

**Sustainable
Business Council**



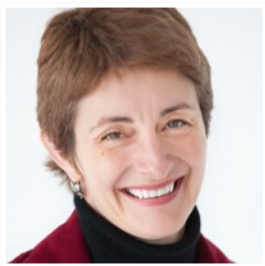
New Zealand partner to the World Business Council
for Sustainable Development

Practical guide to effective partnership

Naku te rourou nau te rourou ka ora ai te iwi

With your basket and my basket the people will live

Why partner?



International research suggests that more than 85% of consumers believe companies should try to achieve their business goals while making a positive contribution to resolving social and environmental issues; and 75% of consumers prefer to buy from, work for and invest in companies that give back to society (Nielson Global Survey of Corporate Citizenship, 2011). But while New Zealand businesses believe having a social licence to operate is important, across the Sustainable Business Council and the wider Business NZ memberships, companies are telling us they are unsure how to achieve community support for what they do.

Effective partnership is one way businesses can demonstrate to the communities they work in and with that they are committed to making a positive contribution, but inefficient management, duplication of effort, and models that cannot be sustained long-term are common problems for many organisations trying to deliver meaningful and effective programmes.

In a small country like New Zealand, where corporate resources for investing in non-core-business initiatives are lean, and environmental and social challenges are keenly felt by communities and the economy, it is imperative that organisations become adept at developing and delivering effective partnerships.

Why? Because together we can achieve more. And if we want a real chance of overcoming some of the big challenges facing New Zealand, we need to activate this potential.

By its very definition, partnership suggests that working together is more powerful than working alone. When two or more parties are highly engaged, they can activate a resource and skill base, and achieve greater momentum, accountability and efficacy, than going it alone.

But effective partnerships are often a long game, which challenges the short-term profit-driven model of most businesses as demanded by an annual reporting cycle. This Guide supports businesses to think more strategically about how they partner, using the collective insights of a number of leading practitioners from within our membership. It captures the advice they would have liked when they started out on their partnership journey.

Our sincere thanks go to the people who have contributed to this Guide. The insights shared here are the collective wisdom of Liz Read, Lion; Sue Foley and Kari Adams, Westpac; Paul Walsh, The Warehouse; Carly Robinson, Louise Aitken and Tia Wylie, Fonterra; Antony Welton, Abbie Reynolds and Sum Green, Vodafone; Craig Griffiths, Contact Energy; Ruth Colenso, IAG; and Nicola Airey, NZ Post. And special thanks to Malcolm Rands, founder and CEO of ecostore, who both contributed his thinking and was the Council champion for this piece of work.

Penny Nelson, Executive Director, Sustainable Business Council

How to use this Guide

The Guide is structured around 9 Steps to developing effective partnerships. Of course the partnership process is never linear, so expect to bounce around a bit!

Each step includes a key insight, a short number of actions you can take to bring that insight to life, a supporting resource to help you do this, and a case study (either video or written).

There is no right way to use this Guide. Just maintain a partnership mindset, work collaboratively, and don't be afraid to get things wrong, reflect and refine.





Step 01.

Define a territory

Define an area for action that means investment will drive genuine value for the business, your partner, and the community you are trying to reach.

Insight in action

- Complete a materiality assessment to discover what issues matter most to stakeholders and could impact the business' short, medium and long-term viability. The sweet spot is where internal and external interests align. There you will find a partnership territory that will help secure the business and enhance reputation by adding value to the community.
- Partnerships are about doing something together that you cannot do alone. When you are brainstorming, steer away from the obvious and try to find a project that would not be possible without partners working collaboratively.
- Do an intention check—partnerships cannot be used to off-set harm a business might be doing. Good partnerships do not excuse poor behaviour.
- Throughout the development of a partnership, continually come back to your territory and test whether the project is satisfying the needs of the business and the needs of society.

Resource

How to... Complete a simple materiality assessment (Appendix 1)

Case study



Lion has a two-decade relationship with the Foundation for Youth Development. In 2013 the partners reviewed what they were trying to achieve together in the context of each organisation's broader objectives.

Lion's External Relations Director, Liz Read, explains how they refocused the purpose of the partnership. (See supporting video on the SBC website)

"The Foundation for Youth Development (FYD) and Lion have developed a strong partnership together over an almost 20 year journey. Our shared values and visions are pivotal to the success of this long-term partnership between a seemingly odd couple, a child and youth charity and a large multi-national corporate.

Lion's vision to 'Enrich our world every day by championing sociability and living well' and FYD's vision to 'Build a strong New Zealand by growing great kiwi kids' means that together we have shared goals. This partnership provides the opportunity to add significant value with measurable outcomes to communities that we partner with across Aotearoa.

Our partnership continues to deepen as a result of an increasing shared understanding of how we can work together better to achieve our shared values and vision. This has included a number of initiatives; including strategic planning and leadership development; research and evaluation projects; stakeholder engagement and events; and developing new community initiatives.

Lion has enriched our world and encourages us to continue to grow and achieve our goals as a charity by providing support, skills and valuable expertise. FYD truly values the relationship we have with Lion and we look forward to continuing to build a better future for New Zealand together."



- Marion Short, CEO, Foundation for Youth Development



Get business commitment

Business owners and leaders need to understand, value and commit to the partnership for it to have enduring support.

Insight in action

- Frame the partnership in the context of there being a commercial imperative to act. Having a strong territory will help you convince the business that the partnership can contribute to long-term shareholder value. Being able to demonstrate that the partnership will contribute to the business' social licence to operate will help too.
- Executive Team buy-in is essential. If you sit outside the Executive Team, secure a direct report to the CEO as an initiative champion so you can get the ear of decision-makers when you need it.
- You will need time and money to make progress. Figure out what you need, and when, and seek commitment from the business step-by-step. Report back at the end of each phase to build your case for more sustainable funding and time resource to really drive the initiative. Show off the small wins to give decision makers a reason to keep believing.
- Propose a pilot or proof of concept. You are more likely to get resources for this than a five-year commitment to an untested idea. Don't be afraid to take baby steps. It might enable your project to be bigger, and deliver greater value, in the long-term.

Further reflection

Contributors to this Guide acknowledged that there is some way to go in achieving consistent Executive Team buy-in to the importance of partnerships. As one put it:

"Most strategic planning is done from the budget up, but without acknowledging the social and political drivers that ensure our customer base, or not. The organisation has to understand how achieving and maintaining a social licence to operate is about securing customers long-term, and that's where they will see the commercial payback. It's too easy to under-estimate the value of partnership until your customers come under threat. It's not a short-term game."

In many cases shareholders also need to be brought on the journey. The links in the resource section below will support practitioners to make the case for the connection between social acts and commercial return.

Resource

Kurt Kuehn (with Lynette McIntire), [*Sustainability a CFO can love*](#), 2014.

Michael Porter, [*Rethinking Capitalism*](#), 2011. (Video)

Case study



In 1993 the founder of ecostore, Malcolm Rands, established the Fairground Foundation to test a model that would reduce the amount of time not-for-profits spend fundraising, detracting from their core purpose. The Foundation receives a portion of ecostore profits, and focuses its time on projects in the areas of health, culture and sustainability.

Malcolm explains what this approach means for ecostore. (See supporting video on the SBC website)



Step 03.

Choose a model

The model you choose will set the expectations for the partnership.

Insight in action

- Imagine a partnership spectrum. At the left end, one party provides resources for the other to do their work. In the middle, each party contributes their skills to solve a problem. At the right end, the partners create an entity together that works in an all-new way. Think about what the partners are trying to do, and where along this spectrum your model needs to be to enable you to achieve your goals.
- You also need to think about what the business is able to invest. If your main contribution will be financial then the model will most likely be towards the left end of the spectrum. If you can also invest people time, company expertise and facilities, then your model will move further to the right.
- It can be useful to contract a partnership in a way that allows some flexibility for the relationship to evolve. A Memorandum of Understanding (MOU) is a good starting point, setting out what you are trying to achieve and how you will work together, but allowing time to figure out the mechanics of the relationship and success measures.
- Don't dismiss sponsorship. Outright sponsorship has its place in a partnership portfolio, especially for brands in a highly competitive market. In fact having a vehicle to drive brand recognition and benefits allows more complex partnerships time to bear fruit. It's just important to acknowledge how the expectations, and roles and responsibilities, differ at various points along the spectrum.

Resource

Template Memorandum of Understanding (Appendix 2)

Case study



Westpac has a wide reaching partnership portfolio that includes a range of models.

Sue Foley, GM Corporate Affairs, explains why partnerships are important to Westpac and how partnership models need to evolve over time so that all parties continue to get what they need from the relationship. (See supporting video on the SBC website)

"Westpac and Massey University have been successful in developing an effective partnership to support the Fin-Ed Centre. Both organisations respect the skills and expertise of their co-founding partners, yet are open and transparent about their own business needs. I believe both partners have learnt a lot about the other's business as a result.

Both Westpac and Massey have also worked hard to ensure the Fin-Ed Centre is able to operate autonomously, which includes doing work for competitors of the business. This is reflected in the governance structure, which ensures the board composition includes members from independent organisations.

As Director of the Centre, I've been impressed by the focus both organisations have on ensuring that the Centre is successful and achieves the overall goal of helping New Zealanders become more financially savvy by improving their knowledge, attitudes and behaviour towards money."



- Dr Pushpa Wood, Director, Financial Education and Research Centre, Massey University



Select a partner

The right partner will bring essential subject-matter expertise and delivery skills that are different to your own, but you'll also connect at a personal level.

Insight in action

- Be approachable. Have a concise set of information available that explains your areas of interest and the criteria you are seeking in a partner. This will help potential partners put their best foot forward, and save them wasting their time and yours if there are fundamental incompatibilities.
- If you are proactively seeking a partner to help you solve an issue, or create shared value, think broadly about the prospects—other businesses, government, universities and schools, industry bodies, NGOs and communities. And you might need several partners, not just one. Prioritise skills you don't have, rather than the size, tenure or perceived brand equity of a potential partner.
- Have clear selection criteria. This might include expertise, credibility, reach, ability to work with a commercial partner, compatibility between your needs and theirs, and your skills and theirs, if there are ways for your staff to engage, and whether you are culturally aligned. A great litmus test is whether your CEOs could have dinner together!
- Be humble. You are seeking a partner, which means you need them as much as they need you. If you are talking to a number of organisations don't make them feel like it is a talent contest. Be honest about what you are looking for, and upfront about the process, but have respect for their time and commitment to the cause.
- Don't skimp on assessing a potential partner's credibility. Use the information available, including the charities register, evidence of their memberships and past projects, their management and governance structure, and experience working with large corporate partners, and seek references, including from the community you are trying to serve.
- A partnership can have a long courtship period. Don't be afraid to spend time getting to know a potential partner before committing to work together.

Resource

The Warehouse have developed a booklet for potential partners that sets out their expectations. It enables them to be upfront about their needs, and gives the potential partner a mechanism for assessing whether they can work with The Warehouse or not. The Warehouse have kindly shared this booklet as an example of how to approach the first conversations with a potential partner. (Appendix 3)

Case study



The Warehouse and Variety have a long-running partnership, based on their shared goals to build strong communities through strong families, and support children to thrive in education. They run a number of programmes in partnership, including [Laptops for Learning](#).

Paul Walsh, Executive GM Community and Environment at The Warehouse and Lorraine Taylor, Chief Executive of Variety, talk about what makes the two organisations compatible. (See supporting video on the SBC website)



Step 05.

Understand one another

Take time to fully understand each party's inherent strengths, and their limitations.

Insight in action

- Start with an agreement to work together and a blank sheet of paper. You will have already agreed a focus area, but you need to be completely open minded to what the solution might look like until you really understand each other's strengths and limitations. (This is why the MOU suggested at Step 3. can be a good idea.)
- Talk to one another with a beginner's mindset. Assume you know nothing and allow each partner to tell their story, in their words. Listen empathetically and prompt and probe until you have a complete picture of each other's history, motivations, strengths, limitations, and vision for the future. A site visit—having a chance to experience each other's reality—can be more valuable than many conversations.
- Think laterally about what each party brings to the partnership—for example, a retail footprint, access to suppliers and customers, consumer insights, community networks, expertise working with particular social groups. You want to uncover all of your complementary skills.
 - Equality in a partnership is vital so even if it seems hard, persist until it is clear that each party has something valuable to offer.
 - Don't try to re-engineer the way a partner operates for the sake of the relationship. Stick to genuine strengths if you want the effort to be sustainable in the long-term.

Resource

Really getting to know a new partner requires careful listening and sensitive observation to uncover key insights into the way they work. *How to...Empathise for understanding* has been developed from resources made available by the [d.school at Stanford University](#) in California to help project teams use empathy to achieve deep understanding. (Appendix 4)

Case study



Fonterra works with Sanitarium, the Ministry for Social Development, and schools throughout New Zealand to provide breakfast to more than 100,000 New Zealand children every week through the KickStart Breakfast partnership. The partnership's success relies wholly on the collective talents of all of the parties involved.

Carly Robinson, GM Co-operative Social Responsibility, tells the story. (See supporting video on the SBC website)



"Sanitarium strives to make a difference in the communities we operate in. Our partnership with Fonterra has enabled us to better serve our communities by combining the strengths of private companies with the local community, to form a three-pronged approach to address a social issue.

When I sat down with Andrew Ferrier [former Fonterra CEO] to discuss how we could work together to give kids a good start to their learning day, we were eager to develop a model that would be sustainable in the long-term. In committing both companies to this programme, and asking the community to partner with us, we have been able to leverage the strength of our teams to ensure the programme is run in a way that meets the needs of the people who most need our support.

Our logistics, admin, customer services and media teams have been working together with Fonterra and the local communities to develop and deliver KickStart to a high level of success, and without one of these components, it would be difficult to maintain such an extensive programme long-term."

- Pierre van Heerden, General Manager—Sanitarium Health & Wellbeing



Step 06.

Inspire the business

Get maximum value for you and your partner by bringing everybody in the organisation on the journey.

Insight in action

- Partnerships are a great opportunity to bring together the two most important influencers of business success—your people and your reputation. The first time you present the partnership to the business be sure you tell a great story that shows people what it means for them—how they can get involved, and how it will benefit their community. The team needs to 'get it'. This goes back to having a really strong territory that is aligned with business strategy.
- The energy of a partnership comes from the people that make it happen. Involve the people who are essential to the partnership's success as early as possible. Enlist their help identifying the right partner and defining the relationship. Consider a project team with representatives from the critical areas of the business.
- To really embed a partnership in business-as-usual, have it reflected in the company's business plan, and then ladder down into people's accountabilities. It doesn't need to be an onerous requirement, but formal acknowledgement that the partnership is important will go a long way to securing people's time.

Resource

Jennifer Aaker, *The Future of Storytelling*, 2013. (Video)

Case study



In 2013 each of Vodafone's divisions adopted one of its World of Difference award recipient organisations for the month of October. Each division was tasked with advocating, volunteering and fundraising for their assigned cause. Collectively the business raised over \$400,000 in value for its partners, demonstrating the power of bringing Vodafone's community investment story to life and giving people ownership of it.

Antony Welton, HR Director and Vodafone Foundation Chair, describes the power of Vodafone's people. (See supporting video on the SBC website)



"The partnership with Vodafone New Zealand and its Foundation has been a transformational experience for me, the boys and their families. The Vodafone team has embraced the InZone whanau as their own, right from the top. CEO Russell Stanners came out to speak and show his support of the boys. This was a transformational moment for many of the boys, hearing a great leader of a company that they all respect, opening up about his childhood, really relating to many of them.

We've had over 50 Vodafone volunteers to support in many different ways from committing to fortnightly tutoring, motivational talks and organising our annual fundraising event that brought in \$90K, nothing less than amazing. I've never experienced an entire company being so motivated to go beyond their daily work to make a difference for young people and youth workers. POWERFUL!

I would say it's because of the CEO, Executive Team and Foundation Managers understanding corporate responsibility, creating a culture within the company that inspires everyone to participate, not just giving money but giving their time, has made our home Go Red as well as had great community impact."

- Terrance Wallace, Managing Director, InZone Education Foundation



Step 07.

Bring the partnership to life

Activation is a partnership too. Share responsibility and enjoy the benefits of your partner becoming your advocate.

Insight in action

- Share the project governance and management. Each party should have responsibility for ensuring the initiative is run well and meets its objectives. Support the governance structure with a clear decision-making process, project plan, work-in-progress schedule, and the basic systems needed for efficient management.
- Establish a communications protocol that gives your partner enough rope to let your stakeholders know what you are doing and why, without you having to do it yourself. If you've chosen the right partner, you should be comfortable with this. They should be credible, connected and a quality champion.
- The beauty of partnership is the halo effect. Make sure your marketing and communications don't swamp the natural positive rub off. In committing to the partnership you will have made some assumptions about what your stakeholders value, all you need to do is show them you value the same things. Accept that reputation is a slow-burn.
- Ensure your partner is adequately resourced to advocate for you. You don't want this expectation affecting the time or money they dedicate to the project proper.
- Consider a pilot to get the partnership up and running quickly. Learn by doing, then take the opportunity to iron out any kinks before launching the full initiative. This will give the partners a chance to see where the pressure points are and resolve them constructively without any risk of undermining the relationship.

Resource

Template communications protocol (Appendix 5)

Case study

CONTACT SWIM WELL TAUPŌ



When Contact Energy decided to make an investment in Taupō, it asked the community what they needed. Anyone was able to make a suggestion that met the project criteria and a panel of local representatives were charged with creating a shortlist. The top contenders were then put back to the community for the final vote.

This community-led approach has been a defining characteristic of Contact Swim Well Taupō—a project in place since 2010, that sees Contact fund swimming lessons for every primary and intermediate aged child in Taupō whose school enrolls in the programme. Around 3,500 children access the service every year.

The rationale for Contact is clear. While Taupō is based on the banks of one of our greatest landmarks and flanked to the north-east by the Waikato River, a surprising number of children in the area lack access to professional swimming lessons. And Contact's investment demonstrates their commitment to a region that is home to five of their major generation assets and the community many of their local staff come from.

While Contact drove a substantial above-the-line campaign to identify a project the community wanted, now that Contact Swim Well Taupō is well established all programme communications are led by their partner, the Taupō District Council.

"We really believe that our local partners are the best people to talk to the communities where they operate, and they are our best advocates there too. We don't expect them to scream our praises from the rooftops, but we know that slowly and surely, the community will get to know about our investment via our partner," says Craig Griffiths, Community Relations Manager at Contact Energy.

Taupō District Council also proactively gathers feedback about the programme. Early feedback about Contact Swim Well Taupō was that getting to the pool was problematic for some schools and so they were choosing not to participate. This resulted in Contact funding buses for schools that couldn't meet the transport cost.

"Our community investment portfolio focuses on projects that the communities where we operate really need. We believe that through the Contact Swim Well Taupō partnership we are providing a high-quality service as well as publically reinforcing our commitment to the Taupō area," says Griffiths.

And the partnership is working. "Contact Swim Well Taupō instructors have been extremely happy to see the improvements in children's swimming skills as they return each year," says Taupō District Council Aquatics and Fitness Manager, Virginia Munro. "Their knowledge of water safety is also increasing and will equip them with essential skills for life."

To support their partners to do a great job, Contact provides a range of resources and materials including branded rash-tops for the swimming teachers and communications materials to share with parents. But they know that trust and a robust understanding between the partners is what really counts.

"You can't have a partnership where you don't trust your partner," says Griffiths. "Trust means empowering them to run the programme, talk to who they need to and to represent our brand. It might feel scary to some organisations to let go a little, but with clear expectations around the partnership we are really comfortable with our partners being the genuine, independent local voice of the programme."



Step 08.

Measure and refine

Review the partnership against agreed measures regularly. Embrace the opportunity to refine.

Insight in action

- Set deliverables at the start of the partnership, and make sure everyone understands them. But be realistic—consider a tiered framework that puts a longer timeframe around outcomes (which are inherently hard to measure), and focus on outputs, and the quality of the relationship, in the short to medium term. Other useful short-medium term measures include that funding is being spent on what it was assigned for, reputation impact, and staff engagement.
- Have an agreed process for assessing success. Whether its through a third-party measurement tool, or agreed mechanisms for counting outputs, reviewing the accounts, or assessing reputation impact, just be sure everyone understands and agrees the process. Good partnerships can be derailed by disagreements of what to measure and how.
- A 360-degree review that allows you to involve a range of participants and stakeholders can be a useful way to measure the 'soft' aspects of a partnership.
- Timeframes are important. Agree up front how often you need to review achievements—it could be as often as every month, or as irregularly as every year. If there are issues, put a timeframe around fixing them, together.
- Be positive. A review process is likely to result in small changes or builds on success, rather than raise significant concerns. Go into a review expecting to uncover opportunities to make the partnership better.

Resource

A number of organisations provide sustainability initiative analysis to New Zealand businesses. Members involved with this guide have used the [London Benchmarking Group](#) and [The SROI Network Intl.](#) methodologies. SBC member [Net Balance](#) also provides training on how to quantify Social Return on Investment.

The Akina Foundation, The Nature of Business, and Social Ventures Australia have completed a comprehensive Social Return on Investment analysis of the [Bikes in Schools](#) programme, which is a useful example.

Case study



IAG's State Insurance brand has been running the State Apprenticeship Scheme for more than 10 years. State, working in partnership with the Motor Vehicle Trades ITO and individual vehicle repair businesses, offers around 30 fully paid apprenticeships each year and provides high levels of professional and pastoral support to recipients. In recent years the Scheme has been extended to offer business management training and building construction apprenticeships.

GM Claim Services Ruth Colenso explains how the Scheme has evolved. (See supporting video on the SBC website)



Set expectations up front that will support a positive parting of ways.

Insight in action

- Document at the very start of the partnership how long you expect it to last. Three years is a very common timeframe, allowing the relationship to bed-in in the first year, learn from mistakes in year two and really start flying in year three. Three years is a relatively long horizon in the corporate world, but less than that would, in most cases, not allow a relationship to fulfil its potential.
- Connect the planned exit to a positive goal. For example, helping build a programme in a way that it can be taken over by the community, or so it is attractive to other sponsors, indicates that you are investing now to give the initiative a long sustainable future without you.
 - It is really important that corporate support never becomes crutch funding for a partner. Not only does it make it very hard for the business when they exit—knowing that the organisation will collapse—but it also absolves the partner of responsibility to run their organisation successfully so it can be a truly equal partner.
- If a relationship is ending because of performance issues, be sure that you have tried to resolve these with your partner. It is respectful to give them a chance to improve.
- Give constructive feedback to the partner on your reasons for exiting (positive and negative). Most causes are inherently good, so don't focus on the cause, focus instead on the functional aspects of why you believe the partners no longer need, or are right for, one another.
- Give as much notice as possible of your intention to exit so they have a chance to find a new partner. Support them to find a new partner if that's appropriate. It could be as simple as providing a reference, or working together to value the proposition.
- Include the administration of an exit in the initial agreement, for example what happens to any assets,

Resource

Changing Our World Inc., [*Exit strategies—corporate social engagement*](#), 2012. (Video)

Case study

ACTIVE POST AND WAKA AMA



In July 2011 New Zealand Post, a business intimately connected to every community in New Zealand through its customers and staff, launched its ActivePost programme. The objective is to encourage more kiwis to take part in some form of recreational activity to improve their health, the overall wellbeing in their community, and the wellbeing of New Zealand as a whole. To do this, ActivePost has formed a number of sport and recreational partnerships, including with Water Safety NZ, Waka Ama New Zealand, Hockey NZ and Athletics New Zealand.

New Zealand Post Group's Brand and Community Investment Manager, Nicola Airey, who manages the ActivePost programme, is very clear that the company's role in these partnerships is to bring resources and expertise to help build the infrastructure around each activity or sport so more people can participate, in a way that is sustainable long-term without New Zealand Post's involvement.



"All of our partnerships have a defined term and agreed expectations of what we will achieve together. The goal is always to develop systems and processes that deliver results so that when we exit the partnership the codes can continue to thrive. We should leave them in a place where they can attract support from a far bigger funding pool than previously," she says.

In this way, New Zealand Post's exit is a goal of each partnership, and a marker of success.

One of the most successful ActivePost partnerships is with Waka Ama New Zealand, the fastest growing water sport nationwide. There are currently 80 clubs throughout the country and over the past two years the sport's membership has grown by 48 percent. But both New Zealand Post and Waka Ama New Zealand can see a future where the sport continues to grow without New Zealand Post's involvement.



"Waka Ama New Zealand is thrilled with the success of the ActivePost partnership. Our sport has experienced record growth over the past three years and New Zealand Post's support has contributed a great deal to that success. We are a stronger and more capable organisation because of the relationship. We know that preparing for the future is critical to ensure that both organisations can exit the partnership with respect and an appreciation for where the partnership has taken us, the platform we now stand on and the doors that are open before us," says Lara Collins, Chief Executive of Waka Ama New Zealand.

The ActivePost model demonstrates that exiting a partnership can be a positive experience if expectations are defined from the outset. "If you set things up properly, and are clear about what you want to achieve together, then there are no hard conversations," Nicola says.

www.activepost.co.nz



How to... Complete a simple materiality assessment

June 2014

Completing a materiality assessment can be an efficient and effective way to rank the issues that matter most to your business, and your stakeholders, and provide focus to sustainability initiatives so they align with company strategy.

This 'how to' is designed to offer guidance on completing a *simple* materiality assessment. For companies using GRI methodology there is guidance on the more complex GRI G4 and G3 requirements around materiality on their [website](#).

Steps

1. Gather a project team from a range of disciplines in your business. Different areas of the business will have different perspectives on what matters.
2. Brainstorm the material issues for your business—what challenges and opportunities are there that could fundamentally affect business performance? The Project Team will bring their own perspectives but you should aim to interview 20 other people in your organisation (depending on size) to build a comprehensive list.

Material issues can be specific or clustered into themes. If you are considering materiality for the first time you may find it easier to work with specific challenges and opportunities. For later iterations you may become more comfortable addressing themes that encompass multiple issues.

3. Invite as many people in the business as possible to rank each issue on a scale from one to five. A score of one represents low importance to achieving business success and five represents high importance. You may need to provide a brief explanation of each item on the list so multiple people can consistently assess the identified issues.
4. Create an average score for each issue—add all of the rankings given to each item, and divide by the number of assessors.
5. Repeat steps three and four with external stakeholders. Think broadly about who to involve, from the communities where you operate, to suppliers, customers, business partners, shareholders, and government.
6. You will now have a list of issues each with an internal and external ranking of importance. Plot the material issues on a simple chart where the x-axis represents business concern and the y-axis represents stakeholder concern (see example next page).
7. The issues that sit in the top right quadrant are considered important by the business and your stakeholders. This is where your sustainability efforts should focus, including partnerships.

Example materiality map

Oxford Properties Group is a Canada based property investment and management firm operating globally. The company's sustainability vision is to grow their business without growing their environmental footprint and to continue to be an employer and partner of choice.

Oxford Properties Group uses materiality mapping to determine its priority action areas in sustainability, in collaboration with their stakeholders, and sets targets for improving its sustainability performance in the priority areas it has identified.

Their materiality map is depicted to the right, and you can read more about it on their [website](#).



APPENDIX 2

[Subject matter - insert]

MEMORANDUM OF UNDERSTANDING

Parties

Between:

<If Party: [Party A], having its registered offices at [Insert registered offices] > <if Individual [Insert Full Name], residing at [Insert residential address]>, ("the KiwiNet Partner").

And:

<If Party: [Party B], having its registered offices at [Insert registered offices] > <if Individual [Insert Full Name], residing at [Insert residential address]>, ("Party B")

Background:

- A. [Party A] is [description of business carried out by party].
- B. [Party B] is [description of business carried out by party].
- C. The parties are entering into this memorandum of understanding (MOU) to record [describe briefly the purpose of MOU].

1. Expertise

- 1.1. [Party A] has expertise in [list expertise Party A brings to the relationship]
- 1.2. [Party B] has expertise in [list expertise Party B brings to the relationship]

2. Understanding

- 2.1. [Details of understanding/proposed arrangement. This can be left suitably broad as the parties develop a project/framework for the relationship, simply articulating how the parties will work together. If the MOU is being used while a project/relationship is being defined it may be appropriate to cover co-funding (direct cash or in-kind). If intellectual property may be created by either party, cover ownership, licences and commercialisation.]
- 2.2. The parties acknowledge the intent that this MOU shall be superseded by a [contractual agreement] whose scope and intent are broadly defined by this MOU and will be negotiated in good faith by the parties.

3. Confidentiality

- 3.1. Confidential Information means:
 - a. All information and materials relating to or arising from this MOU in any form whatsoever, and
 - b. Information which is by its nature confidential or which the discloser advises the recipient is confidential and includes the terms of this MOU, and

- c. Includes anything disclosed before the date of this MOU.

3.2. Confidential Information does not include:

- a. information which at the date of this MOU is in the public domain or subsequently enters the public domain without fault on the part of the recipient,
- b. information that is received in good faith by the recipient from a third party,
- c. information which is at the date of this MOU, independently developed by, or already properly in the possession of, the recipient and which the recipient can demonstrate by written record to be previously known to the recipient.

3.3. The recipient of Confidential Information shall:

- a. keep it in the recipient's possession and treat it as confidential regardless of when disclosed,
- b. not use any Confidential Information belonging to the other party for any purpose other than as required in terms of this MOU,
- c. only disclose Confidential Information to employees, officers or professional advisers on a need to know basis and shall be liable to the discloser for any breach by those persons of these confidentiality obligations.

3.4. The restrictions in this Clause 4 do not apply where disclosure is required by law or by a government agency or governmental authority.

3.5. The parties acknowledge that any breach of this confidentiality obligation may result in damages for which monetary compensation would not be an adequate remedy and that the affected party is entitled to specific performance or injunctive relief in addition to any other remedies at law or in equity.

4. Communications

4.1. Communication on all matters relating to this Memorandum, to performance and to activities undertaken in terms thereof, shall be by *[specify spokespeople and/or approval arrangements]*.

4.2. No party gives any representation or warranty with respect to any information other than that it has the right to disclose such information.

4.3. This MOU shall terminate on the earlier of *[specify an event, e.g. the signing of a formal agreement]* or *[specify a date]*.

5. Liability

5.1. Neither party shall be liable to the other for any costs, liability, damages, loss, claims or proceedings of whatever nature arising out of this Memorandum and neither party shall be liable to the other for any loss of profit, loss of business or consequential loss of that party, howsoever caused.

5.2. The parties also agree that it is not the intention for any of the Terms and Conditions of this Agreement to be legally binding on either or both parties.

6. Disputes

- 6.1. If a dispute arising out of this Memorandum occurs between the parties, then the parties will in good faith try to resolve that dispute. This process may also include mediation.
- 6.2. If the dispute is not resolved within twenty (20) working days from the date the dispute was advised in writing, then the dispute shall be referred to arbitration in accordance with the Arbitration Act 1996.

7. General

- 7.1. This MOU is governed by New Zealand law and the parties submit to the non-exclusive jurisdiction of the courts of New Zealand.
- 7.2. This MOU may be signed in counterparts, including by facsimile or email, all of which when read together shall constitute one and the same document.
- 7.3. Only clauses 3, 5 and 7 in this MOU are legally binding on the parties and those clauses shall survive termination of this MOU.
- 7.4. The date of this MoU shall be the date that the last person signed.

Signed by [Party A]

Signed by [Party B]

Signature

Signature

Name of authorised signatory

Name of authorised signatory

Position

Position

Date

Date

**Partnering with
you for a
better
community**



the warehouse //
where everyone gets a bargain

The Warehouse Limited

Community Partnerships

Thanks for your interest in becoming a national partner with The Warehouse's community programme through the TW Group Foundation. Supporting our communities has always been an important part of our heritage as we believe that strong businesses and strong communities are mutually dependent. Our Core Purpose reflects this belief:

The Warehouse will make a difference to people's lives by making the desirable affordable and supporting New Zealand's communities and the environment. By putting the customer first, we will succeed. Everything we do flows from this principle. We enjoy success through working together as one team. People choose to work for us because we care about and recognise individuals.

To help you decide whether to progress with your application and to ensure that we each have clarity on our expectations of each other we thought it would be helpful if we provided you with details about our community partnership programme and also covered what you could expect from us and what we would look for from you in any relationship.

We hope this helps and we look forward to receiving your application.

Kind regards

A handwritten signature in blue ink, appearing to read 'Paul Walsh', is positioned above the printed name.

Paul Walsh
Executive General Manager – Community and Environment

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Our Community Partnership Vision

To be known as an enduring, caring and responsible member of the communities we serve.

We will continue to achieve this by enhancing the lives of families and young people throughout New Zealand through a combination of national initiatives supported locally and local initiatives operating within a provided framework.

Our Community Programme

Here at the Warehouse we believe we have a responsibility to both New Zealand and New Zealanders. We have built our business on three key elements; *People, Planet* and *Profit*. We strive to ensure that all our stakeholders - customers, team members, shareholders, suppliers and the wider community - benefit from our retail activity. The Warehouse, with the support of its customers and suppliers raised and distributed over \$3 million to New Zealand community service groups and national charities during the 2012/13 financial year.

As you can imagine, the company is approached on a regular basis to provide support to community organisations. However, we are not in a position to provide assistance to everyone. We appreciate that each organisation is unique and supports many different aspects of the community and believe all are equally important. However, we have decided that The Warehouse will focus its relationships with

organisations who support families and young people within our philosophy of giving a 'hand up' rather than a 'hand out'.

The Warehouse generally facilitates fundraising opportunities through leveraging its scale, store distribution network and iconic brand rather than providing sponsorship, funding or product donations.

The Warehouse runs three levels of community partnerships: Local, Regional and National:

Local Partnerships

Local partnerships are undertaken through our store network. We have established fundraising facilities in our stores to support local organisations. These facilities are the community BBQs (note: not all stores have community BBQs due to lease or mall restrictions), point of sale coin collection boxes and our Bags for Good programme where the proceeds from the 10 cent charge we make for plastic shopping bags go back to local community organisations that our customers can vote for.

Regional Partnerships

Our store network is divided into nine regions. Each region partners with a community organisation that is focussed on families and young people within that geographic area and works with that organisation to raise funds for a specific project. For example, our Canterbury region recently ran an "Add a Dollar" campaign for their community partner, the Christchurch Children's Hospital.

National Partnerships

National campaigns are undertaken in conjunction with our financial year and run from 1 August - 31 July. During this calendar period we run five national fundraising campaigns through our store network, raising money for organisations for specific projects which will enhance the lives of families and young people. Campaigns involve the organisation providing a small item to sell at the checkouts e.g. pens or scratch and win tickets (or something similar). For our part we will manage the campaign, distribute the product, market the campaign through our mailer, in-store radio and social networking sites and promote and sell the product at the checkout. All money taken at the checkout goes directly to the community partner; we do not deduct any costs.

Each year we invite New Zealand based organisations which operate throughout the country and which support families and young people to apply for and be part of a selection process to be considered as a national partner with a "spot" on our fundraising calendar. We commence this process in late January with the first campaign of the new financial year kicking off on 1 August.

In particular we look at organisations which fulfil the following criteria:

1. The organisation must qualify according to the Preliminary Assessment Form (PAF)
 - *If you are on our database you will receive this form as part of the selection process. If you complete and return this PAF to us within the allotted time, you have fulfilled this requirement.*

2. The organisation must “enhance the lives of families and young people throughout New Zealand”.
 - *Partnerships must be for a specific project which will provide tangible benefits directly to those people who the charity supports with specific emphasis on how this will enhance the lives of young people and their families. The Warehouse will not consider applications where funds raised would go to the daily running costs of the organisation.*
3. The organisation must be in line with TWL brand profile - national, “Kiwi”, offering a wide benefit with links into communities:
 - *Almost everyone in the country visits The Warehouse at some point. The majority of New Zealanders shop with us regularly.*
 - *We prefer to have community partners which benefit as many Kiwis as possible who would connect with our brand.*
 - *The Warehouse has 92 stores across New Zealand. Therefore, the community partner must conduct activities that will engage everyone, from Kaitia to Invercargill.*
 - *We are looking for an organisation that is compatible in terms of personality and scale and who will have the resources to be able to run a national campaign through our stores. With 92 stores you must be able to supply enough product for sale to cover the duration of your campaign, for example, approximately 80,000-100,000+ single units or tickets.*
4. There should be an overall potential to raise the profile of both TWL’s community programme and the partner’s activities:

- *We know from our research that the public expect organisations like The Warehouse to support the community. We need the help of our partners to ensure the public are aware of our community activities. As such;*
 - *The ability of the community partner to market/communicate your cause and engage our team members/customers in order to generate ongoing future support (and for TWL to be acknowledged for that support, thus creating a true partnership) is vitally important.*
5. The organisation must be prepared to work with us to minimise disruption to trading:
- *The primary purpose of The Warehouse is to help New Zealanders save more every day through an easy shopping experience.*
 - *Our team is busy keeping our stores running smoothly so the fundraising campaign has the greatest chance of success if it is easy to understand, administer and expedite.*

National community partners cannot apply to be regional or local store partners as well.

What Community Partners Can Expect From Us?

1. Recognition

We know that recognition of our partnership is important for you and for us. Using our Community and Environment website we will:

- Highlight your organisation as one of our national community partners
- Provide a short description of the work your organisation does (provided by you and mutually approved)
- Provide a link to your website

2. Publicity

We will ensure your organisation receives publicity by:

- Enabling you to promote activities not directly associated with The Warehouse on our Community and Environment website (content must be mutually approved)
- Highlighting your organisation and our promotion with you during the course of and immediately following on the Community noticeboard in every location across New Zealand. This has the potential to be seen by over 1,000,000 New Zealanders every week
- Provide you with “reach” on “Red Radio” (our in store radio) and national mailer which reaches 1.38 million New Zealand households every week during the course of your national promotion

- Coverage to all our in store teams explaining your organisation and how the funds raised from our partnership will be spent to support New Zealand communities (provided by you and mutually approved)

3. **Promotional Activity**

We will provide you with the opportunity to fundraise through our store network by:

- Providing an annual fundraising opportunity of four weeks each year which, historically, is likely to generate between \$130,000 and \$230,000 for your organisation
- Apply to be the recipient of the annual Suppliers' Dinner which last year generated nearly \$600,000 for the recipient organisation
- The potential to propose or be offered additional promotional activity at other points through the year

4. **Buying Privileges**

We will provide your organisation the opportunity to purchase products from The Warehouse, Warehouse Stationery and Noel Leeming Group at special discounted prices. In return we would expect your organisation to purchase your normal business requirements from one of the above companies where these are appropriate to your needs.



5. **Partnership**

The Warehouse will view any relationship as a year round partnership and not just a once a year fundraising opportunity. We will explore how we can work with you at various points of the year beyond the fundraising promotion to create a more sustainable association. Part of this will be a six monthly meeting to review progress of the relationship and our agreed programme and to identify and work through any issues or concerns.

To ensure both parties have clarity over the goals and deliverables of the partnership we will provide you with a Memorandum of Understanding which will cover key objectives and the way we will work together.

What We Expect From Our Community Partners



1. Recognition

From surveys we have undertaken we know that the public of New Zealand expect The Warehouse to be a good corporate citizen and to be supporting our communities. We will need your help so that the public know we are meeting their expectations. We will work with you to best decide how this can occur but we would look to you to:

- Highlight The Warehouse as one of your major community partners in a prominent and easily seen place on your website
- Provide a paragraph (supplied by The Warehouse for your approval) on our community principles on your

website with a link to The Warehouse's Community and Environment website

- Work with us to provide physical recognition of the partnership where this is possible and appropriate

2. Publicity

To help the public understand how we are supporting our communities we would like you to:

- Issue agreed media releases at the time of announcement of our partnership and upon conclusion of any major programmes we undertake together
- Provide coverage of any partnership activities between us in your newsletters (hard and/or soft as applicable)

3. Promotional Activity

To help us maximise the opportunity to fundraise through our store network we would like you to:

- Provide us with material explaining how your organisation supports New Zealand communities and, in particular, how our partnership will make a difference
- Provide ideas as to how you can engage our store teams with your organisation (they are the ones who will be asking for support from our customers)



Partnership

We would expect you to work with us on creating a programme at various points of the year beyond the fundraising promotion to create a more sustainable association. As part of this we would expect you to meet with us upon confirmation of the partnership to ensure clarity of expectation for both parties and then to participate in a six monthly meeting to review progress of the relationship and our agreed programme and to identify and work through any issues or concerns.

We would also need your attendance at an introduction meeting of all five national partners as soon as practicable after the confirmation of the partnership to ensure all parties have a clear understanding and to explore possibilities of collaboration between the partners.

4. Governance

We will be facilitating the collection of significant sums of money for your organisation on behalf of and through the public of New Zealand. We would expect you to provide us with a reasonable demonstration that the funds we provide you have been spent for the agreed purpose no later than 12 months from the date of endowment.



Partnering with
you for a
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community**



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How to... Empathise for understanding

June 2014

Empathetic interviewing is a design thinking technique advocated by Stanford University's d.school. Typically applied to finding user-led solutions to business challenges, the principles of empathetic interviewing can also be used by new partners to help them have rich conversations that will lead to a strong understanding of the way one another work.

The basic principle behind empathetic interviewing is that parties must talk to one another with a 'beginner's mindset', meaning without any prejudice or preconceived ideas. By approaching a conversation ready to listen and deeply explore the other party's perspective, the interviewer will gain a much richer, authentic understanding of the interviewee's frame-of-reference.

The following tips for empathetic interviewing, observation, and distilling insights have been adapted from a variety of d.school resources.

1. Assume a beginner's mindset

We all carry our experiences, understanding, and expertise with us. Your assumptions may be misconceptions and stereotypes, and can restrict the amount of real empathy you can build with a partner. Assume a beginner's mindset in order to put aside these biases, so that you can approach the relationship with fresh eyes.

Don't judge. Just observe and engage your partner without the influence of value judgments upon their actions, circumstances, decisions, or issues.

Question everything. Question even (and especially) the things you think you already understand. Ask questions to learn about how your partner perceives the world. Think about how a 4-year-old asks "Why?" about everything. Follow up an answer to one "why" with a second "why."

Find patterns. Look for interesting threads and themes that emerge across interactions with your partner.

Listen. Really. Lose your agenda and let the scene soak into your psyche. Absorb what your partner says to you, and how they say it, without thinking about the next thing you're going to say.

2. Interview with empathy

Ask why. Even when you think you know the answer, ask people why they do or say things. The answers may surprise you. A conversation started from one question should go on as long as it needs to.

Never say “usually” when asking a question. Instead, ask about a specific instance or occurrence, such as “tell me about the last time you _____”

Encourage stories. Stories reveal how people think about the world. Ask questions that get people telling stories.

Look for inconsistencies. Sometimes what people say and what they do are different. These inconsistencies often hide interesting insights.

Pay attention to nonverbal cues. Be aware of body language and emotions.

Don’t be afraid of silence. Interviewers often feel the need to ask another question when there is a pause. If you allow for silence, a person can reflect on what they’ve just said and may reveal something deeper.

Don’t suggest answers to your questions. Even if they pause before answering, don’t help them by suggesting an answer. This can unintentionally get people to say things that agree with your expectations.

Ask questions neutrally. “What do you think about buying gifts for your spouse?” is a better question than “Don’t you think shopping is great?” because the first question doesn’t imply that there is a right answer.

Don’t ask binary questions. Binary questions can be answered in a word; you want to host a conversation built upon stories.

Make sure you’re prepared to capture. Use a voice recorder if you can—it is impossible to properly engage a user and take detailed notes at the same time.

3. Observe


Observation is as important as conversation. Take the time to walk a mile in your partner’s shoes and be fully present in the experience to gain deep understanding of their reality.

The ‘What? | How? | Why?’ tool

What? | How? | Why? is a tool that can help you drive to deeper levels of observation. This simple scaffolding technique allows you to move from concrete observations of a particular situation to the more abstract emotions and motives that are at play in that situation.

- **Set-up:** Divide a sheet of paper into three sections: What?, How?, and Why? And take this into the field with you.
- **What—start by making concrete observations:** What is the person you’re observing doing in a particular situation? Notice and write down the details. Try to be objective and don’t make assumptions in this first part.
- **How—move to understanding:** How is the person you’re observing doing what they are doing? Does it require effort? Do they appear rushed? Pained? Does the activity or situation appear to be impacting their state of being either positively or negatively? Use descriptive phrases packed with adjectives.

- **Why—step out on a limb of interpretation:** Why is the person you're observing doing what they're doing, and in the particular way that they are doing it? This step usually requires that you make informed guesses regarding motivation and emotions. Step out on a limb in order to project meaning into the situation that you have been observing. This step will reveal assumptions that you should test with your partner, and often uncovers unexpected realisations about a particular situation.

concrete		emotional	
WHAT (what are they doing in the photo?)	HOW (how are they doing it?)	WHY (why are they doing it this way? Take a guess!)	
-little girl picking root vegetables	-she's smiling, even though it looks bigger than her, it looks fun	-somehow it's been made into a game...gardening is fun...getting messy is fun to her?	
			

4. Unpack what you've learnt

An Empathy Map is one tool to help you synthesise what you heard during your empathetic interviews, and what you observed, and then draw out the most meaningful insights.

Unpack: Create a four-quadrant layout on paper or a whiteboard. Populate the map by taking note of the following four traits of your partner as you review your notes, audio, and video from your fieldwork.

- **Say:** What are some quotes and defining words your user said?
- **Do:** What actions and behaviors did you notice?
- **Think:** What might your user be thinking? What does this tell you about his or her beliefs?
- **Feel:** What emotions might your subject be feeling?

Note that thoughts/beliefs and feelings/emotions cannot be observed directly. They must be inferred by paying careful attention to various clues. Pay attention to body language, tone, and choice of words.

Identify needs: 'Needs' are human emotional or physical necessities. Needs help define your partnership. Remember 'needs' are verbs (activities and desires with which your user could use help), not nouns (solutions).

Identify 'needs' directly out of the partner traits you noted, or from contradictions between two traits—such as a disconnect between what they say and what they do. Write down needs on the side of your Empathy Map.

Identify insights: An 'insight' is a remarkable realisation that you could leverage to better respond to a challenge. Insights often grow from contradictions between two partner attributes (either within a quadrant or from two different quadrants) or from asking yourself "Why?" when you notice strange behavior. Write down potential insights on the side of your Empathy Map. One way to identify the seeds of insights is to capture "tensions", "contradictions", and "surprises" as you work.

APPENDIX 5

[Initiative name - insert]

COMMUNICATIONS PROTOCOL

Date:

Parties:

- A. **[Party A]** is **[description of business carried out by party]**.
- B. **[Party B]** is **[description of business carried out by party]**.
- C. The parties are engaged in a partnership to **[describe briefly the purpose of the partnership including the initiative name]**.

1. Purpose

- 1.1. The purpose of this communication protocol is to ensure both parties are fully aware of all public communications about the partnership. It sets in place approved spokespeople; a process for message development, approval and updating; a process for advising one another of communications made; and a process for escalating communication issues.

2. Spokespeople

- 2.1. Each party has **[number of – recommend two]** approved spokespeople on the partnership.
- 2.2. Approved spokespeople for **[Party A]** are **[Insert names and designation]**.
- 2.3. Approved spokespeople for **[Party B]** are **[Insert names and designation]**.
- 2.4. **[If you wish to ring-fence the topics each party is able to talk about, do so here]**
- 2.5. All nominated spokespeople will have had appropriate media training.

3. Communication materials

- 3.1. Both parties will agree together three foundation communication documents that should be used to achieve consistency across all communications by both parties. These are:
 - a. The partnership story, being a short description of how the partnership came about, what it will do, what it hopes to achieve, and relevant details of timeframes and investment;
 - b. Key messages which draw from the partnership story and can be woven throughout a range of communication materials; and
 - c. Q&A that can be used to address questions about the partnership.
- 3.2. Being party to this protocol infers agreement to use these materials as the foundation for all communications about the partnership.

3.3. If, following approval of these materials, either party determines that amendments are needed, this must be done in consultation with the other party.

4. Information sharing

- 4.1. Whenever practicable, each party will advise the other in advance of making any communication about the partnership, and provide copies of prepared materials at least three working days in advance of their release.
- 4.2. Should the other party have any concerns about these materials, the originating party will work with the other party to resolve these in a constructive manner.
- 4.3. If materials cannot be easily changed (for example printed documents) these should be shared with the other party at proof stage.
- 4.4. In instances where there is no forewarning of the communication (for example a media enquiry), the party involved will advise the other party of the communication immediately afterwards.

5. Escalation

- 5.1. If an issue arises with the partnership, the parties will work together to agree a communications strategy, messaging and spokespeople before any communication about the issue is made.
- 5.2. If the issue is raised with one partner by a third party (for example media) the partner will only make a holding response before immediately conferring with the other partner about the appropriate course of action as per clause 5.1.

Signed by [Party A]

Signed by [Party B]

Signature

Signature

Name of authorised signatory

Name of authorised signatory

Position

Position

Date

Date