Strategic negotiations towards sustainability for entrepreneurs

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Abstract
The purpose of this thesis is to find out what it takes for entrepreneurs to negotiate strategically in order to ultimately influence systemic change towards sustainability. It focuses on the challenges sustainability entrepreneurs face as they negotiate their twin objectives of social mission and positive cashflow during their collaborative processes. To answer this purpose, I conducted a participatory action research with the entrepreneurs at Hubs Westminster, King’s Cross and Islington in London. The Hub is a global community of people from every profession, background and culture working to tackle the world's most pressing social, cultural and environmental challenges. The Framework for Strategic Sustainable Development (FSSD) was used as a lens for the overall research while the Seven Elements Theory of Negotiation targeted the negotiation process. The thesis demonstrates that some core challenges need to be addressed in the entrepreneur's preparation for their negotiation; and that entrepreneurs can intentionally favourably position themselves through their strategic actions in their attempt to meet the need to combine economic objectives with concerns about social responsibility and environmentalism. The implication of the thesis lies in better awareness on how to aim at creative outcomes during collaborations. Its originality lies in shedding light in this niche and rarely touched combination of sustainability, entrepreneurship and negotiation.

Key words: Sustainability, Negotiation, Entrepreneurship, Leadership, Framework for Strategic Sustainable Development, Seven Elements Theory of Negotiation, Collaboration, Hub.
Statement of Contribution

Definitions of entrepreneurship are numerous and various, though one can agree about a general behaviour revolving around taking initiative, re-organising social and economic mechanisms to turn resources and situations to good use and accepting the accompanying risk or failure. The opportunity to do all this arose last year. I took it and ran with it.

The opportunity came to do a time bound and resource constrained investigation at the Hubs in London. Being pro-active was the de rigueur skill to get things done. I was able to get access to the members of the Hubs and to tap onto their knowledge on how they collaborate and negotiate. Almost all of them towards the end indicated their interest in the findings of the research and asked me for a summary of the findings, for their self-development. They also showed interest in how theories could inform the practice of sustainability entrepreneurship.

Currently in Stockholm, Sweden, I am a Mauritian residing in Singapore with an environmental engineering background, fascinated by leadership, negotiation and social enterprise. As the sole researcher, I wore many hats. I looked at a systems view, academic know-how and practical experience in both leadership and collaboration. My personal ambition of striving for excellence quickly pushed me to presenting myself and my university KTH externally to the professional world as well as negotiating to attend high profile events for empirical study, such as ‘Planet Under Pressure 2012’ in London and ‘SOCAP:Designing the Future’ in Sweden. I assumed the role of note-taker and researcher throughout, while multi-tasking on ad-hoc requirements at the Hub and handling fully the project management responsibilities. I reviewed the literature in depth, transcribed the interviews, highlighted relevant texts and interlinked the results.

The several events attended added the practical bent that contributes to the originality of this paper in this niche area. The research became an iterative process as I attempted to minimise biases and staunch opinions of several entrepreneurs through the ‘lived-in’ ethnographic experience, cross-validation by other entrepreneurs and stakeholders outside their immediate circle. Although travelling, taking appointments and waiting for responses were logistically demanding and draining, checking on the validity was seen to be important enough to go through them.

This work is a research in process. More findings will come up with time. Someone would need to keep abreast with them and document them. As of now, this is the current reality snapshot with the resources and time I managed to negotiate, as my personally meaningful contribution to this topic.
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I am indebted to the many entrepreneurs who offered their time in the interviews, namely to Gary Jennings, Managing Director of GJ International Ltd; Andres Roberts, Partner and Entrepreneur, Kessels & Smit; Sebastian Foot, Managing Director, Frontier Carbon; Dr. David Grimshaw, Head of International Programme: New Technologies of Practical Action; Vicki-Ann E. Assevero, Attorney at Law and Chief Animateur of The Green Impressario; Christina Rebel, UK Projects and Research, We Impact; Hollie Carr, Director, The Rainmaker Foundation; Simon Goldsmith, Founder, Principled Sustainability; Lewis McNeill, Project Manager, Rediscovering London's Lost Orchard Heritage programme of The London Orchard Project; and Xavier Helgesen, CEO, Off.Grid: Electric. A list of their biographies is shown in the Appendix 2.

Finally, I would also like to express my utmost gratitude to Harveen Singh, Petra Ritz and Bernhard Ritz for their support for the Master’s programme. Their contribution was tremendous. I thank the rest of my KTH Professors, my classmates (special mention to Inci Comlekcioglu for her review), friends and acquaintances who provided valuable inputs.
Executive Summary

Introduction
Now that humanity has entered the Anthropocene era with a rapidly-growing population and altered planetary boundaries, we feel the need to more than ever operate within the Earth’s biogeochemical constraints to make fundamental changes to our economic systems. This urgent need is being addressed with the idea of a green economy, one that “focuses on improving human well-being and reducing social inequity over the long term, while not exposing future generations to significant environmental risks and ecological scarcities”.

In this green economy, the need to consider sustainability and profitability issues in entrepreneurial practice matters. Sustainability challenges preclude the need to collaborate, given its multidisciplinary aspect. Small and medium-size firms by default will collaborate because they themselves do not have all the resources to engage in continuous innovation. They view the collaborative network as an essential to doing business.

Doing business with sustainability involves negotiating constraints on the stress that we place on the environment so that while current needs are met, renewable resources have the opportunity to meet needs for our future. It is a considerable challenge to negotiate these constraints especially in our complex world. The various actors and their interrelating values, interests and other factors constitute this complex sustainability system.

Sustainability entrepreneurs functioning in this complex system can benefit from knowing the challenges they face in their collaboration process in that they can adapt and learn from lessons that are being learned in the network they are connected to. My research adds to the collection of collaborative research on entrepreneurship, with a specialisation on sustainability and negotiation. This was made possible through the close work done with the entrepreneurs at the Hubs in London.

The purpose of this thesis is to find out what it takes for entrepreneurs to negotiate strategically in order to ultimately influence systemic change towards sustainability. It targets the challenges sustainability entrepreneurs face as they negotiate their twin objectives of social mission and positive cashflow during their collaborative processes. My scope was wide enough to focus on most aspects of the small firm, and did not include the financials in order to keep it tight.
Conceptual Frameworks
I used the Framework for Strategic Sustainable Development (FSSD) and the Seven Elements Theory of Negotiation as the main conceptual and analytical tool in my research. The FSSD is seen as a generic language for strategic planning towards a sustainable society as defined by the four Sustainability Principles. The need for the Theory of Negotiation is felt because every time entrepreneurs negotiate for their scarce resources, they have to make choices about what to say and do to achieve their purpose.

Research Questions
Main question: How do entrepreneurs negotiate strategically towards sustainability?

*Phase 1:*
What are the ideal system, success and current reality for entrepreneurs?

*Phase 2:*
How do entrepreneurs negotiate around day-to-day constraints?

*Phase 3:*
What are the general challenges for negotiating sustainability issues for entrepreneurs?

Methodology
In research Phase 1, I used the backcasting principle under the FSSD to analyse the collaboration process in detail, understanding a rough ideal vision the entrepreneurs have, with their idea of success and current reality. This laid the ground for research Phase 2, whereby the down-to-earth practical constraints of an entrepreneur were recorded and felt in the lived-in experience. Combining these empirical findings gave rise to the analysis in research Phase 3. In this phase, the data were unpacked and analysed using the Five-Level Framework of the FSSD. An analysis generated the general challenges the entrepreneurs face when negotiating sustainability issues.

Main Research Outcomes: Phase 1
Ideal
I looked at the desired future before viewing the current reality from that perspective, and how consequently gaps are identified in order to create a list of actions in order to bridge those gaps. I found out that the ideal system for them can be aspirational and functional. In terms of aspiration for a sustainable future, it is about making change happen and inspiring people. In terms of functional, it is
about what the company can be useful at, and how to change the way in which new technologies are
developed.

**Success**

I questioned the entrepreneurs on their notion of sustainability and negotiating around it, and how they
knew they were successful or not. I digged into their conditions for success; what guidelines or
approaches they used, for their thoughts and actions. Openness and pragmatism seem to dominate in
their responses. Being open to ideas and opportunities is important and is seen as working out if there
are opportunities for both sides to be able to get something of benefit for them from the collaboration.
Pragmatism sets in when entrepreneurs look at success microscopically, e.g. when a successful
negotiation is seen as one where the parties get what they want. While working towards making the
society better with the provision of their products and services, the entrepreneurs seem to know how
to be successful and what will get them there from their perspective.

**Current reality**

I asked the entrepreneurs to assess their social context and organisational culture in order to
understand how they positively introduce change. I wanted to know how the firm identifies critical
sustainability issues, their business implications, any assets they may have and opportunities for
change - and how they negotiated around these issues in the present reality. I found that their
responses generally fell into three themes: 1. an attempt to understand the potential partners, which I
term as ‘take in’; 2. an attempt to influence their partners, seen as ‘take out’; and finally 3. an attempt
to reach a ZOPA (Zone Of Possible Agreement) (Sprangler 2003), seen as ‘take forward.’

**Main Research Outcomes: Phase 2**

This was a ‘lived experience’ to understand the negotiation challenges entrepreneurs with a perennial
social mission-profitability tension face. Through the planning and implementation of a sustainability
event from scratch, the ‘Future Reloading’, I stepped into the big shoes of the actors I was observing.
The outcome was a personal journey into unforeseen negotiations amidst constraints. The data from
the notebooks and observations were processed and they showed that: 1. It boils down to negotiating
through differences; 2. It is about relating to people at the right level; and 3. It is about power. The
findings also informed the research Phase 3, notably the Tools level on the need for specific skills.

**Main Research Outcomes: Phase 3**

**Systems level**

*Challenge: There is an insufficient understanding of issues at the full system level.*
The understanding about connections among different and sometimes apparently unrelated areas is lacking. Sustainability knows no system boundaries - the same ones that traditional science has placed for so long. This is multi-dimensional planning in complex systems. The decision-making process is complex, as is the problem-solving one. The consultations are cross-cultural and cross-sectoral by nature with a diversity of self-interested stakeholders. The matters are of high stakes, high contentions and mostly in transition.

Success level
Challenge: There is little shared understanding of what sustainability really means.
Despite significant progress, it is difficult to go beyond piecemeal improvement or ‘make a better mousetrap’ strategies as part of strategies towards a future sustainable society. Recent work with businesses and communities indicates that creating a shared vision is the most effective engine for change in the desired direction. This lack of shared mental model for inter-disciplinary and cross-cultural cooperation in sustainability entrepreneurship is a huge handicap. The search for common sustainable outcomes together means that the parties together are building an unknown future. They are not in the attempt to emulate any sort of historical precedent.

Strategic Guidelines level
Strategic guidelines are what the firm follows to take actions towards sustainability. The backcasting from principles guideline is about having a vision of the firm in the future respecting the four sustainability principles and then ‘backcasting’ to the present to see what specific actions should be implemented to start strategically working towards that vision. There is no particularly important challenge to highlight here (although it can be improved) as the entrepreneurs had some sort of idea of their own version of guidelines they follow.

Actions level
Challenge: Sustainability entrepreneurs do not showcase sufficiently the viability and importance of their business. Price still rules supreme.
Apparently consumers are not willing to purchase green idealism in a bottle if it came at a premium. Entrepreneurs are faced with the tough task of selling the viability of their business to make it sticky, for the consumers to buy the ‘why’ first, instead of the ‘what’ with a price tag attached.

Tools level
Challenge: There is no adequate checklist to fall back upon for checks and balances, resulting in an ad-hoc preparation for the collaboration.
Preparations were more or less taken casually in that a mental checklist was used by the entrepreneur in the collaboration process, safe for technical details discussion.

**Challenge: There is no strong tool that allows for assessing and understanding sustainability risks.** I keep hearing how first and foremost, businesses need to fully assess and understand future sustainability risks. This assessment should inform the definition of their responses in dealing with them. The uptake of knowledge on risks is non-linear, with all the pressures on entrepreneurs on how they understand knowledge. It’s about acknowledging this uncertainty and being ok with it, as heard in the dialogue between scientists, businesses and end-users.

**Challenge: Sustainability entrepreneurs do not have the mix of skills required to cut through the sustainability issues.**

From the ‘Future Reloading’ experience, I have learned that working with sustainability issues means working with people from all backgrounds. People come with significant differences. It also means working towards collaborative decision-making. If the negotiation is done wrongly, an impasse or litigation may be costly. A need is hence felt for a practical and a psychological training. The good intentions of solving the world, the intuitive ability to keep people happy, the specific domain skills we possess and the natural gift of the gab would not cut it. It is psychological contracts rather than formal contracts that govern relationships between the collaborating actors, as firms develop experience in dealing with each other.
Table of Contents

Abstract ........................................................................................................................................... ii
Statement of Contribution ............................................................................................................. iii
Acknowledgements ....................................................................................................................... iv
Executive Summary ....................................................................................................................... v
   Introduction ................................................................................................................................. v
Conceptual Frameworks ................................................................................................................ vi
Research Questions ...................................................................................................................... vi
Methodology ................................................................................................................................... vi
Main Research Outcomes: Phase 1 .............................................................................................. vii
Main Research Outcomes: Phase 2 .............................................................................................. vii
Main Research Outcomes: Phase 3 .............................................................................................. vii

Table of Contents .......................................................................................................................... 1

1.0 Introduction ............................................................................................................................. 3
   1.1 Meaning of a Sustainable Society ......................................................................................... 3
   1.2 Entrepreneurship and the Sustainability Challenge .............................................................. 4
   1.3 Negotiating Sustainability Issues ......................................................................................... 5
      1.3.1 Why do entrepreneurs need to negotiate strategically? ................................................. 6
   1.4 Research Questions .............................................................................................................. 7
   1.5 Conceptual Frameworks ...................................................................................................... 8
      1.5.1 Framework for Strategic Sustainable Development ...................................................... 8
      1.5.2 Seven Elements Theory of Negotiation ....................................................................... 9
   1.6 Thesis Purpose, Scope and Parameters .............................................................................. 11
      1.6.1 Why focus on entrepreneurs? ....................................................................................... 13
      1.6.2 Why focus on negotiations towards sustainability? .................................................... 14

2.0 Methodology ............................................................................................................................ 16
   2.1 Research Design .................................................................................................................. 16
   2.2 Case Study (The Hub) ......................................................................................................... 17
   2.3 Data Collection, Analysis and Validation ............................................................................ 18
   2.4 Stepwise Process for Research Phases ............................................................................... 22
      Phase 1: Ideal state and Current Reality ............................................................................... 22
      Phase 2: Negotiation constraints of entrepreneurs – Future Reloading ............................... 23
      Phase 3: General challenges for negotiating sustainability issues ...................................... 23

3.0 Results ....................................................................................................................................... 24
   3.1 Phase 1: ............................................................................................................................... 24
What are the ideal system, success and current reality for entrepreneurs?................................. 24
3.1.1 What entrepreneurs ideally wish to see .............................................................................. 24
3.1.2 What entrepreneurs understand by success ................................................................. 25
3.1.3 How entrepreneurs face their current reality ............................................................... 26
3.2 Phase 2:......................................................................................................................... 32
How do entrepreneurs negotiate around day-to-day constraints? ........................................ 32
3.2.1 About ‘Future Reloading’ ............................................................................................ 32
3.2.2 Preparing for ‘Future Reloading’ .................................................................................. 33
3.2.3 During ‘Future Reloading’ ........................................................................................... 35
3.2.4 After ‘Future Reloading’ ............................................................................................ 36
4.0 Discussion......................................................................................................................... 39
4.1 Phase 3:......................................................................................................................... 39
What are the general challenges for negotiating sustainability issues? .............................. 39
4.1.1 Systems ..................................................................................................................... 39
4.1.2 Success....................................................................................................................... 42
4.1.3 Strategic guidelines ..................................................................................................... 44
4.1.4 Actions ...................................................................................................................... 49
4.1.5 Tools .......................................................................................................................... 51
4.2 A critical perspective on the research............................................................................ 57
4.2.1 Situating this thesis in relation to other research ....................................................... 57
4.2.2 Research strengths ..................................................................................................... 57
4.2.3 Research challenges ................................................................................................... 58
4.2.4 Criticism on general challenges and avenues for further research ......................... 58
5.0 Conclusion....................................................................................................................... 61
6.0 References....................................................................................................................... 63
7.0 Appendices ..................................................................................................................... 73
Appendix 1: Events attended .............................................................................................. 73
Appendix 2: List of interviewees .......................................................................................... 79
Appendix 3: List of additional theories ................................................................................ 82
Appendix 4: Common motives for collaboration .................................................................. 83
1.0 Introduction

In this chapter, I introduce the meaning of a sustainable society; the relationship between entrepreneurship and the sustainability challenge; and what negotiating a sustainability issue is about. I outline the research questions followed by a detailed description of the conceptual frameworks, namely the Framework for Strategic Sustainable Development and the Seven Elements Theory of Negotiation. I end with the purpose of this thesis, its scope and parameters.

1.1 Meaning of a Sustainable Society

The news is now confirmed. Humanity has entered the Anthropocene era (Crutzen 2002)\(^1\). A rapidly-growing population, dramatic alteration by humans to our ecological life-support system (Daly 2005) and transgressed planetary boundaries (Rockström 2009) are pushing humanity to find innovative ways to make use of resources even more efficiently. We need to operate within the Earth’s biogeochemical constraints or natural capital; and we need to make fundamental changes to our economic systems.

The current path is not sustainable. As Paul Raskin (2002) has said, “Contrary to the conventional wisdom, it is business as usual that is the utopian fantasy; forging a new vision is the pragmatic necessity.” This urgent need is being addressed with the idea of a green economy, one that “focuses on improving human well-being and reducing social inequity over the long term, while not exposing future generations to significant environmental risks and ecological scarcities” (UNEP 2011).

In this transition to a green economy, there is a general, albeit slow, systemic movement away from the profit-motive economic viewpoint when taking stock of our well-being. The GDP as a measurement of progress is seen as inadequate and misleading. Articulating pragmatically the sustainability concept from an economic viewpoint is to maintain the welfare of present and future generations over time. Recent studies (Arrow et al., 2010; Arrow et al., 2004; Dasgupta, 2001) have shown that the sum of different natural capital can be combined with manufactured capital, human capital, and social capital, in such a way that the resulting index (which can be called Inclusive Wealth or the sustainability index) is able to reflect the progress or regress of economies.

This technology-driven supply-side solution is co-evolving with social changes, which are structural, in demands for goods and services. Slowly, self-enhancement and novelty are being favoured over

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\(^1\) The Anthropocene as a new geological epoch was first proposed in 2000 by Dutch Nobel Laureate Professor Paul Crutzen and US academic Professor Eugene Stoermer (1934-2012). Crutzen, Stoermer and others argued that the vast human enterprise now rivals the great geological forces of nature.
structures that reward selfish behaviours. Economic facilities are allowing individuals to access loans to start small businesses as well as to gain access to markets that would otherwise be closed to them.

1.2 Entrepreneurship and the Sustainability Challenge
I see the starting of these small businesses to be part of entrepreneurship. To begin with, an entrepreneur is defined as someone who “shifts economic resources out of an area of lower production into one of higher yield and production” (Dees 1998), according to Jean-Baptiste Say, credited to coining ‘entrepreneurship’ as a term. Entrepreneurship is a collection of entrepreneurial acts, whereby the acts themselves are characterised by a creative and influential step outside existing practices that make the acting individual an entrepreneur (Schumpeter 1949). Networks of individuals or teams create firms with a variety of persons being involved in the process (Birley 1985). Hence these acts involve co-actors and not necessarily single individuals.

In this entrepreneurial practice, the need to consider sustainability and profitability issues has been acknowledged in the entrepreneurship and small business literature (Cohen and Winn 2007; Schaper 2002). Sustainability challenges preclude the need to collaborate, given its multidisciplinary aspect. Small and medium-size firms by default will collaborate because they themselves do not have all the resources to engage in continuous innovation. They view the collaborative network as an essential to doing business (Miles et al. 2006). As such, concerns about sustainability attract actors spanning social, economic and demographic boundaries, each with their own power-laden interests and preferences (Hoffman 2001). I believe these single individuals have their own motivation to jump on the sustainability bandwagon. “One might start an SME and pursue sustainability for a lifestyle reason, for moral or leadership reason, of for profit...hence there is quite some diversity of motivators,” Dr. Sarah Burch (Planet Under Pressure 2012).

The sustainability logic is not far behind as a motivator. A sustainability logic for the entrepreneur encompasses social justice and environmental preservation concerns – which are supported by personal commitment to causes such as ecological footprint reduction, fair employment and little pollution (Bansal and Roth 2000; Dunlap and Mertig 1992; Juravle and Lewis 2009). The manifestation of this logic lies in missions and strategies which become a guide for the entrepreneur (Anderson 1998; Schaper 2002). “At this time, when the world is grappling with multiple and interlinked crisis - from financial to peak oil and to extreme weather events - we need all the wisdom and sagacity to find a new way to wealth without pollution,” Sunita Narain, Director, Centre for Science and Environment, India (Planet Under Pressure 2012). Furthermore, I note that “a majority of experts believe that social entrepreneurs are the only leaders effectively advancing the sustainability agenda,
and they continue to grab ‘market share’ from NGOs. Confidence in national government leaders continues to erode.” (Sustainability Survey 2011)

Amidst this erosion of confidence, I am hearing more and more that we are living in a world of finite resources, within which all citizens needs to cohabit. Any failure to look beyond one’s own interests will be economically inefficient and disruptive socially in the long-term. Unprecedented natural resource scarcity, rising food prices and energy security issues means that “the private sector is ever more challenged to overhaul its strategy and make its business models future proof,” Yvo de Boer, former head of the UN Intergovernmental Panel on Climate Change and now Special Advisor to KPMG (Planet Under Pressure 2012). “It is clearly no longer the question if we (i.e. businesses) must transcend to a more sustainable economy. The question is the pace at which we are able, and especially willing, to achieve it.” Sir John Beddington, UK Chief Scientific Advisor further adds that “we need the private sector as there is not enough money in the government.” (Planet Under Pressure 2012) In Q3 2011, the Green Transition Scoreboard® totalled private investments in green sectors since 2007 worldwide at US$2.4 trillion. Its new total of US$3.3 trillion in February 2012 confirms that this transition is on track to reach the US$10 trillion projected by 2020. As a final add-on on the marriage between entrepreneurship and sustainability, “markets and entrepreneurship will be a prime driver of decision-making and economic change.” (UN Report GSP 2012)

1.3 Negotiating Sustainability Issues

“In business as in life, you don’t get what you deserve, you get what you negotiate.”

Dr. Chester L. Karrass

Sustainability issues are coming to the fore these days. Dealing with sustainability involves negotiating constraints on the stress that we place on the environment so that while current needs are met, renewable resources have the opportunity to meet needs for our future. It is a considerable challenge to negotiate these constraints especially in our complex world. This challenge may be more effectively tackled by looking at negotiations themselves as necessary complex adaptive systems (Jones 2009) integral in collaborations of entrepreneurs. The need for social exchange is according to Levine and White (1961) created by the scarcity of resources and actors’ needs to engage others to obtain valuable inputs. Dr. Judith Morrison, Honorary Research Associate by the Institute for Sustainability and Technology Policy at Murdoch University, believes that those who attempt to find consensus with sustainability issues fail because they have not been trained in negotiation skills (Morrison 2012).
1.3.1 Why do entrepreneurs need to negotiate strategically?
Negotiation can be seen as core to collaboration since it is through this interaction that: a common ground between actors is identified; new understandings emerge; and joint or individual actions are decided upon. It must first be mentioned for this collaboration to happen, resources are important for entrepreneurs’ capability in the firm. Resources, be they reputational, financial, organisational, physical, technological, human are scarce for the entrepreneurs. Hence, they should focus on activities that help them reach their objectives. An efficient way to get access to these resources is by entering into exchanges with other businesses. The assumption is that the partners have the same (Levine and White 1961) or similar objectives (Blau 1964).

Now, in order to survive, businesses must actively engage in exchanges with their environment to obtain these resources; and access to external resources is key, pushing businesses to engage in relationships to avoid probable risk of death. Contemporary sustainability businesses live in an environment of uncertainty. This uncertainty come about by little knowledge on what changes are happening around them and who may partner with them (Pfeffer and Salancik 1978). The most desirable partners are those providing behaviours, resources and capabilities (Pfeffer and Salancik 1978) that will help the business have more influence and control over its own operations.

Since collaborating to exchange is an efficient way for entrepreneurs to acquire or access resources, some of the common motives for collaboration have been showcased in Appendix 4 (Johansson 2008). The entrepreneurs’ wish to collaborate is driven by their underlying motives and the objectives they are after. These motives decide which resources and capabilities are important and how they will be accessed. Their impact is felt on the entrepreneurs’ actual and future competitiveness. In addition, the tension between sustainability and profitability concerns is a habitual expectation entrepreneurs confront – concerns that embody the cardinal truths of the individual fields of sustainability and business (De Clercq and Voronov 2009). Given the huge benefits of collaboration, negotiating strategically for resources in the collaboration hence matters enormously if they wish to remain competitive.

Having thus good negotiation skills is primordial. Since conversations around environmental issues bring together multiple actors whose interests and priorities differ, from the simple local waste management to the complex global climate change (Lounsbury 1998; Weiss 1998), entrepreneurs are required to listen to the varied expectations of a number of actors or stakeholders, ranging from watchdogs, customers, governments, investors and the public and certainly how their actions reflect sustainability (Daly and Cobb 1994; Jennings and Zandbergen 1995; Schaper 2002).
The benefits for a strategic negotiation are multifold. Entrepreneurs can, as mentioned above, aim for improved competitiveness by pushing for developing unique offerings to enhance their revenues. They can push for cost reduction to achieve higher efficiency in their operations. Knowing how to be influential can allow them to build new businesses; gain access to the benefits of other firms’ assets, e.g. production capacity, technology, market access, capital, products; to reach new markets quickly; and finally to fight against same competitors. If done well, this supports a more focused exploitation of existing capabilities within each firm (Grant and Baden-Fuller 2004). Moreover, the new knowledge accessed through good preparation can be used to enhance the company’s strategic position and/or to achieve flexibility which will enable the firm to adapt to changing market conditions (Ylinenpää and Westerberg 2004).

Finally, I acknowledge that the collaborative forms in the dynamic sustainability field are complex and diverse, covering supplier-buyer partnerships, outsourcing, joint research, joint development projects, joint manufacturing, joint distribution, joint ventures, and franchising (Yoshino and Rangan 1995). The strategic importance of negotiation is hence all the more crucial, even so given that the failure rate of collaboration efforts is in fact very high (Zineldin and Bredenlöw 2003) reaching 70% for strategic alliances (Das and Teng 2000).

1.4 Research Questions
In terms of research question, I subdivided the main question into three phases. I broke it into smaller chunks in order to tackle the main question from several strategic viewpoints. I outline them below.

Main question: How do entrepreneurs negotiate strategically towards sustainability?

*Phase 1:*
What are the ideal system, success and current reality for entrepreneurs?

*Phase 2:*
How do entrepreneurs negotiate around day-to-day constraints?

*Phase 3:*
What are the general challenges for negotiating sustainability issues for entrepreneurs?
1.5 Conceptual Frameworks

I began the research by investigating several theories designed for organisations attempting to influence systemic change in complex systems. I describe a few below while I provide a detailed list of theories covered in Appendix 3.

1.5.1 Framework for Strategic Sustainable Development

The Framework for Strategic Sustainable Development (FSSD) provides a lens for the research, giving a systems-overview of strategic sustainable development planning and decision-making. There exist systemic problems of working in complex systems. The FSSD is a comprehensive framework that can be used by any group of people working together with a purpose of moving society towards sustainability (Holmberg and Robèrt 2000), considering the complex system in which this must occur. The FSSD makes use of a generic Five Level Framework (5LF) to plan for a sustainable society, utilising the methodology of backcasting from the four Sustainability Principles (4SPs) (Holmberg and Robèrt 2000; Robèrt et al. 2002; Azar and Holmberg 1995). See Appendix 3 for the 4SPs.

Many organisations are caught up in their current practices and ways of doing things. When considering sustainability, their immediate position is to investigate how to reduce their own destructive flows; in essence considering how to be 'less bad'. This can be a highly restrictive paradigm for an organisation, keeping it entrenched in its current way of acting, potentially trapping it in inflexible dead ends, and preventing it from making smarter, more strategic moves (Willard 2002). The FSSD allows organisations to ‘turn around’ and come up with a vision for the future, bounded by the 4SPs. Some components of the FSSD are outlined in the following entries.

Generic Five Level Framework

The use of the generic Five Level Framework (5LF) allows users to differentiate, communicate and understand different levels of an organisation and its system. The levels are Systems, Success, Strategic Guidelines, Actions and Tools (Robèrt et al. 2002; Robèrt 2000). At the systems level (Level 1), the organisation gains an awareness of its situation, understanding the context within which it must operate to achieve success. At the success level (Level 2), the organisation articulates its conditions for success. From success, it can begin to design strategic guidelines (Level 3) to help it prioritise actions (Level 4) to meet these defined success conditions. It can then outline the tools (Level 5) that will allow it to carry out the actions selected.

Backcasting

Backcasting is a methodology used for planning. The planner defines the desired future, then views the current reality from that perspective, identifies the gaps, then creates a list of actions in order to bridge those gaps (Robinson 1990; Dreborg 1996). In a process called backcasting from principles,
the future can be defined by the use of general principles that are necessary, sufficient, general, concrete and non-overlapping (Ny et al. 2006).

Backcasting stands out as an alternative to traditional forecasting. The latter is about taking steps that are a continuum of past trends and/or present methods extrapolated into the future. Backcasting is particularly useful when:

- The problem to be studied is complex;
- There is a need for major change;
- Dominant trends are part of the problem;
- The problem, to a great extent, is a matter of externalities; and
- The scope is wide enough and, the time horizon long enough to leave considerable room for deliberate choice (Dreborg 1996; Robinson 1990).

Components of the FSSD have been incorporated throughout the research:

- The 5LF was used to distil and help analyse the information collected.
- The 4SPs were considered in the empirical analysis.
- The backcasting process was used to structure the research phases.

1.5.2 Seven Elements Theory of Negotiation
The Seven Elements Theory of Negotiation was developed by Professor Roger Fisher and his colleagues at the Harvard Negotiation Project (Fisher et al. 1991). The need for this theory of negotiation is felt because every time an entrepreneur negotiates his scarce resources, he has to make choices about what to say and do to achieve his purpose. He is influencing the other party’s behaviour. In making these choices, most entrepreneurs act instinctively. They do not really think about it or they decide on the basis of what seems to have worked for them or for others in the past. Their actions with little understanding on what’s going on in the negotiation may endanger their success.

The negotiation can be broken down into seven distinguishable yet interconnected elements:

- **Relationship**: It is important when we need the consent of others to achieve our ends, when we can meet our ends better by involving others, or when unilateral means are not morally, socially, or politically acceptable. Negotiation is interactive.
- **Communication**: Communication can take place implicitly in bargaining processes, or more explicitly in different kinds of conversation.
• **Alternatives**: Alternatives are what we can pursue away from the table. It is especially important to understand your Best Alternative to a Negotiated Agreement or BATNA.

• **Interests**: What is important to us that we can achieve in the negotiation. We get at them by asking, "Why?"

• **Options**: Tangible steps that serve interests and can be part of an agreement.

• **Legitimacy/Standards**: Sources of justification such as legal standards or precedents, professional norms, market value, social or economic standards (e.g. blue book value).

• **Commitment**: These are promises made to build or finalise agreement.

The results of the coding from the empirical study were compared to the above elements. 'Interests', 'relationships' and 'commitment' were the elements that stood out. They were dealt with in depth and incorporated in the research:

• To understand what's going on, and what the entrepreneur's choices are.

  The conceptual framework is one within which I analysed the thoughts, speech and actions of the entrepreneur negotiator.

• To see what can guide their choices about how to prepare for and conduct the negotiation.

  The framework makes decision-making, performance evaluation and coaching easier, more comprehensive, and more systematic.

**Negotiating for a competitive advantage**

I adopted a resource-based view in order to understand the sustainability entrepreneurs’ moves for competitive advantage. Any resource the entrepreneurs have is limited. A resource is being understood here as a strength or weakness, tangible and intangible asset the company has or may have access to (Wernerfelt 1984); being financial, physical, human, technological, reputational, and organisational (Grant 1991). “The key to a resource-based approach to strategy formulation is to understand the relationship between resources, capabilities, competitive advantage and profitability – in particular, to understand the mechanism through which competitive advantage can be sustained over time. This requires the design of strategies which exploit to maximum effect each firm’s unique characteristics” (Grant 1991).

Specifically for entrepreneurs, their resources enable them to achieve competitive advantage simply because they are valuable and rare. Protection against resource imitation or substitution allows them to maintain that competitive advantage. Effective negotiation is from this perspective viewed as a way to access or acquire resources that can be transformed into capabilities (Sen 1984). Such transformation is facilitated through learning from and together with partners in effective negotiations.
This learning together with innovation often is identified as foundations for competitive advantage emanating from collaborative processes facilitated by effective negotiations. For the entrepreneurs, these innovations are important as they provide their firm with new products and services that can be offered to customers, and thereby improve its competitiveness.

When alternatives have to be decided, the entrepreneurs look at activities that minimise the firms’ production and transaction costs. A transaction can be seen as a transfer of goods or services between economic actors. The transactions arise from the cost linked to organising production through the price mechanism on the market (Coase 1937). Entrepreneurs weigh up the benefits of internal production against the costs and risks of using markets (Coase 1937), as they try to decide on benefits emanating from participation in alliances or networks to exchange inputs or outputs.

Finally, in their attempt to forge a relationship in their negotiation, excellent entrepreneurs are aware of falling into the rationale of efficiency and cost-minimisation, with potential partners looking out for simple opportunism, cheating and free-riding behaviour rather than genuinely enhancing cooperation. This may be worsened by the fact that they are uncertain if and when they will receive benefits eventually (Das and Teng 2002). They look at sharing and applying knowledge to enhance the business capability to produce efficiently or to develop new products or services (Kogut and Zander 1996).

1.6 Thesis Purpose, Scope and Parameters
The end purpose is to find out what it takes for entrepreneurs to negotiate strategically in order to ultimately influence systemic change towards sustainability. The narrower idea is to find out what obstacles and challenges they face as they negotiate their twin objectives of social mission and positive cashflow during their collaborative processes.

Defining the unit of analysis is important, to keep the focus of the thesis. As per Galtung (1967), a unit of analysis does not necessarily have to be empirically definable human players. A unit of analysis can be a phenomenon of some sort occurring in a bounded context, and hence might be represented by a change process (Miles and Huberman 1994).

As such, the main focus of this thesis is on the negotiation process involving resource transfer and resource acquisition during collaborative arrangements by entrepreneurs handling sustainability issues. The unit of analysis is consequently the ongoing negotiation that happens among the entrepreneurs; this interaction aiming at resource transfer and resource acquisition which leads to the
creation and use of new resources and combinations as an outcome from the interaction, under the umbrella of sustainability.

This thesis builds on Dr. Johan Johansson doctoral thesis on “Essays on collaborative processes among SMEs for competitiveness development” who concluded that “aspects that deserve more attention from future research are e.g. how negotiations and trust-building activities may be accomplished in collaborative constellations.” His research examined “fundamentals of collaborative processes, the drivers for inter-organizational collaboration and the logic behind how such processes can be important for competitiveness development” (Johansson 2008) with a particular stress on SMEs from a resource-based perspective. A lot of attention in the literature has focused on large firms. Much of today’s news is also on the multinationals negotiating big contracts on sustainability issues. Consequently, small firms which have more limited resources and hence more obvious a requirement for access to external resources have not been given due notice – a gap that this thesis attempts to fill.

It is easily noticeable that negotiations happen in several arenas and contexts. I have studied them in various settings to get findings that can contribute to develop a better understanding of the negotiation process. In the process of observing how entrepreneurs work together in the pursuit of common objectives towards sustainability, I notice the dynamic relationship that emerges among the actors. The thesis delves into how entrepreneurs engage into negotiations and how such collaboration is consequently constituted; thus attempting to contribute to obtaining insights that can advance the theoretical discussions on how small firms reach sustainability innovations through negotiations. I recognise that significant research interest already has been invested in the negotiation topic in general.

The scope included theories with a focus on forms, behaviours, and business practices. The thesis also looked at a periphery level at the principles of project management up (such as resource-based principle) since many businesses identified these as important for them to scale up.

I made some assumptions in the study. They are that: all the entrepreneurs have some level of understanding of what sustainability is; have a general level of negotiation ability and are in the process of growing their business. Getting into the nitty-gritty of specific case negotiations was outside the scope of the study. Due to the time limits of the study, I intentionally scoped out considering the financial side of the businesses, to avoid price haggling conversations.
1.6.1 Why focus on entrepreneurs?

**Entrepreneurs seed the vitality of an entrepreneurial economy.**
The entrepreneurs being considered here are managing Small and Medium Enterprises (SMEs). SMEs play a key role in the economies of all major industrial societies, be it in terms of turnover and level of employment. According to the study released in mid January 2012 on the SMEs’ impact on the EU labour market (Jan de Kok 2011), 85% of net new jobs in the EU between 2002 and 2010 were created by SMEs with net employment in the EU’s business economy rising substantially, by an average of 1.1 million new jobs each year.

In 2010, there were over 20.8 million enterprises active in the non-financial business sector in the EU, of which 99.8% were SMEs. About 92% of the total business sector consists of micro-enterprises, which employ fewer than 10 persons. The typical European firm is a micro firm. Within the SME size-class, micro firms (less than 10 employees) are responsible with 58% for the highest proportion of total net employment growth in the business economy. (Jan de Kok 2011) Moreover, new firms (younger than five years) are responsible for an overwhelming majority of the new jobs. New enterprises operating in business services create more than a quarter (27%) of the new jobs. The influence they have on systemic change towards sustainability is hence huge.

According to the European Commission, SMEs fall into three categories:
- A medium-sized enterprise has a headcount of fewer than 250 and a turnover of not more than €50 million or a balance sheet total of not more than €43 million.
- A small enterprise has a headcount of fewer than 50, and a turnover or balance sheet total of not more than €10 million.
- A micro enterprise has a headcount of fewer than 10, and a turnover or balance sheet total of not more than €2 million (Recommendation 2003/361/EC).

The European Commission definition is used in this thesis for SMEs to delineate the study population from larger firms or any other institution. The sample obtained at the Hubs consists mainly of micro enterprises whereby the management of the firm is on one person, often the owner.

**Entrepreneurs face enormous inherent challenges.**
The above characteristic of entrepreneurs makes it at the same time exciting to study them. A consequence is that this enterprise has: a low level of specialisation, operates often informally; is flexible in its dealings; and faces very tough competition. Their negotiations are likely to be equally demanding and somewhat apparently insolvable.
The competition is tough especially for the small and micro enterprises because these firms:

- are small suppliers;
- operate in competitive markets with thousands other competitors;
- find it challenging to compete on cost, differentiation and to build barriers to entry (Porter 1980);
- have scarce resources in nearly every category, especially regarding financial resources, human resources and limited in-house knowledge base.

Entrepreneurs have no other choice than to negotiate effectively within constraints. Entrepreneurs have to maintain the competitive advantage of their firm in their cause-related endeavour. They need to accumulate resources that are rare, valuable, non-substitutable and difficult to imitate (Barney 2001). They need to know how to hold on to their competitive advantage by exploiting their firm’s core competences (Prahalad and Hamel 1990). Unfortunately many are not specifically trained in the skills needed for the above to happen efficiently.

Given the increase of knowledge and organisational collaboration in today’s KBE (Knowledge Based Economy), it has become essential to be able to negotiate effectively with other firms to access to resources that the firm does not possess in order to develop and introduce new products or to open new markets. The resulting alliance and networked built with firms which hold the resources in need will allow, especially the small firm, to handle its constraint of limited in-house resource base and a growing need for various knowledge.

1.6.2 Why focus on negotiations towards sustainability?

There is little info on how entrepreneurs can negotiate around sustainability. Business negotiations are not a new economic phenomenon. There is a wide range of theories: prescriptive, descriptive or normative (Murray 1986). The bulk of the literature focuses on large-firm alliances (Barringer and Harrison 2000) where most of the negotiations are concentrated. It addresses in a limited degree the category of smaller firms. I would have thought that the small enterprises would have been the ones benefitting the most from how to manage negotiations.

When it comes to negotiation, the main categories are: Business Negotiations, Conflict Management, Conflict Resolution, Crisis Negotiations, Dispute Resolution, International Negotiation, Mediation, Meeting Facilitation, Negotiation Skills and Personal Negotiations. The closest main encounter with sustainability is negotiation & conflict resolution on environmental issues. Programmes and books exist on effective negotiation techniques that offer parties a way to work through science-intensive public policy, aimed at training professionals in local land use planning while others are targeted at
diplomats involved in global treaty-making. Examples are: Transboundary Environmental Negotiation: New Approaches to Global Cooperation, directed toward those interested in international environmental diplomacy; Using Dispute Resolution Techniques to Address Environmental Justice Concerns and case studies, which examine ways of resolving local disputes over environmental problems. Negotiation in the sustainability field currently hence comes as an end-of-pipe solution to resolve conflicts. There is little for the entrepreneurs venturing into this field to get them to start thinking on negotiating around sustainability at the very onset of their collaborations.

**Sustainability issues require full collaboration among partners.** Core to the sustainability concept lays the recognition that the economic, social and environmental systems are deeply inter-locking. This naturally calls for multi-disciplinary and integrated analyses; and cross-scale and cross-sectoral approaches in decision-making. This critically underpins the integrated responses in sustaining resilient livelihoods and businesses. This happens when parties collaborate.

Now, at the negotiation table, the firm looks at the potential to collaborate with other firms. Firms collaborate for different reasons, e.g. to have deep understanding of a local market it wishes to penetrate, thus enabling a more effective entry process on a new market. The nature of solving a sustainability challenge goes beyond to simply ‘cooperate’. They need to collaborate. Cooperation is about shorter-term informal relations that exist without any clearly defined mission, structure, or planning effort (Winer and Ray 1994). Each firm retains authority and keeps resources separate and thereby the risk is minimised. The partners share information only about the subject at hand.

In contrast, collaboration among different types of actors is about establishing durable and pervasive relationships. Such relationships require comprehensive planning and well-defined communication channels operating on all levels. The actors bring separate firms into a new structure with full commitment to a common mission - a sustainable one that goes beyond the profit motive. The collaborative structure determines authority with different categories of actors in the driving seat at different stages. Risks are much greater because each partner contributes with its resources and reputation. Partners must be willing and knowledgeable on how to negotiate the joint pooling or securing of resources, and ultimately sharing of results and rewards.
2.0 Methodology

In this chapter, I describe the Maxwell’s Qualitative Research Method for the research design; build the case for the study with The Hub; detail how data were collected, analysed and validated throughout; and finish with the stepwise process of the research phases I went through.

2.1 Research Design

Maxwell’s Qualitative Research Method (Maxwell 2008) was used throughout the study regarding the interplay between the five components of the research as shown in the figure below:

![Interactive Model for Research Design. Adapted from Maxwell (2008).](image)

One of my personal goals is to help businesses in society’s general transition towards sustainability. One professional goal was to assist the businesses interviewed in looking at the way they collaborate and negotiate with their stakeholders towards full sustainability. An intellectual goal was to come up with general findings on the challenges they face.

I tackled the thesis based on my trainings on strategic sustainable development, negotiations and entrepreneurship with innovation. The combination of these three components led to the development of the research question. This also influenced the methods and validity used, e.g. use of the ethnography-inspired interpretative participatory action methods as an attempt to answer the research question (Brydon-Miller and Tolman 2001; Bradbury and Reason 2001). This method focuses on the effects of a researcher’s direct actions of practice within a participatory community with the goal of improving the performance quality of the community or an area of concern (McNiff 2002; Dick 2002). It helped to study both the cultural aspects as well as the interpretations and perceptions of those
aspects (Flood 1999) of the entrepreneurs. As a side note, the positivist tradition is concerned with unravelling cause-effect relationships. While useful in this context, certain types of negotiation research problems call for other approaches. In studying negotiation, the questions we ask do not always refer to ‘what causes’ or ‘what predicts’ but also involve the ‘how’ and ‘why’ questions. The positivist perspective, however, is not the most appropriate approach to answer these questions.

This thesis was an opportunity for me to study entrepreneurship in practice. I paid attention to actual practices and work performance and dynamics (Czarniawska-Joerges 1992), on top of studying the concepts and theories of collaboration, sustainable development and negotiations. I researched entrepreneurship as a “lived experience” rather than solely as a “reported observation” from interviews (Samra-Fredericks 2003). Maxwell (2008) alluded to the importance of the context of the research which comes with its share of ambiguities and contradictions that observations in the field can help depict. This ethnographic study is a method to observe people in their natural context over a period of time and space (Atkinson and Hammersley 1994). In this case, The Hub provided this context.

The research cannot help but provide some elements of the culture of The Hub (hence the interpretative component) in my attempt to reproduce the instances of my immersion there and with the close research contact with entrepreneurs at the Hubs in London, notably the planning and implementation of “Future Reloading” event. Based at Hub Westminster, I talked, observed and followed the people I studied, from formal meetings to casual gatherings in common areas. I looked at interactions to understand the socio-cultural context of the place, to see how entrepreneurs reason through things. I documented them and provided my interpretations of them. The interviews added more sense-making opportunities as per the entrepreneurs’ way to collaborate and negotiate, thus providing a sample of the social reality (Czarniawska-Joerges 1992) regarding their way to see a sustainable world, to construct it and to narrate it to others.

In addition, I investigated these areas in my literature review: negotiation, sustainability, green economy, organisational culture, diffusion of innovation and policy making. The sources were: peer-reviewed journals, academic texts and websites. Some key words are: negotiation principles, collaboration, resource theory, conflict resolution and principled sustainability.

2.2 Case Study (The Hub)
Access to The Hub provided a rare insight to the ‘on the ground’ reality of entrepreneurs attempting to influence systemic change towards sustainability, helping me to unearth the underlying processes critical to this type of process. The different elements of The Hub, e.g. Venture Lab, its events (e.g.
TED Breakfast) and the observations in the premises were essential in contextualising the general findings of the literature review. Finally, the interviews collected data from the experiences of multiple ventures. All the Hubs were visited, namely Hub Westminster, Hub Kings Cross and Hub Islington. In addition, other co-working spaces were glanced at, i.e. Cub Working Space, Hackspace, Tech Hub, Innovation Warehouse and Hospital Club, to have a systemic view of the communities of entrepreneurs in London.

The Hub is a global community of people from every profession, background and culture working to tackle the world’s most pressing social, cultural and environmental challenges. It is a social enterprise with the ambition to inspire and support imaginative and enterprising initiatives for a better world. The Hub has been working across five continents and 28 cities to create very different kinds of innovation environment; places with all the tools and trimmings needed to grow and develop new ventures; places to access experience, knowledge, finance and markets; places for experience and encounter with diverse people.

The core product of The Hub is a flexible membership to social entrepreneurs in a shared space. The entrepreneurs pay for the time they spend at The Hub. They use The Hub as their office, to host a meeting or to work on a project. It is a place to scale up, change gears, take risks, make mistakes and bump into people. To access these facilities, interested entrepreneurs have to be members. They go through an interview and, if selected, are offered a membership price plan. The hosts interview in order to preserve the community feeling essential for innovation to thrive. As a member, the entrepreneur is allowed the use any of the current Hubs in 28 cities around the world, outside his Home Hub, where he is originally officially registered.

2.3 Data Collection, Analysis and Validation

In general, four methods for gathering data are: participation in the setting; direct observation; in-depth interviewing; and analysing documents and material culture (Marshall and Rossman 2006). I used all of them, as described below. As sources of evidence, I used interviews, direct observations and participant observation (Yin 2003).

Below are the different ways I used in order to collect data:

- Planned and implemented “Future Reloading” event to gather data for the current reality analysis; negotiations constraints and test the validity of the theories.

For this participant observation method, I actually participated in the phenomenon being studied. I applied an interactive research method where I had an active role in the research. I
saw myself as an entrepreneur with the real resource constraints and a success outcome to achieve.

- Based at Hub Westminster for February and March 2012, I attended meetings and performed interviews. They were mostly informal, i.e. casual and relaxed, and performed in an informal setting, although I used semi-structured interviews when I had conversations with key actors during different activities, such as information meetings and workshops. These conversations all followed specific themes and dealt with issues that were in focus for both the firms and their innovation then. I shared my insights from my literature review with those involved in the process as a way to validity test what I had learned in theory. Some issues discussed were collaboration, obstacles, motives and possible negotiation outcomes.

- Conducted document analysis of their small enterprises’ website and supporting public documents on networks, collaboration and strategy.

- Performed semi-structured interviews with externals with relevant experience in areas such as systemic change towards sustainability, legal aspects of negotiation and trade. These interviews addressed: motives for negotiation in the collaboration; perceived purpose and goals for cooperation; level of commitment and engagement in the partnership; content of cooperative projects; perceived value from cooperation; barriers and difficulties perceived in cooperation; suggestion for improvement of the joint projects. The interviews lasted between half to one hour and were taped and subsequently transcribed.

Semi-structured interviews style used were more related to dialogue than to questioning the entrepreneurs. To ‘keep’ the interviewee on the topic, follow-up questions including some of the themes have been used. To ask questions which invite to a dialogue required considerable effort, but also hard work as the use of follow-up questions such as “explain”, “why”, “how”, were of great importance to find the truthful image and thereby a better understanding of the phenomena under study. Such interviews have in this study provided important information related to e.g. how the innovation system has worked and the context for entrepreneurs involved.

- Attended events that were informative to the research question.

  The direct observations were documented by making short notes and by using a tape recorder. Direct observations and interviewing often overlap (Yin 2003) and it was sometimes difficult to
separate the insight gained from interviewing from those gained through observations. One way I handled that issue was by taking short notes and then directly afterwards to make a fair description of the observations. The events were:

- **Planet Under Pressure (in London)**
  This was a major international conference focusing on solutions to the global sustainability challenge, the largest before Rio+20 in Brazil in June 2012.

- **Responsible Business Exhibition 2012 (in London)**
  This was an environment for businesses, charities and social enterprises to interact with one another towards mutually beneficial goals.

- **Business 2012 (in London)**
  This provided a meeting place for start-ups, SMEs and mid-market firms to network in workshops, exhibitions and seminars.

- **London Hub Club monthly pitches (in London)**
  Hub members from the three Hubs: Hub Westminster, Hub Kings Cross and Hub Islington give presentations and receive feedback on their ideas.

- **TED breakfast for entrepreneurs (in London)**
  The morning gathering allowed members to watch a themed video and relate that to their business for ideation phases.

- **Global Social Venture Competition Regional Finals (in London)**
  This innovative competition aims to foster a new generation of business leaders that values the social as well as the profit potential of business. It achieves this by catalysing and promoting social ventures - for-profit and not-for-profit - that create and measure both social and financial returns.

- **Start-Up Day (In Stockholm, Sweden)**
  This is a meeting place for students, entrepreneurs and investors on the lookout for true stories of entrepreneurship.

- **Stockholm +40 International Conference (Live webcast, in Stockholm, Sweden)**

- **Toolbox Friday on Conflict Avoidance and Resolution (In Stockholm, Sweden)**
  The seminar by the Stockholm School of Entrepreneurship was on approaches to adopt to handle failures on collaboration; to know the conflict styles of people; and negotiating interests v/s positions.
SOCAP: Designing the Future (In Malmö, Sweden)
The world’s leading social impact innovators, social entrepreneurs, philanthropists, government and civic leaders, and innovators gathered to create new models, form partnerships and drive capital to support the enterprises that will shape the future.

Data analysis is the process of bringing order, structure, and meaning to the mass of collected data (Marshall and Rossman 2006). Miles and Huberman (1994) added that it consists of three concurrent activities: data reduction (process of selecting, focusing, simplifying, and transforming the data that appear in field notes or transcriptions), data display, and conclusion drawing and verification. I summarised the data generated through interviews. I reflected upon them simultaneously during the conversations, since they built up on the questions that followed in the session. I started analysing the data by reading it as a whole, looking for particular ideas, similarities and differences, i.e., coding, categorizing and analyzing. The material was processed several times. I performed open coding (Lavrakas 2008) inductively to see which relevant codes emerge and using selective coding (Lavrakas 2008) shorten the list of key themes. I double-checked relevant codes with the Seven Elements Theory of Negotiation.

Trustworthiness forms a major part of the quality of the research (Lincoln and Guba 1994). To validate the data, I used triangulation. Triangulation is the combination of two or more data sources, investigators, methods, or theoretical perspectives (Denzin 2006). Data have been collected from many different sources such as interviews with people from different firms, written documents, observations and newspaper cuttings. This made it possible for me to question the collected data and to see regularities, irregularities and anomalies in the data. The combination of observations and interviews was also used to gain a more comprehensive understanding of the studied phenomena of negotiation among entrepreneurs. Some anomalies are discussed under the “Criticism on general challenges and avenues for further research” header in the Discussion Chapter.

I iteratively combined research with external reading to create a superior model to understand the entrepreneurs in The Hub. I used the advice from contacts with entrepreneurs and other externals who could direct the focus of study. I used the ‘four forms of triangulation’ (Denzin 2006), namely:

- Data triangulation: Conducted interviews in different settings (both formal and informal); over a wide range of time (throughout the whole period of my research); and with interviewees both inside and outside the Hub; cross-analysed data with other relevant research projects (primarily PhD theses on similar subjects, e.g. collaboration). The choice of primary research subjects can be described as purposeful sampling (Patton 1990). I intentionally targeted and
travelled to meet entrepreneurs and other sources of information (e.g. events) which I determined may be best placed to reliably answer the research questions. I attended SOCAP where I exposed my research findings to entrepreneurs for their open comments and criticisms.

- Investigator triangulation: Classmates doing their own research helped triangulate my interpretations of data during formal (class presentation) and informal gatherings. The main benefit with investigator triangulation is that the potential bias in gathering, reporting, coding or analyzing the data is reduced (Denzin 2006).

- Theory triangulation: I used several other theoretical schemes, such as Prahalad and Hamel (1990) on core competences, Ring and Van de Ven (1994) on collaborative processes, Amartya Sen (1984) on capabilities amongst others. Theoretical triangulation is the use of multiple theories or hypotheses when examining a phenomenon (Denzin 1989). The basic idea behind theoretical triangulation is that it provides a broader and deeper analysis of findings.

- Methodological triangulation: I used several methods for data collection and analysis, such as interviews, observations, and the “lived experience” of negotiating constraints. I checked on the nuances with a wide ranging literature review.

### 2.4 Stepwise Process for Research Phases

I divided the research into phases. The Five-Level Framework was used in Phases 1 and 2 as the primary data analysis tool for understanding negotiation in an environment that is complex, dynamic and evolving. It was important to clearly distinguish the small enterprise’s means (actions and tools) from their ends (success) and guidelines (strategic) to filter actions ensuring that they strategically, and in line with the firm’s values, achieve their purpose.

**Phase 1: Ideal state and Current Reality**

Phase 1.1: Ideal. Outline an imagined ideal state for negotiation for sustainability entrepreneurs. Concentrate on system, success and strategic guidelines for the ideal version, since the actions and tools would be highly specific and hard to detail for an ideal small enterprise.

Step 1: Make contact with The Hub.

Step 2: Conduct a preliminary literature review.

Step 3: Create an ideal small enterprise able to negotiate towards sustainability, integrating core sustainability and entrepreneurship concepts.
Phase 1.2: Current Reality. Assess the current reality of the entrepreneurs.

Step 1: Develop interview questions.
I looked at questions that attempt to identify entrepreneurs’ awareness of their internal and external system, their understanding of goals and success, their guidelines that help them in their decision making processes relevant to scaling up and networking, and finally the actions and tools they are intending to utilise to remain competitive. I used literature on asking questions (Brown et al. 2002; Brown et al. 2003) for assistance in crafting targeted and focused interview questions.

Step 2: Conduct interviews with entrepreneurs. Use structured interview questions, and prompt expansion when an informative perspective arose.

Step 3: Transcribe audio files.

Step 4: Unpack data and code for explanation.

Phase 2: Negotiation constraints of entrepreneurs – Future Reloading

Step 1: Plan for the success conditions of the event.

Step 2: Execute the tasks. Note the dynamic evolution of the negotiation processes.

Step 3: Document what happened and conduct the after-action review, using the notes from literature review and interviews, and personal insights.

Phase 3: General challenges for negotiating sustainability issues

Step 1: Document a list of possible challenges and obstacles for sustainability entrepreneurs.
3.0 Results

I found that the results overall suggest that entrepreneurs can intentionally favourably position themselves through their strategic actions in their attempt to meet the need to combine economic objectives with concerns about social responsibility and environmentalism. I describe below under analysed themes excerpts of interview snippets and narrated stories of the results I got in the field. I placed the results under the respective research sub-questions.

3.1 Phase 1:

What are the ideal system, success and current reality for entrepreneurs?

I asked my interviewees: who they were; what their business was about; how they went about collaborating with their stakeholders; what their current reality was in these collaborations and how they faced their challenges; how they were involved in their negotiations; what the ideal form of collaboration and negotiation were for them and how they knew they were successful or not. See Appendix 2 for the bios of interviewees. Additionally, I talked to several more entrepreneurs and their stakeholders informally in several events or along the corridors about my research.

I listened a few times to each recording, all at one sitting, in order to find common threads. Below are excerpts regarding collaboration and negotiation on what the entrepreneurs would ideally wish to see happening; how they define success in them and what their current reality is in. I have put aside their specificity of their individual businesses so that the data is fairly generalised and focused and easy to follow for our main purpose here.

3.1.1 What entrepreneurs ideally wish to see

I use the methodology of backcasting here to see what the entrepreneur has defined as their desired future before viewing the current reality from that perspective, and how consequently gaps are identified in order to create a list of actions in order to bridge those gaps. I found out that the ideal system for them can be aspirational and functional, as described next.

In terms of aspiration for a sustainable future, it is about making change happen, becoming bigger, thinking globally and inspiring people (Carr 2012). This aspiration can become personal because in a sustainability discussion, it is as much about the outer world as it is with the inner world, in a way to explore the aspects of being around sustainability (Roberts 2012). This brings a genuine interest in the people dealt with which leads to an emotional connection (Assevero 2012). This view of the ideal system almost immediately transitions to specificity. It turns into inspiring young people to adopt sustainable lifestyles, to help frame the sustainability message of new companies in the right way and
to help the company grow internationally (Rebel and Jennings 2012). It is also functional, as to what
the company can be useful at, with the mission being to change the way in which new technologies
are developed. Instead of having the technology developed for market wants, they can be developed
for human needs, hence this being demand-led rather than supply-led (Grimshaw 2012).

3.1.2 What entrepreneurs understand by success
I questioned the entrepreneurs on their notion of sustainability and negotiating around it, and how they
knew they were successful or not. I digged into their conditions for success; what guidelines or
approaches they used, for their thoughts and actions. Openness and pragmatism seem to dominate in
their responses. Being successful nevertheless is not left to chance.

Being open to ideas and opportunities is important. Negotiation is about working out if there are
opportunities for both sides to be able to get something of benefit for them from the collaboration. Who
is at the table with this open mind matters. It is about looking at engaging with the right people, at
reaching both an inclusive and an exclusive audience (Carr 2012). Openness comes verbally and non-
verbally. It is about how we behave, how we act, with adaptation to changes, about taking the learning
to make it into a flourishing social enterprise, more entrepreneurial. With sharing this learning to
others, it is to be able to practise the different ways of knowing and feeling that positive essence if
created and being able to share it (Roberts 2012). This can move beyond the company boundaries to
the extent of building conversations around sustainable lifestyle, e.g. as shown in the tweets among
the youth to create impact forward and outward or as seen in the influence in the printed media that
promote the message (Rebel 2012). Being open is witnessing the community enjoying the benefits of
well-being in their surroundings (Mcneill 2012).

Pragmatism sets in when entrepreneurs look at success microscopically. A successful negotiation is
seen to be one where the parties get what they want (Assevero 2012). Success then would be what
the entrepreneur is satisfied with his outcome, not caring if he could get more money out of somebody
else. This satisfaction is to have done his best with a profitable deal (Jennings 2012). The
entrepreneurs interviewed do not mince their words on what they are looking for and how to get there.
The outcome of the partnership is sometimes to reduce pollution, the carbon emissions, buying those
emissions and to agree commercially how to make that work (Foot 2012). They look at the enablers in
creating success conditions. They are interested to see how technology can be harnessed to improve
people’s development. They look at what technology can enhance the well-being of people, however
they define well-being and doing so without taking away from future generations – an aspect of inter-
genational equity. At the end of the day, pragmatically, it is technology in use, one that is accepted
by the community and is taken up (Grimshaw 2012). While working towards making the society better with the provision of their products and services, the entrepreneurs seem to know how to be successful and what will get them there.

3.1.3 How entrepreneurs face their current reality
I asked the entrepreneurs to assess their social context and organisational culture in order to understand how they positively introduce change. I wanted to know how the firm identifies critical sustainability issues, their business implications, any assets they may have and opportunities for change - and how they negotiated around these issues in the present reality. I found that their responses generally fell into three themes: 1. an attempt to understand the potential partners, which I term as ‘take in’; 2. an attempt to influence their partners, seen as ‘take out’; and finally 3. an attempt to reach a ZOPA (Zone Of Possible Agreement) (Sprangler 2003), seen as ‘take forward.’ I describe each of the themes below.

Understanding the partners - Taking in
A great deal of effort goes into trying to figure out a) who the partners are and b) what the situation is about. In terms of understanding the people, which is essential for communication, it is about finding what they are up to, what they are doing, asking would be helpful, thinking in advance on what the partners might need from a meeting. Individuals and organisations need different information, and this information in different ways. They give the entrepreneur clues as to what information they want and how they want that information. A key aim becomes the search for that information in the meeting. Going with set expectations to the meeting may distract the entrepreneur from the real objectives. Being genuinely interested in people and enjoying the sense of openness and of being connected are bonuses (Carr 2012). Taking in is about understanding the entrepreneur’s audience by looking at the mission and vision (Rebel 2012). It is about asking if the person is someone that the entrepreneur can do business with (Jennings 2012) since people come with all sorts of differences, idiosyncrasies and backgrounds (Foot 2012).

It hence becomes important to find a space where people can have deeper conversations and reflections. There are different people who can use the service offered in different ways. The entrepreneur looks at what patterns there are, and how they we can help their clients (Roberts 2012). The partners come with their own expectations and set positions (Assevero 2012). They may not fully understand the needs of the environment. There has to be a balance between the needs of the community and how the environment performs (Mcneill 2012). Finally, these people want to be and have their concerns included. This begs the question of knowing whom to bring in (Grimshaw 2012).
In addition to figuring out who they are dealing with, the entrepreneurs probe further about the situation itself. Some entrepreneurs partner every year with 12-14 new groups that approach them directly while they are await funding for operations and maintenance (Mcneill 2012). The situation can be that people prioritise over things that give them an enhanced economic welfare. Philosophically, while the entrepreneurs do not restrict people on choices, they acknowledge that choice should be based on evidence and what’s available. The different conflicts the different agencies have need to be understood. Important questions need to be asked: Is there an agency they need to take out? To count in? That needs to improve their performance? This brings in the element of intergenerational equity again, as one of the underlying concepts to build sustainability, in that what we do now should not make the next generation worse off (Grimshaw 2012).

The type of current reality also determines how the entrepreneur should engineer their approach. It is seen that most people negotiate on price (i.e. haggling). Now, negotiation is about the product, the service, the delivery, the currency, the maintenance and everything to do with that deal and a continuation with that deal. There are the deal-breakers, between what people must have and what they’d like to have (Jennings 2012).

Another situation is the need to have a local presence. It is about being then able to read people, to trust that the entrepreneur will be able to get the approvals they are seeking, to have detailed data on how the products are being distributed, to meet the requirements of the agencies. The provision of data may sound relatively simple, but may not be on the ground, where the level of sophistication and infrastructure may differ (Foot 2012). Hard lessons have been learned on skipping this part ...once with one of our partners, we found they were pretty harsh in their NDA (Non-Disclosure Agreement) statements. We could not agree on that and we decided we could not continue, as we could not agree even on an NDA...Sebastian Foot

The current reality for the sustainability entrepreneurs is furthermore about complexity and evolution. An increasing number of negotiations now involve more than two parties, also known as multi-stakeholder negotiations. The entrepreneurs witness much confrontation around, with back and forth replies coupled with emotional and psychological difficulties. If the natural psyches of the negotiators are added, it gets even more complicated with the end goal at times coming down to reducing fear of the partners. Since the environment keeps being altered, negotiating about sustainability is very important, and become increasingly important. In such a reality, questions of ethics and values arise. Will the entrepreneurs be honest with the public about what the potential damage of their actions? Are the contractors cutting corners as they attempt to keep abreast with evolving environmental
regulations? These will become very complicated negotiations, even if the problems may not be so complicated for the small business about the early stages of sustainability (Assevero 2012). This complexity can be managed only in partnerships. With the way the world is evolving right now, entrepreneurs are realising that they have to work with other companies to grow. They cannot do it on their own (Jennings 2012). They are at the mercy of the market often, a market that drives most things (Grimshaw 2012).

**Influencing the partners - Taking out**

Since resources are limited, entrepreneurs attempt to influence their counterparts in adopting their ideas and actions. Given numerous constraints on all sides, they have to be practical. With limits on geography and resources (Grimshaw 2012), the entrepreneurs are not shy to shout about their strategies to be visible, to get their way and to make a splash. They work hard to get the message out there, to make it a global movement, a social-media-led movement for some. Since it is all very time-consuming, they are compelled to focus their attention on the important things. They need to strategise when they are challenged by too many opportunities for collaboration, being pulled by different stakeholders engaged at different levels. To handle this, they acknowledge that they have skills and knowledge that they need to set-up (e.g. lawyers and solicitors, social media experts), to do what they are committed to (Carr 2012).

Strategically influencing the partners means tapping onto connections the entrepreneurs find (Roberts 2012), through both weak and strong ties (Majbritt et al 2006). This is also seen in on how time is spent. Entrepreneurs can spend a lot of time educating their clients for example, due to doubts the entrepreneurs may have about the knowledge of their clients. Hence, early on they have to decide whether the clients will stick to what they recommend to them. They describe the benefits in details to their clients and still they are realistic to admit they cannot please everybody (Mcneill 2012).

In their attempt to persuade, the entrepreneurs are used to questioning and challenging, being careful at what is taken and what is offered. They question on why their partners are fixated onto certain financial processes. They encourage their partners to see collaboration as beyond a financial and a transactional process. They are on the lookout for a space where their community and they can be questioned on their learning and reflections (Roberts 2012). They do not necessarily start by sharing dreams and they question: How realistic is that? How long is the road? Does that require new technology or more resources? Who can implement these ideas? (Grimshaw 2012). This verges onto a power struggle at times. With unequal relations of power at the table, some seek associations when they negotiate, when they know that they do not have equal bargaining power (Assevero 2012). They
will not do business at any cost like many business persons. Since they negotiate about the same thing every day, it gives them power (Jennings 2012). They are also specific on the financial donors...*we'll not take money from this big chain supermarket, as we know they are destroying local communities...hence, we have to think carefully as to whom we take money from...*Lewis Mcneill

Then, the entrepreneurs both forcefully and subtly pave their way to what they think matters. They want to make sure that the knowledge of a sustainable business is accessible. In some culture, it is all about face and trends. Hence the framing of the message is tailored for different audiences. Key trendsetters of a particular social network can be recruited, to build conversations on sustainable lifestyle through an online platform (Rebel 2012). The philosophy for other entrepreneurs is to know where to begin, how to get public value out of new technologies and then to go step by step. They look for a way to capture acceptability of the stakeholders through joint ownership and to develop a model that they hope would be transferable and scalable in other countries. Through workshops, they intend to see strategic guidelines emerge instead of them being driven by the top (Grimshaw 2012).

This process can be tedious and time-consuming, requiring a lot of patience. Entrepreneurs can spend a lot of time making sure things are built in the way they think right. *...so in every country we do a project, for carbon credit, we need to get the government to approve the project, and that means they have to approve that it meets their sustainability goals, and environmental regulations...that’s an in-depth complicated process......a lot of negotiations... commercial deals... real contracts...detailed ones, with real responsibilities......we have contracts that are probably a lot more complicated than others...we are financially focused here... hence, we have to make sure they understand what they are signing up to, that they appreciate their responsibilities, because if they don’t, our job is made harder...*Sebastian Foot

In the process of paving their way, the entrepreneurs say that the devil is in the details of the negotiation process, and so is the focus. They cleverly play back what they have captured. They ask: *Is this what you have said? Am I misunderstanding anything? They can pinpoint the conflicts, in terms of where the different audiences are or where they need to identify a change in order to move forward (Grimshaw 2012). They constantly reframe to influence. For example, from ‘how much you will invest in me’ into asking how they can say it in a different way, and if they can get a different result (Assevero 2012). This detailed level negotiation involves the process of listening and speaking properly, and taking care of assumptions.*
At the end of the day, the entrepreneur sees negotiation as just communication. Most people make an emotional decision and then justify it rationally. The entrepreneur attempts to understand what the emotional ties are to the partners, then helps them justify them and then give them the rationale behind it. Apparently, the biggest problem people have is that they’ll make a comment, and not think about it in the other person’s world. This means for the entrepreneur that the people are leaving assumptions, and they apparently never should. By assuming that the other person has understood them, they are assuming that this means as much to them as it means to the entrepreneur. It may not be the case. When the entrepreneurs cannot find a way to do something, they make a way to do it. They want to make news ways of doing something. Others will copy them afterwards. (Jennings 2012)

I noticed that the interplay with the process is the series of tactics that the entrepreneurs employ to get their way, which can be numerous and bounded to self-interests. When they fight for contracts, favourable pricing, and placing a premium on sustainability products, they discuss the contractual elements, e.g. payment terms, their mechanisms, shipping terms, the control of the logistics, insurance, when they get paid, and what constitutes acceptance of a complete order. They concentrate on these first, before they think about price. As a result of them doing a lot of negotiations, the checklist of key items becomes intuitive. They regularly bundle and unbundle items. Timing and value matter. They want to make sure they get the right value for themselves at that time. They will avoid walking out of a negotiation unsatisfied, even to the point of stopping a negotiation and refusing to do a deal as opposed to one that is not right for them. Finally, getting people to say yes, verbally and non-verbally is subtle and incisive. They people to say ‘yes’ to them, e.g. ‘does that make sense to you?’ and putting them into a ‘yes mentality’ In this way, negotiation is done always with someone, and not against (Jennings 2012).

Furthermore, the tactic and skill of not being afraid to take the bull by the horns is a gem that comes after a lot of deal-making episodes. They tackle the difficult issues head-on, not softly. Some corner their partner with basic commercial logic to which the latter cannot argue with. When tackling a difficult issue, they present it in a way that makes basic commercial sense. Hardly anyone can fight back and, therefore they give in. The skilful entrepreneur understands that price moves with regards to the terms they negotiate, not with just the negotiation on the price. They say openly that sustainability is going to be more expensive. The partners accept that to a limit, not to any limit though (Jennings 2012).

In addition, keeping perspectives is fundamental to influence the partners. The entrepreneurs keep in play their time perspective, what they want to accomplish, whether the potential partner they are negotiating with just wants immediate venture capital. The entrepreneur wants them to be a long-term
investor and advisor. They want to use the partner’s network to help them along the way. They hence take their time to find this out. They also try to sense if the partner just wants to steal their idea. If this seems to be the case, then they can decide whether to opt out or to reveal certain information that may in fact make the negotiation richer and more durable for them (Assevero 2012).

**Aiming for the zone of possible agreement - Taking forward**

Aspirational and open mindedness lead to entrepreneurs reaching forward to an area where none has been before. This is the exploration phase, which presumes all parties are open to jump into. For the entrepreneur, it is less of a negotiation and more of sharing, e.g. how about they partner for an event. Even if they are in competition for resources, they find it important to highlight the benefits of working together. They will look for opportunities where they can add value to the collaboration, rather than asking the partners for something. In this way, they open up for opportunities for collaboration that they may not have thought of before. Instead of seeing the two sides as distinct, they look at how they can come together. In the long run, they are always learning from all these interactions (Carr 2012). This middle-way of sort can be framed as a learning experiment. There seems to be a constant dance of them wanting to be collaborative, and going for mutual learning. They see it as an organic process, as they look at who’s involved and they should do and find it exciting to go find out about these partnerships (Roberts 2012).

Seeing all the stakeholders as siblings under one roof would not be a far-fetched idea. Collaboration means mutual benefits. It is about seeing who is doing similar work to the entrepreneur’s, about pooling resources together, about showing that they care as a community (Rebel 2012). This would be a family where values are shared. The partners must have some basis for trusting the entrepreneur. If the latter is already delivering something in the community, then there is already some trust in the relationship. It is then about building on it. This becomes the agenda. It’s based on values. Transparency and openness become more important as they negotiate (Grimshaw 2012). It would be a roof under which negotiations would peacefully happen. The entrepreneurs shared that their lawyer will sit down with their partner and go through the entire contract, to make sure there is a common understanding as to what the common obligations are, sometimes ending with more discussions, more amendments to the process (Foot 2012).

Moving away from position to interests, as per one element of the Theory of Negotiation seems to be a way to step forward. In the past, negotiation was rather a limited idea, between two parties and price haggling (Assevero 2012). Many people go into a negotiation just to try to get the best price. Negotiating for small extras may create a bad feeling with the customer (Jennings 2012). This is now
changing. Extending this concept of interests from the Theory of Negotiation, I found out that companies are not strictly competitors anymore, sometimes they are collaborators, and sometimes they are in an alliance. It is a dance, to differing rhythms. People have multiple roles and multiple identities. This is called ‘enlarging the pie’. If the potential partner knows something about why the entrepreneurs are charging such a price, maybe they have an alternative to deal with that additional issue. Hence, until the entrepreneurs reveal sometimes the underlying motivation for what they want, they may not be able to get the best result (Assevero 2012). Altruism can still be spotted around, in this world dominated by profit. The entrepreneurs have found that there are still people who are not motivated by monetary gains. There are people who do good to the local environment (Mcneill 2012). The entrepreneurs got feedback that they have a really good understanding of sustainability. They look to supporting each other and develop some of their work in their partnerships (Roberts 2012). In the same exposé, the entrepreneurs see sustainability as an important part of their business model, especially financially. They see themselves as having to not be greedy, to make a conscious decision to say this is all they need and this is enough. It is about making a conscious decision of what is enough. It is a whole new way of thinking in the attempt to walk together (Carr 2012).

I was enlightened by the replies the entrepreneurs offered as they assessed their social context, their organisational culture and themselves in action in order to understand how they positively introduce change. Their responses in these three themes of taking in information to understand the potential partners; taking out information that they have to influence their partners; and taking forward the negotiation process to reach a zone of possible agreement revealed how they currently tackle their reality, which they admit is far from the excellence they wish to see themselves operate with. To feel the tensions of these turning point events and negotiation hurdles that they shared with me, in conjunction with the interview process, I was engaged in the ‘Future Reloading’ event, which I now describe and summarise with findings to some details.

3.2 Phase 2:

How do entrepreneurs negotiate around day-to-day constraints?

3.2.1 About ‘Future Reloading’

One way to understand the negotiation challenges entrepreneurs with a perennial social mission-profitability tension face is to have a ‘lived experience’ of this challenge with them. ‘Future Reloading’ was all about it. Through the planning and implementation of a sustainability event from scratch, I stepped into the big shoes of the actors I was observing. Being an entrepreneur is above all being on a journey, a journey of big and small, ready and unforeseen negotiations amidst constraints.
The constraints were gargantuan and real: new territory to live in (London); new faces (I knew only, IJ, the co-founder there); no external contacts in the London sustainability community; zero finance received for travel, living expenses and entire project; personal savings were running low; no team member; a bare knowledge of the entrepreneurial ambiance in London; a 30-day deadline; never been based in a Hub before; a small idea only of the culture in a Hub; a high level of uncertainty as to the outcome of the idea. The first step was to make it up and make it happen (Allen 2008). “You won’t learn to swim if you don’t get wet,” Gerd Leonhard (HBR Polska 2012).

3.2.2 Preparing for ‘Future Reloading’
I was assured a space at Hub Westminster as my base during the initial negotiation of my stay there. At the very beginning I was asked to commit. I read in my email: “Once you are engaged, there is no turning back. Do you commit?” I was already negotiated into this project myself, as per the commitment element in the Theory of Negotiation, without me explicitly knowing it.

Risks were in the air from then onwards. Expectations, and high ones, were being implicitly set. Given the high living costs in London, from accommodation to transport to food, bootstrapping was my strategy. After much search on shared accommodation, I negotiated with a couchsurfing friend for a stay despite the short notice. I moved out of my place in Stockholm, flew on a budget airline to London on personal loans from friends and landed in a living room – my new place for the following two months.

My first day at Hub Westminster was similar to my first day at school. I was welcomed, shown around and introduced to a few hosts. I already had the feeling that being pro-active at that place is a given. Most members are entrepreneurs and founders of microfirms. I picked a place and blended in the cohort of bent-over-laptops typing emails away.

After the initial days of discovery, work started to pick up. IJ gave me free reign on what to do, when and how. This what-may-seem a laisser-faire approach threw me into the deep-end of self-reliance, yet another skill after commitment. He laid out few simple rules. Although he would give hints at times, he would question me often, frequently pushing me into self-doubt. I thought a scaffolding approach from his part may help - nothing of this in view. He would speak little, and emphasise quality and excellence above all. “The quality of the conversation in Future Reloading matters,” IJ repeated. He suggested names for speakers - all of whom were highly sought-after expensive speakers who need to be booked well in advance. “Future Reloading” was to be a place for rebooting the sustainability
debate that had been suffocated by the economic climate. The insights from this debate would be captured and shared to major stakeholders in the sustainability community.

I had meanwhile been scouting for team members. I interviewed three of them and picked one. I eventually managed to get her to come over for the project for a month on a voluntary basis, and paying for her own expenses. She had chaired sustainability conferences before. I negotiated for an affordable place for her to stay in London. Unfortunately, soon enough, team member differences erupted. Though we worked on projects together before in Sweden and Germany, we found out even more how strongly opinionated we were in our outlooks. Consequently, we had long conversations on how one understood each other, the types of communication needed and under what contexts, and on leadership styles. Communication, as one of the other element under the Theory of Negotiation arose as important. However, it was more than simple communication. Rather, it was both deep listening and deep connection that mattered, for trust to flow between two partners for a job to get done properly and under intense pressure. Simple communication was just not enough.

The search for speakers was a daunting process. Multiple channels of communication needed to be found to reach them: personal recommendations, emails, phone calls etc. Rejections were a daily occurrence. Circumnavigating them was the tricky part. Two of a series of instances are described below in brief: one that shows a last minute cancellation by the secretary of a prominent speaker based on a misunderstanding; and the other a last minute acceptance to join in as a result of persistence and persuasion.

In the first case, the secretary was dismayed that the speaker was advertised on the programme and she did not confirm his availability as a speaker. She wanted an urgent response and I was attending a business event that afternoon. I cut short my afternoon meetings and returned immediately to the office. I held a crucial conversation with IJ on the phone. I then sent a clarifying email on the topic of the event and the misunderstandings, with offers for suggestions. We hence had one speaker less in the panel and looked for a substitute.

In the second case, for the chair of the event, the negotiation has been through twists and turns. I replied and called. We were preparing for back-up options for the chair. There was no full agreement as to whom would be best. Eventually JC replied and turned down the offer. Again, I replied and called. Eventually JC replied again and said ‘ok’.
3.2.3 During ‘Future Reloading’

Despite our advertisements in various channels: word of mouth, email, phone, personal talk, social media; it quickly became clear that we would not have the expected crowd we wished for. This was a big cause for concern for IJ. We could sense his utter disappointment. The three prominent speakers would not be happy either. While the morning pitches and Failfest went fine on average, the afternoon debate was the main attraction.

A conversation around postponing it or having just the speakers and the chair over lunch in a nearby restaurant was had. IJ passed by to feel the pulse and questioned me on my decision-making now that the elements of the event had been shifting.

The team carried on with the initial idea of having the debate in the same venue as people kept trickling in. The debate happened, with one of the speakers arriving very late for it, due to his external commitments.

Nevertheless, the chair held on to the core contemporary sustainability issues for the hour and a half debate. The participants mingled afterwards, with more questions to the speakers.

The agenda for the ‘Future Reloading’ event is shown on the left column.
3.2.4 After ‘Future Reloading’
The late Kurt Vonnegut, born 90 years ago, said: “We have to continually be jumping off cliffs, and developing our wings on the way down.” The After-Action-Review could be summed up as such. This hourly conversation placed on the table what worked, what went crucially wrong on the day itself, and why actions were not taken in order to remedy them. It was apparent that different values were in play and different ways of looking at the same things brought about different interpretations and different degrees of disappointment and contentment. Stepping into the shoes of an entrepreneur means being ready to face their difficulties, tense moments and negotiations hurdles. This was an eye-opening experiential lens to think and feel like them – including getting tough feedback and withstanding hard knocks. I detail below some of my findings.

It is about negotiating through differences
My finding from the ‘Future Reloading’ experience reveals that working with sustainability issues means working with people from all backgrounds. People come with significant differences. It also means working towards collaborative decision-making. If the negotiation is done wrongly, an impasse or litigation may be costly. It would help to have a practical and a psychological training. The good intentions of solving the world, the intuitive ability to keep people happy, the specific domain skills we possess and the natural gift of the gab would not cut it. It is psychological contracts rather than formal contracts that govern relationships between the collaborating actors, as firms develop experience in dealing with each other.

In this process of negotiation, I noticed how important it is to build commitment (as the Theory on Negotiation), share my expectations, determine the uncertainties and on a suitable structure for collaboration. Understanding one another allows for trust to be built. It is more than trust and commitment building though. The commitments are put in a contract to make it work: a physical and psychological contract. Expectations are shared on how the agreed commitments are fulfilled. As the situations change, re-negotiations take place. It is the entrepreneurs themselves that make this partnership emerge, evolve, grow and dissolve as time goes by. Commitment, co-ordination and combination of activities do not happen by themselves, but are deliberately directed by the entrepreneurs who attempt to influence one another, control resources, re-negotiating the direction or the terms of the exchange. The entrepreneur needs to know what kind of collaboration should take place. For example, more benefits would accrue from gaining know-how on process technology if the objective is towards improving the current business. If the aim is to develop new products or markets, knowing what on product technology and knowing why on contemporary knowledge and strategic understanding would be more advantageous.
It is about relating to people at the right level
I learned and found out that relating to people at their level makes for a smooth negotiation. The entrepreneurs I met keep relying a lot on personal relationships, through strong and weak ties, and not many succeed at tapping on them very well. As a result of successful earlier transactions, some move up to engage in more risky projects. They will easily initiate actions by either renegotiating the terms of collaboration or by reducing their commitments. Ring and Van de Ven’s (1994) model for collaboration implies a cyclical process of renegotiation, i.e. for collaboration to be deepened, the integrative elements manifested in personal relationships, psychological contracts, and informal understandings and commitments need to replace the aggregative elements manifested in formal organisational roles and legal contracts. “There is a new currency, and the currency is how important are you, how many connections do you have, how are you actually dealing with others and this is becoming a social currency,” Futurist Gerd Leonhard (HBR Polska 2012).

In the entrepreneur's attempt to relating at the right level, an assumption made is that of goal congruence, i.e. the businesses attempt to obtain something from the interaction with potential partners. All the potential partners I contacted wanted to be on the same page right from the very beginning. Entrepreneurs all have their own goals and preferences for engaging in their partnerships. Typically, a business would attempt to acquire control over critical resources to reduce its dependence on the partner while trying to have control over those resources that increase the dependence of the partners on them (Pfeffer and Salancik 1978).

In forging relations, for entrepreneurs at the Hub, I noted how an engagement frequently may take the form of informal processes of consultation. Their negotiations do not follow strict procedural rules. What I presume they lack is basic knowledge about the general characteristics and factors on what a type of negotiation process may likely turn it into a tentative option to a formal proceeding. There is little both design and management of the participation and consensus building process. This may not ensure transparency, or credibility, or most importantly, the acceptability of decisions at a later date on an individual level.

It is about power
Delving into the nitty-gritty of the negotiation around the sustainability issues, I found the need for entrepreneurs to be aware of the power-laden nature of the process used. The “Future Reloading” experience further reveals that they must weigh the advantages and the drawbacks on how to meet the expectations with respect to sustainability concerns from a utilitarian viewpoint. They must also understand the politics that come along with the process of defining legitimate behaviour with respect to such concerns. Such insights should be seen as important in facilitating the planning of appropriate
strategies to cope with complex negotiation demands. This may ultimately enable the entrepreneurs to carve out a successful position in the field.

Information asymmetry can be a cause for a power struggle. I found out during discussions among entrepreneurs that the motivation to negotiate might be asymmetrical. While one partner enters collaboration with the goal to avoid investments, another partner may be driven by the ambition learn new skills. Hence entrepreneurs are forced to deal with the outcomes of poor process of negotiation between the entrepreneurs and their stakeholders. Some reflect on the interpretation of the actual purpose of the dialogue they are having and look beyond at influencing it.

In terms of power between small and large firms, the literature highlights that small firms, when negotiating with large ones benefit more economically in comparison (Koh and Venkatram 1991) while the latter benefit more in technological know-how (Das, Sen and Sengupta 1998). Hence, given that the relative bargaining power of the larger partner in a technological negotiation may be proportionally less higher than what their size indicates, the smaller firms should be clear on their focussed core competences they are tabling.

In the Discussion phase on the next page, I analyse the research question based on my interviews, lived-in experience and events attended.
4.0 Discussion

In this chapter, I processed the results above, distilled and discussed the general challenges for the entrepreneurs under the Five Level Framework of strategic decision-making for the small enterprises: systems, success, strategic guidelines, actions and tools.

4.1 Phase 3:

What are the general challenges for negotiating sustainability issues?

4.1.1 Systems

At the system level, I identify the scope of the system I am dealing with. In terms of sustainability and entrepreneurship, the system is the entire biosphere and all the stakeholders involved.

**Challenge: There is an insufficient understanding of issues at the full system level.**

The understanding about connections among different and sometimes apparently unrelated areas is lacking. Sustainability knows no system boundaries - the same ones that traditional science has placed for so long. This is multi-dimensional planning in complex systems. The decision-making process is complex, as is the problem-solving one. The consultations are cross-cultural and cross-sectoral by nature with a diversity of self-interested stakeholders. The matters are of high stakes, high contentions and mostly in transition.

This challenge echoes the “boom in sustainable development (that) has created a proliferation of silos in the world of business and investment,” says Jed Emerson who coined the concept of blended value. Many entrepreneurs are grappling with similar issues within their own silos. “We need to break down the silo thinking among businesses,” says Rowan Douglas, CEO Global Analytics Willis Re, UK. “We need to figure solutions together, have shared alignment of interests, not blame one another. If the private sector fails, we all fail.” (Planet Under Pressure 2012)

The whole environment for the sustainability entrepreneur is complex: new place, new face, new mechanisms, new behaviour and new lifestyle. A system is complex when it has a wide range of actors interacting with and hence affecting mutually one another, generating a system behaviour as a whole (Lewin and Regine 1998). It is worse for the entrepreneurs, as they have in their environment patterns of behaviour that are not constant. Consequently, such a system produces incomplete information and drives in the ability to self-organise activities (Nilsson and Uhlin 2002). The field is characterised by extreme connectivity, non-linear changes, abrupt events and irreversibility (Planet Under Pressure 2012). It is hence a wicked problem, as entrepreneurs need to operate on the edge
and figure things out by trial and error. The problem cannot be teased out piecemeal (Stockholm+40 2012).

The system evolves rapidly in a way that forces the entrepreneurs to look at issues in new ways. They are tasked to go beyond learning about the usual ways or routines in which business matters have been dealt with previously. E.g. integrating the triple bottom line sustainable solutions in complex multi-party negotiations are not often found by sticking to existing legal and regulatory frameworks. Given this nature of sustainability issues, various groups of partners bring an influence to bear on specific issues, as entrepreneurs are required to think in a more integrated way: about the particular issue and; on making plans to remedy it. John Mackey, co-founder of Whole Foods Market believes that “each group (i.e. customers, suppliers, employees and community) defines the purpose of the business in terms of their own needs and desires, and each perspective is valid and legitimate” (Elkington 2008). “There is a real appetite to partner with business. Social and environmental entrepreneurs are equally interested in developing partnerships with business — but with different expectations.” (SustainAbility 2007)

There is no dearth of advice on how to handle this systemic challenge. “Entrepreneurs must first understand – and then try to reshape – the thinking of those on the other side,” (Elkington 2008). “Facilitate a desirable outcome that achieves a stated objective, while reflecting well on their brand and adding value for all concerned parties. Look to create opportunities for others, to add-value, to align interests, to understand needs, to facilitate, enable, educate, and to inform,” (Myatt 2007) says Mike Myatt, Chief Strategy Officer, N2growth and widely regarded as America’s Top CEO Coach and successful entrepreneur. This facilitation is apparently more like a flowchart, than a stakeholder analysis. The negotiation comes after this has been mapped out. The relations among the parts come more intuitively for some entrepreneurs (Jennings 2012).

In addition, Mark Kramer, the Founder and Managing Director of FSG and Senior Fellow at the CSR Initiative at the Harvard Kennedy School of Government argues for creating shared value. “Shared value redirects the gaze of corporate, NGO and government leaders, enabling them to see new opportunities for private enterprise to solve public problems. Engaging business as business, not as a charitable donor, nor through public relations, is one of the most powerful forces we have for social progress.” (The Guardian 2012). “They (entrepreneurs) recognised they can do much more to help frame the challenges and opportunities for others and explain how they can help,” (Elkington 2008). Echoing this, Mark Kramer further states how companies should negotiate their resources and
capabilities to solve very specific social problems in such a way that they are in line with the firm’s strategy to strengthen its competitive positioning and become more profitable (The Guardian 2012).

“We need a new way of thinking and doing business,” Pär Larshans, Chief Sustainability Officer, Max Hamburgerrestaurant (Planet Under Pressure 2012). This new thinking is crucially important to reach to the end-user....It is thinking of the problem area in a systemic way...as using a sub-systems methodology... it is about capturing what is being said, though active listening... by understanding systems, we can give people new roles... always try to look for win-win situations, otherwise people would not agree to have something taken away from them...but if you agree to give people some benefit, usually people accept....involve the community and the stakeholders at the beginning... give them some degree of ownership to the project, a kind of joint ownership of the project, so that they say it is ‘our project’… then there is higher chance for it to be sustainable, and accepted and diffusing into use...David Grimshaw

This then brings about a different way of negotiating....when we have these global issues that are inter-connected like climate change and bio-diversity that transcend borders, then we know that we need to have a different way of negotiating, and maybe we cannot continue to negotiate as we have...it somehow needs to be enlarged in order to be participatory...this has to be at the base of our system on how we manage our planet...you have to ask if that intensive development will upset the style of life of people that may be living here...you now have individuals and communities understanding decisions taken at higher levels affect them and their future...Vicki-Ann Assevero

Furthermore, a rising trend has been noted on the potential and emerging role of SMEs in the wider systemic context of non-state actors towards sustainable development. Although at the moment concentrated on urban climate governance, novel multi-sector networks and entrepreneurship as a serious subject matter is no longer falling by the wayside. Dr. Sarah Burch, University of Oxford, explains how her current research is delving into the drivers of emerging partnerships between various levels of government and small businesses in addressing climate change mitigation and adaptation (Planet Under Pressure 2012). This project is based in the University of Oxford’s Institute for Science, Innovation and Society (InSIS) and the Environmental Change Institute (ECI).

It is not immediately obvious why the SMEs sector should be engaged as it certainly is new, and it is new territory for the stakeholders (Burch 2012). The SMEs should not see themselves as being cocooned in their own world. In several developed countries, large industrial emitters are already required to report on their greenhouse gas (GHG) emissions. However, the invisible majority of
commercial emitters are SMEs. Since it is unlikely there will be legislated GHG reductions for SMEs for now, no negotiation around this really exists. Novel partnerships and networks that align the goals of SMEs, municipal governments and regional authorities are however emerging – a trend the entrepreneurs ought to prepare themselves for, in the bigger systemic scheme of things.

Understanding the systems level will help enhance innovation in sustainability reciprocally...we are looking at nested spheres of influence...in this multi-level complex picture, it is at the niche level, in those protected spaces, where radical novelty happen, where real innovation can emerge and perhaps influence the system...hence we should pay attention to these new actors, and see if we can create those niche spaces where those novelty can emerge and generate innovation in the open space...the small businesses are all over the place and there is no entity that brings them together to give them a voice in international negotiations...sadly they are left out of the dominant negotiation discourse...Dr. Sarah Burch

4.1.2 Success
At the success level, ‘sustainability’ would be what the enterprise would aim to achieve. For sustainable development, as per the Sustainability Principles (See Appendix 3), sustainability means that nature is not subject to systematic increases in: concentrations of substances from the Earth’s crust; concentrations of substances produced by society; degradation by physical means; and, in that society, people are not subject to conditions that systematically undermine their capacity to meet their needs (Robèrt et al. 2002). For a negotiation, success would mean both a good outcome and process. The results from the entrepreneurs showed a range of responses on the definition of sustainability and how to tackle it.

Challenge: There is little shared understanding of what sustainability really means.
Despite significant progress, it is difficult to go beyond piecemeal improvement or ‘make a better mousetrap’ strategies as part of strategies towards a future sustainable society...the term is being misused, the concept ignored... it is rarely articulated to KPIs (Key Performance Indicators) although often inter-related to the goals...it is unclear and almost impossible to find proof of transparent strategies that avoid costs; that identify future social and environmental risks to businesses; that take a holistic approach of the impacts and activities...much work needs to be done to bring the vast majority of the businesses currently focused on increasing returns for shareholders... Simon Goldsmith

Recent work with businesses and communities indicates that creating a shared vision is the most effective engine for change in the desired direction (Constanza 2000). This lack of shared mental
model for inter-disciplinary and cross-cultural cooperation in sustainability entrepreneurship is a huge handicap (Stockholm+40 2012). The search for common sustainable outcomes together means that the parties together are building an unknown future. They are not in the attempt to emulate any sort of historical precedent.

These sustainability decisions in business are often developed in commissions and responsibilities transferred from leaders to experts, with much experience in their individual areas, bringing about the naturalistic fallacy (Robert 2012) - moving from scientific facts to decision-making. The debates are usually about the choice between two evils, not strategically towards alternatives that could serve as stepping stones, in financially competitive ways towards completely sustainable systems. Questions that are not being asked are:

- Do I have a definition of social and ecological sustainability? Is it based on principles?
- If so, what is my current gap to full sustainability?
- What am I strategically doing to bridge the gap?

As a result, a systematic step-by-step approach towards full sustainability is missing. Pär Larshans, Chief Sustainability Officer, Max Hamburgerrestauranger (Planet Under Pressure 2012) would add: “What does it (sustainability) look like? What does it feel like?”

The entrepreneurs interviewed keep struggling with different understandings falling their way. Probably we spend more time helping them to understand their obligations than we do over haggling over pricing... I am frequently asked who owns the carbon credit...where does ownership end? That is an important question. We have to answer it because we have to buy carbon credits and sell them to the market. Unless you define ownership, it does not work...Sebastian Foot

Another struggle lies in dichotomous perspectives of sustainability...I see two contradictory views out there, neither of which is correct. I see this drive in eco-efficiency, which is business as normal. You just tweak stuff... e.g. buy eco-efficient light bulbs - that is not sustainable lifestyle. I am equally frustrated with the eco-radical, which is strict. I want to inspire, not impose ... something that opens, not reduces... I think the whole discourse about sustainability needs to be reframed....social enterprise has to be reframed as per the discourse and the resources in the country... social enterprise is a word in Latin America that is not translated to entrepreneurship, but just a social project whereby the government just gives money to local areas... hence some words have a discursive baggage, while in China a better word to use is social start-up... language is massively important...Christina Rebel

The need to reframe seems paramount. There is a need to reframe what we mean by development.
The old paradigm of development is driven by economic growth. In rethinking this paradigm, we come close to the idea that growth is not necessarily the answer and that there are other paradigms we can work towards (Grimshaw 2012). Growth in sustainable development seems the wrong word for what we want, although we do want people to lead a better life qualitatively (Assevero 2012). Meanwhile, a good number of entrepreneurs are still finding their feet, on what sustainability is and what should we do in that space (Roberts 2012). This search for the meaning for sustainability is also reflected in the understanding and motivation of the sustainability entrepreneurs, who see their role as establishing new ventures to get services and goods delivered that existing markets do not currently have, by exploiting new ideas. Though as innovative, opportunistic, practical and resourceful as their traditional counterparts, their motivation is less on ‘doing the deal’ and more on ‘achieving the ideal’ (Elkington et al 2008). It goes beyond selling the venture to the highest bidder and is a long haul endeavour.

Next to this motivation is the desire to create a common solid and clear vision of sustainability, and to carry it out with others. An understanding comes with (strategic) execution. Stephan Schmidheiny, the billionaire Swiss entrepreneur explains: “an entrepreneur is someone capable of persuading others to adopt his own vision, of motivating them to achieve his goals... of bringing about positive change, to lead decent, dignified and productive lives.” (Elkington 2008) This is where the power of dreams lies. It is about having a dream, a dream to actually do something, and to be aware there are no easy fixes and that things can take a long time (Grimshaw 2012). This is done in conjunction with others. There has to be an internal consultation process between the owner/manager and this team.

For example, it can be to decide and to prioritise which GHG emissions strategies that would be in line with their corporate ethos, match with the products they are offering, and also chart a path forward for the company if they want to rebrand their company as sustainable (Burch 2012). In this process of persuasion in sustainability, it goes without saying that scientific facts do not work with certain types of people. “For groups holding conflicting positions, a way forward is to look for shared values; to find new common grounds; to move from claims of knowledge, from confidence-focus to suggestions about what we should do, to trust-focus,” says Victor Corral-Verdugo, Environmental Psychologist of University of Sonora (Planet Under Pressure 2012). The issue is hence reframed, motivation understood, and action steps taken while meeting people where they are.

4.1.3 Strategic guidelines
Strategic guidelines are what the firm follows to take actions towards sustainability. The backcasting from principles guideline is about having a vision of the firm in the future respecting the four
Sustainability Principles and then ‘backcasting’ to the present to see what specific actions should be implemented to start strategically working towards that vision.

There is no particularly crucial challenge to highlight here as the entrepreneurs had some sort of idea of their own version of guidelines they follow. Some have a philosophy, a hope that what will come in this project are more tangible guidelines that can then be transferred to other projects (Grimshaw 2012). For others, it is about having a Class A person in a Class B market than to have a Class B person in a Class A market (Jennings 2012). These intuitive guidelines can definitely be improved upon, as most companies have not developed holistic sustainability strategies that inform day-to-day decision-making at the board level. Their sustainability programmes have not created the opportunities for creative and innovative approaches at all levels of the company to avoid costly future environmental and social impacts (Goldsmith 2012). Strategies remain ideas in the head (Grimshaw 2012) with partnering being not strategic and not strategised, only existing as an ad-hoc approach (Jennings 2012).

There is the belief of the usefulness of prioritisation questions that need to be asked under the strategic guidelines however...."these are the first five things I negotiate first... because they put back control in my hands...I ask: who is your bank? what payment terms are you expecting? what payment mechanism are you using? what shipment terms do you want to use? what currency? In this way, I know most of my hidden costs..." Gary Jennings

Given the resource constraints, the literature highlights that firms should focus on their core competencies (Prahalad and Hamel, 1990) instead of focusing on all the functions that a firm traditionally is built upon (Quinn, 1999). Hence, entrepreneurs need to know which operations lie outside the scope of the firms’ core competence and which should be outsourced to another firm better equipped for that specific purpose. A possible priority question may be: Is this my focus area? Hence, the entrepreneurs make explicit their request: core competence. Modifying from Prahalad and Hamel (1990), possible questions they may wish to have, before they make their ask to their partners are as follows:

- Does it provide a potential access to a wide variety of markets?
- Does it make a significant contribution to perceived customer benefits of the end product?
- Is it difficult for competitors to imitate within an acceptable time frame and cost?
- Do these motives belong to building new businesses or introducing new products?
- Are they concerned with improving the current business?

The above is useful for evaluation of trade-offs for the small firm configurations.
In addition, the discussion on guidelines brought up the matter of values, which the entrepreneurs rely upon for their decision-making. For example, trust has been a common theme during the interviews. Trust evolves out of past experience and current interaction (Rempel, Holmes and Zanna, 1985). Personal contacts are crucial for collaboration. Building trust through networking via social and business exchanges builds towards a successful collaboration...in our world, there is a problem of trust...this keeps us from having effective negotiations...hence you need to take some time...it’s getting to know someone...to learn to trust them...to understand whether you have some shared value system...to have some longevity in a relationship...so, sometimes taking the time upfront will reduce the time in the backend...the most strategic for me is to find a point of empathy...some connection with the people, the emotional connection...that’s where you get to the trust, that’s where you find out about the values....Vicki-Ann As Severo. “The primary driver of business today (in our conversation economy) is trust, it is not the price...trust is the currency...if you want to sell more stuff, you have to create more trust,” Futurist & Keynote Speaker Gerd Leonhard on “The future of business: how to benefit from the global shift to a networked society” (HBR Polska 2012). The entrepreneurs have to genuinely believe in what they are doing. They have to be authentic (Carr 2012). Eventually the question becomes why is it that the entrepreneurs want to make this happen, and how is it that they live it out in their own life (Roberts 2012).

Interest was another guideline noticed, as one of the Seven Elements of the Theory of Negotiation. The twist I found out was in the selfishness of interests, the mutuality of interests, and the enlightenment of interests. It was not about mere simple interests. “Businesses should go for an enlightened self-interest...,” Mamphela Ramphele, Former Director, World Bank (Planet Under Pressure 2012) “Focus on mutual self-interest,” Raj, Director of sustainability and merchandising innovation for Walmart.com advises potential intrapreneurs. “So it’s not about exclusively the company’s agenda, nor is it exclusively about a social or environmental agenda, but it’s about the point of intersection. Where there’s a higher chance of stumbling is when you think that just because you believe in something that everyone else will as well." (Good Business 2012) ...you have a lot of people who have an interest. Sometimes these interests are not considered legal interests... legally speaking you have no standing...still you are interested because the decisions might have an effect on your life, how you are able to do other things... Vicki-Ann As Severo

Compromising comes on interests and not on values or beliefs. We need to think of intergenerational equity. The future generation should not be worse off. We have to think in those long-time scales, so that when we are matching the supply and the demand, we get the right moment. Timing is important. (Grimshaw 2012) The idea of intergenerational equity brings up the essential strategic question on
whether the right people are at the table or not. The negotiation process becomes more complicated as the number of participants in decision making increases (Druckman and Olekalms 2008). Additional essential sustainability questions to ask become as follows (Stockholm+40 2012):

- Are we including the future generations?
- What would they say if there were at the table?
- Are the entrepreneurs negotiating from the perspective of tomorrow or yesterday?
- When is it appropriate to bring in the ‘absent’ stakeholder?

Decisions on sustainability issues are more collaboratively made than ever, especially on determining who gets what share of resources, from a limited pot.

In the diagram on the next page, I made a simple attempt to understand the intergenerational equity visually in a negotiation process as part of the preparation for entrepreneurial collaboration, where “X” represents the Future Generation at the negotiation table.
A visual of how a negotiation can take place by including the interests of the future.
4.1.4 Actions
In this section, I look at the concrete actions the entrepreneurs take on their path to sustainability.

Challenge: Sustainability entrepreneurs do not showcase sufficiently the viability and importance of their business. Price still rules supreme.

“The fundamental challenge that all such (sustainability) entrepreneurs face is persuading the rest of the world – particularly potential funders – that their basic concept is both important and viable” (Elkington 2008). Price is the most common thing in these types of persuasions (Assevero 2012). With resource constraints, the entrepreneur has limited product money, limited time and resources (Grimshaw 2012). While most people negotiate on price, which is haggling, the reality is that pricing is a benchmark. Pricing moves depending on the costs the entrepreneur has (Jennings 2012). The challenge of business viability is especially acute with consumers. They should prove that their product/service is selling, before they can hope to have bargaining power during collaboration. This power comes only the entrepreneur has proven that something works (Grimshaw 2012).

Apparently consumers are not willing to purchase green idealism in a bottle if it came at a premium. The Lifestyles of Health and Sustainability annual survey estimates that 13-19% of American adults are dedicated green buyers – a $290bn market. The US-based Cone Communications estimates that 70% of American consumers consider the environmental impact of their purchasing. The UK and Europe show similar numbers. (Ethical Corp 2011)

These overstated figures may be reflecting attitudes, not buying patterns. “The cold facts are they almost always put their self-interest first,” says Professor Shruti Gupta of Penn State University, a world expert in ethical behaviour. Because of our culture, our society is always encouraged to want what they do not have (Carr 2012). When the consumers will make purchases, they “will buy pricier green products,” Gupta says, “but only if they are convinced that the sacrifice – higher prices – signals some measurable value.” Grail Research, a consumer research company, reports that although 85% of US consumers claim they buy green, fewer than 8% actually do. Marketing firm Ypartnership reports that, although eight in 10 vacation travellers consider themselves “eco-conscious,” only one in 10 books travel based on green considerations. A 2008 study funded by the UK Economic and Social Research Council found that 30% of consumers reported they were very concerned about environmental issues, but they struggled to translate this into purchases.

Hence, aiming at differentiating themselves, the entrepreneurs are not sufficiently going beyond eco labelling and packaging recycling to negotiate for commitments on corporate responsibility to enhance
their brand identity. They are not documenting their green credentials enough. They are at a loss as to how to tackle the business-to-business space and less of selling to consumers, at how to invest in sustainable production that significantly lowers long-range costs. Greening the supply chain to save money is an act that yet has to be implemented fully. The hurdle is that the entrepreneurs do not sufficiently “build legitimacy for their ideas and approaches, as it can take enormous amount of energy to persuade others that what they propose will transform ineffective systems and approaches” (Elkington 2008).

Pricing will affect profits. As opposed to mainstream businesses, the generated profits are not meant to exclusively maximise financial returns for shareholders. They are to grow the venture by re-investment to allow it to serve and reach more people, with the mission to drive social and environmental change. This balancing act of social mission and financial outcome seems to create internal tensions in the teams. The founder has to be a strong leader. However, some entrepreneurs might still be guided by Milton Friedman’s view that “there is one and only one social responsibility for business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, i.e. engages in open and free competition without deception or fraud”, written as far back as the New York Times Magazine of 1970.

The discussion on business importance raises the question on what value it is bringing to society and the partners, and how it can be shared. It can be a great competitive advantage if well used. Chris Corps, an environmental entrepreneur, has been working on asset valuation to get the long-term value created by buildings with sustainability features. Realising the importance of strategic partnerships, he has been demonstrating that sustainability does add value (Elkington 2008), for e.g. in London Olympics – with the impact that this mentality could influence financial institutions in ways proven impossible until now: creating a market pull for eco-architects like Bill McDonough.

Creating, adding and sharing value is becoming prominent, as needed ways to showcase importance and viability. “Shared value is the only value. Businesses need to understand that. We need to connect to the conversations of the higher-ups,” Nigel Cameron, President of Center for Policy on Emerging Technologies, USA (Planet Under Pressure 2012). The entrepreneur starts with a small group of people, creates value and service, demonstrates the value to the users, and invites them to encourage more people to get involved, on a personal level (Carr 2012). They hence play around this idea of getting more small businesses on board now and again (Roberts 2012). This value is generated also in teams, when the focus is placed on value sharing only. “We leave the prices out of the door when we are in a discussion with our suppliers trying to find out how we can achieve
sustainability together,” Pär Larshans, Chief Sustainability Officer, Max Hamburgerrestauranger (Planet Under Pressure 2012). Hence, the entrepreneur contractors to Max in its supply chain are already made to think that value comes before pricing. This remains a rare occurrence however.

4.1.5 Tools
In this part, I delve into the variety of tools that help entrepreneurs manage their path towards sustainability. Some tools are effective in some situations. Several of them if used together well can create synergies.

Challenge: There is no adequate checklist to fall back upon for checks and balances, resulting in an ad-hoc preparation for the collaboration.

While preparation was always seen as key, a go-to list for negotiation seems lacking. Some entrepreneurs do not have a set checklist for their preparation. They think there is no set formula. They do not have any particular tool for this, except that communication is key. They believe it is not a process or a tool, but something that the entrepreneur naturally does (Carr 2012). They do not have written down, specific guidelines. They would sit down and ask: “Why is this important? What do you want to get out of it?” There are norms they have not quite analysed themselves (Roberts 2012). The way to do to prepare for others would be to agree basic commercial terms, e.g. “What price we will pay for this?” which do not come easy (Foot 2012). For others, admitting that the entrepreneurs should come to the table more prepared with a “preparation is everything” motto, they suggest they want to know as much information about the other side as they can. They want to make sure they have given as much information to the other side as they think might be useful for them to evaluate. They prepare their virtual selves by brushing their online information as people use the online tools to evaluate them before they meet – an especially important step for a young entrepreneur (Assevero 2012).

Gary Jennings digs into his experiences to relate the lack of checks and balances for small firms, e.g. when interviewing sales partners, reviewing one’s position deciding on expanding into a new market and to ascertain that suppliers are meeting the requirements (services, products, finance etc). He said the firms ought to be questioning themselves on their capacity, capability, connections, culture, commitment, cash, co-operation and coverage. Elaborating further, some of the micro-questions that if not asked may slow the business down are:

- Capacity
  Where will the resource come from?
  Where will the time come from?
  Can you proactively handle this market?
• Capability
  What knowledge is needed?
  What skills are a must?
  If not, what compensating actions need to be taken?
• Connections
  Who do you know?
  Who do you need to know?
  How will everyone build and maintain contacts?
• Culture
  How are you aligned to this market?
  How will you work with the various cultures?
  How do you follow up regularly?
• Commitment
  What are your suppliers prepared to do?
  What guarantees of performance exist?
  How do you show your commitments with no sacrifice to position or profits?
• Cash
  Where is the money coming from?
  What are the opportunity costs?
  (Cashflow is the most common reason the company fails and must be factored in early.)
• Co-operation
  How will everyone communicate and work with each other?
  How can this process be improved?
  How do you introduce variance between the deals?
• Coverage
  What are the certification restrictions?
  What are the time, energy and input constraints to the business development?
  Can the sales channel help in the coverage?

Traditional negotiating to find a compromise, a common quasi-automatic habit, cannot result in sustainable options. This approach is different from conventional negotiation tactics for business issues. Negotiating about sustainability takes a particular way to approach a conversation, one that is positive, creative and cooperative whereby the entrepreneurs can see possibilities. Some entrepreneurs, however, do seem to know what is good for them and how to prepare. They approach
preparation by thinking what the buyer wants to achieve and why (Jennings 2012). They care for the practical things, e.g. picking the place, having a brief beforehand, thinking through things beforehand with a time scale, so that the partner has something against which to react out of the joint venture (Assevero 2012).

**Challenge: There is no strong tool that allows for assessing and understanding sustainability risks.**
Yvo de Boer, former head of the UN Intergovernmental Panel on Climate Change and now Special Advisor to KPMG states that “first and foremost, businesses need to fully assess and understand future sustainability risks … define their responses to deal with them, and analyse opportunities for efficiency, substitution or adaptation” (Planet Under Pressure 2012). He further noted that “if companies had to pay for the full environmental costs of their activities, they would have lost 41c per USD1 earned in 2010. The external environmental costs of 11 key industry sectors rose by almost 50% between 2002-2010, from USD556b to USD854b.”

The uptake of knowledge on risks in this field is non-linear, with all the pressures on entrepreneurs on how they understand knowledge. It’s about acknowledging this uncertainty and being ok with it, as heard in the dialogue between scientists, businesses and end-users (Planet Under Pressure 2012). Fear does settle in. It is about stepping into something that is so uncertain, with a feeling of vulnerability (Roberts 2012). ...there are always risks...it is important to voice there could be risks, to debate the risks potential constituencies could be affected with in the future, to gauge their risk profile and the understand them, their acceptance or rejection to a particular direction... After all, if you impose something, it will be automatically rejected and not be sustainable....we are trying to be transparent and open in terms sharing all the information, all the scientific knowledge where we can extract risks, all the tests that have been done, and generally trying to building the understanding of that, in the community... David Grimshaw

**Challenge: Sustainability entrepreneurs do not have the mix of skills required to cut through the sustainability issues.**
“Effective training programmes are needed for our decision makers in business...” Sir Bob Watson, Chief Scientific Advisor and Blue Planet Prize Winner (Planet Under Pressure 2012). Making the negotiation work involves a fair amount of personal learning, trust-building and strategic reorientation given new and unpredictable situations. It must be ascertained that the resources at disposal of the entrepreneurs are to be jointly created, accessed and utilised.

From my compiled notes in my interactions and lived-in experience, some of the missing skills may be:
• a proper way to share information succinctly, especially complex factual information;
• a way to discuss differences constructively;
• a way to work towards sustainability outcomes;
• an ability to not be emotionally overwhelmed and stumble by the uncertainty and complexity of issues on the table;
• a way to move from being defensive and reactive to positive and proactive; and
• how to decide who to take the responsibility to find sustainable solutions.

The benefit of these skills is to be able to resolve conflicts, alleviate them and to keep the negotiations on track. The more knowledge the entrepreneur has about their life, the more they want to have some control over their lives and the more interested they become over the decisions that affect them (Assevero 2012). The entrepreneur wants to enhance their capability to operate, to enhance their well-being (Grimshaw 2012). Others see this being practised as relationship building (discussed further below), on an individual basis, and not feeling anything close to a persuasive process, but one of building a community (Roberts 2012).

A scarce skill is that the entrepreneur is to be able to recruit the best person for them. A person is best if the entrepreneur knows what the new recruit can do, what he needs to do and whom he needs to know. The best person does not need to do what the entrepreneur can do. He needs to do what the entrepreneur cannot do (Jennings 2012). The entrepreneur further has sometimes to deal with people who may not have the experience negotiating or commercial experience with some specific contracts, even if preferably it is easier to work with groups that have got this experience. In this case, they need to have the skill of patience, and be willing to spend a lot more time educating them through the whole process, which can happen a lot (Foot 2012). This can even get into the details of exactly what to say in a negotiation. The untrained entrepreneur should ask if there is any other way to still do what the other wishes for and still have the price lower. Hence, each time they have a conversation with potential partners, the need to be able to repeat back to them what they have said and then ask them to explain, each time, so that they do not have misunderstandings (Assevero 2012).

Moreover, the untrained entrepreneur does not consider the most appropriate way such sustainability issues negotiations might be conducted. This impact on the decision-making, the problem-solving and other costs, e.g. wasted time, money, energy; their reputation become questionable; there is communication breakdown; distrust increases, as does animosity; and other stakeholders wonder if the entrepreneurs can indeed work together to find sustainable solutions. There is a demand for
forethought on the type of negotiation to have needed... we deal with lots of different partners in lots of different countries, languages, cultures... we have to be flexible to understand how they all operate... we cannot do things in our way, necessarily... we do have obligations though... we have to see that what we do is congruent with how people do things on the ground... Sebastian Foot. It is in these instances the ability to listen to people’s concerns, and take these concerns one by one and reassuring them (Mcneill 2012). Even though there may be a shared vision, when it comes to the implementation, there may be differences, this time in interpretation. The ability of forethought coupled with listening will help achieve clarity all the time, clarity in relations, which is what transparency is about, because people want fairness and want to come to the table as equals (Assevero 2012).

The characteristic skill of the entrepreneur is to identify the impending problems and map out the market opportunities likely to result; and the need to scale solutions. In so doing, entrepreneurs want to avoid failing at negotiations (Start-Up Day 2012). The challenge is to be aware of possible reasons at play, e.g. the objectives of at least one partner have not been met; they differ in their definition of success or failure; the switching cost to another partner may be too high; there is not enough trust, essential for initiating and maintaining exchange relationships, worsened by the fact that the partners view each other with suspicion. This fear can generate the prisoner’s dilemma situation: one fears that the other cheats and gets a larger share of the pie, resulting in that both do not collaborate and becoming worse off than if they had. Another example is an uneven bargaining power, which brings an end to collaboration too (Das and Teng, 2000). Finally, the entrepreneurs may have unrealistic expectations and goal disparities. They fail at handling multiple tensions, e.g. short term against long term perspective and flexibility against rigidity.

These capabilities of handling creative tensions between these short and long term perspectives are deemed crucial. Entrepreneurs are to be able to develop and integrate resources coming from different directions, to re-arrange internal and external competencies within the firm - if they are to secure competitiveness. (Start-Up Day 2012) This engagement can happen with one another essentially during: dialogue, decision-making and problem-solving. For example, funding has always been a perennial issue for entrepreneurs. 72% of the 100 social entrepreneurs surveyed by SustainAbility for the Skoll Foundation in 2007 cited raising money as their main challenge (SustainAbility 2007). The pool of funds is limited for sustainability entrepreneurs. As such, they need to be creative in their capabilities. They need to have persuasive business plans. Their list of deliverables and timelines must be handy.
These capabilities are dynamic and they enhance the entrepreneur’s competitiveness as they are difficult to imitate since they are closely connected to the history, culture and the experience of the company (Bharadwaj 2000). They are the strategic routines by which the companies achieve new resource configurations as markets emerge, collide, split and die (Eisenhardt and Martin 2000)

As an illustration of these capabilities, if we were to focus on the relationship building skill between people and not on the characteristics of people, we can create opportunities to map and evaluate informal communication patterns with formal communication structures (Start-Up Day 2012) as in The Hub for example. These were seen to be part of relationship building in the common areas, which facilitated potential later negotiations when common interests were found. It can be assumed that The Hub is filled with weak ties, given the irregularity of timings for individual entrepreneurs. As such, much of the new information they get come from these weak ties. These ties strengthen over time and as common interests are built. These kinds of relationships become effective in the exchange of complex information as the members already trust one another. They also come with prior understanding of topics and contextual factors. In this way, the topics move from the corridor onto the negotiation table.

This skill of being on good terms with partners further spills over to the issue of conflict resolution (Toolbox Friday 2012). It comes down to the ability to work with people, who can understand core principles…for a difficult issue, that is down to personality…we try to work out what is the motivation for the counter-party over that issue…what is the specific reason that they are concerned about…is it a risk, a liability or they are scared they cannot do something…the goal is to find agreement, and for the counter-party to understand what our point actually is…we go through the whole contract to see what they need and what the intended consequences are…for an issue on river shared by two countries, whom I want is not an expert on sustainability, but one on water rights…a moderator/mediator who understands cultural differences…else, the countries will disagree…sustainability in general will not help as both agree they want to be sustainable…what we want are people who can understand these core principles to work (the situation) out… Sebastian Foot

Finally, since the field of sustainability operates on a pluri-disciplinary field, the type of knowledge required by the entrepreneurs matters. They would prefer to negotiate at acquiring tacit knowledge to build their portfolio of skills. Unlike explicit knowledge which is easy to transfer with modern technologies and widely available, tacit knowledge cannot be transferred easily over distances since it is not expressed in any explicit form. This makes tacit knowledge seemingly a more valuable asset in a regional context, e.g. in innovation circles. For e.g. the entrepreneurs at The Hub looked at how they could exchange resources, what they have learned over the years and how to develop their internal
capabilities. Their intention was to strengthen their competitiveness and to develop new innovative products and services. Some smart entrepreneurs looked beyond possessing resources themselves, and rather on the services that a resource renders that create value for their company, as Penrose (1959) suggested. Their focus was to use their capabilities to express what the company could do using these resources, including their ability to negotiate. By transferring these resources into services and capabilities, they could develop a competitive advantage.

4.2 A critical perspective on the research

4.2.1 Situating this thesis in relation to other research
A number of theses have looked individually at SME collaborations and at negotiation aspects in relation to deal-making. This research delves into a niche area and few have combined negotiation with entrepreneurship regarding sustainability issues, albeit under different names, e.g. collaborative entrepreneurship or sustainability entrepreneurship. For in-depth information on collaboration, I direct the reader to Dr. Johan Johansson doctoral thesis on “Essays on collaborative processes among SMEs for competitiveness development” who concluded that “aspects that deserve more attention from future research are e.g. how negotiations and trust-building activities may be accomplished in collaborative constellations” (Johansson 2008). On the rising trend of entrepreneurship and sustainability issues, although this has a focus on climate change, I suggest to the reader the publications of Dr. Sarah Burch at the University of Oxford's Institute for Science, Innovation and Society (InSIS) and the Environmental Change Institute (ECI). These papers offered me thoughts and directions, which were used for triangulation.

4.2.2 Research strengths
I triangulated the results from several sources. I explained these sources in the Methodology chapter. I looked at weaving concepts with the current reality of entrepreneurs in their collaboration and negotiation endeavours, topping it up with insights from my lived experience. This reduced the abstractness of the research, both in process and in outcome.

Holding conversations with a range of entrepreneurs in different contexts and venues offered several opportunities to have my assumptions agreed upon, reinforced and challenged – which catered for an iterative progression of the thesis. Both my interviewees and I were confronted with different thought patterns and mental infrastructures as we delved into the nitty-gritty of negotiation processes. This thesis captured these details in its development, especially at the Actions level under the general challenges in this Discussion Chapter.
As I brought the research outcomes together under the general challenges, I was able to see the latter’s relations among the five levels of the framework. This laid out both a macro and a micro perspective of challenges that await the entrepreneurs. How entrepreneurs handle these challenges can affect the success of their firm.

The usefulness of being aware of the challenges lies in that the entrepreneurs would be forewarned before they step into negotiation on sustainability issues. Knowing key points can allow them to know how to work on the internal culture and structure of the firm to delve with complex system around sustainability issues.

In addition, these challenges can get the entrepreneurs to think about how they can prepare and connect to their network of relevant stakeholders. Time and space constraints did not allow me to do justice to the real complexity of negotiating sustainability issues by entrepreneurs. The value of the discussion that follows reading this research lies in the new thinking it can generate for a team of entrepreneurs to prompt good preparation to reach its success conditions.

4.2.3 Research challenges
One of my challenges in my learning journey was to make sense and prioritise all the information I gathered from the variety of sources using the 5LF of decision-making. While I was taking care of validity and quality with double-checking with a range of entrepreneurs and outside experts, I had to manage the co-ordination of these inputs, intellectually, along with intense logistical and financial constraints. The Five-Level Framework helped in the sorting process at the systemic level.

I would have liked to have gotten more time and resources to cover a broader range of relevant experts and case studies operating in even more different contexts. I would have extended my lived-in experience as this would have deepened my understanding on more dimensions, e.g. negotiation tactics, context-specific sustainability issues and the human developmental factors of collaborations.

Finally, my research would have been enhanced by not only twisting and deepening the extensions of the concepts used, but also by highlighting even more anomalies. Anomalies are areas where observations in reality and the theories highlighted diverge. My research may have put much stress on how various theories can support and inform each other for the entrepreneurs.

4.2.4 Criticism on general challenges and avenues for further research
Based on the critical feedback I received from entrepreneurs on the thesis findings, I found that a few points could inform further theoretical development of this research. For example, if you look at the
cross-boundary issue of pollution in the EU...if you look at the mechanisms they are dealing with, they are property rights, the collective commons etc … those are all well established principles... so, it may be about sustainability, but the mechanisms are just very very old...that did not change... just what is being negotiated about is changed, that’s all...yes, all mechanisms in place are exactly the same...Sebastian Foot. In addition, the placement and timing of negotiation for the entrepreneurs could have been further discussed...very often, the sustainability is sold before you get to a negotiation...very rare does it have a commercial value...the sustainability is done so that there is an emotional attachment, not a rational attachment … Gary Jennings

In a number of interviews at the SOCAP conference, I exposed my thesis findings to entrepreneurs for their comments and open criticisms, in my search for anomalies. On whether the entrepreneurs face the challenge of an insufficient understanding of issues at the full system level, Xavier Helgesen argues that it depends. He first clarified whether being sustainable was in terms of the decisions the entrepreneurs made or in terms of being ecologically sound and being green. Some entrepreneurs can be very focused on building the product – an engineering focus. Some others are more broadly minded. He knows others who think too broadly, of all the detailed ways on how their business can be sustainable. There are hence almost two classes of business: one that is environmentally and sustainably minded, where sustainability seems to be integrated in their business, brand, and ethos; and the other one is where entrepreneurs simply do not think about it. They only think of building their company.

On the issue of balancing the twin objective of social mission while remaining cashflow positive, Xavier Helgesen quickly commented that there are entrepreneurs who are profit-oriented and completely sustainable and those who are not. “Any social business has to be profit oriented, if you don’t, who cares!”

On the challenge that sustainability entrepreneurs do not showcase sufficiently the viability and importance of their business, he conquered and added that it is one that affects all entrepreneurs, in sustainability or not. The entrepreneurs have not prized enough the skill to do this. “You have to be able to sell your idea, what can be in the future.” He roped in the challenge of sustainability entrepreneurs not having the mix of skills required to cut through the sustainability issues to stress the importance of knowing what it takes to be skilful in displaying the viability of the social business. They have to do a very good job at convincing that they can make money too. “In my point, this has to be their responsibility...not many people like to sell...The CEO’s number one job is to sell their company.” Selling would be to inform potential customers what they already want. Entrepreneurs have to think of
their selling skill in this way, informing the partners of what they want: a good company to invest in or a good business partner. “They need to know that you exist and you the thing that they are looking for.” “If they do not have this (convincing power) naturally, this is something they have to work on.” He added that everybody has a lack of skills and this is not a problem. They need to find people who can teach them or a business partner that can complement your skills, e.g. Steve Jobs and Steve Wozniak: the seller and the geek. “Who are you, the Steve or the geek?” He is suspicious though of entrepreneurs working on their own. He looks for several people in a team, to have great discussions and to bring in accountability - as per the insight of the Start-Up Genome Project. This is a powerful force he finds. Determining the best team for a negotiation may be another avenue of research.

Finally, in terms of the negotiation process itself, Xavier Helgesen touched on the importance of knowing which culture entrepreneurs are dealing with – a component not dealt with in this research (in order to keep the scope tight). Nevertheless, it is good to know that there are cultures that are relationship-building driven, where being friends with them before anything can get started matters. With other cultures, he can get straight to business. Moreover, “it’s a cliche, but you have to find ways in which both parties can win...even if I am in a position of power, I cannot take that attitude of I can get what I want or you have to take whatever deal I give you.” He stressed that giving people compliments and respects are important in the negotiation process, e.g. say “you have to say, I really respect your technology...”
5.0 Conclusion

Humanity faces the urgent need of addressing systemic sustainability issues. We have already started borrowing from our children. The idea of a green economy, one that “focuses on improving human well-being and reducing social inequity over the long term, while not exposing future generations to significant environmental risks and ecological scarcities” forms the current conversation, with market based solutions and agile impact investing mechanisms.

Entrepreneurs quickly jumped on the bandwagon to address social issues and simultaneously cut a profit. In addressing these sustainability challenges, it is a must to collaborate, given its multidisciplinary aspect. Small and medium-size firms by default will collaborate because they themselves do not have all the resources to engage in continuous innovation. They view the collaborative network as an essential to doing business. As the entrepreneurs deal with the sustainability issues, they face tough negotiation constraints, especially in our complex world. The various actors and their interrelating values, interests and other factors constitute this complex sustainability system.

This thesis delved into how the sustainability entrepreneurs negotiate strategically in order to ultimately influence systemic change towards sustainability. It focused on the challenges they face as they negotiate their twin objectives of social mission and positive cashflow during their collaborative processes. I used a participatory action research with the entrepreneurs at Hubs Westminster, King’s Cross and Islington in London; together with the concepts of the Framework for Strategic Sustainable Development and the Seven Elements Theory of Negotiation to demonstrate that some core challenges need to be addressed in the entrepreneur’s preparation for their negotiation.

The research questions were divided into phases, with each one building onto the previous one to give both a macro and micro perspective to the negotiation process. Conducting the baseline analysis, I found out that the ideal system for the entrepreneurs can be aspirational and functional. In terms of aspiration for a sustainable future, it is about making change happen and inspiring people. In terms of functional, it is about what the company can be useful at, how to change the way in which new technologies are developed. Success for the entrepreneurs was about openness and pragmatism. In terms of current reality, as to how they positively introduce change, I found that their responses generally fell into three themes: 1. an attempt to understand the potential partners, which I term as ‘take in’; 2. an attempt to influence their partners, seen as ‘take out’; and finally 3. an attempt to reach a ZOPA, seen as ‘take forward’.
The ‘lived experience’ to understand the negotiation challenges entrepreneurs with a perennial social mission-profitability tension face, was a personal journey into unforeseen negotiations amidst constraints. The data from the notebooks and observations were processed and discussed with a range of stakeholders. The challenges discovered ranged from an insufficient understanding of issues at the full system level; to little shared understanding of what sustainability really means; to not showcasing sufficiently the viability and importance of their business; not having an adequate checklist to fall back upon for checks and balances; to having no strong tool that allows for assessing and understanding sustainability risks; and finally not having the mix of skills required to cut through the sustainability issues.

The findings of this research were also tested with entrepreneurs in the field. Some general comments highlighted it is all about well established principles, that though it may be about sustainability, the mechanisms are very old, that what is being negotiated about is changed and that all mechanisms in place are exactly the same. Furthermore, it is that the sustainability is brought in so that there is an emotional attachment, not a rational attachment, which be a dangerous business slippery slope. The need for skills has been acknowledged, especially the one on convincing partners and selling one’s business. Then again, it is not for sustainability endeavours only.

As the sustainability entrepreneurs collaborate in order to fulfil their twin mission of bettering society and keeping themselves financially afloat, the need to overcome negotiation challenges is felt more than ever in our global village. Good negotiation, commitment and execution result in a common ground and a base for future actions. Many of them “show that it is possible to provide natural-resource-based services in a cost-effective and sustainable fashion to people who, on the face of it, can scarcely afford to enter the 20th century, let alone the 21st century” (Elkington 2008). The entrepreneurs are making the best use of the resource constellation available in the network of collaborating partners.

*Sustainability is not an optional extra … a nice thing to have. We need to wake up to the fact that it is the blueprint which, if we follow, will enable us to succeed – if ignored we will create a planet that can no longer provide the life supporting services and material resources we depend upon...*Simon Goldsmith

Negotiating for full sustainability may take time, but the impossible takes a little longer.
6.0 References


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7.0 Appendices

Appendix 1: Events attended
I attended these events in England and Sweden for my data collection.

Responsible Business Exhibition 2012

Link: [http://www.responsiblebusinessevent.org/](http://www.responsiblebusinessevent.org/)

Responsible Business is a two-day event developed through a strategic partnership between UBM and Business in the Community (BITC) consisting of the UBM Responsible Business Exhibition and the BITC Responsible Business Convention.

The UBM Responsible Business Exhibition is free to attend and features 160+ charities, social enterprises and voluntary organisations plus free seminars and workshops. Its aim is to provide the ideal environment for businesses, charities and social enterprises to interact with one another towards mutually beneficial goals. Over 2,000 people attended the second event in March 2012.

A new generation of business leaders is emerging with a fresh approach. They embrace elements of the free market but also believe that building value and creating opportunity demands other qualities, such as sustainability, responsibility and social impact. These new business leaders are also challenging the traditional boundaries between business, charity and state, finding innovative opportunities to work together to build more responsible businesses.

Business 2012


Business 2012 was a place to harness 200 minds to take one’s business forward, with expert help and advice from 200 exhibitors. This provided a meeting place for start-ups, SMEs and mid-market firms to network in workshops, exhibitions and seminars. Business 2012 speakers offered insights into their business experiences and pitfalls guiding one into the next stage of one’s business.

A sample of workshops attended is shown below.
- *Turning ideas into products*, by Daniel Priestley
  
  On how a small business can create a product ecosystem based upon its current value.
• *Wealth The Formula*, by Marco Kozlowski
  The challenge for most business owners is lack of time and money. A solution is to share and delegate to outsource the marketing, sales and operations so that the owner can have a systems perspective of the business.

• *Secrets of successful business owners*, by Nigel Botterhill
  On making the implementation side of the business easy.

A sample of seminars attended is shown below:

• *Green working: Ask the experts*, by Avery
  On business benefits of ‘green working’ with a panel of experts.

• *How to survive and thrive on your own*, by Geoff Burch
  On how to ensure the entrepreneur earns what he is worth and get the lifestyle he wants.

• *Networking*, by Brad Burton
  On how he created conditions where people buy; why success depends on the entrepreneur and how everything happens for a reason.

• *The business model*, by Nikki Hesford
  On the trials and tribulations of expanding one’s business.

• *Personal Brand: Your #1 Marketing Tool*, by Jennifer Holloway
  On how people buy people and the ingredients of a personal brand.

• *Big Hairy Audacious Goals*, by Mavis Amankwah
  On raising profile, building reputation and promoting one’s brand.

• *A guide to buying and selling businesses*, by Jeremy Mandell
  On the mindset and approach for the buyers; on disclosure and brokering for the sellers.

• *Personal Branding from the inside out*, by Malcolm Levine
  On achieving success in one’s own way.

• *How to sell internationally and avoid the pitfalls*, by Gary Jennings
  On the techniques to increase profitability and to negotiate one’s way across the borders.
The London Planet Under Pressure conference gathered 3,000 experts and provided a comprehensive update of our knowledge of the Earth system and the pressure our planet is now under, based on the latest scientific evidence. It focused the scientific community’s and the wider world’s attention on climate, ecological degradation, human well-being, planetary thresholds, food security, energy, governance across scales and poverty alleviation. The conference discussed solutions, at all scales, to move societies on to a sustainable pathway. It provided scientific leadership towards the 2012 UN Rio+20 conference, also in 2012.

Guiding the direction for the conference was the International Council for Science’s five grand challenges for global sustainability research: observations, forecasting, thresholds, governance and economic requirements, and innovation (technological, political and societal). The conference also supported international assessment processes, for example the Intergovernmental Panel on Climate Change and the new biodiversity assessment, plus the Millennium Development Goals.

The programme was designed to attract senior policymakers, industry leaders, NGOs, young scientists, the media, health specialists, and academics from many disciplines. The London conference was a platform to strengthen and enlarge the global-change research community and marked a move to a new vision for global-change research. Further, the vision is for a conference that connects leading social and natural scientists with business, investors and the development agenda to create a new understanding and environment for tackling global sustainability challenges.

Working across scales was a strong theme for the conference. The scientific community stressed that there must be many governance and technological solutions at all levels, from local and national, to regional and global. It stressed that while there are many threats, global change also provides many opportunities.

A sample of the sessions attended are as follows:
- Drivers of global environmental change
- State of the planet: bio-geophysical, climate, ecosystems, economic, political
- Panel discussions:
  - The planet in 2050
  - Innovative solutions for a planet under pressure
- Governance 2.0
- Planetary stewardship:
  - Risks, obstacles and opportunities
  - Global governance
  - The nature of the challenge
- Social inequality and global sustainability
- Equity and development in the 21st century
- Interconnected risks and solutions
- Future Earth and the new contract between science and society
- Reducing the economic disparity
- World Cafe participatory sessions:
  - Whole systems solutions for sustainable development
  - Integrating sustainable development into strategic planning in an organisation
  - How can we ensure a green economy benefits the poorest people?
  - How can science and business create a sustainable world together?
  - Global sustainability goals: transition to a sustainable future Earth
- Pathways to sustainability: opening up diverse technological futures in the green economy
- Recognising, demonstrating and capturing ecosystem service values: Lessons from The Economics of Ecosystems and Biodiversity (TEEB) and The Economy and Environment Program for South-East Asia (EEPSEA)
- The Unconference
- Realising green economies: harnessing trade for sustainable development
- Adapting solutions, governance and complexity in social ecological systems
- Bridging the knowledge-action gap: the role of values for transforming lifestyles
- The role of legislation in enabling sustainable businesses in the Anthropocene
- Novel multi-sector networks and entrepreneurship in urban climate governance
- Poster sessions
  - Trade and rise of eco-consumerism

Start-up Day 2012

Link: http://www.startupday.se/

Start-up Day gathers students, entrepreneurs and investors on the lookout for interesting projects and people to follow; organised by the Stockholm School of Entrepreneurship SSES. It offers a network of 500+ passionate participants ranging from the student to the investor; inspirational start-up stories from entrepreneurs who are willing to share their successes and pitfalls; feedback from investors and insightful recommendations on the business idea by the partners; and activities such as partner exhibition, speed consulting and pitching opportunities.
Stockholm +40 International Conference (Live webcast)

Link: [http://regeringen.se/sb/d/15451](http://regeringen.se/sb/d/15451)

The Ministry of the Environment and the Ministry for Foreign Affairs hosted an international conference, Stockholm+40 - Partnership Forum for Sustainable Development, to commemorate the first UN Conference on the Human Environment held in Stockholm in 1972. Opened by His Majesty King Carl XVI Gustaf, it shed light on topics such as: Generation panel; New Markets, New Actors – Innovations for Sustainable Development; The Business Sector as Driver for Development – Sustainable Production.

Toolbox Friday: Conflict avoidance and resolution

Stockholm School of Entrepreneurship

Link: [http://www.sses.se/](http://www.sses.se/)

Conflicts constitute perfect opportunities to develop entrepreneurial ventures. A flipside to this is that conflicts easily can turn into large cost bearers. Entrepreneurial environments are defined by desires, needs and expectations. The same applies to conflicts. Well-managed conflicts, therefore, can function as an efficient motor in creating room for development, creativity and new ways of collaboration. However, badly managed conflicts can have detrimental effects. As it turns out conflicts have symptoms, and the common experience of conflicts have led us to understand how to effectively manage them. This Toolbox Friday was a crash-course about the dynamics of conflicts, why they arise, how they are formed, and how to effectively manage them into cohesion. The trainer was Caroline von Scheele, owner of a successful consultancy business specialised in high profile global clients.
SOCAP: Designing the Future

Link: [http://designingthefuturemalmo.socialcapitalmarkets.net/](http://designingthefuturemalmo.socialcapitalmarkets.net/)

Designing the Future gathered the world’s pioneering impact investors, social entrepreneurs, philanthropists, government and civic leaders, and innovators to design a world that’s better for all; to create the intersections where they met not just the people they know, but valuable strangers with whom they will create new models, form partnerships and drive capital to support the enterprises that will shape the future.

Among the organizations from more than 50 countries participating were: The Young Foundation, the European Union, Omidyar Network, Husk Power, SIDA, Groupe SOS, LGT Group, Voxtra, Grassroots Business Fund, B Corporation, Blue Orchard Finance, Rianta Capital, National Geographic, Stockholm Resilience Centre, Village Capital, International Futures Forum, ClearlySo, UnLtd. Future, CAF Venturesome, Panahpur Foundation, Strax, Big Society Capital, TONIIC, GIIN, ANDE and the creators of the first Social Impact Bonds.

SOCAP brings together more world-changing entrepreneurs and more impact investors than any other conference. SOCAP’s collaborative format includes keynotes, in depth conversations, problem-solving sessions and explorations of new models mixed with practical lessons from the field on what’s working and what’s not. Impact Investors – who want a mix of financial return along with positive social and environmental impact – come from around the world to be part of the market at the intersection of money and meaning.

SOCAP: Designing the Future explored:

- Investing that works for people and the planet, linking environmental and social investors in new, holistic partnerships for change
- Proven and innovative new market-based solutions to systemic poverty
- Innovative social enterprise experiments seeking to overcome drastic declines in public funding
- Looking at the Baltic Region as a model for sustainable economic, social and environmental development
- Cutting-edge funding models, including crowdfunding, Social Impact Bonds, and layer cake deals that bring together philanthropic, public and impact investors for greater collective impact
- Strategies to scale Impact Investing and Social Enterprise
- Engaging corporate stakeholders for transformational impact
Appendix 2: List of interviewees

Below are short bios of the main entrepreneurs I interviewed.

**Gary Jennings**  
Managing Director of GJ International Ltd  
Thrown in at the deep end whilst working for large global corporations, Gary learnt how to negotiate the hard way – closing deals with customers in countries including Israel, Turkey and Hungary. What started out as ‘seat of the pants’ style was honed through practice and experience to become a system that he uses to close deals more profitably. “What I say is what I do in my own business. This way I know it works”. He delivers this Masterclass to 100s of businesses from all sectors and of all sizes, from start-ups to small business to corporate.

**Andres Roberts**  
Partner and Entrepreneur, Kessels & Smit  
Andres helps organisations and communities change for the better. A key aspect of his work is about inspiring creativity to support better change: and looking at how we borrow from the arts, design and nature to build inspiring businesses and communities. He is a London based partner at international company Kessels & Smit The Learning Company and director of Active Earth Learning. Previously he was founder of innovation & learning agency Eudemonic and before that worked in marketing and strategy in the private sector. He writes, presents and connects on themes including creativity, play and ‘Beautiful Business’.

With his Learning Boat idea, he encourages participants to live the sustainability questions; to encourage each other to try out new things; to explore and experiment. He believes these lived moments can be seen and experienced by others, and different kinds of understanding and collaboration emerge.

**Sebastian Foot**  
Managing Director, Frontier Carbon  
Sebastian founded Frontier Carbon in 2009 after building a seven-year track record in the carbon markets. He has successfully led capital raising for Illumination Solar Lamps and two waste management projects in Uzbekistan. He has supported the development, establishment and execution of ‘China Methane Recovery Fund’ (€400 million) on behalf of MAN Group and ‘Carbon Assets Fund’ (€40 million) for Carbon Capital Markets. Previously, Sebastian was a Senior Consultant with ICF International he advised AMN AMRO on the successful listing of EcoSecurities on the FTSE AIM. His areas of expertise are: carbon trading, private sector investments, contract negotiation, project execution.

Frontier is a green asset development company. They work with investors, developers and entrepreneurs to build world class, low carbon, green businesses. Frontier typically positions itself as a committed shareholder and long-term partner to our growing portfolio of businesses. Its core goal is to build exceptional businesses in the green and clean tech sector. It believes a small amount of capital applied to a focused and driven team can yield wild financial and environmental results.
Dr. David Grimshaw
Head of International Programme: New Technologies of Practical Action
Practical Action is a registered charity in the UK and a company limited by guarantee, under the direction of a Board of Trustees. The senior management team, which has executive responsibilities, is called the Strategy Leadership Team (SLT) and it comprises the Chief Executive and twelve Directors, including seven Country and Regional Directors. It provides high quality independent research and professional advice to clients including Governments, International Development Agencies, NGOs and private sector entities for the purpose of poverty reduction in countries in Africa, Asia and South America. Practical Action Consulting operates in two main strategic areas of technology and development: Rural and Urban Infrastructure and Increasing Enterprise Opportunities and Access to Markets.

Vicki-Ann E. Assevero
Attorney at Law
Vicki-Ann Assevero has a law practice in New York (NY). She has experience representing clients in various areas of law. She has a huge interest in sustainability issues. She is the Chief Animateur of "The Green Impressario", an organisation that builds inclusive environmental governance. She is based in New York, USA.

Christina Rebel
UK Projects and Research, We Impact
Christina is a motivated researcher and a campaigner for sustainable lifestyles, with a strong background in International Political Economy. She has worked with sustainable fashion initiatives in Asia and has given a series of seminars on these developments.

Impact is a social enterprise based in Beijing, China. Their mission is to develop and promote opportunities to realize sustainable lifestyles around the world through the dissemination of knowledge, cultural engagement, and business. Their vision is a world where sustainable living is a simple fact of life for everyone. Their objective is to guide their clients to a meaningful engagement that will facilitate their transition towards becoming a truly sustainable organization or company. They work with businesses, cultural institutions, NGOs, and governments to help them determine and achieve their objectives. Their clients are organizations that are either interested in starting their journey to change with small steps, or those that are already engaged and want to leverage that to have an even bigger impact.

Hollie Carr
Director, The Rainmaker Foundation
The Rainmaker Foundation is a new collaborative charity that aims to connect people and purpose, by establishing a proactive community of philanthropists and inspirational change-makers, and encouraging a global movement of generosity. The Rainmaker Foundation launched in Jan 2012 at The Ivy Club, London. It will support an exclusive community of over 150 philanthropists, leaders of change, NGOs and charities, and outstanding individuals - all committed to making a positive difference in the world. The Rainmaker Foundation will advise influential supporters and manage donations effectively, whilst providing personal and confidential support to connect people with purpose worldwide.
**Simon Goldsmith**  
Founder, Principled Sustainability  
Simon is an expert with over 15 years of sustainability experience working in many organisations in the public, private and third sectors. Simon brings knowledge from working in a range of sectors including: Oil and Gas, Manufacturing, Retail, Apparel, Higher Education, Regional Development Agencies, Charities, NGO’s, Automotive, Waste Management, Local Government, Central Government, Finance, Legal, Hospitality, Social Enterprise. He recognises that the sustainability agenda constantly evolves and enjoys adding to his knowledge and skill set to ensure he is best equipped to work with clients.

Simon has Masters degrees in Environmental Policy (Imperial College, London, 1994) and Strategic Sustainability Leadership (BTH, Sweden, 2008), in addition to a range of complementary courses he has completed to assist in the delivery of sustainability change. Simon is motivated to help others become inspired to move forward in understanding and engaging with sustainability. Simon relishes this work and encourages others to have fun, explore and feel fulfilled by co-creating the solutions that we can all be involved in and be proud of.

**Lewis Mcneill**  
Project Manager, Rediscovering London’s Lost Orchard Heritage programme of The London Orchard Project  
The London Orchard Project was founded in January 2009 by Carina Millstone and Rowena Ganguli. It aims at developing a skilled community of Londoners to plant, care for and harvest fruit trees; thereby connecting urban communities and increasing access to fruit. The project is the brainchild of Carina Millstone. She thought of the project back in December 2008, after getting involved with the Transition Town movement and delving into permaculture. Her background is in sustainability consultancy, but she has also developed on-the-ground experience over the years. She’s been trained in permaculture design and orchard management, and is involved in green politics.

**Xavier Helgesen**  
CEO, Off.Grid: Electric  
A veteran entrepreneur, Xavier founded two million dollar businesses in his 20’s. Better World Books is a profitable social venture with $60 Million in revenue selling books online to fund literacy. He’s been recognized as Best Social Entrepreneur by Businessweek in 2009, and winner of the Fast Company Social Capitalist award. Xavier also founded Indaba Systems, a software and services company for online retailers with $1.5 Million in revenue. Xavier holds an MBA from Oxford Saïd Business School, which he attended on a Skoll Scholarship.
Appendix 3: List of additional theories

Systems Thinking
Systems thinking is a discipline, i.e. a body of knowledge, theory and technique which offers a perspective, language, and set of tools with which to discuss systems (Brand and Karvonen 2007). Moreover, it is focused on the interconnection between system elements, rather than the elements themselves.

Systems thinking is particularly relevant when dealing with complex and recurring problems whose solutions are not obvious (Aronson 1998). Systems thinking language is particularly useful for cross-sectoral communication. It is thus highly applicable to any discussion of the sustainability challenge.

Based on the perspective of systems thinking, the process will be to obtain an understanding of the system structure and behaviour of the organisations interviewed; to communicate this understanding (and get feedback) about the organisations and to look at possibilities of designing high leverage interventions for the organisation for enhanced collaborations and negotiations.

The Four Sustainability Principles (4SPs)
The 4SPs offer a definition of sustainable society and consist of a set of scientifically peer-reviewed principles that define the achievement of full sustainability.

In a sustainable society, nature is not subject to systematically increasing:

- concentrations of substances extracted from the Earth’s crust;
- concentrations of substances produced by society;
- degradation by physical means;
  and in that society...
- people are not subject to conditions that systematically undermine their capacity to meet their needs (Ny et al. 2006, 64; Broman, Holmberg, and Robèrt 2000, 9-12).
Appendix 4: Common motives for collaboration

<table>
<thead>
<tr>
<th>Motives</th>
<th>Examples of authors stressing these motives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coordinating and speeding up the value chain in order to enjoy first mover advantage</td>
<td>Jarillo 1993; Malone and Laubacher, 1999; Prahalad and Ramaswany, 2000.</td>
</tr>
<tr>
<td>Collide against common rivals or reduce competition by binding competitors as allies</td>
<td>Porter and Fuller, 1986.</td>
</tr>
<tr>
<td>Cost savings due to synergies via process rationalization and systems improvement etc</td>
<td>Contractor and Lorange, 1988; Håkansson and Snehota, 1995; Håkansson and Sharma, 1996; Taylor, 2005.</td>
</tr>
<tr>
<td>Economies of scale</td>
<td>Best 2001; Doz and Hamel, 1998; Evans and Warter, 1999; Greenhalgh, 2001; Porter and Fuller, 1986; Rayport and Sviokla, 1999.</td>
</tr>
<tr>
<td>Increased flexibility, efficiencies and rewards</td>
<td>Bergquist, et al, 1995; Greenhalgh, 2001; Campbell and Wilson, 1996.</td>
</tr>
<tr>
<td>Inventory savings</td>
<td>Best, 2001; Campbell and Wilson, 1996; Porter, 1998.</td>
</tr>
<tr>
<td>Reach new markets/customers</td>
<td>Lyles and Gudergan, 2006; Kale and Singh, 2000; Larsson, Bengtsson, Hendricksson and Sparks, 1998; Khanna et al., 1998; Simonin, 1999; Mowery, Oxley and Silverman, 1998; Taylor, 2005.</td>
</tr>
<tr>
<td>Reduce transaction costs/协调 costs</td>
<td>Campbell and Wilson, 1996; Hennart, 1991; Rayport and Sviokla, 1999; Thorelli, 1986.</td>
</tr>
<tr>
<td>Sense of community and legitimacy</td>
<td>Burton-Jones, 1999; Johannsson, 1995; Zerillo and Ramia, 1996.</td>
</tr>
<tr>
<td>Share R&amp;D costs and risk</td>
<td>Iansiti and MacMack, 1997; Porter and Fuller, 1986.</td>
</tr>
<tr>
<td>Share resources – resource access</td>
<td>Contractor and Lorange, 1988; Doz and Hamel, 1998; Haage, 1993; Harrigan, 1985; Chesbrough and Teece, 2002; Zerillo and Ramia, 1996.</td>
</tr>
</tbody>
</table>