

## BM.13

# Generate ideas for the key partnership block

*Requires dialogue*

This activity aims to generate ideas for how to address hotspots or strategic changes related to the key activities block.



### INPUTS

- Hotspots or strategic changes related to the key resources block from the activities ST.7 Do a SWOT analysis, BM.2 Gather additional data on the business model, and BM.3 Gather additional data on operational performance.

### OUTPUTS

- Specific ideas for how to change the key resources block to address the hotspots or strategic changes, used in the activities BM.4 Generate business model concepts at the big picture level - if taking a 'Bottom-up' approach, BM.15 Evaluate the benefits, and BM.16 Evaluate the costs and BM.17 Evaluate the risks.

# BM.13 Generate ideas for the key partnerships block

In the activity 'PR.3 Build the right external partnerships', the need for you as a Service Provider to develop general partnerships in order to be able to provide a comprehensive eco-innovation service to the company was discussed. At this stage, the focus is on the specific types of partnership that the company can develop to support their eco-innovation activities. Here the focus is on partnerships with suppliers.

Suppliers, of both physical goods and services, often have a very direct contribution to the sustainability performance of a company's products. In recent years there has been an increase in instances of sustainability requirements being passed down through a supply chain. In some cases this may be part of a sustainable procurement policy initiated by one or more of the higher level customers due to growing consumer demand, resource constraints or legislation, such as restricted substances regulations as well as perceived benefits from sustainability. To encourage eco-innovation it is not enough to simply pass on customer requirements. More wide ranging discussions between the company and their suppliers need to take place so that both sides can contribute their knowledge and insight to identify opportunities for improvement.

The willingness of suppliers to engage in eco-innovation activities will be highly dependent on the context. For instance, a small company purchasing materials from a large multi-national will likely struggle to get engagement from that supplier, because they represent a very small fraction of the supplier's revenue stream and often there will be intermediary distributors between the company and the multi-national supplier. There are a variety of other challenges that you may encounter when trying to engage value chain partners in eco-innovation activities. Guidance on how to develop partnerships and overcome these challenges is provided in the template.

## HOW TO GO ABOUT IT

### Initial engagement

1. The first challenge is to identify potentially relevant partners, decide which organisations to target first, and make initial contact with a suitable person within that organisation. Strategies to help with this include:
  - Perform a stakeholder mapping and develop an engagement strategy for the different types of partner.
  - Begin by engaging large companies that may have more influence over the supply chain.
  - Identify the partners that are already pro-actively addressing sustainability issues.
  - Work with trade associations, small business associations, free economic zones or eco-industrial parks that can help you to engage large groups of companies that are facing a common sustainability challenge. Where trade associations do not exist, encourage the formation of ad-hoc consortia or business clubs to tackle specific issues.
  - Dedicate time and effort to developing your personal network of contacts in the industry.

### Developing the collaboration

2. Next you need to convince the potential partner of the business case for proceeding with the partnership by talking to their Senior Management Team. Strategies to help with this include:
  - Take time to think about and clearly articulate the business case for collaboration from the perspective of the partner.

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- Build up a collection of successful case studies of value chain collaboration that demonstrate the business benefits.
- Try to understand the sustainability threats faced by your partners and generate ideas for solutions that create a win-win scenario.
- Organize a seminar where companies facing a common challenge can discuss ideas how to overcome those threats.
  - Start with small-scale, low investment collaborations with a new partner. Success on small projects can lead to the trust and confidence required for larger projects.
  - Make sure intellectual property is protected on all sides by signing a mutual non-disclosure agreement.
  - Offer training to buyers throughout the value chain to help them understand the importance and benefits of engaging in sustainability initiatives and making sustainability issues part of their buying criteria.

### Implementation

3. Finally, you need to support the implementation of the partnership and help overcome challenges such as: differences in priorities; lack of trust and transparency; different ways of working; and cultural differences. Strategies to help with this include:
  - Make sure that the aims and objectives of the collaboration from all sides are clearly expressed from the start. This will help to ensure alignment of priorities.
  - Take time to learn more about the organizations you collaborate with and the key personnel you are working with to help build a better understanding of their viewpoint, culture, ways of working etc.

- Make sure that key technical details of a proposed solution are clearly captured using a 'requirements specification'. Guidance on how to write an effective requirements specification is provided in the activity *BR.3 Define and prioritise the requirements of the first project*.

Sources of further information on supplier engagement and managing raw materials supply risks are provided in the Background Information section of this activity.

### Template of Partnerships Ideas

Key partnerships		Value proposition
Partner company	Challenges to partnership	
Main benefits of the partnership <hr/> <hr/> <hr/>	Strategies to overcome them <hr/> <hr/> <hr/>	

# Partnerships ideas

Project \_\_\_\_\_

Date \_\_\_\_\_

Version \_\_\_\_\_

## Key partnerships

What key partners could help the company address hotspots or strategic changes and make the new business model more successful?

### Partner

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### Main benefits of the partnership

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### Challenges to partnership

Get inspired by the ones provided in Tips & Tricks

### Strategies to overcome them

Get inspired by the ones provided in Tips & Tricks

Value proposition

Used during activities

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## LEARNING CASE STUDY OF KEY PARTNERSHIPS IDEAS

### Key partnerships for sustainability hotspots

*Pressure to ensure that the local tuna stocks are not overfished, and that what fishing that does take place has minimum impact on the marine eco-*

*system by limiting by-catch and physical damage to the environment.*

#### Partners

*Fishing community*

#### Main benefits of the partnership

*Higher sales revenues for their tuna and the company will support this by targeting large international retailers with strong sustainable procurement policies if they transition to more sustainable fishing methods.*

#### Challenges to partnership

- *Lack of knowledge and trust on alternative types of fishing method and quota that would be considered sustainable*

#### Strategies to overcome them

- *Targeting large international retailers with strong sustainable procurement policies.*
- *Support from a third party, such as the local fisheries agency, to provide guidance to the fishermen*

Value proposition

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## TIPS & TRICKS

### HELP WITH TECHNOLOGY

Further advice on how to engage value chain partners in eco-innovation activities that have a strong technology focus is provided in the publication 'Technologies for Eco-innovation' (UN Environment, 2016).

### ENGAGE SUPPLIERS ON SOCIAL SUSTAINABILITY

Discussions with suppliers about eco-innovation can be a great opportunity to discuss ways in which social sustainability performance can be improved across the value chain, including improving gender equality in the value chain (i.e. women are dramatically underrepresented in technology value chains).

## BACKGROUND INFORMATION

### References and resources

Technology issues:

- UN Environment (2016). Technologies for Eco-innovation. UN Environment DTIE, Paris.

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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## BACKGROUND INFORMATION

An important aspect of a food and drink processing company's business model in the agri-food value chain is its relationships with suppliers and customers. On the supply side, food is generally produced by small-scale farmers that sell their products on markets or to processors through agents. However, rural farmers and small-scale entrepreneurs lack both reliable and cost-effective inputs such as extension services, mechanization services, seeds, fertilizers, credit, and guaranteed and profitable markets for their output. 'Contract farming', sometimes referred to as an 'out-grower scheme', was introduced as a way to overcome this problem. Contract farming is an arrangement between the buyer (processor) and producer (farmer) where the processor is guaranteed to receive a certain quality and quantity of raw produce, while farmers are guaranteed a stable contract and price for their produce. The contract farming system should be seen as a partnership between agribusiness and food processors. To be successful it requires a long-term commitment from both parties.

Food and drink processing companies' relationship with customers has been influenced by the growth of the retail sector and distributors, who are an increasingly important partner for food processors. The retailers are closer to the end consumers and have a better insight into demands and the changing market trends. Collaboration with retailers can therefore help the food manufacturers increase their operational efficiency, get closer to the market and improve cost control. Furthermore, some food manufacturers are also offering processing and packaging services for products sold under the distributor's private label. This arrangement is beneficial for food manufacturers that want to focus

on large-scale production in order to increase cost-efficiency or do not have the resources to place products on the market under their own brand name.

Other partners include:

- Equipment supplier: equipment suppliers can help you in selecting the appropriate technological solution for your current problem. Many suppliers will also offer services such as training on the equipment, maintenance and technical support. Furthermore, collaborations with equipment supplier can lead to improved resource efficiency.
- R&D partners: when in-house expertise is not available, external R&D partners are often needed in order to conduct audits, improve operational performance, support product development, or conduct market research. The food manufacturer often contracts the R&D partner, but expert help can also be found through governmental or non-governmental funding schemes.
- Ingredients supplier: a good relationship with ingredient suppliers can help food manufacturers in selecting the most suitable ingredients and aids for their process at the best possible price.
- Cleaning supplier: both cleaning equipment and agents are needed in the daily operations of a food manufacturing businesses. Innovative cleaning solution can save cost and decrease environmental impact.
- Transporters: Cold transportation in particular is important in many agri-food markets in order to ensure the quality of the material inputs and product outputs.

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### StarShea Network

The StarShea Network was initiated through a project by PlaNet Finance, the global microfinance and development expert, and SAP, the world's leading provider of business software. These organisations teamed up to support women in northern Ghana to provide large volumes of high-quality shea products directly to large buyers, at fair trade prices. This is accomplished by providing women's groups with an innovative variety of services: training on shea production and business issues; access to microcredit; as well as software solutions and mobile phone technology for increased transparency and traceability of orders and revenues. You can find a video showing the network's innovative business model at <http://www.starshea.com/>.





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## LEARNING CASE STUDY

For the case of TipTop Textiles Co., a key partner is the corporate wear customer since they are also suppliers of feedstock for the recycled clothing – cooperation will be required to handle and store used textiles in order to enable the efficient chemical recycling of polyester textiles. Partnerships with textile chemical suppliers and equipment suppliers are necessary for technical implementation of the chemical recycling of polyester.

## BACKGROUND INFORMATION

Typical key partnerships in the chemical industry are:

- Technology service providers such as equipment suppliers (core processes as well as supporting processes), IT data management, process optimisation experts, etc.
- Suppliers of raw materials and active ingredients (e.g. fine chemical industry is highly integrated with the pharmaceutical industry)
- Distributors and wholesalers
- In some cases (e.g. “Chemical Leasing”), the customers (industrial users of chemicals) themselves also become a key partner – some variations of chemical leasing also bring in a technology supplier in order to provide advanced solutions that no one could achieve alone
- National and local competent authorities, especially for pollution control, chemical hazard management, such as occupational health and safety and accident prevention and preparedness. In many countries industry and competent authorities work together to ensure a sustainable private sector.

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## BACKGROUND INFORMATION

Typical key partnerships in the metals value chain are:

- Suppliers of raw materials (metals) and other products used in the production processes including chemicals (coatings, paints, lubricants, etc.). In example 1 (described in PR.5), Adelca illustrates how the company invested in building up its network of recyclers to ensure sufficient supply of scrap metals
- Technology service providers such as equipment suppliers (core and supporting processes), IT data management, process optimisation experts, etc.
- Distributors and wholesalers
- Local and national governments can also be important partners in supporting eco-innovation activities by implementing policies to support sustainable practices in SMEs.

