RESEARCH REPORT

Private-Sector Collaboration for Sustainable Development

Summary

The Rockefeller Foundation

BSR

Private-Sector Collaboration for Sustainable Development

About this Summary

This is a summary version of a report published by BSR and The Rockefeller Foundation entitled *Private-Sector Collaboration for Sustainable Development*. This version is designed to provide the highlights of the report and a snapshot of actions that business can take to prepare more effectively for collaboration. We encourage business leaders to consider in particular the key success factors for collaboration, the common risks, and the three ways to prepare for success.

To read the full report, please visit **www.bsr.org/en/our-insights/report-view/private-sector-collaboration-for-sustainable-development**

"Today's systemic challenges require collaboration. One company can only go so far alone until it hits a barrier, and then collaboration needs to happen for practical reasons."

Hendrik Alpen
Sustainability Business Expert, H&M

Why Collaboration?

In the past year, it has become increasingly clear that the world is changing fast—and profoundly. We are faced with challenges such as catastrophic climate change, increasing inequalities, and the rapid emergence of new technologies that disrupt societies and raise new, fundamental ethical questions.

These are not new challenges, but the pace with which they are influencing all aspects of society is picking up. They also come at a time when established governance models are being questioned —or outright failing — calling for new leadership constellations.

As we look to meet the UN's Sustainable Development Goals (SDGs) and implement the Paris Agreement on climate change, we must transcend the status quo of individual actions to foster collaboration for impact at scale. We must mobilize, leverage, and direct the transformative power of business' collective resources and capabilities to create shared solutions to global challenges.

However, this must not be collaboration for its own sake. What is required are well-designed, well-governed, accountable, and impactful collaborations. To achieve the outcomes they desire, businesses and stakeholders must prepare themselves to create, operate, invest in, and lead such collaborations.

This report has therefore been guided by the ambition to identify the characteristics of successful collaborations as well as to better understand how individual companies can prepare and contribute to their success. In doing so we examined more than 20 diverse collaborative initiatives and conducted interviews with more than 40 practitioners.

The BSR Collaboration Taxonomy

The collaborations reviewed for this report exhibit a very wide range of characteristics, all unified around the common purpose of advancing business interests and sustainable development.

BSR finds it useful to organize the universe of collaborations based on the scope of change that a collaboration seeks: organizational, market, or system change.

While all collaborations across the taxonomy are focused on action and impact, the targeted scope of change influences the design of the initiative, including decisions about objectives, activities, composition, organization, and governance.

Defining Collaboration

For the purpose of this report, we focus on voluntary efforts that engage multiple participants from the private sector in noncommercial, precompetitive collaboration.

Such initiatives require participants to:

- Work together to achieve a common purpose and/or specific outputs.
- Share risks, responsibilities, resources, and benefits.
- Adhere to a process for decision-making and action, including shared rules, norms, and structures.

Organizational Capability Building

Building the capacity of individual organizations to more effectively manage sustainability opportunities and risks

Market Improvement

Improving the way industries and their business partners address common sustainability issues through industry-wide cooperation and standard setting

System Change

Coordinating the actions and investments of multiple sectors to make fundamental changes across a system of policies, power structures, behaviors, and/or norms to improve sustainability outcomes

Key Success Factors

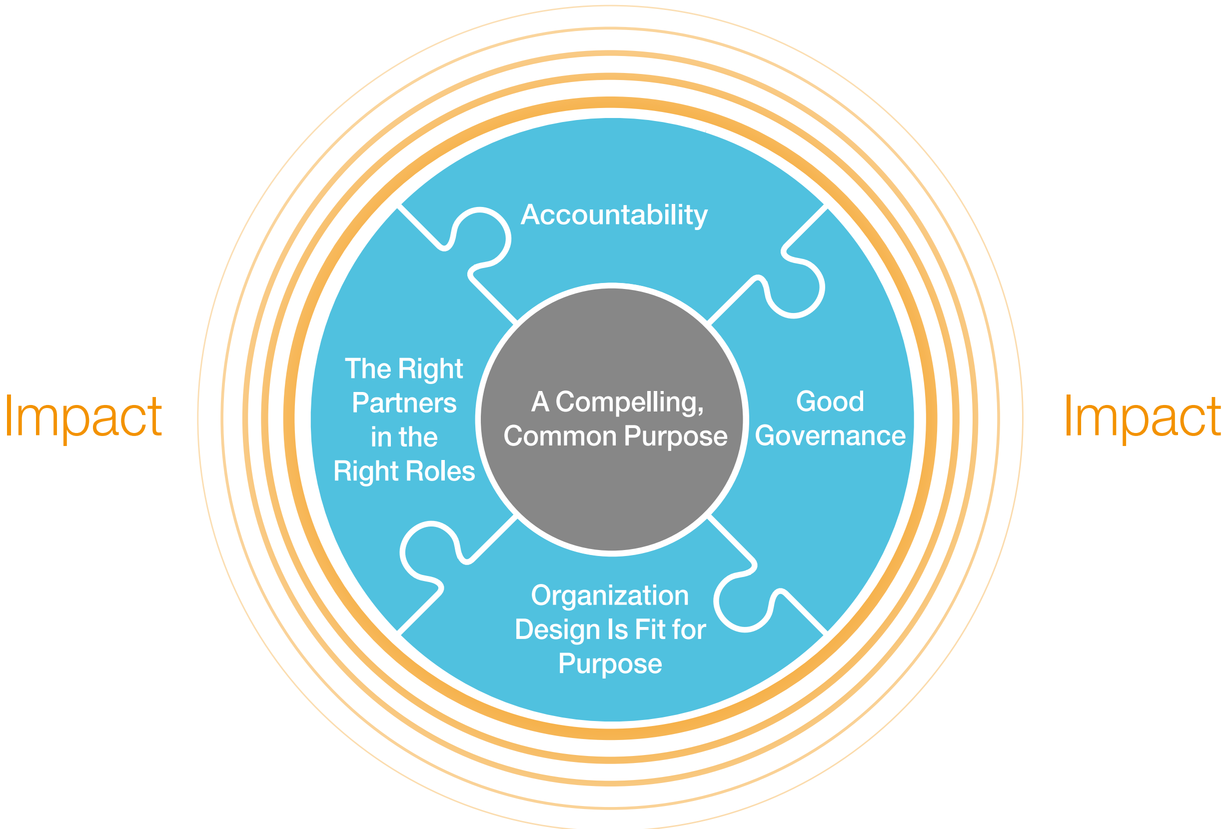
While the aims of collaborations may differ markedly, our research suggests that successful private-sector collaborations of all kinds display certain characteristics that must be in place to enable them to advance progressively toward their visions and missions.

It also suggests that considering these factors in the design of new collaborations is necessary for success.

We identified five common factors that, combined, offer a blueprint for high-impact collaborations:

- **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 organizational design that is fit for purpose** – with sufficient resources and staffing to operate
- **Accountability** to the objectives the collaboration participants have committed to

Five Key Success Factors: A Blueprint for Impact



Common Risk Factors

The five factors do not guarantee success: There are a number of common risk factors that may imperil collaborations. Factors identified by those interviewed for this report spread across the lifecycle of the collaboration. Recognizing them can allow participants in a collaboration to act and avoid failure.

Common risk factors by phase	Mitigation measures
Start-Up ▪ Prioritizing collaboration over other, more direct interventions ▪ Duplicating efforts of other collaborations ▪ Lack of a "burning platform" to gain initial traction ▪ Launching prematurely, before participants have bought in ▪ Lack of business value for private-sector participants	**Spend the time to prepare and engage critical participants.** Multistakeholder initiatives take an average of 18 months to move from early discussions to launch. This is a longer time frame than most participants expect, but the time is well spent on attaining buy-in and refining the initiative's value proposition. Organizations that launch more rapidly are more likely to face challenges early in their growth because they don't have sufficient participant support or an initial strategy for impact.[21] **Diversify funding.** Seeking seed funding from foundations or governments can help initiatives build their value proposition for companies to back the effort themselves. This helps to avoid the "free rider" problem, where competing companies avoid being the sole contributors to an effort that they see as beneficial to their peers.
Early Implementation ▪ Negotiation breakdowns between critical participants ▪ Insufficient resources to meet the ambitions of the collaboration ▪ Breaches of trust between participants ▪ Participant turnover	**Prioritize personal relationships and trust-building.** Trust is the glue that holds organizations together when the going gets rough. Scheduling meetings in person – while time-intensive and expensive – can be an important investment in building relationships between participants, increasing their commitment to each other and the effort. **Build a database of participant contacts.** Relying too heavily on one point of contact for a participating organization can lead to burn-out or loss of the relationship with their firm if they unexpectedly leave. Collaborations do well to identify several participant contacts and ensure they are informed on the collaboration's progress, in case they need to step in.
Scaling ▪ Lack of leadership succession planning ▪ Mission creep ▪ Loss of enthusiasm/energy diverted to new projects ▪ Inability to pivot to accommodate new external forces ▪ Lack of a strategy for sunsetting	**Rotate leaders.** Some initiatives expose more people to the leadership role by instituting terms for key positions such as the steering committee. This allows more organizations to participate in governance roles, and creates natural periods for the initiative to refresh its strategic vision along with new leadership. To maintain some consistency, it can be helpful to stagger terms. For example, the vice-chair would remain in office when a new chair is elected. **Agree up front on signposts for scale or sunsetting.** When designing the initiative, members can agree on indicators or milestones to review during each strategy cycle to determine when it may be time to consider different growth paths, including scaling to new geographies or sectors, spinning off, merging, pivoting, or sunsetting the initiative. Some initiatives may determine from the beginning that they will be time-bound, lasting only a few years to accomplish their objective.

Preparing for Success

In addition to the design of the initiative, our research underlines that collaboration success is highly contingent on the preparedness and commitment of participants.

This is an often-overlooked requirement of collaborative work. Our guidance to individual companies seeking to achieve impact through collaboration is organized around three basic principles: systematically evaluating, investing in, and committing to the collaborative initiatives that are critical to business success and social value creation.

Taking these three steps will enable companies to more confidently determine when collaboration is necessary, select the set of collaborations that clearly align with and deliver on business objectives, and focus their resources on maximizing impact and business results. These preparatory steps also reinforce the key success factors for high-impact collaborations, ensuring that the company's contributions strengthen the initiatives they participate in.

Evaluate

Companies need to invest time and resources in appropriately evaluating whether and how collaboration yields impact and business results. In the outset, companies should confidently and positively confirm that collaboration is the best answer to addressing a problem or delivering a solution.

Secondly, collaborations are not created equal and some will be more effective or better suited to deliver on company objectives. Establishing the business case for engagement will be essential for sustained commitment as well as for securing required internal and external buy-in. And, thirdly, companies should identify any possible red lines that will determine how it may engage (or not) with a collaboration.

Invest

Once the company has identified the collaborations it will participate in, it is time to determine what level of support the company should and can provide to resource the effort. This involves securing internal leadership support, allocating resources, and staffing the right people to participate and represent the company.

It may be helpful to think of collaborative efforts as another form of R&D: a business function that requires some space, time, and resources in order to deliver value back to the company in the form of new ideas, approaches, products, and services. Staff who participate in the collaboration can then deliver on the company's responsibilities and confidently make decisions on behalf of the company.

Commit

The companies that get the most out of collaborative efforts make a deep commitment to ensuring their success. They integrate learnings from the partnership to align key internal functions such as public relations, government relations, procurement, and legal teams in support of the collaboration's objectives.

They play active roles in the collaboration, joining governance bodies, taking accountability for their responsibilities, and providing timely feedback to ensure the initiative moves ahead. They champion the effort internally, taking the lead on implementation and piloting the collaboration's concepts, as well as externally, leveraging their relationships to encourage other companies and critical partners to engage. Finally, they are patient, and remain committed to the long haul.

The Next Generation of Corporate Collaboration

Over the past 30 years, companies, civil society, and governments have come a long way in creating new collaborative models to address shared challenges and opportunities for sustainable development.

Yet as we look ahead, it is increasingly clear that today's collaborations are not moving fast enough to mitigate or even foresee the systemic changes that will impact business and society.

How will collaboration evolve to meet these challenges? We turn to recent innovations in collaboration to predict possible evolutions. Emerging trends that practitioners should keep their eyes on as they design and participate in the next generation of collaborations are shown in the graphic below.

While collaborations in the future will be different to the ones we know today, we expect that the key success factors identified in this report will remain relevant. However, some—such as accountability and good governance—will likely come under greater emphasis and scrutiny by stakeholders as the collaboration movement progresses.

Systemic Approaches

The adoption of more systemic approaches to collaboration, leading to the formation of alliances between unexpected partners that share common concerns

Governance Innovation

The development of more accountable, inclusive, and efficient collaboration governance models

Transformative Technology

The introduction of new technologies that allow collaborations to link more partners and reach more stakeholders than ever before, and accelerate change

Meta-Collaboration

Collaboration between like-minded initiatives to reduce fragmentation, pool resources and capabilities, reach new audiences, and amplify impacts

Toward Collaborative Leadership

The recommendations offered in this report will bring companies to a more efficient and effective strategy for collaboration: a big step in the right direction.

Yet companies that will truly take the lead on resolving sustainability issues—particularly those that are systemic in nature—need to consider more profound mindset and business model transformation. This requires a level of comfort with joint problem-solving and decision-making, with taking leadership positions in situations of uncertainty, with sparking a social movement for change over "getting there first," and with transformative changes to traditional business models. CEOs and boards of directors must step up to defend collaborative actions that may be unprofitable in the short term, but advance the sustainability of the ecosystem that supports their entire industry over the long term. It will take a change in mindset to recognize collective gains as an individual opportunity.

In order to meet the challenges ahead, we must together summon the courage to evolve beyond competition to celebrate business leadership that contributes to collective success.

"The hallmark of a company able to lead systems change is whether they are willing to subordinate their brand to the collective goal. How would you, could you, operate if you didn't need to take credit, and could collaborate fully and honestly?"

Judith Samuelson
Executive Director, The Aspen Institute Business & Society Program

BSR

About BSR

BSR is a global nonprofit organization that works with its network of more than 250 member companies and other partners to build a just and sustainable world. From its offices in Asia, Europe, and North America, BSR develops sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. Visit **www.bsr.org** for more information about BSR's 25 years of leadership in sustainability.

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The ROCKEFELLER FOUNDATION

About The Rockefeller Foundation

For more than 100 years, The Rockefeller Foundation's mission has been to promote the well-being of humanity throughout the world. Together with partners and grantees, The Rockefeller Foundation strives to catalyze and scale transformative innovations, create unlikely partnerships that span sectors, and take risks others cannot – or will not.

For more information, please visit
www.rockefellerfoundation.org