



# Making it Collaborative

## CASE # 12.5

### A NOT-YET-ALIGNED PARTNERSHIP PORTFOLIO – THE CHEVRON CASE

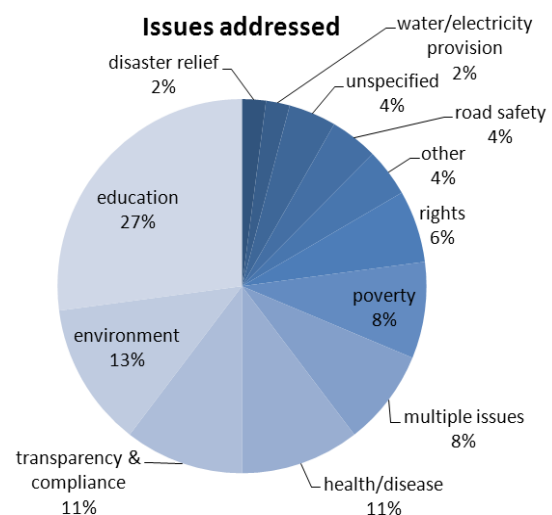
*[Relating to Section 12.4 of the book – see footnote 10]*

#### THE CASE

In 2009, American oil producer Chevron presented itself as a very active firm regarding sustainability issues. It's 'We Agree'-campaign illustrated the commitment of the entire corporation – including individual board of directors members – to 'agree on' the fact that oil companies should take societal and environmental issues seriously. The message in Chevron's subsequent CSR reports expressed a proactive approach, promulgating "the value of partnerships".

As an important part of this sustainability strategy, Chevron reported on 48 different cross-sector partnerships (CSPs) in its 2010 CSR report. The Partnerships Resource Centre's (PrC) 'State of the Partnerships Report 2010' consequently recognized Chevron as one of the most explicit and active partnering companies among the top-100 companies in the world. Closer scrutiny of the nature of the portfolio and the kind of relationships established, however, showed a portfolio lacking clear consistency and logic, without an obvious 'partnership portfolio fit' (see section 12.4 and Figure 12.4). Chevron had opted for a diversified approach in terms of partnership focus, levels of engagement, and the types of partners with whom they engage.

Chevron's strategy raised more questions than it provided answers as regards its sustainable business approach through partnerships. The level of strategic alignment as well as the impact of the partnership configuration on the proclaimed 'shared progress' were not operationalized in any detail. Although the 'intent' was clearly there, 'realization' in terms of CSP-portfolio



and well-considered partnership portfolio management (PPM) showed a relatively low ‘fit’ with the company’s sustainability issues and objectives (PrC, 2011).



**“Partnering for Shared Progress:**  
*We believe that business and society are interdependent. This belief drives our commitment to partnership to create mutual benefit, or shared progress. At Chevron, partnership is a value that we honor every day, wherever we operate, from our business to our social investments. [...]”*

**WHAT HAPPENED AFTER 2009?**

In the decade following its focal ‘value of partnership’ campaign, Chevron was confronted with a considerable number of lingering triggering events (see Chapter 7): a ‘rainforest oil dumping case’ in Ecuador, resulting in complaints by Indigenous peoples; controversy over their refusal to publish US tax payments – a violation of the Extractive Industries Transparency Initiative (EITI) code of conduct; and activist investor pressure to work for a business environment that respects human rights in its Myanmar operations. On most accounts, it can be concluded that by 2020, the company had not yet made significant progress in its partnering strategy. Many of the partnerships that Chevron reported in 2010 were still ad-hoc or had not been included in the core strategy. The company had also embraced the SDGs, but by 2020 in an arguably less ambitious approach than might be expected based on the sustainability and partnering ambitions espoused in 2009.

Chevron’s 2018 ‘Corporate Responsibility Report’, sub-titled ‘human energy’, was primarily aimed at ESG issues. In this report, the company states that it touches all 17 SDGs through its day-to-day operations, partnership initiatives and social investment opportunities. The focus is on five SDGs in particular – SDGs 3, 4, 7, 8, 13 – which, according to Chevron, “identify where we believe we can make our greatest contribution. We work with key partners, communities, and industry groups to maximize positive outcomes and continually deepen our understanding of sustainable development” (company website, consulted June 2020). Chevron’s partnership program is related to SDG17 and focuses on three countries in particular – the United States, Nigeria and Thailand. It aims to strengthen local economies through programs that provide micro-loan services, focusing on “enterprises and workforce development, and that improve education”. None of these activities relate to Chevron’s core operations, however – which comprise upstream oil and gas exploration and production, refining, transportation, and supply and trading to downstream manufacturing and retail. Hence, the partnerships program should be identified as predominantly philanthropic.

One noticeable partnership linked to Chevron's core business (energy) is with the NGO Pact, in Myanmar. This partnership was set up in 2002 and has, according to the company, "improved the lives of more than 1.25 million adults and children through improved access to health care, sanitation and electricity, microfinance training for women, and the establishment of more than 1,400 village development funds. Chevron's \$9 million commitment catalyzed another \$10 million from other organizations." Reporting on the company's SDG performance remains relatively modest, however, despite the relevance of SDG-target 12.6 (corporate sustainability reporting). This implies that the SDG-agenda is embraced in a reactive and relatively non-material way.

## CASE QUESTIONS

- Related to power: what is the company's value chain position, and what 'sphere of influence' does this portray? (consult Chapter 10).
- Materiality question: identify controversial issues, complete the company's materiality matrix, and compare it with the materiality matrixes the company has been publishing throughout the years. Do you agree with the issues prioritized? (consult Chapters 7 and 9).
- Value proposition: classify the company's value proposition at the start of the case (2009) and consider whether the changes in the value proposition by the end of the period show a meaningful change towards a more proactive approach (consult Chapters 8 and 9).
- Has the 'upgraded' value proposition included an explicit and actionable approach to the SDGs, and do you consider this value proposition substantive and meaningful enough to represent a credible 'sustainable corporate story'? (consult Chapter 10).
- Making it functional: consider some of the company's functional areas and classify them according to the categories in Chapter 11. Has the company been able to break through internal barriers? Use the *Better Business Scan* (student edition) to identify 'intention-realization gaps' and to assess the level of operational coherence.
- Partnership fit, CSP-portfolio and Partnership Portfolio Management (PPM): can the company move away from a 'license to operate' position towards a 'license to scale' and 'license to experiment', by strategically using the SDG-agenda to drive its partnerships forward? What type of 'strategizing' do you think the company needs? (consult Chapter 12).

## TIPS & TOOLS

- ▶ Make a poster of the challenges the company is facing and the 'bears on the road' that the company needs to address in order to move away from a reactive approach (for examples, see the posters on the book's website under 'posters corporate strategies').
- ▶ Use the Better Business Scan: [www.betterbusinessscan.org](http://www.betterbusinessscan.org); under 'students entry' you can make your own gap analysis on the basis of public information for Chevron.

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## FURTHER READING

Partnerships Resource Centre (2011). *The State of the Partnerships Report 2010 – Firms. How the world's leading corporations are building up a portfolio of cross sector partnerships.* <https://repub.eur.nl/pub/77685>.

Chevron, Corporate Responsibility Report 2020, <https://www.chevron.com/-/media/shared-media/documents/chevron-sustainability-report-2020.pdf>.

Chevron, Corporate Responsibility Report 2018, <https://www.chevron.com/-/media/shared-media/documents/2018-corporate-responsibility-report.pdf>.

Chevron, Corporate Responsibility Report 2010. Available via <https://www.yumpu.com/en/document/read/34099547/chevron-corporate-responsibility-report-2010>

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