

## PR.3

# Build the right external partnerships

*Requires dialogue*

This activity enables you to identify external stakeholders and think about how they could contribute to your eco-innovation services and activities.



### INPUTS

- Plan for how to fill any gaps you have in your internal team in terms of the competencies, skills and knowledge required to deliver your eco-innovation services, from the activity *PR.2 Build the right internal team*.

### OUTPUTS

- New external partnership initiated where appropriate.
- List of key stakeholders.

These outputs are used in the activities: *PR.6 Develop a value chain vision* and *ST.7 Do a SWOT analysis*.

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Building partnerships with other organisations is an essential part of eco-innovation, either as a means to gain competencies, skills or knowledge that are missing in your internal team or to enhance the credibility and effectiveness your eco-innovation services. Making initial contact with relevant organizations at this stage will help to build a stronger pitch to a company or provide useful contacts within your target market.

The *Competencies Checklist template* helps you to identify stakeholders specific to your target market and think about how they could contribute to your eco-innovation services and activities within that market.

You should also think about more general partnerships that could help you to build a more complete service offering or provide access to a wider range of companies. The types of organizations that might provide this type of general support and partnership in your eco-innovation activities include:

- **Innovation hubs/National Cleaner Production Centres** – If you are based within an NCPC then your organization may benefit from partnering with an innovation hub, which will have experience of supporting companies through strategy and business model innovation. Conversely, if you are based within an innovation hub, then your organization may benefit from partnering with an NCPC who have significant technical expertise and an extensive knowledge of sustainability issues.
- **Local development agency** – A development agency in your region may be able to identify and help you apply for regional, national or international sources of funding to get your eco-innovation services started.
- **Trade promotion organizations** – Many national governments have a trade promotion agency. These can be a useful source of export and trade data to help you identify the major export sectors of your country and the companies involved in those sectors.
- **Ministry for commerce or industry** – These organizations can often provide support for small and medium enterprises providing help such as business mentoring and access to finance.
- **Possible financiers** – Local banks, investment angels and other sources of finance should be approached if there is a strong likelihood that funding will be required at some point. These organizations may need to be educated on what eco-innovation is and what the long term benefits for the company will be. An important point to keep in mind when preparing a pitch for funding is to focus on the key issues and metrics from the investors perspective e.g. return on investment, payback period, risk management and suchlike.
- **Research institutes** – Having access to research and development facilities and relevant technical know-how can be crucial to the success of projects involving some amount of technology development. Small and medium sized companies will almost certainly not have their own facilities and so they will need to gain access to these facilities elsewhere. Universities and research centres are often willing to provide free or low cost access to their facilities and staff in return for permission to use the research data or case study information in research, teaching or marketing.

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### HOW TO GO ABOUT IT

1. Use the *Life Cycle Stakeholders template* to identify the key stakeholders for your company and categorize them into the following categories:
  - **Supply chain** - Stakeholders that provide goods and services to the company
  - **Customers** - Stakeholders to whom we sell our goods and services.
  - **Professional interest** - Stakeholders whose professional activities may bring them into contact with us or have an impact on us.
  - **Personal interest** - Stakeholders who do not have a professional interest in our activities but may take a personal interest because our company has an impact on them in some way.
2. Generate ideas for how each of the stakeholders identified could potentially contribute to eco-innovation activities at the company – capture these ideas on sticky notes and place them on the *Life Cycle Stakeholders template* next to the relevant stakeholder.

Template of Life Cycle Stakeholders

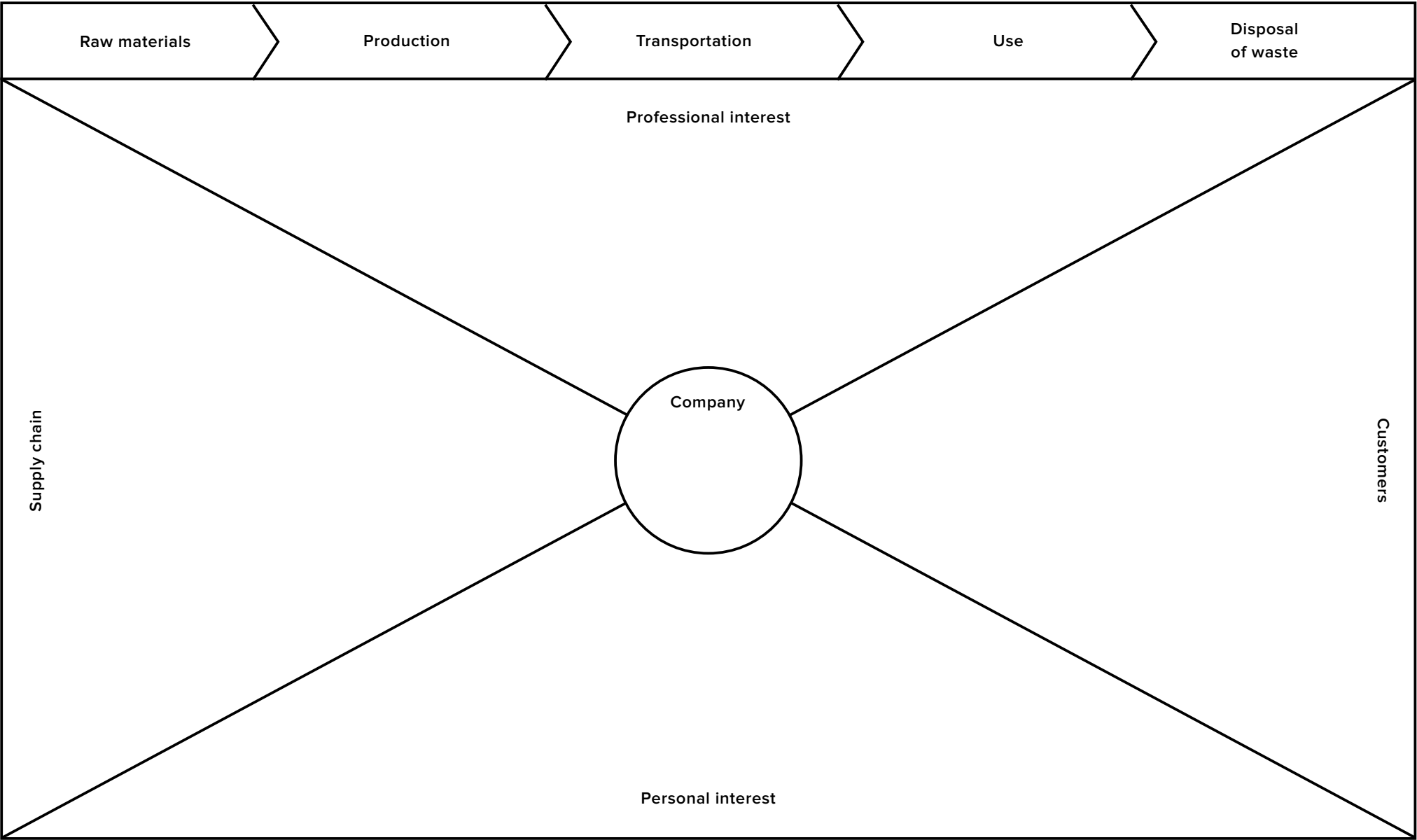


# Life cycle stakeholders

Project \_\_\_\_\_

Date \_\_\_\_\_

Version \_\_\_\_\_

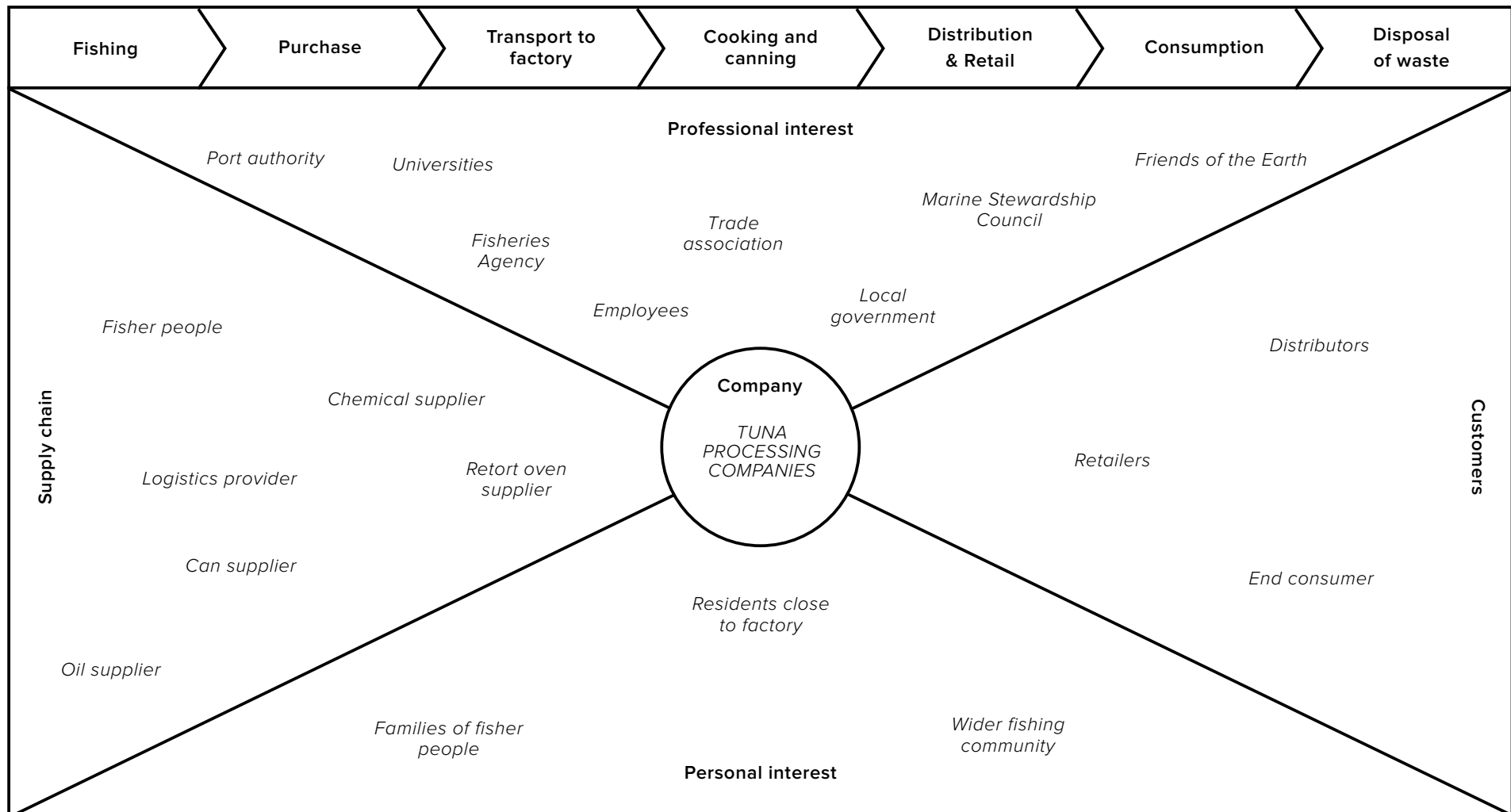


Used during activities

**PR.3**

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### LEARNING CASE STUDY OF LIFE CYCLE STAKEHOLDERS



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### BACKGROUND INFORMATION

#### References and resources

Trade promotion organizations:

- Asian Trade Promotion Forum. Gathering of 24 trade promotion organizations from across Asia. Available from: <http://www.atpf.org/index.html>

Stakeholder engagement and partnership initiation:

- Account Ability, United Nations Environment Programme, Stakeholder Research Associates Canada Inc. (2005). The stakeholder engagement manual. Volume 2: The practitioner's handbook on stakeholder engagement. Available from: <http://www.unep.fr/shared/publications/pdf/WEBx0115xPA-SEhandbookEN.pdf>
- Stanley, C. (2013). Topic guide: engaging suppliers in sustainability [Online]. Available from: <http://www.wrap.org.uk/sites/files/wrap/Engaging%20suppliers%20in%20sustainability%20Topic%20Guide%20-%20final%20v1.pdf>

→ Further information in the Agri-food, Chemicals and Metals Supplements



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### TIPS & TRICKS

#### CONSIDER FINDING ADDITIONAL FINANCES FOR YOUR ECO- INNOVATION ACTIVITIES

There are several funding schemes that could be utilised for conducting eco-innovation activities at SMEs in developing countries. Some common financial partners in the agri-food value chain might include:

- Government organisations and ministries (for example in fields of commerce, energy, agriculture, development, industry)
- International organisation (UN Environment, UNIDO, USAID, FAO)
- NGOs
- Financial institutions
- Private foundations

Some specific financing schemes available for SMEs in developing countries are presented in table 2.

Table 2. List of examples of funding schemes available for eco-innovative SMEs (UNIDO, 2009)

Funding schemes utilized by NCPCs	Other funding schemes from financial institutions	Information networks and tools
<ul style="list-style-type: none"> <li>• Bolivia: Biomass and Cleaner Production Fund</li> <li>• Brazilian Micro and Small Business Support Service</li> <li>• SEBRAE and ABN AMRO funding</li> <li>• Colombia: Linea de Credito Ambiental LCA; Green Credit Line of SECO</li> <li>• El Salvador – Industrial/Environmental line by BMI and KfW</li> <li>• Morocco – KfW Green Fund FODEP</li> <li>• Peru – Green credit Trust of SECO</li> <li>• Russian Federation: NEFCO's financial mechanism for North Western Russia</li> <li>• Sri Lanka: SMED; SMILE; E-FRIENDS and PEP</li> <li>• Uruguay: Credit line to support cleaner production</li> </ul>	<ul style="list-style-type: none"> <li>• Asian Development Bank (ADB)</li> <li>• African Development Bank (AfDB)</li> <li>• Austrian Development Corporation (ADC)</li> <li>• Autrian Kommunalkredit (AG)</li> <li>• Corporacion Andina de Fomento (CAF)</li> <li>• Developing World Markets</li> <li>• European Fund for South-East Europe (EFSE)</li> <li>• FORTIS investments</li> <li>• German KfW and DEG</li> <li>• German Microfinance Institute (DMI)</li> <li>• GTZ – Mercosur</li> <li>• International Finance Corporation (IFC)</li> <li>• Multilateral Investment fund (MIF) of the Inter-American Development Bank (IDB)</li> <li>• Netherlands Green Funds Scheme</li> <li>• Nordic Environment Finance Corporation (NEFCO)</li> <li>• USAID</li> </ul>	<ul style="list-style-type: none"> <li>• UN Environment Financial Institutions Initiative on the Environment</li> <li>• UNIDO Investment Promotion Agencies (IPAs), Investment in Technology Promotion Offices (ITPOs) and Investment Promotion Units (IPUs)</li> <li>• Africa Investment Promotion Agency (AfrIPANet)</li> <li>• Asia-Africa Investment and Technology Promotion Centre (AAITPC)</li> <li>• Sustainable Alternatives Network (SANet)</li> <li>• UN Environment Sustainable Energy Finance Initiative (SEFI)</li> <li>• UNIDO COMFAR Tool for Investment Appraisal</li> </ul>

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### **BUILD PARTNERSHIPS BETWEEN SMES WITH SIMILAR NEEDS**

Clustering SMEs with similar needs can lead to a synergy between companies benefiting all parties involved. Your role as a service provider can be to facilitate meetings and discussions about opportunities for cooperation between SMEs. This can be done for instance by building networks and organizing events (social media can be used as a powerful tool to help with this). Companies working together can share costs for procurement, distribution, R&D, marketing and work towards a larger goal that would be unachievable for any individual company. This is particularly important for start-ups and small companies in the food and drink processing industry who lack funds and knowledge in order to grow.

### **IDENTIFYING MOST IMPORTANT VALUE CHAIN ACTORS**

The *Life Cycle Stakeholder* template will help you identify value chain stakeholders in your target market. Try to identify the key companies and organisation from each part of the value chain. Focus on understanding how the value chain stakeholders are communicating and which companies have the most bargaining power. A company with high bargaining power can have more influence on other value chain stakeholders and more business opportunities, which can be useful in future eco-innovation activities. Prominent value chain stakeholders might have already started to incorporate sustainability into their operations, which might make them more willing to engage in eco-innovation.

## **LEARNING CASE STUDY OF LIFE CYCLE STAKEHOLDERS**

### **Life Cycle Stakeholders**

Contacting and engaging the potential partners to contribute to eco-innovation activities at the company can help your position and arguments when pitching to the CEO later in the PREPARE phase. A general value chain for the processed fruit and vegetable market was used. From this, four key stakeholders were identified, namely: farmers, research and development partners, financial institutions and local government.

#### **Farmers**

Procurement of sustainably grown fruits and vegetables is a requirement for entering new markets for sustainable food products. In this regard, farmers will be key partners in providing the necessary raw materials.

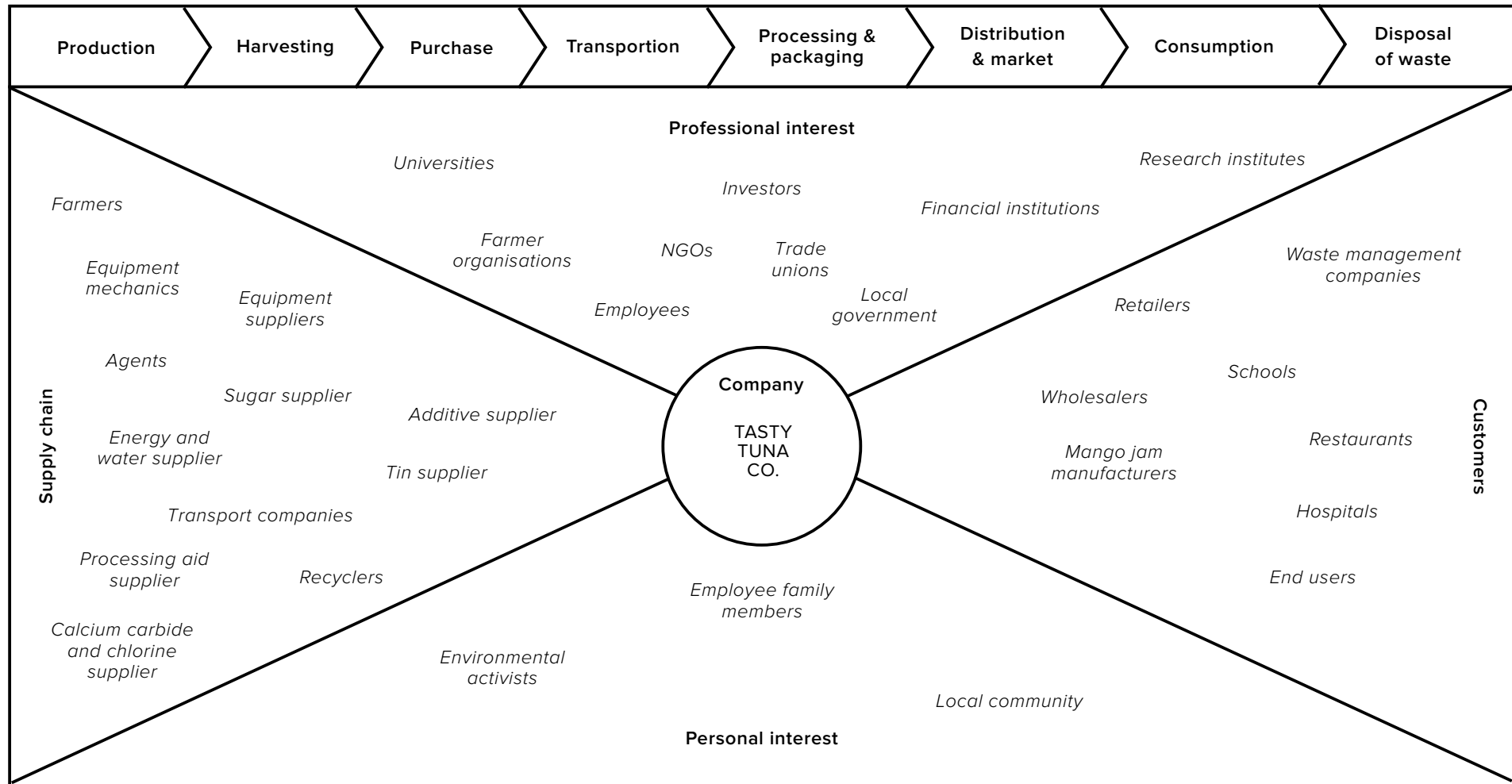
**Research and development partners** such as technical research institutes/universities

Many companies lack the skills and resources required for conducting research and development based innovation projects on their own. External help will be needed to face some challenges and to seize opportunities when they arise. The research partners can assist in various eco-innovation projects such as:

- Conduct a Life Cycle Assessment to quantify the environmental and social impacts in the product value chain
- Assess and improve food safety management
- Support the development of farming and processing inputs - such as seeding material, fertilizers and processing aids - in order to increase the production and processing yields
- Support the development of new fruit and vegetable products



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- Support the development of new packaging materials
- Conduct market research
- Find alternative solutions for the processing of fruits and vegetables

### Financial institutions

Faced with cash flow limitations, fruits and vegetables processors might need financial help to conduct certain of their eco-innovation activities, such as developing new products or entering new markets. Financial institutions could support the eco-innovation activities by providing the funding needed.

### Local government

A policy framework that is beneficial to SMEs that are willing to decrease their environmental and social impact while increasing their exports could further support eco-innovation activities. For instance, the local government might create a task force working focused in implementing the National Development Plan by supporting the growth of local SMEs. The help might be in the form of direct funding or by providing expert support to help companies place their products on the export market.

## BACKGROUND INFORMATION

### Common partnerships in the agri-food value chain

The agri-food value chain is shifting from being predominantly supply-driven to demand-driven. A demand-driven market requires more planning and collaboration along the value chain with partners such as suppliers of raw materials and utilities, transportation companies and distributors. It is important to be flexible and responsive to the fast changing consumer preferences but also to continuously anticipate future trends.

The change to a more demand-driven market has moved the bargaining power downstream in the supply chain, towards retailers in particular. By collaborating with the retailers, the manufacturers can get more insight into the store's inventory, future plans and forecast. This can help the manufacturers to identify and respond to customer demand but also help the retailers to keep minimum levels of inventory. Such collaboration will benefit both parties and can reduce unnecessary transportation, storage and waste of unsold or expired products (Berndt, 2006).

Below are some examples of partnerships in the agri-food value chain, the partnerships are covered in more detail in the activity BM.13 Generate ideas for the key partnerships block of the agri-food sector supplement:

- Partnerships along the food supply chain between: farmers and food industry; food industry and retailers; or food industry and equipment suppliers, are likely to have a significant potential for eco-innovation.
- Partnerships with researchers or other relevant knowledge suppliers may help to generate new ideas or knowledge that is relevant for eco-innovation.

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- Open innovation platforms (e.g. allfoodexperts - <http://www.allfoodexperts.com/>, OpenUp - <http://www.letsopenup.se>) can bring external expertise to help SMEs with eco-innovation activities.
- Financial institutions – there are numerous funding schemes available for SMEs for innovations and increased sustainability performance. Examples of funding schemes are shown in table 2.

The involvement of international organizations and NGOs in the agri-food value chain is significant. These organizations have started a variety of initiatives, such as: SAVE-FOOD, Global Food Safety Initiative, OECD Food Chain Analysis Network, and the African Alliance for Improved Food-processing.

### References

UNIDO (2009). Funding Options for Small and Medium Size Enterprises to Finance Cleaner Production Projects and Environmentally Sound Technology Investments. Available from: [http://www.ioew.at/ioew/download/09-80065\\_Ebook-UNIDOFundingoptions.pdf](http://www.ioew.at/ioew/download/09-80065_Ebook-UNIDOFundingoptions.pdf)

Berndt, B. (2006). Timely Performance Measurement and Analytics in a Demand-Driven World. Available from: <http://www.foodqualityandsafety.com/article/timely-performance-measurement-and-analytics-in-a-demand-driven-world/?tzcheck=1>

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### TIPS & TRICKS

#### IDENTIFY IMPORTANT VALUE CHAIN STAKEHOLDERS FOR NEW PRODUCT DEVELOPMENT

Consider the critical tasks to be done in the product's value chain and initiate contact with relevant stakeholders. For example, formulators developing a new environmentally friendly anti-corrosive paint may collaborate with suppliers of different pigments, manufacturers of specialty resins, corrosion experts, product quality, service providers and end market customers in order to understand the customer priorities and to perform field trials on new products.

Consider engaging different types of value chain stakeholders, such as:

- Customers: direct customers, end market customers, distributors
- Upstream and downstream manufacturers of chemical products
- End-of-life service providers such as recyclers, hazardous waste management companies, etc.
- Value chain actors from other industries
- Service and equipment providers
- Academia and public authorities

→ See more details and additional tips for each type of value chain actor and approaching companies to market your services in the section '*Background Information*'

#### CUSTOMER COLLABORATION CAN LEAD TO WIN-WIN BUSINESS DEVELOPMENT

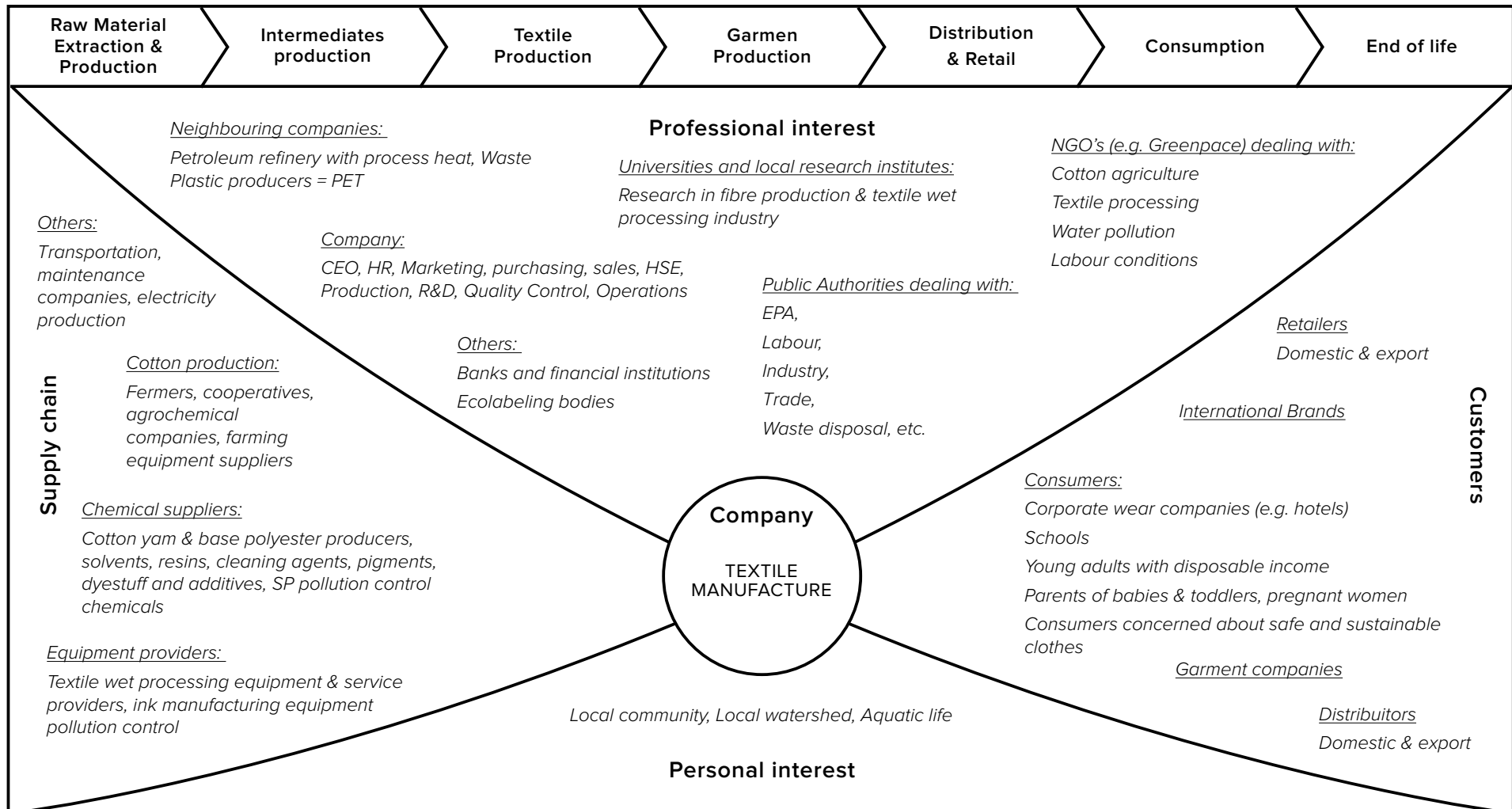
According to the consultancy report by A.T. Kearney (2012), chemical manufacturer-customer collaboration is driven mostly by customer requests or jointly developed solutions to address emerging trends (e.g. new energy storage solutions, lightweight materials for mobility solutions, green buildings, etc.). Furthermore, both chemical manufacturers and their customers benefit through increased collaboration, most seeing an increase in sales of 2-4% and a reduction in costs by at least 2-4%.

Approach end market leaders to identify the emerging trends they are facing and collaborate on win-win solutions addressing critical challenges.

You can also consider synergies between upstream and downstream companies – even with the same chemical subsectors – that may offer beneficial partnership opportunities such as sharing market information and customer service resources for similar products, as well as integrating production plans. Such partnerships may lead to proactive solutions for customers benefitting all parties.

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The following list describes how some stakeholders could potentially contribute to eco-innovation activities in the value chain:

- Chemical suppliers provide alternatives for scouring agents containing NPEOs (Nonylphenol ethoxylates) and eliminate its discharge into the aquatic environment
- Cotton producers source fair trade, organic cotton thereby minimizing environmental degradation and promoting better wages
- Eco-labelling bodies provide guidance on how to meet ecolabel criteria and market to new, higher revenue generating customer segments
- Waste plastic recyclers provide a secondary feedstock, which can be used for synthetic-based textiles
- International Brands partnerships for eliminating and replacing chemicals on a textile industry's Restricted Substances Lists

### BACKGROUND INFORMATION

#### **Collaboration intensity in commodity and specialty chemical markets**

Collaboration along the value chain is a common practice in the chemical industry to increase competitiveness, particularly between chemical manufacturers and their customers with higher levels of collaboration typically taking place in the specialty chemicals markets and lower levels of collaboration in the commodity chemicals markets.

#### **Types of partnerships in the chemical industry**

##### Customers:

- Retailers of consumer chemicals, especially specialty stores (e.g. paints, health stores, etc.)
- Professional users of the final product (e.g. a high-performance resin manufacturer collaborates with paint contractors)
- Industrial users of chemicals (e.g. pollution control catalysts/chemicals for manufacturing and power generation plants, wastewater treatment plants)
- End market customers (e.g. Original Equipment Manufacturer (OEM) automotive – hybrid lightweight materials, construction – corrosion protection, etc.)

##### Upstream and downstream actors in the chemical industry:

- Manufacturers and distributors of petrochemicals and oleo chemicals which could be of relevance for feedstock recycling (e.g. polymers)
- Manufacturers and distributors of basic chemicals, polymers, specialty chemicals and fine chemicals

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### Value chain actors from other industries:

- Equipment suppliers in associated value chains. For example, the metal processing and fabrication industries present many opportunities to collaborate with equipment providers to provide complete product-service offerings in the following: a) metal parts cleaning with solvent, b) metal polishing and finishing processes, and c) electroplating.

- Waste management service providers
- Supply chain management experts

### Industry Associations and networks:

- Chemical industry associations and the Responsible Care network
- End market industry associations important to the chemical industry (e.g. building and construction, energy, automotive, health and medicine, packaging, etc.)
- Green Network for example the US E3's Green Suppliers Network is a group of suppliers improving their environmental performance
- Innovation hubs
- Coalitions such as the Sustainable Apparel Coalition or the Zero Discharge for Hazardous Chemicals initiative

### Miscellaneous value chain actors:

- Inspection, verification, testing and certification companies could be potential partners when testing or auditing is required to obtain an ecolabel or a sustainability certification. For example, services could range from ISO certification to ecolabels for textiles, consumer electronics, and personal care products as well as for construction (e.g. LEED).

- Information and Communications Technology (ICT) service providers can help share information between value chain actors on important operational factor as sharing customer service resources, integrative production plans among intermediate chemical manufacturers, etc.

### Actors outside of the value chain:

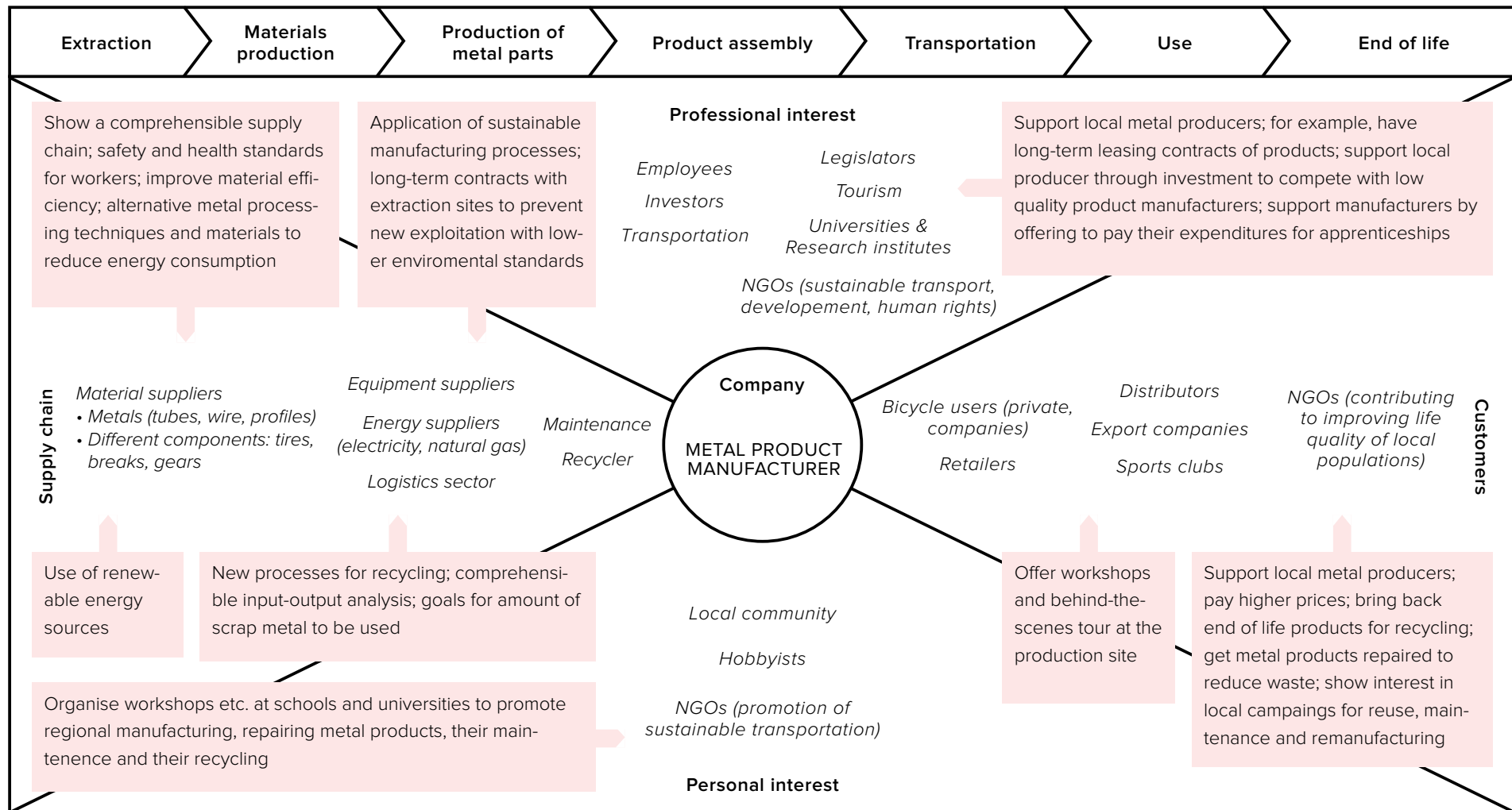
- NGO's
- Universities and research institutes chemistry, chemical engineering, biotechnology, ecotoxicology, green business, etc.
- Environmental protection agency (local, national, regional)

### **References**

A.T. Kearney (2012). Collaboration: A New Mantra for Chemical Industry Growth. A.T. Kearney, Inc.

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### BACKGROUND INFORMATION

#### Examples of collaboration along the supply chain

An example of collaboration along the supply chain can be found in the US auto sector, where the Automotive Industry Action Group (AIAG)<sup>1</sup> encourages its members to report in accordance with the GRI Sustainability Reporting Framework and provides GRI trainings to its members. For increased sustainability in the supply chain “AIAG drives a common process among its member companies to incorporate environmental sustainability throughout the supply chain – whether through the development of common tools for reporting and data collection, or taking a more comprehensive approach to addressing sustainability at an organizational level”.

The UltraLight Steel Auto Body (ULSAB)<sup>2</sup> sheet steel production industry initiative is another inter-industry example. It illustrates how companies in this sector joined and worked together to develop and promote stronger and lighter auto bodies providing answers to the challenges of the automotive industry around the world, regarding weight reduction of steel auto body structures while maintaining the performance and affordability and improving sustainability performance across the value chain.

The E-TASC Tool of the Global e-Sustainability Initiative<sup>3</sup> (Electronics – Tool for Accountable Supply Chains), launched in 2007 by the Global e-Sustainability Initiative (GeSI) and the Electronics Industry Citizenship Coalition (EICC) is a web-based tool for companies to “manage their own factories, communicate with their customers, and assess their suppliers on corporate responsibility risks”. In the tool, companies fill in a questionnaire, which are then shared with multiple participating customers. It includes a risk assessment and examples of best practices to help companies improve performance.

The Steel and Metal Industry in Berlin-Brandenburg (Germany)<sup>4</sup> is a network comprising over 60 companies and institutions of the steel and metals industry, from actual metal production to final processing. Several universities and research organisations are affiliated to the cluster and provide information and support due to the highly qualified workers and trainers. Breaking down market access barriers, establishing supply and value chains, and developing successful strategies for the maintenance of qualified employees are topics in the focus of the networks’ activities.

Additional examples of metals sector specific partnerships:

- Green Supply Programme  
A public-private partnership from Mexico implemented in the automotive supply chain throughout the country to reduce environmental impacts from the automotive manufacturing industry while enhancing competitiveness – For more info see the UN Environment Business case for Eco-innovation.
- COBALT  
The COBALT project offers a platform for a debate on sustainable raw materials used between different stakeholders in order to facilitate the sustainable management of raw materials Available at: [www.cobalt-fp7.eu/](http://www.cobalt-fp7.eu/)
- Corporate Open Innovation Platform  
The platform helps clean-tech start-ups, universities and research labs to become more sustainable.

<sup>1</sup> AIAG website: [www.aiag.org/scriptcontent/index.cfm](http://www.aiag.org/scriptcontent/index.cfm)

<sup>2</sup> ULSAB website: [www.autosteel.org/Programs/ULSAB.aspx](http://www.autosteel.org/Programs/ULSAB.aspx)

<sup>3</sup> E-TASC: <http://gesi.ecovadis.fr/>

<sup>4</sup> Steel and Metal Industry Brandenburg: [www.metall-brandenburg.de/en/The-Cluster/Networks](http://www.metall-brandenburg.de/en/The-Cluster/Networks)

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Steel Market Development Institute. The UltraLight Steel Auto Body (ULSAB). Available from: [www.autosteel.org/Programs/ULSAB.aspx](http://www.autosteel.org/Programs/ULSAB.aspx)

American Chemistry Council, Inc. Global Automotive Declarable Substance List (GADSL). Available from: [www.gadsl.org/](http://www.gadsl.org/)

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Corporate Open Innovation Platform that can be helpful for clean-tech startups, universities and research labs. Available from: <http://cleantechnica.com/2014/06/11/corporate-open-innovation-platforms-can-helpful-cleantech-startups-universities-research-labs/>

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