



THE SIGMA GUIDELINES – CASE STUDIES

BOOTS Case study

Assessing the product range for sustainable development risks and opportunities



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'Tackling the complex issues associated with sustainable development can appear daunting. Working with the Sigma guidelines has enabled us to approach the development of our sustainability assessment tool in a logical manner. This has given us greater confidence that the pertinent issues have been addressed in the process'.

Andrew Jenkins, Adviser; Packaging & Environmental Compliance

Background to SIGMA

The SIGMA Project – Sustainability: Integrated Guidelines for Management was launched in 1999 as a partnership between the British Standards Institution, Forum for the Future and AccountAbility. It is supported by the British Government, and advised by a multi-stakeholder Project Steering Group comprised of organisations such as Worldwide Fund for Nature, Association of Certified Chartered Accountants and the Confederation of British Industry. SIGMA seeks to provide clear practical advice to organisations that enables them to make a meaningful contribution to sustainable development, by improving their social economic and environmental performance.

This case study is one of a series. It reports on the progress and organisational learning of a diverse group of organisations from industry and local government who have trailed the guidance and tools contained in the SIGMA Guidelines for sustainable management.

About Boots

From its origins in 1849 the Boots company has grown to become one of the best known retail names in the UK. The company is a leading provider of health and beauty products and services. As well as retailing, Boots develop and manufacture products, and market many worldwide. The Boots Group plc consists of Boots Retail and Boots Healthcare International. Boots employs around 80,000 people in the UK and overseas.

Boots and Sustainable development

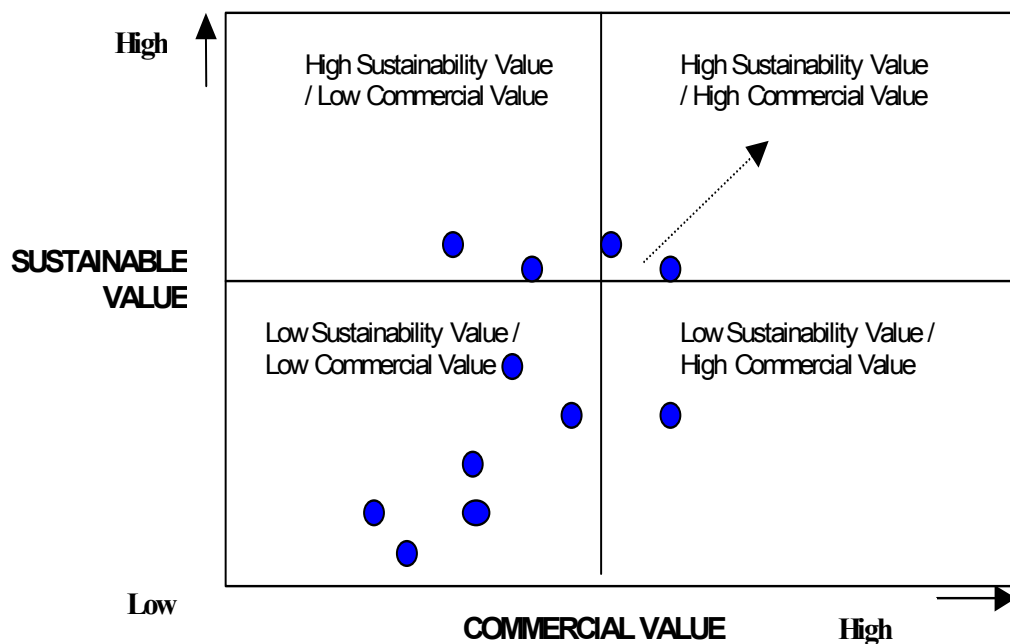
A strong sense of social responsibility is part of the Boots heritage. Today this is reflected in Boots values and behaviours and made explicit in the statement of business purpose. Boots seek to respond to the legitimate concerns of stakeholders wherever they are – in the workplace, the marketplace, the communities in which they operate and the environment that affects us all.

Sustainability is a core element of the Boots brand with Boots customers expecting it to responsibly manage the environmental, social and ethical impacts of its products on their behalf.

Aim of the Pilot Project

The aim of the pilot project was to develop a more co-ordinated sustainability assessment approach for all Boots products and services, to enable areas of high risk and opportunity to be identified and addressed in a consistent manner. This includes around 30,000 product lines, with approximately 1300 new products developed each year. The intention was to make managing and improving the impact on sustainable development a part of everyday decision making. Developing product and service sustainability criteria would also meet a target set in the 2002 Environment Report, with implementation planned for 2004.

Boots's goal is to move in the direction of achieving both high sustainability value and high commercial value simultaneously, as illustrated in the diagram.



What was done

The first stage of the process was to identify Boots key sustainable development impacts and associated indicators. Much of this information was available through existing work in this area and was enhanced by consideration of the guidance developed for the SIGMA opportunity and risk

guide. For example environmental issues are well understood and managed systematically from product development to retail.

The second stage of the process was to develop an assessment matrix which incorporated these impact areas and indicators and matched them to the product or service life-cycle stage, i.e. raw materials, production, distribution/retail, use and end of life. This approach builds on the SIGMA principles by enabling a life-cycle comparison to be made across the five capitals: natural, social, human, manufactured and financial.

The next stage of the process involved developing questions about each key impact and indicator area and a simple scoring system with which to make an assessment. For example, to look at eco-system impacts, questions were developed on the use of renewable resources in the product or service development. To ensure comparability and ease of use for different assessors across Boots entire range, the scoring system has been kept to a simple three way choice, with examples provided. A similar approach is used with other relevant questions, such as biodiversity, to complete each impact area. This approach draws on lessons learnt in development of the SIGMA Opportunity and Risk Guide.

The Assessment Matrix scores the product or service in isolation. Supply chain variations can be measured by additionally including weighting from Boots Supplier Assessment process. The scores created have been categorised according to the level of sustainability.

Benefits

There were widespread benefits of developing this approach. These included:

- Identifying risks quicker (e.g. materials, products, chemicals, natural ingredients sourcing, biodiversity) and reduce potential brand erosion.
- Adding value by capturing and measuring the cost/benefit aspects of sustainable products.
- Simplifying the process surrounding development of sustainable products. The ease and speed of using the matrix assessment approach means that widespread assessments can be made across a broad product and service range
- Producing a development tool which is easy to use, especially for key decision makers e.g. Product managers and Marketeers
- Providing transparency and consistency of products and processes.
- Informing other decision making processes (eg: Chemicals Priority Substances List)
- Enabling the setting of KPI's and provide the ability to report on progress.
- Supporting and enforcing Boots strategy goal to become a global leader in health and beauty products and services

- Keeping the scoring system simple, means that a variety of people, who are tasked to conduct the assessments will be able to produce comparable results
- Case studies can be showcased internally and externally to highlight the benefit, for example financially or to Boots brand image.
- Identification and marketing of sustainability 'winners' can be used to gain competitive advantage.

Further development

Further development is planned for the assessment approach. Commercial value criteria and indicators are being developed that will enable a better understanding of the financial implications of the product and service. Additionally work is in progress to define the roles within Boots that will be tasked to answer specific questions. Once the approach is piloted further on a range of projects and services, at various levels of the organisation, it will be improved and rolled out. Suggested improvements, including potential cost and other benefits could then be generated in line with the score, i.e. action can be focused on the areas that need it most.

This will help to ensure that sustainable development issues are integrated into everyday decision-making processes. A suggested way of delivering and communicating this thought process is to base the criteria on Boots' existing Managing for Value principles. This will be explored in future work.

Pilot project duration: *Sept 02 – May 03*