



90 years of making a difference

How an apparel and footwear giant makes sustainability the norm, not the exception

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For apparel and footwear giant VF Corporation (VF), it's not just about making high-quality clothes, gear and shoes that enable its consumers to enjoy the outdoors. It's also about *protecting* the outdoors. The parent company behind 30 powerhouse apparel brands — think The North Face, Vans, Timberland, Wrangler, 7 for All Mankind, JanSport and Lee — is dedicated to sustainable practices that protect the environment for future generations.

Sustainability is right for the earth, and it's right for shareholders. In fact, VF has delivered 20% average annual growth in total shareholder return during the past five years. And during the past three years — a time when the company has also accelerated its sustainability efforts — total shareholder return has averaged 45% per year.

Lessons learned: A to-do list for starting a corporate citizenship program

- **Start simply.** Sustainability can be incredibly complex. It's useful to start with simple goals that are tangible and easy for employees to understand. For example, VF's initial goal has been to reduce its energy use by 1% each year.
- **Develop a measuring tool.** It's critical to create a baseline so you can recognize where the starting line is, as well as data management systems and report cards to track progress toward the desired change.
- **Get the ball rolling with a quick win.** People want to be a part of something that has momentum — seize this by finding small wins early and showcasing them. For example, in Europe, VF gained momentum from responsibly sourcing shopping bags, hangers and fixtures across six brands. By aggregating all the buys from six brands down to two suppliers, they achieved significant savings and got more sustainable materials. Who couldn't get behind that?

- **Inspire and engage employees in the program.** If it's something employees have to check off a list, they may do it, but they are unlikely to bring passion and creativity to it. If you are able to inspire and engage people in the change, on the other hand, you can foster lasting commitment and buy-in.
- **Reflect your organizational culture.** Figure out what drives the organization and leverage that. Is it focused on management performance, innovation, prototyping, design or some other corporate value? For instance, if design is paramount, spend time focused on sustainable design and materials. If it's performance driven, it may be best to focus on scorecards and cost savings.
- **Understand the circular economy.** Think about how you are using your materials and products, and what happens at the end of their useful life. Can they be turned into new products? Is there a way to close the loop?
- **Be persistent.** Changing the way a business is run is challenging and can be an uphill battle that takes patience and perseverance. It also takes starting somewhere. Pick a reasonable change and start to go after it, but don't be discouraged if change doesn't happen overnight.

How the program took root

Letitia Webster joined VF in 2011 to spearhead its then-new corporate sustainability program, having already led the successful launch of The North Face's sustainability-focused strategy in 2005. With The North Face program up and running, Webster was ready for the next challenge: creating a sustainability program that spanned the full VF global enterprise.

"VF has been around for 115 years, and sustainability has always been one of our core values. We have strived to run our business in a responsible way," said Webster. But as the company had grown

and acquired brands around the world — along with offices, suppliers, factories and distribution centers — everyone was doing their own thing with regard to sustainability. Some of its brands, like The North Face and Timberland, already had long-standing sustainability programs. But nothing companywide was yet in place “to learn from these experiences and brands, and start accelerating this great work,” said Webster. “We wanted to start aligning these practices throughout our brands and supply chain to become more efficient and effective.”

Getting leadership buy-in, a critical starting point for managing any organizational change, was no problem. CEO Eric Wiseman understood that sustainability was critical to VF’s performance, and that the company had a meaningful opportunity to advance sustainability across the apparel industry.

Engaging sustainability “cheerleaders”

Of VF’s 59,000 employees, only about 1,000 live in Greensboro, N.C., its headquarters. The other 58,000 live around the world, and two-thirds of them don’t sit behind computers. They’re sewing, staffing retail locations, and working in distribution centers and countless other roles. They speak different languages and come from different cultures. Yet, Webster knew that in order “to create systemic change, we needed to engage our employees, our leaders and encourage each brand to put its fingerprint on sustainability.”

True collaboration was the goal, not simply compliance. “We wanted to get buy-in,” notes Webster, “but we also wanted to get creative thinking and commitment. So instead of shoving it down people’s throats, we asked: ‘What do you want to do? What do you see as the potential?’”

And then Webster and her team listened — at town hall meetings and visits to VF locations in Thailand, China, India, Europe and the U.S. The result of that extensive listening tour: “We had cheerleaders across the organization,” said Webster.

Creating a shared vision and foundation

Enacting VF’s initial sustainability program centered on the work of two groups, the Sustainability Council and the leadership team. The council’s role was to inform strategy and begin developing data management systems, reporting, and the governance model. This team included both sustainability leaders and functional leaders from logistics, sourcing, procurement and retail to help establish the foundation and infrastructure. Once the initial program was up and running, the functional leaders stepped aside to enable sustainability professionals to drive the initiatives forward.

The second group, VF’s Sustainability and Responsibility leadership team, provided the vision and purpose, and made sure the program was set up

for success, via incentives, tools, policies and governance structure. This team includes members of VF’s Operating Committee, its highest-level executives, and senior leaders throughout the organization.

Measuring success

“We’re a very measurement-based, financially oriented company, so one of the first things we did was to put together a data management program with a scorecard to create a baseline and start measuring results,” explained Webster. This tool goes out twice a year to every facility to survey sustainability activities, which are then consolidated into a report card that is presented at leadership reviews.

Among the first targets VF set was to lower energy use, become more efficient and reduce its carbon footprint. These efforts have saved VF \$20 million over four years. The company is on track to meet its goal of 5% carbon reduction for 2015 (over its 2009 baseline). Scaling back on energy use hasn’t impeded growth — far from it. During that period, VF’s site count grew from 1,300 to 1,700.

A team sport

Making this much progress, noted Webster, has taken every employee working on it. “So much of the sustainability work has been done by our associates, whether that’s someone on the materials team sourcing sustainable materials, in a store turning down the air conditioning, or in a distribution center reducing waste. Our people have embraced this and brought it into their day-to-day jobs. It’s a team sport,” said Webster.

The team has a lot to be proud of. In 2014, the company made its inaugural Sustainability and Responsibility Report available online, a pivotal moment for the company.

“This gave us a great sense of ownership. We have made our aspirations and values public,” said Webster. The report highlights the sustainability work VF is doing across its business platforms and brands, such as its sparing use of resources and how this work is shaping the future of the apparel and footwear industry.

Four years after its launch, the sustainability train is moving on its own, and her team is not the only one driving it, said Webster. “We have a lot of people who are thinking about sustainability and moving it forward. Our job now is to make sure we’re on the right track and moving at the right rate, and steering it in the right direction.”

That direction — whether from the perspective of the environment, consumers or shareholders — looks promising.

See more at: <http://www.grantthornton.com/issues/library/articles/manufacturing/2015/06-apparel-footwear-sustainability>

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