The Sustainable Apparel Coalition: A Case Study of a Successful Industry Collaboration

EXECUTIVE SUMMARY
The Sustainable Apparel Coalition (SAC) seeks to lead the apparel industry toward a shared vision of sustainability built upon a common approach for evaluating sustainability performance. By developing a common tool - the Sustainable Apparel Index - the SAC enables apparel industry companies to measure the environmental and social impact of apparel production throughout the product lifecycle. The potential impact of the Sustainable Apparel Coalition is enormous; SAC member companies (including brands, retailers, and manufacturers) are estimated to be responsible for more than one third of the apparel and footwear produced globally. This case study documents the development of the SAC and how it was able to successfully create an industry-wide sustainability index, in order to share best practices and translate lessons learned across other industries.

Since the founding of the organization in 2010, SAC leaders have carefully cultivated specific values to inform how members should communicate and collaborate:

- **Leadership.** The Sustainable Apparel Coalition seeks to redefine ‘business as usual’ and craft best practice sustainability standards for the apparel industry. This commitment to leadership significantly influenced the Apparel Index, which includes cutting edge social and environmental practices for companies to aspire to. In addition, individual leadership and passion are essential to SAC’s work, as they help generate excitement and sustain momentum in the face of the inevitable challenges of collaboration.

- **Openness.** Despite having members with widely varying perspectives, interests, and locations, the SAC has fostered an open culture based on equality, respect, and transparency. All participating companies are considered equal in SAC discussions and decision-making, and members work in good faith to collaborate and jointly move sustainability forward for the industry.

- **Efficiency.** An emphasis on efficiency and speed has allowed the SAC to develop and roll out a pilot Sustainable Apparel Index in less than 18 months. Enabling this is a unique decision making approach, the alignment model.

- **Rapid Prototyping.** The SAC makes progress using rapid prototyping and continuous improvement, its members highly engaged in providing feedback. Given the complexity of issues that the SAC confronts, the ability to move forward with something that’s good enough (rather than waiting for it to be perfect) has allowed the Coalition to make continual progress towards its goals.

Many factors were important in enabling the Sustainable Apparel Coalition to be as successful as it has been, such as:

- **Starting with the Right Players.** Early on, it was crucial to start with individuals and organizations committed to sustainability leadership who would support an ambitious outcome for the Coalition. In addition, for the effort to truly represent the apparel industry, it is essential to have members from all parts of the supply chain, from all parts of the world, and from key stakeholder groups.
• **Deliver Results to Maintain Momentum.** As founding members agreed to join together to work on sustainability issues, it was not without a bit of skepticism. One of the key founding companies challenged the SAC to deliver a working index tool within the first year, and the Coalition recognized a need to deliver results and demonstrate progress quickly to its member companies. Rather than starting from scratch, the SAC has been able to move quickly by building on the best of existing efforts, including sustainability assessment tools from the Outdoor Industry Association and from Nike.

• **Invest in Face-to-Face Meetings.** With Coalition members spread across multiple continents, face-to-face meetings have been crucial in advancing Index development and building trust and connection among members. As a neutral meeting facilitator, Blu Skye designs in-person experiences for the SAC that build momentum, generate excitement, and engage stakeholders in moving the SAC’s work forward.

• **Emphasize What’s Practical.** For a Sustainable Apparel Index to be taken up by the industry, it needs to be practical. The Index must match the needs and capabilities of the industry, and it must be implementable by companies and their suppliers. In addition, the Index must focus on what brings substantive business results, both on sustainability and on the bottom line.

• **Highlight Early Leadership.** Early leadership is another important factor in Index piloting & implementation. Instituting a new sustainability measurement tool within a company requires significant staff time, as capacity building is needed both internally and among suppliers. Early leaders face new obstacles and can share their resulting insights with fellow Coalition members, and they help others gain confidence about their own company’s pilot. By sharing the lessons learned and benefits seen by early leaders, meeting facilitators reinforce a sense of excitement and action among the whole membership.

• **Involve Members Deeply in Index Development.** A successful Sustainable Apparel Index rollout is built on strong member involvement during Index development. To effectively champion the Index internally, participants must be deeply knowledgeable about the tool and its business applications, and they should be excited about its use and potential. This excitement develops as members use the Index and shape it to best meet their company’s needs, primarily through the SAC’s working groups.

The development of the Sustainable Apparel Coalition was not without tensions. These included balancing speed and consensus, optimizing the amount of member “sweat equity”, managing membership growth, and developing a practical, yet aspirational, Sustainable Apparel Index. Challenges also remain for the future as the Index moves into full rollout during the last half of 2012, including Index adoption, incorporating social and labor indicators, and verifying Index data.

The Sustainable Apparel Coalition has built a strong foundation and made significant progress since its launch in 2010, thanks to a number of different contributing factors. As the organization evolves to launch as a stand-alone entity, commence open membership, and further refine the Index tool, the time is ripe to examine the factors that have contributed to the Coalition’s success and understand ongoing tensions the SAC must face. By reflecting on, and learning from, its history and progress to date, the SAC will be even better equipped to lead the apparel industry toward a shared vision of sustainability and spotlight priorities for action and opportunities for innovation amongst its members.
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METHODOLOGY
In order to document the Sustainable Apparel Coalition’s history, success factors, and lessons learned, 17 interviews were conducted with SAC member representatives between December 2011 and March 2012. The list of interviewees, developed with support and advice from Blu Skye Sustainability Consultants, was intentionally broad, in order to capture input from a range of Coalition members across different geographies, organization types, levels of historical involvement with sustainability issues, etc. Interviews were conducted over the phone and generally lasted between 45 and 60 minutes. The content for this case study is sourced from the interview transcripts.

INTRODUCTION
The Sustainable Apparel Coalition is an industry-wide group of leading apparel and footwear brands, retailers, manufacturers, non-governmental organizations, academic experts, and government agencies working to reduce the environmental and social impacts of apparel and footwear products around the world.

The Coalition’s first major project is the development of a common, standardized tool for measuring the environmental and social impacts of apparel production across the industry. This Apparel Index examines the entire apparel lifecycle, allowing all actors in the supply chain to measure and talk about sustainability in the same way.

Through collaboration, SAC member companies can share resources and expertise to address systemic environmental and social challenges that no single company can solve individually. In addition, individual companies can focus their resources on product and process innovation, which have more near-term business value, not on establishing separate data collection schemes.

The potential impact of the Sustainable Apparel Coalition is enormous; the SAC estimates that its members are responsible for more than 1/3 of all apparel and footwear produced globally. Furthermore, the Sustainable Apparel Index makes the apparel sector a leader in attempting to create a widely-used tool for measuring and communicating sustainability performance.

This makes it particularly important to understand how the Sustainable Apparel Coalition was able to successfully create an industry-wide sustainability index. This case study documents the SAC’s history, operating principles, and keys to success, in order to help inform similar efforts in other industries.

THE SUSTAINABLE APPAREL INDEX
The Sustainable Apparel Index measures the environmental and social impacts of apparel and footwear production across the supply chain. It is based on a lifecycle view of products, covering raw materials, manufacturing, packaging, transportation, consumer use, and end of life. With a strong basis in sustainability science, the Index allows companies to effectively and accurately manage their social and environmental impacts.

The Index is structured in three core modules:

- **Brand Module**: Assesses policies and practices that demonstrate sustainability leadership at a brand or company level.

- **Product Module**: Assesses product-specific impacts based on the lifecycle impacts of raw materials and the materials efficiency of product designs.
• **Supplier Facility Module:** Assesses practices at individual supplier facilities involved in manufacturing fabrics, assembling apparel, and creating packaging materials.

Version 1.0 of the Sustainable Apparel Index is primarily indicator-based but will evolve towards a metrics-based tool in Version 2.0. As an example, whether or not a supplier facility establishes annual targets for reducing wastewater discharge is considered to be an indicator; the amount of wastewater discharged annually is a metric. Version 1.0 of the Index has been developed and piloted within SAC member company supply chains and will be released publicly in summer 2012. Future versions of the Index will include more quantitative metrics as well as social and labor indicators.

**THE SUSTAINABLE APPAREL COALITION TODAY**

The membership of the Sustainable Apparel Coalition is diverse and global, covering the entire apparel supply chain from input production to manufacture to retail. The Coalition’s headquarters are in San Francisco, California, where SAC staff engage with members in Asia, Europe, and the Americas. The SAC is governed by the voting membership, who approve all strategic decisions, such as the release of the Sustainable Apparel Index. In addition, members elect a Board of Directors who oversee the Executive Director, the budget, and the organization as a whole. All members meet for 2-3 in-person meetings a year, as well as via webinars held approximately once a month.

The core of the Sustainable Apparel Coalition is its member-led working groups, which are focused on developing Index content and supporting industry adoption of the Index. Working groups are created as needed; currently, there are six working groups: V1.0 Apparel Index, V2.0 Apparel Index, Materials, Footwear, Social/Labor, Systems (focusing on the technology backend for the Index), and Communications. Working groups engage and involve outside subject matter experts and stakeholders to ensure alignment with industry and stakeholder needs.

Any company that does business in the apparel sector is welcome to join the Sustainable Apparel Coalition. Members must sign a leadership commitment, which affirms company alignment with the SAC’s goals and willingness to utilize the Sustainable Apparel Index. Dues for manufacturer, supplier, brand, and retail members are tiered based on revenue, and a non-voting affiliate membership is available for other industry partners, such as software companies, consultants, and trade associations. Select government, academic, and nonprofit organizations also participate as voting members at no cost.

**THE HISTORY OF THE SUSTAINABLE APPAREL COALITION**

The Sustainable Apparel Coalition was founded to reduce the environmental and social impacts of apparel and footwear products around the world. The idea resulted from a collaboration between Patagonia and Walmart; sustainability leaders from the two companies formed a relationship while developing strategies for sustainable apparel production in Walmart’s supply chain. Seeing the benefits of collaboration, Rick Ridgeway, Vice President of Environmental Programs and Communications at Patagonia, and Mary Fox, Senior Vice President of Global Sourcing at Walmart, explored how they might work together to create industry-wide
change. They decided to invite an initial group of 12 companies to meet and consider working together, in order to establish a common measurement system for the environmental and social impacts of apparel. This approach was being advanced by the Outdoor Industry Association (OIA) with their development of the Eco Index, an environmental assessment tool for outdoor products. By coming together as the Sustainable Apparel Coalition, the apparel industry could pursue a similar approach.

The group hired Walmart’s sustainability advisors, Blu Skye Consulting, in order to provide strategic guidance and facilitate the formation of the Coalition. A joint letter went out from Walmart CEO Mike Duke and Patagonia CEO Yvon Chouinard, inviting 12 companies and 3 nonprofit/government to an initial meeting. All invited parties accepted, and the meeting was held in February of 2010. This group of companies agreed to work together to lay the groundwork for an industry coalition, defining a broad vision for the organization as well as short and long term objectives, and the Sustainable Apparel Coalition was launched on April 23, 2010. Patagonia’s Rick Ridgeway agreed to serve as initial chair, with Patagonia providing administrative support in this start-up phase and Blu Skye Consulting providing facilitation and management support.

The Coalition began with the aim of rapidly developing a robust sustainability measurement system, called the Sustainable Apparel Index. By October of the same year, an initial prototype of the Index had been developed, drawing heavily on the OIA Eco Index and Nike’s Environmental Design Tool (see Sidebar: OIA and Nike Contributions to the Sustainable Apparel Index on page 8). With intensive SAC member involvement and feedback, the Index was further refined over the course of several review periods, including a major content review effort that took place during the summer of 2011, in which more than 130 individuals from 45 organizations participated and more than 1,300 person-hours were invested. The Index was then piloted by SAC members and their business partners from September 2011 through January 2012.

Index development proceeded rapidly for environmental indicators – faster, indeed, than a consensus
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Development of these indicators is one of the current priorities of the Coalition.

In addition, a number of governance changes took place during 2011, paving the way for the SAC to become its own organization by January 2012. In December 2011, the Sustainable Apparel Coalition’s first Executive Director, Jason Kibbey, was hired, and the organization was incorporated officially as a 501c6 non-profit industry association, with membership open to any organization in the apparel sector.

WHERE THE COALITION IS HEADED

During the second half of 2012, the Sustainable Apparel Coalition will focus on the rollout of the Sustainable Apparel Index, providing tools and resources to enable companies across the apparel supply chain to start using the Index. Also during this time, Index development will continue – first focusing on social and labor indicators and on a footwear-specific index, and then on a second version of the Index. Version 2.0 of the Sustainable Apparel Index will include the qualitative indicators from Version 1.0 as well as quantitative performance metrics in areas such as energy, water, and chemical use. In addition, new IT systems will be developed to allow companies to integrate the Index with existing data tracking and decision making tools.

One of the main reasons for companies to use a sustainability index is to obtain the data needed to identify innovation opportunities relating to sustainability issues. This represents the future of the Sustainable Apparel Coalition (see Sidebar: Early Wins from the Index Pilot on page 9). Companies will work independently and innovate internally, and they will also work together on social and environmental goals only achievable through collaboration. Because the apparel industry is extremely complex and each actor in the supply chain produces products for a variety of companies, buyers have to work together to enable change.

THE CULTURE OF THE SUSTAINABLE APPAREL COALITION

From the founding of the organization, SAC leaders carefully cultivated specific values to inform how members communicate and collaborate. The key principles of the SAC’s culture include leadership, collaboration, and efficiency.

OIA AND NIKE CONTRIBUTIONS TO THE SUSTAINABLE APPAREL INDEX

After an initial scan of existing sustainability tools and frameworks, the SAC identified the Outdoor Industry Association’s Eco Index and Nike’s Environmental Design Tool as key to the SAC’s work. Version 1.0 of the Sustainable Apparel Index is based largely on these two tools.

OIA Eco Index

The Outdoor Industry Association developed the Eco Index over the course of several years, with over 100 companies participating in the OIA Eco Working Group. The OIA laid essential groundwork for the Sustainable Apparel Index, both in the specifics of the Eco Index tool itself and in establishing a productive model of pre-competitive collaboration. Going forward, the SAC and the OIA have agreed to collaborate on a common tool. The Sustainable Apparel Index has been adopted by the OIA for apparel products, and the OIA will continue developing its Eco Index for categories outside apparel.

Nike’s Environmental Design Tool

Nike invested millions of dollars and years of effort in developing its Environmental Design Tool, which it decided to contribute freely towards the development of the Index. The Tool helps users assess the waste, energy, toxics, and water use associated with apparel materials and manufacturing. Nike’s willingness to share its expertise demonstrated and further strengthened the Coalition’s culture of trust, transparency, and collaboration.

on social/labor indicators could be built. As a result, in June 2011 the Social/Labor Working Group decided not to include social/labor indicators in the initial pilot version of the Sustainable Apparel Index. Development of these indicators is one of the current priorities of the Coalition.

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THE CULTURE OF THE SUSTAINABLE APPAREL COALITION

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Leadership

The Sustainable Apparel Coalition seeks to redefine “business as usual” and craft best practice sustainability standards for the apparel industry. This is an important cultural norm to recognize, as not all sustainability-minded organizations aspire to the same extent. At SAC meetings, participants regularly look toward a 10 year vision for the organization, which includes ambitious goals like establishing a consumer-facing sustainability index. This commitment to leadership significantly influenced the Sustainable Apparel Index, which includes cutting edge social and environmental practices for companies to aspire to. The Index is intended not as a minimum compliance standard but as a way to measure sustainability performance on a range from basic to leadership. Therefore all products, facilities, and brands assessed against the Index will have opportunity for improvement.

Another important factor is the personal leadership demonstrated by participants in the SAC, as evidenced by individuals contributing substantial time to working groups and high levels of participation in full membership meetings. Participants are willing to give significant time (on top of their regular job responsibilities) typically out of a personal commitment to the work of the SAC. The Blu Skye team, as facilitators, regularly provide opportunities for individuals to connect with their own motivations for participating (see Sidebar: Blu Skye’s Role in the Apparel Coalition, on page 13). Having a clear and ambitious vision, with the potential to do something game-changing for both the industry and the world, also helps establish a “guiding light” for members to connect with. Individual leadership and passion are essential to SAC’s work, as they help generate excitement and sustain momentum in the face of the inevitable challenges of collaboration.

Collaboration

A coalition is, by definition, a collaborative effort. For the SAC, however, collaboration goes much deeper than in many organizations. One reason for this is that SAC members clearly recognize the need to collaborate. Responding to societal pressures, the apparel industry was an early mover on sustainability, and many players have already developed their own approaches to social and environmental issues. Through this process, companies have faced challenges in working alone and have come to see collaboration as a necessity to achieve the scale of change that is needed. Because companies recognize the value in working together, they are willing to put in the time and energy required to collaborate.

One comment that new members often make about the SAC is that they are amazed by the level of trust measured.
In one-on-one interviews, members identified a variety of benefits from participating in the Sustainable Apparel Coalition:

**Industry Alignment**
Interviewees mentioned industry alignment as one of the core benefits of the Coalition. Members are able to develop a shared understanding of sustainability issues as well as create joint tools like the Sustainable Apparel Index.

**Learning from Others**
Learning from fellow Coalition members – through in-person meetings, webinars, and shared tools – was described as another key benefit of participating in the SAC. Interviewees recognize the incredible subject matter expertise and practical experience convened through Coalition meetings, and some feel that the SAC offers an opportunity to “come up the learning curve” on a given issue, building on the knowledge shared by other members. Participating in the SAC allows companies to move forward on sustainability issues more quickly, and with a smaller investment of funds, because they can build on the time and funding invested by other Coalition members rather than starting from scratch.

**Staff Involvement**
While Sustainable Apparel Coalition participation initially tends to come from a sustainability-specific role within the member company, many interviewees noted the opportunity to engage staff across departments and functional areas as a key benefit of Coalition participation. SAC working groups have involved staff from many different departments within each company, enabling each person to learn from industry peers, further develop their expertise, and demonstrate leadership and passion around sustainability issues. In some cases interviewees noted that dozens of staff people from across the company were involved in the V1.0 Index development and/or pilot, and Coalition participation opened up lines of dialogue and collaboration between people or departments that previously would not have interacted.

**Engaging Suppliers**
The Sustainable Apparel Index provided brands and retailers with an opportunity to work directly with their suppliers on sustainability issues, in some cases enabling a level of cooperation not previously seen as suppliers and retailers worked together to provide responses and data as part of the V1.0 pilot. Suppliers have a greater incentive to participate in an industry-supported sustainability framework (as opposed to many different individual company initiatives), as it benefits them if their customers can come together and agree on common sustainability standards and data gathering practices.

**Informing Sustainability Strategy**
Companies feel that the work of the SAC supports and improves their internal sustainability strategy goals (see Sidebar: Early Wins from the Index Pilot, on page 9).
THE SAC, IN THE WORDS OF ITS MEMBERS

“We have been able to set aside our own company cultures to create a new culture and work together.”

“We are defining a new way of doing business based on sharing knowledge and empowering each other, as Nike has done by sharing their materials data.”

“We focus on rapid prototyping and continuous innovation and refinement of the tool.”

“We have quick decision making using alignment and principled objections to keep momentum high.”

“We have mutual respect, openness & honesty; there are no hidden agendas.”

This highlights one of the other principles core to the SAC - not letting perfect get in the way of good enough. The SAC makes progress using rapid prototyping and continuous improvement, with high member engagement in providing feedback. This was particularly important as the Coalition developed Version 1.0 of the Sustainable Apparel Index; multiple iterations of the Index were developed, with notable improvements each time. Given the complexity of issues that the SAC wrestles with, the ability to move forward with something that’s good enough (rather than waiting for it to be perfect) has allowed the Coalition to make continual progress towards its goals.

KEYS TO SUCCESS

Many factors were important in enabling the Sustainable Apparel Coalition to be as successful as it has been. This section traces the development of the Coalition, highlighting keys to success in each phase.

Phase I: Launching the Coalition

Start with the Right Players

Bringing the right players to the table has been a key success factor for the SAC. Early on, it was crucial to start with individuals and organizations committed to sustainability leadership who would both support an ambitious outcome for the Coalition and aid in establishing credibility for the nascent effort. Walmart and Patagonia brought a combination of market power and sustainability credibility to the table, but even with these important conveners on board, it still required time and effort to convince companies to attend the initial exploratory meeting. Inviting a small group of known sustainability leaders to join the initial effort helped demonstrate a commitment to leadership, maintain the SAC’s aspirational standard, and avoid defaulting to the lowest common denominator. This selectivity in membership laid the groundwork for the SAC to build momentum and establish its culture, before launching in 2012 as an official industry association and opening to all potential members.
A number of meeting design components have helped make SAC gatherings successful:

**Members Host Meetings**
Having member companies host the meetings was invaluable as a means of increasing trust and openness. Mary Fox of Walmart set the bar for openness by inviting her competitors and suppliers to tour their apparel offices during the first exploratory meeting in New York; this approach was followed by subsequent hosts. Hosting a meeting was also an excellent way to get company senior leadership to understand and appreciate what the Coalition was doing, as the host company typically invites their CEO and key senior executives to give opening remarks at the meeting and attend a reception and dinner with members.

**Encouraging Active Participation**
Encouraging active participation and leadership was an essential part of all SAC meetings, which can be challenging to accomplish with a large group. Blu Skye deployed a variety of exercises and structured activities to ensure that members were engaged and co-owned the process. Some examples include creating a shared one and ten year vision for the Coalition with input from all members, having individual member companies share their Index pilot plans with each other, using a variety of small group activities to get input and feedback on working group proposals, and jointly defining the elements of the SAC culture that made it most effective.

**Leadership Mindset**
Focusing on a leadership mindset as well as the content of the work is another key dimension of meeting design. One example is an exercise where Blu Skye led the members to describe two potential future scenarios, one where the Coalition was wildly successful and one where it failed, and to identify the actions that they would take (or not take) now that would lead to either scenario. Another example is an experiential learning exercise that reinforced the importance of rapid prototyping as a driver of long-term success by having participants develop a quick solution to a problem.
competitive collaboration and allowed competitors to come together as partners in pursuit of sustainability. Since this time, members have continued to demonstrate trust, as they share their company’s stories and challenges, work side by side in working groups, and make proprietary knowledge and sustainability tools available for group use.

Phase 2: Developing the Index
Deliver Results to Maintain Momentum
As founding members agreed to join together to work on sustainability issues, it was not without a bit of skepticism. The SAC was not the first coalition convening industry players around sustainability issues, and many companies already had their own internal initiatives to address social and environmental concerns. One of the key founding companies challenged the SAC to deliver a working index tool within the first year, which was a rather audacious timeframe given the complexities at hand. But the Coalition recognized a need to deliver results and demonstrate progress quickly to its member companies. The bias for moving fast, while still maintaining consensus and buy-in from members, has been a critical success factor for the SAC.

Build on Existing Efforts
Rather than starting from scratch, the SAC has been able to move quickly by building on the best existing efforts. The SAC completed a scan of sustainability tools and frameworks to identify what pieces of the puzzle had already been addressed by other organizations. Indeed, the Coalition would not be where it is today without its acknowledged approach to benchmark and build on existing tools in order to avoid reinventing the wheel. Sustainability assessment tools from the Outdoor Industry Association and from Nike have been essential foundations for...
the Sustainable Apparel Index (see Sidebar: OIA and Nike Contributions to the Sustainable Apparel Index, on page 8). In addition, the Global Social Compliance Programme’s open-source reference tools were a key source of the facility module content.

Keep the Organization Nimble
In addressing governance and issues of organization structure, the SAC pursued a path that would balance the desire for speed with maintaining member buy-in and consensus. The SAC chose to keep governance light and nimble in the Coalition’s formative stage, which allowed members to focus on the sustainability content rather than getting bogged down dealing with governance issues. In addition, the alignment model of decision-making has been critical in keeping the Coalition moving rapidly while facilitating high levels of commitment from Coalition members. For additional information on the alignment model, please refer to the section entitled “Culture of the Sustainable Apparel Coalition.”

Invest in Face-to-Face Meetings
With Coalition members spread across multiple continents, face-to-face meetings have been crucial in advancing Index development and building trust and connection among members. These meetings are held 2-3 times per year; they allow members to come together to discuss, debate, and align around key aspects of the Coalition’s work. In-person events also encourage relationship building between members, which enables greater openness and trust within the SAC. As a neutral meeting facilitator, Blu Skye designs in-person experiences for the SAC that build momentum, generate excitement, and engage stakeholders in moving the SAC’s work forward (see Sidebar: Meeting Design Success Factors on page 12).

Use Small Teams to Prototype Content
Much of the SAC’s effort since inception has been focused on the development and launch of the Sustainable Apparel Index, a process that has illustrated both opportunities and challenges in balancing speed and consensus. Initially a subset of Coalition members, along with Blu Skye, were managing the development of the pilot tool and driving towards a target launch date. However, when the draft tool was shared with the broader group, members raised concerns and questions that warranted a deeper review of the tool. The SAC formed small teams to own specific portions of the tool, with members of each team charged with addressing key questions and proposing solutions to the larger group. This structure, while requiring more time due to more member companies participating in the review process, has been successful in achieving the necessary commitment and buy-in from SAC membership to move forward with a pilot version of the tool.

More generally, the working group structure has been successful within the SAC for several reasons. Each working group has participants from across the SAC’s different member companies and leverages company staff whose expertise and interests align with the working group topic. Working groups have ownership to drive content development in their specific area and rapidly prototype possible solutions. Coalition members trust the working group process and usually allow decision making to proceed based on working group recommendations. Members also generously give their time to participate in or lead working groups. Lastly, the project management support provided by Blu Skye is key in advancing working group aims (see Sidebar: Blu Skye’s Role in the Apparel Coalition on page 13).
**Emphasize What’s Practical**

For the Sustainable Apparel Index to be taken up by the industry, it needs to be practical and readily usable. The Index must match the needs and capabilities of the industry, and it must be implementable by companies and their suppliers. In addition, the Index must focus on what brings substantive business results, both on sustainability impacts and on the bottom line.

Because of this focus on what’s practical, companies are more likely to implement the Index, not only because it’s the right thing to do, but also because it drives business value with a reasonable ROI. SAC members recognize that sustainability issues pose real challenges to their businesses, both now and in the future. By developing and using the Sustainable Apparel Index now, members can start to understand their true impacts and work together to change them.

It should be noted that there can be a tension between a focus on practicality and the cultural norm of leadership. The methods that are practical to implement now will likely differ from those that satisfy the SAC’s long-term sustainability vision; this transition from practical to visionary is an inherent part of SAC’s journey over time. At the same time, the leading practices of the future have seeds in today’s practices; these successes need to be identified and amplified. This focus on both practicality and leadership represents one of the dynamic tensions that has to be carefully managed within the SAC (see Sidebar: Managing Dynamic Tensions, on page 16).

**Manage Growth Deliberately**

In order to achieve its goals, the SAC must encourage broad participation by the apparel industry. However, growing too quickly would make it challenging for the new organization to manage. During its early development, the SAC grew primarily by reaching out to companies that existing members thought would add value to their effort and help to build value chain and geographic diversity. This process continued until the organization was ready to incorporate and had enough staff in place to take on open membership.

Growth was somewhat of a tension; some members felt that membership should have been open from the start and others felt that the organization should have remained smaller for a longer time period. In addition, there was a period when the membership asked for a temporary moratorium on new members until the organization was ready to manage the growth.

New member orientation is another important part of managing growth, in order to help new members understand the SAC culture and processes. The onboarding process includes phone/webinar briefings for new members, introductory sessions with the SAC chair and select existing members at every in-person meeting, and a Leadership Commitment agreement that outlines member expectations and working norms.

**Phase 3: Piloting the Index**

The power of prototyping is an essential operating principle for the SAC. Not surprisingly, then, the Coalition allocated several months for piloting the Index, in the hopes of polishing the tool and building momentum toward full implementation. More than 60 companies and their supply chain partners participated in the pilot test, including members of the SAC and members of the Outdoor Industry Association (OIA) that helped develop the original Eco Index.
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Members were asked to test, at a minimum, either two products or two supplier facilities; many tested more than that. There were several critical facilitators in the SAC’s success during this stage, as follows:

Ensure Members Deeply Understand the Index
First, a strong piloting phase is built on strong member involvement during Index development. To effectively champion the Sustainable Apparel Index internally, participants must be deeply knowledgeable about the tool and excited about its use and potential. This was achieved through the thorough review of the Index by member companies’ internal experts and stakeholders. The pilot expands the engagement to include even more people, to test the Index and ensure that the tool is usable and beneficial to the business, and to aid in a smooth transition to full implementation.

Managing Dynamic Tensions

Inherent in any collaborative effort are a number of dynamic tensions that need to be managed; three faced by the SAC are as follows:

Balancing Speed and Consensus
With the challenge from a member to deliver results within a year’s time, the SAC had to move forward rapidly to meet high expectations for group progress. The organization’s alignment model is essential to quick movement; proposals developed by working groups are brought to the membership, with members agreeing to what they can “live with” and not worrying about perfection. This speedy decision-making is balanced by a fail safe; any member can voice a principled objection to a proposal, sending it back to the working groups for review.

Using the alignment model keeps things moving forward, but some members noted that it can be difficult to speak up and stop progress. This challenge can be compounded by cultural/geographic differences and supplier-customer relationships in the room. In facilitating group discussions and decision making, SAC leaders must balance between moving forward quickly and ensuring that all voices are heard.

Optimizing Sweat Equity
The Outdoor Industry Association’s development of the Eco Index, on which the Sustainable Apparel Index is based, involved a large amount of time and effort from participating companies. This high “sweat equity” ensured that the Eco Index closely mirrored member needs and also minimized cost for participants. With the SAC, on the other hand, members decided to draw more on external support from Blu Skye, which meant a lower workload but higher membership costs (see Sidebar: Blu Skye’s Role in the Apparel Coalition, on page 13).

A good deal of sweat equity was still required, however, because without member knowledge and commitment, a robust tool cannot be developed. In addition, full engagement in Index development allowed each participant to better champion and implement the Sustainable Apparel Index inside their companies.

As a result, the SAC represents a continual optimization of the amount of sweat equity. When too much of the work is placed on members’ already full plates, the SAC isn’t able to continue moving forward; when too little is asked of participants, members don’t have enough “skin in the game” and the resulting product doesn’t reflect the needs of actors across the supply chain. In addition, the amount of external support needs to be balanced so that membership is accessible to organizations of all sizes; the SAC does this through a tiered dues structure.

Develop a Practical, Yet Aspirational, Sustainable Apparel Index
The SAC is committed to sustainability leadership in the apparel sector. Given this commitment, the Index must clearly differentiate a range of sustainability performance from basic to leadership. At the same time, sustainability is a relatively new concept to many in the apparel supply chain, so the Index must be pragmatic and easy to use. Even companies who have historically been sustainability leaders (and aspire for the SAC to produce a rigorous and ambitious Index) want a tool that is simple to use in practice in order to maximize adoption. The SAC attempts to satisfy both of these goals through prototyping and piloting to arrive at a Sustainable Apparel Index that maintains its commitment to leadership but is practical for all members of the supply chain to use.
For the most part, exposure to the Index occurred through the working groups, but SAC meetings represented an opportunity to get a broader member perspective on the Index. As one example, during the October 2011 SAC meeting, the SAC helped get the members ready to pilot the Index through a lively competition to use the Index during the meeting. Small groups selected an item of clothing that they believed was the most sustainable and then quantified its sustainability impact with the Sustainable Apparel Index. This fun exercise ensured that all members got firsthand exposure to how the tool works in practice, and also provided an opportunity to confirm member understanding (or identify gaps in understanding) of the Index tool prior to the pilot.

Highlight Early Leadership

Early leadership is another important factor in Index piloting & implementation. Instituting a new sustainability measurement tool within a company requires significant staff time, as capacity building is needed both internally and among suppliers. Early leaders face new obstacles and can share their resulting insights with fellow members, and they help others gain confidence about their own company’s pilot. Having these early leaders share the lessons learned and benefits seen helps strengthen other members’ commitment to success. For example, during the October 2011 meeting, three SAC members with solid, well thought out pilot plans shared their plans with the full membership. The three companies selected represented a diverse cross-section of the industry, providing all members with an example to be inspired by. Later, companies with early learning from the pilot presented their results, as well as their plans to use the Index for future decision making, to the full membership.

Support Member Companies & their Suppliers

Another success factor for the pilot is education and support. This included a series of in-person and recorded webinars for company staff and their suppliers, each detailing one of the Index modules. Along with this, SAC staff have developed a sample of the completed Sustainable Apparel Index that is explained in full. Lastly, SAC staff provided one-on-one support to internal stakeholders and key suppliers, to ensure that they understand the Index and how to implement it.

THE PATH AHEAD

The SAC has built a strong foundation and made significant progress since its launch in 2010. As the Coalition looks forward, there are a few key challenges that members must be prepared to overcome in order to reach shared sustainability goals.

Adoption of the Sustainable Apparel Index

Ensuring that the Sustainable Apparel Index is usable and then fully adopted is a key challenge that the Coalition must overcome going forward. Full adoption of the tool will require coordination across member teams, offices, and geographies (some of whom may not be yet aware of Coalition efforts thus far) as well as the integration of the tool within existing member company systems so that it doesn’t remain an “extra” task. Lack of bandwidth and expertise are potential hindrances to successful adoption of the tool. Beyond adopting the tool, there remain open questions about how and where the resulting data will be shared. How can the data be useful and allow for meaningful benchmarking, yet not violate competitive sensitivities? Will data collection and sharing be meaningful enough to drive member companies to innovate and improve? These questions will be key to address as the Coalition moves beyond the v1.0 pilot phase.

Inclusion of Social & Labor Indicators

In comparison with the environment-focused Index launching in mid-2012, progress on social/labor indicators and standards has been notably slower. The apparel industry has a long history of addressing social/labor challenges in the supply chain, and due to this history, most companies have their own independently developed and managed auditing process.
Rather than laying a foundation that the Coalition could build on (in the way that other environmental standards informed the Index pilot), it has been harder for Coalition members to agree on shared standards and metrics for the social/labor side. Determining how to incorporate social/labor metrics into SAC tools will be a challenge for the organization to tackle in future iterations of the Index.

Data Verification
The credibility of the Index, and the ability to responsibly communicate with consumers in the future, depend on ensuring that data is verified (currently all Index data is self-reported). Verification involves significant time and effort, but the associated credibility benefits that come with third party verification can outweigh the associated costs. The SAC will need to determine how reported data can be authenticated, and who will be responsible for this additional monitoring and associated costs.

Communicating with Consumers
How and when to communicate with consumers remains an open question for the SAC. For some members, the hope of developing a consumer-facing scorecard remains a primary goal for the Coalition. Other members have doubts about the feasibility of this idea and concerns about creating additional confusion in a crowded “eco-label” marketplace. As the organization grows, the SAC will need to determine its overall approach to branding and external communications, and if (and how) it wants to communicate with consumers about sustainability scores at the product, brand, or facility level.

CONCLUSION
From the spark of an idea between two industry leaders, to a global apparel coalition with the potential to influence sustainability practices across the value chain, the Sustainable Apparel Coalition has made remarkable progress since its inception in 2010. Early results from the Index pilot indicate that members are already using this common measurement tool to drive improved sustainability practices and change company-wide policies towards more sustainable decision-making. Perhaps more powerful than the pilot itself is the tangible example it provides of how the SAC has successfully forged collaboration between a variety of industry stakeholders. By establishing a strong culture, engaging the right players, aspiring to a high standard, and delivering tangible results back to members, the SAC has demonstrated that it is possible to engage traditionally competitive entities to work together towards real progress in addressing social and environmental challenges.

While progress to date has been impressive, the SAC must look forward in order to achieve its long term vision of “an apparel industry that produces no unnecessary environmental harm and has a positive impact on the people and communities associated with its activities”. The SAC has established a strong foundation of organizational culture and progress, and faces both opportunities and challenges as it launches as a stand-alone organization, opens membership to any interested company in the apparel sector, and drives the Index tool through further iterations and industry adoption. As the organization grows and evolves, it must retain its unique culture and speed at the same time that it balances membership growth that may bring evolving expectations around sustainability aspirations and engagement to the coalition. The organization is poised to build on its success thus far with strong momentum and member commitment, and translating the SAC accomplishments and lessons learned across the apparel industry (and to other industries) will be the true measure of the SAC’s success going forward.
About the Center for Responsible Business

The Center for Responsible Business at The University of California–Berkeley is an “action tank” that builds on the Haas School of Business’ culture of innovation and UC-Berkeley’s tradition of catalyzing social progress. Recognized by the Financial Times as the #2 ranked MBA program globally in corporate responsibility, the Center for Responsible Business brings together over 100 influencer companies and 1,000 top students with world-renowned faculty to redefine good business.

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