

Project Brief

*H&M/ Zara/ Primark/ PVH (Calvin Klein /
Tommy Hilfiger / Lacoste / OTB Group Diesel /
Hugo Boss / G-Star / Levis / Guess: Building a responsible
cotton t-shirt / jeans value chain*

Introduction:

Congratulations, your consultancy firm has won the tender dd. 01-07-2019 of our company based on your Expression of interest dd. 01-08-2019.

You are kindly invited to carry out the project according to the Terms of Reference (see appendix 1) and the project proposal of interest mentioned above (see appendix 2).

In case you decide not to participate in this project we would like to inform us by a written statement before the 26th of August 2019.

Before you start working on the project we invite you to a kick off meeting on the second of September. We request all persons involved in this project from HU Sustainability Inc. to attend this meeting. Our company will be represented by the project manager, our financial officer, supply chain manager and sustainability manager. The meeting will be held at Heidelberglaan 15, Utrecht from 13.00 to 14.30 in room HL 15 0.043/HC1.

We are looking forward to a fruitful cooperation and a successful project.

Appendix 1 Terms of Reference.

Appendix 2 Expression of interest.

Appendix 3 Steps towards the final assignment for the Value Chain Analysis module

Appendix 1: Terms Of Reference

Introduction

H&M (T-shirt)/ Zara/ (T-shirt) Primark (T-shirt)/ PVH (Calvin Klein (T-shirt)/ Tommy Hilfiger (Jeans) / Lacoste (T-shirt)/ OTB Group Diesel (Jeans)/ Hugo Boss / G-Star (Jeans)/ Levis (Jeans) / Guess (Jeans) is a major player in the global cotton garments industry. The company realizes that it will have to find solutions for some important challenges if it wants to keep its competitive position. Improving the responsibility of our value chain is the biggest challenge at the moment. For the purpose of developing feasible solutions for this challenge, the company invites experts to submit a project proposal based on the specifications outlined below. The deadline for the proposals to be submitted is at 18.00 PM on the 2nd of August 2019. In case you need more information you are kindly requested to contact our project manager, Ms. Susanto.

The rationale for the project

In the last couple of years, fashion brands have been getting a lot of bad press because of problems happening in their supply chain. As a result of these various initiatives, agreements have been established amongst fashion companies, to overcome these problems. However, these are often ad hoc solutions, quick fixes and lack a more structural approach with a long term vision. Apart from that, how the companies are going to make sure that they will meet these agreements is often not part of the agreement. The fashion sector has to deal with a lot of challenges in a very complex supply chain which according to experts looks more like a supply chain web nowadays. Apart from initiatives as mentioned above, a whole variety of instruments is being used by different stakeholders (governmental, multilateral, the private sector, non-governmental) to deal with the challenges fashion brands are coping with. Consumer organisations, environmental organisations, labour unions etc. all of them put a lot of pressure on the fashion industry to produce in a more sustainable way.

Company X wants to get in control over the sustainability issues in their supply and value chain. We do not want to be surprised anymore by bad publicity and we want to be prepared for the future challenges of fast-moving fashion brands, both the medium and long term. We have decided on a pro-active approach to deal with the sustainability challenges and want to become a future proof fashion brand. Since we lack the necessary expertise on this matter, we are looking for a highly qualified consultancy firm to carry out the responsible cotton value chain project.

In this project, you are requested to take a holistic approach in analyzing the whole supply and value chain of our cotton t-shirts/ jeans. Identifying all the sustainability issues, social, environmental and economic and develop innovative and feasible solutions to improve the responsibility of the value chain.

We realize that you can no longer produce without being accountable to your stakeholders and taking into account their needs and wishes. Therefore, you are expected that in the development and implementation process of the suggested solutions both direct and indirect stakeholders will be involved as well.

Objectives of the project

The objective of this project is an implementation plan to increase the responsibility of our cotton t-shirt / jeans value chain within 3 years' time. Implementation should start in Spring 2020 and targets to be set should be met in Spring 2023. Furthermore, the implementation plan should contain SMART (yearly) targets based on which can be reported according to the GRI 4 guidelines.

Project scope

The project should take into account the whole supply and value chain from the start to the final consumer, i.e. suppliers, manufacturers, distributors, retailers, and customers. However, the marketing strategy is excluded from this project. The research project should comprise the sourcing of inputs, manufacturing, packaging and transportation stages of the T-shirts. In doing so, economic, social and environmental aspects should be taken into account. As mentioned above, the analysis should include the (potential) impact experienced by not only direct stakeholders but also by indirect stakeholders.

Budget

The budget available for this project is sufficient for 20 ECs for four people so 80 ECs in total.

Deliverables & time schedule

You are requested to start on the second of September 2019 and the deadline for the final consultancy report is the **18th of February 18.00 pm 2020**. This deadline is fixed and non-negotiable. However, as we want to be updated along the way, two additional products need to be delivered.

We request to receive the deliverables according to the following schedule:

Week .. of October 2019 23.59 pm:	Week ...of October
--	---------------------------

Written report Value Chain Analysis	Presentation report
-------------------------------------	---------------------

Week ... of November 2019 23.59 pm:	Weekof November
--	-----------------------------

Written report Risk Analysis.	Presentation report
-------------------------------	---------------------

Week ...of February 2020 23.59 pm:	Week.... of February
---	-----------------------------

Final consultancy report	Presentation report
--------------------------	---------------------

- ❖ For all three products full transparency and accountability on the research methods applied (including data gathering and analysis), type and origin of data gathered, and on the reliability and validity of the data used is requested.
- ❖ A full presence of all consultants who participated in the project during each presentation is expected. All of them have to be able to answer our inquiries on all parts of the oral and written presentations.
- ❖ Each and every written report should contain a process description of the development of the presentation and written report. This process description should contain information on the contribution of each team member to the different parts of the report and presentation.

The presentations and reports should be of a professional level, in proper English. The presentations and reports should be written in such a way that it is understandable to non-experts. The presentations and report should be made available in soft copy only.

Appendix 2: Project proposal

HU Sustainability Inc

Building a responsible value chain for cotton t-shirt/jeans production. A risk-based multi-stakeholder approach towards a future proof business strategy

Introduction

HU sustainability Inc¹. is a young and innovative organization which focusses on providing consultancy services to companies who like to make their business future proof. Currently, companies recognize tough challenges within the spectrum of 21st-century business dynamics. Responsibility is one of these challenges, transforming fast from being a buzzing trend to a survival necessity. A long list of sustainability issues needs to be dealt with. Furthermore, these issues quite often need a trade-off, social issues can be solved but sometimes the solutions have a negative impact on the environment and/ or are very expensive. How to select the most pressing and urgent issues and how to find the best solutions?

Meanwhile, the present day need of companies to take into account the diverse interests of a large group of stakeholders makes the already complex responsibility challenge even more difficult. The multi-stakeholder management towards successfully achieving an aligned strategic goal evidently complicates some of the responsibility initiatives. Consequently, we believe that the vital success of company X demands to build a responsible and future proof value chain together with stakeholders that will encompass all three sustainability perspectives, i.e. economic, social and environmental. Again however the question arises, how to find the solutions that suit the interest of all stakeholders if possible at all?

To find solutions we need to think beyond present-day business practices and tap into innovative supply and value supply chain solutions for responsibility such as Green supply chain management.

Therefore, we propose to take a combination of a risk-based and multi-stakeholder approach while looking for innovative solutions for company X. These solutions will be translated into tangible recommendations and an implementation plan (including financial implications) for company X to reach its targets in 2023.

¹ Please visit our website for more information on our company including our track record.

Research project strategy

We propose to implement the project in the following 3 steps 1) Value chain analysis, 2) Risk analysis and 3) Building a responsible value chain. This three-step approach provides the flexibility needed to base the next steps within the research project on the outcomes of the former step. Each of the steps will result in two deliverables, a presentation, and a written report. A risk analysis approach is used given the time frame set by company x for the results to be achieved. By using a risk analysis approach a set of recommendations with an implementation plan is developed focusing on the three most important sustainability threats and/ or challenges. Our experienced team has learned that focusing on three improvement trajectories addressing the biggest risks, is more efficient and effective than aiming to solve too many problems at the same time.

Please find below a description of the three steps to be implemented in the research project.

1) Value Chain Analysis

In the first phase, the global value chain and supply chain for cotton t-shirts/ jeans of company X will be analyzed. Apart from that the environmental and social problems in the different parts of this value chain will be **identified**.

The tools to be used in this part of the project are the **Value Chain Analysis (VCA, Porter and Kramer 2011) Stakeholder analysis Matrix, Triple Layered Business Model Canvas** and the **SCOR model**. A concept to be used is the **triple bottom line approach & externalities** .

- ❖ The cotton supply chain and the cotton value chain for company X will be described and analyzed with the help of the **VCA** and **SCOR model**.
- ❖ The current strategy of the company in terms of sustainability (social, economic and environmental) will be described and analysed with the help of the **five stages of sustainable business and the evolution of attitudes toward the business case for responsibility**
- ❖ The different stakeholders within the global supply and value chain of company X will be described and analysed with the help of the **Stakeholder analysis matrix**
- ❖ The potential challenges of global economic, social and environmental developments associated with the value chain of company X will be identified in line with the **triple bottom line concept** and with the help of the **triple-layered business model canvas**.

- ❖ The social, environmental and economic sustainability issues related to the supply and value chain management of company X will be identified in line with **the triple bottom line concept and the triple-layered business model canvas**.

2) Risk Analysis

In the second part of the project, we will dig deeper into the sustainability issues/challenges identified in the value chain analysis. Apart from that we take a broader look also looking into the global macroeconomic environment.

- ❖ The macroeconomic impact on the international business cotton garments will be analysed.
- ❖ The risks associated with these issues/challenges and where possible express these risks in financial terms will be analysed.
- ❖ A financial performance review using various data will be executed and non-financial indicators will be assessed for a period of two years. Based on this analysis the three biggest risks (of the sustainability issues) for company X in the cotton t-shirt / jeans value and supply chain will be selected. These provide the starting point for phase 3 of this project in which solutions for the three biggest risks will be developed.
- ❖ Evaluate the core business processes.
- ❖ Produce management report information (infographic –Power BI/Excel) using various sources of data

3) Recommendations for Building a responsible value chain

In phase 3 solutions will be developed for the three biggest risks as identified in phase 2. These solutions will be developed together with the main stakeholders and a stakeholders impact analysis is carried out. The solutions should be **feasible**, meaning **not only sustainable in social and environmental terms but also in economic terms**. The different stakeholders will have different interests and therefore the impact of the different solutions will have to be well balanced. The solutions will be translated into a concrete implementation plan containing:

- ❖ An overview and planning of the different steps to be taken per solution
- ❖ A stakeholder engagement strategy for the most important stakeholders
- ❖ Impact analysis for the most important stakeholders
- ❖ The organizational implications of the solutions
- ❖ The financial implications of the solutions, including a cost-benefit analysis of the different solutions provided.
- ❖ Advice on how to report (according to which standard and why) on the progress made towards achieving a more sustainable value and supply chain.

Deliverables & time schedule

All three written reports will contain at least the following elements and some specific elements and will be delivered in line with the deadlines as set by Company X:

1) Introduction:

- Research rationale, goal and research questions
- Specific for Report Value chain analysis: Developments in responsibility in the cotton garments value chain.
- Specific for Report Risk analysis: Developments in Risk analysis in responsibility assessment
- Specific for Report Building a responsible value chain: Trends in responsible value chain development in the cotton garments value chain.

2) Research methodology:

- What are the terms, concepts, and tools used and why were these chosen
- What research approach is taken (quantitative, qualitative) and why this approach was chosen
- What data gathering methods used and why these were chosen
- What kinds of data were gathered and why these were chosen.
- How the data gathered was analysed and why these methods were chosen.

3) Findings and discussion of the findings:

- A presentation of the main findings in visuals such as graphs and tables etc.
- Discussion of the main findings separately but also in relation to each other and comparing them with the findings of key reports in the sector.

4) Conclusions and recommendations (the latter BRVC report only):

- Answering the research questions.
- Specifically for Report Value Chain Analysis and Risk Analysis: Providing input for the next step in the project.
- Specifically for Report Building a Responsible Value Chain (final consultancy report): Tangible recommendations and implementation plan.

5) List of references (APA style of referencing will be applied)

6) Appendices containing at least: Team process description: providing full transparency on the input of the various team members & transcripts of the interviews implemented.

Appendix 3: Steps towards the final assignment for the Value Chain Analysis module

The final assignment, is broken down in a number of sub-assignments. In the worklabs you are going to work on the sub-assignment to guide you towards the final assignment.

Sub-assignment framework

- **Number of sub-assignments:** 3 running sub-assignments in work labs which are parts of the final assignment to be assessed at the end of the module.
- **Sub-assignment structure:** The assignments combine weekly study materials within the broader framework of final value chain analysis assignment. The sub-assignments consist of written assignments on certain topics with a set of questions to guide you to work towards the final assignment.
- **Requirements sub-assignments:** No formal requirements. Students are strongly advised to work along the lines of these sub-assignments to be able to meet the deadline for the final assignments.

Assignments

- 1) **Making a plan and getting to know the company: supply and value chain and sustainability strategy.**
 - ❖ Develop a plan for the coming 6 weeks on research methods: how to gather which type of data, where to gather data with whom? Who is going to do what? Do not forget the fact that you need time for data analysis and making the final product!
 - ❖ Describe the cotton supply chain and the cotton value chain for company X with the help of the SCOR model.
 - ❖ Describe the current strategy of the company in terms of sustainability (social, economic and environmental) with the help of the five stages of sustainable business and the evolution of attitudes toward the business case for sustainability

2) **Stakeholder analysis.**

- ❖ Analyse the different stakeholders within the supply and value chain of your company with the help of the Stakeholder analysis matrix

Study materials: Sustainable Business Chapter 8 & article stakeholder analysis,

3) **Identifying sustainability issues in the value chain.**

- ❖ What are the potential challenges of global economic, social and environmental developments associated with the value chain of your company?
- ❖ What are the social, environmental and economic sustainability issues related to the supply and value chain of **management** of your company?

For more information on the final assignment please see the Terms of Reference (appendix 1) and the Project proposal (appendix 2)