

Sustainable Innovation 2019

22nd International Conference

Road to 2030: Sustainability, Business Models, Innovation and Design

4th – 5th March 2019

University for the Creative Arts

Business School

Epsom, Surrey, UK

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Future-Proof Sustainability

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There is a wide held assumption that: (i) markets will evolve over time to respond to socio-economic and environmental challenges and (ii) that profit can be made in doing so. My research challenges the industry's conventional ideas about sustainable entrepreneurship by asking if sustainability can ever be achieved by big business

A more radical interpretation of sustainable entrepreneurship exists: one that puts environment and social needs first, and views profit as a means to achieve these goals. Young and Tilley's (2006) framework details the relationships that must operate in unison in order to achieve the true goal of what they called being a 'sustainable entrepreneur'. It is possible to use stringent models of sustainable entrepreneurship, such as these, to review companies' sustainability reports. Here, I present Nike as a case-study, who set themselves "*a moonshot challenge to double their business with half the impact.*" (Hannah Jones, Nike Inc.) Semi-structured interviews were conducted with key stakeholders in sustainable development to debate this issue.

Corporations like Nike can fail to meet the requirements of Young & Tilley's framework of sustainably-driven entrepreneurship because its objectives are at odds with the current market requirement for growth. Young & Tilley's objectives are also difficult to measure. The current desire to standardise measurements across the industry is narrowing the business goals to KPIs (key performance indicators) to show eco-efficiency gains in Environmental Profit & Loss accounting. Environmental factors are easier to quantify because human rights require far more sensitivity as can be seen, for example, in the lack of agreement in the industry on how to measure a living wage. The danger of taking this managerial approach to sustainability is that its gains fail to tackle the escalating problems of economic equity, the fair distribution between the hemispheres, or the inter-generational inheritance of natural capital. And the current trajectory completely ignores the need for sufficiency in business to curb demand for the consumption of goods.

By 2030 large companies will have become adept at acting on conventional risks that can be managed and measured. The most recognised of these measurement tools in the fashion industry, namely the Higg Index will be used to bring about consumer-facing transparency to rank apparel and footwear companies with simple aggregated scores similar to the white goods industry, and the first pilots could be in place by 2020. This will benefit larger organisations who invested early in mapping their supply chain and who have more resources and leverage than smaller brands.

The transformation to a more sustainable fashion industry will be driven by the entrepreneurial efforts of both large firms and smaller sustainable pioneers. The corporations will bring new technologies and innovations to scale, but a new generation of fashion brands will find new models of working that tackle the more complex and un-measurable relationships of sustainability. The following three examples offer an encouraging glimpse of what true sustainable entrepreneurship may look like in the future.

Sustainable alliances will use their shared voices to speak out on the importance of economic equity and sufficiency. Collectively if these brands share the same message it will add up, cutting through the marketing noise of individual brand messages to be one loud and powerful voice. The high street fashion brands are failing to tackle how low pricing is creating exploitation and undeclared subcontracting in the supply chain. Sustainable brands should make their costs transparent and share the message of responsible pricing in order to influence the consumer. Equally the promotion of heavy discounting and sales is antagonistic to sufficiency, and an alliance should take a stance similar to the

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outdoor brand REI and their campaign #optoutside, which served as a platform to encourage both individuals and other businesses to opt out of Black Friday sales.

The fashion industry is dependent on the global supply chain of low wage labour that has already today driven inequality to a global risk. (WEF, 2018) The future potential of blockchain to certify, track and trace the origin of goods without one single party controlling the information could transform the fashion industry. Even looking beyond this, blockchain could share the true value of the costs and record micro-transactions including what garment workers earn

The International Labour Organisation estimates about 56% of employment in Southeast Asia is at high risk of being automated over the next two decades, with clothing and footwear manufacturing jobs among the hardest hit. (Chang and Huynh, 2016.) Until there are policies in place to protect the human worker, truly sustainable brands will have to think how to redistribute wealth. The idea of co-operative economics is spreading in other industries and one example is worker owned factories. Niki Okuk gave a talk TEDxCrenshaw about new initiative the LUCI the Los Angeles Union Cooperative Initiative, which aims to create more worker-owned businesses. (TED talks, 2017) This cooperative idea could work for a manufacturing-based industry such as fashion, and has been inspired by the Mondragon Corporation model in Spain, which is the world's biggest and most successful worker cooperative, with 260 businesses manufacturing everything from bicycles to washing machines and employing 80,000 people. This may be one of the strongest examples of re-thinking market capitalism and a systematic change towards responsible growth.

Without re-thinking the blunt profit making models of sustainable entrepreneurship there is a danger that these inequalities and the inter-connected relationships between them, could, in the words of the World Economic Forum, cause 'runaway collapse'. (WEF, 2018) It is up to a new generation of brands who will have to distinguish themselves in a playing field tipped towards eco-efficiency to innovate in new ways. The struggle to become a true sustainable entrepreneur is the real 'moonshot' challenge, if we are ever to achieve the systematic change that both the industry and the world demands.