

Supply Chain Briefing Part 4: Marks & Spencer - A for ambitious

Posted by [Rajesh Chhabara](#) [1] on Jul 5, 2010

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For UK retailer Marks & Spencer, supply chain sustainability is a race to the top. The British retailer Marks & Spencer began its supply chain responsibility programme more than a decade ago to manage reputational risks arising from sweatshop campaigns against the retail industry.

Mike Barry, head of sustainable business at Marks & Spencer, says the company was initially reactive, responding to issues as risk or stakeholder concerns emerged. But by 2006, the company had a reasonable degree of supply chain risk management in place by way of supplier audits and monitoring. Barry says: "It was time for something much more ambitious."

The company wanted to distinguish itself from competitors by raising the bar on sustainability. This led to the launch of Plan A in 2007, an ambitious set of 100 commitments to dramatically enhance the company's sustainability performance within five years.

Having already met 60 of the original 100 commitments, the company has now extended Plan A to cover 180 commitments. More importantly, M&S now aims to become the world's most sustainable major retailer by 2015.

And suppliers are going to play a crucial role in this journey. "If you look at the 100 commitments we initially made, a good two-thirds of them relate to how our supply chains operate," Barry says.

However, engaging with over 2000 suppliers and 20,000 farmers around the world requires an innovative approach.

Strategy of collaboration

Significantly, M&S has chosen to collaborate with suppliers rather than coerce them to push the Plan A agenda. A central plank of the strategy is to partner with top suppliers to establish model factories and then share the learning with other suppliers.

The company has since helped key suppliers to establish model factories in Sri Lanka, Bangladesh and China.

The company also developed a supplier exchange programme to encourage peer-to-peer learning among suppliers. M&S climate change manager Carmel McQuaid says: "One of the greatest things we have learnt from suppliers exchange is that suppliers are happier to take advice and guidance from another supplier." So a farmer will only believe something is possible when another farmer tells how he has done it on his farm.

The supplier exchange initiative, a dedicated website for suppliers to share ideas, a monthly newsletter, and regular conferences and workshops have all helped the company to drive collaboration, best practices and innovation.

McQuaid says rapid change is possible by identifying and rolling out best practices across factories and farms. For example, working with Brandix, a clothing supplier in Sri Lanka, to establish a role model eco-factory helped the company to identify simple ways to cut energy costs across the supply chain.

The company is now aiming to get the top 100 clothing factories to install more efficient lighting and improved insulation and temperature controls, to reduce their energy usage by 10% by 2015.

Plan A also has a strong social dimension. For example, M&S has pledged to help clothing suppliers to pay a fair living wage in Bangladesh, India and Sri Lanka. Barry says the company is working with a range of stakeholders including suppliers, NGOs and government bodies to develop a consensus on the mechanism in the next year or so.

But more importantly, the company is working with suppliers to boost their productivity by providing training to workers and supervisors and improving labour relations. "If you improve productivity in the factory, you have free cash to pay workers more," Barry says.

Factories are allowed to move up the sustainability ladder, with the starting point categorised as bronze, followed by silver, gold and ultimately platinum performance levels. "We are not forcing them to become sustainable overnight," Barry explains.

Plan A commitments also include 25% of food in terms of value to be sourced from factories that have achieved at least 20% energy reduction by 2015. The company has also introduced a new balanced scorecard requiring food factories to use best human resources practices.

The company's sustainable agriculture programme aims to reach out to 10,000 farmers by 2012, helping them to manage fuel, electricity and fertilisers more efficiently. Plans include using model farms to help trial practical new farming techniques and share lessons through the Farming Exchange, a forum to bring farmers together in the UK.

Barry admits that connecting with thousands of factories and farmers is a daunting task. But he says the company has found practical ways and has produced a series of benchmarks that mainstream suppliers can apply.

While the company has achieved encouraging results from model factories, the challenge lies in replicating the model practices across supply chains around the world in order to make any significant impact and to become the most sustainable major retailer.

Links:

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