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Plan A - because there is no Plan B
Marks & Spencer sustainable business case study



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1. INTRODUCTION

In 2007 Marks & Spencer introduced their new and very ambitious strategy of sustainable development. They called it Plan A, simply because we have only one planet and therefore only one plan to sustain our life on it. Right now, there is no other habitable planet and therefore no Plan B.

In 2007 Marks & Spencer set off towards their goal to become a leader in sustainable corporate management. They put together 100 commitments to protect our planet in areas of responsible sourcing, waste reduction and community help. After five years, apart from other fulfilled goals, their company achieved carbon neutrality and after renewing their commitments, they now work with the Plan A 2020 version.

M&S was established in Great Britain in 1884 and today it is one of the most sustainable retailers in the country. In the Czech Republic, it used to be known mostly as a clothing brand, although it also offers food and home products. The retailer operates in 54 countries, has over 82,000 employees and reaches a yearly revenue of over £10bn. It is listed on London Stock Exchange and is part of the FTSE 100 Index.

2. THE GREATEST PLAN A ACHIEVEMENTS IN 2015



ZERO

Net carbon emissions from the overall M&S operation (their gross carbon emissions were reduced by 23% between 2006 and 2015)

73%

of all M&S products has at least one Plan A quality

100%

electricity needed for operation of all UK and ROI stores comes from renewable sources

100%

of operational waste from stores, offices and warehouses was recycled in some form (total amount waste was reduced by 9% compared to last year)

2.7 MILLION

used garments donated by M&S customers to their re-use and recycling schemes

99%

of wood used in M&S products and buildings is from Forestry Stewardship Council (FSC), recycled or from sources that help to protect forests and communities

5800

work placements for young and unemployed people

100%

plastic microbeads causing dangerous marine pollution were removed from M&S cosmetic personal care products

42%

of the cotton used to make M&S products comes from more sustainable sources

48%

of M&S food comes from suppliers that meet M&S Silver Sustainable Factory Standard

762 000

workers in the clothing and home supply chain was trained by M&S from 2010

3. PLAN A 2020 COMMITMENTS

Main overview of key sustainability areas and topics M&S established for easier monitoring of their progress. For more information and yearly progress tracking for each criterion, see current Plan A Report.

ECONOMIC

- Reporting and transparency
- What they sell
- How they sell

ENVIRONMENTAL

- Climate change and greenhouse gas emissions
- Energy consumption
- Transport
- Waste
- Packaging
- Water
- Sustainable buildings

SOCIAL

- Employees and diversity
- Employability program
- Training and development
- Health and wellbeing
- Community

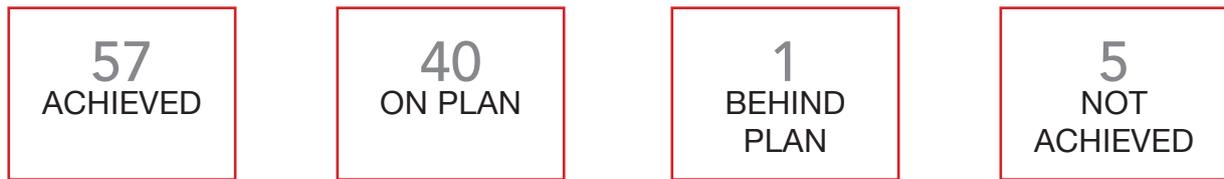
SUPPLY CHAIN

- Policy
- Food
- Clothing and home
- Building and construction



4. IMPLEMENTATION

The 2016 Plan A Report summarizes the state of current 100 commitments:



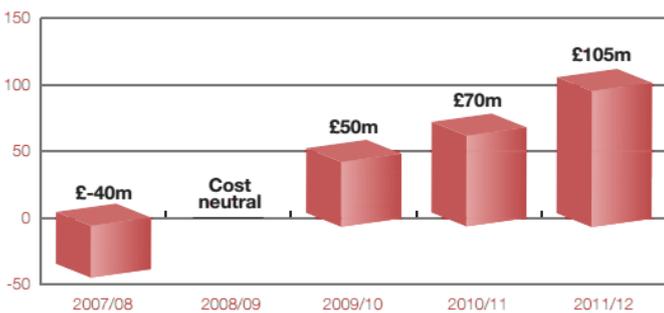
5. PLAN A BENEFITS

By focusing on research and development of sustainable processes and technologies, M&S gained a number of benefits:

Financial

In the first year Plan A performed with a loss, in the second year it became cost neutral and it exceeded all expectations, when it became profitable in the third year of its operations. Since 2009/10 the profit has been rising by tens of percent every year.

Net Benefit



Innovation

M&S invested to incorporate the concept of circular economy into the development of new products.

Improving supplier practices

Supply chains are more sustainable and long-term thanks to changes in raw material sourcing, such as cotton, wood or palm oil.

Non-financial benefits

M&S stands by the claim that not all benefits should be monetized. It is now clear that many more candidates applying for a position at M&S do so thanks to Plan A. New recruits are also increasingly likely to ask Plan A team members, how they can get involved in Plan A activities.

Reputational and partnership fostering

M&S strengthened customer confidence in their brand and customer feedback has been exceptionally positive. Partnership with Oxfam, Forum for the Future or WWF resulted in improvements in many of their sustainability projects and in their more active connection with customers.



6. CHALLENGES & LESSONS LEARNED

Reaching stable results has not always been easy and M&S often faced many challenges in their pursuit of sustainable future.

After five years of the Plan A program, M&S representatives picked out important lessons they all have learned while implementing new initiatives.

Plan A Area	Challenge	Lesson learned
Ownership & Management	From the start, Plan A budgets were managed centrally. It transpired to be ineffective, because individual teams did not feel the need to scrutinize their costs.	Budgets should be owned by individual operations, not centrally. Although they do require central program management support. Individual teams are now more confident and seek new solutions – more sustainable does not always mean more expensive.
Financial Team	Initially, Plan A financing was in the hand of one member of the central Finance team. He was not able to gain detail insight into every operation.	Engage the financial team, they are the experts! Project performance metrics in every area are now controlled every six months and approved by issue owner, financial analyst and the central Finance team.
Green Lens	Majority of all plans were very ambitious at the beginning. Teams working on packaging did not believe they could reach 25% reduction in energy or material consumption. If they'd set more 'realistic' reduction targets they believe they would have limited their capacity to innovate more and add business value.	Put on a green lens and look at your business from a different perspective. You and everyone else will notice many new opportunities to change status quo of old systems, which may not be functioning any more. Based on the official sustainability plan, you have a better mandate to change the status quo of well-established ways of working (e.g. food waste, packaging use or business trips).
Innovation	Some innovation projects are too big, too long-term and some will not turn into success and will fail. It is a risk that is inevitable. Solutions that may not be feasible to be run across the company, could be effective locally.	Innovation is key and must be proactively supported; well-scoped pilots enable you to take controlled risks scaling innovative solutions. Looking for smaller local solutions may prove to be an effective way of taking controlled risks. Although, such local solutions cannot be the ultimate goal, which is a large-scale change.
Cross Business	Reaching sustainability goals may be easier for some parts of business than for others. For some departments achieving some goals may also involve more costs.	All sectors, all operations, all employees – every part of business has to be involved in the strategy. Cooperation across all operations and departments helps to overcome financial and organizational challenges.

Value Chain

Plan A offers benefits to suppliers that are difficult to measure in financial terms. These are benefits such as product quality improvements (for example making them last longer), reducing waste, effective cost management thanks to regular and long-term contracts, possibility of effective innovation with M&S support etc.

There are potentially much bigger benefits outside your organisation in your wider value chain. Your supply chain can be the biggest source of sustainability and effective cooperation with suppliers can lower a large part of negative impact on the environment. Supply chains are also a rich source of knowledge allowing for innovation processes leading towards application of processes such as circular economy. Again, it is important that all projects are owned by individual partners.

Not all Money

Despite the fact that the goal is to monetize the benefit the company has gained, it is also necessary to define the non-financial results that help to strengthen the common business values.

Not all benefits can and should be monetized. Healthier and happier employees are more motivated, confidence in the brand is key in the times of highly informed customers, building resilient supply chain helps manage risks more effectively and the plan also gives opportunity for seeking the most trustworthy partners for its development.

New Revenue

New legislative measures in area of environment or raw material sourcing can result in a substantial business risk.

Sustainability is not only about effectivity. It is also about creating new revenue sources from more sustainable products and services. It is important to notice the risks and turn them into opportunities and new business models that help the business to advance.

SPARK
SOMETHING
GOOD



7. SPECIFIC PLAN A PROJECTS

Ownership & Management

Single use plastic bag

M&S introduced plastic carrier bag charging and within five years it managed to reduce the number of bags their customers use by incredible 80%. Not only did they aim at reducing their use, they also wanted to make sure that those single use plastic bags that remain in use, will support the model of sustainable development. Plastic bags from recycled materials showed as the best option. It soon became clear that it was difficult to source such bags and they would also contain only a limited amount of recycled materials. M&S suppliers therefore developed special bags from 100% recycled materials, but cost remained a challenge. Hunting for solutions, M&S and their supplier jointly identified use of their own plastic waste from their distribution centres as an option. Cross department cooperation (procurement, production, logistics) managed to put the new system into operation and allowed for separating this waste for the needs of their suppliers. Five years later, they repurpose 200 million of protective plastic clothing shrouds to make their 100% recycled plastic bags.

Financial Team

Which costs should be included?

From start, M&S had to set rules for defining costs and revenue coming from Plan A. Buying a new eco-efficient lorry (able to take up to 10% bigger load with 10% better fuel efficiency), would they include the entire cost of the vehicle or just the additional cost relative to a conventional lorry? As it was the goal to show the difference between the standard business management and the sustainable one, only the additional cost was captured.

Green Lens

Waste reduction – revealing new opportunities

Commitment to reduce the amount of waste lead to information management system improvements. At M&S, they came to understand better not only how much waste is recycled but more importantly which kinds of waste are generated by their operations and what are their amounts. This allowed for improved recycling methods and their costs reduction. In five years, the total waste was reduced by 31% and very good results were achieved when it came to M&S decor and publications (leaflets, magazines) cutting the volumes printed without impacting on customer messaging and delivering a saving of £935,000 in 2011/12.

Innovation

Packaging improvements

Introducing meat vacuum packaging brought significant savings of more than £16.3 million. Vacuum packaging lead to a 75% reduction in packaging materials, delivers better quality products and keeps them fresher for longer. It helped to increase meat sales, cut store waste and customer complaints. Packaging reduction was also introduced in the section of clothing.

Not All Money

Partnerships

There are many partnerships that allowed for successful work and achievement of Plan A goals. These include work with Oxfam on clothes recycling, Forum for the Future and Jonathon Porritt on strategy, WWF on sustainable sourcing and partnerships with local authorities to improve kerbside recycling. Although it would be possible to assign these partnerships a financial value, there are many methodologies, how to do that, it would result in a very complex model of financial evaluation. So much work would then be undermined by a subsequent critique so M&S made the decision not to do it.

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Cross Business

Achieving zero waste to landfill

M&S achieved zero waste going to landfill in February 2012, that is after five years since the Plan A launch. It means that all the waste from all operations, offices or construction sites is recycled in some way. This is one of the most widespread sustainability aspects and concerns every single department and employee. It took 18 months to plan this goal considering all the risks for it to be feasible, commercially viable and robust without including increased carbon emissions with adding complicated transportation. Waste management processes had been different in every operation, which was highly ineffective, therefore, in this case, the process has been centralized. Some of the initial recycling methods were kept, while it was invested in others. Some of the packaging materials and substrates could not be recycled but thanks to cooperation with suppliers they ensured the materials were changed in order to allow for easier recycling for customers at home. The revenue derived from recycling, coupled with the avoidance of landfill cost and a reduction in staff time associated specifically with processing food waste, delivered an annual benefit of £6.3m in 2011/12.

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Value Chain

Better cotton

Better Cotton Initiative (BCI), the movement for better cotton, helps producers to apply better (more effective) methods of growing cotton – using less water, less pesticides, fertilizers etc. M&S learned that cotton growers who apply BCI systems are more effective and are able to significantly lower their costs. Together with World Wildlife Foundation (WWF) M&S discovered that BCI farmers earn on average 30% more than conventional farmers. They are also more likely to keep growing cotton and M&S ensures lasting supplier relationship the provides for stability of supplies and smaller price fluctuations within supplier chain. Cotton farmers can trade independently and have the power to remove middlemen. The major part of profit stays with the farmer himself and ensures he can control his business better while the entire supply chain costs are reduced simultaneously.

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New Revenue

M&S Energy

M&S Energy was established in 2008 and offered affordable gas and electricity, while it encouraged reduced consumption. Customers showed immense interest and services were extended to offer home insulation and solar power. M&S believes in growing interest in renewable energy and it took advantage of this significant commercial opportunity.

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8. PLAN A – CURRENT CHALLENGES

A lot has changed in nine years since the launch of Plan A. Following all the successful projects mentioned above, it is worth looking at what the current sustainability challenges are for M&S. Current challenges are regularly published on the Plan A website at <http://challenges.marksandspencer.com/>

9. DID YOU KNOW?

Packaging is not just waste

One of the most visible aspects of Plan A visibility for customers is their initiative aimed at educating customers about packaging and food storage. In cooperation with some of the leading environmental experts, they learned that a vast majority of customers thinks about packaging only in terms of waste. The fact is that M&S invested into innovation in packaging materials that can keep their food products fresher for longer. These are used especially for fruit, vegetables and meat and the results prove that food products stored in the new packaging last several days longer. A packaged cucumber, for example, can last up to four times longer than one that is not packaged.

Food as a waste has much bigger environmental impact than packaging designed to protect it.

M&S launched a research to compare energy and waste impacts of loose apples vs apples packaged both in biodegradable packaging and in standard packaging.

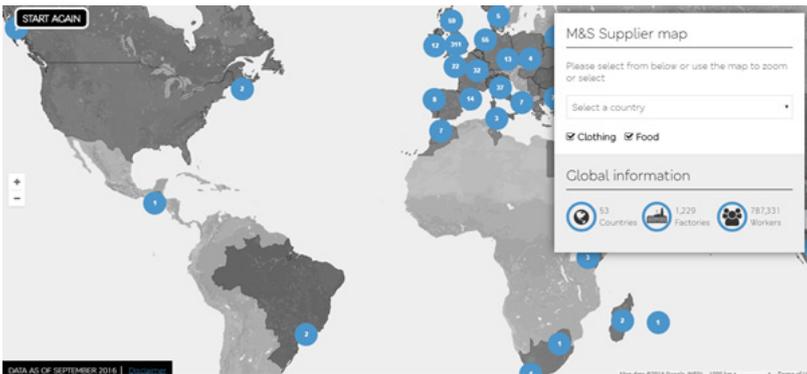
Surprisingly, loose apples ended up producing more than double the waste and greater energy consumption than both types of packaged apples.

The research results showed that loose apples are normally transported in single use cardboard boxes, whereas packaged apples are transported in reusable plastic crates. Loose apples are also thrown away more often, because they do not last fresh for long and that is not only a waste but also bad for the environment.

*Interesting fact:
Loose apples end up
producing more waste
than packaged ones.*

Supply chain can always be tracked and mapped

Supply chains are a very complex issue for many businesses. Many retailers claim that due to complexity of information on their suppliers, they are not able to publish in depth details about them. M&S is one of the few retailers that faced the problem and mapped information on all of their suppliers. In order to achieve openness and transparency M&S tasked all of their direct as well as indirect suppliers to join their ethical data exchange describing their standards, workplace health and safety and environmental impact. The results were published in this great interactive map.



Source: <http://interactivemap.marksandspencer.com>

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This case study was prepared by Flagship CSR Consultancy, Prague-based sustainability consultancy focused on sustainability strategy, corporate responsibility and non-financial reporting.

Flagship belongs to the pioneers of responsible business in the Czech Republic and is one of the first sustainability agencies in the CEE region.

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