



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

Nudie JEANS CO

- How do companies integrate sustainability in the form
of recycling into their business strategy?

“Tearing it apart to put it together” *Nudie Jeans.com*

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Abstract .

The purpose of this study is to analyse how a company can integrate sustainability in the form of recycling into their strategy, and furthermore present a case that helps filling the gap of studies actually presenting a concrete example of this in practise. This will be achieved through examining how one of Nudie Jeans Co projects, regarding a new environmental concept - recycled jeans, is integrated into their product, process and strategy. We have chosen a qualitative research approach for the study and gathered information through interviewing employees at Nudie Jeans Co's head office in Gothenburg and other key actors involved in the production development of the recycled jeans. Nudie Jeans Co strategic decisions making process regarding this project will be analysed with theoretical frameworks considering strategy as an emergent process in something that people within an organization do. Furthermore, we discuss the motives for engaging in sustainable activities and thoroughly investigate what was successful and less successful with the attempt to integrate recycling into Nudie Jeans Co's business. Due to a complicated production process and difficulties in making the project scalable, Nudie Jeans Co failed to truly integrate recycling into the company's strategy. These facts further indicate that the recycling project was a one-time occurrence not possible to make into a profitable business activity. Even though the project did not contribute to economic profit, the sustainable activity of recycling jeans increased the company's publicity and bestowed legitimacy to the company's sustainable profile.

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1. INTRODUCTION

The aim of the introductory chapter is to introduce the outline of incorporating sustainability into business practises. In the background the authors describe how and why companies engage in sustainability activities. Focus is given to the fulfilment of a product lifecycle through the process of recycling. The problem formulation gives the reader an overview of the subject and the questions this thesis will revolve around and what areas the authors have chosen to highlight. This leads up to the problem statement and the purpose of the thesis. The last sub-chapters consist of delimitations and a brief presentation on previous studies relevant to this case study.

1.1 Background

The awareness for social and environmental responsibility has in recent years increased among companies. At the same time, society is to a greater extent pressuring companies to change their strategies and take responsibility for their actions (Paulraj, 2009). There is an existing customer demand telling companies to integrate sustainability concerns into their business, such as sustainable and fair products and production. Other contributing factors, e.g. legislations, legitimacy and competitiveness, have also pushed companies into taking sustainable actions (Bansal & Roth, 2000). The companies on today's global and dynamic market need to continuously adapt their business to current situations. For some companies, adjusting to these new demands will be difficult and make survival hard, for others this will result in an opportunity to be more innovative and hence, they may benefit from the direct or indirect change (Broomhill, 2007).

Technology advancement and innovations have presented the market with a new line of products. Recycled products and materials have recently become part of numerous product development projects, and the interests to follow a product Lifecycle (cradle-to-grave) are viable in many companies today¹. Unfortunately sustainability activities, such as recycling product and green technological

¹ <http://www.skf.com/portal/skf/home/products?contentId=777139>;
<http://www.levistrauss.com/sustainability/product/life-cycle-jean>;
http://www.samsung.com/us/aboutsamsung/news/newsIRead.do?news_ctgry=irnewsrelease&news_seq=14986

innovations, have not proven possible to become profitable mainstream business strategies, attracting at best a niche sort of customer interested in the green products (Berchicci & Bodewes, 2005). This leads to a question much discussed in literature, if sustainability activities, like recycling processes, can be profitable for companies to engage in (Heart & Milstein 2000; Bansal & Roth 2000). This is a very relevant question because on a large scale it is unlikely that companies will sacrifice profitability in favour of the public good. Based on the assumption that sustainability and profitability go hand in hand, researchers have also provided numerous theories, frameworks and models describing why and how sustainability *should* be integrated into a company's business. However, in practice sustainable activities are hard to integrate into a company's business strategy and there are few studies giving examples of *how* companies have succeeded with this in practice (Rosén, 2011). It is thus interesting to examine how companies in practice attempt to integrate recycling into their business strategies in order to understand the potential of recycling and sustainability more generally in relation to corporate strategies.

Since there is limited research into *how* sustainability issues become integrated into strategy, it is useful to build theories and frameworks describing how overall strategies develop and emerge (Mintzberg 2000; Whittington 2006; Mintzberg & Water 1985). These studies on strategy formation seem to be applicable on how sustainability strategy's form in an organisation, albeit with some potential modifications. Strategy formation on a firm level is complex and that also applies the formation of sustainable strategies (Pascale 1984; Rosén 2011). The need for more detailed theories regarding how strategies form and a better understanding for how this goes about in the actual practise is immense. Overall, how and why companies adapt a more sustainable strategy is an interesting topic today but clearly there is a need for guidance on how companies successfully can integrate a sustainable strategy into their business.

1.2 Problem formulation

The purpose with this thesis is to gain a better understanding of how sustainability becomes integrated into companies' business strategies in practice. Based on this and the above reasoning, this thesis focuses on the following research question:

- How do companies integrate sustainability in the form of recycling into their business strategy?
- What are successful and less successful in attempts to integrate recycling into business strategy?

To be able to answer these questions, we focus on the textile industry and textile companies attempt to integrate environmental concern into their business strategy. In particular, we focus on the Swedish textile company Nudie Jeans Co that has demonstrated many activities of being environmentally conscious, making it a relevant case to study. We have chosen to solely focus on one of the company's products, The Post Recycled Dry jeans. This product will thoroughly be described and the processes leading to its development analyzed. Moreover, the internal and external actors involved in the manufacturing of The Post Recycle Dry project will be described and we will analyse how they influenced the outcome. A deeper investigation of how Nudie Jeans Co strategy has changed over time and what the outcome led to, will also be included in the analysis of this study. Hence, the questions that this thesis attempt to answer in relation to Nudie Jeans Co are:

- How does Nudie Jeans Co integrate recycling into their business strategy?
- What were successful and less successful in the Post Recycle Dry project's attempt to integrate recycling into Nudie Jeans Co's business strategy?

1.3 Purpose of the study

The purpose with the thesis is to achieve a better understanding on how sustainable strategies are integrated into a company's operations. The thesis will investigate how these strategies are formed and developed over time. It is about analysing the company's efforts to involve an environmental concern into its business strategy. Furthermore, analyse how sustainability activities can influence and affect a company's business strategy. Results will be achieved through examine one of Nudie Jeans Co sustainability activities The Post Recycle Dry project.

1.4 Delimitation

The thesis will focus on how Nudie Jeans Co incorporate recycling products as a part of their business operations and how The Post Recycle Dry project involving recycling processes affected Nudie Jeans Co strategy. In order to get a clear understanding and a deeper knowledge of how sustainability actually can be implemented in a company, we have chosen to focus on this one sustainable activity, The Post Recycle Dry product. Further more, the recycling project will help in the determination of how the company's strategy developed over time and how Nude Jeans have been able to further adapt to a more sustainable strategy. An analysis on this product will be conducted from the initial stage of its development in 2007 until The Post Recycle Dry jeans were launched in December 2011.

1.5 Previous studies

The last two decades show an abundance of research and studies made on sustainable strategies and motives to why companies should involve sustainability into their business operations (e.g. Rosén 2011; Deephouse 1999; Heart & Milstein, 2000; Bansal & Roth 2000; Paulraj 2009). However, the process of how to successfully implement sustainability into a company's business strategy is often complicated work (Berchicci & Bodewes 2005; Cooper & Owen 2007; Epstein, 2008). This indicates that existing research fails to explain how sustainable strategies actually form and furthermore a lack of guidelines for how companies in reality successfully can integrate sustainable activities into their strategy. The previous study by Magnus Rosén (2011) review a Swedish multinational company's work towards combining environmental and business concerns into a new strategy formation. Rosén (2011) identifies a gap between existing theories and models explaining how it *should* be done and *how* it is actually done in practice. There is a need for a better understanding about the way companies can integrate sustainability into their business strategy. Now these practises are normally separated from the company's core strategies (Egels-Zandén, 2010).

Even with extensive existing literature explaining the need for companies to show sustainability concern and models explaining how sustainability issues should be

integrated in business strategy (Epstein 2008; Heart & Milstein 2000; Bansal & Roth 2000), there are limited studies of companies that have actually succeeded with this integration. Furthermore, the examples on how these sustainable business strategies actually form in practise are lacking (Banerjee et al. 2003; Behnam & Rasche 2009). Therefore, the authors see a need for research on how sustainable strategies form in practice and furthermore answer the question on how firms can integrate sustainability in to their core strategies.

2. THEORETICAL FRAMEWORK

The aim of this chapter is to introduce the theoretical foundations that are referred to in this study. The authors will start with discussing why businesses engage in sustainability strategy and present different theories regarding the subject. Later on, this chapter will discuss strategy as something people do, with focus on strategy-as-practise.

2.1 Sustainable strategy

Why companies today engage in sustainable strategies is an interesting topic. More companies tend to have sustainability activities such as sustainability reports, ISO 14001 certificates and environmental projects integrated into their businesses and strategy (Ioannou & Serafeim 2012; & Lee 2007). But why do companies get involved in sustainability and what are the motives behind it? Many theorists e.g. Hart & Milstein 2003, Bansal & Roth 2000, Paulraj 2009 and Deephouse 1999 have answered the question.

Hart & Milstein (2003) advocates that making businesses more sustainable will simultaneously increase shareholder value. Further the theorists criticise e.g. Friedman's (1970) view that profit and pursuit of sustainable actions not are reconciled. Instead Hart & Milstein (2003) advocate that managers need to see sustainable development as a multiple dimension including environmental, social and economic concerns rather than a one-dimensional annoyance including added costs, regulations and liability. In their article they describe a shareholder-value framework. It explains different motives for how sustainability activities also can be profitable. The model is divided into two well-known dimensions. The vertical axis

reflects on business importance of today and at the same time the importance of tomorrow, the horizontal axis reflects on a firms need to include internal factors as well as external.

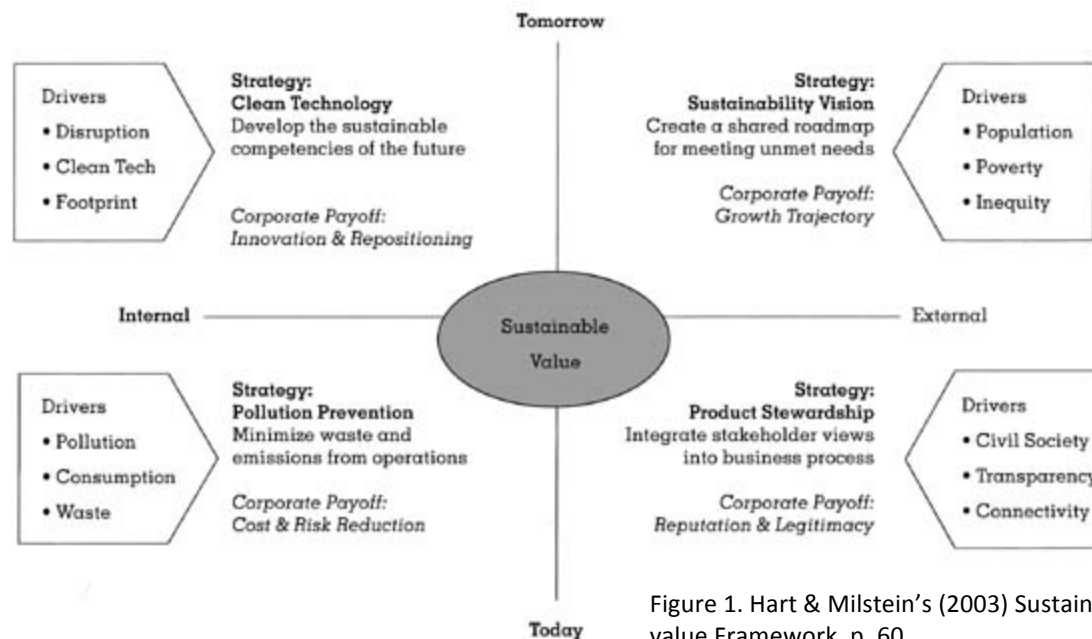


Figure 1. Hart & Milstein's (2003) Sustainable value Framework, p. 60

These two axes create a four-dimension matrix (see figure above) that describes different ways of generating shareholder value, which the authors refer to as sustainable value to a firm. The lower-left dimension is about internal activities in the near-time future, which can generate cost and risk reductions. Short-term revenues and growth combined with reduction of liabilities (e.g. pollution, suppliers, consumption and waste) will drive wealth creation and hence increase sustainable value. The lower-right dimension also focuses on the short-term perspective but include influences from external stakeholders pressure. In including external stakeholder views the company's reputation and legitimacy can be enhanced, which increases the sustainable value. The matrix upper-left dimension explains that it is not only important to increase efficiency in today's business but also to generate future products and services. By constantly developing or acquiring new knowledge, skills and technology, a firm future growth will increase. This will payoff in innovations and repositioning of the organisation, which will generate sustainable value for the firm. The last dimension concerns external actors associated with a longer-term perspective. A credible future outlook and a clear vision will improve growth trajectory. For a firm to maximize the sustainable value, it needs to

continuously perform well in all the four dimensions. By performing in only one or two dimensions will suboptimal the performance and even lead to failure (Hart & Milstein, 2003).

Another article that discuss why companies go green is written by Bansal & Roth (2000). Several studies have been made and the motives are many for why companies engage in sustainable activities, such as regulations, competitive advantage, stakeholder pressure, ethical concerns, critical event and top management performances. However, Bansal and Roth (2000) have focused on identified motives for firms' ecologically responsive initiatives, as shown in the model below. They did not only identify three motivations behind it (competitiveness, legitimation and environmental responsibility) but also the context behind them (issue salience, field cohesion and individual concerns).

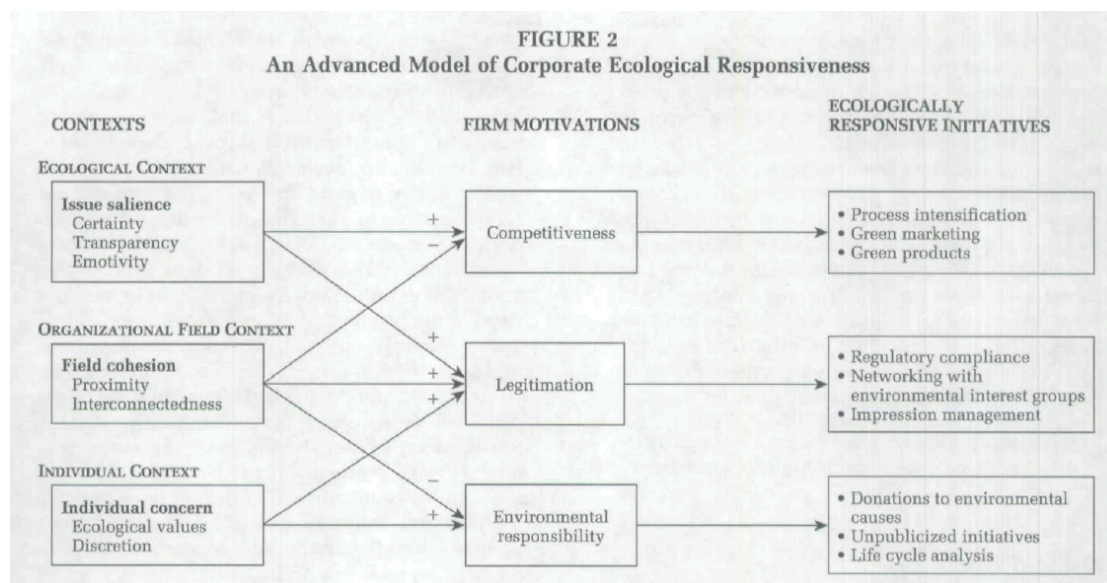


Figure 2. Bansal & Roth's (2000) Model p. 729

Issue salience is shown in the study to be positively related to the motives competitiveness and legitimacy. Certainty, transparency and emotiveness determine the weight of the issue and thus give explanations for the motives that lead to ecological actions. The second context behind the motive legitimation is field cohesion. By addressing similar approaches as your competitor the firm gain legitimacy (Bansal & Roth, 2000). Furthermore, Deephouse (1999) advocate that by being the same as your competitors, a firm increases its legitimacy. However, this

has a negative relation on both competitiveness and environmental responsibility since it limit the possibility of being unique, and if one firm make something outstanding it makes the others look bad (DiMaggio & Powell 1983; Bansal & Roth 2000). Deephouse (1999) also states that if a company instead focuses on being different from its competitors, it increases its competitiveness. The last context in the model is individual concerns and is positively related to the motives legitimation and environmental responsibility. Personal concerns have a large impact on how an organisation is managed mainly because in decision-making situation it helps to choose the most important things concerning the organisation. Furthermore, when condition are changing it has a big impact on the direction the company will take. The Advanced Model of Corporate Ecological Responsiveness has identified three dominant motivations for why firms strive for ecological responsiveness and it is important to notice that the motives can be mixed as well as having one dominant motive. However, the way of reaching the same ecological responsive goal can vary and the motives can be different, depending on the firm (Bansal & Roth 2000).

Additionally, Paulraj (2009) is an author discussing environmental motivations. He gives a lot of focus on legislation and regulatory motives and states that it is the most obvious motive of them all. The other two motives that Paulraj (2009) identifies as common are competitiveness and ethical reasons.

However, studied regarding *how* sustainability issues actually are implemented into business strategies are limited (Rosén, 2011). What do exists are a numerous of step-by-step literature of how it *should* be done (Epstein, 2008; Lash and Wellington, 2007), but they do not tell how manager are going to implement sustainability actions in practice. To fully understand the meaning of how sustainable strategies can be integrated into businesses, one need to understand the meaning of strategy and strategy as a practice.

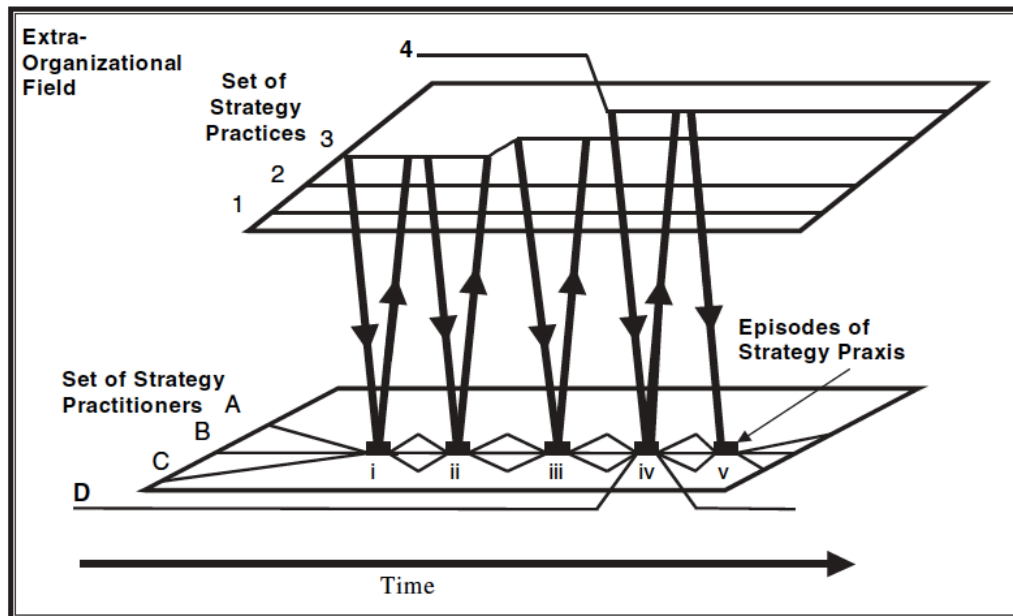
2.2 Strategy as a practise

This thesis will treat strategy as something people in an organisation *do* (Mintzberg, 2000). This means treating strategy as an activity rather than formal organisational planning (Whittington, 2006). According to Mintzberg (2000), strategy is an emergent process where the realized strategy is a mix of an intended and an

emergent strategy. How much of the intended strategy that is realized varies depending on the organisation type and structure. What can be referred to as strategy is that, which can be identified as “a pattern in a stream of actions” (Mintzberg & Walters 1985; p.257). Hence, an organizations strategy can only be determined after it is truly implemented and seen over a longer period of time (Mintzberg, 2000).

Strategy-as-practice theory is well discussed in literature and Whittington (2006) has identifies three key concepts related to the subject: practitioners, praxis and practices. *Practitioners* are identified as “strategy’s actors, the strategist who both perform this activity and carry out its practices” (Whittington, 2006; p.619). These actors can be related to as those who are directly and indirectly involved in the strategy making (Jarzabkowski & Whittington, 2008). These practitioners can be actors both inside and outside the organization, contributing to new praxis’s into the strategy (Whittington 2006). The second concept in the theory is *praxis*, which is defined as “actual activity, what people do in practice” (Whittington, 2006; p. 619). This can be related to Mintzberg’s, (2000) so-called realized strategy. However, Mintzberg believes that strategy is a learning process, where organizations praxis creates from a process of trials and errors, but also continuously develops from opportunities as time goes by. The last key concept is *practices* and is defined as “shared routines of behaviour, including traditions, norms and procedures for thinking, acting and using ‘things’” (Whittington, 2006; p.619). This can for example be strategic planning processes, analytic tools, symbols, PowerPoint presentations, procedures etc. (Rosén, 2011). Overall, Whittington’s framework show how these three concepts are linked together and describes how strategies develop over time. Practitioners within the organisation meet on regular basis, which can be formal board meeting or informal conversations. They “also have the possibility of changing the ingredients of their praxis” (Whittington, 2006 p.620). These changes in the praxis can be decisions from *inside* the organisation alone, but external actors from *outside* the organisation can also affect it. These external practitioners may contribute with new tools or practises. “Those practices that have become accepted as legitimate organizational practices for this particular organisation are included” in

the new strategy practice (Whittington, 2006; p.621). However, mainly the strategy is created and developed by the intra-organizational actors (see Figure 3, A-C), with small or little affection from external actors over time (See Figure 3, D).



Whittington's (2006) Integrate praxis, practices and practitioners model p.621

3. METHODOLOGY

This chapter aim to present the methodology section of the thesis. The methodology chapter focus on describing the choice of method used to analyse and answer the problem statements described in the first chapter. Furthermore, the authors describe how and what kind of data that was collected, the selection of the company. Finally this chapter presents the respondents and discusses the validity and reliability of the results.

3.1 Choice of Method

Holme & Solvang (1997) describe a method as an instrument, which can help the authors to solve problems and create new knowledge. During the study, everything contributing to reach the expressed aim is a form of a method. In writing a thesis, two different methodological approaches may be used, the qualitative method and the quantitative method (Holme & Solvang 1997). The most distinctive difference between the two methods is the way the figures and statistics are used but within the research project the qualitative method and the quantitative method are often

combined. Information gathered through the qualitative method is used to obtain a deeper understanding of the problem statement and partly to give a holistic entirety of the situation (Holme & Solvang, 1997). A holistic picture provides the researcher with a better overview and the ability to find connections within the material and hence draw conclusions based on the results of the resulted findings.

After forming our problem statement we identified detailed questions that needed to be answered. The qualitative approach was most suitable in order for us to answer these questions and gather the information necessary to support the theories. From the researchers perspective the qualitative approach enables to better define the relations of interests drawn from the problem formulation chosen. In the process of analyzing the company we conducted several qualitative face-to-face interviews with different actors involved in the project in question. Qualitative methods give the researcher a closer relationship to the information source providing better opportunities in making relevant interpretations (Holme & Solvang, 1997). The information collected through this method makes it easier to describe, analyse and understand the behaviour of the individual object studied (Lundahl & Skarvad 1999). We were able to observe the studied company more closely from the inside and had the possibility to affect the interview through participation. However, the information gathered in a qualitative method is complex to quantify and thereby difficult to test. Conclusions based on soft data are important to verify, or the validity of results may be questioned.

The central idea of the thesis is to understand how and why a company work so enthusiastically with making sustainability permeate their entire business. With a qualitative approach we were able to receive an insight in the company and from employee statements analyse the company's behaviour and draw conclusions supported by theories.

3.2 Research strategy

The previous studies made in the area of sustainability as a part of company's strategy and business ethics are extensive. Having access to an assortment of

reference material and an initial knowledge of the subject in question, obtaining information of the company was important to get an optimal picture of their business. Our field study was to consist of interviews with employees at the company in question, Nudie Jeans Co. The initial interview was held for one and a half hour with the CSR manager at Nudie Jeans Co gave us a broad understanding of the company's operations, its heritage and image. This first interview was held quickly after the primary work with the thesis started and though it would have been preferable to read all relevant material beforehand it was impossible due to the time limit. A second interview was held close after with the CSR manager and the manager of the product development department. This interview had a different structure and had a major focus on a specific product, The Post Recycle Dry jeans. Both interviews at Nudie Jeans head office were supported by statements and information the CSR manager had received from the founders relevant to our questions. An interview was also held with the store manager at Nudie Jeans Co concept store to get a different perspective on the company's operations. However, collecting the valuable information from the company so early in the study was proven to have positive effects on the analysis and findings of relevant theories. The results of the interviews provided us with extensive knowledge about the company making it easier to build up the research strategy and analyse the company through the most relevant theories.

The Post Recycle Dry project will be in focus throughout the study, making it possible for us to limit the research and thus give us a clearer understanding of the company's strategic choices. Further information will be gathered about the project from other actors involved, e.g. Nudie Jeans Co textile supplier ISKO™ and their jeans manufacturer Blue Line. This will be conducted by email but furthermore a visit to the jeans manufacturer Blue Line in Urbania, Italy. The information gathered about the project will be used in analysing the company's sustainable strategy.

3.3 Data collection

The information's sources used in this thesis are divided into two groups; primary data and secondary data. The primary data used to support the study is data

collected during the course of the study. The secondary data within the thesis consists of written documents. In order to develop this thesis, data is collected from both primary and secondary sources and cross analysis are made between the two groups to aid in the conclusions.

3.3.1 Primary data

The primary data was information gathered fresh during the course of the study and consists mostly of qualitative research such as recorded and documented interviews, and email conversations.

There are different types of interviews, which include structured interviews, semi-structured interviews, unstructured interviews and non-directive interviews. When undertaking a qualitative research method, a semi-structured approach to the interview is often used. The researchers have identified a list of questions and areas of interests that needs to be conveyed. In a semi-structured interview the order of the questions can be changed depending on the direction of the interview. The interviewer also has the possibility to ask additional questions (Corbetta, 2003).

The main source of information came from interviews with the CSR manager at Nudie Jeans Co head office in Gothenburg, Sandya Lang. In addition, an interview was held with the manager for the product development department, Peter Frank, and one employee at Nudie Jeans flagship store in Gothenburg. The interview objects were selected out of convenience (Bryman & Bell 2007). The CSR manager was our initial contact person at Nudie Jeans Co and furthermore the object most suitable for the research subject. The other respondents were the ones present in the office and in the concept store at the time of the interviews. The CSR manager received questions a few days before the interview took place. This gave the CSR manager the possibility to ask co-workers for information about specific questions and get feedback from the owners. Semi-structured interviews were an effective way to gather information and gain knowledge from the questioned individuals. Both authors asked questions and took notes but the interviews were recorded to make sure no information was lost and so that the interview could be transcribed

correctly. After the interviews our notes were complemented with the data gathered in the recordings. The authors also received much information relevant to the study at a visit to Nudie Jeans Co producer Blue Line in Urbana, Italy. An entire day was spent with one of Nudies agent who answered all possible questions about Nudie Jeans Co's production and further questions were asked to the managers at Blue Lines office. Additional data was gathered through email conversations with key actors involved in the decision making process surrounding the Post Recycle Dry. Nudie Jeans Co's textile supplier, (ISKO™) was contacted by email. They were involved in the production of recycled fabric so a statement from them felt essential. When using mail conversation there is a risk of the answers being less spontaneous when the respondent has time to think the questions and answers through. The interviews were compiled and structured according to the theme of the thesis.

3.3.2 Secondary data

This information consists of written documentation found mostly in articles and books, reports, newspaper, books, web pages and blogs. Before the interviews information was gathered through Nudie Jeans Co webpage and their own blog. We have had access to a numerous amount of literature related to the subject and Nudie Jeans Co is present in many social media types presenting us with much information assessable on Internet.

3.4 Selecting the company

We wanted to find a Swedish company with a distinctive profile that showed proof of having a strong sustainability mentality. Having our mind set on a women's clothing company in Stockholm our interests were redirected towards a Gothenburg based company who specializes in Jeans. Thanks to a contact within Nudie Jeans Co we connected with the CSR manager responsible for the company's sustainability work. Within this company an extensive work towards implementing and integrating sustainability could be identified in their every day business. After founding out more about the company and their environmental work we wanted to investigate how these sustainable activities, particularly a recent project involving recycled jeans, had become a successful part of Nudie Jeans strategy or not. This particular recycling product had never been produced in this way before – a high quality

recycled jeans in a fashionable way. However, the company showed no sign of any formal strategic decisions so the analysis on how this sustainability mindset came to permeate Nudie Jeans entire business is interesting. Although, what seem to be an emergent strategy have been working well for the relatively young company because during the course of 10 years Nudie Jeans Co have grown to become a strong competitor to brands like, Lee, Acne and Levis. Additionally, the fact that Nudie Jeans Co is a transparent and open company to collaborations with students made it a good match for our further studies and the making of this thesis.

3.5 Respondents

Five respondents took part in the interviews. First we met with the manager of Corporate Social Responsibility, Sandya Lang, and had a interviewed at Nudie Jeans Co head office in Gothenburg. Sandya Lang has been employed as the CSR manager at Nudie Jeans since the summer of 2011. The second interview object was Peter Frank, the manager of Production Development. Peter Frank was interviewed together with the CSR manager at a 2 hour long interview session the 29 of March 2012 at Nudie Jeans head office. Peter Frank was hired by Nudie Jeans in 2007 and has been responsible for the product development department since 2010. Frank took part in the production development of the recycling project this study will focus on. A third respondent was an employee at Nudie Jeans Co concept store in Gothenburg. As our fourth respondent Blue Line answered our questions when the authors visited the production site in Urbania, Italy. Finally, Nudie Jeans Co agent Sara Bernardini was interviewed in Italy. Sara Bernardini follows the product development in Italy and handles the communication between Blue Line and Nudie. Bernardini is involved in every steps of the production chain in Italy and was a great source of information. Her answers helped to ensure that the facts received from the interviews with Nudie Jeans Co were correct. Additionally question were asked via email conversations to Nudie Jeans Co textile supplier, ISKO™, being an important actor in the subject of matter and Nudie Jeans Co concept store in Melbourne, Australia.

3.6 Validity of results

Most of the primary information was gathered in forms of interviews with the CSR manager at Nudie Jeans Co head office. The CSR manager was not employed during the early decisions phase for the Post Recycle Dry. According to Denscombe (2000; p.251) validity increases if the object in question is reasonable in line with the aim of the thesis and the research questions. To increase the quality of the information, the interview questions were sent to the CSR manager in advanced and gave her the time to comment and discussed the questions with Maria Levin, the founder and creative director of Nudie Jeans Co. The CSR manager also discussed specific questions with other employees in the organization involved in the specific subject and this was further mediated to us. The interviews were short there after summarized and returned back to the CSR manager for verification.

The validity in our thesis may be compromised by email conversations were there is a loss of personal contact, but the answers received in this form were all pieces in the puzzle in obtaining the information needed for the study, thus the loss in validity is not seen here as significant. To lower the risk of loss in validity much of the information was checked according to secondary data taken from hard data such as Nudie Jeans Co code of conduct, information on Nudie Jeans Co webpage and blog. Furthermore the validity of the thesis was increased when the same questions were asked to Nudie Jeans, ISKO™ and Blue line. This made it possible for the author to cross-examine the information and ensure that the three actors similarly answered all questions.

3.7 Reliability of results

The meaning with reliability is that research done on the same area again should always give the same results. When comparing primary and secondary data the reliability increases (Denscombe 2000; p.132), and we had the ability to check that the data was consistent through continuously feedback with both the CSR manager at Nudie Jeans and our mentor. A way to increase the reliability further is to speak with more people inside the company and check if their answers are in line with each other's. We were in contact with four people on different levels of the

organization and we continuously checked that the answers were in line with what the respondents as well as what was written online, was the same. However, strategy is a complex issue and unique for every company studied. So a study regarding how sustainability in the form of recycling is integrated into a companies strategy, would give several answers. But if a study on a similar recycling project were to be done again, the reliability strongly indicates that the same conclusions would have been achieved again.

4. Result

In this Chapter the data gathered from the interviews will be consolidated and Nudie Jeans Co recycling project The Post Recycle Dry will be presented. The chapter commences with a description of the company, Nudie Jeans Co, followed by the story of The Post Recycle Dry project. The information will provide the reader with background of the product, the actors involved, the production process of the recycled jeans and the outcome of the recycling project. This will further help us in the analysis of Nudie Jeans's strategic decisions with The Post Recycle Dry project and if this sustainable activity of recycling products was successfully integrated into Nudie Jeans Co's business or if it was not.

4.1 Nudie Jeans Co.

“None of us couldn't imagine that it would be this big, but that was never the intention of it. The goal was just to be free.”

Maria Levin, founder and creative director Nudie Jeans

Nudie Jeans Co. was founded in 2001 and is a garment retail company based in Gothenburg, Sweden. The company have an annual turnover of 350 million SEK and an annual profit of approximately 30 million SEK (Bolagsrapport, 2010).

4.1.1 The company

“I like working with people I trust and share the same vision for social responsibility and environmental sustainability.”

Maria Levin, founder and creative director Nudie Jeans

In the beginning of 2012, Nudie Jeans Co had 37 employees at the head office when they moved in to new offices in central Gothenburg. The company has come a long way from 11 years ago when Maria Levin, the founder of Nudie Jeans Co, shared a small one room flat with three colleagues developing the project that was to become Nudie Jeans Co. Maria Levin said that they only had one phone, no hot water but they shared a dream “to be independent and create products with no compromise in terms of quality and respect for both nature and people involved”².

Before Maria Levin started working with building up Nudie Jeans Co, she worked as design manager at Lee Europe. But being a part of a big corporation with major focus on profit, she felt her creativity became restrained and she dreamt of something different. She started to develop Nudie Jeans on the side while still working at Lee, but soon left, and gave her full devotion to design her own brand³.

Today Nudie Jeans Co products can be purchased in 27 different countries with most stores in the USA, Australia, Japan, Germany, England, Norway and Sweden. The company have 10 concept stores, one in Gothenburg, Stockholm and Barcelona, three in Australia and four in Japan, all with the same style as their flagship store at Vallgatan in Gothenburg. Furthermore, Nudie Jeans Co sell their products in approximately 1 700 retail stores around the world. Growing internationally has been a plan since the start of the company as jeans are a very global product. The company has succeeded in doing so by growing prosperous the last couple of years and is today a well-known brand around the world. Currently they launch four collections each year, two main- and two injection collections, consisting of a total of 1 million pair of jeans. The company’s products are T-shirts, shirts, accessories, kaki clothing and jackets, but this only counts for 20 % of their business. Jeans is the core product of Nudie Jeans Co. The suppliers are located in India, Tunis, Turkey, Portugal and Italy. Nudie Jeans Co insists on having all jeans manufacturing in Italy and will

² <http://blog.nudiejeans.com/post/9829445226/ten-years-anniversary-but-no-time-to-party-yet>).

³ <http://blog.nudiejeans.com/post/9829444842/the-good-frustration>

not follow the shift, as many companies has done, to produce their products more in the east (Hasegawa & Noronha, 2009). According to the manager for the product development department, Swedish design and Italian quality cannot go wrong.

One of Nudie Jeans Co strategies is to manifest their environmental concerns in actions. The Company work with many organizations and have partnerships with among others Amnesty International, Fair Wear Foundation and the Swedish brand Good Environmental Choice⁴. Working with foundations like the Fair Wear Foundation, who works to improve working conditions and ensure human rights, helps Nudie Jeans Co to control their own supply chain. With help from these partnerships, Nudie Jeans strive to contribute to better and fairer circumstances in the textile industry.

Nudie Jeans strive to use organic cotton in all of their products and the company aspires to increase the amount each year. However, in 2010 Nudie Jeans Co started a different project, to create jeans from partly recycled material with one of their textile suppliers ISKO™. At the same time they developed their thoughts about the lifecycle of the jeans (break-in, repair, reuse, recycle). This concept is also seen at Levis Strauss & Co. with the aim to help customers decrease their energy consumption and lengthen the life of their jeans⁵. Nudie Jeans Co took this concept one step further, by launching The Post Recycle Dry project. The project resulted in 500 jeans made from old worn out jeans and organic cotton. The project proves that recycling is possible and that the jeans lifecycle can be fully realized. Furthermore this sustainable activity underlined the company's environmental concern and gave creditability to the company's sustainable mind-set.

4.1.2 The organization

“We love what we do and that shows in our products”

Peter Frank - Manager of Product Department

⁴ <http://www.nudiejeans.com/organizations-and-certificates/>

⁵ <http://www.levistrauss.com/sustainability/product/life-cycle-jean>

Nudie Jeans Co organizational structure at their main office in Gothenburg is divided into eight different departments; production development, sales, customer service, economy, human resources, logistics and production. Each department has a manager who is responsible for each department team and the communication with the owners and the other departments. The CSR manager explains that the departments work quite separately with focus on their own responsibility area. Every week each department team meets and discuss progress and relevant issues for their area. For example, when the CSR manager conducts audits on Nudie Jeans Co production sites she informs her department of the audits, and if the information is of importance to the owners her department manager convey it further.

Approximately once every month Nudie Jeans Co's board meet at the head office in Gothenburg. The board consists of eleven people in total, including the founder and chairman Maria Levin, the CEO Palle Stenberg, the other founder Joakim Levin and the head managers of each department. Maria Levin has the final say in decisions but she is more involved in product design while the CEO handles financial decisions and Joakim Levin the systematically inclined tasks. The owners are also involved on a practical level in different projects, for example Maria Levin is especially caring about the partnership with Amnesty. Another situation when Maria Levin is especially involved is when problems arise associated with Nudie Jeans Co. An example of this was when the external actor, the TV show Plus, accused Nudie Jeans Co of having the chemical DMF in their jeans. This accusation turned out to be true since Nudie Jeans used a transport service that also worked for another company having DMF in their production. Nudie Jeans handled the situation well and started packaging their products into separate bags. Today, something like this will not happen because Nudie Jeans way of handling decision like these have changed. From the start the company had a more reactive approach, acting after problems or damage already had been done. Today they are more proactive, knowing the business's risks and can hence prevent them before something actual happens. Furthermore, Nudie Jeans thinks one step further and examines every new actor or process thoroughly before deciding to make it a part of the company's process. Communication between employees, departments and top management is mostly done via email. This way of

communicating makes it easy for employees to inform their co-workers of relevant information, even if it is an audit report or a concert this weekend, said the CSR manager. Even though information through email reaches everyone in the office fast, it is up to each individual to actively take part of the information. Nudie Jeans Co throws a “Kick Off” dinner partly every year with all sales personnel from the company’s stores around the world, approximately a hundred people today. This is an opportunity for top management to directly communicate with all employees and further form the culture for what Nudie Jeans Co stands for. At this Kick Off, email conversations and formal document like the company’s Code of Conduct and Q&A, reaches all Nudies employees and makes sure everyone are up to date about their core values and sustainable actions.

The company follow a top down management where the founders and the CEO have much knowledge and experience in their fields and make the final formal decisions. Furthermore, top management work closely with the head managers of each department, making Nudie Jeans a rather flat organization were the employees have the freedom to control and manage the work within their own area of responsibilities. Every employee is vital to the organization and form what is Nudie Jeans Co’s personality. Their competences and what they actually do form the decisions, the strategy and their expressed core values.

4.1.3 The personality

“We do not envisage a trade-off between profit and people, or between manufacture and environmental responsibility”

NudieJeans.com

Nudie Jeans represents authenticity and jeans tradition according to the manager of the product development. The company’s passion is to create a fair brand, providing quality products and create value to the end customer. According to the CSR manager Nudie Jeans feels a responsibility to provide a safe, fair and ethical working environment for all people involved in the manufacturing of Nudie Jeans Co clothing. Price is not everything, says the CSR manager when explaining that Nudie Jeans Co

wants to include economic, social and environmental issues into all products they produce. In working towards involving all these values, the company engage in different projects that in some way contributing to the triple bottom line.

“You shape them with your lifestyle, and they become like a second skin”

NudieJeans.com

The name Nudie Jeans Co. was created out of a word game of scrabble. Nudie means naked, and relates to the way a pair of Nudie Jeans should act as your second skin. As the core product of the company, “The naked truth about denim”⁶ is the idea that you wear your denim jeans for six months before you wash them. During these six months you shape them with your personality and depending on what you do, the jeans are formed around your wallet, mobile phone or around a Swedish snus box in your back pocket. The longer the jeans are worn the more character and attitude they acquire.

The inspiration for the products is found far from runways and catwalks and the Nudie attitude comes mostly from music. Denim and music have a lot more in common than fashion and denim according to the founder. Many of the employees are musicians and originate from the same area in Sweden and are likeminded. This has created a family atmosphere at the company and with only 37 employees it enables Nudie Jeans Co to easier maintain this company culture at the head office.

⁶ <http://www.nudiejeans.com/>

4.1.4 The strategy

“We don’t just offer jeans. We offer a way of thinking, a concept, and an undying passion, fuelled by the traditions of denim and the characteristics of the fabric itself”.

NudieJeans.com

When Maria Levin founded Nudie Jeans Co there were no written strategic goals or formal documentation of a sustainable strategy. Maria Levin explains that she wanted to be able to sleep well at night and be confident that all the products Nudie Jeans produce are made in a fair way. The work towards a more sustainable development in the textile industry has always and will always be an important issue for Maria Levin and for Nudie Jeans Co.

From the start the founders had the intention to produce organic products. However, according to the product manager, Nudie Jeans would never choose organic materials before quality and better-looking products. Hence, an organic production was not always possible because the technicalities did not exist to make organic products look good. However, the situation has improved and today there is an opportunity for both. Nudie Jeans Co future jeans collections will now contain 100 % organic cotton and projects like The Post Recycle Dry is technically possible. Recycled jeans fabric can fulfil the quality requirements needed in order to be combined with organic cotton and turned into a good-looking garment. Still, the product is in focus and it needs to be scalable if it should be distributed as a collection, available to all nudies customers at all of the company’s stores.

The company has, as mentioned before, regular board meetings with the founders, the CEO and the head managers of each department. This is where the decisions are made, but the decisions are seldom based on formal analyses such as SWOT, Porters five forces or market and consumer analysis. Instead the background and the experiences of the founders have been the base for the decisions made. They use their knowledge and do what they feel is right and draw their own conclusion. The company undertake ideas in line with Nudies profile, e.g. Maria Levin decides to

focus on men's garment because it is proven that women are less reliable in their shopping pattern and less loyal to a specific brand. Furthermore, The Denim Maniac Program, where textile students was given a box of old clothing and a challenge to recycle them and create new garments, was also a decision made without any deeper analysis on Maria Levins initiative. The Post Recycle Dry project is another example were Nudie Jeans invested in an opportunity they felt was right with the company's profile. To work with projects like The Post Recycle Dry is not a formal strategic decision according to the CSR manager. It was not something the company had planned beforehand to take part in. The company saw it as an exciting idea and have participated in various projects like this that falls within their sustainable mentality. "It is not the money that drives us but moreover the passion for the jeans, the products and the chance to develop the company", state the CSR manager. Nudie Jeans have been learning by doing from the start of the company's business in 2001, and it seems to have turned out well.

Nudie has a strategy with no traditional marketing. The product is in focus and all other things come second, according to the product development manager. Nudie's desire is to reach their customers through word-of-mouth and through good attention and PR achieved from projects just like The Post Recycle Dry. The sustainable aspect of Nudie Jeans Co is given to the customer with the purchase of a good quality product and is not marketed as a reason for the customer to buy Nudie Jeans's products. Instead the customer purchases the jeans because of the fit, quality or great style. For example, Nudie Jeans Co strives and wants to be 100% organic but if the organic fabric quality would have been to low the company would never have done it. Nudie Jeans Co relies on attention like this and their customers W-O-M to increase their reputation that they offer a good quality product, and it seems to be working. For Nudie Jeans Co's jeans production, they have chosen suppliers known for quality and for being trustworthy. Peter Frank, the manager for products development, states the importance in choosing suppliers because a good supplier contributes to a good product and a well functioning production chain. Working towards a 100 % organic cotton production Nudie Jeans required all of their suppliers to work with organic cotton. The CSR manager explains that this lead to the

end of a long relationship with one of Nudies largest suppliers who did not reach up to the company's demands. Fortunately, all the remaining suppliers did and the company work with them closely, especially with many of the suppliers in Europe whom they have been working with since the company was established in 2001.

According to The CSR manager, working with suppliers in Europe is a big part of Nudie Jeans Co's work towards improving conditions for employees and the environment. The organic cotton cultivation is located in Turkey and the jeans production is solely done in Italy. This was a strategic choice and makes it easier for Nudie Jeans Co to control and audit the suppliers. Manufacturing in countries where the suppliers are required by law to have a higher standard on working conditions and payment etc. than countries that do not, enables Nudie Jeans Co to have better control over their suppliers.

To further ensure their customers of a responsible production, Nudie Jeans Co works with a number of organisations to guarantee that the requirement regarding working conditions and environmental issues are fulfilled. Since 2009 Nudie Jeans Co has been a member of the Fair Wear Foundation (FWF), which increases the credibility of being a responsible company further. FWF is an international non-profit organization that works as a verification unit dedicated to improve labour conditions in the textile industry⁷. Nudie Jeans Co works according to FWF standards and implement their code of labour practises throughout the supply chain. Swedish garment brands such as Acne, Filippa K, Cheep Monday and Odd Molly are also members of the FWF⁸. Producing in Italy and Turkey creates legitimacy as these countries are declared as "low risk" countries by the FWF. The CSR manager still performs audits according to the FWF guidelines to ensure that production is done according to the Code of Conduct hence increase the company's legitimacy even more. The company is also a member of The Textile Exchange, a non-profit organization working to support the farmers and the trading of organic cotton.

⁷ <http://www.fairwear.org/22/about/>

⁸ <http://www.fairwear.org/36/brands/>

Furthermore, the majority of the organic cotton used in Nudie Jeans garments is certified by the Global Organic Textile Standard (GOTS). GOTS is a worldwide standard to ensure organic status throughout the production chain with the aim to certify environmentally and socially responsible manufacturing⁹. The weavers used in the manufacturing of the fabrics are certified according to OEKO-TEX standard 100, a global certification system to assure that the textiles do not contain any harmful or prohibited substances¹⁰. Collaboration with these foundations and organisations give credibility to the end customer as a legitimate way of working towards better and fairer conditions in the textile industry.

4.2 The Post Recycle Dry project

This Post Recycle Dry was a project presented to Nudie Jeans Co's by their textile supplier ISKO™. The project involved the use of recycled material to create a new product. This was an opportunity for Nudie Jeans Co to take part in a sustainable activity much in line with the company's business values. The board and product development department desire that, together with ISKO™, show that the process of recycling is possible while at the same time being fashionable. The collaboration between the two actors created a fabric produced from partly recycled material and partly recycled organic cotton. In Italy Nudie Jeans producer Blue Line manufactured a limited project of 500 pairs of recycled jeans that came to be called The Post Recycle Dry. The name Post Recycle indicates that the jeans contain recycled material, and Dry is the given term for all denim products that has not been washed before they are sold to the end customer. With a wholehearted support from customers and people engaged in working towards a more sustainable consumer market, the product received a lot of attention. In the next chapter the story of the project The Post Recycle Dry will be told.

4.2.1 The product

A new way of making jeans has grown to be possible, the way of recycling old jeans. Old claims and samples were gathered by Nudie Jeans Co and cut down to become part of an entirely new recycled fabric. The project required 600 old pairs of jeans

⁹ <http://www.global-standard.org/>

¹⁰ <http://www.nudiejeans.com/organizations-and-certificates/>

that were collected from the concept stores and head office in Sweden. All metal details were removed and the old jeans were shredded into pieces by hand. The denim pieces, what remained of the old jeans, were then transported from Gothenburg to Turkey, Istanbul. Here the textile supplier ISKO™ took the pieces of jeans material and grinded them down and created new cotton fibres. These recycled cotton fibres had to be mixed with new virgin organic cotton fibres to gain strength. Together the organic cotton and the old jeans created an exclusively new fabric consisting 17 % of recycled material and 83 % of organic cotton. The recycled fabric was then used by Blue Line, Nudie Jeans manufacturer in Italy, to make 500 pairs of Post Recycle Jeans sewn from the same patterns as Nudie Jeans most universal model, Grim Tim and Slim Jim. The limited amount of jeans was then distributed to five different stores around the world to be sold as The Post Recycle Dry jeans.

4.2.2 The actors

There were three major actors involved in the making of the Post Recycle Dry jeans, Nudie Jeans Co, ISKO™ and Blue Line.

To fully understand Nudie Jeans Co part in the Post Recycle Dry, the authors have to start with the background information. At the start of Nudie Jeans Co in 2001, a sustainable production in the way Nudie Jeans visualized it was not possible. According to the CSR manager, the company did not have the recourses to act in the desired direction nor did they have the customer demand to produce the quantity of Nudie jeans needed to make an organic production economically sustainable. The amount of organic cotton that needed to be produced was not on the market at the time. It was additionally very costly to handle organic cotton because there was a need to keep it strictly separated from regular cotton and a need of changing the settings on the machines. But times were changing and technology advancements and higher demand for organic textiles had increased the cultivation of organic cotton, making it more commonly used on the market. Nudie Jeans was concentrated on organic products, and over the years they grew in size and made way for projects like The Post Recycle Dry. Nudie Jeans Co financed the project and

paid for the initial steps in the production, such as gathering the old jeans and transports. The company had developed the design for The Post Recycle Dry jeans and they were the ones who decided which five concept stores and countries the product were to be sold. Nudie Jeans contributed to the marketing of the product on their webpage which has 150 000 unique visitors a month. More importantly the company produced a movie about the manufacturing of the recycled jeans called "Post Recycle Dry – The Movie"¹¹, which received a lot of publicity. The Movie is visible on both the actors' webpage's, on youtube and the movie was spread on various blogs and media channels associated to the fashion industry¹². Nudie Jeans customers helped in spreading the movie and it was a great way for the recycled jeans to get attention with little effort from the company.

Over the nine years Nudie Jeans Co have been active, they have developed a great relationship with both of the other major actors involved in the recycling project. Nudie's textile supplier ISKO™, located in Turkey, had the greatest influence on the project. ISKO™ produces 200 million metres of fabric each year making them the world's largest producers of fabric. ISKO™'s philosophy is to provide their customers with high quality by great performance in the textile production. They strive to be innovative, keep up with trends and research to create new denim products just like The Post Recycle Dry denim. The fact that the idea, concerning making a recycled denim fabric, came from ISKO™ may therefore not come as a surprise. The good collaboration between the two actors then resulted in making The Post Recycled Dry project reality. ISKO™ provided Nudie Jeans with the technicalities needed to make the recycled fabric. All of Nudie Jeans Co suppliers have the capabilities to do some sort of recycled fabric, but ISKO™ wants to work towards profiling themselves as a more environmental thoughtful and sustainable company, hence that is why they pushed for realizing the idea about recycling jeans fabric. With this love for Denim, ISKO™ and Nudie Jeans Co shared an important value and together they would experiment with this sustainable activity. According to the CSR manager at Nudie

¹¹ <http://www.nudiejeans.com/post-recycle-dry-the-movie/>

¹² <http://www.complex.com/style/2012/01/nudie-jeans-introduces-the-post-recycle-dry-denim-exclusively-for-barneys>

Jeans Co, ISKO™ would probably have said yes if Nudie jeans wanted to do a project like this again. All suppliers want to sell more, so it would have been a reasonable decision for them.

The other actor having a great part in The Post Recycle Dry project is Blue Line. Blue Line is Nudie Jeans Co's jeans manufacturer in Urbana, Italy. They are responsible for the sewing of all Nudie Jeans products and all processes involving the manufacturing, such as washing, ironing, labelling, packing and distributing the jeans. The managers and employees at the office were the ones responsible in the making of The Post Recycle Dry jeans. Blue Line explained to the authors that after they received the fabric used in the recycling project they made no changes in the manufacturing of The Post Recycle Dry jeans. The sewing was the same and followed the same procedures as with all other Nudie jeans. The 500 pairs of recycled jeans simply had to be divided into the right colour matching and distributed to two locations in Sweden and one in America. They did not have to change any machines or do any extensively extra work involving the Post Recycle Dry production.

Other actors who might be identified affecting and affected by The Post Recycle Dry project are Nudie Jeans Co stakeholder and customers. Since Nudie Jeans did not conduct any analysis, they did not notice any higher demand for this product, hence the customers did not push the company in producing the recycled garment. Moreover, customers and other stakeholders helped through W-O-M in spreading the movie and information about the product online. From a stakeholders perspective the project was a failure in short-term profit because the recycling project was not economically sustainable. However, the customers who bought the product paid less than its actual value and a clear example of how Nudie Jeans sacrificed shareholder value in the favour of the public good.

4.2.3 The process

In 2007 the founder of Nudie Jeans Co, Maria Levin, launched a challenge for a number of textile students to design and create new garments from old Nudie jeans clothing. The Denim Maniac Program was the first time Nudie Jeans Co used

recycling in the process of creating new garments. This was also the starting point for Nudie Jeans Co to further realize a thought about how to fulfil the lifecycle of their product and to tell the story of how they truly could be used from cradle to grave. That same year another actor, Nudie Jeans Co's textile supplier ISKO™, developed the technology to mix old fabric into the machines creating a fabric made from recycled old garments. With ISKO™'s knowledge and Nudie's product development, this jeans lifecycle would become reality as the two companies thought of something bigger than The Denim Maniac Program.

At one of Nudie Jeans Co and ISKO™'s frequent meetings, the textile supplier presented Nudie with a new type of fabric made from partly recycled material. This meeting initiated the work to incorporate recycled material into the production process of new fashionable jeans products. According to ISKO™, Nudie Jeans had the right profile to be apart of this process as they are one of the leading companies on the textile market who is caring about the sustainable idea with using organic cotton and recycled fabrics. So why not be apart of it? Recycling garments was a fresh and cool idea and in line with Nudie Jeans's values regarding working towards a more sustainable production. The CSR manager further explains that the board and the product development department liked the idea from the start and quickly decided to be a part of the recycling project. Additionally, Nudie Jeans Co was more confident over they year as they had grew larger. This is an important factor when implementing projects without using external financing, like The Post Recycle Dry, since it requires more resources and manpower. Moreover, The Post Recycle Dry project was a good opportunity for ISKO™ and Nudie Jeans to enhance their sustainability profile. According to ISKO™, this type of material has been produced earlier but not in the same way as Nudie Jeans Co would launch what were to become The Post Recycle Dry jeans – a high quality and fashionable garment made from partly recycled material.

The question for Nudie Jeans Co was *when* the production of The Post Recycle Dry denim was going to fit in to Nudie Jeans Co production cycles. The amount of Jeans estimated to be produced was not enough to become a collection of its own, hence

The Post Recycle Dry became a separate project beside the normal collections. The recycled jeans project needed to be produced and launched to the store parallel with Nudie Jeans main or injection collection to not increase the costs even more. This decision process, in matching The Post Recycle Dry project into the production chain, took some time. No other analysis was done, according to the CSR manager.

In the spring of 2010 the initial steps of the production process of The Post Recycle Dry began in Sweden. Nudie Jeans Co had to find old Nudie jeans that were to be used in the production of the recycled fabric. They did not have to contain organic cotton or be of the same model or colour. With a united effort, the employees collected 600 jeans containing old worn out Nudie jeans, old claims and samples. They were then brought to Gothenburg where the cutting process started. All metal details had to be removed by hand and the jeans shredded into pieces. A single employee at Nudie Jeans Co did this hence the process took a couple of weeks. Otherwise the old jeans had no requirements except not to be in stretch materials.

The shredded pieces of old jeans were transported by truck to ISKO™'s factory in Istanbul, Turkey. ISKO™ handled the process of producing the recycling fabric. Two employees from Nudie Jeans Co were also there to observe but mainly to record the movie about the production of The Post Recycle Dry jeans. In Istanbul, machines grinded the old jeans pieces into a cotton-like-mass of recycled cotton fibres. These recycled cotton fibres had to be mixed with new virgin organic cotton fibres in order to gain strength and increase the quality of the fabric. The new organic cotton added was coloured with Indigo but not the recycled fibres. The recycled cotton fibres had different colours because of the variations in colour of the old jeans used in the recycling. This is the reason for why the finished recycled denim fabric was shifting in colour. The strings of cotton were then woven together with sophisticated textile machinery in a slower pace than commonly used by other companies in the industry. This gives Nudie Jeans Co garment an increased quality, but it is more expensive and takes a longer time. According to the CSR-manager, the process from when Nudie started cutting the old jeans into pieces until ISKO™ had produced the finished fabrics, took approximately six weeks. This part of the production process is unique

for The Post Recycle Dry project. A normal production cycle is approximately 28 weeks. This normal cycle applies for the recycling project as well, only adding some time for gathering and cutting down the old jeans.

The finished material resulted in 500 meters of fabric containing 35 % recycled material and 65 % organic cotton. After the fabric was produced it was transported in rolls by truck to Nudie Jeans Co producer Blue Line in Italy, Urbina. Blue Line discovered that it was impossible to use the fabric in the production of the jeans because the recycled fabric was not strong enough. The fabric was sent back to ISKO™ and they performed the process of making the fabric all over again. However, this was not seen as a major setback in the project and only delayed the production with four weeks. The Post Recycle Dry project was an experiment and ISKO™ could use old jeans leftovers from the first production of the recycled fabric and create a second fabric. This time it consisted of 17 % recycled materials and 83 % organic cotton. After Blue Line approved of the fabric and its quality, the new 500 meters of Post Recycle fabric was sent forward in the production process to the stitching units.

The part of the production process that follows is the same for all of Nudie Jeans Co's jeans, including The Post Recycle dry. Hence, the recycled jeans were sewn in the same machines and by the same people used for making all of Nudie Jeans Co denim products. The pattern for The Post Recycle Dry jeans was unisex and cut in Nudie Jeans Co's most universal measurements and most viable and marketable model, Grim Tim and Slim Jim. No extra attention was given to the production process of the recycled jeans and the fabric was of the same quality as of any other denim fabric. From what the authors saw when visiting the stitching unit in Italy, everything was organized and the employees work with different parts of the pants and rotated positions. From our observations and according to the CSR manager, the labours work in good conditions and follows Nudie Jeans Co's Code of Conduct.

After the Jeans are sewn, the measurements are to be checked and then they are ironed, labelled and packed into plastic bags. However, in the Post Recycle Dry case, the colour of the fabric affected the end product. Because of the shift in colour tones

the producer had to make sure to categorize the jeans with similar colours together so that the supplier could send jeans with the same colour tone to the same store. In this case, with only 500 pair of jeans, it was possible but in a larger scale it would have created a problem. This was also one of the reasons why only five stores were selected to sell The Post Recycle Dry jeans. A total of 200 pairs of the final product were transported from Italy to the warehouses in Sweden. Nudie Jeans concept stores in Sweden both received 46 pairs of recycled jeans. 51 pairs were shipped to the company's concept store in Melbourne, Australia and the remaining jeans were shipped to Harajuku, Japan. 300 of the 500 pairs were distributed to America to be sold at Barneys in New York City. The Jeans were transported together with other products and distributed to the stores before Christmas. In New York however the jeans did not make the stores for the Christmas shopping and were sold in January.

Nudie Jeans Co set the price for their products according to cost-based pricing. The price for The Post Recycled Dry jeans was however set according to the costs of the fabric, produced by their supplier ISKO™, and the price for the production by Blue Line, the sowing and packing ect. The price for one pairs of Post Recycle Dry jeans was 119 Euros, 20 Euros more expensive than a regular pair of Nudie. Even so, the price did not cover all the production costs but was still a competitive price to the customer. According to the CSR manager, the costs of collecting old Jeans, cut them to pieces and transport them to Turkey, were hidden costs and not included in the calculations for the price set on the product. If Nudie Jeans had accounted for these costs the jeans would have been at least another 20% more expensive, which the company thought was too expensive to have as the retail price to the customer.

Nudie Jeans have no traditional marketing strategy, thus no traditional marketing campaign was done related with the Post Recycle Dry project. A further reason for that was because Nudie Jean Co did not want to answer for themselves and their product. Thus, the final garment only contain 17 % recycled cotton and a total of 83 % organic cotton. Does this give Nudie Jeans the right to call it recycled jeans with only 17% recycled, the CSR manager said. Nudie jeans did not want to put them self out there with statements and marketing claiming to be the best and "nicest"

company. Then the company have to be prepared to defend itself, the CSR manager explains.

“We are not interesting to stand there and explain our actions, We are doing it in our way and we have to hope that other people feel the same.”

Sandya Lang - CSR Manager Nudie Jeans co

Nudie Jeans Co received a lot of attention in other ways, through social media, at net magazines and fairs especially through The Post Recycle Dry movie. Word about the recycled jeans was furthermore spread W-O-M and people were asking about the product in the store. Nudie Jeans Co saw the production as a success since they have already sold all of them to the stores. However, it's up to the stores to sell the product to the final consumer. The Post Recycle Dry products were marketed through their own concept stores as a part of the window exhibitions. Many of the recycled jeans were sold and especially in the countries outside of Sweden. As explained, the fabric of the jeans could have small shifts in the colour tone and not being washed the fabric had a very blue colour that might not be suitable for everyone or on every market. When visiting the concept store in Gothenburg a lot of the jeans were left, stacked neatly in a back corner.

4.2.4 The outcome

Three goals that both Nudie Jeans Co and ISKO™ identified as the most important outcomes with the recycling project was; legitimacy, PR and support to their sustainable mentally. These outcomes were received and Nudie Jeans Co as well as ISKO™ are overall content with The Post Recycle Dry project.

The project enhanced the relationship between them two and the companies gained legitimacy and PR. The movie made about the production of The Post Recycle Dry Jeans was given a lot of attention in media and was furthermore aired on Discovery Channel. The goal with the recycled jeans was not to make it into an economically sustainable product. The projects was helpful in showing Nudie Jeans Co customers, clients and the rest of the textile industry that recycling is physically possible. Hence

the project enhanced Nudie Jeans Co sustainable profile in the industry. Environmental projects are usually not profitable in counting numbers the CSR manager said, but that was never the goal. The company did not require the outcome to have any measurable profit, even the CSR manager did not know how many pairs that had been sold from any of the five stores. However, the project was not about selling more products but more to be a part off something exciting. The production of The Post Recycle Dry project was to expensive for Nudie Jeans to scale up and hence difficult for Nudie to make into a commercial collection available to all of their customers. In Gothenburg's concept store only 14 out of 51 Post Recycle Dry jeans were sold. According to the store manager the jeans received a lot of attention when they were marketed in the window displays, but after the new collections came in store the recycled jeans were put "on the shelf". In Sweden (Gothenburg and Stockholm), only one third of all the jeans were sold, but according to the store manager in Australia's concept store all jeans were sold and reports indicated that this was the case in America and Japan as well.

The project strengthens the image and profile of Nudie Jeans Co as well as ISKO™'s image of being more sustainable-minded companies. Both companies showed their innovativeness and they took on a challenge. The project was a great opportunity for ISKO™ to demonstrate how recycling products can be fashionable in hopes attracting new customers. Furthermore, ISKO™ enhanced its image in the desired direction to be viewed as a more sustainable supplier. The companies managed to show that recycling really works in practise and together they produce a high quality garments with a good fit. However, for Nudie Jeans Co the recycling project was not economically sustainable and would probably only be made once.

The Post Recycle Dry project is in line with Nudie Jeans's business values and it truly made a stand for what the company strives to achieve. The Post Recycle Dry project led to the development of a new project at Nudie Jeans Co and enhances the concept of a jeans lifecycle. The Jeans Lifecycle image is viable in both Nudie Jeans Co's and ISKO™ 's business strategies and also seen by other organisations such as

Levi Strass Co and Design for the environment¹³. For Nudie Jeans Co, this is one of their core concepts in their business today and the recycling project illustrated to the company's customers and clients that the lifecycle can be fulfilled. The CSR manager explains that the Post Recycle Dry project strengthen this concept, enabling Nudie to show their clients and customers how the lifetime of a pair of jeans, from cradle to grave, can be extended.



The Sustainable Jean 2012
<http://blog.nudiejeans.com>

Parallel to the Post Recycle Dry production a new project was founded, The Repair, Reuse, Reduce project. This project is a way for Nudie Jeans Co to extend the life expectancy of their jeans and has become an integrated part in Nudie jeans image of the Lifecycle. The concept gives Nudie Jeans customers right to mend their jeans for free or receive a discount on a new pair of Nudie jeans. According to the CSR manager, the jeans that are collected through this project are gathered and hold for future projects. Nudie Jeans will probably not make recycled jeans again since the company already have shown that recycling jeans is possible but not economically

¹³ <http://www.levistrauss.com/sustainability/product/life-cycle-jean;>
<http://www.epa.gov/nrmrl/std/lifecycle.html>

sustainable at this time, says the CSR manager. If Nudie wants to make a bigger Post Recycle Dry project, the gathering of old jeans has to become a natural part of the company. The CSR manager further explains that this is something Nudie Jeans have to incorporate in their daily work and in to the jeans Lifecycle if they want to do more recycled jeans. An increased demand and willingness from customer to pay for recycled jeans will probably also be needed.

4.3 The sustainable thinking with The Post Recycle Dry

The Company's aim with the Post Recycle Dry product was to show that recycling is possible in practise and to show their environmental concerns. The CSR manager indicates that even though the project would not generate any profit the company would have gone ahead with the recycling process and produced the jeans anyway. Recycling jeans is viewed as a sustainable activity and was a great opportunity to enhance the company's environmental profile. The Post Recycle Dry project focused on sustainability, and the image and attitude they portray as a sustainable-minded company was given creditability by increased legitimacy and good publicity associated with the recycling project. The Company will always be able to refer back to this project, even in the future. In the long run this strengthens the company's competitiveness in an environmental conscious market by proving that their projects and sustainability activities are legit and might indirect lead to increased profit.

5. Analysis

In this chapter The Post Recycle Dry's story and how Nudie Jeans Co managed to integrate recycling into their business strategy will be analyzed – Further what was successful and less successful with The Post Recycle Dry project's will be discussed.

The analysis will also discuss the way sustainability is visible in Nudie Jeans's business and in The Post Recycle Dry product and process. The chapter is divided into three sub-chapters, the first part discusses if The Post Recycle Dry project is scalable, the second part discuss the project's processes and the last sub-chapter will analyze the complexity in integrate recycling into Nudie Jeans co business strategy.

5.1 Is it possible to scale up The Post Recycle Dry?

The process of recycling jeans is difficult to scale up. At this time, producing the

quantity needed to make it into a regular collection is too expensive. The initial steps in the production chain are not efficient enough to make the recycling project profitable and customers are not yet prepared to pay a higher price for sustainability, at least not in Sweden. Nudie Jeans Co chose to make the recycling project once because in the long run the trade off between recycling jeans and making an economic profit costs too much. There is a need for a more efficient way of producing recycled fabric and a need for change in customer's behavior, but today this seems hard to reach.

The Post Recycled Dry Project is one example of a sustainable activity with no direct relation to economical profitability for Nudie Jean Co. The time and energy needed to collect the old jeans, cut and grind them down to pieces and mix them with new material were just too high. Furthermore, in scaling up the production the time spent on matching the recycled jeans with the same color will be much more extensive and not a sustainable process in the long run. Except from that, the process of producing one pair of jeans from recycled fabric had the same procedures and production cost as all other Nudie jeans from the dry (non washed) models of Slim Jim and Grim Tim. The reason for why recycled jeans production was more expensive was because of the additional administrative costs, transportation and production costs in association with the initial production processes of the recycled fabric. These initial procedures are a unique part of the production chain for the recycling project, but were deemed too costly by the company to be mirrored in the sales price. Therefore, the Post Recycle Dry jeans were sold at a loss, despite costing consumers 20 Euros more than non-recycled jeans. For the production to be economically sustainable and make recycling jeans scalable these initial procedures carried out by Nudie Jeans Co (gathering jeans, cutting and removing the metal parts) needs to become more efficient and integrated to the company's every day business.

Another interesting finding is that consumers today are more aware of environmental issues and are demanding that businesses take responsibility and actions in preserving the environment (Paulraj, 2007). The mentality of sustainability

has influenced Nudie Jeans Co from the start of their organization, driving them to produce in a fair way and work towards more sustainable ways of manufacturing. However, when such products exist on the market consumers often find them too expensive and are reluctant to turn their sustainability intentions into actual purchases (Anderson & Narus 1998; Bonini & Oppenheim 2008; Mosiander 2007; Becker & Murphy 1988). This was the case with The Post Recycle Dry jeans at the company's home market Sweden. Even though the jeans were sold in Nudie Jeans Co's most marketable model Grim Tim and for only 20 Euros more than a standard pair of Nudies, no more than one third of the 92 pairs of Post Recycle Dry jeans distributed to Sweden have been sold so far. The sale records were surprisingly low given that it was a limited recycle product with exclusively 500 pairs of jeans existing on the market. However, a total of 51 pairs were distributed to the concept store in Australia and all were sold to end customers. Nudie Jeans Co received reports that The Post Recycle Dry jeans sold well in Japan as well as in New York City where all 300 pairs received were sold. These facts indicate that The Post Recycle Dry style is highly sought after in markets outside of Sweden. The dry jean might be more fashionable in these countries or the demand and willingness to pay for sustainable products is stronger than in Sweden. Another explanation may be that the countries that sold every pair of the product have a larger amount of people living in the cities and therefore provide a larger customer base.

Based on the sales record the market demand seems to be there, at least outside Sweden. Naturally the question follows, is it possible to take a higher price for the recycled product and hence make a profit from it? The CSR manager at Nudie Jeans Co explained that increasing the price of The Post Recycled Dry jeans with 20 % would have covered all the additional production costs. So why did not the company raise the price? A simple answer is that the desired outcome with the project was not for Nudie Jeans Co to gain any direct financial profit, and that the company's motives for corporate greening were of more ethical concerns (Bansal & Roth, 2000). Nudie Jeans Co's desired outcome was to enhance their external image and furthermore create a sustainable value to their jeans lifecycle by proving that the recycled denim was physically possible. With this evidence Nudie Jean Co also

increase the company's legitimacy (Heart & Milstein 2003; Bansal & Roth 2000). A higher product price might have sent the wrong signals to the company's customers. The Post Recycle Dry was therefore made affordable to all Nudie Jeans Co's regular customers but this price did not cover the cost of the initial part of the production process. Even if the process of recycling old jeans could be improved and if Nudie Jeans Co customers are willing to pay extra for a pair of recycled jeans, there are still costs not accounted for in the calculation. The old jeans that were used in the recycling project were taken from jeans that Nudie already had in their possession. If scaling up the recycling process would be possible, the cost for collecting the old jeans needs to be considered. This means that the original price of 119 Euros first needs to include the 20 % extra costs necessary to cover all of the production expenses and furthermore the additional costs for gathering old jeans, plus a profit margin. With the already poor sale records from Sweden in mind, this will lead to a much too expensive price for regular costumers to pay. By not being able to obtain a financial profit or scale up the Post Recycle Dry, Nudie Jeans Co failed to integrate recycling into their business strategy. In this case we find a trade off between choosing economic profit before environmental concern because in the long a company cannot run at a loss.

However, Nudie Jeans Co's main purpose with the project was not to make it scalable. They realized from the start that it would be hard to generate a profit from recycled jeans. Then why go forward with this one-time recycling project? Profitable for a company is not always to be measured in relation to direct revenues, other factors also matter. In Nudie Jeans Co's case, The Post Recycle Dry project resulted in good marketing and increased the company's legitimacy. Furthermore, Nudie Jeans Co wanted to show to the textile industry, its actors and customers, that a recycled fabric was possible to create and that working towards making a more sustainable garment is what the company stands for. The Post Recycled Dry also enhanced the idea of the jeans lifecycle and actually illustrated that recycling of old jeans is possible, giving more credibility to the lifecycle concept. In the long run a project with this type of sustainability focus will probably increases the revenues for the company overall and better assure Nudie Jeans Co's survival (e.g Hart & Milstein

2003; Meyer & Rowan, 1977). Additionally, this also contributes to a competitive advantage for Nude Jeans Co since recycling project in the retail business is a unique and different concept compared to their competitor (Deephouse, 1999). As a whole, The Post Recycle Dry project contributed to increased publicity and legitimacy as Nude Jeans Co desired, which in the end made the project a one-time success.

Another argument, made by Nude Jeans CSR manager, which strengthens the indication that the recycled jeans will remain a one-time project, is the fact that the production of recycled fabric is more expensive than if the company produces fabric from new organic cotton. The market demand for organic cotton has also increased and more suppliers are switching their production to organic cultivation (Lorek & Lucas, 2003). Hence, the production of jeans containing 100 % organic cotton is more manageable today than the recycled version. But in order to quantify the production of recycled fabric in the future, a system for collect old jeans on a regular basis is necessary. There is a need to make the gathering of the jeans as effortlessly and naturally part in the production chain as organic cotton has become today. However, costumers today are not familiar with handing in their old jeans, and the concept of recycling is not yet well known. Some sort of education or incitements would be needed to make this a normal habit, for instance introduce the same idea as when returning pet-bottles or get a higher discount on a new pair of jeans if returning them. As mentioned above, these solutions will however make the recycled jeans even more expensive. Argued by Paulraj (2009), Bansal & Roth, (2000) and Delmas & Toffel (2004) legislations are effective in changing consumer behavior. In the textile industry the issue of changing consumption patterns is wide-ranging and requires the use of a variety of instruments (Lorek & Lucas, 2003). However, legislation does usually meet resistance because people are forced into doing it. Questions regarding “making the planet more sustainable” should be in everyone’s interest and hence not be forced (Lash & Wellington, 2007). Therefore, making returning-old-jeans as a normal habit would be best if it came from the costumers’ own will. Thus, the amount of handed-in old jeans should increase in line with costumers getting more educated around the concept and a long with the introduction of some incitement (Dobers & Strannegård 2005; Lash & Wellington

2007).

The Repair, Reuse, Reduce project was developed alongside The Post Recycle Dry as a solution to extend the life of a pair of jeans. The concept offers costumers to hand in their old Nudie jeans for either reparation or to exchange them for a reduced price on a new pair. This is a way for Nudie Jeans Co to incorporate a system for collecting jeans in the company's daily work and an instrument in the effort to change consumer patterns (Lorek & Lukas, 2003). If Nudie Jeans Co wants to include recycled material in the company's future strategy, it is essential to find a systematical way to scale up the gathering and shredding of old jeans. However, Nudie Jeans Co claims that the aim with The Repair, Reuse, Reduce project is not to collect jeans for a future recycling project. For now, the company does not know what to do with the old jeans. Some are repaired and sold as a unique second hand jeans, branded with good environmental choice. Nevertheless, this has developed into one of Nudie Jeans Co well known concepts, and works as an enhancement to the company's jeans lifecycle and a way for Nudie Jeans to incorporate sustainable thinking in their everyday business. People are today starting to leave their Nudies for mending or exchanging them, making this way of thinking visible in every concept store as a big pile of jeans waiting for a second life.

5.2 The Post Recycle Dry process

As mentioned in the results chapter, The Denim Maniacs Program in 2007 was the first step for Nudie Jeans Co towards incorporate recycling projects and material in to their production. This was also an initial stage for the company to show their future vision of how the Jeans lifecycle (break-in, repair, reuse, recycle) could be completed. In 2010 The Post Recycle Dry project became an extension and a way for Nudie Jeans Co to take the idea of recycling project one step further.

Both The Denim Maniacs Program and The Post Recycle Dry project were influenced by external actors affecting Nudie Jeans Co's strategic development and decision-making process. The Denim Maniacs Program challenged textile students to create new garments from old ones, influencing Nudie Jeans Co with their ideas on recycled

products. Compared to Whittington's strategy theory (2006), most business strategies are created from inside the company, but this is not the case with Nudie Jeans Co. Being influenced by external actors is something that seems to emerge frequently in their strategy development. Having a positive effect on the company for this reason when opportunities arise from outside, Nudie Jeans Co develop and realize the ideas in collaboration with these external actors. The possibility to produce a recycled denim product and the fabric that inspired The Post Recycle Dry came from the company's supplier ISKO™ at one of the actors regular meetings. ISKO™ is the external actor presenting a practice available and thus influenced Nudie Jeans Co into making a strategic decision (Whittington, 2006). Without external actors The Post Recycle Dry project would not have been realized and Nudie Jeans Co strategy development would have taken a different direction.

This observation regarding external actors having such a big influence on Nudie Jeans Co development is unusual according to Whittington's framework (2006). Usually the development of a new strategy is created from within the company, the Mech Group in Roséns book (2011) is one example describing the strategy developing from within the company. A reason for these deflections from Whittington's (2006) framework may be because Nudie Jeans is active in a dynamic industry and continuously needs to find new ways to stay creative and competitive, and therefore recognize the influences as opportunities rather than a strategically decision. Nevertheless, many parts of Whittington's (2006) framework are applicable on Nudie Jeans Post Recycle Dry project. First of all, the company views strategy as something people in the organization actually *do*. This is visible in the fact that Nudie Jeans Co engages in emerging opportunity, like The Post Recycle Dry project, which was realized with the employees at Nudie in collaboration with the supplier ISKO™. Second, when the decisions were made the same practitioners had to be present during the regular meetings, referring to Nudie Jeans Co monthly board meetings. Additionally, Nudie Jeans makes decisions based on the employee's own tools and earlier experiences but furthermore let practices from external actors influence their decisions (Whittington, 2006).

However, Whittington (2006) does imply that outside actors can affect an organization's new strategy praxis, referring to them as e.g. consultants. As further mention in Rosén's (2011) thesis, top managers are not the only actors important in the praxis process but other actors can also influence the process. In The Post Recycle Dry project the supplier ISKO™ and Blue Line have had a big influence on Nudie Jeans Co. In literature regarding implementing sustainability into business practices the suppliers are generally presented as affecting the company in a negative way. For example the article by Egels-Zandén (2007) describes one study where the suppliers consistently violates the companies Codes of Conduct and damage their reputation. The Nudie case illustrates the opposite situation with the supplier influencing Nudie in a positive way by proposing and enabling the recycling project. This demonstrates how important it is to carefully choose a company's suppliers in order not only to avoid risk but also for strategic opportunities. Nudie Jeans Co has put a lot of effort in supplier decisions, resulting in a close and more transparent relationships with them and thereby increasing the changes of the suppliers having a positive impact on Nudie Jeans Co's sustainability strategy.

Another famous model that can be related to the actual creation of The Post Recycle Dry is the Garbage can model, where problems and solutions arise in different times and then they are linked together. The two actors, Nudie jeans Co and ISKO™, met frequently and knew each other's capabilities. Nudie Jeans Co had the profile and the vision of a full lifecycle but not a solutions for how to fulfill it, and ISKO™ had the idea and technical machines to make it possible but not yet a costumer to buy the fabric. When the time was right, problems and solutions where put together, which resulted in The Post Recycle Dry project. However, all problems were not solved like this. The project was neither scalable nor economically profitable, and solutions for these problems are still required, (as discussed in the sub-chapter above). These solutions can emerge later on, relating to the function of the garbage can model that solutions arise in different times in relation to the problems that need solving. Another model that can describe the irrational and randomly way of which The Post Recycle Dry project emerged, resembles with Mintzberg's (2000) emergent strategy model. Hence, Nudie Jeans Co takes opportunities that are in line with their

deliberate values and make them a part of their strategy. The company learns as they practice, and implement concepts into their business strategy that are possible to make into a frequent pattern of actions (Mintzberg & Walters, 1985). To be clear, Nudie Jeans did not succeed in making The Post Recycle Dry into a regular project or a returning collection and recycling is therefore, not yet, a part of the company's business strategy.

5.3 Strategy is a complex issue

Back to our main problem formulation, how companies integrate sustainability in the form of recycling into their business strategy is complicated to answer. Strategy is a complex issue, the Honda case being one example where it was difficult to prove their strategy being emergent or planned (Pascal, 1996). According to Mintzberg & Walters (1985), strategy process is defined as a sequence of events that describe how a company's organization changes over time. The Post Recycle Dry project may be an early stage in an attempt to integrating recycling into Nudie Jeans Co strategy or simply a one-time project to bestow legitimacy and publicity for the company. In either case, Nudie Jeans can in the future refer back to the recycling project and have actual products to illustrate that recycling is possible. However, the question still remains, was recycling successfully integrated into Nudie Jeans Co strategy? As advocated by Mintzberg (2000) a new strategy can only be determined after it is truly integrated. By merely observing and analyzing one project in Nudie Jeans Co's strategic development makes it difficult to draw any conclusions regarding if the recycling project **had affected** the company's strategy in the long run or if the recycled jeans will not extend into anything else than a one time activity. The recycling project may even be forgotten in a year or two, hence making it an unsuccessfully projects not integrated into the company's strategy. Recycled projects needs to be a pattern of sequence of actions in the organizational behavior of Nudie Jeans Co to be addressed to as successfully integrated in the company's strategy (Mintzber & Waters, 1985). The Repair, Reuse, Reduce project was, as mentioned, developed alongside The Post Recycle Dry and an attempt for Nudie to make recycling a part of their business strategy. However, the majority of customers leaves their jeans for mending and do not exchange them for a discounted new pair, not

creating a systematic way for Nudie to gather old jeans. Still, if project like these continues to develop it is possible that The Post Recycle Dry was a small step in a greater path to how recycling came to be a part of the company's strategy. However, only time will tell if the world will see more recycled jeans or projects made by Nudie Jeans Co.

Overall, Nudie Jeans Co ability to implement sustainable activities in to the companies' business strategy is relatively easy compared to other companies. More often than not do companies see sustainability developments not as a multidimensional opportunity but rather as a one-time hassle, involving regulations, added costs and liability (Hart & Milstein, 2003). However at Nudie Jeans Co the support and commitment from top management regarding sustainability strategy and activities is strong, which according to Paulraj (2009) makes it easier for a company to integrate environmental concerns into the business strategy. Furthermore, this gives the board and the managers of Nudie Jeans Co more freedom to do what they feel is right for the firm and hence making it easier to integrate these actions into their strategy (Epstein, 2008). With no formal sustainability reports or decision-making process the company can more easily engage in environmentally responsible project, and learn by doing so, to find out what activities work and what activities that do not work (Mintzberg, 2000). Projects that contribute to any kind of profit for the company are performed, and projects contributing to long-term revenue are integrated into their strategy.

Technical development and how financially fragile a company is also affects how strategic decisions are being made. Some sustainable activities have not always been achievable. The technicalities to produce recycled fabric and the necessary recourses Nudie Jeans Co needed to go with the project were not available five years ago. Thus, making sustainability work an emergent process for Nudie Jeans Co organization (Mintzberg 2000; Docherty et al. 2008). ISKO™ possessed the knowledge to recycle material in 2007, however it took another three years until The Post Recycle Dry project actually was carried out. To work for with more sustainable products has been Nudie Jeans Co's ambition since the start and thus naturally this

direction became a part of the company's strategic development. The fact that Nudie Jeans Co does not make any calculations or formal reports regarding their projects, affect the way the company takes on environmental responsible actions (e.g., Eccles et al. 2012; Cooper & Owen 2007). Meaning that not conducting any analysis have a positive impact on the engagement of activities such as recycling projects and 100% organic cotton collections even if they are not economically sustainable. According to Epstein (2008), calculation models used today do not include factors that concern the environment and therefore make these projects less profitable than they really are. This also being one reason for why sustainability activities are perceived as costly (Friedman 1970; Heart & Milstein 2003), and if energy had been spent on analyzing The Post Recycle Dry project it might not have been produced. In that case Nudie Jeans Co would have missed out on positive gains e.g. increased legitimacy and PR.

In 10 years Nudie Jeans Co has grown into a highly sustainable company contributing to sustainable development by simultaneously deliver economic, social and environmental benefits (Eccles et al. 2012; Heart & Milsten 2003; Epstein, 2008). With The Post Recycle Dry project, Nudie Jeans showed an effort in the work towards creating a more sustainable world and the company sacrificed profits and shareholder value for the public good (Heart & Milstein 2003). However The Post Recycle Dry project, as it seems today, will not develop to anything else than a one-time project. This does not contribute to any revolving change for the environment. However, the project brings extensive evidence to the community about the opportunities available in recycling jeans. This may contribute to other companies or actors finding solutions to the problems regarding the recycling process and not until then can recycling become a truly integrated part of a company's business strategy.

6. Conclusion

“The Naked Truth about Recycled Denim” *The Authors*

Today, recycled jeans appear to be too expensive to scale up and hence not something Nudie Jeans will introduce as a regular collection. Two main problems have been identified regarding why The Post Recycle Dry project will not be integrated into Nudie Jeans Co operation and business strategy. The first problem is due to the ineffectiveness in the initial processes of collecting and shredding old jeans and how the company can better manager this on a regular basis. The second major problem is that the price for producing jeans made from recycled materials is more expensive than to fabricate them out of new organic cotton. However, if finding solutions to these problems (e.g. get costumers to return old jeans as with pet-bottles and find a way to produce the recycled fabric more effective) combined with an increasing willingness to pay from costumers, recycled jeans will be possible to produce in a larger scale. Unfortunately, based on the analysis and observations made concerning The Post Recycle Dry denim, this will not happen within the near future. Facts indicate that the recycling project studied in this case will be a one-time occurring action. The company also stated that is was never their intension to make The Post Recycle Dry into a quantitative collection from the beginning. Therefore, recycling will not be a frequent pattern of actions and thus not be a part of a defined strategy. Nevertheless, the project managed to increase legitimacy and good publicity for the company, which gives Nudie Jeans Co credibility regarding their sustainability strategy and also seen as a success.

Studies regarding *how* sustainability strategies actually are implemented in an organization in practise are limited. Academically related, this thesis has contributed to an empirical study on an actual case examining how to link business strategy and sustainability. The idea of integrating recycling products into business strategies is a relevant topic discussed within literature and an idea many companies today strive to incorporate into their products. The cradle to grave concept is a well-known term

but few results have been found on firms truly succeeding with the concept in practise. To be clear, not even Nudie Jeans Co have truly succeeded in integrated recycling into their products because they were unable to make it into a profitable mainstream business strategy. This case study is supporting the fact that integrating recycling as a sustainable activity into a company's strategy is difficult. At this time, one may even say it is impossible to scale up the production of recycled jeans and produce the amount needed to sell the jeans to the commercial market. With many complications associated with recycling, and further the retail price the company would have to charge in order to make it economically profitable, is too high.

It is difficult to make generalizations based on a one case study of recycling products alone. Further studies on how sustainable strategies form in an organization in practice are needed. Preferable, investigate the formation of sustainable strategies over a longer period of time than in which this study was completed. Finally, refereeing back to Nudie Jeans Co profile, the company have succeeded with participating in a project that enhanced their credibility and seriousness with working towards a sustainable strategy. If they continue working with adapting project similar to The Post Recycle Dry, they will persist their image of being a sustainable company and hopefully find other ways to integrate sustainable activities into the company's business where the trade off between environmental end economic concerns is non-existing.

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8. Appendix

8.1 Interview Guideline Questions

Below follows the questions the authors used to more deeply understand the topic.

8.1.1 Questions to Nudie Jeans Co

1. What is Nudie Jeans Co goal with working towards having a sustainable business strategy?
2. How do Nudie Jeans measure success and how is a sustainable approach to value for Nudie Jeans?
3. Why is sustainability and environmental concern such a huge part of Nudie Jeans Co business?
4. Does Nudie Jeans Co work differently with sustainability today compared to the beginning of the company's operation?
5. What factors have influenced and effecting Nudie Jeans to further develop an environmentally conscious attitude and business?
6. How and when did Nudie Jeans Co start working towards a more sustainable development and a more sustainable strategy?
7. Has Nudie Jeans's strategy and strategic decisions changed over time?
8. What has been the most radical change towards a more sustainable development?
9. Is there any internal or external influences or any actors that affect Nudie Jeans Co strategy?
10. What is Nudie Jeans next step in developing a sustainable strategy and CSR work?
11. How to implement the sustainability strategy in daily practice?
12. What is being done to reach out to all employees (including the factory in Italy, etc.?)
13. To what extent can employees influence the development of Nudie Jeans Co business?

The Post Recycle Dry Project

14. How did the idea of The Post Recycle Dry emerge? And what happened from the beginning until it was realized?
15. Who took part of the decision making of the PRD collection?
16. What was the reason for deciding to produce and be apart of the PRD project?
17. What made it possible to produce the PRD at this time?
18. Why was ISKO™ a key actor in the development of The Post Recycle Dry? Were there any other actors involved in the project?
19. Did the Recycle Denim Maniac programme in 2007 have any effect on the idea?
20. How did the entire production process of the PRD jeans turned out? (From the old worn out jeans to the distribution of the finished products). This was a constantly retuning question as we during the interview found out more about the manufacturing, step-by-step and what actors were involved.
21. How did Nudie market the PRD collection?
22. How will The Post Recycle Dry collection affect the company (sales, durability,

- image, etc.) and corporate strategy in the future?
23. What did the actors involved in the PRD project want to gain?
 24. Have customers affected Nudie in relations to PRD Collection?
 25. Can this be an important product for the future?
 26. How many jeans were sold of The Post Recycle Dry project in Sweden and in the other three countries where the jeans were sold?

8.1.2 Questions to ISKO™, the textile supplier

1. What is your professional relationship with Nudie Jeans Co?
2. What was your aim with producing a fabric partly in using recycled material from start?
3. How long have ISKO™ had the technology to produce fabric like this sort?
4. Have you done anything similar like this before? If you have, when? For whom, why and how? And if you haven't, why haven't this been done before? Why wasn't it possible until now?
5. When did you Contact Nudie Jeans Co about collaborating in this project?
6. Why was Nudie Jeans Co chosen to be apart of The Post Recycle Dry project?
7. Was the outcome of the recycled fabric as you expected, quality and production wise?
8. Was the outcome of the project as you first expected? (Your aims equal to the result?)
9. Was there any complication along the way? In that case what kind of complications and how did you deal with them?
10. How has this product affected ISKO™ business? (Image, reputation, customer recognition, marketing etc)

8.1.3 Questions to Blue Line, the jeans producer

1. What is your professional relationship with Nudie Jeans Co?
2. What services do you provide for them?
3. Was Blue Line involved in The Post Recycle Dry production?
4. Did The Post Recycle Dry production affect Blue Lines Business in any way?
5. Was there any change in the production process with the recycled fabric?
6. Did Blue Line have any influence in the design of the jeans?