innovation is the product of a unique partnership between two institutions that are committed to finding cost-effective, practical ways to help American businesses improve their environmental performance. It is a powerful partnership. By combining the experience and resources of one of the nation's largest environmental philanthropies with one of the country's most respected environmental organizations, the Alliance has a unique ability to assist businesses to better integrate environmental concerns and criteria into their mainstream operations. Although government will always play an important role in helping to set and enforce environmental standards, it is increasingly apparent that additional efforts, beyond the regulatory system, are needed to encourage and assist businesses to reduce environmental impacts. The Alliance was established for this purpose and represents a potentially important tool for helping both the environmental and business communities achieve common goals in the years ahead.

—Joshua Reichert, Director, Environment Program,
The Pew Charitable Trusts

Opening Letter

When the Alliance for Environmental Innovation first began talking with the J.M. Kaplan Fund about what we have learned from our work with companies, the goals were to help us evaluate how we could improve our work and to advise other advocacy organizations based on our experiences. To a significant extent, we have achieved both ends. It has been immensely helpful to step back from our day-to-day activities and examine the body of our work. Moreover, as interest grows in this cooperative approach to working with the business community, we have been providing advice to others informally. This report is an opportunity for us to more formally organize and widely disseminate the lessons of our experience. We continue to believe that the corporate partnership approach to change will produce substantial and sustained environmental improvements in business operations, and we hope that this report helps others maximize the potential of such projects.

This report summarizes the experiences of the Alliance and, hence, will be of most use to other environmental organizations. We also encourage any company that is considering or entering into a cooperative project to use this report to better understand its public advocacy partner and more successfully engage in cooperative projects.

While our work continually evolves and the projects we have undertaken differ, we believe that our depth and breadth of experience provides a solid foundation on which to offer the insights presented here. In addition to the contents of this report, our website (http://www.edfpewalliance.org) creates an opportunity for an ongoing dialogue. We hope that users of this information will ask us questions and add their experiences through our "Ask the Alliance" feature.

— Alliance for Environmental Innovation

Introduction

In the history of the environmental movement, nonprofit groups have used a wide array of techniques to advocate for positive environmental change. These tactics have ranged from litigation to lobbying, public education, scientific research, and visible public protest. One tool for change, pioneered by the Environmental Defense Fund, is voluntary, cooperative projects with for-profit corporations.

To capitalize on the potential for change in the approach of the business community to issues of concern to environmentalists, the Alliance for Environmental Innovation (Alliance) was founded as a joint project of the Environmental Defense Fund (EDF) and the Pew Charitable Trusts (Pew) in 1994. The Alliance builds on both EDF's and Pew's track records of successful partnerships with leading companies, relying on the expertise of a multidisciplinary team of professionals who specialize in working directly with these firms. The Alliance's projects seek to create environmentally aggressive initiatives that also generate business benefits, such as increased revenues or reduced costs. In this way, incentives for further progress are internalized within the companies' operations.

This report distills the lessons of almost a decade of work with individual companies, starting with the EDF-McDonald's Waste Reduction Task Force, established in 1991, and continuing through the Alliance's current portfolio of projects with such companies as SC Johnson, Starbucks, United Parcel Service, and Dell.

To date, the Alliance has focused on the consumer products, retail, and services sectors. Work with leading companies in these areas provides maximum leverage for our work. Millions of people use the products and rely on the services of companies like SC Johnson, Starbucks, UPS, Dell, and McDonald's every day. Environmental changes made by them have beneficial repercussions throughout their supply chains. Action taken by market leaders often leads their competitors to follow suit.

With support from the J.M. Kaplan Fund, the Alliance staff formally evaluated our progress in executing these projects and in disseminating to strategically chosen larger audiences information about the environmental change we have achieved. This report is one vehicle in that dissemination process—an opportunity for us to evaluate our experience,

consider strategies that have been successful in our work, and distinguish the models and guidelines that have emerged as reliable in our past projects. We hope that these insights are useful both to other advocacy groups considering direct work with large companies and to companies on "the other side of the table." We consider our experiences to be only instructive guidelines, ideas to keep in mind, rather than general rules to follow in every situation. Finally, we realize that our knowledge is limited and hope that, in sharing our experience, we can create a forum for the productive discussion of experiences and insights that will help other advocacy organizations and businesses work together to maximize their environmental returns.

Report Overview

This report is organized into three sections: Project Design, Project Execution, and Additional Resources. It is intended to be consulted as a working reference, not to be read from start to finish. The first section discusses in detail the key factors to consider when initiating a joint project between an advocacy organization—most directly targeted to environmental organizations—and a company. We have found that the design and start-up phase of a cooperative project requires a significant investment of time and resources, but it is time well spent in terms of future payoffs. The second section describes the lessons we have learned during the execution of our projects. The diverse projects we have undertaken and the various company partners we have worked with make it difficult to develop any hard-and-fast rules that guarantee success, but we have encountered similar challenges in different projects. Finally, the third section includes a short list of additional resources that are available on the Alliance's website, including a model agreement that may be used to develop a set of ground rules for a project.

Project Design:
Structuring Partnerships for Success

Perhaps the most important consideration when entering into voluntary, cooperative projects with companies is the investment of time required to design and initiate the projects. The start-up period often begins with the initial contact between the advocacy group and a company, but may continue for many months as both sides evaluate the resources required, the potential for environmental results, and the risks in undertaking a cooperative venture. This phase, however, also enables the partners to get to know each other, build common expectations about the project, and commit sufficient resources to it. In addition, it

The Elements of Project **DESIGN**

Develop project and/or partner criteria
Environmental results as the number-one criterion
Structure formal agreement and ground rules
Indicate responsibilities as an NGO
Get to know your partner(s)
Now, Execute

gives them time to build trust so that decisions can be reached efficiently when the project is actually under way. In our Alliance projects, signing a memorandum of agreement marks the end of this start-up period and the beginning of the formal project—even if some work has already begun. This section describes, based on our experiences, key elements of the design phase of a project.

Develop criteria for selecting projects

Working to meet certain project and partner criteria helps us predict the overall success of a project. To decide whether a project satisfies all or at least most of these criteria, we develop an idea of what we want to achieve before we even approach potential partners. Part of this vision includes determining the actions that a particular company can take to improve its environmental performance, even though we also expect

that the partnership itself will develop new opportunities and solutions. This vision addresses the first criterion: potential environmental impact. Developing a general concept for the project, shared with the partner company, defines the potential scope of the venture and helps the team evaluate the feasibility of the project in the context of available time and resources. We also measure the appropriateness of the scope of the project by examining the extent to which it builds on our organization's and staff's core competencies, the fourth criterion. If we can initially focus work in an area where staff members have particular expertise, less research is required to identify environmentally preferable options and more work can focus on implementing them in a day-to-day business context—often the core challenge of such cooperative projects.

The major criteria we use to evaluate the potential success of a project include:

- **Environmental impact.** Is the nature of the company's operations such that the project will result in substantive, lasting, and measurable environmental improvements? We are interested in not just the company's environmental impact, but also that of its suppliers and customers. For example, for a big user of paper, the benefits accrue upstream in the supply chain.

- **Project scope.** Can we develop a project scope with this partner that is both aggressive and manageable? Are the issues we will be working on of central importance to the company?

- **Leverage potential.** Can the results of a project with this company be effectively leveraged to other industry players and/or industries? Does the partner have a national or an international presence that will maximize the visibility and impact of the project?

- **Fit with organization capabilities.** Does a project with this company partner fit well with current staff capabilities? Are we excited by this project? Is the scope of the project manageable and feasible, given staff size and available resources? Do we add value in this project area?

- **Company reputation.** What kind of partner is the company likely to be? What is its track record on social issues (environmental or others)? How does the company make decisions? Is it publicity shy? Risk averse? Does it lead or follow? How is it doing financially?

- **Company contacts.** Do we have contact or entry points to this company? Is there a champion for an aggressive and effective partnership?

In our experience, every project does not meet every criterion. We design our projects to deliver substantive, lasting, and measurable environmental improvements; and we work to satisfy as many of the other criteria as possible, at least to a degree that we feel will lead to a successful outcome. We have found that this set of criteria helps us identify, at an early stage, areas that may need extra attention or problems that may emerge. Finally, to the extent possible, we also work to determine whether environmental opportunities offer potential added business value for the company (see "Make the Business Case").

Understand a company and its operations

Understanding and adapting to the way different companies operate is critical to achieving results; every company has a distinct culture and internal procedures. Its culture plays a significant role in how a firm responds to new ideas, and we try to get to know a company's culture in the earliest stages of a project. Companies have often surprised us. Outwardly progressive corporations have been slow to implement ideas that would provide both environmental and business benefits. Institutionally conservative companies have embraced the environmental and business strategy that we bring to the table. Company culture is woven into the fabric of a company in both obvious and subtle ways that we may not be able to influence in the course of a project. However, identifying and understanding factors such as company motivation and management style are critical to structuring and executing a successful project. It is useful to consider the following questions when getting to know a potential partner.

What are the company's motivating factors?

One of the best ways to determine what motivates a company is to identify the priorities of senior managers and the rewards accorded to employees.

- Is the company concerned about its desire to cut costs or its ability to better its market share and performance (bottom- versus top-line benefits)?

- Are customer satisfaction and product quality uppermost on the company's agenda?

- Are pro-environment and/or health attributes a part of the company's marketing strategy?

- Has public relations been a challenge or a priority for the company?

The best way to ascertain corporate drivers may be to simply question the company staff about this area as you are getting to know them. We may ask how decisions really get made or what have been the most recent big successes for a company. How do employees get to the top? What type of company is it: marketing-driven or research-driven? For example, a marketing-driven company may be focused on and committed to creating and building brand equity—value in its brand recognition and product identity. Positioning environmental improvements in the context of product quality and brand strategies will be critical in this case. As discussed in "Project Execution," when the team develops specific recommendations, a more detailed business case that motivates a company to implement the actions quickly and thoroughly is extremely useful. Without it, the motivation is simply altruistic—sometimes effective, but not always.

Be Nimble

Recognize and learn to work around a company's operational weaknesses and maximize the benefits of particular strengths.

- Understand internal motivators.
- Become familiar with management style.
- Identify how environmental issues are handled.
- Consider growth factor.

What is the company's management and decision-making style?

Understanding a company's management style can provide insight into the way a project will be prioritized and conducted by the company. Answering the following questions can help characterize a particular company's management style:

- Are the operational and decision-making procedures transparent and well organized? Can modifications and environmental considerations be effectively integrated into these systems?

- How does the corporate organization/structure (decentralized versus centralized) play a role in operations? Who gets things done?

- Will the support of senior management trickle down and result in follow through on project initiatives? Who else does the team have to brief?

- Is management innovative?

How does the company handle environmental issues?

Manufacturing companies generally have an Environmental Health and Safety (EH&S) Department, which is usually compliance oriented. Retail and service companies typically have an Environmental Affairs Department, which is traditionally more focused on external issues such as communications and public relations. Understanding how a company deals with environmental issues will help you position your strategy within the company's operations and departmental structure. For example, if a company is focused on regulatory concerns, aim to position the project to move beyond risk, liability, or compliance assessments. Transferring environmental initiatives from a department that is perceived as a cost center to one that is viewed as a profit maker can be a key factor in a project's success.

Realize the implications of a company's growth.

An upwardly mobile company can increase a project's impact and provide a strong vehicle for change, perhaps industry-wide. A firm that is experiencing rapid growth, however, may be committing all its resources to supporting its expansion and may not be able to focus on a project with your organization. It may undergo many internal transformations, including personnel promotions, through the course of a project. It can be difficult to keep the project as a priority on the agendas of a constantly changing staff. On paper, the ideal partner company is growing enough to leverage significant change and serve as a leader in the industry, yet stable enough to consistently commit the time and staff necessary for a project. If given the opportunity to create environmental improvements within the operations of a rapidly growing company, consider undertaking a short or specifically targeted project.

Maintain and communicate responsibilities as an advocacy organization

While getting to know a partner company and thinking through the project criteria, it is also important to clearly communicate the role of the advocacy group in the project. The advocacy organization–business partnership is a powerful vehicle for undertaking innovative environmental initiatives, but it works best when each partner maintains its independence and credibility throughout the project. Our organization's name and overall reputation are central to our long-term ability to meet these goals. We take particular measures to ensure that projects are carried out in an open manner, between the partner(s) and us, and ultimately including the public so that others can learn from and benefit from the ventures' successes. These tenets are clearly outlined in our formal agreements and actively communicated to our business partners.

Structure formal agreements to ensure substantive results

After a period of getting to know a company, establishing a mutual interest in a project, and developing at least an initial proposed scope of work, all major Alliance partnerships are formalized through memorandums of agreement signed by senior managers from each organization. We strongly encourage all organizations entering into a partnership to develop a formal agreement. Agreements not only define the ground rules, but also clarify expectations for all those engaged in the project. In developing an agreement and in our early discussions with companies, we focus on six key areas:

- **Substantive scope of work.** We work with a partner company to define a scope of work for the project at the outset in order to ensure that the procedures are adequate to substantially reduce the environmental impacts of the company's operations. We describe the project scope in the agreement itself and, where possible, incorporate it in full as an attachment. By providing a clear statement of what issues are to be addressed—and, by direct implication, what issues are not to be addressed—the expectations of both the partners and the public are clear from the start. The agreement also notes our assumption that the partner will devote sufficient resources to the project, consistent with fulfilling the goals of the venture.

- **Public accountability.** Once a project agreement has been signed, we typically announce the project to the press and often provide briefings for other environmental organizations. All projects are concluded with the release of a jointly written report that announces the environmental and business improvements resulting from the project as well as useful concepts or techniques developed as a result of the partnership. We usually accompany the publication of the report with the issuance of a joint press release or the holding of a joint press conference. These mechanisms for ensuring public accountability provide an essential backdrop for our work, lending it greater visibility and creating a public expectation that substantive action will result from the project.

- **Public credibility.** We do not accept funding from the companies with which we partner, but pay for all our own expenses arising from participation in each project. By remaining financially independent, we maintain our credibility as a public advocacy organization and avoid any questions about conflict of interest or our objectivity and motivations for undertaking the project. Our agreements also include strict restrictions on the use of the Alliance or EDF name or logo by our partners or their agents in any marketing or promotional materials.

How to Identify a Good Company Partner

- Does a project champion exist in the company? Is there someone who will be an effective internal advocate for your project?
- Is the company committing sufficient resources?
- Is the company willing to take a few risks?
- Will the project be positioned within the company to benefit from its core strengths?
- What does your gut tell you?

- **Business credibility and trust.** If we are to achieve the sort of fundamental change in corporate practices we seek, we must have access to confidential information in a company's possession. It is only reasonable that companies are assured that any such data they provide to us will remain confidential. For these reasons, our agreements include a confidentiality provision. This provision—adapted from standard business-to-business contract language—does not designate any and all information provided as automatically confidential. It also specifies appropriate limits to confidentiality obligations under certain conditions (see specific language in the model agreement).

- **Independence.** To protect our advocacy mission and our role in these projects as an independent organization, our agreements reserve our right to withdraw from a project at any time. They also stipulate our right (as well as our partners') to include a dissenting statement in the final report on any issues on which agreement cannot be reached. Finally, the agreements make clear that we remain free to characterize the project, and to engage in advocacy and other activities both during and after the project, as we see fit.

- **Replicability.** As a public advocacy organization, our interest is in maximizing the reach of our projects by sharing the results as broadly as possible. Our agreements, therefore, affirm our right to disseminate information, tools, and methodologies developed in the course of the project, through the public report and any other means we may wish to use, subject only to any applicable restrictions regarding confidential information.

The intent of satisfying these principles in the agreement is more important than the specific words used in the text of the memorandum. Our model agreement (which is available at http://www.edfpewalliance.org/modelagreement.html) is one approach. Other language may be successful and/or more appropriate to your particular partnership.

Investing significant time and resources in a project's design is necessary to achieve success. Why is this? Environmental advocacy organizations and businesses are traditional adversaries, and joint work in a partnership relationship—not one organization "working for another" — requires new ways of doing business. For most businesses, a project with the Alliance may be its introduction to environmentalists. For many environmentalists, a voluntary project with a company may be their introduction to a marketing person or another business expert. In-depth work, therefore, requires an in-depth look at how the project will operate, each side's expectations, and protections for each party. But, again, when we compare the time investment in such projects with other tools, such as legislative or regulatory change, the overall results can often be achieved much faster.

II Project Execution:
Making the Project a Reality

The agreement is signed; the project is a reality. Now what? This section includes lessons we have learned in the actual execution of our projects. As each company is distinct and each project design unique, the execution phase of a project can follow several courses that are difficult or impossible to predict. The steps necessary to keep a project focused and results-oriented will vary, depending on the pace of the project, the effectiveness of the teamwork, and the nature of the emerging outcomes. As a project progresses, team members will gain increased insight into each side, which is helpful in developing and modifying the team's work.

The Elements of Project EXECUTION

The Team
- Cross-functional team
- Senior management support
- Project champions

The Work
- Clear work plan
- Momentum
- Business case

The Project Team

An early sign of a company's level of seriousness in executing a proposed project is its willingness or unwillingness to commit money, personnel, and other resources. In evaluating the project team being assembled, consider the following questions:

- Is the company assigning enough people to the project team?

- Are qualified staff drawn from the right areas of company operations?

- Are the team members sufficiently empowered to represent and make decisions for the company?

In addition, evaluate the sufficiency of your staff resources. On average, we allocate the equivalent of one and a half full-time employees (FTE) per project. We generally budget across a few staff members' time—for example, 50% of a senior staff member, 40% of a mid-level staff member, and 60% of a research associate.

Develop a cross-functional team

The primary reason for using a cross-functional team is to make sure that the right people are at the table when developing recommendations. A cross-functional team also provides company-wide accountability and participation, taps the varied expertise and experience within a company, and educates more people about the project and its goals, while minimizing the challenges of bringing people on board once the project is under way. Be sure to utilize the relevant, varied expertise that you may have as a resource in your own organization. The Alliance staff is interdisciplinary, and we strive to contribute an appropriate representation of our varied expertise to the project team.

HOW to develop a cross-functional team

Some suggested steps based on our experience:

- Work with the initial company contacts to anticipate the company functions—for example, operations, marketing, engineering, purchasing—that may be affected by and could usefully contribute to the project's outcome, and choose a representative from each of those areas to participate in the project.

- Ask the managers of the relevant departments for support, and seek their agreement to ensure that their representatives will have sufficient time to devote to the project. (In our experience on major projects, the equivalent of one and a half FTE—spread over three or four relevant departments—provides adequate company staff support for a project. This is an average and may have to be increased or decreased, depending on the scope of a project or its demands at key junctures.)

- Involve employees either as formal members of the task force or as designated "advisers." It may be less important for key staff with limited time to attend every meeting than for other team members to have enough access to them to ensure their input at key points in the project.

- In departments that are less involved in the project, seek informal participation by developing relationships with individuals outside the formal project team.

- Engage a company's supplier(s) at appropriate points in the project when their input is relevant and useful.

Build the support of senior management

While enlisting senior managers is often a priority for us, at least one of our successful projects did not rely heavily on them because the team members were empowered and qualified to sell the project internally and deliver commitments on behalf of the company. In many cases, however, the support of upper-level management is critical in order to increase the project's internal visibility, keep the project on the company's agenda, and motivate staff participation. If necessary, you can turn to senior management for decision making during the course of the project, including decisions to invest more resources where needed. If the work is not on track, access to senior management allows the problem to be addressed at the highest level of the company. If the work is going well, senior management is aware of the success and can provide positive reinforcement. Finally, because upper-level managers will ultimately approve any changes in company operations, their early involvement paves the way for later implementation of the project team's recommended initiatives or actions.

HOW to build the support of senior management

While the personal beliefs of senior management will greatly impact how the Alliance builds support at this level, some possible steps include:

- Insist that a senior manager sign the formal agreement.

- Develop a relationship—by telephone and/or in person—between your organization's senior manager (e.g., Executive Director) and that of the company.

- Listen well: team members can provide key information about the commitments and interests of upper-level managers and tips on the way to gain their support. Be on the lookout for particular expressions of interest by representatives of senior management to identify a person who may be willing to be an internal "champion" of the project.

- Arrange for an initial meeting with representatives of the company's senior management, and schedule joint periodic briefings for them as the project proceeds.

- Identify and take advantage of any contacts between your board of trustees and that of the company.

Harness the power of project champions

A project champion in the company—someone who grasps the benefits of and is enthusiastic about the project—can be one of the most critical elements of any project team. We have found that even less senior members of company staff can prove to be effective champions, successful in keeping the project a priority on the firm's agenda and the necessary resources committed. Another key attribute of the individuals on your partner's project team is empowerment within their company. Senior managers usually have this influence, but mid-level employees who have the ear of senior management and are empowered to make decisions and deliver results are powerful assets to the project.

The Power of Informal Interaction

Projects thrive when two people take the time to talk, interact informally, and learn more about each other's organizations. The best opportunity to exchange important information with your partner may be "out of the office"—sharing a meal, a beer, or an airplane flight.

Learning to think of the company staff members as your internal advocates can be key to communicating the benefits to the company of a new approach to environmental change. They are the ones to best provide information about competing opportunities for the company or about

the fit of your work with overall corporate strategy. Jointly advocating a new way of doing business requires that staff from both the company and the advocacy organization learn to trust one another, work as allies

Two Approaches, Both Successful

- Develop a powerful, convincing idea or tool (e.g., targeted market research). Present it to senior managers and get a full commitment.
- Conversely, do not approach senior managers initially. Gain the support of an empowered champion, perhaps with a preliminary initiative, and then go to management with a bigger idea.

HOW to identify project champions

or true partners, and listen well.

In the best case, a project champion will identify themselves. Other steps include:

- Ask your contacts to identify those in the company who have championed similar initiatives.

- Observe how managers and other company staff treat the members of the company's project team: Are certain individuals listened to more than others?

- How much responsibility within the company—beyond this project—has been assigned to various team members? Has one of them recently been promoted or otherwise recognized for effective work (a "rising star")?

- Who on the company's team or among other company staff you have met do you find particularly effective and enthusiastic?

The Project Work

Develop a clear work plan

While we have found that work plans continually change in the course of projects, developing an initial work plan serves several functions. It enables each party to communicate its expectations about project tasks and anticipated results. The team can better determine personnel and financial needs, establish a timeline, understand the sequence and relative priority of the various tasks required to carry out the project, and assign the appropriate resources for their completion.

HOW to develop an effective work plan

Many techniques exist for successful development and use of a work plan. The basic steps generally include:

- Identify overall objectives and, possibly, short-term goals.
- Summarize resource needs, availability, and allocations.
- During the discussion about resources, work to ensure that the project is an equal priority for both the company and the advocacy organization so that the team can maintain momentum. (We have found that a more intensive six-month project may achieve more than a year-long project if the same level of total resources is devoted to it.)
- Determine the steps needed to complete the project, including an appropriate sequence and a sense of priorities: Which tasks are essential, and which are not?
- Draw up a project timeline, including expectations for how the team will work together. (We often meet as a full task force every six or eight weeks, with work conducted by smaller subgroups between meetings.)
- At an early stage, decide what information the team will need in order to develop effective recommendations, how they will gather the information, and how long the data gathering is expected to take.
- Discuss how the project outcomes will be implemented, possibly outlining procedures in the work plan in general terms, even if your organization may not be involved—or may be involved in only a limited way—at the implementation stage.

Maintain momentum

Equitably distribute the tasks

Ensure that work is shared equally and that tasks are assigned to keep all members of the project team engaged.

Address staffing problems early

This is a sensitive area for both the company and the advocacy organization and requires direct communication with managers who can make changes in staffing assignments. It is also helpful to develop relationships with people in different departments in the company who can provide more resources and information about the dynamics of their departments.

Identify areas where work can be done even before a formal agreement is signed, and begin work in those areas

Even after both the company and the advocacy organization have committed to a joint project, the process of negotiating a formal agreement often takes considerable time. This time can be used to conduct background research and gather basic information needed for the project.

Take the initiative in setting the pace of the project

Call and/or visit the partner frequently in the early phases of a project. A proactive approach to the project demonstrates your seriousness about it, the importance of keeping it moving forward, and your commitment to its objectives. In addition, determine the best means of reaching and eliciting a prompt response from project members—e-mail, fax, phone, in person—and utilize these means effectively.

Identify and work toward early, visible results

Achieving and highlighting even a minor accomplishment early on can generate enthusiasm and momentum for a project, as well as providing an indicator of its potential for ultimate success.

Consider carrying out the project in phases

A project can be conducted in phases, or smaller, targeted projects can be undertaken at first. A phased approach provides the opportunity to develop trust before either party invests extensive resources in a project. It can also build momentum toward more difficult or involved project elements, while yielding some tangible results more quickly.

Moderate the intensity of your project work appropriately

Consider taking a break from the project at junctures when the company is focused on internal procedures, approvals, or implementation. By freeing up such "down time," you will be better able to manage more than one project at a time or attend to aspects of your work unrelated to the project.

Focus a Project Through "Triage"

When two nontraditional partners come together for the first time, a project may generate an enormous amount of information, ideas, and even good opportunities. We have found that after an initial period (generally about two or three months after signing the agreement), it is important to conduct "triage" on the project in order to focus on the most promising and critical areas. Nobody has unlimited time or resources.

- What information and research are most important?
- What areas offer the most potential for significant benefits to the environment?
- Where is the business case strongest?
- What is not working (even if part of the original work plan)?

Make the business case

In most cases, environmental initiatives will only sustain themselves and grow within a company when they deliver specific, measurable business benefits, particularly with regard to a company's core business functions. In our experience, therefore, business analysis must be done concurrently with the environmental analysis, with company staff providing the necessary information about the company's business operations. As a result of this process, ideas that are unrealistic or impractical may have to be tabled, while other ideas may emerge as winners for the customer, shareholder, and the environment.

An environmental project can add value to business performance in one of three ways:

- By reducing risk, both short and long term;
- By decreasing costs; and
- By increasing revenue.

Table 1 summarizes a number of factors to consider when evaluating the business impacts. The methods we use include a mix of quantitative and qualitative measures. For example, in documenting revenue increases resulting from a project, it can be difficult to separate the project-specific results from other initiatives that may be happening simultaneously. While consumer research can help demonstrate top-line benefits from new products or packaging by gauging the impact environmental improvements have on customers' purchasing decisions, these are estimates and do not specify the actual revenue increases. Whether quantitative or qualitative, understanding and clearly communicating the potential or actual benefits of a project – both environmental and business – is critical to sustaining both project momentum and environmental progress once the project is complete.

Finally, irrespective of which factors you choose to measure, it is essential to establish a baseline. Only by understanding costs and revenues affected by the project before the project commenced can true impacts be assessed. If you do not have the relevant business expertise on staff, consider including outside sources of business and/or accounting expertise.

Does a project recommendation require an initial investment?

If the project identifies an initiative that costs money up front, such as a capital investment, the team will have to demonstrate that the payoff is positive. To do so, over the life of the project's benefits, the team must measure future cash flows (economic benefits) from cost savings and any incremental operating costs from implementing the project's results. Generally speaking, the most effective way in which to analyze this type of project result is through a technique known as Discounted Cash Flow analysis. This methodology allows for consistent comparison of costs and benefits over time.

Table 1: Measuring the Business Benefits

WHAT TO MEASURE	TYPE OF MEASUREMENT	FACTORS TO CONSIDER
I. Risk Reduction		
Future liabilities	qualitative and quantitative	Reduced accident-related liability exposure due to fewer hazardous materials Reduced product liability exposure due to fewer chemicals/lower toxicity chemicals Reduced worker safety exposure due to less hazardous materials Reduced regulatory burden Reduced off-site liability due to less waste Reduced risk of legal and regulatory costs
II. Costs		
How does the project/action affect ...		
Material or Chemical Costs	quantitative	Reduced material costs Reduced inventory carrying costs Reduced waste disposal
Energy Costs	quantitative	Reduced energy costs
Labor Costs	qualitative Unless the project team decides to invest the resources to measure quantitatively	Reduced handling costs due to fewer components and/or less hazardous materials Increased productivity due to better working conditions Switches in labor mix due to freed time from materials and/or waste handling Increased productivity due to safer and or more pleasant work environment Decreased turnover due to higher employee commitment and morale Less overtime due to re-work and/or more efficient processes
Shipping and/or Transportation Costs	quantitative	Reduced fuel costs Increased cost effectiveness due to lighter, smaller and more efficiently packaged products Fewer vehicles or loads More efficient routing
Research & Development (R&D) costs	qualitative and quantitative	Reduced cycle time for new products; faster time to market Reduced development cost due to less re-work around regulatory parameters Shorter permitting cycles
Overhead costs	qualitative and quantitative	Fewer regulatory staff needed Fewer fines and penalties Less management time to manage exclusively environmental matters
III. Revenue		
How does the project/action affect ...		
Sales	quantitative	Increased market share due to effective environmental differentiation in the marketplace Increased market share due to attraction of "green" consumers Increased customer retention due to greater product loyalty from innovation and environmental performance
New markets and Products	quantitative	New product entries into existing markets Existing product entries into new markets New product entries into new markets
Company reputation	qualitative	Increased numbers of awards Improved performance in broad-based surveys Improved acceptance rate of new hires Increased employee retention

Table 1: Measuring the Business Benefits (continued)

WHAT TO MEASURE	TYPE OF MEASUREMENT	FACTORS TO CONSIDER
Product or brand image (known as "brand equity")	qualitative	Increased product recognition due to environmental imagery in brand Increased "noise" around products due to environmental attributes Increased free publicity for product due to environmental attributes Improved image for the product and its brand name
IV. Cost of Capital	qualitative	Increased attractiveness of company securities to "socially responsible" investors Increased returns due to lower risk, lower cost, and higher revenues Higher stock valuations due to improved future prospects

Additional Resources

Our website (http://www.edfpewalliance.org) provides additional tools and information that complement the strategies outlined in this report. As mentioned earlier, a model agreement is available on the site. Our public reports, also posted, describe project results and discuss the procedures of each task force, thereby providing additional insights into some of our project experiences. The site will be updated, and new material will be posted periodically. We encourage all those interested in our work to utilize the "Ask the Alliance" feature of the site by e-mailing us at alliance@edf.org.

The following additional materials are available on the Alliance's website:

- General information about the Alliance
- A model agreement
- Project descriptions
- Press releases
- Public reports

The Alliance for Environmental Innovation

A Project of

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