EXECUTIVE SUMMARY

# Saving Lands and Wildlife: Corporations and Conservation Groups in Partnership

By Arjun Patney

*Former foes, industry and environmentalists are now finding common ground, literally. Through innovative approaches in harmony with economic development, the two camps are working together to protect lands and wildlife. Three key conservation groups spearheading the movement are The Nature Conservancy, The Conservation Fund, and the Wildlife Habitat Council. Forms of cooperation include land donations; land purchases; use of conservation easements; land swaps; joint land management; and technical assistance for land management. In this article, the author provides an overview of these collaborative efforts, factors driving the movement, and the road ahead.*


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ELSEVIER
Corporate Environmental Strategy 7 (2000) 362–370
www.corporate-env-strategy.com

CES FOCUS
LAND CONSERVATION STRATEGIES

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"We protect the environment the old-fashioned way: we buy it," quipped John Sawhill, late President of The Nature Conservancy. There is more to it than that, but the private sector approach is evident in many of the methods that today's street-smart conservationists use to protect lands and wildlife in partnership with corporations. Though every situation is unique and requires a tailored solution, the following methods generally fill the toolbox:

- Land donation
- Purchase of land at market price
- Purchase of land below market price through a "bargain sale"
- Donation or purchase of conservation easement
- Land swap
- Joint land management
- Technical assistance for corporations to manage land

Through these mechanisms, their combinations, and variants, conservation groups and corporations are joining hands to protect lands and wildlife. Conservation groups achieve their goal of land and wildlife protection in concert with the new dogma of economic and environmental compatibility. Corporations fulfill their responsibilities of good citizenship, while polishing their public images and building goodwill.

As the burdens of growing population, urban sprawl, and relentless development tax ecosystems, some of the most innovative solutions are coming from this once heretical alliance. But traditional barriers to cooperation remain, and no magic bullet has yet been found to ensure successful resolution of mounting land use conflicts.

## An Emerging Movement

Over the past several years, innovative partnerships have developed between corporations and conservationists to protect lands and wildlife. Most of the environmental groups involved in these partnerships are "land trusts." (However, this article also covers other organizations involved in such partnerships.) A "land trust" may be defined as "a private, non-profit organization that works with property owners to protect open land through direct, voluntary land transactions."[1] One-thousand two-hundred twenty-seven land trusts are spread throughout the country.[2] At the national

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level, two of the most prominent are The Nature Conservancy and The Conservation Fund. (Please see Kent Gilges article on "The Nature Conservancy Land Bank" in this issue.) Another organization actively working with corporations to enhance wildlife on their lands is the Wildlife Habitat Council.

Various factors have fueled growth in land conservation activity, not least of which are increased pressures on land use. Patrick Noonan, chairman of The Conservation Fund, and Henry Diamond, former commissioner of the New York State Department of Environmental Conservation, explain:

> "Following World War II, an explosion of population and economic activity transformed America's cities, suburbs, and countryside. This unprecedented transformation has accelerated dramatically since the early 1970s and now amounts to a virtual recasting of traditional settlement patterns. The seismic aftershocks of explosive growth have registered in the American hinterlands—in distant wilderness preserves, wildlife refuges, and parks; in deserts, prairies, forests, and mountain ranges; and in the agricultural communities and rural horizons that once defined the American experience. The vast American countryside, the fountainhead of national myth, memory, and identity is beginning to lose its distinctiveness."[3]

In tandem with these land pressures were the establishment of The Land and Water Conservation Fund, growth in environmental awareness, tax deductibility of conservation easements, and the 1980's boom in real estate speculation. The Land and Water Conservation Fund, established by Congress in 1964, provides funds for the federal, state, and local governments to acquire or improve lands and facilities for parks and conservation areas. Conservation easements restrict rights to develop land. Though first implemented in the US in the late 1880's, conservation easements became much more common after the Tax Reform Act of 1976 made them tax deductible. Of course, from the 1960's to the present there has been a huge public awakening to the importance of environmental issues. Rampant real estate speculation and urban sprawl of the 1980's intensified concerns for land protection and the environment.

Perhaps the first large corporate land donation was that of forest products company Union Camp in 1973: a gift to The Nature Conservancy of 49,000 acres surrounding the Great Dismal Swamp in Virginia. Since then, corporate-NGO partnerships for land protection have grown more common and more innovative. Despite great progress, however, old barriers remain.

## T-shirts and Jeans vs. Blue Suits

The images stick. The long-haired, anti-capitalist environmentalists chain themselves to trees to obstruct the evil corporation. The cold, greedy industrialists will clear-cut any forest, blacken any sky, and kill any river in pursuit of another dollar. Today, as the two sides find common ground, the images are fading, but they still persist. The Nature Conservancy's Sawhill lamented the mutual suspicions and misunderstanding that exist:

> "An unfortunate legacy of the 1980s seems to be that many in the business community still perceive *environmentalism* as a dirty word. At the same time, many environmentalists seem to have nothing good to say about the corporate world. You might call the result of these hostile perceptions the 'spotted owl syndrome': a kind of economic-environmental gridlock. The symptoms are easy enough to detect. Endless litigation. Stubborn, entrenched interests. All-or-nothing thinking and either-or choices. And on the sidelines, lots of lawyers cheering the combatants on."[4]

For the sake of progress, the divide must be crossed. A survey by the market research firm Roper Starch Worldwide found that sixty-nine percent of Americans believe "the most effective way for corporations to improve the environment" is by working with environmental groups.[5] Fortunately, Big Business is awakening to the need to address a

wide spectrum of stakeholder concerns, including that of environmental protection.

Meanwhile, some of the denimed "tree-huggers" are donning suits—or even hiring corporate guns to lead their charge, as in the case of Sawhill, a former industry man. He pragmatically justified alliances with large companies, saying, "Corporate America is one of the driving forces in our society. It's where change is really happening and takes place. It's where wealth is being created. So unless we're closely aligned with the corporate community and working closely with them, we're not going to achieve our objectives."[6]

The Conservation Fund concurs. Established in 1985, it was the first non-profit conservation group to explicitly include economic development in its charter. Senior Associate Jack Lynn offers two reasons driving his organization to collaborate with corporations.[7] Firstly, his group "believes it's necessary to combine economic and environmental goals for long-term, innovative environmental solutions." Secondly, the reality of land ownership necessitates cooperation: corporations are the major landowners in this country after the federal government.

The Wildlife Habitat Council itself represents a marriage of greens and business. Two large companies, U.S. Steel and Dupont, were key players in the council's creation. Companies comprise sixty percent of the board and conservation groups forty percent. The chair's position is held by a corporation and the vice-chair's by a conservation group. The group's membership list is populated by corporations as well as conservation groups. Says Robert Johnson, Vice President of Programs, "We started because there was a lot of consternation between industry and the environmental community... If we were going to allow continual [economic] growth, we were going to have to find a way to work together."[8]

Despite examples of highly collaborative relationships between corporations and non-profits, plenty of land-use conflicts do arise. In such cases, today's savvy conservationists employ dispute resolution techniques—focusing on interests rather than positions—and find paths to a common ground. Sawhill outlined The Nature Conservancy's non-confrontational, interest-oriented pitch:

> "We try to help companies find a constructive approach to what they want to do. If an oil company wants to drill in an environmentally sensitive area, we won't say, 'Don't drill.' Instead we ask, 'Is there any way you can drill and not harm the area's ecological integrity. Let's try to develop a drilling plan that won't disturb the wildlife habitat.' We believe in partnerships."

It is a matter of rationally considering each other's legitimate objectives and looking for win-win solutions. Through a variety of mechanisms, conservation groups and corporations are cooperating to achieve both economic and environmental gains. Among the most useful tools for harmonizing goals are conservation easements, land swaps, and joint land management approaches (discussed later in this article).

## Deciding What's Worth Saving

The Nature Conservancy seems the most sophisticated in its approach to conservation. Remarked Sawhill, "We have always been in the science business, not the pretty business." The Nature Conservancy's decisions about what to protect have typically prioritized rarity and vulnerability, but a shift is underway towards "conservation by design." About sixty "eco-regions" across the U.S. are being mapped based on geology, topography, and climate. With this in hand, the organization will identify a portfolio of sites that, together, can sustain all the native diversity of that eco-region. The idea is that a focus on eco-systems represents a more durable approach to sustaining all species than a focus on individual species. Says Division Director Bruce Runnels, "It's an approach that business and funders find compelling" because it is goal-oriented and offers hope that one day the organization can declare its mission accomplished.[9]

The Conservation Fund takes a different tack. It coordinates its work with the priorities of public agencies and other non-profit organizations. If, for example, the Fish and Wildlife Service deems an area to be of particular ecological value and wants to acquire it for protection, The Conservation Fund would work with the agency to achieve the goal.

The Wildlife Habitat Council is altogether different in that it focuses on lands directly associated with a company's operations, such as a mining site, the grounds of a factory, or the lawn of an office building. As long as an interested workforce is on the site, it is a candidate for assistance from the Wildlife Habitat Council. Environmental values are tied to those of community-building and employee empowerment.

## Types of Transactions and Partnerships

Land donation is, of course, the way conservation organizations prefer to obtain lands, and some corporations do give admirably. The single biggest corporate land donation was that of Prudential Insurance Company of North America in 1984. Its gift to The Nature Conservancy of a 118,000 acre tract along the Alligator River in North Carolina was worth $50 million.[10]

Not all donated land is of particular value to be protected, but that doesn't stop conservation organizations from accepting it. Providing that ownership of the land doesn't present a liability (for example, if the soil is contaminated), the land is usually accepted. Like any other real estate transaction, the land is then resold to a willing buyer. The benefit to the conservation organization is the revenue; it goes to finance future transactions for land that they do aim to protect.

Land trusts do purchase land on the open market. A recent transaction between forest products company Champion International and The Conservation Fund occurred in this manner. When Champion put up for sale 300,000 acres in New York, Vermont, and New Hampshire, conservationists (government, non-profit conservation groups, foundations, and private investors) were among the interested buyers. With The Conservation Fund coordinating the effort, they came up with the $76 million needed to seal the deal, making it the largest public-private partnership in history.

A land trust and a corporation may arrange a transaction below market price. This is termed a "bargain sale." The company can enjoy a tax deduction amounting to the difference between the market value of the land and the actual value of the sale. A third-party appraisal is needed to determine fair market value.

A "conservation easement" is a particularly important instrument since it plays a role in most of these land transactions. A conservation easement is a legal agreement restricting the rights to develop a parcel of land, though the specifics of the easement may differ in different situations. When a corporation donates or sells a conservation easement to a land trust, the company is essentially forsaking rights to develop the land. A tax deduction is allowable in the amount of the difference between the value of the property without the easement and the value with the easement.

However, conservation easements have much broader utility. Whenever a land trust acquires land that it wishes to resell but preserve, a conservation easement is placed on the property. The land can be sold, but along with the land, the new owner (and all future owners) will be accepting restrictions on whether and how the land can be developed. An easement does not necessarily bar all development. For example, a single residence on a large expanse of land may be permissible. The land trust normally bears responsibility for monitoring compliance with the easement.

A land swap is an exchange of parcels of land. For example, a corporation may have surplus land that it does not want but that has important ecological characteristics. The company may wish to acquire a piece of land that suits its purposes for use. In this situation, a land trust might act as an

intermediary between parties. Corporation A deposits its land, which Landowner B is willing to accept with development restrictions, with the land trust. Landowner B deposits its land, which the corporation wants, with the land trust. The land trust passes Landowner B's land to Corporation A and Corporation A's land (with a conservation easement) to Landowner B. One benefit is that the transaction is tax-free. A downside is the length of time which may be required—sometimes over a decade for the whole process.

Joint land management, a partnership between a conservation group and a corporation to manage lands, can take any form appropriate to a given situation and may offer the most innovative solutions. Consider, for example, the collaboration between The Nature Conservancy and Georgia-Pacific for 21,000 acres it owns along the Lower Roanoke River in North Carolina. Both parties shared an interest in seeing these lands preserved, but Georgia-Pacific did not want to relinquish all rights to harvest timber on the land. In November 1994, the two sides agreed to form a "joint ecosystem management committee." All land management decisions, including whether or not timber may be harvested, are channeled through the committee. The Nature Conservancy has one vote, Georgia-Pacific has one vote, and all decisions must be unanimous. For 6,500 especially sensitive acres, they have banned all logging. Rare species, such as the cerulean warbler, are protected, and Georgia-Pacific benefits from The Nature Conservancy's expertise in plant ecology and hydrology.

A final option for conservation is simply to provide guidance to a corporation so that it may better manage its own lands. The Wildlife Habitat Council focuses on helping companies manage the lands where their own facilities and buildings are located. The goal is to transform flat, mowed-grass, fenced factory yards into robust, native ecosystems. The Wildlife Habitat Council's conservation biologists guide employees of the corporation who volunteer their time. Listening to what the employees would like to create, the biologists offer technical assistance to introduce native species and build viable habitats. Indeed, some sites now have deer and bison roaming the grounds.

## The Agility of the Not-for-Profit

Frequently, government agencies are parties to the transactions described, and government money may be vital to the transaction. In many cases, lands that conservation groups acquire wind up in the hands of a local, state, or federal government agency as a preserve or park. The federal government's Land and Water Conservation Fund is a substantial source of funds for land preservation initiatives.

So, if government wants the land and often pays to get it, why don't government agencies and the private sector just deal with each other directly? They do, some of the time, but corporations seek to avoid it. They don't much care for the government's slow, rigid, bureaucratic ways. And public agencies know that their own constraints can limit effectiveness, especially when swift action is required. Enter the not-for-profit.

As Jean Hocker, President of the Land Trust Alliance, an umbrella organization, explains:

> "Unlike many government programs, land trusts do not apply one solution to all situations. The successful land trusts experiment: they take risks, they work closely with landowners, they bring together whatever partners are needed to achieve their desired ends. They look at each land protection project as a new problem to be solved, a new opportunity to try something innovative."

Land trusts can be more creative and more flexible than government. They can roll with the give and take that successful land transactions may require. They can do whatever it takes.

That includes acting quickly. Champion's Vice President of Forest Policy, Carlton Owen, puts it bluntly: "It's often not price that's the stopper. It's the time."[11] If a corporate landowner is not in a position to plod through government processes or

to wait for funds to be authorized, land trusts can fill the breach. Worse, but not uncommon, are situations where imminent development threatens a piece of land. The land is either quickly bought outright or lost forever. Land trusts can offer the swift response that government cannot.

Lastly, many corporate landowners simply prefer to deal with non-profits instead of government. Eve Endicott, a former Vice President at The Nature Conservancy, explains the discomfort many feel in dealing with the government, saying, "It is often hard to differentiate between the people you pay your taxes to or the agency official who has just served you with a wetlands violation order and a new government representative who wants to help you protect your land." Preference for non-profit organizations seems especially pronounced when it comes to making outright donations of land, despite the fact that the land may later end up in government hands. Aside from simply being more comfortable dealing with non-profits, corporations may perceive that a partnership with a non-profit organization offers greater public image benefit than one with the government.

## The Bottom Line for Big Business

All this begs the question: why? Why, really, do corporations bother to go to the trouble of saving land and wildlife? A number of factors come into play, but Anheuser-Busch's Senior Director of Environmental Affairs, Bill Sugar, says that it's mostly just a matter of good corporate citizenship that drives his company's conservation partnerships.[12]

While the cynic might assume tax benefits are the secret motive, this incentive does not appear to be of foremost significance. The Conservation Fund's Jack Lynn, a veteran in this field, says unequivocally, "In all the years I've been doing this, I don't know of one transaction that was solely based on tax impact... The number one factor is surplus lands that no longer fit a company's plans or strategies."

When a company happens to have land it no longer needs, giving it away or selling it cheaply is an opportunity to do some good, and being a good corporate citizen happens to offer benefits. Indeed, strengthened community ties, fortified public image, and enhanced consumer goodwill, could translate into greater shareholder value.

In some cases, land and wildlife preservation efforts are closely aligned with the company's core business. Thus, conservation initiatives reflect the bedrock values of the company and may even be cogs in the gears of the overall business strategy. One study of corporate financial donations to The Nature Conservancy suggests that the most likely contributors are those for which, "genetic diversity, advertising, and reputation for environmental responsibility are more valuable."[13] The Conservation Fund's Lynn notes that those most likely to be involved in conservation projects are natural resource based companies, such as those in the industries of timber, paper, minerals, and petroleum. As many lands have been owned and managed by Champion for over one-hundred years, Owen professes the company's sincere interest in seeing lands continue to be managed properly.

Activities of the Wildlife Habitat Council, focused on managing the grounds of company facilities, confer unique, additional benefits to corporate partners. Managing lands as ecosystems comprising native plants and animals can save money—no mowing, no fertilizer, and less water required. Furthermore, the initiative can give involved employees a sense of empowerment and a boost in morale. Studies by the University of Michigan and Duke University suggest that employee volunteers in these types of programs take greater pride in their jobs, exhibit enhanced motivation and leadership qualities, and take a positive view of their employer's environmental commitment.[14]

## Continuing Challenges

Winds blowing across the economic and political landscapes continue to impact the natural landscape. For instance, a trend in the pulp and paper industry to divest forest land is leading to historic

shifts in ownership and likely use of the vast and largely undeveloped northern forests of Maine. Nearly four million acres—eighteen percent of the entire state—have changed hands over the past year.[15] This raises the specter of development, particularly along untouched lakefronts and scenic expanses, and it raises serious concerns over what extent of wildlife preservation, recreational access, and hunting access will exist in the future even if timber companies, the state government, and the federal government buy up chunks. Conservation groups, including The Nature Conservancy, are stepping in.

The case represents a monumental challenge to conservation groups and a test of how well their tools and agility can cope. Conservation groups have never been better equipped. Still, size, complexity, and cost leave few entirely optimistic and most expecting trade-offs.

For this and other future challenges, useful building blocks are in place: willingness to focus on interests—not positions; dual objectives of environmental and economic progress; a set of tools adaptable to different situations. No doubt, some fairly obvious government measures would facilitate land and wildlife conservation. That the federal government should greatly increase allocations for land acquisition is easy for most environmentalists to support. Also easy to back would be measures to make the tax code more favorable to land-protecting transactions. An example is a bill under consideration that would halve the capital gains tax for lands sold for conservation purposes.

However, an underlying question is whether these types of measures provide a long-term solution for conservation and compatible development. Or rather, is the existing approach a parallel to the narrow, fire-fighting approach of individual species protection or efforts to save particular patches of land threatened with development? Can The Nature Conservancy's approach of sustaining viable ecosystems—that will in turn support all native species—be translated into our entire approach to conservation?

It can. If our society is widely and deeply embedded with values of conservation, problems won't crop up so often, and, when they do, they will be easier to solve.

At present, various stakeholders in land development situations often face each other with starkly different goals. If a collaborative approach cannot be found, the outcome renders some winners and some losers. The next level of progress involves making the goals more congruent from the outset. Education is key. The very success of land trusts—the very fact that they are flourishing in number—is testament to the fertile ground for conservation ideas and efforts. If these ideas can be further cultivated and more deeply ingrained, various stakeholders may begin to truly share objectives. The environmentalist, the industrialist, the developer, the politician, and the citizen would all fundamentally share an interest in conservation and compatible development. Pie-in-the-sky dreaming? Perhaps. But that would be a genuinely long-term, preventative approach to conservation—and a better gift to future generations than the next purchase of pristine wilderness.

## Endnotes

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4 Alice Howard and Joan Magretta, "Surviving Success: An Interview with the Nature Conservancy's John Sawhill," *Harvard Business Review,* Sept.-Oct. 1995, p. 108.

5 Bill Birchard, "A Pragmatic Activist," *Tomorrow—Global Environment Business,* July-Aug. 1999, p. 28-29.

6 Ibid.

[7] Interview with Jack Lynn, Senior Associate and Director of Public Relations, The Conservation Fund, November 12, 1999.

[8] Interview with Robert Johnson, VP of Programs, Wildlife Habitat Council, November 11, 1999.

[9] Interview with Bruce Runnels, Division Director, The Nature Conservancy, November 10, 1999.

[10] Eve Endicott, *Land Conservation Through Public/Private Partnerships*, Island Press, Washington DC, 1993, p. 23.

[11] Interview with Carlton Owen, VP of Forest Policy, Champion International, November 9, 1999.

[12] Discussion with Bill Sugar, Senior Director of Environmental Affairs, Anheuser-Busch, October 18, 1999.

[13] Janet C. Dwyer and Ian D. Hodge, *Countryside in Trust: Land Management by Conservation, Recreation and Amenity Organisations*. John Wiley & Sons, Chichester, UK, 1996, p. 234.

[14] Wildlife Habitat Council website (www.wildlifehc.org/publications/sourcebook/es_empowerment.html)

[15] "The Biggest Tree Sale of All," *The Economist*. Nov. 6-12, 1999, p. 28-29.