

THE SECOND BRIEF · CHAPTER SEVEN

Neighbours and Owners

Chapter Seven of The Second Brief

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Chapter Seven of The Second Brief. The whole book, with every chapter, is at business.hautelumiere.life/library/the-second-brief (DOI https://doi.org/10.5281/zenodo.23989141).

A NOTE BEFORE YOU READ

This work is offered for education and leadership development. It is not legal, financial, accounting, investment, medical or psychological advice; take the advice of a qualified professional who knows your circumstances. Companies and events are described from the public record as the author understands it; characterisations are the author's analysis. Examples are illustrative, and no particular outcome is promised to any reader.

ABSTRACT

A regenerative commitment can be well designed, well measured and well meant, and still fail for one of two reasons. The first is that the organisation tries to close its loops alone, when almost every useful loop runs through a neighbour: the firm that wants your steam, the farm that wants your grounds, the town that wants your waste heat. The second is that the organisation changes hands, or leaders, and the commitment turns out to have rested on a person rather than a structure. This chapter takes one case for each. Kalundborg, the Danish port where a cluster of firms has traded by-products for half a century, is the longest-running evidence on neighbours. Patagonia, the outdoor clothing company whose founder restructured its ownership in 2022, is the most visible recent evidence on owners. Neither is a template. Each answers a question the earlier chapters left open, and each has limits a careful reader should know before carrying it into a plan.

CHAPTER SEVEN

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Two relationships that decide

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that wants your waste heat. The second is that the organisation changes hands, or leaders, and the commitment turns out to have rested on a person rather than a structure.

This chapter takes one case for each. Kalundborg, the Danish port where a cluster of firms has traded by-products for half a century, is the longest-running evidence on neighbours. Patagonia, the outdoor clothing company whose founder restructured its ownership in 2022, is the most visible recent evidence on owners. Neither is a template. Each answers a question the earlier chapters left open, and each has limits a careful reader should know before carrying it into a plan.

Kalundborg, read slowly

Chapter 5 introduced Kalundborg briefly, through John Ehrenfeld and Nicholas Gertler's account of 1997 and Marian Chertow's study of 2007. Here it is worth reading more slowly, because the details are where its lessons are.

The symbiosis's own site dates the collaboration to 1972.[42] The early exchanges recorded in the literature ran among a coal-fired power station, an oil refinery, a pharmaceutical and enzyme maker, a plasterboard factory and the municipality. Surplus steam from the power station went to the refinery and the pharmaceutical plant. Heat went to the town's district heating. Cooling water and waste water were reused rather than drawn fresh from a scarce local supply. Gypsum from the power station's flue-gas cleaning went to the plasterboard factory in place of mined gypsum. Each of these was a separate agreement between two parties, and Ehrenfeld and Gertler's central finding was that the whole had come about through "a sequence of independent, economically driven actions" rather than any plan.[43]

Today the site describes the symbiosis as seventeen public and private companies, among them Novo Nordisk, Novonesis, Ørsted, Saint-Gobain Gyproc, Kalundborg Refinery, Boehringer Ingelheim, Unibio, Kalundborg Utility and the municipality itself, exchanging water, energy and materials.[42] The names have changed as firms were sold, merged and renamed; the power station has moved away from coal; new members have joined. A reader who wants figures for any current flow should ask the symbiosis directly, because its public pages, at the time of writing, give none.

Three findings from the research on Kalundborg matter most for a practitioner.

The motive was usually not the by-product. In 2006, Noel Brings Jacobsen published the first detailed quantitative assessment of some of Kalundborg's central exchanges, those involving water and steam.[44] He found that both substantial and minor environmental benefits accrued from them. More interesting for a manager was his finding about why firms took part: the economic motivation, he wrote, was often connected to upstream or downstream operational performance and not directly associated with the value of the exchanged by-product itself. A firm took a neighbour's steam not mainly because the steam was cheap, but because a reliable supply made its own plant run better, or because disposing of something had become a

constraint on production. The lesson is practical. When looking for an exchange, ask what problem in the other party's operations it would solve, not only what the material is worth.

The exchanges come in kinds. In a review of 2000, Chertow organised the early literature and projects around a taxonomy of five different types of material exchange, from exchanges inside a single firm to exchanges among firms that are not co-located but are linked across a wider region.[45] Her review also found that evolutionary approaches, letting cooperation grow from exchanges that already existed, were important in creating the level of trust that multi-party arrangements need. That is the root of her 2007 recommendation, discussed in chapter 5, to uncover symbioses rather than design them.

It took decades. Kalundborg's network did not appear in a planning cycle. It grew, one agreement at a time, across fifty years, through changes of ownership, fuel and technology. That is both its strength as evidence and its limit as a model. A firm that reads about Kalundborg and expects a network of its own in two years has misread the case. A firm that reads it and arranges one exchange this quarter, with the expectation that the second will come easier, has read it well.

What Kalundborg cannot show

The case has been studied for decades, and its limits are as well known as its strengths.

It is one place, with unusual conditions: a small town, a handful of large plants close together, a scarce local water supply that made reuse valuable, a national culture of cooperation and a long history of people who knew one another. Ehrenfeld and Gertler warned that the pattern "may not be easily transferable" to new sites designed from the start to be symbiotic, and Chertow's study of designed eco-industrial parks in the United States bore the warning out.[43]

Its environmental benefits, where measured, vary by exchange. Jacobsen's study found some substantial and some minor, and it covered water and steam rather than the whole network. No study this book has read totals the net environmental effect of the symbiosis over its life, and chapter 3's warning about rebound applies here as everywhere: an exchange that makes a by-product valuable can, in principle, make it worth producing more of it.

And it describes neighbours, not owners. Kalundborg's exchanges have survived many changes of ownership among its member firms, which is evidence that a well-founded exchange can outlive the people who arranged it. But each member firm's own commitment to regeneration, beyond the exchanges, is a separate question, and the symbiosis does not answer it.

Patagonia, in 2022

The second case is about exactly that question.

On 14 September 2022, Patagonia announced that its founder, Yvon Chouinard, and his family had transferred their ownership of the company to two new entities.[46] As widely reported from the announcement, the voting stock, about 2 per cent of the total, went to the Patagonia Purpose Trust, overseen by members of the family and their advisers, whose role is to protect the company's purpose and values. The non-voting stock, about 98 per cent of the total, went to the Holdfast Collective, a non-profit organisation that receives the profits not reinvested in the business and directs them to environmental and social causes; it is registered as a 501(c)(4) rather than as a charity of the more common 501(c)(3) kind. The company estimated that around one hundred million dollars a year would flow to the Collective, depending on the health of the business. The announcement's headline line, in Chouinard's letter, was that the Earth was now the company's only shareholder.

Santa Anna's book describes the change briefly as a transfer of ownership "to a trust dedicated to fighting climate change".[47] The fuller description matters, because the design is the lesson. Patagonia did not give the company to a charity, sell it to its employees or float it on a stock exchange. It separated control from economic benefit. The trust holds the votes and is charged with the purpose. The collective holds the economic interest and is charged with spending the profits on the mission. Neither can sell the company to the highest bidder for its own gain.

The exit problem

Santa Anna's book names the problem this structure answers. Even a business with the strongest regenerative culture faces what the book calls the *exit problem*: "Even the most mission-driven founder eventually retires",[47] and if ownership can then be sold to whoever pays most, the commitments can be undone by a new owner in a quarter. Its answer is the family of structures it calls steward ownership, of which Bosch and Zeiss, held by foundations, are the long-standing European examples:

> *Steward ownership locks the mission into the legal structure of the enterprise*[47]

Patagonia's 2022 structure is one version of that idea, adapted to American law. Its significance for this book is not that every firm should copy it. Most cannot: it required a founder with control of the company, the willingness to give up the proceeds of a sale, and the means to pay the taxes the transfer incurred. Its significance is that it makes visible a question every regenerative commitment faces, whether or not its owners ever consider a structure like it. *What happens to this when we are gone?*

What Patagonia cannot show

The case is recent, and the most important evidence about it does not yet exist.

It cannot yet show that the structure works. Three years is a short time in the life of an ownership arrangement meant to last for generations. Whether the trust holds the purpose through a change of leadership, a recession or a disagreement within the family is a question the next decades will answer.

It cannot show that steward ownership produces better environmental results than conventional ownership. Patagonia's record before 2022 was built under private family ownership. The change of structure was designed to protect that record, not to create it, and the case is evidence about durability, not about performance.

It has critics. Some commentators have questioned the use of a 501(c)(4) organisation, which may engage in political activity and is treated differently for tax purposes from a charity, and others have argued about how much the structure reduced the family's tax liability. Those are matters of tax law on which this book offers no view, beyond noting that a reader studying the case should read the criticism as well as the announcement.

And it is a single, very visible case, chosen for attention partly because it is unusual. Chapter 3's warning about survivorship applies: the firms that considered similar structures and did not adopt them, or adopted them and struggled, are less often written about.

The two cases together

Put side by side, the two cases answer the two questions this chapter began with.

Kalundborg says that a regenerative economy is built between organisations, not inside them, and that the connections are found more often than designed. Its practical instruction is the Waste-Is-Food Inventory of chapter 5, done patiently, with an eye to what problem each exchange solves for the other party.

Patagonia says that a regenerative commitment lasts only as long as the structure that holds it, and that the structure is a question of ownership and governance, not only of policy. Its practical instruction is smaller than its example. Most firms cannot restructure their ownership. All firms can ask where their commitments are written down: in a founder's speech, in a board resolution, in supplier contracts, in the articles of association, in the terms of a loan. A commitment written only in the first place is a person's. A commitment written in the last few is the organisation's.

The two meet at one point. Kalundborg's exchanges have outlived many changes of ownership because each was an agreement that made sense to both parties. A regenerative commitment that is also, in Jacobsen's terms, good for each party's operations is protected by self-interest as well as by structure. Steward ownership protects a purpose against a new owner who does not share it; a good exchange protects itself against a new owner who does not care, because it still pays. The strongest commitments have both.

Uncovering, at your own scale

Chertow's advice to uncover rather than design has a practical form for an organisation that is not a power station. It takes three habits, and none of them requires a programme.

Ask what your neighbours throw away, not only what they might take. Most inventories start with the organisation's own outputs. Half the useful exchanges start from the other side: a neighbour's waste that could replace something you buy. A bakery's flour sacks, a joinery's offcuts, a school kitchen's surplus, a printer's paper trim, a brewery's spent grain. The neighbour contact's first call is often more productive as a question than as an offer.

Look for the problem, not the material. Jacobsen's finding, that firms at Kalundborg joined exchanges for operational reasons more than for the value of the by-product, is the most useful thing a neighbour contact can carry into a call. A farm that takes coffee grounds may care less about their nutrient value than about having a regular, clean, collected supply. A firm that takes waste heat may care less about the price than about the reliability. Ask what would make the neighbour's own work easier, and the exchange designs itself.

Write each exchange down where both sides will see it. Ehrenfeld and Gertler's network grew because each agreement made sense to both parties and lasted. The café's exchanges in chapter 5 lapsed when they lived in nobody's routine. The smallest formal step, a shared schedule, a one-page agreement, a named person on each side, is what turns a favour into an arrangement, and an arrangement is what survives a change of staff.

None of these is new. They are the way neighbours have traded for as long as there have been neighbours. What Kalundborg added was patience: fifty years of one agreement after another, each found rather than imposed. A firm that arranges one exchange a year for ten years will have a small symbiosis of its own, and it will have built it in the only way the evidence suggests such things are built.

For the household

The household version of these two questions is close to the surface. The neighbour question is the inventory at home: who nearby wants what you discard, who lends and borrows, which exchanges between households already work and could be extended. Chapter 11 takes it up.

The owner question, at home, is what happens to what a household has built when its circumstances change. A family that has kept a garden's soil in good heart for fifteen years and then sells the house has no structure to protect the soil, only the hope that the next owners care. A family that has passed on skills, tools and habits to its children, or to neighbours, has written its commitments somewhere they can survive. The scale is small. The question is the same.

The harbour

At Kalundborg the steam pipes run above ground between the plants, and a visitor can follow them by eye from one firm to the next. At Patagonia the arrangement that matters is in a trust deed nobody outside will read. One is a structure you can see; the other is a structure you cannot. A regenerative organisation needs both.

The Tool: The Neighbour and Owner Audit

Two short exercises, one for each relationship. Each takes about an hour, and both are better done by two people who see the organisation from different places.

Part 1 · Neighbours

List the five organisations nearest to you, by distance or by flow, that you exchange anything with besides money for a product.

NEIGHBOUR	WHAT WE GIVE THEM	WHAT THEY GIVE US	WHAT PROBLEM IN THEIR OPERATIONS DOES IT SOLVE?	WHO ARRANGED IT, AND IS IT WRITTEN INTO A ROUTINE OR CONTRACT?

Then list three neighbours you do not exchange with:

NEIGHBOUR	ONE THING WE DISCARD THAT THEY MIGHT USE	ONE PROBLEM OF THEIRS WE MIGHT HELP WITH	WHO WILL CALL THEM, AND BY WHEN

Part 2 · Owners

For each regenerative commitment the organisation has made, mark where it is written.

COMMITMENT	FOUNDER OR LEADER'S WORD	POLICY DOCUMENT	BOARD RESOLUTION	SUPPLIER OR CUSTOMER CONTRACTS	ARTICLES, OWNERSHIP OR FINANCING TERMS

- If the organisation were sold next year, which commitments would survive, and why: _____
- If the leader who sponsors them left next year, which would survive: _____
- One commitment to move one column to the right this year, and who will do it: _____

How to read it. Part 1 finds the next exchange. Part 2 finds the commitment most at risk. A commitment that sits only in the first column of Part 2 is a promise a person has made; each column to the right makes

it more the organisation's. Steward ownership is the last column carried as far as it will go. Most organisations will not go there, and do not need to, to make their commitments a great deal safer than they are.

References

1. Kalundborg Symbiosis, symbiosis.dk, read 19 October 2026. The text describes seventeen public and private companies; the partner list on the same page names sixteen. The page dates the collaboration "Since 1972" and gives no quantities for any flow.
2. Ehrenfeld, J., & Gertler, N. (1997). Industrial ecology in practice: The evolution of interdependence at Kalundborg. *Journal of Industrial Ecology*, 1(1), 67–79. https://doi.org/10.1162/jiec.1997.1.1.67. The early list of firms and flows follows this account and the wider literature, and describes the network as it was in the 1990s.
3. Jacobsen, N. B. (2006). Industrial symbiosis in Kalundborg, Denmark: A quantitative assessment of economic and environmental aspects. *Journal of Industrial Ecology*, 10(1–2), 239–255. https://doi.org/10.1162/108819806775545411. Resolved by Crossref, 19 October 2026; findings from the published abstract. It covers water and steam exchanges only, not the whole network.
4. Chertow, M. R. (2000). Industrial symbiosis: Literature and taxonomy. *Annual Review of Energy and the Environment*, 25, 313–337. https://doi.org/10.1146/annurev.energy.25.1.313. Resolved by Crossref, 19 October 2026; findings from the published abstract. A review of literature and projects; it does not measure the effects of any exchange.
5. Patagonia's announcement of 14 September 2022, as widely reported, including by NBC News's business desk and by Quartz ("Patagonia says it's owned by the Earth now"). The 2 and 98 per cent split, the roles of the Patagonia Purpose Trust and the Holdfast Collective, the 501(c)(4) registration and the estimate of about one hundred million dollars a year are consistent across the reports read on 19 October 2026. Patagonia's own ownership page was unavailable when checked, so the announcement was not read in the original. No DOI.
6. Santa Anna, A. *Ecstatic Economics*, chapter 4, sections "Regenerative Business" and "Steward Ownership". Ava's library, file `020-ecstatic-economics.md`. "Even the most mission-driven founder eventually retires" and "Steward ownership locks the mission into the legal structure of the enterprise" proven verbatim with `his-words`, 19 October 2026. The short phrase on Patagonia is from the same chapter.

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