

KPI Design Kit

A Sustainable Strategies Playbook for Measurable Change



Megan Glessman
Casey McAlpin
Kerin McCauley
Elizabeth Quartararo
Katelyn Tsukada
Sam Wallace

MBA Team Authors

NYU Stern Center for Sustainable Business

MBA Course: Sustainability for Competitive Advantage Led by Tensie Whelan, Director Clinical Professor, Business + Society and Sophie Rifkin, Senior Associate Director



Center for Sustainable Business

In partnership with

Council of Fashion Designers of America

Edited by

Kevin Bass Marc Karimzadeh



Special thanks to

Araks
Jonathan Cohen
Lauren Croke
Rachel Espersen
Domenica Leibowitz
Tracy Reese
Sophie Rifkin
Abasi Rosborough
Public School
Teslin Doud
Tensie Whelan





KPI DESIGN KIT

Introduction

As part of NYU Stern's 2019 MBA Course, Sustainability for Competitive Advantage, 6 MBA teams collaborated with the Council of Fashion Designers of America. The MBA teams engaged with CFDA + Lexus Fashion* Initiative 3.0 brand participants: Abasi Rosborough, Araks, Jonathan Cohen, Public School NY, and Trace Reese, working to address key industry challenges within topic specific areas of ranging from sales to supply chain. Each team produced strategic recommendations led by Stern's Center for Sustainable Business Director, Tensie Whelan.

The CFDA challenged one NYU Stern MBA team to develop a KPI focused guide, specifically for SMEs {Small to Medium Enterprises} with the goal of helping small brands successfully navigate towards 'quick win' areas of prioritization with potential for big impact that can be realistically implemented. This added resource is intended as a designer's field guide, i.e. a comprehensive set of sustainability and financial KPIs that take into account the realities of independent designers with small design/production teams, often without an in-house sustainability expert, or R+D budget. Designers today are often surrounded with inaccessible options and struggle to integrate tools to agilely measure impact on a small scale. For small business, limited resources can often create a barrier for actualizing goals, therefore this playbook is intended to demonstrate clear, tangible steps that can be taken from a tactical perspective.

Taking into consideration that within the current global landscape, many American fashion brands qualify as SMEs in terms of scale and revenue, yet exceed large scale competitors in visibility, relevance, and thought leadership netting them invaluable in creative capital, supporting brands in overcoming size related hurdles is an essential ingredient for positive industry impact.

This playbook spotlights the result of the NYU Stern MBA team's work, which also included an analysis of various CFDA Sustainability Initiatives – including the CFDA.com based Resource Hub launched earlier this year. Centered on the CFDA Guide to Sustainable Strategies + Toolkit annex, produced with Domenica Leibowitz and Lauren Croke, the MBA team extracted 9 of the Guide's 15 topics- and applied tiered recommendations, aligned to the principles of the existing resources. It is intended as an addition to a library of CFDA resources- that are designed to parallel the purpose of globally leading frameworks such as the universal, all sector 17 UN Sustainable Development Goals and the Sustainable Apparel Coalition's suite of B2B tools for impact assessment including the Higg Index and other newly developed offerings.

Today as we together journey forward collectively, against climate change, pollution, and waste, we believe in the potential of a positive call to action in action. Fostering collaboration between the circles of education and industry, as well as multi- generational collaboration has never been more vital to our progress and to our existence. The CFDA expresses its gratitude to the students and faculty of NYU Stern Center for Sustainable Business, to Lexus, and to all of the individuals who contributed to this work. We hope it is useful addition that helps small brands define actionable, attainable goals and supports with the complex choice-making faced in sustainability today.

- Sara Kozlowski

QUESTION

What are KPI's whow do you measure them?

QUESTION

What can designers do better in the short term?

QUESTION

What are *long* term priorities for better KPI development?



THREE TIERED APPROACH

Recommendation

Level 1:

Entry: Introduction to sustainability.

- Little to no prior knowledge of sustainability.
- Need to identify 1-3 sustainability issues to work on first.
- Few employees and limited resources.
- Low to nonexistent level of awareness of sustainability and ESG issues.
- No Sustainability strategy.
- Limited production with little to no manufacturing overseas.

Level 2:

Intermediate: Moderate level of knowledge & practice.

- Moderate resources available to measure internal sustainability impact.
- Sets tangible goals for improvement.
- Some exposure to sustainability and initiatives.
- Desire to become more engaged.
- Ability to dedicate more resources to a sustainability strategy.
- Follow quantifiable KPIs based on tracked data.

Level 3:

Advanced: Clear KPI's established, implemented & tracked.

- Established designer with dedicated resources to track KPIs.
- Commit to more intensive goals.
- Embed sustainability into the design process.
- Consider sustainability in branding and marketing.
- Desire to deepen impact on existing initiatives and embed sustainability.
- Dedicated staff and financial flexibility for more resource intensive goal setting.
- Existing overseas manufacturing and production or plans to expand.

Additional Considerations

Tip 3:

Tip 4:



KPI DESIGN KIT —

Additional Considerations

Tip 1: Question Assumptions

• Don't assume level of knowledge about KPIs, business frameworks, tracking metrics.

Tip 2: Challenges for New Designers

• No leverage over suppliers.

• Start small: tracking quantitative metrics is infeasible for small designers.

• Attainable yet effective KPIs vary widely.

Build Out Existing Resources

• Develop a more robust resource bank sorted by type or need.

• Resources should be more visual and interactive.

Showcase the Value of Sustainability

• Identify marketing opportunities to showcase sustainability values and achievements.



KPI DESIGN KIT

Plan the Work & Work the Plan.

Self-Selection: Allow designers to select level by category and resource level. *Plan the Work & Work the Plan:* Choose 1-3 interest areas and set actionable goals. *Track with Purpose:* Identify only necessary data points. *Improve over Time:* Continuous feedback loop.

People: Company & Community



PEOPLE: COMPANY & COMMUNITY

Recommendation

Level 1:

Entry:

- Create, document and distribute policies, pay structure and benefits. Record changes made and set goals with timelines.
- Review community-level externalities. Set goal to reduce negative externalities by X% by end of fiscal year.
- Measure employee satisfaction and ensure feedback loops exist at the organization.

Level 2:

Intermediate:

- Implement diversity measures in hiring practices. Track number of women underrepresented minorities (URM).
- Implement volunteer programs, host events. Measure change in brand perception over time (e.g. survey).
- Ensure all interns are paid.
- Conduct yearly diversity and inclusion training program.

Level 3:

Advanced:

- Commit to X% of women / URMs in senior leadership positions. Set goal proportional to your pipeline.
- Develop and implement Local Purchasing Policy / Local Hiring Policy.

Resource: CFDA Guide to Sustainability (p. 61)



Materials Processing Manufacturing



MATERIALS PROCESSING & MANUFACTURING

Recommendation

Level 1:

Entry:

- Establish relationships at your primary suppliers and visit if possible.
- Ask critical questions of suppliers / manufacturers (B Lab Supplier Survey)
 - Compliance with all legal requirements/permits within the last 12 months.
 - Does this site track energy use from all sources (on site and purchased)?
 - Does this site set and review at improvement targets for reducing energy use?
 - Do you monitor the quantity and quality of wastewater produced at your site?

Level 2:

Intermediate:

- Determine your code of conduct for suppliers and manufacturers.
- Review internal operations and incentives for various departments (design, marketing, purchasing).
- Create a Restricted Substances List (see examples at ZDHC, GOTS, and bluesign®).

Level 3:

Advanced:

- Hire a third-party assessor.
- Partner with suppliers to help them create goals and a timeline for their sustainability strategy.
- Reward good behavior: sign multi-year contracts with suppliers who are abiding by ESG values.

Resource: CFDA Guide to Sustainability (p. 81, 105)



Create your company sustainability strategy



COMPANY SUSTAINABILITY STRATEGY -

Recommendation

Level 1:

Entry:

- Create a brand narrative and mission for your company.
- Define a vision for your overall impact on people, environment, and community.
- Create a mini-team and task them with developing an overall strategy.
- Identify quick wins and implement processes for achieving them.

Level 2:

Intermediate:

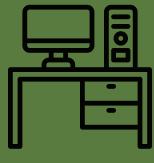
- Conduct a self-assessment (for example: B Corp Impact Assessment or Higg Brand and Retail Module).
- Assess and review all potential negative externalities.
- Develop KPIs and track progress over time.
- Identify stretch goals and long-term vision for progress.

Level 3:

Advanced:

- Develop metrics for tracking all sustainability initiatives and achieving KPIs.
- Orient your company and mission around sustainability (built-in vs. bolt-on).
- Consider sustainability as an integral piece of major business decisions.

Resource: CFDA Guide to Sustainability



Sustainable Buildings & Offices



SUSTAINABLE BUILDINGS & OFFICES

Recommendation

Level 1:

Entry: Ideas for renters.

- Replace existing lighting with ENERGY STAR LED lamps. Install motion detectors or light sensors to save.
- Turn off/unplug appliances when not in use; set on smart power strip to control automatically.
- Set thermostat on schedule to avoid overheating/cooling space during off hours and weekends.
- Set up paper, metal and plastic recycling in your office and studio for all employees. Compost if possible.
- Use reusable plates, glasses and silverware for small office gatherings (party, lunch).
- Bring indoor plants into office environment to improve air quality for workers.

Level 2:

Intermediate: Ideas for owners. More upfront costs involved.

- Pledge to reduce energy consumption by X% year over year (extra motivating if you pay your own energy bills!)
- Visit local utility website for opportunities to get rebates or incentives to use energy efficient technology. Ask about free or reduced energy audits of facility and identify "quick wins" with economic payback of 2-5 years.
- Install a filtered water cooler to avoid use of bottled water.
- For retail stores: Avoid single-use display items (i.e. posters), utilize physical environment to promote ESG values to customers.

Level 3:

Advanced:

- Upgrade HVAC equipment to heat pumps or other efficient technology.
- Invest in energy efficient appliances: kitchen (Energy Star certified refrigerators and dishwashers).
- Pursue LEED, BREEAM, or other sustainability certification.
- Push for suppliers and manufacturers to also align to building ESG goals.

Resource: CFDA Guide to Sustainability (p. 143)





MATERIALS

Recommendation

Level 1:

Entry:

- Audit all materials used in design and manufacturing and quantify the percentage that are sustainably sourced (reused, upcycled, or sourced from certified suppliers).
- Request sourcing information and metrics from all suppliers.

Level 2:

Intermediate:

- Review all 8 factors in sustainable materials sourcing and research the application of each one to your end materials.
- Commit to increasing sustainably sourced materials in your production by X%.
- When sourcing a new fabric, search among certified sustainably sourced fabrics.
- Commit to eliminating "worst offender" materials from production.
- Commit to decreasing use of synthetic materials created from crude oil by X%.

Level 3:

Advanced:

- Partner with organizations focused on creating "smart" textiles, as suggested by CFDA Guide to Sustainability pg. 96 to introduce new, innovative and sustainable materials to your design.
- Work with suppliers who create materials using minimized water, toxic chemicals and waste. Ensure suppliers do not use Restricted Substances List.
- Visit suppliers annually to ensure production of materials is done safely. Water and toxic chemicals are minimized, air is purified, and safe for workers.

Resource: CFDA Guide to Sustainability (p. 89)



Design for Sustainability



DESIGN FOR SUSTAINABILITY

Recommendation

Level 1:

Entry:

- Begin your design process as early as possible. Planning ahead can decrease
 last minute changes that negatively affect workers in your supply chain, stress
 on your team, and may allow for overseas shipping (which is less harmful to the
 environment than air shipping). Measure how many order cancellations, how
 many last minute changes.
- Design products to be washed and dried less frequently with less impact, and make care instructions very clear to consumers, and design for endurance. Track how many washes products can withstand and how often washing is needed, set a goal to increase and reduce respectively.

Level 2:

Intermediate:

 Pick a product line. Experiment with starting your design process with limitations already in place on amount & type of materials used. Ideas for these limitations can be found in the CFDA Materials Index. Measure the percentage of materials used that fall into the Materials Index. Set a goal for increasing this over time. (Eventually expand this approach to all product lines.)

Level 3:

Advanced:

• Explore zero-waste patterns. Measure how many products lines you can convert to zero-waste and overall reduction of selvage.

Resource: CFDA Guide to Sustainability (p. 51)

End of Use, Reuse & Recycling



END OF USE, REUSE & RECYCLING —

Recommendation

Level 1:

Entry:

- Give your customers instructions. Label customer care and end-of-life instructions. Design things to be washed and dried less frequently with less impact, and make care instructions very clear to consumers. Set a goal to have end of life instructions on every label.
- Develop a bring-back program so you can reuse or properly recycle products.

Level 2:

Intermediate:

 Find circular opportunities; you may start with adding when adding a single circular element. Sign onto the Circular Commitment when you're ready: Global Fashion Agenda.

Level 3:

Advanced:

- Take action on your own waste (Water, Raw materials, Chemicals). Measure cost savings from reduced waste and recycling.
- Monetize recycling when possible (your "trash" might be someone else's treasure!)

Resource: CFDA Guide to Sustainability (p. 193)





PACKAGING -

Recommendation

Entry: Level 1:

- Review packaging process and materials to identify waste savings.
- Ask suppliers about sustainable packaging alternatives and identify substitutes.
- Identify and use retail-level ready packaging wherever possible.

Intermediate:

- Review all product packaging configurations and reduce them to minimal volume and waste by X%.
- Implement customer-facing program to recycle and reuse product packaging.
- Review all 8 factors in sustainable materials sourcing and research the application of each one to your packaging.
- Create Packaging Restricted Substance List (PRSL); share and enforce with suppliers.

Advanced:

- Track and report waste and carbon impact of packaging materials.
- Program to recycle and reuse product packaging results in a X%+ reduction in final packaging waste.
- Review supplier packaging process and discuss ways to jointly reduce packaging.

Resource: CFDA Guide to Sustainability (p. 160, 168)

Level 2:

Level 3:



Transportation & Logistics



TRANSPORTATION & LOGISTICS —

Recommendation

Level 1:

Entry:

- Audit and record how your goods are transported: How are they shipped (air, ocean, truck, freight)? Who ships the goods?
- Choose modes of transportation/shipping modes with the lowest environmental impact avoid overnight and two-day shipping when possible.
- Incentivize carpooling, biking, public transportation for employees to reduce carbon emissions.
- Visit multiple factories when overseas to reduce quantity of international air travel.
- Reduce employee air travel. Utilize videoconferencing or low-travel options when possible.

Level 2:

Intermediate:

- Switch to transport/logistics vendors that use renewable energy or have strong ESG alignment.
- Coordinate with "Packaging KPIs" to design products to reduce packaging, reducing volume/weight for shipping.
- Consolidate shipments of raw materials and finished products. Consider longer shipping lag times to make fewer trips.
- Build delays into timeline to avoid rush shipment using more carbon-intensive transport.

Level 3:

Advanced:

- Minimize transportation distance by sourcing materials closer to factory or production location.
- Do not offer overnight or two-day shipping
- Calculate your carbon footprint and measure/report on reductions. Implement a "shadow price" on carbon to help calculate finances.
- Consider carbon offsets.
- Set a timeline to work towards an ultimate goal of being carbon neutral.

Resource: CFDA Guide to Sustainability (p. 171)

CFDA Sustainability: Lauren Croke

As part of a four-part series, CFDA examined unique approaches to road-mapping sustainable priorities, strategies and action with consultant Lauren Croke, a mentor for the CFDA + Lexus Fashion* Initiative and the author of the Sustainable Strategies Toolkit, and Teslin Doud interview Lauren for CFDA.com.

Case 1: A large CFDA member apparel brand at the beginning stages of developing its sustainability strategy

To set collective goals, leaders came from across the company to clearly articulate what each felt as the most important focus. After cooperative inquiry and priority of business operations, this apparel brand identified its environmental impact and waste reduction as the initial leverage point.

In review of its supply chain, this brand questioned themselves on the almost exclusive use of air shipments. Does the extra speed of transporting goods by plane bring a financial benefit that warrants the significant increase in carbon emissions, freight and labor costs? They discover that in many instances it does not. In response, the leaders of this brand set a goal to shift from air to sea shipments in support of their sustainability strategy while simultaneously reducing waste and saving costs.

To assess the feasibility of this goal, the brand presented their plan to the individuals whose work would directly be affected by the process shift. Design, manufacturing, production and planning teams were brought together to collectively identify the changes sea shipments would require, including impacts

on their suppliers and manufacturers. During this forum, the brand was clearly seen as a system, highlighting the interrelationships between people, processes, structures and communications.

Imagine a different scenario: isolated leaders of a large apparel brand decide to tackle their environmental impact and ways to reduce waste. The change in policy of shipments from air to sea is then communicated down to each team in their silo. Sales and Marketing have a last minute order to satisfy partners, retail, advertising or direct mail. The brand's factories then have to subcontract work in order to fulfill the short turnaround time. Now the brand is in the dark about how many hours factory employees worked, its working conditions and if they were paid fairly. Ultimately, the shipment still has to go by air because a sea shipment won't arrive in time to satisfy timelines. As a result of this top-down shift, costs have gone up across the board and the environmental goal to reduce carbon emissions can't be reached.

The apparel brand in our story however, realized the power of shared goals. Working together throughout the company, leaders, employees and their supply chain were able to agree on goals and targets that are collectively attainable. Now, they share a purpose, making the system of interrelationships a tool, instead of a barrier in the fulfillment of their sustainability strategy.

CASE STUDY #1 CONT'D -

CFDA Sustainability: Lauren Croke

As part of a four-part series, CFDA examined unique approaches to road-mapping sustainable priorities, strategies and action with consultant Lauren Croke, a mentor for the CFDA + Lexus Fashion* Initiative and the author of the Sustainable Strategies Toolkit, and Teslin Doud interview Lauren for CFDA.com.

The Company's Plans:

- Surveying the company on what employees think about sustainability.
- They have worked closely with the people in the factories who produce their products and see value in sharing more about the factories and the people who work in them.
- Create workshops and learning opportunities to broaden awareness and bring a more thorough understanding of the product lifecycle companywide.
- Focus on environmental considerations for their workplaces.

Conclusion:

By creating a shared awareness, you make sustainability accessible to all employees and partners, employees are engaged in setting the agenda and priorities, plans can be specific and contain enough detail to provide clarity so all are able to contribute, a shared social purpose creates meaning in the workplace and sustainability can then be embedded throughout company value chain.

CFDA Sustainability: Lauren Croke

As part of a four-part series, CFDA examined unique approaches to road-mapping sustainable priorities, strategies and action with consultant Lauren Croke, a mentor for the CFDA + Lexus Fashion* Initiative and the author of the Sustainable Strategies Toolkit, and Teslin Doud interview Lauren for CFDA.com.

Case 2: A CFDA member streetwear brand shifting the perception of sustainability through collaboration.

The designers of this streetwear label prioritize authenticity, bringing a new look to the landscape of sustainable fashion. Their evocative brand voice challenges the perception of sustainability as simple and neutral designs with the aim of sparking an inclusive and collaborative movement in fashion.

"This brand sees that they have a responsibility, a voice and a platform to support human rights and environmental issues important to them," writes mentor and consultant Lauren Croke.

As just one piece of the larger fashion system, these designers are focusing their sustainability work on identifying their barriers in addition to the unique contributions they bring to the collective effort. They're looking to co-create the future of fashion by learning from brands already paving the way and sharing their knowledge to help others join the conversation. These savvy designers are creating a framework for collaborations that will enable this collective learning in a precompetitive design space.

"Articulating your strengths [and] passions as

well as limitations helps to focus and sharpen your brand values and purpose and extend them through your sustainability vision," advises Croke.

The vision for this streetwear brand is sustainability as a movement and using business for good. These designers are pointing to collaboration as imperative to achieving their goal. With a strong foundation of sustainable values and an authentic voice, this brand is utilizing introspection as a means of growth. Instead of fearing their limitations and barriers they are opening them up as key leverage points for increased innovation through collaboration and co-creation.

The Company's Plans:

- Use innovative experiences and products to shift the connotation of sustainability as dated and out of fashion
- Create a framework and design brief for collaboration and information sharing with brands from all points of the sustainability spectrum
- Make sustainability a movement

Conclusion:

As a foundation for your sustainability vision, you must focus your brand values and articulate them authentically. Discovering your strengths and passions as well as acknowledging your weaknesses and challenges will highlight places for collaboration and pre-competitive sharing of information. With time spent sharpening your purpose and manifesto for the future, profound and meaningful change will come with ease and intention.

CFDA Sustainability: Lauren Croke

As part of a four-part series, CFDA examined unique approaches to road-mapping sustainable priorities, strategies and action with consultant Lauren Croke, a mentor for the CFDA + Lexus Fashion* Initiative and the author of the Sustainable Strategies Toolkit, and Teslin Doud interview Lauren for CFDA.com.

Case 3: A well-established CFDA member brand deepens their awareness of material impacts and innovations.

This sophisticated label has become known for the artisanal craftsmanship of their beautiful fabrics. This cornerstone of their brand has grown from a dedication to technique, innovation and integrity and is the priority from which they will begin their sustainability strategy.

"This brand has been interested in sustainability for a long while," writes sustainable strategist Lauren Croke, "but they have found it challenging to sift through all its complexities and grasp it in a way where they felt grounded and informed on where exactly to focus."

Their big picture goal is to ensure their entire supply chain is sustainable for people and planet in addition to profit. To begin this journey, they looked inward to their brand values and identity to pin point materials and fabrics as their avenue of focus that will propel them through the overwhelm of this challenge.

Faced with logistical hurdles like increased costs and high minimum order quantities, this brand sought out resources to increase their understanding of key impact areas that would

assist them in developing focused strategies. With water conservation and zero waste top of mind, this brand is now able to clearly articulate their goals and priorities when working directly with their mills and factories in order to develop new practices.

"By focusing on their values of innovation, technique and integrity, they will be able to create a frame for testing out innovations that can shift their core fabrics in the right direction while still maintaining the beauty, quality and authenticity of their designs," explains Croke.

The Company's Plans:

- Work directly with mills and factories to better understand the key impact areas of materials.
- Conserve water and reduce waste with material innovations.
- Shift core fabrics to sustainable alternatives (deadstock, upcycled/recycled and organic).

Conclusion:

When integrating sustainable strategies, the big picture goals are often clear while the path to get there is not. Understanding the values of your brand can help you to articulate your priorities, bringing focus to your work. As you take the first of many steps you will develop a better view of the landscape, gathering information about impacts and innovations. With your foundation formed you can begin to make one small change at a time, allowing each step to roll into the next, leading you forward to your larger impact goals.

CFDA Sustainability: Lauren Croke

As part of a four-part series, CFDA examined unique approaches to road-mapping sustainable priorities, strategies and action with consultant Lauren Croke, a mentor for the CFDA + Lexus Fashion* Initiative and the author of the Sustainable Strategies Toolkit, and Teslin Doud interview Lauren for CFDA.com.

Case 4: A CFDA member contemporary clothing and accessories brand embed sustainable values company-wide.

As is the case with many companies, sustainability for this contemporary brand started as a daunting path with complex information that was difficult to navigate. The importance and priority for this work however, came straight from the top where the designer and executive team felt it imperative to integrate sustainable values throughout the company culture and business model.

After sharing information and learning more about impacts and innovations, the leaders of this brand determined their initial focus would address human rights and environmental impacts across design and development, fibers and materials, production, workplace and packaging. However, with still a long list of priorities, this brand decided to further simplify their strategies in order to determine a clear and focused direction, set measurable goals and begin to make change.

"They are passionate about people and see themselves as global citizens," explains Sustainability Consultant, Lauren Croke. "Whichever path they start on first and foremost needs to include and engage their people and provide a greater awareness of sustainability."

With many areas to consider throughout this work, this brand is first setting the tone and foundation for change by demystifying sustainability and embedding it across business operations. This brand recognized that their greatest momentum would come from creating a culture of sustainability starting at the employee level. They plan to activate their people with opportunities developed to educate, engage and align the community to co-create commitments to sustainable strategies and values.

The Company's Plans:

- Survey employees for their thoughts/ opinions about sustainability.
- Share stories about their factories and the people who make their product.
- Create companywide workshops and education opportunities for employees.
- Integrate environmental awareness into the workplace.

Conclusion:

By cultivating shared awareness, you make sustainability accessible to all employees and partners throughout your workplace and supply chain. Employees become empowered to co-create the priorities and engage in the agenda. Through sharing of information and learning, plans for change can be outlined with details and clarity to enable contributions from across the company. With a community purpose and shared values, the workplace has meaning and sustainability can then be embedded throughout your company value chain.



Thank you