

Sustainability in Global Business

Final Assessment 30/11/2014

Arnaldo Bernardo S00702025/1

WORD COUNT: 2069

Table of Contents

INTRODUCTION:	3
CURRENT SITUATION:	4
FUTURE SCENARIO:	5
FIRST STEP OF THE BUSINESS PLAN:	6
SECOND STEP OF THE BUSINESS PLAN:	7
THIRD STEP OF THE BUSINESS PLAN:	8
FINAL OBSERVATIONS:	9
BIBLIOGRAPHY:	10
APPENDIX:	12

INTRODUCTION:

The aim of this project is to analyze the current situation of the clothing industry in Italy and provide a possible future scenario for the year 2054. Given the fact that the clothing industry includes too many different types of companies and different types of approaches, this project will concentrate on a company called UNITED COLOURS OF BENETTON. Then, the project will discuss some of the factors that will affect the business in this country in the next future and how it will need to adapt to this changes. After having assessed what is the current situation in terms of sustainability, the project will plan the steps and the goals that the company will set to drive a sustainable development. In order to provide a clear planning, the project will be divided in different steps where specific and realistic figures will be provided according to the general plan. As a final step the project will evaluate what is the general trend of this industry in Italy for the future and how this business will continue to change adapting to the need for a sustainable evolution.

CURRENT SITUATION:

As first step this project will analyze what is the current situation in the Italian clothing industry and the principal factors that nowadays are influencing the managing of the company in terms of sustainable development. To study what is current situation it is important to understand what are the issues related with the clothing industry. According to (Martens and Turra, 2012) during the financial crisis in the last decade, Italian's clothing firms have been struggling, especially high street retailers and small firms had to face the competition of big retailers that relocated their production in cheap countries (China, Bangladesh, etc.).

As most of the big Italian companies, also Benetton started to outsource the production especially in Bangladesh, cutting the cost of production to be competitive in this new and hostile market. . The only problem is that in these countries there is a poor control on emissions, pollutions of the natural resources and safety procedures. According with Greenpeace (Greenpeace International, 2014) the most important issue nowadays directly related with the production of clothing is the pollution of water. Looking specifically a research made in china showed that most of the European brands including Italian famous clothing firms have based their production in industries that do not respect any sort of environmental principle reversing in rivers all types of chemicals (PFCs, PFOA, PFOS) that are dangerous for humans and animals. It easy so to imagine that of course the situation is only worst in Bangladesh. According to (Ec.europa.eu, 2014) in the last year the European commission on the environment published new regulations exclusively for the clothing industry, where all the dangerous chemicals are listed and prohibited for European companies. Looking at the figures, the actual situation is terrible, according with (Ejfoundation.org, 2014) nowadays to make a t-shirt from the plant of cotton to the finished product are needed around 2000 liters of water.

To tackle this environmental issue looking at the future, Benetton has recently started collaboration with Greenpeace in a project called "BENETTON GROUP'S DETOX COMMITMENT". This project is based on the goal of the company to eliminate the emission and the reversing in rivers of all the dangerous chemicals by 2020. Moreover, the company announced its effort in the research for processes that can bring innovation in the textile industry with the purpose of finding sustainable and non-toxic alternatives to the chemicals in use now.

Another big issue related with the outsourcing of the production in other countries is related with the emissions generated with the transport of goods from abroad. According with (Nykgroup-e-calculator.com, 2014) the emissions produced by the transport of a container from Bangladesh to an European port or airport is calculated to be around 2900kg of CO2 travelling via cargo and 120000kg of CO2 via airplane.

FUTURE SCENARIO:

At this point the project will provide a possible future scenario for the year 2054 assessing all the factors that will influence and shape the clothing industry in Italy and the actions that Benetton will make in the next future. First of all, it is important to say that according with the European Commission on the Environment for the year 2050 all European countries should have cut their emissions by 80% respect the levels in 1990. These facts will necessary affect laws and regulations in Italy. The Italian Government will probably introduce limits of emissions and pollution. The limit on the emission that in 2054 should be probably 0%, this will have a strong impact on the transportation of goods. According to (The Economist, 2007) the development of electric cargo vehicles has already started and some transportation companies already tested electric engines cutting emissions and cost of fuel. According with these data, in a future scenario, the cost of transportation will be decreased and all the cargo vehicles will be electric. As a result Benetton products will all be travelling on “zero” CO2 emission vehicles (airplanes, ships and lorries).

As already previously said, the second big issue with the clothing industry is the wastewater from the production process. According with (Postel, 1996) in the next 20 years the world population should growth by 2.6 billion and this will cause a scarcity of water and the need of policies to manage the crisis. Benetton as most of the world's clothing companies will have to adapt to tackle this issue. According with (Textiles, 2014) the Dry Dyeing is a procedure already developed and by 2054 will be the only procedure that Benetton will be using in its production. Moreover, according with (Thorp et al., 2014) the scarcity of water will also change the way plants of cotton (one of the basic materials for clothing) are cultivated. The use of water will be decreased by 80% respect 2014 thanks to the development of the DNA manipulation of plants. As a result Benetton production impact on water use and water pollution will be decreased hugely.

The last big challenge that will have been tackled in 2054 is the production of waste from clothing. According with the research (Dangelico, Pontrandolfo and Pujari, 2013) the awareness of companies among the recycling of textiles issue is growing, as a result most of the companies are developing trough R&D department's new technologies to reduce their environmental impact. For there reasons, it is realistic to say that by 2054 Benetton will have reduced the production of waste by 90% and the company will be carefully measuring the amount of waste produced and recycled.

FIRST STEP OF THE BUSINESS PLAN:

To adapt to the challenges that will be part of the future scenario, Benetton will have to start a process of evolution that will be divided in various steps.

The first step of our project is settled in 2024. As discussed before one of the biggest issues that Benetton will be facing are the CO₂ emissions, as a result, a reasonable goal for this first step is to create a department in the company that will have the job of monitoring the total emissions produced by the company directly and indirectly. According to (Benettongroup.com, 2014) the company already started collaboration with external partners (Greenpeace) to create guidelines for the future, but for the 2024 the company should be able to monitor its parameters independently. Knowing how many kilograms of CO₂ are produced is fundamental to start reducing the figures.

The second issue that has been introduced before is the use of the water and the pollution of water reserves by the reversing of chemicals. A realistic action for 2024 should be based on two principal achievements. The first one involves in the creation inside the company of a department of research that can monitor the liters of water used in the production of Benetton. Being able to have correct figures is once again the first step for development. The second action, involves in the removing of all the dangerous chemicals from the production of any type of textile. Controls on all the suppliers will be periodical and accurate.

The third and last issue is related with the production of waste. Once again being able to monitor the flows having correct figures is always the first step. Benetton should be able for the year 2024 to have correct figures of how many kilograms of products are recycled. At the current situation, Benetton is not collaborating with any recycling industry. By the year 2024 the company will have started collaboration with at least three companies able to recycle textile materials and re-flow them into the production of new clothing.

SECOND STEP OF THE BUSINESS PLAN:

The second big step that this project is settling for Benetton is settled in 2034, exactly ten years after the previous step. By the 2034 the company should now be able to have correct figures on all the parameters regarding the issues analyzed. The majority of the emissions of Benetton are caused by the huge amount of goods imported. The goal of the company for the year 2034 is to reduce by 50% the Co2 emissions caused by the import of clothing. The company will ensure that at least 50% of the flow of goods is travelling on electric vehicles.

Having created a department of research and development, Benetton is now able to measure the liters of water in the production. The same department will start also the development of dry-processes for the production of clothes. As discussed in the future scenario all the treatments on textile will now include the use of the water. By the year 2034 the research programs will start bringing the first results. Benetton will start financing new technologies and the dry dyeing will find its first applications. The department will have achieved the first results also in the cultivation of cotton. At this stage the DNA of the plants will have been in part modified and the use of the water will be cut by 50%.

By the year 2034 Benetton will be able to monitor all the flows of waste in kilograms. The waste reduction will be reduced by 50% thanks to two basic factors. The first one will be the advertising to the public of the importance of recycling. An advertising campaign and discounts for customers could help in the change of people perception on the importance of recycling. The second factor will be the creation of a Benetton department for recycling. The job of this department will be responsible for the managing of the flow of waste.

THIRD STEP OF THE BUSINESS PLAN:

The third and last step that this project is settling will be for the year 2044, exactly 10 before the achievement of the goals that have been stated in the 2054 scenario. At this step all the goods imported and exported by Benetton group will be travelling on electric vehicles. According to the predictions of the European Commission on the Environment all the companies will have to ensure “zero” emission in the production processes. At this stage the company will have reached the “zero emission” goal.

At this stage also the problem use of water in the production will be close to the “zero”. The research and development of new technologies in Benetton will have generated plants that will need only a really small quantity of water. Dry Dyeing will be the only practice used for the coloration of textiles. The use of water will be decreased hugely.

By the 2044 the world population will be aware of the importance of recycling. For this reason, the flow of waste coming back to the company will increase. The company will have developed advanced procedure of recycling. At this stage the goal of 100% of recycled materials will be close. The company will continuously be monitoring the kilograms of waste recycled to grow year after year.

FINAL OBSERVATIONS:

The scenario that this project showed for the year 2054 has been created looking at the predictions of the biggest corporations and organization. This report provided one of the possible solutions that a company as Benetton could adopt to tackle some of the issues that our society will have to face in the next future.

This report tried to be as much accurate and realistic possible in providing predictions. However, the evolution of the technology and the possible variables are infinite. For this reason and for this report to be adoptable by Benetton it should be revisited year after year and should be used only as a guideline for a sustainable management.

BIBLIOGRAPHY:

Benettongroup, (2014). 1st ed.[ebook] Benetton Group, pp.p1-4. Available at: http://www.benettongroup.com/sites/all/temp/benetton_group_detox_commitment_2.pdf [Accessed 19 Nov. 2014].

Benettongroup.com, (2014). *Ambiente / Benetton Group - Corporate Website*. [online] Available at: <http://www.benettongroup.com/it/sostenibilita/ambiente> [Accessed 19 Nov. 2014].

Dangelico, R., Pontrandolfo, P. and Pujari, D. (2013). Developing Sustainable New Products in the Textile and Upholstered Furniture Industries: Role of External Integrative Capabilities. *Journal of Product Innovation Management*,30(4), pp.642-658.

Data.worldbank.org, (2014). *GDP (current US\$) / Data / Table*. [online] Available at: <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD> [Accessed 21 Nov. 2014].

Ec.europa.eu, (2014). *Chemicals - Environment - European Commission*. [online] Available at: http://ec.europa.eu/environment/chemicals/reach/legislation_en.htm [Accessed 19 Nov. 2014].

Ejfoundation.org, (2014). *Cotton and Water*. [online] Available at: <http://ejfoundation.org/cotton/cotton-and-water> [Accessed 22 Nov. 2014].

Greenpeace International, (2014). *Dirty Laundry*. [online] Available at: <http://www.greenpeace.org/international/en/publications/reports/Dirty-Laundry/> [Accessed 19 Nov. 2014].

Martens, C. and Turra, A. (2012). Italy's Struggling Denim Districts. *Women's Wear Daily*,204(92), p.1.

Nykgroup-e-calculator.com, (2014). *CO2 e-calculator*. [online] Available at: <http://www.nykgroup-e-calculator.com/> [Accessed 20 Nov. 2014].

Postel, S. (1996). *Dividing the waters: food security, ecosystem health, and the new politics of scarcity*. Washington, D.C: Worldwatch Institute, p.p76.

Textiles, I. (2014). *Waterless dyeing process for DryDye fabrics*. [online] Innovationintextiles.com. Available at: <http://www.innovationintextiles.com/waterless-dyeing-process-for-drydye-fabrics/> [Accessed 21 Nov. 2014].

The Economist, (2007). *Making waves*. [online] Available at: <http://www.economist.com/node/10202790> [Accessed 21 Nov. 2014].

Thorp, K., Ale, S., Bange, M., Barnes, E., Hoogenboom, G., Lascano, R., McCarthy, A., Nair, S., Paz, J., Rajan, N., Reddy, K., Wall, G. and White, J. (2014). Development and Application of Process-based Simulation Models for Cotton Production: A Review of Past, Present, and Future Directions. *Journal of Cotton Science*, 18(1), pp.10-47.

APPENDIX:

The logo for United Colors of Benetton, featuring the text "UNITED COLORS OF BENETTON." in white, uppercase letters on a solid green rectangular background.

The **United Colors of Benetton** clothing collections for women, men and children offer a style universally recognized as encompassing design, taste, a sense of beauty, which reflect the Italian style of the brand.

The brand's product range is broad: aside from apparel its offering also spans from elegant accessories to eyewear, and from fragrances to luggage.

Figure 1:

Benetton Group, (2014). *Business / Benetton Group - Corporate Website*. [online] Benettongroup.com. Available at: <http://www.benettongroup.com/group/business/brands> [Accessed 26 Nov. 2014].

COMPANY VISION



Benetton **Company Vision** ed on the future. Its story is built on innovation and seeing where others fail to see. The Group has always been at the cutting edge: with color, with its revolutionary approach to point of sale, with an absolutely unique production and commercial network and with a universal form of communication, which created both a phenomenon and cultural debate. Benetton was global before globalisation, but in its own way.

From the start, Benetton saw fashion as a global village where young people of every race live. It travels at the world's speed, overcoming geographical, political and ideological boundaries.

Benetton is a responsible Group, receptive to the needs and problems of the present time and attentive to the environment, to human dignity and to the transformation of society. It creates value and aims at growth, not as an end in itself, but as a means for contributing to progress.

Figure 2:

Benetton Group, (2014). *Profile / Benetton Group - Corporate Website*. [online] Benettongroup.com. Available at: <http://www.benettongroup.com/group/profile/company-vision> [Accessed 26 Nov. 2014].

PRODUCTION



Consistently high quality is one of the defining characteristics of the Benetton production process, from the raw materials to the finished garment.

A constant commitment to innovation, a crucial factor for development, has always characterized the Group's business organization, from communication to IT, from research into new materials to integrated logistics. Special attention is given to innovation in production, where all systems and equipment are constantly renewed.

Figure 3:

Benetton Group, (2014). *Business / Benetton Group - Corporate Website*. [online] Benettongroup.com. Available at: <http://www.benettongroup.com/group/business/production> [Accessed 26 Nov. 2014].

LOGISTICS



Benetton Group has direct control of the logistics phase for both own-manufactured and sourced products. It has invested in modelling, organization, and automation of logistics processes in order to completely integrate the entire production cycle, from client orders to packing and delivery.

Automated Sorting System

The state-of-the-art logistics operation at Castrette (Italy) has an innovative, fully automated sorting system, whose propulsion is based on electromagnetic fields. Castrette alone can handle individual orders for over 6,000 Benetton shops worldwide.

Folded and hanging garments are automatically sorted, packed into boxes and sent through a one-kilometre tunnel to the Automated Distribution Centre.

Automated Distribution Centre

The Automated Distribution Centre covers an area of 30,000 square metres, with a total capacity of 800,000 boxes, and can handle 80,000 boxes daily with a workforce of only 28.

The finished product is sent directly to the Group's over 6,000 stores worldwide.

Figure 4:

Benetton Group, (2014). *Business / Benetton Group - Corporate Website*. [online] Benettongroup.com. Available at: <http://www.benettongroup.com/group/business/logistics> [Accessed 26 Nov. 2014].