Evaluation of potential social impacts of hypothetical novel business models

- UNEP Guidelines for social life cycle assessment of products and organisations (2020) as a methodological background. No systemic evaluation made, however.
- Reflecting the framework also towards the Global Reporting Initiative (GRI) social standards (GRI:401-419), which are often used in sustainability reporting.
- Results based on literature, company workshops and interviews.
- Scope: Operational environment Finland and extentented to Europe, the hypothetical market however is Finland. Scope does not include the impacts on traditional production countries. Evaluation of use phase and end-of-life, not of production phase.

Product as a service – comprehensive solution for companies

Business model

Comprehensive, customizable
The company offers their customer rental and repair services

Marketing

B2B

Marketing channels

Online
F2F

Ownership

Ownership remains in the service provider's hands

Stakeholders

B2B
Platform provider
ERP
Data
Logistics
Repair/maintenance partners

Service offering

Product portfolio for segmented B2B customer, customizable for each customer

Customer relationship

Periodical charge
Minimum time for rental

Reference

Ordering

Direct customer contacts
Customized for B2B customers
Online product portfolio

Warehousing

In service provider's warehouse

Logistics

At the beginning of contract products are delivered for the customer
During the rental period, the partner laundry delivers products for the customer or service provider

Use time

Rental time customizable

Maintenace & repair

Partner laundry checks, washes, repairs and delivers back to customer or the service provider

Returns

Laundry returns the products to the service provider

End-of-life

Partner laundry checks the products
The company defines end-of-life and usage of textile waste

Potential social impacts

Transparency of product value chain
> Solution: Product pass
> Impact: trust, value chain/partners, consumers

Partners
> Solution: laundry as a service
> Impact: employment
Hygiene
> Solution: validation from the service provider
> Impact: social norm like hygiene and quality

Partners
> Solution: wide logistical network
> Impact: employment, decentralised reponsibility

Customers and contract
> Solution: personalisation
> Impact: customer's commitment
Tracking
> Solution: product passport
> Impact: matching the need
Hazardous substances
> Solution: laundry as a service, product pass
> Impact: safety, wellbeing

Quality and efficiency
> Solution: realiable partner
> Impact: social norms like quality and intact
Responsibility
> Solution: realiable partner
> Impact: decentralised responsibility, employment
Price
> Solution: traceability
> Impact: value and appreciation > remunaration

Partners
> Solution: realiable partner
> Impact: employment
User-frindly
> Solution: wide network for returns
> Impact: accessibility
Price
> Solution: traceability
> Impact: accessibility, appreciation

Reponsibility
> Solution: reliable partner, traceable value chain
> Impact: decentralised responsibility, employment

Reuse – take back

Business model

Take Back & 2nd life
Company takes back their products from consumers, resale/2nd life
Compensation for the consumer

Marketing

B2C

Marketing channels

Online
Social media

Ownership

Ownership returns to the brand
Consumer gets ownership when buying the products

Stakeholders

Consumers
Platform(s)
Logistics

Service offering

Brands own products (defective, samples, removals from stocks)

Customer relationship

Consumers buys a used product online or at store

Reference

Formation of offering

Brand takes back the product from a consumer
Repairs and puts back in sales
Resale

Warehousing

In service provider's warehouse

Purchase

Customer gets the products online or at store

Logistics

Customer returns used product (code for return)

Company delivers the used product for the next customer (resale)

Returns

Product returns to the brand

Second-hand products are not in resale (end-of-life)

Reuse potential

Second-hand products recycled or upcycled

End-of-life

The company defines end-of-life and usage of textile waste

Potential social impacts

Customers
> Solution: contract
> Impact: commitment
Consumption
> Solution: supporting reuse
> Impact: price, appreciation

Employees
> Solution: competitive salary
> Impact: wellbeing

Customers
> Solution: contract
> Impact: commitment

Partners
> Solution: wide network for logistics
> Impact: accessibility
Tracking
> Solution: product passport
> Impact: privacy policy, traceability

Price
> Solution: rating by condition
> Impact: accessibility
Partners
> Solution: decentralised responsibility
> Impact: growth in value

Quality
> Solution: limited collection, extra services
> Impact: longevity

Responsibility
> Solution: reliable partner, traceable value chain
> Impact: decentralised responsibility, employment

Social responsibility in business

- Read the table from left to right.
- The column on the left tells the name of each variable.
- The company or other actor can implement the variables on four separate stages (ok, good, very good, excellent).
- The stages are cumulative, each level must materialize for the actor to move onto the next stage.
- The company or other actor can at the same time be on different stages at different variables.

Social responsibility stages in circular business of textiles

	IMPLEMENTATION OF VARIABLES			
NAME OF THE VARIABLE	OK	GOOD	VERY GOOD	EXCELLENT
Code of Conduct	Code of conduct in effect	CoC followed	Implementation evaluated (possibly via 3rd party)	Results reported publicly
Internal feedback	Grievance mechanism	Measuring and monitoring	Interference with problems	Changes in company policies and operation
External feedback	Grievance mechanism	Reaction to feedback	Procedure	Changes in company policies and operation
Remuneration	Employees with employment contract	Living wage	Equal pay	Employment of locals
Stakeholders	Transparent and public value chain	Established partnerships	Partners involved in development work	Economically viable business ecosystem
Product as a service	The product is sustainable, comfortable and safe	Repairable and refurbishable	Sustainable material	Closed loop system
Reusable product	The product is sustainable, comfortable and safe	Remains its value (even repaired)	Recyclable material	Closed loop system
Accessibility in reuse	Promise of product durability	Platform supporting reuse	Product used up	Valuable material returns to the company
Transparency of product data	Internal trackability of products	Link to up-to-date product data within the product	Product data includes scope 3	Product data during use-phase collected
Business model	Test	Pilot	Established part of business	Decreases the production of new products
Sustainability communications	Communication on the current situation	Communication on the development	Communication on the future	Communication on the results and reaching the targets set

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