Norwegian University of Life Sciences
Faculty of Social Sciences
School of Economics and Business (HH)

Master Thesis 2015
30 credits

Building Business Models for Sustainable Fashion
A case study of Norwegian fashion companies focusing on local value chains and locally sourced wool

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Acknowledgements

This is my master thesis, the final assignment of my Master in Entrepreneurship and Innovation at Norwegian University of Life Science. Initially, I started brainstorming master topics and considered several areas such as corporate sustainability, hybrid organizations and social entrepreneurship. When I was asked to be part of the "KRUS" research project, it was easy to say yes knowing I would be part of a cross disciplinary network of skilled and enthusiastic people. It has been motivating to experience how an extensive research project, funded by The Norwegian Research Council and managed by the National Institute for Consumer Research, can help connect people whom together boost the reestablishment of a historically proud industry. Overall, the research process has been truly enjoyable and I hope I will get the chance to continue academic research in the future.

First of all, I want to thank my great supervisor Anne Moxnes Jervell for all your advice, guidance and patience throughout the process. Thank you for the confidence by inviting me to participate in "KRUS". I am especially grateful that you prioritized your time, since you have had other important commitments this year. Additionally, I want to express appreciation to Arsalan Nisar and Elin Kubberød who both have been co-supervisors during parts of the process.

To the companies that contributed by accepting to be cases in my study, I gracefully thank you all for your time and openly sharing experiences. I am humbled by your determination to develop companies that incorporate sustainability in your business models. It has been inspirational to be offered insight into your efforts to change an industry with many unsustainable issues. Surely, I wish you the best of success in the future. I will have you on my radar, hoping our paths will cross again.

I would also like to thank other informants such as Linda Refvik and Gisle Mariani Mardal, together with Kerli Kant Hvass and Kirsti Andersen from CBS for sharing information and introducing me to your work.

Finally, a very special thanks to Morten, William and Benjamin, my dearest family whom has supported me during the whole master studies, and also my parents and in-laws whom have given helping hands when "småbarns-tidsklemma" has been pressing.

Linn M. Dybdahl

Oslo, December 2015

Abstract

The fashion industry is the world's fourth largest and has many issues that contrast sustainable ways of balancing the needs of people, planet and profit. However, there is a shift where both start-ups and established fashion companies are trying to incorporate sustainability in their business models. This case study of five Norwegian fashion companies, looks at how they operationalise sustainability in their business models. By using the *Sustainable business model framework* as an analytical tool, the study investigates how the companies create and capture shared value. The companies use several sustainability approaches such as localising, renewable fibre, ethical made, slow fashion, product longevity and consumer education. In particular, localising the value chains and sourcing local fibre are explored as a sustainability approach. The companies show that localising can create, deliver and capture value both for themselves and their customers, as well as society and the environment. Thus, localising can be considered an approach to build sustainable business models. Yet, this requires that the company is attuned to its stakeholders and is determined to create shared value. Findings also reveal reasons not to localise, mainly concerning external conditions in the local area that are inconsistent with the company's needs.

In addition, the study compares how start-ups and incumbent companies build sustainable business models. The start-ups have the ability to be innovative and flexible since they are in a process of building their business models. However, they are limited by their access to resources. Established companies have larger organisations and more matured business models that result in slower and incremental changes towards sustainability. Nevertheless, the larger companies benefit from better access to resources and their impact can still end up be substantial since they reach a bigger market. With their advantages and shortcomings, connecting efforts by both start-ups and established companies can contribute in speeding up the process of making the fashion industry more sustainable.

Keywords: fashion industry sustainable business models, approaches to sustainability, localising, local value chains, wool, start-ups, established companies

Sammendrag

Mote- og tekstilindustrien er verdens fjerde største og har mange utfordringer knyttet til bærekraft, men det er en endring der oppstarts- og etablerte selskaper prøver å integrere sosiale og miljømessige behov i sine forretningsmodeller. Denne case studien av fem norske moteselskaper utforsker hvordan selskapene operasjonaliserer bærekraft inn i sine forretningsmodeller. Ved hjelp av rammeverket for bærekraftige forretningsmodeller ser studien nærmere på hvordan selskapene skaper, leverer og kaprer «*felles verdi*». Selskapene bruker forskjellige tilnærminger til bærekraft som lokale verdikjeder, bruk av fornybare fibre, etisk produksjon, slow fashion, forlenget varighet på produkt og opplæring av forbrukerne. Spesifikt undersøker studien lokale verdikjeder og valg av lokal råvare som en tilnærming for å bli mer bærekraftig. Selskapene viser at lokale verdikjeder kan skape, levere og kapre verdi både for seg selv og sine kunder, samt for samfunnet og miljøet. Med andre ord kan lokale verdikjeder være en tilnærming for bedrifter til å forme mer bærekraftige forretningsmodeller. Dette fordrer riktignok at selskapet er i dialog med sine interessenter og at de er innstilt på å skape felles verdi. Funn viser imidlertid også grunner til at selskapene ikke kan oppnå helt lokale verdikjeder. Disse er hovedsakelig relatert til eksterne faktorer som ikke samsvarer med selskapenes behov.

Studien sammenlikner også hvordan oppstarts- og etablerte selskaper bygger sine bærekraftige forretningsmodeller. Oppstartsselskapene har evnen til innovasjon og har en fleksibel tilnærming fordi de er i ferd med å utvikle sin forretningsmodell. Likevel hemmes selskapene av mangel på ressurser. Etablerte selskaper er større organisasjoner med mer moden forretningsmodell som medfører at de har saktere endringer med mindre radikal innovasjon for å bli mer bærekraftige. Til tross for dette, har større selskaper fordeler grunnet bedre tilgang til ressurser, og de kan oppnå større effekt siden de når et større marked. Med sine respektive fordeler og ulemper kan oppstarts- og etablerte selskaper medvirke og samarbeide om å skape en mer bærekraftig mote- og tekstilindustri.

Nøkkelord: moteindustri, bærekraftige forretningsmodeller, tilnærminger til bærekraft, lokalisering, lokale verdikjeder, ull, oppstartselskaper, etablerte selskaper

1 Innhold

Abbreviations

BM – business model

CSR – Corporate Social responsibility

GRI – Global Report Initiative

NFI – Norwegian fashion institute

NSD - Norwegian Social Science Data Services

SBM – Sustainable business model

SBMF – Sustainable business model framework

SME – Small Medium Enterprise

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1 Introduction

1.1 Background

1.1.1 A Fashion Industry in Need of Change

The popular Internet documentary, *Sweatshop: Dead cheap fashion* (Sweatshop 2014) depicts three young Norwegians who work in a Cambodian garment factory for a month. They experience the darker sides of fashion. In-humane working conditions leave the three Norwegians with a bitter taste for fashion. Suddenly they realize what is happening on the other side of the world in the earlier stages of their clothes' life cycle. The documentary symbolizes an industry that is criticised for its unsustainable ways. The fashion industry is the world' fourth biggest industry (Allwood et al. 2006) valued at US$1.7 trillion and internationally employing approximately 75 million people (Fashionunited 2012). It comprises designer and basic clothing, footwear and accessories. The industry is accountable for economic growth, job offerings, expression of cultural identity and the comfort and joy of clothes. At the same time, it negatively impacts the environment and society significantly.

The current industry situation is dominated by multinational retailers and brands that have taken on practices centred around trend-driven design, extended outsourcing to developing countries and inexpensive pricing-strategies, causing a significant reduction of the price of clothing (Cataldi et al., 2010 p.3). Cheered on by massive marketing campaigns, many fashion consumers purchase ever-changing trends on impulse, and have little consideration and knowledge about the effort it takes to produce each product (Birtwistle & Moore 2007, p. 214). Consequently, the consumers end up with full closets containing garments they seldom use (Klepp & Tobiasson, 2015). Fashion's concept of renewal is seen as a "*good thing for economic competitiveness and market stimulation, but a bad thing for resource conservation and environmental stewardship"* (Walker 2006, p. 72). The challenge of sustainability in the fashion industry is undoubtedly complex and multidimensional. Overall, suppliers, manufacturers, retailers, consumers and policymakers are paying fragmented attention to sustainability, which makes it demanding to transform the industry as a whole. A fundamental paradigm shift seems necessary, aligning business activities and consumption patterns with environmental and societal needs (Bocken et al. 2014).

Fortunately, there is a growing awareness and the needed change has started to happen. Many companies focus on rethinking their value chain and the best practice companies integrate sustainability in all levels of their business operations, adding value to all the company's activities (Carbonaro 2012, p. 49). In other words, sustainability is integrated in the business model which

can be described as the architecture of how the company does business. Involving how it creates, delivers and captures value for all its stakeholders. When bringing sustainability and business into line, business models can lead to improved consumption patterns, better efficiency and consistent system designs (Lüedecke-Freund 2010, p.7). Both start-ups and incumbents are trying to find different ways to build sustainable business models. Some of the solutions are sustainability approaches such as localising, choosing renewable fibre, slow fashion, ethically made and educating the consumer. The solutions ranging from small step-by-step changes to radical business model innovations, show a shift towards a more sustainable fashion industry.

1.1.2 Sustainable Value Through Local Value Chains

Many of the other unsustainable issues in fashion and textile industry are linked to the scale of production, global trade's impact on resource flows and producer communities, and "*production of goods that barely reflect local materials, skills and fashion preferences*" (Fletcher 2008, p.137). The recent decades' outsourcing-trend has resulted in non-transparent supply chains covering shady social and environmental practises. Outsourcing can cause problems that outweigh the imposed cost savings (Buchholtz & Carroll 2012, p 557). Closing businesses and factories can leave serious challenges to communities, resulting in lost jobs and decrease of tax-incomes that affect the welfare systems in the communities (ibid, p. 558).

Many of the global problems are actually symptoms of local problems and must therefore be solved locally (Hawken 1993, p. 202). Local communities reinvestigating traditional artisanal modes of production and smaller scale initiatives, is an international trend (Carbonaro 2012, p. 49). The local focus has also been emphasised by the United Nations' Local Agenda 21 (Agenda 21 1992) that called for greater involvement from local communities in order to promote sustainable development in the 21st century (ICLEI & IDRC 1996). Internationally there is a trend to re-establish local production (Klepp & Tobiasson 2015, p.12). To onshore the manufacturing process, can advance the degree of transparency, stimulate closer ties and assure that more sustainable value is created for all the parties involved. In other words, localising and sourcing local materials can be an approach for companies to build more sustainable businesses.

1.1.3 Norwegian Wool in a Broken Value Chain

The craftsmanship of wool is part of the Norwegian cultural and industrial heritage, going a long way back. The Vikings explored the seas with sails made of wool and the Norwegian fishermen living close to the polar circle have survived cold, wet and windy working conditions because of the wool's qualities (Hebrok et al. 2012). Today, Norwegian children wear wool from the day they are born. The Norwegian population has a strong tradition to wear wool when doing outdoor sports. However, the last decades, most of the wool used in Norwegian woollen clothes, comes from

abroad and travels long distances from Australia, New Zealand and other places, producing trails of emissions and added costs. Internationally 1,1 billion sheep produce 1,2 billion kilos wool each year, but Norwegian sheep can only be accounted for 4,5 million of these kilos (Bjørklund 2015). Although Norway for many years had a flourishing textile industry based on wool, the oil focused economy and high Norwegian wages, forced many manufactures to either outsource or to shut down leaving a broken supply chain. In general, the Norwegian textile industry has undergone a prolonged decline since 1950, and is nationally rated to be of small industrial importance compared to other OECD-countries (Espeli 1997). Instead of supporting local textile industry, Norwegian consumers prefer increasingly cheap clothes made abroad and end up with crammed walk-in closets. The outsourcing trend also results in an erosion of the former valuable industry knowledge. However, there are a few Norwegian companies that have kept the manufacturing processes in Norway. Today, there is an increasing interest by designers and companies to produce locally and make use of Norwegian wool (Sætran 2015).

1.2 Context

1.2.1 The Sustainability Imperative

There are many definitions of sustainability and the term has been used variously within economics and policy analysis (Toman 2006). Generally, the term suggests preservation and nurturing over time. According to the much-referred report from United Nations' World Commission on Environment and Development or the so-called "Brundtland report" (1987), sustainability is the ability to "*meet the needs of the present without compromising the ability of future generations to meet their needs*". Sustainable development unites the three pillars, economic, environmental and social sustainability.

The concept of sustainability has evolved over the past four decades and particularly, how it can be applied to businesses (Dyllick & Hockerts 2002). Sustainability-oriented business concerns multidimensional and normative ideas balancing economic prosperity, social justice and ecosystem viability (e.g. Buchholtz & Carroll 2012; Lüedecke-Freund; 2010, Stead & Stead 2008). Some companies have begun to see the sustainability-philosophy as a business opportunity, offering ways to reduce cost and risk, and even increase market share and revenues through innovation (Hart et al. 2003, p.56). Companies around the world has adopted the triple bottom line approach (Elkington 1994) where companies try to harmonize their efforts to become economically viable, environmentally sound and socially responsible, balancing "*People, Planet and Profit*". This triple division has been criticized by several experts[1] for simplifying sustainability's complexity (Joyce et

[1] Referring to Norman & MacDonald 2004; Vanclay 2004; Mitchell 2007.

al. 2015), but the triple bottom line approach has for example influenced the Global Report initiative (GRI) which is a widely used standard on sustainability reporting (ibid.).

Jørgensen and Pedersen (2013) use the terms *casting light* and *reducing shadow*, illustrating that companies can apply sustainability in various degrees and with various outcome. Some efforts are more proactive than others. Corporate social responsibility (CSR), which has been a central concept in giving companies more responsibility beyond just making economic profit, has been criticized for being defensive and cosmetic tactics only trying to reduce shadow (Porter & Kramer 2006). Numerous definitions of CSR have been proposed (van Marrewijk 2003). In recent years, CSR has also included opportunity-seeking and pro-active strategies that overlap the concept of corporate sustainability (e.g Pedersen & Gwozdz 2014). Montiel (2008) has through an analysis of CSR and corporate sustainability definitions found that they share the same visions, and even suggest that researchers should integrate the two concepts.

In sustainability, companies are expected to take the more proactive-approach, striving to cast light. "*The sustainable enterprise idea represents a progression from the largely voluntary or discretionary notion of corporate social responsibility to more integral concepts of corporate responsibility and corporate citizenship that have been rapidly evolving, particularly since the mid-1990's"* (Waddock & McIntosh 2011, p. 48-49). Sustainable enterprises co-evolve the business model with the notion of sustainability as integral. In corporate sustainability, externalities have a central focus where the company's success actually depends on the relationship to all its stakeholders (Perrini & Tencati 2006). Thus, sustainability can be achieved when "*organisations try to maximise the quality of their products to customers, subject to meeting the wants and expectations of non-customer stakeholders"* (Foley, 2005; Garvare & Johansson 2010). Overall, most companies need big changes, both new business models, greater trust, and greater stakeholder engagement based on a durable vision for pursuing sustainability (Krantz 2010).

As for sustainability in fashion, different fashion industry people have various perceptions of the term (Friedman 2010). This makes it, together with the multiple sources of fashion textiles production, a complex goal (Gwilt & Rissanen 2011, p.31). Sass Brown (2010, p.9) defines sustainable clothing as products that are not polluting through the process of sourcing and manufacturing, "*and that do not deplete non-renewable resources, whether they are planetary or human".* Brown also points out that very few garments *"fulfil the concept of sustainability in its entirety"* (ibid). Some even consider sustainable fashion an utopian ideal (Gwilt & Rissanen 2011, p.31). It is also unlikely that the industry can make the transition alone, but must rely on enough consumers acknowledging their participating role in the change needed (Shah 2012, p. 219). Regardless of the sustainability challenge's magnitude, it is an ideal to strive for, especially since history shows that textiles and clothes used to be much more sustainable than they are today.

1.2.2 Sustainable Fashion in a Historical Context

Over the course of four hundred years, the concept of sustainability has gone from being given to the current situation where it is considered a matter of choice (Welters 2008, p. 8). Back in the preindustrial era, people practiced sustainability as an inevitable way of life. Production of fabrics was laborious and time consuming with every process of the clothing-creation were made by hand. Consequently, textiles were considered an investment of high value (Gwilt & Rissanen 2011, p.22). All the raw material for textiles came from nature, and textiles were locally produced, often with a multi-functional design maximizing the use of the fabric (Harris 1993, p. 38). Most people only owned a few clothing items which they repeatedly repaired to extend wear (Welters 2008 p.10). Precious textiles were inherited from the older generations and clothes were so valuable that they were stolen and pawned for cash (Lemire 1990). Fashion was for the wealthy; selecting fabric, visiting the tailor and waiting for weeks to receiving the hand-made items, but even "*the wealthy saved fabrics, remodelled clothes and sold unwanted items in the second-hand market"* (Welters 2008, p.8).

The capitalistic production system has radically changed the role of textiles in society (Harris 1993, p.13). The industrial revolution and mechanized production amplified supplies and reduced prices. Gradually fashion was becoming available for a larger share of the population. Today the industry is dominated by frequent shifts of trends and disposability, namely *fast fashion*. Fashion trends used to live for centuries, but now change rapidly every season (Pedersen & Andersen 2013 p.12). The last decades' dominant business model of the fashion industry is linear and profit driven and large multinational companies such as H&M and Zara dominate, but even items from the luxury brands live short lives (Gordon & Hill 2015, p. 48).

1.3 Knowledge Contribution and Research Objective

Research on business models has been constantly rising the last two decades, but is still fragmented (Burkhart et al. 2011; Zott et al. 2011). The last years there has been a growing interest in the subfield sustainable business models (Stubbs & Cocklin 2008; Lüdeke-Freund 2010; Bocken et al. 2013; Schaltegger et al. 2012, etc.), but it is still a new field in both the academic and business world. The main argument for doing research on sustainable business models is that it connects two young disciplines: business model research and strategic sustainability management (Lüedecke-Freund 2010 p.22, referring to e.g. Carraher & Buckley 2008; Parnell 2008; Stead & Stead 2000; 2004; 2008). Empirical work on business models in sustainability contexts is still quite rare (Lüedecke-Freund 2010 p. 4; Short et al. 2014) and there is limited understanding of sustainable business models in practice (Short et al. 2014). This field of research will probably grow considerably, as businesses actively try to *"identify opportunities to gain competitive advantage in*

a world characterised by tightening regulation, contracting resource supplies, climate change effects, and shifting social pressures (Bocken 2013, p. 44).

For the fashion industry in particular, there has been research for example covering sustainable design (e.g. Fletcher 2008; Laitala & Boks 2012), zero waste (Gwilt & Rissanen 2011), closed loop (Hvass 2014), fashion libraries (Pedersen & Netter 2015). This research reflects the large variety of businesses that are part of the fashion industry across the long supply chain. Less research is conducted on business models in the fashion industry that focus on local value chains and local sourcing. This master thesis wants to explore locally oriented fashion companies in a Norwegian context. The study will also investigate differences between start-ups or incumbent companies in their efforts to pursue sustainability. The analysis of the empirical cases will give a better understanding of some of the emerging sustainable business models in the fashion industry. The findings can help practitioners in the industry to build more sustainable business models, and contribute to knowledge relevant to forming policy that can stimulate a local and more sustainable fashion industry in Norway. Although several scholars have attempted to combine the business model concept with sustainability, *understanding of sustainable business models and how sustainable development is operationalized in firms is still weak* (Stubbs & Cocklin 2008). This master thesis' objective is through the analysis of five case studies to:

- Explore the building of sustainable business models from a fashion industry perspective
- Provide insights into Norwegian companies focus on localising as a sustainability approach
- Investigate differences between start-ups' and incumbent fashion companies' approaches to sustainability

1.4 Outline of the Thesis

This thesis starts with an introduction of challenges in the fashion industry and the change it is undergoing to become more sustainable. This first section also presents the research contribution and thesis objective. The following chapter covers relevant theories and literature; the business model concept, its underlying theories and how business models evolve; the sustainable business model framework and an outline of different approaches to sustainability; specifically exploring localising as a sustainability approach. The chapter is rounded up with the chosen theoretical framework and literature presented together research questions. Then, the chosen research methodology is explained, and strengths and weaknesses of this research-method are discussed. Chapter 5 presents the findings and discussions which are organised according to the research questions, RQ1; the cases' approaches to sustainability presented in the sustainable business model framework, RQ2; value created, delivered and captured by localising together with challenges of localising, RQ3; start-ups and incumbents' approaches to sustainability. Each RQ-section will be followed by a discussion where findings will be compared to the presented theories

and literature. The thesis finalises with a conclusion, a suggestion of practical implications, and recommendation of topics for future research.

2 Theory and Literature Overview

2.1 The Business Model Concept

2.1.1 How Companies Creates, Delivers, and Captures Value

A business model is about how to commercialize products and services, and is the blueprint of how a company does business (Chesbrough 2010). It functions as a *"building plan that allows designing and realizing the business structure and systems that constitute the company's operational and physical form"* (Osterwalder et al. 2005, p.2). According to Zott et al., (2011) scholars have defined business models in several ways, but common grounds are identified. A business model is considered; 1) an emerging new unit of analysis; 2) a holistic approach that clarifies how firms do business; 3) a set of company activities; 4) an explanation of how value is both captured and created (Zott et al. 2011). The business model represents a hierarchy of economic, operational and strategic levels. Each level consisting of "*an interrelated set of decision variables in the areas of venture strategy, architecture and economics*" which are addressed to create competitive advantage in defined markets (Morris et al. 2006, pp.726-727).

A business model describes how a company converts resources and capabilities through a value creation perspective. It emphasises satisfying customer needs, economic return and compliance (Stubbs & Cocklin 2008). Teece (2010, p.188) calls it the "*industrial logic' of a firm's go-to-market strategy".* His definition of the concept is; *"The essence of a business model is that it crystallizes customer needs and ability to pay, defines the manner by which the business enterprise responds to and delivers value to customers, entices customers to pay for value, and converts those payments to profit through the proper design and operation of the various elements of the value chain"* (Teece 2010, p.179). Several researchers[2] argue that the core of any business model is creating and delivering customer value, "*thus, its central element is its customer value proposition*" (Lûedecke-Freund 2010). Osterwalder & Pigneur (2010 p.14) define a business model as the "*rationale of how an organization creates, delivers, and captures value*". The value proposition does not only include customers*, "but also the value creating constellation in which the firm connects to suppliers and acquires resources in a profitable manner"* (Boons & Lüdeke-Freund 2013, p.9).

[2] Referring to Belz & Bieger 2006; Osterwalder & Pigneur 2009; Johnson 2010

Researchers uses different features to describe a business model. Osterwalders' *business model canvas* has gained momentum both by practitioners and top business schools like Harvard and Stanford (Amarsy 2015). The canvas consists of nine building blocks that includes customer segments and value proposition, channels, customer relations; key resources, activities and partnerships and revenues streams and cost structure (Osterwalder & Pigneur 2010). The canvas helps explain a company's business model graphically on a single page and shows the relationship between the different building blocks. Zott & Amit (2010) describe the features with an activity perspective, including the selection of activities ('what'), the activity system structure ('how'), and who performs the activities ('who'). Others have proposed to use the three main components as shown in figure 1; the value creation, value delivery and value capture to describe a business model (E.g. Johnsen 2010; Jørgensen & Pedersen 2013, Bocken et al. 2015;). Value creation, also called the value preposition, is what the company offers the customer to help solve a problem or get something done. It is the value embedded in the product/service offered by the company. Value delivery is about what resources and activities that the company need to deliver the value preposition (Bocken et al. 2015). Value capture concerns how to earn revenues from providing the product, services or information to users and customers (Teece 2010).

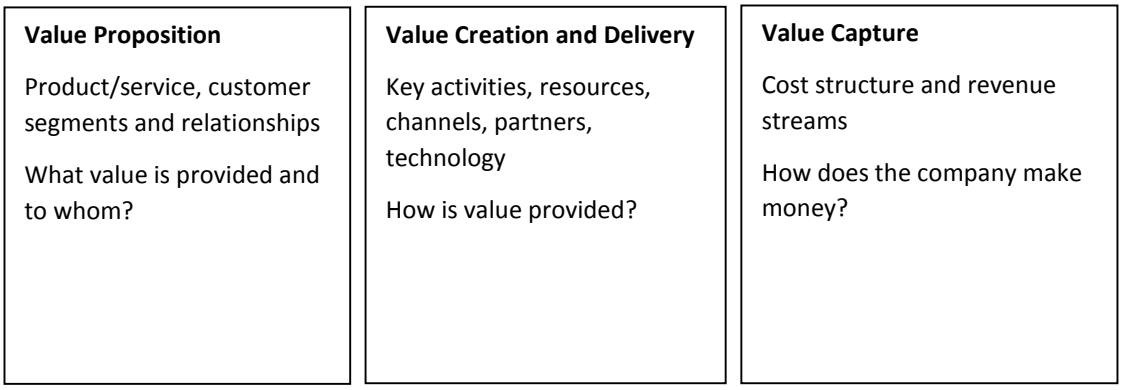

Figure 1 - Conceptual business model framework. (Bocken et al. 2014; adapted from Osterwalder and Pigneur 2005; Richardson 2008)

2.1.2 Business Models' Underlying and Related Theories

The business model concept is built upon several central theories in business strategy and associated traditions (Morris 2005 p. 728), and Zott & Amit (2013) argue that it is a theoretically anchored construct. Morris (2005) lists among several theories, resource-based view (Barney et al. 1991) and the value chain/value systems (Porter 1985). *The resource-based view* (RBV) focuses on the internal conditions of the organization. Companies that have a good understanding of its own resources will have a greater chance to team up with relevant partners to achieve competitive advantages. RBV proposes that the reason for collaborating with others is the value-creation potential of the different actors' gathered resources (Das & Teng 2000). The natural-*resource-*

based view, a theory of competitive advantage based upon the company's relationship to the natural environment (Hart 1997), is especially applicable when talking about sustainable business models (see chapter 2.2). The *resource dependency theory* (RDT), one of the most influential theories in organizational theory and strategic management (Hillman et al. 2010), is also pertinent when discussing business models. RDT characterizes the corporation as an open system, dependent on contingencies in the external environment (Pfeffer & Salancik 1978).

Porter's value chain/ value systems cover many of similar aspects to both the RBV and RDT. Initially, the Porter's value chain model (1985, pp.11-15) provided a macro view of firms' concerning the value-adding process within a specific firm. However, Porter (1985) points out that a company's value chain is also embedded in a *system of value chains*. Thus, inter-organizational relationships are acknowledged, as the focal company's value chain is linked to the value chains of upstream suppliers and downstream buyers (Zott et al. 2011, p. 41). Here the concept of *value networks* (e.g. Barney 1991; Parolini 1999; Allee, 2003) is worth mentioning and concerns all relationships between the company and various external groups (Biem & Caswell 2008). Allee (2011) defines a value network *"as any purposeful group of people or organizations creating social and economic good through complex dynamic exchanges of tangible and intangible value"*.

In addition, *stakeholder theory* must be given attention when discussing business models and sustainability. A broad definition of stakeholders includes "*any group or individual who can affect or is affected by the achievement of the organization's objectives*"(Freeman 1984, p. 46), while a more pointed definition of stakeholders are groups that the organisation relies on for continued survival (Freeman & Reed 1983). Stakeholder theory is an organizational management theory of why companies should consider the interests of the organization's stakeholders as well as creating value for them. Stakeholders can be both internal and external. Internal can for example be employees and owners, while external includes for example other companies, consumers, NGOs, Governments, society and the natural environment. A concept relevant to external stakeholders is *institutional pressures*, which are either social, cultural or legal forces that influence companies' perception of its environment and therefore affecting companies' strategies (Menguc et al. 2010, p. 285). Companies that think of stakeholders as important, probably have a more pro-active environmental response, while companies that perceive stakeholders as less important choose a more reactive environmental approach (Henriques & Sardorsky 1999).

Zott & Amit (2013) also emphasise the concept of *ecosystems* as a closely related notion of the business model. Ecosystems bear resemblance to value systems and value networks. Businesses do not evolve independently, they must attract different kinds of resources, drawing in capital, partners, suppliers, customers and other stakeholders to create cooperative networks (Moore

1993). Like an individual species in a biological ecosystem, due to interconnectedness*, "each member of a business ecosystem ultimately shares the fate of the network as a whole, regardless of that member's apparent strength"* (Iansiti & Livien 2004). When an ecosystem thrives, it means that people have created a constantly evolving relationship of patterns of behaviour – or culture – that streamline the flow of ideas, talent, and capital throughout a system. *Business ecology spotlights intangible elements of a company such as stakeholder relations, core purpose and values, community, value-creation cycles and innovative thinking* (Abe et al. 1998). The ecosystem is a new field for sustainable organizational management and design, claimed to be a powerful catalyst to integrate economic, social and environmental goals (ibid). The restorative economy unites ecology and commerce into one sustainable act for production and distribution that mimics and enhances natural processes (Hawken 1993).

The study of business models is clearly an interdisciplinary topic (Teece 2010, p. 176). To summarise this chapter, the business model concept is linked to several recognized theories. These both address internal and external factors relevant to a company's existence.

2.1.3 The Evolution of a Business Model

The essence of designing a business model is combining the interdependent activities executed by the company itself or by its suppliers, partners and/or customers (Zott & Amit 2009, p.3). "*Selecting, adjusting and/or improving business models is a complex art. Good designs are likely to be highly situational, and the design process is likely to involve iterative processes"* (Teece 2010, p. 176). Changing markets, technologies and legal structures direct how the business model is transformed (ibid, p. 177). A company's societal impact changes over time while social standards progress and science advances (Porter & Kramer 2006).

A newly established company often starts with a partially formed business model (Morris et al. 2005, p. 732). Initially, the entrepreneur may only have an idea, and does not have all the answers to how to make it into a business. Through a process of experimentation, a period of trial and error, a more consistent business model is formed (ibid.). A business model is seldom found immediately, but *"requires progressive refinements to create internal consistency and/or to adapt to its environment* (Demil & Lecocq 2010, p.228). Wiltbank & Sarasvathy's (2002) theory of effectuation also supports the notion that entrepreneurs evolve their business model over time. Since the future is challenging to predict, entrepreneurs adapt their goals over time (Morris et al. 2005, p. 729). Sarasvathy explains company organizations as *"an outcome (however unexpected or novel) of serious design, motivated and negotiated by particular aspirations forged in entrepreneur-stakeholder networks that evolve over time*" (2004, p. 522). Start-ups and small companies are claimed to be more flexible than larger companies (Hockerts & Wüstenhagen 2010). Lam (2005)

also claim that start-ups are important actors in radical innovation (Abelsen et al. 2013, p. 24). By creating new business models, an entrepreneur can "*engage in innovative and generative thinking"* that can contribute in changing the industry itself (Fletcher & Grose, 2012, p. 179).

The influence of company size on innovation is proposed a classical theme in entrepreneurship (Hockerts & Wüstenhagen 2010, p. 485) and Schumpeter (1942), one of the major entrepreneurship academics, has claimed that large established companies are more innovative due to economies of scale and better access to resources. However, for established companies with a matured business model, managers might find it challenging to develop the model further. *"Once the template is set, the activities are in place, and the resources have been developed and honed, that template will be difficult to change, due to forces of inertia and resistance to change"* (Zott & Amit 2009, p.2). This bears resemblance to the "*dominant logic trap»* (Chesbrough 2003) which means being trapped by the organization's current way of thinking. Abelsen and colleagues (2013, p. 24) argue that established structures can cause "*slowness*" which explains why innovation can be challenging in incumbent companies. Demil and Lecocq (2010, p.230) has in their research found that sustainability of an organization depends on its capability to predict and respond to the consequences of evolution in the business model components. They label this ability *"dynamic consistency'* which allows a company to alter its business model while simultaneously building and maintaining sustainable performance (ibid.). This skill also can be called a dynamic capability (Teece et al. 1997) which is a company's s ability to assemble, combine, and reconfigure internal and external competences to tackle rapidly changing environments.

The evolution of the business model is affected by external and internal factors which can both be on purpose or unintended (Demil & Lecocq 2010, p.236). External factors refer to new market entrants, altered access to resources, legislation changes or consumer demand (etc.). Internal factors can be for example managers making decisions to initiate change, accumulated employee knowledge, economies of scale or scope etc. (ibid. pp.236-237.) Seen from a managerial point of view, Zott & Amit (2010) argue that changing the business model can be done through *"innovating the content (i.e., the nature of the activities), the structure (i.e., linkages and sequencing of activities) or the governance (the control/responsibility over an activity) of the activity system between a firm and its network"* (Massa & Tucci 2013).

Demil and Lecocq (2010, p. 240) think of business model evolution "*as sequences that encompass intertwined determined and emergent changes affecting core components or their elements*. Business model innovation literature talk about a dynamic discovery-driven learning process before finding a viable business model (McGrath 2010; Massa & Tucci, 2013). To keep the BM viable is a continuing task (Teece 2010, p. 174). With this point of departure, a business model is "*work in progress*", at least if the company applying to it, wants survive for a longer period of time.

Recently, scholars have particularly begun to analyse the role of business models in promoting sustainability. However, these academic works usually focus on either social or environmental impact (Massa & Tucci 2013). Overall, the assertion is that careful redesign of the business model, makes it easier for mainstream businesses to integrate sustainability into their business (Bocken et al. 2014, p.43). The studies conducted on *Interface* (Lovins et al. 1999) and *British Sugar* (Short et al. 2014) show that incumbent companies can succeed in renewing their business model to become more sustainable. While start-ups can pursue sustainable business model approaches from the very beginning (Stubbs & Cocklin 2008; Porter & Kramer 2011). SMEs, that incorporate sustainability from the start, can concentrate on new innovations instead of having to fix existing operations that do not have the wanted sustainability standard (Moore & Manring 2009, p. 280). In the start, these innovations may not be economically viable, but might be so in the future when conditions have changed and timing is right (Bocken et al. 2014, p. 44).

Sustainability initiatives of big fashion companies are often about being "less bad" within a limited number of areas rather than making more fundamental changes in the organisation (Pedersen & Andersen, 2013, p. 8). Christensen (1997) argues that larger incumbent companies must first correct identified challenges in current operations, before they start experimenting in new markets. Larger organizations often meet challenges facing disruptive innovation because of unsuitable or ineffective organizational processes and business models (Christensen & Overdorf 2000). Hockerts & Wüstenhagen (2010) have suggested that new entrants (*Emerging Davids*) are more likely than incumbents to pursue sustainability in the early stages of industry transformation. These innovators tend to serve a niche market where the consumers are concerned with sustainability issues, and that these companies often fail to reach a broader market segment. Incumbents (*Greening Goliaths*) respond to the new entrants by taking on sustainability activities which are often less ambitious attempts towards sustainability, but can instead have a larger sustainability impact due to their market presence and scope (ibid.).

To achieve long-term business sustainability, companies should respond dynamically to emergent market opportunities and threats, and design the business model for flexibility (Short, et al. 2014, p. 613). A company's underlying culture and capacity to innovate, the actions and intentions of the sustainability innovator, and evolving external conditions are suggested as the key elements that affect sustainability innovations (Clinton & March 2015). There could also be a point to differentiate between large and small companies. Darnall et al. (2010) have found that "*factors such as resource scarcity, simplified decision making process, and greater innovation propensity*" affect a smaller company's receptivity to stakeholders in its responses of environmental approaches than larger companies.

Larger companies with stronger organizational power and greater access to resources, are not that anticipated to undertake proactive environmental practices to conform to growing stakeholder pressures (Darnall et al. 2010). On the other hand, larger companies have greater chances to hire specialised sustainability experts. These experts can function effectively as sustainability change-makers to transform the business model towards sustainability (Clinton & March 2015). Whether small or large companies, start-ups or incumbents, business model innovations can support a systematic, on-going creation of business cases for sustainability (Schaltegger et al. 2012), and is increasingly recognised as a key to delivering greater social and environmental sustainability in the industrial system (Lüdeke-Freund 2010). *Because of their complementary skills and challenges with regard to sustainable entrepreneurship, a co-evolution of "Emerging Davids" and "Greening Goliaths" is more likely to result in sustainability than either of the two alone* (Hockerts & Wüstenhagen 2010, p. 482).

2.2 Sustainable Business Models (SBM)

2.2.1 Creating Shared Value

As we have seen above, business models have had a growing interest as unit of analysis, and can also function as *"an instrument of strategic variation and innovation for sustainable entrepreneurs and sustainability managers"* (Lüedecke-Freund 2010, p.14). A sustainable business model is "*a model where sustainability concepts shape the driving force of the firm and its decision making*" (Stubbs & Cocklin 2008). Presented in chapter 2.1.1, the value proposition is usually concerned with the product and service offering to create economic return, but in sustainable business, the value proposition would provide ecological and/or social value in combination with monetary value (Boons & Lüdeke-Freund 2013). Thus, a SBM use a triple bottom line approach and consider a wide range of stakeholder interests, including environment and society. They are central in motivating and implementing corporate sustainability, help incorporate sustainability into companies' vision and processes, and can be a key driver of competitive advantage (Bocken et al. 2014, p.42).

A sustainable approach has a more holistic view of value. This is to ensure a balance between all stakeholder's interests in delivering *sustainable value* creation (Bocken et al. 2015). Thus, these models go beyond creating value for the company and the customer, instead creating *shared value* by connecting economic and societal progress (Porter & Kramer 2011). Luedecke-Freund (2010, p.18) calls this *public customer value*. Pedersen and Jørgensen (2013, p.127) define the sustainable business model as "*organizational designs for value creation, value delivery, and value capture, where the company's reduction of negative externalities or promotion of the company's externalities, or both, are an integrated part of how value is created delivered and captured*". The

conceptual sustainable business model framework (see figure 2) includes the shared value a company creates and captures for its different stakeholders.

Value proposition	**Value creation and delivery**	**Value capture**
Product/service, customer segments and relationships Value for customers, society and environment What value is provided and to whom?	Key activities, resources, channels, partners and suppliers, technology How is value provided?	Cost structure and revenue streams Value capture for stakeholders How does the company make money and capture other types of value?

Figure 2 - Conceptual sustainable business model framework (Bocken et al. 2015 adapted from Osterwalder & Pigneur 2005; Richardson 2008; Short et al. 2013; Bocken et al. 2014)

When searching literature about sustainable business models, it became apparent that there were several frameworks under development. For example, the *Triple Layered Business Model Canvas* (Joyce et al. 2015) and the *Flourishing Business Canvas* (Upward 2013) were considered as analysis-tools. However, they were regarded too comprehensive and detailed for a master thesis study of five individual cases. Accordingly, the sustainable business model framework (Bocken et al. 2015) was selected, because it could give an outline of each company's business model and an understanding of the company's sustainability approaches.

2.2.2 Approaches to Sustainability

There is a range of approaches to create a sustainable business model. Porter and Kramer (2006) suggest that the chosen approaches should both be valuable for both the society, environment and of course the business itself. The sustainability values may exist in a company's practice(s) or in a company's product(s), or both (Massa & Tucci 2013). Szekely and Strebel (2013) present three spectres of sustainability, 1; incremental innovation (innovation at the product, service or process level), 2; radical innovation (broader areas of activities and closer interaction with stakeholders), and 3; game-changing innovation (extensive transformation of the operations, structures and business goals). SustainAbility - a hybrid consulting and think tank corporation, has worked with companies and organizations to catalyse sustainability for decades. SustainAbility argues that innovation for sustainability essentially is about creating a new form of exchange at some point along a company's value chain (Clinton & Whisnant 2014). In their report about business model innovations, 20 different business models for sustainability are put in five different groupings; *environmental impact*, *social innovation*, *base of the pyramid*, *financing innovation* and *diverse impact*. Respectively including sustainability business model innovations such as closed-loop production, inclusive sourcing, microfinance, subscription models and behaviour change (ibid).

Nancy Bocken has together with research colleagues (2014) introduced the sustainable business model archetypes that group mechanisms and solutions which may contribute to forming a sustainable business model. Each archetype is explained by different subgroupings. Reviews of actual practice imply that sustainability benefits are often only reached through combining several approaches (ibid, p.44). The archetypes are grouped under three main categories, the *technological*, the *social* and the *organisational* (see figure 3). According to Bocken et al. (2014); *technological* includes manufacturing processes and product redesign; *social* consist of archetypes such as innovations in consumer offering and changing consumer behaviour; *organisational* have a dominant organisational innovation change component.

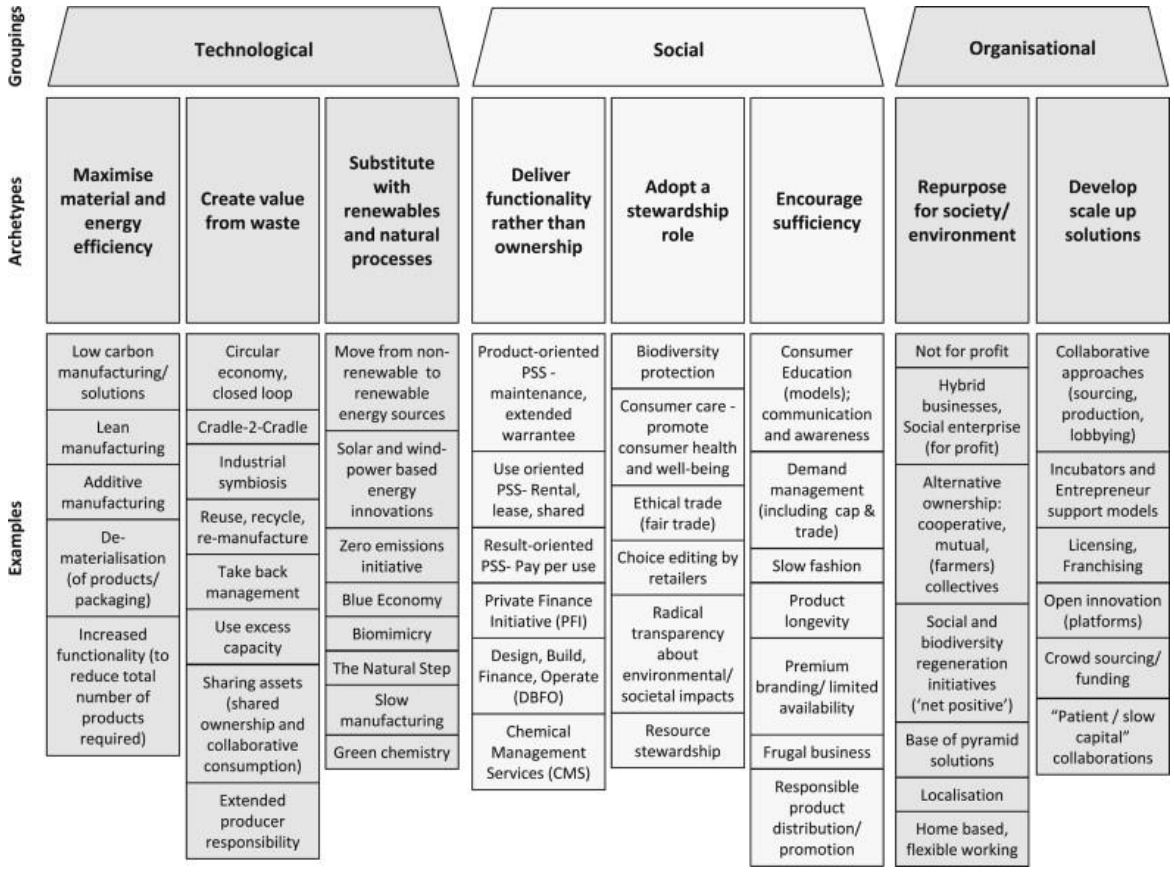

Figure 3 - The sustainable business model archetypes (Bocken et al. 2014, p. 48)

The archetypes represent approaches and examples that are relevant to several industries. Not all the different examples listed are relevant to the fashion industry. The following chapter will take a closer look at sustainability in the fashion industry specifically, and introduce some of the most relevant archetype examples in figure 3.

2.3 Sustainability in the Fashion Industry

The increasing focus on sustainability in the fashion industry have several contributing factors; such as labour rights, media attention, internet transparency, legal risk mitigation, government regulations, and pressures from the society (Esty & Winston 2006). To address sustainability approaches in the fashion industry in particular, Sandy Black (2011) emphasizes that sustainable fashion must embrace the product's whole life cycle and that sustainability issues can be solved by small or large increments or radical change.

As we can see from the list in table 1, there are many sustainability issues in this industry. As an example, the industry is often considered unpredictable; fashion buyers must pre-order the next styles and can only speculate the next fashion trend; the schedule and price driven sourcing leave factories with seasonal and unstable contracts (Black, 2011 p. 44-45). The fashion products may have travelled different supply chain routes, and along the production road, many approaches can be taken to affect the end product. Each phase in the chain represent interdependent relationships between supplier, designer, maker, seller and user (Gwilt & Rissanen 2011, p.17) and all these must be taken into account when considering the sustainability of each garment. After all, when trying to improve the sustainability performance of a product or service, one must be certain not to transfer the environmental or social burdens elsewhere in the life cycle. This illuminates the complexity of how an end-product eventually can be valued as being sustainable.

Table 1 - Challenges in the fashion industry

Issues to Address to Promote Sustainability in The Fashion Industry:

Product Design and Development
- Fibre and materials selection and combination
- Reduction in wastage including materials and energy
- Environmental impact of dye pollution, water and energy usage
- Re-usability or recycle ability
- Design for entire life cycle

Production and Manufacture
- Global sourcing locations and international trade agreement
- Increasing competition and fast fashion
- Ethical sourcing of production, audits and compliance
- Codes of conduct and supply chain management
- Value for money and efficiency

Profitability and Investment in Research
- Retail and consumer facing
- Education on environmental and ethical issues
- Communication and transparency
- Traceability of production chain
- Social responsibility and justice
- End of product life- new responsibility and take-back

Source (Black 2011, p. 45)

Black (2011, pp. 46-47) presents examples of different strategies the fashion industry use to become more environmentally sustainable; *rethinking design for the entire fashion life cycle, reclaim and reuse waste materials, recycle, upcycle, repair and remodel, recreate, reduce, use*

ecological materials, use mono materials, harness new technology, longer lasting fashion, multifunctional clothes and design for delight (clothes being given higher value). Many of these strategies can be paired with the different examples in the sustainable business model archetypes (see figure 3). E.g. *longer lasting fashion* is directly linked to *product longevity*; *multifunctional clothes* correlates with *increased functionality*. Other mentioned strategies partially encompass the SBM-archetypes examples such as *slow fashion*, which both is about *rethinking design for the entire fashion life cycle* and *design for delight* (and other strategies that are not listed above).

The following is a brief introduction to some relevant sustainability approaches, while the next chapter will give a more thorough presentation of literature relevant to the localising.

- ***Slow fashion*** – is about designing, producing and consuming with greater awareness of the product's impacts. It includes *"design for long-term use and wear, intelligent and innovative choice of materials for minimal impact and waste, aesthetic, functional and emotional value, and concern for the entire life cycle of the product*" (Black 2011, p.78). Bocken et al. (2014) has grouped this approach under *encouraging sufficiency* which is about challenging the current unsustainable fast cyclic '*Western way of living*'. Slow fashion is part of a wider slow movement that "*intervenes as a revolutionary process in the contemporary world; in fact, it encourages taking time to ensure quality production, to give value to the product and contemplate the processes*" (Honoré 2004). Slow fashion questions the mass produced homogeneous fast fashion, and encourages diversity instead. (Fletcher & Grose 2012, p.128). The concept also embraces the local focus with the use of local resources and economies (Gordon & Hill, 2015, p. 50).

- ***Ethical trade*** – is when companies try to promote human rights, workers' rights and environmental issues in their supply chain (Biering et al. undated). According to Laudal, "*70 percent of clothes imported to the EU, come from developing countries*" where underpayment, long working hours and child labour is common (Pedersen & Gwozdz 2014). One way companies have addressed worker's issues, is by making *codes of conduct* that show the companies expected ethical and fair trade standards (Biering et al. undated). Companies can partner with professionalized organizations such as the *Initiative for Ethical Trade* to professionalise their ethical efforts and gain momentum (Parker 2012, pp. 186-187). Another solution is selecting fair trade partners or *"working with vertically integrated or local companies where employee conditions can be easily monitored"* (Fletcher & Grose 2012, p.51).
- ***Consumer education*** - sustainability in fashion is a complex journey and it is challenging for an ordinary consumer to make the most sustainable fashion choices. Companies can actively communicate sustainable ways, promote the real value of clothes and educate

the consumers in order change their behaviour into better caring for their products. For example; washing and drying in the user-stage is currently responsible for a considerable share of a garments negative environmental impact. Customer information activities can influence towards more sustainable consumer practices (Russell 2009, p.79-81). Consumer education is grouped in the *encourage sufficiency* archetype where companies are trying to reduce consumption (Bocken et al. 2014, p. 52).

Black's research (2011) finds that there is not one correct answer to solving the fashion paradox towards sustainability. Instead, a multitude of solutions can be suitable answers across the life cycle, which is a claim also emphasised by Bocken et al (2014). Several of the approaches are interlinked and overlap. The approaches can be combined in different ways and form a sustainable business model.

2.3.1 Localising

If fashion executives want to incorporate sustainability in their company, they must start with fully understanding what products are made of and how they are produced (Quinn 2008, p. 359). Therefore, *localising* will now be given extra attention. In this thesis localising concerns having a supply chain in closer proximity to the home base of the company. The supply chain includes the product from initial processing of raw materials to delivery to the customer (Linton et al. 2007). Several criteria must be considered when deciding where to produce; supply chain relationships, production in strategic location, selection of fibre, and analysis of costs (Quinn 2008, pp. 365-366). Coordination through the supply chain is crucial for sustainable sourcing (ibid, pp. 376-377).

During the search for literature it became evident that the topics relevant to localising were sprinkled over different streams of literature. There is research about rural development (e.g. Almås 2002; Bessière 1998; Marsden 1998) and academic work on local brands and local value chains in the food industry (e.g. Jervell & Borgen 2004; Marsden & Smith 2005) but apparently less in the fashion industry. "*Local food is in fashion, but local fashion is hardly a phenomena*" (KRUS undated). Some of the books on sustainable fashion published in recent years address localising (e.g. Fletcher 2008; Hethorn & Ulasewicz , Black 2012). However, localising in the fashion industry seems more like a recommended opportunity than an empirically researched phenomena. Thus, the topic has a potential to be explored further.

2.3.1.1 A Counter Movement to an Increasingly Globalised World

Today's fashion industry is highly global, driven by the choice of the most economical production route (Fletcher & Grose 2012, p.106). In the last years, fashion companies are increasingly relying on external partners for processing the products, using raw materials often sourced from remote locations and subcontracting different manufacturing activities across the world (Caniato et al.

2012). Local is considered an opposite of global (as structures seem to be organized either at global; transnational, or local levels; regional, national, local) (Perey 2014, p. 219). The focus on re-establishing communities and on-shoring production, is a growing international trend and can be considered a countermovement to globalisation. «*Patterns of intra- and inter-community relationships have begun to emerge to offer some optimism for a bottom-up approach to the wider sustainability goal*" (Marsden & Smith 2005, p. 440).

Several internationally expanding initiatives such as *Bioregional* and *The Transition Town movement* have localising as its core. The founders of Bioregional argue that local production reduces unnecessary transport, stimulates local economic development, and reconnects people to their living environment (Desai & Riddlestone 2002). *Bioregional* also claims that the current consumer culture has broken the connection to the natural world (Quinn 2008, p. 371). *The Transition Town movement*, is based on the notion that networked communities is better positioned for the world's future challenges, with focus on increasing resilience (Hopkins 2008). This means creating an adaptive local way of life that will not collapse because of changes in global systems. According to studies of resilient ecosystems, features such as diversity, modularity and tightness to feedback are central to a system's ability to reorganise itself (Hopkins 2008 p. 55).

2.3.1.2 Pairing Localising and Sustainability

In sustainable development, the assumption is that global change will happen through summative local action (Perey 2014, p.215). According to Kate Fletcher, "*Localism is the antidote to unsustainability*" (2008). A smaller scale changes the relations between material, people, place community and environment (Fletcher & Grose 2012, p 106). Thus, when localizing, the three sustainability pillars may become more aligned. Supporting local economies can decrease business and environmental costs, "*such as transportation costs, carbon dioxide emissions, infrastructure costs due to reduced truck-to-port miles and sea or air miles, and financial costs due to lower insurance and warehousing requirements*" (Quinn 2008, p. 371).

Localising is about fostering a sector that has a fine-tuned sensitivity to place and scale (Fletcher 2008, p. 138). A local approach can help local communities for example by making use of local resources, supporting local businesses and concerns "*economic resilience, social engagement and cultural and aesthetic diversity*" (ibid. p. 140). Socially sustainable companies add value to the communities where they operate "*by increasing the human capital of individual partners as well as furthering the societal capital of these communities''* (Dyllick & Hockerts 2002, p. 134). *Design thinkers* have also embraced localising as a way to achieve sustainability. Stuart Walker (2006), states that the best products provide local jobs that are socially enriching, and economically viable throughout the product's life cycle. Van der Ryn and Cowan (2007, p. 77) argue that ecological

design begins with knowledge about a particular place and that sustainability is hard to replicate under different conditions (ibid, p. 83). Some researches[3] bring to mind that smaller companies tend to have employees, managers, and owners who live in the same geographic location and share a sense of common community involvement, and therefore have a closer connection to the community (Darnall et al. 2010, p. 1089). Sustainable sourcing requires a more thorough knowledge about the supply chain which entails closer contact with the different supply partners and other relevant stakeholders (Quinn 2008, p. 366-368).

2.3.1.3 Infusing the local community with circulating money

In the USA there are "Buy Local"-campaigns that encourage consumers to buy from independent producers rooted in their home communities, claiming that *"local means ethical*" (McCaffrey & Kurland 2015, p. 287). McCaffrey and Kurland's asked in their study "*Do localism leaders justify their claims?*" The findings revealed that many of the claims were not documented thoroughly. For example, the local approach seems to be based on the belief in *the local multiplier effect*. This effect, coined by the economist John M. Keynes (1936), refers to added economic advantage infused in an area by spending and therefore circulating money in the local economy. In another study of public sourcing from SME's show that "*sourcing from local suppliers can improve the local economic situation, which can have follow-on benefits in terms of wellbeing and health of the local population*" (Walker & Preuss 2008, p. 1607).

2.3.1.4 Localising for More Ethical Working Conditions?

In the fashion industry, labour conditions at the supplier factories are a serious problem (Allwood et al. 2006). According to Laudal, "*70 percent of clothes imported to the EU, come from developing countries*" where underpayment, long working hours and child labour is common (Pedersen & Gwozdz 2014). Through media and different campaign groups, there have been an increasing focus on worker's rights in the fashion industry (Black 2011, p. 190). Workers should be allowed a living wage, stable long term contracts, be treated fairly by their employers with a clean and safe working environment. Robert Ross suggests to follow "*the three pillars of decency*" which includes unionization, governmental policy and the efforts of reformers and consumers (Gordon & Hill 2015 p. 117). In the developed world, work unions and government regulations have made ethical working conditions an almost reality (Parker & Maher 2012, p. 140). A quite recent study from Leicester (UK) revealed that textile workers in their district earn less than half the minimum wage, *"do not have employment contracts and are subject to intense and arbitrary work practises"* (Hammer et al. undated). In other words, the labour rights in the Western world can also be shady.

[3] Referring to Bowen, 2002; Chen and Hambrick, 1995; Dean et al. 1998

One solution to this is to reduce the complexity of the supply chain, and consequently making it easier to inspect and enforce the wanted standards. "*Choosing fair trade suppliers or working with vertically integrated or local companies where employee conditions can be easily monitored are viable options"* (Fletcher & Grose 2012, p.51). Companies with their own production unit experience a higher degree of control. Direct trade with small-scale producers and artisans open up for closer contact and personal engagement (ibid), making it easier to tune in challenges and opportunities on the way to fairer distribution of captured value. Conditions on the other side of the world is easier to ignore by both fashion companies and consumers.

2.3.1.5 An approach to build a sustainable business model

In Forum for the future's report *Fashion Futures 2025* (Bennie et al. 2010)*,* localising is part of several of the suggested future scenarios. The future scenarios depict successful fashion companies with a strong local heritage and with production in regional factories. Both Bocken (et al. 2014) and SustainAbility presents localisation as sustainability approach, but it is not thoroughly explained. The latter calls it *inclusive sourcing* and is about "*retooling the supply chain to make a company more inclusive, focusing on supporting the farmer or producer providing the product, not just the volume of the product sourced" (2014, p*. 9). Bocken et al. has grouped *localisation* under the *Re-purpose the business for society/environment* archetype, which is about creating shared value through close integration between the company, local communities and other stakeholder groups.

Increased social interactions between the persons in a network or community, are intrinsically linked to the health of a community's environment (Harrison 2015). This has a clear connection to close stakeholder-relations central in sustainability. When designing a SBM, it is essential to consider different forms of value exchanges for the stakeholders (Bocken et al. 2015) and this probably, is best achieved by close communication and relationships with the stakeholders. The Important information-exchange is "*best transmitted when the parties are in close geographic proximity"* (Enright 1999, p. 319)*.*

2.3.1.6 Local sourcing of renewable fibre

If a company wants to have complete local value chain, it must consider which raw materials are on offer in the local area. As already presented, Norway has had a long tradition of using wool (Hebrok et al. 2013). It is also one of the few fibres that can be locally sourced in Norway. Wool is renewable and biodegradable, and is a resilient and elastic breathable insulator that is odour resistant and easy care. It can keep the body warm or cool as necessary and the fibre repels stains, dirt and water (Gordon & Hill 2015, p. 68). Sheep do not take up land suitable for agricultural crops, instead the animals live in the outfields and help cultivate the landscape (Black 2011, p.132). This aspect is especially relevant in a Norwegian context, due to the country's landscape dominated by

mountains and outfields. With these distinct qualities and benefits, this natural fibre is seemingly a good sustainable choice.

Although wool seems like a good choice for the textile industry, it has been considered a bi-product of Norwegian sheep farming, explained by the fibre's plunged market price in the later years (Hebrok et al 2013, p. 19). However, there has been an increased focus on Norwegian wool and the whole Norwegian wool value chain are now working together with researchers to find ways to increase the value of Norwegian wool (SIFO undated; Forskningsrådet undated). Recently 75% of Norwegian wool became *Svanemerket* (Swan the Nordic ecolabel) which means that the wool is fully traceable and almost chemical free (Tobiasson 2015).

The selection of fabric is regarded one of the most important and repeatedly discussed components of sustainable fashion (Gordon & Hill 2015, p.61). Companies choosing natural fibre are in line with building a business model based on the archetype *substitute with renewables and natural processes.* When using this approach, companies make better use of renewable resources or mimic processes occurring in nature (Bocken et al. 2014). E.g. by choosing natural and renewable fibres, value for the environment is captured by minimizing the use of a non-renewable resource and its negative impacts. New value networks can be created to enable the renewable resource supply (Bocken et al. 2014). The processing of wool can also be linked to the archetype *Maximise material and energy efficiency;* by doing more with fewer resources, and to generate less waste, emissions and pollution through product and process redesign. Overall, when Norwegian companies want to localise, sourcing renewable and clean wool from Norway seems like a sustainable option.

2.3.1.7 Critique and challenges of localising

Apparently there are many arguments to pursue local instead of global, but some people dispute this as a realistic option. Monbiot argues that the world is not equally endowed with minerals and raw material (Hopkins 2008, p. 69). Relying only a local oriented world is unrealistic since different places do not access all types of resources. According to Porter, the success of companies in a particular industry in a country, is influenced by different conditions present in the local environment (Enright 1999, p. 317). This has a closeness to the ecosystem and value network concepts. If a company's *home* community or local business ecosystem have certain limitations or problems, localising can be a challenge.

In a report from University of Cambridge that looked at scenarios for re-shoring manufacturing to the UK, it was pointed that localising to UK would leave the Chinese sewers without jobs (Allwood et al. 2006). Although many of the factories in the third world has inhumane working conditions, it gives work and income to the local population. *In some countries, garment manufacturing may be one of the only opportunities to move into the formal sector, and frequently one of the few jobs*

considered acceptable for women (Forstater 2010). For those living under the poverty line, a job in the textile industry may be a better alternative than subsistence farming (Black 2011, p. 17). It is pointed that sweatshops, after all, raises the economy in the poor countries (Gordon & Hill 2015, p. 118). A look back at the evolving working conditions in the textile industry in the developed world, can tell us that the work conditions in the poor countries might progress in the same positive direction (Welters 2008, p13).

To summarize localising, apparently there are several good reasons to onshore the production. Among them are effects such as better traceability, creating stronger links in the supply chain and the local community gets access to a more of the value-capture. Localising appears as an emerging counter movement to the global economy. It seems like an ideal for many, but has also been criticised. It seems like an ideal for many, but has also been criticised for being unrealistic and leaving people without of jobs on the other side of the world.

2.4 Theoretical Framework and Research Questions

The review of theory and literature includes different theories and concepts that are relevant to building sustainable business models. The business model concept and the sustainable business model framework was explained (see figure 4).

Value proposition (value creation)	**Value delivery**	**Value capture**
Product/service, customer segments and relationships	Key activities, resources, channels, partners and suppliers, technology	Cost structure and revenue streams
Value for customers, society and environment	How is value provided?	Value capture for stakeholders
What value is created and to whom?		How does the company make money and capture other types of value?

Figure 4 - SSB framework (adapted from Bocken et al. 2015; Johson 2010; Jørgensen & Pedersen 2013)

The framework can function as an analytical tool to explore how companies integrate sustainability in their business model. It inspects a company's *value proposition*, *value creation/delivery* and *value capture.* Since important in sustainability, the framework also comprises the shared value for stakeholders, including the environment and society. Entrepreneurs and managers are currently out there trying to evolve companies in a way to fit the future, therefore the first research question is;

RQ1: How is sustainability incorporated in the companies' business models?

How sustainability is operationalized in the companies deserves further exploration. Literature show that there are many ways to build sustainable business. The *sustainable business models archetypes* (see figure 3) systematise different approaches that companies can combine in their business models. Chapter 2.3 introduced sustainability issues and strategies specific to the fashion industry. Although there are many approaches to sustainability, this study particularly wants to investigate local value chain as a sustainability approach. During the search for literature about localising the value chain it appeared that the existing research was fragmented and seemingly with few empirical data from fashion companies' point of view. The SSB- framework can be used to get a better understanding of the shared value created and captured by companies that localise. Considering the underlying theories presented in chapter 2.1.2; both the resource based theory, the natural-resource-based view, as well as *value network* and *ecosystem* are theories and concepts closely related to the selected sustainability approach. They represent external conditions that affect the extent the companies can localise. Thus, research question two is;

RQ2: What value do the companies create, deliver and capture by localising the value chain and sourcing of local fibre? And what challenges do the companies face when trying to localise?

The presented literature points out differences between start-ups and incumbent companies in how they innovate and build business models. Although building a business model is a continuous process, the start-ups are in a process of creating business models from scratch, while established companies have more mature and set business models. Because of their different starting point, these companies are proposed to have different characteristics that affect how they evolve their business model. Some of the differences involve access to resources, flexibility, degree of power, ability to innovate etc. Since these differences also might be relevant when trying to evolve a sustainable business model, the last research question is therefore;

RQ3: What are the differences between the start-up and incumbent companies in how they build sustainable business models?

3 Methodology

3.1 Research Design and Process

Many companies still use the more traditional business models, but there is a growing number of companies that include sustainability in their business models, This study targets fashion companies that focus on local value chains and locally sourced wool as a sustainability approach. It is an explorative case study which is suitable when answering questions such as 'how' and 'why', and where one wants to research contemporary real-life events (Yin, 2009, p. 8-11). An advantage

to the chosen methodology, Yin (2009, p. 4) states that case studies allows researchers to retain the holistic and meaningful characteristics of for example organizational and managerial processes.

By studying few companies one can dig deeper and explore more thoroughly how the cases approach sustainability. Qualitative studies can reveal nuances and complexity that is not easily exposed in quantitative studies with pre-structured answers (Johannesen et al. 2011). A single case study can give rich information on the existence of the topic that is subject to research, but choosing to have multiple cases offers a stronger base for theory building (Eisenhardt & Graebner 2007). Therefore, this study has selected five different Norwegian companies that are categorised as either start-ups or established companies, opening up for comparing different sustainability approaches. The study uses both deductive and inductive strategies; deductive since the study is based on theories related to business models, inductive while sustainability approaches are an emerging field that needs further exploration. An important aspect of qualitative research, to also be flexible about the project design throughout the research process (Thagaard 2013, p.55).

The initial phase was dominated by literature research of academic articles and industry reports, supported by discussions with industry contacts. Some of these contacts were met during the Needles & technology conference in March 2015. This phase resulted in a mapping of sustainability trends in the fashion industry and identification of relevant case companies (see attachment 1). Five companies that qualified for the study were invited to participate. Eight in-depth, semi-structured interviews were conducted (see attachment 4). On average the interviews lasted between 60-90 minutes and were carried out during October and November 2015. All the interviews were recorded and an initial summary of the cases was written shortly after the interview was executed. The process of analysing started during the summarizing of the interview data. To get a better understanding of the different business models, an overview of each case was made. Then both interviews and secondary data were systematically investigated in order to answer the different research questions.

3.2 Selection of Cases

This thesis takes a closer look at the Norwegian fashion industry, an industry comprising companies that produce designer and basic clothing, footwear and accessories. A total overview of the Norwegian fashion industry was not available, but the general company statistics from SSB can give some indications of the industry situation in Norway. More than 80 per cent of Norwegian businesses have four or less employees and only 0,5 per cent of the companies have 100 or more

Table 2 - Number of Norwegian companies according to size (Source SSB)

Company size	Percentage
Total	100,0
No employees	61,6
1-4 employees	20,9
5-9 employees	7,4
10-19 employees	5,1
20-49 employees	3,3
50-99 employees	1,0
100-249 employees	0,4
<250 employees	0,1

employees (SSB). This can imply that the majority of companies in the Norwegian fashion industry are small and only a very few are considered large. This correlates to the fashion industry information given by Norwegian Fashion Hub (Refvik 2015). The SSB numbers also suggest that what is considered a small company by international standards (Storey & Greene 2010) can be considered a medium sized company in Norway.

This study uses purposeful sampling (Johannessen et al. 2011) to gain insight about a phenomena. The chosen sampling strategy deliberately selects cases because of their ability to reveal important information about the phenomenon of interest (Yin, 2003). A list of relevant Norwegian fashion companies was compiled (see attachment 1) and eight cases were contacted to see if they matched the selection criteria. The five companies that agreed to participate in the study were sent a formal invitation/information letter by email (see attachment 3). All companies were then informed about the choice of anonymity and this topic was also discussed in the beginning of each interview.

As shown in the sustainable business model archetypes (figure 3), there is a wide range of approaches in creating a sustainable business model. This thesis targets companies that focus on localising their production and use of wool in the company's product line. However, the cases could incorporate several of the other SBM-archetypes. Since this study wants to compare start-ups and incumbent companies, both these types of companies are included. Start-ups are considered companies that have been in business for less than five years, while the established companies have been in business more than 15 years.

The search for cases used the following selection criteria:

- Has a focus on localising or having local value chain
- Either use or wants to use Norwegian wool in the company's products
- Express interest in pursuing sustainability
- Norwegian registered company

Four of the companies that agreed to participate in the study did not ask for anonymity, but one did. Anonymity for all the companies was considered, but it was concluded that it was of more interesting to reveal identity and thus gain better insights in these four cases. The company that was anonymised, has been named "The Outdoor Apparel Company" (OAC), and due to the size and transparency of the Norwegian outdoor segment, identifying company information had to be left out. However, the information shared by OAC was still regarded valuable for the analysis.

Table 3 - List of selected companies

Company	Evidence of sustainability in business model	Start-up or incumbent? Micro or small business?	Location
Sølv	Localising, produce on demand, renewable fibres, slow fashion, consumer education, etc.	Start-up, micro	Oslo (registered in Trondheim)
Haik	Localising, renewable fibres, consumer education, etc.	Start-up, micro	Oslo
Oleana	Localising, renewable fibres, slow fashion, consumer education, ethical made, etc.	Incumbent, small to medium	Bergen (Ytre Arna)
Lillunn	Localising, renewable fibres, slow fashion, etc.	Incumbent (new owners), micro	Drammen
Outdoor apparel company (anonymized)	Localising, renewable fibres, ethical made, etc.	Incumbent, small to medium	-

3.3 Data

Case studies typically consist of multiple methods of data collection (Yin 2009). The approach of multiple data sources is a way of triangulating which ensures consistency in the data gathered, and helps to secure the total quality of the information collected (Eisenhardt 1998). The primary data was gathered by completing semi-structured interviews with the selected companies. As the process of developing sustainable business models is complex phenomena, the semi-structured interview methodology is well suited. The informants are allowed to talk more freely about the addressed topics. These types of interviews are called "*conversations with a purpose*" (Ryen 2002, p. 99) and in this study, the interviews were of phenomenological and narrative character. An interview guide was prepared up front with topics and *floating prompts*/ *planned prompts* that assured some consistency and comparability across the different companies (see attachment 4).

To get a better understanding of the companies, visits to the cases offices/facilities were made if possible. Thus, the interview with Haik and Lillunn happened in their studio/factory. The interview with OAC was at their offices. The Sølv interview was held in Klempe's home since Sølv currently havs no office. The Oleana interview was conducted over phone, but a visit to their factory was made in advance (July 2015). All interviews were initiated by informing about the study and continued with more specific questions about the companies' sustainability approaches and evolution of the business models.

In addition to the interviews, information from the companies' web pages, blogs and relevant newspaper articles were used. This secondary information gives a better understanding of how the companies are communicated externally, and can verify the results from the primary data and decrease the chances of misreading the information collected from the interviewees. Regarding secondary data, there were some differences between the start-ups and incumbent companies. Quite naturally, there were more data on the companies with longer life spans. For example, there are published books about Oleana (written by the founders) and Lillunn's founder and designer (Segelcke 1994). There were more newspaper articles about the incumbent companies in contrast to the start-ups. The companies' web-pages varied in terms of information, but here age of the company did not correlate with the amount of information shared. For example, Sølv's latest web-page version is quite informative in presenting the company's business model and reasons for choosing this business model, while the other companies did not include such rich information. OAC was updating their web-pages and was working on including more information.

Table 4 - Sources of data

Type of data			Method
Key informants			
Company	Role	Interview date	
Sølv; Oda M. Klempe	Entrepreneur, owner and designer	10.10.2015	Semi-structured interviews which were recorded and summarized. (*phone interview without interview guide, ** phone interview)
Oleana; Signe Aarhus Gerda S. Fuglerud	Entrepreneur, owner and CEO? Next generation owner of Oleana	27.03.2015(*) 22.10.2015(**) 23.11.2015 (*)	
Haik; Harald L. Helgesen Siv Støldal	Entrepreneur, owner and designer Entrepreneur, owner and designer	16.10.2015 11.11.2015 (**)	
Lillunn; Elisabeth Stray Pedersen	Owner and designer	08.10.2015	
OAC; Informant 1 Informant 2	Product manager Product coordinator	20.10.2015 03.11.2015 (*)	
Conferences and seminars:			
Needles and technology at DOGA	http://www.norwegianfashionhub.com/aktiviteter/needlework-technology-2015/program/	16-17.03.2015	Participant-observation, informal interviews, notes
Ulldagen 2015 (Wool conference) at NHO	http://www.norwegianfashioninstitute.com/#calendar_2140	14.10.2015	
Framtanker – bærekraft på bunnlinjen at DOGA	http://doga.no/arrangementer/framtanker-baerekraft-pa-bunnlinjen	17.11.2015	

Other informants			
Norwegian fashion institute Gisle M. Mardal	CEO	24.11.2015	Contact via e-mail
Norwegian Fashion Hub Linda Refvik	Project manager	23.11.2015	Phone Interview, made notes
Secondary data			
Research articles, webpages, brochures, newspapers, newsletters, books, blogs, reports			Internet, literature

3.4 Validity, Reliability and Transferability

Validity concerns the accuracy of findings (Whittemore et al. 2001) and if the data are answering the studied phenomena. For a study to be valid, the right questions must be asked in a way to ensure that the informants understand, making them capable to answer (Silverman 2011). This was addressed both in the interview guide and while interviewing. When preparing the interview guide, words and terminology were selected to suit the interviewees. An example here was an attempt use more daily language instead of academic and theoretical terminology. During the interviews, different questions were asked to make sure the relevant topics were understood and covered. Respondent validation was also used as a interview technique to enhance the quality of the answers. Triangulation is another way to ensure that valid data is gathered. By using several methods and combining multiple sources, the trustworthiness of the findings is expected to improve. Since the interviews were combined with data from different secondary sources, it can be proposed that the research has produced credible data.

Reliability relates to the extent the results are consistent over time and if the study can be repeated by other researchers with the same findings (Silverman 2011). To foster the reliability of this study, a description of the research design and research process have been carefully presented. The aim is to ensure transparency in how the research has been conducted and thus, making the study possible to reproduce.

Transferability refers to whether or not results can be generalized or transferred to other contexts. When doing a qualitative study, the aim is to explore a phenomena and transfer knowledge, instead of generalizing (Silverman 2011). Thus, this study seeks to understand the evolvement of sustainable business models and local value chains as a sustainability approach in a Norwegian fashion industry context, rather than to generalize the results. It is relevant to note that this study's findings regarding localising, is quite naturally coloured by the industry situation in Norway. By doing similar studies on other companies in other countries and industries, one may contribute to further understanding how sustainable business models evolve over time and to more generally understand localising and local sourcing as a sustainability approach.

3.5 Ethical Considerations

The project was reported to NSD (Norwegian Social Science Data Services) (See attachment 2). Since not all the companies' names were anonymized, the informants' identity could easily be revealed due to their entrepreneur/owner status. In accordance to the NSD-guidelines the interviews were not carried out before the NSD gave a green light to start the interviews. All the companies that were asked to participate, were informed about the study and how the collected data were going to be used. They were also asked if they wanted the company to be anonymized. The volunteering informants all accepted that their answers were recorded during the semi-structured interviews.

4 Findings and Discussions

This chapter presents research findings and discussions. It has three sections thematically split according to the three research questions. Subchapter 4.1 will present the companies' business models and their sustainability approaches, followed by subchapter 4.2 that will take a closer look at localising as a way to approach sustainability. The last subchapter, 4.3, will explore differences between how start-ups' and established companies approach sustainability. Citations from the case interviews will be combined with other relevant sources. Each section is followed by a discussion of findings compared to the relevant theories and literature.

4.1 Sustainability in the Companies' Business Models (RQ1)

The following section aims to answer RQ1; How are sustainability incorporated in the companies' business models? First, the individual cases will be introduced and especially look at how they operationalise sustainability. Each outline is complemented with a case analysis showed in the sustainable business model framework (Bocken et al, 2015). After all the companies are presented, a discussion will compare the findings with the literature from chapter 2.

4.1.1 Sølv AS

Sølv is a Norwegian womenswear label founded in 2010. The company has a "*mission of reducing consumption by delivering timeless high-quality garments for the owner to love and care for over time*" (Sølv-studioet undated). Put off by the fast fashion industry's constant hunt for the next trends, Sølv's design focuses on timelessness, longevity and "*driving slow in the fast lanes of fashion*" (Sølv-video undated). Because of Sølv's slow fashion philosophy, the company have deliberately chosen to offer coats and outerwear of wool (Klempe 2015). Sølv thinks that both product type and selected fibre stand the chance of living longer product lives (ibid.). Longevity is also emphasised in the company name; "Sølv", which means silver in Norwegian. It plays on the idea of hairloom, symbolizing something valuable that can be passed down to new generations.

The founders put emphasis on equally combining human, ecological and economic values, not considering them as contradictions (Sølv-video undated). Sølv believes that costumer knowledge and full transparency in the value-chain are key elements in achieving their mission (Klempe 2015). The company sells directly to customers through pre-ordering with the result of minimizing over-production. The pre-order model is inspired by the tailor business, but re-designed for volume-manufacturing (solv-studioet undated). Sølv's customers are given the chance to "*look*" into the entire production process before the garments are delivered to them. The entrepreneurs hope this involvement give the customer a unique connection to the garment's history that results in a long lasting relationship to the product (Hansrud 2013). Sølv products are sold at pop-up stores and customer events. These events are suited arenas to communicate Sølv's philosophy and the products' story. Klempe states that their customers are daughters, mothers and grandmothers who values the earth and are conscious consumers (Bjørklund 2015).

The founders are passionate about Norwegian materials, fabrics and craftsmanship, and want to contribute to keeping all the necessary skills needed to produce clothes in Norway, instead of being lost due to outsourcing (Klempe 2015). Thus, the company works closely with their suppliers and has collaborated with both Norwegian sheep farmers, spinning mills, yarn producers and weaving mills to produce the collections (Slowdesign 2014). Their value chain is presented openly on their webpages including web-links to the different manufacturing partners (solv-studioet undated).

Value Proposition	**Value Delivery**	**Value Capture**
Durable coats made of Norwegian wool	Produce on demand	Customers pay up front. Medium to high price
Timeless design	Close collaboration with supply chain	More resilient local industry
Women interested in sustainable consumption	As local value chain as possible	Durable products create less waste. Products that does not need frequent laundering
Close contact with the costumers for information exchange	Traceability	Customers more educated about production and sustainable fashion consumption
Some customisation possible through partnering tailors	Customer-events and pop-up stores	Local multiplier effect
Product longevity and emotionally durable value		

Figure 5 - Sølv presented in the SSB framework

Sølv was one of the nominees to the Nåløyet award in 2013 (Steen et al. 2013) and was selected to participate in the 2013 Young talents (Unge talenter) exhibition arranged by The Norwegian Design Council (Grann 2013). The Sølv team has gotten considerable media attention because of the slow fashion value focus and pre-order business model, and the founders have held several presentations about their company in various forums. During the research process Sølv decided to

shut down the company due to the entrepreneurs changed life situations. Both entrepreneurs, now mothers with family obligations, found it impossible to combine starting up a business and being mothers of small children (Klempe 2015). During the five years of business, the entrepreneurs had not been able to extract any wages (ibid).

4.1.2 Oleana AS

Oleana is a Norwegian family owned clothing company. The company's collections consist of a range of cardigans, pullovers, skirts, jackets, shawls, wristlets and blankets. These are renowned for being long lasting quality garments produced in Oleana's own factory located in Bergen. The collections are knitted on hi-tech modern machines, and sewing and handiwork is done by the company's own workers. Most of the products are made of high quality natural fibres such as silk, merino and alpaca (Aarhus 2015b). Oleana's products have won six *Awards for design excellence* from the Norwegian Design Council who has described the patterns and colours as a distinct design inspired by old Norwegian folk art, but at the same time modern garments in line with the current fashions (DOGA 1997). The Oleana products are especially well received among middle aged, educated women with a higher income. The collections are priced mid to high-end.

50-60 percent of the production is exported (Mæland, 2011) with a majority of the distributors located in the US and Germany (Aarhus 2015a). Oleana tries to sell through small boutique stores on street level in central city locations. This is because they want to support flourishing city centres (Valestrand et al. 2010, p.29). The company also has its own stores in Bergen, Copenhagen and Stockholm among other cities.

The company was founded in 1992 with a mission to create new jobs in Norway's rapidly declining textile industry. The founders wanted to prove that it was possible to produce textiles of good quality in a high cost country, contrary to the dominant trend of moving the production to countries of cheaper labour. From the start, Oleana has strived for running a business that focuses on social and environmental issues. The company has always prioritised job satisfaction and well-being. For example, once a year, the factory is closed down so the whole organisation can go together on a study-trip. In addition, 1/3 of the company's economic surplus is shared with the employees. One of the founders has stated "*We want all employees to feel a strong attachment to the company and what we create"* (Furnes 1999). Today, Oleana employs 70 people.

Although the company had positive surplus already in its second year, the company is not profit-driven (Røyrane 2013). The entrepreneurs explain their success by being "*business owners out of the ordinary*; *For us the most important, is to make the best possible products and have a healthy working environment*" (ibid.). Oleana's webpages emphasise the growing consumer demand for clothes produced in a responsible way, no longer exploiting women and children to produce cheap

textile products. They present their products as "*fair made*" (oleana.no). To have full control over the production process and the working conditions, Oleana's collections are both knitted, steam pressed, linked, sewn and controlled at the company's own factory.

Oleana's factory is located in a building on the outskirts of Bergen previously hosting, *Arne Fabrikker*, the first textile factory in Norway that over the years was the heart of a flourishing community. Arna fabrikker was shut down during the 1970, the period of the Norwegian textile recession and was left empty for many years. As Oleana expanded and needed bigger facilities, the company moved into this abandoned building beautifully located on the shoreline, which today both houses Oleana's publicly open factory, a café, Oleana's factory shop and a museum about the *Arne fabrikker's* history. The atmospheric place has proven popular among international cruise tourists visiting Bergen wanting to buy Oleana's products and people interested in both textile production and local history. Oleana's factory was recently handed the status of Économusée, given to companies that use old craftsmanship techniques in their production processes (Eriksen 2015).

Value Proposition	**Value Delivery**	**Value Capture**
Quality garments with a distinct design inspired by local culture, made of renewable fibre	Use of high quality yarns sourced from Italian mills	Medium to high price
Middle aged, wealthy women with education	In house production of garments with modern knitting machines	Employing locals and keeping the textile industry in Norway
Supporting local industry	International distribution through Oleana's own stores + other selected stores	Sharing surplus with employees
Open factory with guided tours	Focus on employee satisfaction with yearly study trips	Durable products create less waste. Products that does not need frequent laundering
Emotionally durable design and product longevity		Educating consumers about textile craftsmanship and textile industry history
		Local multiplier effect

Figure 6 - Oleana presented in the SSB framework

4.1.3 Hitch Hike Studio AS (Haik)

Hitch Hike Studio AS (Haik) is a Norwegian design collective founded in 2011. The company is run by three fashion designers with several years of design experience from the international fashion industry. Illustrated by the company's *Haik with us* slogan, Haik collaborates with various partners, among them Krivi vev, Lillunn, Sjølingstad uldvarefabrik with Franz Petter Schmidt, Kaibosh, Aurland skofabrikk and Røros Tweed (Haik undated). The partners are not only other companies, but also artists, anthropologists and historians (Hansen 2014). The different partnerships have resulted in diverse collections with different products such as woollen garments, shoes, sunglasses

and other fashion accessories. Haik puts emphasis on understanding the partner's production processes, and stimulates creative solutions through knowledge and experience exchange between the partners. The designers have also been hired as consultants for some of the partners. These jobs add to the company's turnover. Haik has participated at fashion weeks in Paris, London and Copenhagen and was one of the nominees to the Nåløyet fashion award in 2013 (Næsheim 2013). The Haik customers range from young urban people to style-interested elderly, and the medium priced products are sold in Beijing, Tokyo, Osaka, Los Angeles, London, Bergen and Oslo through life style stores.

With a conceptual approach, using for example anthropological methods, the design collective chooses a theme that lives for three seasons. The designers are in close contact with the art scene in Norway by being part of residency programs, and have had several exhibitions in different art galleries to show their work (Hansen 2014). As an example, Haik had an art project in collaboration with *Rogaland Kunstsenter* where they did research about clothing habits of people and especially looked at emotional attachment to clothes and how mending adds value to garments (Næsheim 2013). The project resulted in a new Haik collection. The company focuses on storytelling that adds value to their products. Haik products end up being conversation starters which can be seen as marketing method. It is also a way to educate consumers about the products and how they were made (Helgesen 2015). When collaborating with Krivi vev (weaving mill), Helgesen has stated; «*We enjoy creating stories, based on Norwegian traditions from places most designers never heard of, to give added value for international and advanced consumers*» (Lie 2014).

Haik's motivation to start up, besides creating their own work, was criticism towards the current economic system that enables t-shirts being sold for less than actual value (Helgesen 2015). They find it frustrating that people no longer see the true value of clothes, and people do not know how clothes actually are made. "*The most important is to change the way consumers think of clothes, that's the biggest challenge, to make the consumers more aware of their purchasing choices*"(ibid). Haik emphasises the emotional bond to a product. One way they do this, is by inviting the consumer to participate while they are developing their concepts at art galleries. As a result, the consumer is more involved and buy a product with a story attached to it. Haik also highlights the need to collaborate with talented people, persons who know their trade and craftsmanship in order to make a quality product. "*Everyone in the supply chain adds value to the product. We are dependent on that the system works as a whole*" (Støldal 2015). Haik emphasises that they want to contribute in building a once again robust and flourishing Norwegian fashion industry in Norway (Helgesen 2015).

The company has a studio in an almost 200 years old, historically rich, factory building in Oslo called «Prindsen». The building is shared with other creatives and old weaving machines that have until recently, been untouched for years. The building represents the idea of revitalisation that is central to Haik. The company wants to make sure knowledge and craftsmanship are kept alive and consider this a way to approach sustainability (Haraldsen 2015). The design collective embraces local production and would ideally produce all their products in Norway (ibid). As an example, Haik's partnership with Aurland skofabrikk (shoe factory) has again made the almost forgotten original "Penny loafer" an internationally sought after shoe among fashionistas (Furuseth 2015). The shoe factory is the only one left in Norway and yearly produces a limited batch of high quality handmade shoes. Due to the shoe's renewed popularity, Aurland skofabrikk is now taking in apprentices (van Zijp 2012).

Value Proposition	**Value Delivery**	**Value Capture**
Fashion items with a story sold to end user (ranging from both "culturally interested aunts", skaters and urban young people)	Collaboration with different partners with manufacture facilities or supply chain	Mediums to high price for the fashion products
Emotionally durable value	Art projects at art galleries that functions as marketing and inspiration for new concepts and collections.	Charges for consultancy services
Art projects and exhibitions	Sticks to concepts and projects for multiple seasons	Art scholarships
Design, creative services and project management offered to partners	Customer-events at studio	Contribution to revitalise industry knowledge and build a more resilient local industry
Revitalising of partnering businesses	Distribution through "lifestyle stores" internationally	More aware consumers

Figure 7 - Haik presented in the SSB framework

4.1.4 Lillunn Design of Norway / Elisabeth Stray Pedersen

Lillunn Design of Norway AS (Lillunn) is a Norwegian fashion company specializing in woollen handicraft products for home and leisure. The company designs and manufactures blankets, coats, vests, scarfs and hats made of 100% pure new wool. Unn Søiland Dale, the designer of the internationally famed Marius sweater, founded the company in 1953. Dale has collaborated and inspired renowned French fashion houses like Dior and Givenchy (Grindaker 1999). Her mind-set has been that good design should last for 10 years or more (Lillunn undated). Because of this, her best designs are today still classics in the company's collection. For many years the company's production was done by a large network of home-based knitters. These knitters were Norwegian "housewives" who got a chance to get income from performing their handicraft (Segelcke 1994, p. 50). In 2002, Dale received the Royal Medal of Merit in Gold, for her pioneer work as a re-newer of

traditional Norwegian wool textiles, and for making them internationally famous (Grindaker 2002). Dale's *"philosophy was to dare to be national, to have international success"* (Lillunn undated).

From 2002, Dale's daughter, Vigdis Y. Dale, ran the family company and the original concept of using only 100% pure new wool was continued. In 2015, Elisabeth Stray Pedersen with partners took over the company. Pedersen has experience from working with well-known Norwegian designers, and from 2009 she has made custom orders of high end womenswear in her own name (ESP). Since Lillunn just recently was bought by new owners, the future plan of the company is under development. The factory outside Drammen, is planned to function as a neutral manufacturer of different brands (Pedersen 2015). The new owners envision a modern local production house, but carrying on the rich design history and quality the Lillunn brand is renowned for (Skaare 2015). Pedersen has already started to dive into the company's design archives and pictures using the archive in future collections.

The company's fabrics are weaved on the original Berger blanket looms now placed in Latvia (Pedresen 2015). Most of the garments are still stitched at the factory in Norway to maintain the knowledge and experience accumulated over the years. The Lillunn brand is produced during the summer and primarily sold to quality focused tourists aged 40-60. While ESP designs will be produced during the winter and are sold in boutique stores in Norway and Japan. The new owner has stated that a good thing about being a designer in Norway is the chance to contribute in building an industry, and she thinks this can be accomplished by collaborating with others (Skaare 2015). Her own collection has been sold in the renowned *f5* (short for Factory 5) concept store that specialises in Norwegian fashion brands and also promotes them internationally (ibid). Pedersen wants to contribute in putting Norway on the international map by coming up with sustainable solutions in the fashion industry (Kalafatis 2014).

When it comes to sustainability approaches, Pedersen is passionate about local manufacturing and reducing overproduction. She considers local manufacturing a chance to gain more control by shortening the supply chain. Pedersen also thinks owning a factory opens up the possibility to adjust the production according to sales (Sætran 2015). This reduces the need for storage and minimises the risk of flooding the market with products that may not be sold (Pedersen 2015). Lillunn is also testing out a workshop concept were people interested making their own garments of the Lillunn designs can attend courses at the factory. Pedersen is very passionate about sustainability and plans to test different solutions to incorporate sustainability in every stage of the clothes life cycle. Since the company just recently were taken over by the new owners, time will show what sustainability approaches are possible to implement.

Value Proposition	**Value Delivery**	**Value Capture**
Durable wool products made in Norway	Wool sourced abroad	Medium to high price
Local production facilities for other fashion companies	In house production of garments gives more quality control and shorter supply chains	Producing in line with sales-rates reduces over-abundance and storage costs
Teaching product longevity by showing how to style the garments in different contexts	Adjust production in accordance to sales	Employing locals
Timeless design	Arranging workshops at factory	Redeveloping a Norwegian fashion industry with collaboration
Workshops for people that want to learn about cloth making and design	Distribution through store at the factory and other Norwegian and international stores	Durable products create less waste
		Products that does not need frequent laundering

Figure 8 - Lillunn presented in the SBM framework

4.1.5 The Outdoor Apparel Company (OAC)

The Norwegian outdoor apparel company (OAC) sells various functional garments through sport resellers. Their products are designed to be timeless and quality is prioritised (OAC's web pages). The company launches two collections every year, but several of their products have been on offer for many seasons. The end user is described as persons of all ages who want functional clothes made of natural fibers. OAC had suppliers and manufacturers located in Asia for many years, but has in recent years worked systematically to relocate the supply chain closer to Norway (OAC 1 2015). This is aligned with their main approach of sustainability, to get full of control over the supply chain. As a result, OAC has hired people to inspect suppliers and make sure that the company's *Codes of Conduct* are followed (OAC 2 2015). To professionalise their work, OAC has for several years collaborated with an ethical trade organisation that supports and consults management of supply chains. The company is concerned about animal welfare and ensures that the wool used is traceable, and that the sheep are not exposed to mulesing practises. In addition,

the company uses third party labels that guarantee both ethical and environmental standards, as well as quality.

Sustainability has become an increasing focus for OAC, explained both by the new owners focus on social responsibility and employee initiatives, interlinked with society's growing interest in sustainability (OAC 1 2015). Today, the company targets to be up front in sustainability, instead of just doing the same thing as their competitors (ibid). The OAC collection of products are mainly made of wool and the wool fibre's qualities are emphasised in the company's market communication. Since part of the collections are base layer garments close to skin, these products are made of the suitable soft merino wool sourced from abroad. A few of the products are made of Norwegian wool.

Value Proposition	**Value Delivery**	**Value Capture**
Multifunctional garments made of certified and traceable wool designed for comfort and an active lifestyle Labels that guarantee quality, ethical standards and animal welfare Sports resellers as customers End users range from sports professionals to active people of all ages	Close collaboration with supply chain - in a process of localising Distribution and sales through resellers Collaboration with athletes for product development and promotion Continuous collaboration with ethical trade organisation Management related to third party labels Products tested in laboratories	Low to medium price Products that does not need frequent laundering Supports athletes and sports clubs, promoting an active life style

Figure 9 - OAC presented in the SBM framework

4.1.6 Discussion RQ1

All the cases state a clear interest and motivation for sustainability. It seems that they all wish to run businesses that not only reduce shadow, but also cast light. The gathered data implies that all the companies have a pro-active approach regarding sustainability, and are incorporating sustainability in several of their business activities. Some of the companies have stated that they do not want to point any fingers, they just want to contribute in making the fashion industry more sustainable (Pedersen, 2015; Helgesen 2015; Klempe 2015). The different companies combine a mix of several of the sustainability approaches categorized in Bocken et al.'s (2014) sustainable archetypes; *Maximise material and energy efficiency*; *Create value from waste*; *Substitute with renewables and natural processes*; *Adapting a stewardship role*; *Encourage sufficiency* and *Repurpose for society/environment* (see figure 3). As already stated in study's selection criteria, all companies focus on localising their value chain and use renewable wool in their products. In addition, different case presentations show that there are archetype examples that particularly

stand out from the cases; *slow fashion, product longevity*, *consumer education* and *ethical made (fair made)*.

Slow fashion which in essence is about quality over quantity, overlap with the self-explanatory *product longevity.* The cases have embraced these two approaches by focusing on making high quality products and have collections that live for several seasons because of timeless design. Both OAC, Lillunn and Haik have designs and products on offer for several seasons, which is a contribution to slowing products' replacement cycles. Sølv wanted to use Norwegian wool because of the fibre's durability and decided to make coats because this is typically a garment that the consumer is attached to for a longer period of time (Klempe 2015). Sølv also talks about the value of garments before mass production and were inspired by the "old fashioned" tailor-craft. All the companies emphasise the need to increase the value of clothes. These findings correlates with Black (2012) slow fashion arguments of design and use for longevity, smart choice of fibre, functional and emotional value.

The companies have different activities related to *consumer education* that Russel points can influence towards more sustainable consumer practices (2009, p.79-81). Oleana with its open factory and newly acquired Économusée status, gives the public a chance to learn more about textile production and different issues related to sustainability. This interaction with the public can be seen as an expanded relationship with stakeholders which is central in sustainability. Sølv lets the customer order the product before it is made and informs the customer during the production process by sending out newsletters (Klempe 2015). The company hopes the effect is that the customer becomes more aware of the real value of clothes (ibid). When considering the products' user stage, all cases try in different ways to inform the customer how to care for their products. Some especially emphasise that wool do not need frequent laundering and thereby trying to reduce the environmental impact happening in the post-purchase stage.

The last approach that stands out is *ethically made* or fair trade which is grouped in the *adopt a stewardship* archetype (Bocken et al. 2014). As presented in chapter 2.3, ethically made concerns companies who try to promote human rights, workers' rights and environmental issues in their supply chain (Biering et al. undated). Oleana and Lillunn have addressed this issue by having a larger part of the manufacturing process in house, making it easier to control more of the value chain. Their approach is in line with Fletcher & Grose's (2012) argument to select supply chains where *employee conditions can be easily monitored.* Oleana emphasises employee satisfaction and calls their products *fair made*. OAC is focusing their efforts to achieve high degree of control in its supply chain. They solve this by having employees dedicated to factory inspections and partnering with organisations that help them professionalise their routines (OAC 1 2015; OAC 2 2015).

Although the different companies have some similarities, the diversity of the different business models confirm Black's claim that there is not one correct answer for businesses to integrate sustainability (2011). Overall the cases are trying to find different solutions that embrace the product's whole life cycle, whether it regards selecting fibre, aspects linked to design and manufacturing or promoting post-purchase consumer care. Literature stresses that sustainability is about extended contact with different stakeholders. Briefly introduced in the previous company presentations, the cases have close contact with some of its stakeholders. E.g.; Haik focus on close collaboration with its different partners; Sølv has a continuous relationship with its customers from the order is placed to the coat is finished; and OAC works closely with its supply chain to increase the standards. One can assume that these close collaborations makes it more feasible to spread value more evenly across the stakeholders. However, it is not possible to confirm this since this study takes the companies' point of view. To verify that shared value is created and captured, the different stakeholders' voices should also be included.

By combining several approaches, the companies address both environmental and social issues. This shows that the cases are trying find ways to balance the three sustainability pillars. The different approaches are also interlinked or overlapping each other. Slow fashion is an example that both include selection of fibre and fabric, product longevity and localising. Findings seem to confirm Bocken et al.'s argument that the more approaches that are incorporated, the more sustainable is the business model.

During the analysis of the different cases, some weaknesses to the SBMF were uncovered. Bocken et al explains the different framework components accordingly; "*the value proposition (benefits or product/service offering to customer and society and environment, customer segments and relationships), value creation (resources, suppliers and other partners who help create value) and value capture mechanism (cost structures and revenue streams, value capture for society and environment*)". The main challenge was distinguishing between the value proposition that covered the benefits for society and environment and the value capture for society and environment. To give one example; creating jobs for locals is a proposition that can be a value both for the customer, the employees, the community and the industry. At the same time, creation of local jobs could also be considered value capture for the employees, the community and the industry.

Originally, value capture is the profit formula that defines how the company captures monetary profit for its stakeholders (Johnson 2010, p. 24), but when discussing sustainability, the profit should include more "intangible profits". It was not always easy to identify which framework component the different values should be listed in. It is also a challenge to measure what value is created and captured. Business with a triple bottom line operate with many possible values and

this illustrate the complexity of running a sustainable business. Overall, the framework functions well as a simplistic outline of the business model, but when the different sustainable elements such as different stakeholders and the large variety of possible values shall be incorporated, the framework easily ends up being "messy". These findings underscore the complexity of sustainability and the challenge of making sustainability tools and frameworks.

4.2 Localising (RQ2)

The previous section gave an overall introduction to the cases' approaches to sustainability. The following chapter will particularly investigate localising as a possible sustainability approach. It will explore the companies' motivations for localising, as well as understand what challenges they have faced by attempting to produce locally. Thus, research question 2 will be answered; What value do the companies create, deliver and capture by localising the value chain and sourcing of fibre? And what challenges do the companies face when trying to localise? The chapter ends with a discussion and the essential findings will be presented in the SSB-framework.

4.2.1 Motivations for Localising

4.2.1.1 Value proposition

The value proposition concerns the value created for the consumer and other stakeholders. Lillunn uses local craftsmanship and local cultural heritage as a source of gaining competitive advantage. The company made Norwegian knitting traditions famous and popular around the world, and the design was worn by the Kennedy family, general Eisenhower and Empress Soraya of Iran (Segelcke 1994, p. 59). Apparently, the company was invited to move abroad several times, but the founder Dale, wanted closeness to Norway due to her attachment to Norwegian traditions, culture and nature (ibid, p. 8). Dale, has stated «*To succeed internationally, you must dare to be national*» (ibid.). Oleana is another example where Norwegian heritage has inspired their awarded designs. Hisdal, Oleana's designer, has through the years visited several Norwegian museums to find inspiration (Hovland 2010), and the Norwegian national costume has been a source of inspiration for many of the designs.

Sølv used Norwegian wool from the *Spælsheep* in their last collection (Klempe 2015). It is considered by many as the '*original breed sheep'* in Norway (Solv-studioet undated). It is not one of the softer wool types, but has a beautiful lustre and is both light and absorbs little moisture (ibid). The company has stated; *"we have Norwegian wool available. Norwegian sheep are used to tough weather and therefore this wool is a rough material suited for outerwear. Norwegian wool has a reputation of being durable* (Bjørklund 2015). The company wants to present what they consider an excellent Norwegian fibre to their customers. OAC have also started to use Norwegian wool in some of their products, mainly those products where the consumer does not expect softer

qualities, but instead, rougher fibres that increase the product's life expectancy. Recently 3/4 of all wool produced in Norway became *Svanemerket* (Tobiasson 2015). This labels Norwegian wool as quality and environmental friendly fibre which can represent an added value when used in products. All the companies have stated that they are all interested in using more Norwegian wool if they could.

Several of the companies have stated that they want to prove that it is possible to produce and source locally. Oleana's motivation for starting up a local business was to demonstrate that it was possible to run a successful textile business in a high cost country (Aarhus 2015b). The founders wanted to show that they could create local jobs and contribute to keeping a textile industry in Norway. Haik also deliberately chooses Norwegian partners to shed light on "forgotten" treasures in the local industry (Helgesen 2015). As an example, the design collective's collaboration with Aurdal skofabrikk, has revitalised the old Penny loafer shoe. Haik communicates the history of this small shoe factory, and finds that customers often get enthusiastic when understanding that the product is made by a local company (ibid).

Localising also enables closer contact with different stakeholders which the cases think boost the value proposition. Haik argues; "*if you work locally, you can make the consumers more aware of the value chain and the people connected to it, then you can re-teach the consumers and make them a "participating consumer"* (Helgesen 2015). However, this requires finding ways to inform and increase awareness among the consumers. Haik, Sølv and Oleana employ different approaches to communicate with the consumers. Oleana's open factory enables educating the visitors. Haik emphasises storytelling by presenting their different partners on their web pages (Haik undated), putting informative labels in the garments and informing their resellers about the collections. Sølv has purposely chosen a pre-order business model where they can have closer contact with its customers. The founders present their story and company philosophy at their customer events, and has contact with the customer throughout the production process of the garment (Klempe 2015). This contact entails time and resources for the company, but the founders think this customer experience adds value to the product, as well as a longer lasting relationship between the customer and the garment based on knowledge and transparency (Stølan 2013).

Lillunn and Haik argue that closeness to the manufacturing facilities give other priorities regarding design and use of fabrics. Designers that create fashion manufactured far from their own design studio, often send just 2D drawings to the factory and are not much involved in the following manufacturing process (Helgesen 2015). With close proximity to the production site, the designer can be more involved throughout the process, hopefully with the result of higher quality products. "*When working with Norwegian factories, you can go there, do mistakes, experiment, and use a processes of open innovation. It is a more inspiring way to work and you generate so much more*"

(ibid.). Close proximity to the production site can result in better quality in products and a local story to tell - which may add value to the proposition.

4.2.1.2 Value delivery

The companies give several reasons for wanting to produce locally. Both Oleana and Lillunn emphasise that locating the manufacturing in the 'neighbourhood' makes it simpler to control quality, traceability and enables better production processes. They say that close access to the production makes it easier to do modifications along the way. The two companies can continuously discuss solutions and directly instruct the employers at their own factories. Lillunn also argues that owning a factory makes it possible to adjust the production according to sales (Sætran 2015). This can reduce the need for storage and minimise the risk of flooding the market with products that may not be sold (Pedersen 2015).

Sølv who initially started producing in Moldova, experienced several benefits of localising most of their supply chain. They state on their web pages; "*There is a great benefit in having the supply chain nearby; like being able to rapidly prototype, introduce new garments on a regular basis, and begin production with shorter lead times…Local factories offer flexibility and the opportunity for intensive quality control" (*Solv-studioet). After finding Norwegian suppliers, Sølv experienced ease of communication and less business culture differences which simplified the production process (Klempe 2015). Haik has some production in Lithuania, and has experienced communication challenges. "*When I work at the factory in Lithuania, the seamstresses there do not speak Norwegian or English, that is a frustrating innovation process*" (Helgesen 2015). When OAC changed to more local suppliers, they also experienced ease of communication and possibility to order smaller quantities (OAC 1 2015). In practice, smaller orders mean an opportunity to put in extra orders if a collection proves popular, which reduces the chances of overproducing. Overall, OAC find that "*localising gives distinctly more control*" (ibid).

4.2.1.3 Value capture

The previous section covering the value proposition show that localising can add value in different ways. The increased value can justify a higher selling price. Both Sølv, Haik, Oleana and Lillunn have priced their products medium to high, and find that the prices are accepted by their customers. Lillunn argues that «*local production allows putting more resources in the manufacturing process which leave the customer paying for quality instead of paying for expensive intermediaries in the value chain*" (Sætran 2015). When it comes to other costs, sending the products back and forth across borders adds expenses. Both Lillunn and Sølv points out that keeping most of the production within a country reduces the cost of customs (Pedersen 2015; Klempe 2015). The cost of transportation is reduced both in a monetary, environmental and organisational manner. OAC highlights changes in currency exchange rates, increased wages in Asia and shorter lead times as

their reasons to localise their production. Shorter lead times reduce the risk of the company by binding less capital and cut storage time (OAC 1 2015). The amount of capital linked to long lead times can be substantial which can have a huge effect on a company's liquidity and thus, economic stability.

Oleana clearly states that they specifically want to produce in Norway due to keeping alive and develop an industry rich in traditions (Valestrand et al. 2010). This is based in their belief that importing from overseas results in low added value, while producing in Norway increases the country's economic growth. The company has argued; "*Relatively speaking, our small company captures huge value. The business is highly labour intensive. Wages make out half of the turnover. And of the procurement, 30 per cent are provided within Norwegian borders. It is often said that one position in the industry creates three new positions*" (ibid, p. 115). By locating the factory in Norway, the company secures the livelihood of 70 persons and their families, and also contributes to the Norwegian welfare system with taxes.

Haik also emphasises the value of having a Norwegian fashion industry and tries to source as much as possible in Norway. With the company's collaborative partnership strategy, they are especially reliant of other local actors in the industry. They stress the fact that a fashion company is highly dependent on the other parts of the value network to produce garments with success (Støldal, 2015). Through their consulting services, Haik stimulates partner companies to innovate and revitalise. The result may be increased success for the partners and a more resilient fashion industry in the region. Haik enthusiastically points out their Norwegian partners as very competent refiners of the wool fibre, and the importance of keeping this knowledge alive (Helgesen 2015).

Oleana emphasises the environmental benefits of using Norwegian wool. Aarhus (2015) mentions that sheep help cultivate the landscape and can live in the outfields, not occupying the crop fields. Since Norway has for many years had problems with overgrown outfields, sheep can be particularly useful (Skurdal 1995). In addition, most Norwegian sheep farms use minimal pesticides and has supposedly few problems concerning animal welfare (Hebrok et al. 2013, p.14).

In conclusion, the companies' motivations for localising the production are many, and they both include environmental, social and economic values. The different aspects concerning the value proposition, value delivery and value capture are closely interlinked.

4.2.2 Challenges Linked to Localising

4.2.2.1 Lack of partners

According to the selection criteria for this study's, all cases have expressed that they focus on localising their production. However, the current situation is that none of them have a complete Norwegian value chain. Most of the companies have parts of the manufacturing process in Europe.

As an example, Sølv wanted to sew their products in Norway, but were not able to find a partner that matched their needs and ended with a partner in Portugal (Klempe, 2015). Both Haik and Lillunn have manufacturing partners located in the Baltics since they were not able to find a Norwegian alternative. "*There is no place in Norway where we can sew our clothes*" (Helgesen, 2015). Therefore, Haik decided to produce in Lithuania where they found a factory that could offer the right prices and flexibility regarding quantity (ibid.). Haik also emphasises that since there were no options in Norway, "*Lithuania was as close as we could get*" (ibid). OAC still has some of its production in Asia, but has started to bring some of its production closer to home. However, OAC has not either found any manufacturers in Norway that can supply the size of their orders. The required quantities cannot be delivered within Norwegian borders given the current status of the national industry. As a result, OAC have found suppliers in Europe.

4.2.2.2 Supply of the right type of wool

Another challenge to get a complete Norwegian value chain is the supply of Norwegian Wool. Although Norwegian wool is on offer, it is not classified with the best international quality grades (Hebrok et al. 2012, p. 60) and is said to be best suited for hand knitting yarn, blankets and rugs (Norilia undated). Norwegian wool excels with very good quality when it comes to resilience and sheen, but when it comes to softness, Norwegian wool cannot currently compete with wool from other countries (Hebrok et al. 2012, p. 60). *Breeding for better wool quality, not just for meat, is also imperative to achieve a Norwegian wool production that can compete with international standards* (ibid). Oleana and OAC need softer wool in most of their products. As a result, OAC uses imported merino wool in their underwear collection, and has put great investments to make sure the wool is traceable all the way back to the sheep farms (OAC's reseller brochure).

During their first years, Oleana used Norwegian wool and even owned shares in *Svanedal Ullvarefabrikk* (wool factory). However, when the company wanted more detailed ornaments in their designs, they had to use knitting machines that required thinner yarn, which could not be made with Norwegian wool (Aarhus 2015b). Oleana had also detected that the customers increasingly requested softer qualities. Consequently, the company had to use wool from foreign sheep. Today they buy merino/silk yarn from Italian spinning mills renown for quality (ibid). They also use Peruvian alpaca wool (ibid). Some years back Oleana was invited to join a research project that wanted to test importing Kashmir goats to Norway (Valestrand et al. 2010, p. 125). The wool gathered did not add up to the necessary quantities and Oleana had to mix a substantial amount of Kashmir wool from Scotland. Unfortunately, there are not enough Kashmir goats in Norway for Oleana. The company has since the start tried to use Norwegian wool, but has not able to find a solution. However, as Aarhus states "*we will continue to try*" (Aarhus 2015b).

4.2.2.3 High costs and a nation lacking a functioning ecosystem

Norway is considered a high cost country, and this makes it difficult to compete in the highly globalised fashion industry. The cost-level for hands-on operations in Norway is a challenge (Hebrok et al., 2012, p. 83). "*We have the world's highest wages*" (Aarhus 2015b), the cost of hourly rates in 2011 were 55% higher than the average of our trading countries within EU (Abelsen et al. 2013). Norway also has high payroll tax, and consequently, many Norwegian fashion companies outsource (Fuglerud, 2015).

The companies point at the last years' outsourcing trend as a challenge. They argue that the Norwegian fashion industry is weak and that fashion is poorly valued as a commodity. "*I found it sad that the true value of the clothes were not fully appreciated…I experienced a difference in the culture between Paris and Norway* (where Klempe studied)… *Parisians do not go shopping like Norwegians, it seems like they have a different valuation of the fashion industry. The Norwegian industry has been in decline"* (Klempe, 2015). During the 1950's there were more than 900 textile factories in Norway, today there are not many left (Aartun 2014, p. 15). It is also claimed that the textile and fashion industry has not been a government priority (ibid. p. 15-16). In Norway the oil sector has been given much attention the last decades, while the fashion industry has not had much focus (Needles & Technology 2015).

4.2.3 Discussion RQ2

The presented findings show that there are several good arguments for localising the supply chain and sourcing local fibre. Not all the motivations are directly linked to improving environmental or social issues. Some are more linked to practicalities and have economical motivations. However, there are several outcomes of localising that are related to sustainability.

4.2.3.1 Shared Value Created by Localising

Several of the companies are examples of *Fashion Futures 2025* (2010) forecast that successful companies have a strong local heritage. The products of these companies are inspired by local specialities which verify Fletcher's link between localising and "*cultural and aesthetic diversity"* (2008). Oleana is inspired by local heritage. Sølv uses local wool which is durable and has a special lustre. Haik tells the story of the locally produced Penny loafer. Making use of local specialities, whether it is national costumes, local fibre, local designs, can contribute in sustain local heritage, local industry and in this case a specific breed of sheep. The local distinctiveness allows the cases to set a higher price on their products. For customers that cherish the authentic and the value of storytelling, it is likely that the local specialities adds value to the product.

All the companies emphasise that localising enables closer contact and communication with stakeholders like suppliers, employees and customers. This confirms that close geographic

proximity helps to ensure information-exchange (Enright 1999, p. 319). This is also in line with the idea that increased social interactions between the people in a community, are intrinsically linked to the health of a community (Harrison 2015). Oleana's open factory is an opportunity to educate the consumer about the production process, which is in line with Bioregional's thoughts that localising stimulates a closer link between the consumer and the production process (Quinn 2008, p. 371). The cases also find that the improved communication can increase the product quality and enables better innovation and manufacturing processes.

By being in charge of more of the supply chain, Lillunn and Oleana are examples of partly vertically integrated or local companies where employee conditions are easier to monitor (Fletcher & Grose 2012, p.51). A visit to the both these companies' factories show nice facilities, and seemingly happy workers. This also relates to argument that countries in the developed world are more likely to have ethical working conditions (Parker & Maher 2012, p. 140). Norway, a democratic society with a highly developed welfare system, government regulations, strong labour unions and independent media that function as a watchdog, is a convincing case for good working conditions and strong workers' rights. Since studies show that the working conditions in the unregulated world are still poor (Pedersen & Gwozdz 2014, p.247), localising the value chain to Norway can make it easier to control the ethical standards.

Moving the jobs back to Norway can also stimulate an industry drained by the last years outsourcing trend. Oleana was founded when everyone else were moving the production abroad. The company has emphasised that creating local jobs and local procurement makes the money circulate in the local community. This argumentation is in line with *the local multiplier effect*. Dyllick and Hockerts claim that companies are important contributors in adding different types of value to the communities. With the current Norwegian fashion industry situation, one can argue that localising is especially important. Haik and Lillunn state that they want to contribute in revitalising the national fashion industry and keeping knowledge in the country. If these cases efforts to strengthen the national industry succeeds, the result can be a more resilient industry. This correlates to *Bioregional* and *The transition movement* idea that sustainability is connected with resilient communities.

Sourcing local fibres and producing locally can result in a more transparent and traceable value chain. After localising their production to Norway, Sølv ended with a simplified and transparent value chain. In contrast, OAC has spent considerable resources to control their international supply chain. These findings can be directly paralleled to Buchholtz & Carroll's (2012, p. 557) argument that outsourcing can cause problems that outweigh the imposed cost savings. Hypothetically, one could consider the possibility that on-shoring OAC production could save them these costs. Of course, the high cost levels in Norway could neutralize these savings, but creating new jobs in

Norway in a declined industry, could contribute in increasing community and industry resilience, thus sustainable development. Findings also confirm Quinn's (2008) argument that localising reduces costs and lead times. The cases say they save money on transportation and customs, and the organizing hassle linked to them. Environmental benefits such as reduced emissions due to less transport, and decreasing the chances of overproduction since one can adjust the production according to sales are also highlighted.

Overall, the advantages of localising can affect both people, profit and planet. The findings back Fletcher and Grose's (2012) argument that smaller scales can improve the relationship between material, people, place, community and environment. The cases confirm that localising opens up for better traceability, makes stronger links in the supply chain and the local community gets access to a more of the value-capture.

4.2.3.2 Reasons not to localise

The companies also reveal reasons not to choose a local supply chain and source Norwegian wool. These reasons are related to external conditions of the companies. There are several challenges in the Norwegian industry that make it impossible for the companies to achieve a complete Norwegian value chain at current being. Porter claims that the success of companies in a particular industry in a country, is influenced by different conditions present in the local environment. This is evidently true for the cases in this study. As the resource dependent theory states, the companies are dependent on external contingencies and in this case local conditions seem not to answer the all companies' needs.

Norway is a high cost country and the Norwegian fashion industry has certain limitations. The cases have problems finding different partners within Norway. Thus, the current value network and ecosystem have some weaknesses. As a result, parts of the value chain must be located outside Norway. For example, for sourcing of wool, companies in need of softer and finer wool qualities, Norwegian wool is not an option. This confirms the critique that only relying on local sourcing is not possible since different places do not access all types of resources (Hopkins 2008, p 69). Findings suggest that with the current wool and industry situation, placing the entire production in Norway is best suited for smaller companies that do not require big orders of wool and that do not produce in larger quantities.

As both Allwood with colleagues (2006) and Forstater (2010) have emphasised, to onshore the production will leave people elsewhere in the world without jobs. OAC invests resources and efforts to advance their far distant-suppliers regarding social and environmental issues. It may be challenging, but can help raising the standards in the supplying countries. This is value that will be missed if the company's supply chain is moved back home.

Above findings leave us with a question; how local should a company operate and how local should the supply chain be to harvest the benefits of localising? As Perey (2014) has proposed, local is considered the opposite as global, but local can be regarded both local, national and regional.

Several of the companies have parts of their supply chain in the Baltics. With an international perspective, this could be considered within a scope of local proximity, the Baltics are after all included in the Nordic region. As long as it is impossible to find a Norwegian manufacturing alternative, outsourcing to the Baltics might be an alternative that still encompass some of the "benefits of localising". Haik has pointed out the language differences within the Nordic region, but still the Baltics are quite close and the working conditions there seems better than in Asia (Helgesen, 2015). OAC have positive experience with moving the production and sourcing to Europe instead of Asia. The company finds that supply chain management is noticeably more challenging in Asia, and they also experienced that having partners from a European culture is an advantage. When OAC changed to more local suppliers, they also experienced ease of communication, benefits regarding transportation, shorter lead times and possibility to order smaller quantities (OAC 1 2015). Although they have not moved their supply chain to Norway, they have experienced several of the same benefits that Sølv and Haik have experienced by localising. The findings suggest that moving the supply chain closer to home gives the company advantages, but the geographic area does not necessarily have to be within the same country.

When discussing localising, one aspect is material origin and the manufacturing process, but what about the distribution and costumers? Should they also be local? Most of the cases in this study are highly reliant on an international customer base and this is symptomatic for many Norwegian companies (Abelsen et al. 2013, p. 18). Oleana chose to export from the start, and currently exports around 50-60 percent of its products to countries such as Germany and the US (Aarhus 2015). Although the Lillunn brand today mainly sells to international tourists visiting in Norway, back in Lillunn's heydays, their products were sought after internationally (Segelcke 1994). ESP has both customers in Norway and Japan (ESP undated). Haik has customers all over the world and find it natural to have an international focus (Helgesen 2015). These companies can be considered niche brands, and a local customer base would be a too small segment and quite unsustainable business. The cases' International customers are important to secure economic profits. The economic stability gives the companies better freedom of action and chances to focus on other parts of the business.

4.2.3.3 Localising – an approach to build sustainable business models

Although there are challenges localising the value chain and sourcing of fibre, and localising leave people elsewhere out of job, the findings show that there are several reasons to localise the production and source locally when building a sustainable business model. The effect of localising covers both environmental, social and economic values and are summarized in the sustainable business model framework (figure 9).

Value proposition	**Value delivery**	**Value capture**
Distinct values linked to local conditions can differentiate products (e.g. fibre, design, culture, storytelling) Supporting local businesses that supports the community Close contact with the different stakeholders help balancing social, economic and environmental issues	In house production or localised suppliers increase degree of control, quality and traceability Less cultural differences between stakeholders make communication easier Shorter lead times and less costs related to transport Production of smaller batches decrease chances of overproduction	Added value defends a premium price Local production and industry creates jobs in the community More of the value-capture is distributed in the community (local multiplier effect). Keeping knowledge in a local industry A more resilient community

Figure 10 – Localising as a sustainability approach through the lens of the SSB framework

As the companies has exemplified, closer geographic proximity has numerous advantages linked to sustainability. However, it requires that the company is in dialog with its different stakeholders and focuses on creating shared value. Localising is also probably best combined with other sustainability approaches. The geographic scope also depends on the needs of the company and the conditions in the local region. As Fletcher proposes "*Local production will probably not replace global production in the highly internationalized fashion industry, but the local can complement and hopefully gain influence over the global*" (2008, p. 141). Where it is possible, sourcing locally and producing locally have several social, environmental and economic benefits. It should maybe be the preferred option, but a combination of global and local is probably most realistic alternative.

4.3 Sustainability in Start-ups versus Incumbent Companies (RQ3)

This chapter will explore differences between the start-ups and incumbent companies in how they build sustainable business models (RQ3). As already mentioned, the study's selected cases are both start-ups and established companies. Two of the companies, Sølv and Haik can be considered start-ups aa they have been in business for less than 5 years. Oleana, Lillunn and OAC have been in business for more than 15 years. The size of the companies varies and does not necessarily correlate with the number of years in business. Of the cases, OAC and Oleana can be considered the largest with turnovers from about 50million NOK to 100 million NOK (proff.no, 2014a) (OAC

2015), but Lillunn which is the oldest company only had a turnover of 2,5 million NOK (proff.no, 2014b). The start-ups have had economic challenges typical for the entrepreneurial stage, both Sølv and Haik have negative operating results and have extracted minimal wages during the years in business (proff.no 2014c; proff.no 2014d). Except from OAC, all the companies have owners that actively participate in the daily operations of the businesses.

4.3.1 Start-Ups

Both Sølv and Haik have been in a period of trial and learning in maturing their companies. Haik is still open to test different solutions and has not "*locked*" the business model yet (Helgesen 2015). "*We think of Haik as a sort of laboratory, where we can test different things…where the core motivation is to help re-establishing the value of clothes*" (ibid). The Haik entrepreneurs are driven by sustainability, but have a pragmatic approach trying to achieve it in its business operations. For example, use of certifying labels for their products are not prioritised. "*The criteria are very strict and therefore excluding companies that are doing a fair effort, but still not enough to qualify*" (ibid). They find labels too complex at time being; "*it feels like a jungle and we don't have the capacity now"* (ibid). Being a start-up, there are many tasks to be done and few resources, they must therefore prioritise their sustainability activities accordingly.

It seems that their focus area is to contribute in revitalising the Norwegian industry. They use a collaborative approach where they try to establish mutually beneficial partnerships with different companies and people. The entrepreneurs combine their skills with their partners' skills, and develop the different collaboration projects from there. Haik's orders are small and this probably makes them a less attractive partner for the suppliers in an economical sense, but instead they introduce a way of working that may open up for other partnerships involving bigger orders (ibid). Since they are small, their collaborative projects come with less risk, both Haik and their partners have not that much to loose. "*We are a small company and we can function as an example of how things can be done differently…our projects can be pilots*" (Helgesen 2015). Their size also dictates the degree of pressure they can put on their suppliers, "*we are so small that we are at the mercy of our suppliers*" (ibid.).

When discussing sustainability in a more general manner, Haik does not want to make certain rules, instead they want to be a part of the dialogue in ways to develop sustainability. For example, they have also used polyester in some of their products, since currently this is considered one of the most sustainable fabrics available. Haik thinks the best way to address sustainability is to come up with solutions along the way, as sustainability approaches are constantly in development(ibid).

Sølv's founders emphasised sustainability from the start, but initially formed a more traditional linear fashion business model. During their first years of business, the entrepreneurs found themselves pushing products to resellers, chasing the fast lanes of fashion. After three years, their original business model was about to take more consistent form, but they realized that they were on a collision course with their personal values and decided to take a stand (Stølan 2013). The two owners decided to radically change their business model (ibid). When Sølv brainstormed for new ideas, they looked at what they found problematic in their existing model. Then, they found inspiration from other businesses in the fields of furniture and food production, where story-telling, transparent value chains and pre-ordering are commonly used elements (Hansrud 2013). They also had a practical approach in their choices. Sølv considered the biggest problem was constantly pushing products to stores, as a result they decided to arrange customer events themselves. Since they could not afford big investments, a pre-order arrangement where customers paid up-front seemed logical. The changes of the business model would reduce overproduction and result in closer contact with the customers where Sølv could communicate the real value of clothes. As Sølv was still a small company in a start-up phase, with two owners in total control of the business, this quick business model transformation was manageable.

Lillunn is the oldest of the cases, but after 60 years in business, the company can currently, be considered a micro business employing only three people with part time (80%) contracts (Pedersen 2015). Even though the company seems to have had a "*steady*" business model the prior years and an established customer base, it shares many similarities with the start-up companies. Here the resemblances especially involve organisational size and new owners who appear to have an entrepreneurial mind-set to how the company will be developed further. Firstly, the small company size entails restrictions in resources, both in an organisational and financial sense. Secondly, since the new owners took over the company in May 2015, possibilities have been under consideration and alterations to the company's business model are explored. In other words, the company can be described as flexible.

Pedersen (2015) states that they want to build on many of the aspects from the old Lillunn business case, such as use of wool, local value chains and the rich design archive. However, they will test new business concepts and products, and different sustainability approaches. Pedersen has many ideas regarding sustainability, but are not yet sure which ideas are possible to develop into practice. For example, she has a dream to buy a shoddy machine, to recycle the surplus fabrics into new material. However, as she states "*it's a fictional dream, I don't know yet if it is possible to implement it*" (Pedersen 2015). Currently, Lillunn is doing a test to see if they can run workshops at the factory after production hours. The outcome of these ideas will be bound to the company's resource situation and external factors. "*The new Lillunn*" can profit from the assets from the "*old*

Lillunn". Since the company only has had new owners for half a year, it is too early to predict the speed and outcome of the transformation.

4.3.2 Incumbent Companies

Although OAC and Oleana all have been in business for more than 15 years, and share the focus on localising and use of Norwegian wool, the cases are also dissimilar. The most evident differences are degree of sustainability focus when the companies were founded, customer segments and aspects related to ownership.

Initially, OAC was not particularly driven by sustainability, rather there was a focus of marketing activities to get brand recognition and gain market shares. Over the years, sustainability has become more and more important for them, explained both by the new owners focus on social responsibility and employee initiatives, interlinked with society's growing interest in sustainability (OAC 1 2015). OAC's business model can be considered quite traditional in a fashion industry sense. Simplistically explained; they design clothes, contracts suppliers and sell their products through resellers. Because of this business model, they have chosen to address sustainability by gaining a high degree of control over the supply chain. The business model seems to be "stable" and the company do not propose scenarios that involves innovating it radically, instead they make incremental changes along the way. Compared to the start-ups in this study, OAC has a bigger and more professionalised organisation. That implies more employees to share the various tasks, but also possible challenges in changing a larger organisation. With professionalization comes more knowledge and established routines, and longer timeframes. For example, OAC starts working on a collection two to three years prior to the collections are offered in stores. The longer timeframes are also seen in their sustainability transformation. It takes time to involve everyone in the organisation (OAC 2 2015). Thus, the changes happen gradually.

OAC is very careful in communicating their efforts towards sustainability both because they want to be certain they are doing things right, and not to reveal their strategies to competitors before they are implemented. The outdoor apparel market is competitive, and OAC does not want to risk their current market position and reputation by doing any mistakes or being copied by competitors (OAC 1 2015). As a result, their exertion to control the supply chain is less communicated externally than what is actually happening "*in house*" (ibid). Today, the company has two employees based in Europe that specifically run quality inspections at the suppliers' facilities, making sure that everything is up to OAC's standards (ibid). In addition, several employees at the main office are involved with supply chain management and sustainability issues. The company is a member of an organisation that helps plan and implement strategies and activities towards ethical trade. In addition, the company uses labels to guarantee certain standards. These labels entail fees and the process of yearly renewal. They also test their products and their suppliers at certified laboratories

(ibid). To have full control over the supply chain is a continuous process that never ends. Thus, OAC has resources to implement their sustainability approach.

OAC finds relocating the supply chain demanding. It is not possible to be sure that a new partner delivers according to company standards, and OAC can't risk quality reductions when they have committed to delivering large orders to the resellers. "*We need to be able to compete, and at the same time be sustainable. There is a big difference in being a small niche brand with a small organisation, compared to being a big commercialized brand with large volumes*" (ibid). When choosing new manufacturing partners there are several criteria OAC considers; price levels, partners with certain certifications and labels that guarantee ethical standards, and choosing partners who regard OAC neither too small or too big. When it comes to external pressures, both end users and resellers affect how OAC adapt to sustainability. "*Unfortunately, our end users have been mostly price driven and consequently that is the case for our resellers too*" (ibid). The outdoor apparel resellers pose a challenge for OAC as they have strong negotiating power (ibid). OAC cannot just increase the prices to compensate for sustainability related costs. This implies that although OAC is bigger than the other cases, they are forced to adapt their sustainability efforts according to external pressures. However, OAC has detected that both these stakeholders are just starting to value sustainability in their purchase decisions. Therefore, the company plans to increase the emphasis on sustainability in the coming years (ibid).

Oleana had sustainability as a core value from the start and therefore has a different starting point than OAC. It is also a family owned company with the family active in daily operations. During the first years, an investor owned 30% of Oleana's shares, but when they stressed increased profits, the founders took up loans in order to buy the investor out (Aarhus, 2015). Instead of getting stronger financial muscles by inviting in new investors, the owners wanted to keep full control of the business. Consequently, the owners have power to decide the company course and manage accordingly. The first years, the company experienced ups and downs in the characteristic start-up phase of trial and error. More than two decades later, their business model seems to have matured into a more set form, but the original motivations and sustainability focus have served as a basis along the way.

Through the years, Oleana have made incremental changes towards sustainability. For example, when Oleana moved to their new factory at Ytre Arna, they did a total redecoration and upgrading of the building. They installed a "green" heating system that made use of the seawater outside the building. Oleana will also develop the open factory concept further (Eriksen 2015). The newly granted *Économusée*-status, will help the company's strategy to educate the public about textiles, sustainable production and caring for their garments. "*There are so few factories left that can offer educational tours…I've guided many school groups and the knowledge level has declined in the last*

years" (Aarhus 2015). Oleana has a shop and cafe at the facilities, and products sold at the factory shop give better earnings compared to sales through their resellers. The factory has already been considered a tourist destination with about 5000 yearly visitors (Eriksen 2015), but the new *Économusé*-status may attract more people to visit the facilities.

Oleana is called a success story (e.g Bergen-chamber) and the owners predict a continued bright future (Aarhus 2015), but the company still faces challenges typical to small companies. About urging suppliers for ethical standards, Aarhus states «*Oleana is not in a position to direct a large partner, but we have tried to find the most professional and best spinning mills*" (Aarhus, 2015). As Haik, the company has not chosen to make use of labels to guarantee organic or ethical standards. Oleana does not want to guarantee standards that they can't be completely sure are correct (Fuglerud, 2015). Since their designs are bright and colourful, it is challenging to find "green" yarn that have the fine softness, quality and colour spectre required (ibid.). The company has a small administration (Hebrok et al. 2012, p. 78), resulting in limited employee resources dedicated to working with sustainability.

4.3.3 Discussion RQ3

This case study takes a closer look at five different companies - three incumbent companies and two start-ups. They have common characteristics regarding interest in local value chains and use of wool, but otherwise they are quite different in several ways. The number of years in business differ from four years to over 60 years. The start-ups have spent their first years by experimenting their business model, while the incumbent companies have business models that have matured into a more solid form. However, Lillunn, with new owners is undergoing changes that are similar to the start-ups' initial trial and error phase. Lillunn is also a micro company, which means that it organisationally is more comparable to the start-ups.

The findings show that the start-ups initially only have a "*partially formed business model*" (Morris et al. 2005) and that their business model development are *"progressive refinements to create internal consistency and/or to adapt to its environment"* (Demil & Lecocq 2010). Both Sølv, Haik and Lillunn have had a flexible approach in shaping their business model, which strengthens the argument that small companies are more adaptive (Morris et al 2005; Hockerts & Wüstenhagen 2010). The new Lillunn owners do not seem trapped in a state of *dominant logic* (Chesbrough 2003) and appears to have a *dynamic capability* (Teece et al. 1997) which will help them in developing a new, and possibly sustainable business model.

The micro company size seems to enable flexibility regarding forming and altering the business model towards sustainability. These companies are still so small that radical innovation appears feasible. To use a metaphor, these companies are not big ships that needs time to alter course,

instead they can be called small water jets that are light and easy to manoeuvre. They don't have a big crew that needs to be informed in order to alter the vessel course. These companies seem flexible and adaptive to change, whether affected by external or internal factors. The micro companies in this study, and can be said to be extra innovative in their creation of a sustainable business model. This strengthens Lam's (2005) argument that start-ups can important actors in radical innovation.

The start-up/micro companies are also vulnerable since they are small organisations with limited resources. Out on the open roaring sea or even just meeting minor rip curls, they might end up in problems. In 2015, Sølv decided to shut down the company completely. The radical change of business model might have contributed in a slower growth rate, leaving the entrepreneurs in an unnecessarily long lasting blood bath. However, the founders firmly believe that the Sølv business model stands a chance over time and is an example to follow (Klempe 2015). Because of this, the entrepreneurs will actively present the Sølv business model case to others for inspiration in the years to come. Thus, Sølv is an example of entrepreneurs who want to find new business models that can potentially disrupt the fashion industry's old way of doing business (Fletcher & Grose 2012, p. 179). In the start, these sustainable business model innovations may not be economically viable, but might be so in the future when conditions have changed and timing is right (Bocken et al. 2014, p. 44). Consequently, the start-ups or flexible micro companies can function as laboratories for experimenting new sustainable business models. The solutions may be a preview of how fashion companies can or have to adapt to sustainability in the years to come.

Of the two incumbent and largest cases in the study, there are some evident differences between these two that should be considered. Oleana incorporated sustainability in the business model from the start, while OAC has gradually included sustainability during the last years. This confirms Moore and Manring (2009) argument that start-ups that incorporate sustainability from the start, do not spend time to fix existing "*unwanted*" operations. OAC on the other hand spend resources to gain control of the supply chain. The companies also cater for different customer profiles and market segments. Oleana sells high priced niche products to narrow customer segment that are more likely to emphasise sustainability. Hockerts & Wüstenhagen (2010, p. 486) highlight that the "*Emerging Davids*" tend to serve a niche market where the consumers are concerned with sustainability issues, and that these companies seldom reach a mass marked. OACs products cater to a much broader end-user-segment, where the majority are more concerned about price than sustainability. This means that OAC can be considered a *Greening Goliath* since it produces the largest volumes of the selected cases, can achieve more impact. Especially if communicated in the right way, OAC stands a better chance to influence the consumer segment that currently are not selecting the sustainable alternative.

Although the cases vary in size, they are still micro and relatively small companies, at least compared with companies like H&M and other international brands. The size means that the cases share some similar challenges. Both Haik and Sølv have experienced that being small companies, leave them with little power to exert pressure towards the stakeholders. Although OAC is a bigger organisation with larger volumes, it also had similar experiences. OAC's sustainability strategies are more dictated by their distributors who have strong market power. The result is that OAC's steps towards sustainability takes longer time than the company ideally wants. If OAC is considered a larger company, this finding makes it difficult to confirm that larger companies do not conform to stakeholder pressures (Darnall et al. 2010). For OACs it is actually more of the opposite. In this situation, maybe it is the resellers that are the large companies that do not want to conform to "stakeholder pressures" from OAC.

Findings reveal that it is not necessarily the number of years in business, but rather the size of the business that should be a differentiator when comparing the companies' sustainability efforts. Findings imply that the larger companies are also slowed down by their organisational size, and can more easily be caught in Chesbrough's *dominant logic trap* (2003). This also supports the that established structures can cause "*slowness*" which make it more challenging for established companies to change (Abelsen et al. 2013, p. 24). Turning a larger ship around requires energy and time.

To summarize the findings concerning the start-ups and incumbent companies, table 5 compares the differences between these two types of companies. It lists organizational characteristics and in how they build sustainable business models.

Table 5 - Overview of start-ups/small companies vs large/established companies' characteristics and how they build sustainable business models

	Start-ups/Small companies	Large/Incumbent companies
Organisational Characteristics	Small organisation	Large organisation
	Partially formed business model	Matured or set business model
	Lack of resources	Access to resources
	Has little power in the supply chain	Has more supply chain power (although depending on size and market situation)
Overall approach to integrating sustainability	Dynamic and flexible to change	Less dynamic and change takes time
	More open to radical innovation	Prefers control with incremental changes
	Small and niche customer segments	Larger mass customer segments
	Smaller product volumes	Larger product volumes

This study shows that the start-ups may be more radical in their business model innovations for sustainability, but lacks different resources. The large and incumbent companies have access to resources that gives them momentum, but are slowed down by their size and business model maturity. The two types of companies have complementary characteristics and shortcomings. If the larger companies look to the start-ups and micro companies, they can find "*sustainable business models-prototypes*" as inspiration for ways to alter their own business models towards sustainability. As Hockerts and Wüstenhagen (2010, p.482) has proposed; it seems that connecting start-ups and large incumbent companies to share and co-evolve their efforts, can be a solution that helps speed up the sustainability transformation.

5 Concluding remarks

5.1 Conclusion

To round up the circle, Sweatshop, the internet documentary watched by more than 8 million and shown at several festivals internationally is now planning a new season (sweatshop.no). This time the focus will not be on the problematic issues in the fashion industry, instead the emphasis is on finding the solutions. The new focus illustrates the shift happening in the industry. Fortunately, there are fashion companies progressing in the right direction and this study has taken a closer look at some of them.

Five different Norwegian fashion companies and their approaches to building sustainable business models have been explored. Each case has been presented in the sustainable business model framework, and findings showed that the companies combine several approaches to sustainability. Among them are localising, renewable fibre, ethical made, slow fashion, product longevity and consumer education. The SBM-framework is suitable for illustrating the outline of the business model, but when analysing the shared value, the model has some weaknesses. Distinguishing between the proposition's shared value and the value captured for the different stakeholders is a challenge. These findings highlight the complexity of sustainability and the challenge of making sustainability tools and frameworks.

The study has especially investigated localising as a sustainability approach. Findings reveal that there are several arguments for choosing this approach in order to build more sustainable companies, but it requires dialog with the stakeholders and focus on creating and capturing shared value. There are also several external conditions that make localising and local sourcing in Norway a challenge. Thus, the findings support that local value chains will probably not replace global value chains in the highly internationalized fashion industry, but "*the local can complement and hopefully gain influence over the global*" (Fletcher, 2008, p. 141).

In addition, the study has compared start-ups and incumbent companies in how they build sustainable business models. The start-ups have the ability to be innovative and flexible while they are in a process of building their business models. However, they are limited by their access to resources. Their size also minimises their power to put pressure on suppliers and other stakeholders. For the incumbent companies, findings revealed that these companies have more matured business models. Since the business models are more solid, their sustainability transition can take longer time, but that depends on how sustainability was integrated in the company from the start. Nevertheless, the larger companies benefit from access to resources that can professionalise the different sustainability approaches. Although their sustainability initiatives often are incremental, the impact may still end up be strong due to their larger volumes and access to the mass consumer market. These company types, whether start-ups or incumbent, small or large, are both important contributors to altering the fashion industry. They can even speed up the sustainability transition by learning from each other and raising the standards together.

5.2 Practical Implications

There are several reasons for using local resources and local value chains as an approach to creating sustainable business models in the fashion industry. However, there are value network issues that make it challenging to do this in Norway. There has been some industry development the last years, but still there is room for improvement. Hockerts & Würsthagen state that "*government policy is playing a more important role in commercializing sustainable innovation, because it is the role of the government to internalize external cost through taxation or other economic policies*" (2010, p. 486).

The different initiatives to coordinate the industry appears to have effect, but the government funding for these initiatives have not been very long term. Norwegian Fashion Institute was established in 2009 after several years of political battles, but already in 2011 the governmental funding was removed (Mardal 2013). After massive protests, Norwegian Fashion Institute could continue its work (Aartun 2014). In 2014 the Norwegian Fashion Hub became an Arena-cluster program and got 6 million to spend during a period of 3-6 years (ibid.). In addition, several research projects such as *Valuing Norwegian Wool* (SIFO undated) and *KRUS* (Forskningsrådet undated) have been founded by the Norwegian research council. These initiatives seem to contribute in a positive way. At the different meeting arenas organized by these initiatives, ideas are shared and the participating actors in the industry get to know each other. Dale, the owner of Lillunn met Pedersen at the *Ulldagen*-conference in 2014 and they started talking. One year later, the new owner, Pedersen presented a new revitalised Lillunn at the same conference (Ulldagen 2015). Another Norwegian wool start-up presenting at *Ulldagen* (2015) stated that a wool research report from SIFO was a key motivator for developing her new business. At the *Framtanker* conference (2015), a

cross-sector innovation project was kick-started to drive sustainable growth in the fashion industry (Trippel undated), and industry actors across the value chain were invited to join. During the data gathering of this thesis, three conferences have been attended and the impression is that the industry is starting to collaborate and together evolve in the right direction.

Linda Refvik (2015), project manager at Norwegian fashion Hub, calls for a long-term commitment and patient financing from the Government and mentions the substantial government funding that for decades have supported the now successful fashion industries in Sweden and Denmark. Oleana also proposes Government policies that minimize the disadvantages that come with producing in Norway (Fuglerud 2015). However, it is important to emphasise that it is not only the Government who is responsible for providing the change. It is possible to construct regional advantage, but to achieve this necessitates collaboration between both the government and businesses (Isaksen 2013, p. 133). Refvik (2015) states that the Norwegian fashion industry is pretty good at start-ups and has some large companies, but there is a shortage of medium sized businesses. She argues that to succeed in building a stronger Norwegian fashion industry, the large companies must contribute more by assisting the small ones (ibid). Finally, consumers must also take a part. The change in the industry is highly depending on their consumer choices.

5.3 Suggested Future Research on Sustainable Business Models

Since sustainable business models and the applied sustainability approaches are an emerging field both in the business and academic world, further research seems inevitable. The sustainable business model framework has been used as a tool to analyse the different cases, and proved to have some limitations. Similar frameworks/canvases are also in development, and these should also be tested as analytical tools. Hopefully, by comparing the different frameworks, new improved frameworks can be developed.

This study has looked at the approaches local value chains and locally sourced wool in a Norwegian fashion context. One stream of research could explore the same approaches but in different contexts. This study takes the companies point of view, but since shared value is essential in sustainable business models, new studies could also include the companies' different stakeholders. Their views are important to uncover the business models actual shared value. As we have seen from the sustainable business model archetypes, there are many different approaches to explore. Each approach to build sustainable business models could be investigated in the manner above mentioned. In addition, to get a better understanding of the evolution of sustainable business models, a longitudinal case study could be of interest.

When it comes to start-ups and incumbent, or maybe better small and large companies, one stream of research could investigate how these different companies influence each other in

developing sustainable business models. Another stream could look at how these types of companies affect value networks, ecosystems or industries.

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7 Attachments

Attachment 1

List of cases screened for the study

Company name	Using Norwegian wool	Manufacturing in Norway	Norwegian registered Company	Year founded	States focus on sustainability on company web pages
Lanullva	No	Yes	Yes (AS)	2015	
Dale of Norway	Yes (70%)	Yes	Yes (AS)	1879	No
Sølv	Yes	Partly	Yes (AS)	2011	Yes
Oleana	No, but wants to use Norwegian wool and has used it previously	Yes	Yes (AS)	1992	Yes
With & Wessel	No	No?	Yes (AS, but main office in New York)	2013	Yes
Lille Lam	No	No?	Yes	2004	Yes (Organic wool, made in Europe etc)
Leila Hafzi		No (Nepal)	Yes	1997	Yes
Age of Enlightenment	No	No	Yes		Yes
OAC	Partly	No	Yes	-	Yes
Janus	No?	Yes	Yes	1895/ 1994	Yes (local production)
Woolland	No	No	Yes (AS)	2011	Member of Etisk handel
Gullfugl	No	No (used to, but produces in The Baltics now)	Yes (AS)	2009	Yes
Nøstebarn	No	No (Germany)	Yes	1983/ 2000	Yes
Vera & William	No (silk and merino)	No (Italy)	Yes	?	Yes
Haik AS	Yes	Yes	Yes	2011	No
Norlender	Partly	Partly	Yes	1927/ 2002	No (100% genuine Norwegian knitwear)
Wild Wool	Cashmere from Mongolia	No?	Yes	2011/ 2012	Yes (CSR)
Devold	No	No (factory in Litauen)	Yes	1853	Yes (CSR)
Camilla Reinfjell	Yes?		Yes (enkeltpersonsforetak)	2014	
Lillunn AS	Some	Yes	Yes	1954	No (but focus on local production)
Elisabeth Stray Pedersen	Yes	Yes	Yes (enkeltpersonsforetak)	2010	No (but focus on local production)
IIS of Norway	No	No	Yes	1998	Yes
Johnny Love	No	No	Yes	2008	Yes

Attachment 2

Notification form to Norwegian Social Science Data Services.

Norsk samfunnsvitenskapelig datatjeneste AS
NORWEGIAN SOCIAL SCIENCE DATA SERVICES

MELDESKJEMA

Meldeskjema (versjon 1.4) for forsknings- og studentprosjekt som medfører meldeplikt eller konsesjonsplikt (jf. personopplysningsloven og helseregisterloven med forskrifter).

1. Intro		
Samles det inn direkte personidentifiserende opplysninger?	Ja ● Nei ○	En person vil være direkte identifiserbar via navn, personnummer, eller andre personentydige kjennetegn. Les mer om hva personopplysninger. NB! Selv om opplysningene skal anonymiseres i oppgave/rapport, må det krysses av dersom det skal innhentes/registreres personidentifiserende opplysninger i forbindelse med prosjektet.
Hvis ja, hvilke?	■ Navn □ 11-sifret fødselsnummer □ Adresse ■ E-post ■ Telefonnummer ■ Annet	
Annet, spesifiser hvilke	Tilknyttet firma	
Skal direkte personidentifiserende opplysninger kobles til datamaterialet (koblingsnøkkel)?	Ja ● Nei ○	Merk at meldeplikten utløses selv om du ikke får tilgang til koblingsnøkkel, slik fremgangsmåten ofte er når man benytter en databehandler
Samles det inn bakgrunnsopplysninger som kan identifisere enkeltpersoner (indirekte personidentifiserende opplysninger)?	Ja ● Nei ○	En person vil være indirekte identifiserbar dersom det er mulig å identifisere vedkommende gjennom bakgrunnsopplysninger som for eksempel bostedskommune eller arbeidsplass/skole kombinert med opplysninger som alder, kjønn, yrke, diagnose, etc. NB! For at stemme skal regnes som personidentifiserende, må denne bli registrert i kombinasjon med andre opplysninger, slik at personer kan gjenkjennes.
Hvis ja, hvilke	Personene er gründere/eiere som er tilknyttet selskapene som skal forskes på	
Skal det registreres personopplysninger (direkte/indirekte/via IP-/epost adresse, etc) ved hjelp av nettbaserte spørreskjema?	Ja ○ Nei ●	Les mer om nettbaserte spørreskjema.
Blir det registrert personopplysninger på digitale bilde- eller videoopptak?	Ja ○ Nei ●	Bilde/videoopptak av ansikter vil regnes som personidentifiserende.
Søkes det vurdering fra REK om hvorvidt prosjektet er omfattet av helseforskningsloven?	Ja ○ Nei ●	NB! Dersom REK (Regional Komité for medisinsk og helsefaglig forskningsetikk) har vurdert prosjektet som helseforskning, er det ikke nødvendig å sende inn meldeskjema til personvernombudet (NB! Gjelder ikke prosjekter som skal benytte data fra pseudonyme helseregistre). Dersom tilbakemelding fra REK ikke foreligger, anbefaler vi at du avventer videre utfylling til svar fra REK foreligger.
2. Prosjekttittel		
Prosjekttittel	Utvikling av bærekraftige forretningsmodeller - en casestudie av norske moteselskaper som satser på lokale verdikjeder	Oppgi prosjektets tittel. NB! Dette kan ikke være «Masteroppgave» eller liknende, navnet må beskrive prosjektets innhold.
3. Behandlingsansvarlig institusjon		
Institusjon Avdeling/Fakultet Institutt	Norges miljø- og biovitenskapelige universitet Fakultet for samfunnsvitenskap Handelshøyskolen	Velg den institusjonen du er tilknyttet. Alle nivå må oppgis. Ved studentprosjekt er det studentens tilknytning som er avgjørende. Dersom institusjonen ikke finnes på listen, har den ikke avtale med NSD som personvernombud. Vennligst ta kontakt med institusjonen.
4. Daglig ansvarlig (forsker, veileder, stipendiat)		

Fornavn	Anne	Før opp navnet på den som har det daglige ansvaret for prosjektet. Veileder er vanligvis daglig ansvarlig ved studentprosjekt.
Etternavn	Moxnes Jervell	
Stilling	Forsker	Veileder og student må være tilknyttet samme institusjon. Dersom studenten har ekstern veileder, kanbiveileder eller fagansvarlig ved studiestedet stå som daglig ansvarlig.
Telefon	64965689	
Mobil	90862044	Arbeidssted må være tilknyttet behandlingsansvarlig institusjon, f.eks. underavdeling, institutt etc.
E-post	anne.jervell@nmbu.no	
Alternativ e-post	anne.jervell@nmbu.no	NB! Det er viktig at du oppgir en e-postadresse som brukes aktivt. Vennligst gi oss beskjed dersom den endres.
Arbeidssted	NMBU	
Adresse (arb.)	Postboks 5003 NMBU	
Postnr./sted (arb.sted)	1432 Ås	
Sted (arb.sted)	Ås	

5. Student (master, bachelor)

Studentprosjekt	Ja ● Nei ○	Dersom det er flere studenter som samarbeider om et prosjekt, skal det velges en kontaktperson som føres opp her. Øvrige studenter kan føres opp under pkt 10.
Fornavn	Linn	
Etternavn	Meidell Dybdahl	
Telefon	98 65 27 79	
Mobil		
E-post	linndybdahl@gmail.com	
Alternativ e-post	linndybdahl@hotmail.com	
Privatadresse	Oberst Rodes vei 87b	
Postnr./sted (privatadr.)	1165 Oslo	
Sted (arb.sted)	Oslo	
Type oppgave	● Masteroppgave ○ Bacheloroppgave ○ Semesteroppgave ○ Annet	

6. Formålet med prosjektet

Formål	Formålet med studien er å se på norske moteselskaper som fokuserer på bærekraftighet ved hjelp av lokal produksjon og har ønske om å bruke norsk ull i sine produkter. Studien vil undersøke nærmere hvorfor og hvordan selskapene satser på bærekraft og hvordan selskapene har utviklet seg over tid for å bli mer bærekraftig.	Redegjør kort for prosjektets formål, problemstilling, forskningsspørsmål e.l.

7. Hvilke personer skal det innhentes personopplysninger om (utvalg)?

Kryss av for utvalg	□ Barnehagebarn □ Skoleelever □ Pasienter □ Brukere/klienter/kunder □ Ansatte □ Barnevernsbarn □ Lærere □ Helsepersonell □ Asylsøkere ■ Andre	
Beskriv utvalg/deltakere	Gründere, ansatte og eiere i utvalgte selskaper	Med utvalg menes dem som deltar i undersøkelsen eller dem det innhentes opplysninger om.
Rekruttering/trekking	Rekruttering via utvalgte bedrifter foretatt av mastergradsstudenten selv.	Beskriv hvordan utvalget trekkes eller rekrutteres og oppgi hvem som foretar den. Et utvalg kan trekkes fra registre som f.eks. Folkeregisteret, SSB-registre, pasientregistre, eller det kan rekrutteres gjennom f.eks. en bedrift, skole, idrettsmiljø eller eget nettverk.

Førstegangskontakt	Førstegangskontakt via telefon eller mail, initiert av mastergradsstudenten selv.	Beskriv hvordan kontakt med utvalget blir opprettet og av hvem. Les mer om dette på temasidene.
Alder på utvalget	□ Barn (0-15 år) □ Ungdom (16-17 år) ■ Voksne (over 18 år)	Les om forskning som involverer barn på våre nettsider.
Omtrentlig antall personer som inngår i utvalget	5	
Samles det inn sensitive personopplysninger?	Ja ○ Nei ●	Les mer om sensitive opplysninger.
Hvis ja, hvilke?	□ Rasemessig eller etnisk bakgrunn, eller politisk, filosofisk eller religiøs oppfatning □ At en person har vært mistenkt, siktet, tiltalt eller dømt for en straffbar handling □ Helseforhold □ Seksuelle forhold □ Medlemskap i fagforeninger	
Inkluderes det myndige personer med redusert eller manglende samtykkekompetanse?	Ja ○ Nei ●	Les mer om pasienter, brukere og personer med redusert eller manglende samtykkekompetanse.
Samles det inn personopplysninger om personer som selv ikke deltar (tredjepersoner)?	Ja ○ Nei ●	Med opplysninger om tredjeperson menes opplysninger som kan spores tilbake til personer som ikke inngår i utvalget. Eksempler på tredjeperson er kollega, elev, klient, familiemedlem.
8. Metode for innsamling av personopplysninger		
Kryss av for hvilke datainnsamlingsmetoder og datakilder som vil benyttes	□ Papirbasert spørreskjema □ Elektronisk spørreskjema ■ Personlig intervju □ Gruppeintervju □ Observasjon ■ Deltakende observasjon ■ Blogg/sosiale medier/internett □ Psykologiske/pedagogiske tester □ Medisinske undersøkelser/tester □ Journaldata	Personopplysninger kan innhentes direkte fra den registrerte f.eks. gjennom spørreskjema,intervju, tester, og/eller ulike journaler (f.eks. elevmapper, NAV, PPT, sykehus) og/eller registre (f.eks.Statistisk sentralbyrå, sentrale helseregistre). NB! Dersom personopplysninger innhentes fra forskjellige personer (utvalg) og med forskjellige metoder, må dette spesifiseres i kommentar-boksen. Husk også å legge ved relevante vedlegg til alle utvalgs-gruppene og metodene som skal benyttes. Les mer om registerstudier her. Dersom du skal anvende registerdata, må variabelliste lastes opp under pkt. 15
	□ Registerdata	
	□ Annen innsamlingsmetode	
Tilleggsopplysninger		
9. Informasjon og samtykke		
Oppgi hvordan utvalget/deltakerne informeres	■ Skriftlig ■ Muntlig □ Informeres ikke	Dersom utvalget ikke skal informeres om behandlingen av personopplysninger må det begrunnes. Les mer her. Vennligst send inn mal for skriftlig eller muntlig informasjon til deltakerne sammen med meldeskjema. Last ned en veiledende mal her. NB! Vedlegg lastes opp til sist i meldeskjemaet, se punkt 15 Vedlegg.
Samtykker utvalget til deltakelse?	● Ja ○ Nei ○ Flere utvalg, ikke samtykke fra alle	For at et samtykke til deltakelse i forskning skal være gyldig, må det være frivillig, uttrykkelig og informert. Samtykke kan gis skriftlig, muntlig eller gjennom en aktiv handling. For eksempel vil et besvart spørreskjema være å regne som et aktivt samtykke. Dersom det ikke skal innhentes samtykke, må det begrunnes.
10. Informasjonssikkerhet		
Hvordan oppbevares navnelisten/ koblingsnøkkelen og hvem har tilgang til den?	Den oppbevares på forskerens private PC som er beskyttet av login med brukernavn og passord.	
Oppbevares direkte personidentifiserbare opplysninger på andre måter?	Ja ○ Nei ●	

Spesifiser		NB! Som hovedregel bør ikke direkte personidentifiserende opplysninger registreres sammen med det øvrige datamaterialet.
Hvordan registreres og oppbevares personopplysningene?	□ På server i virksomhetens nettverk □ Fysisk isolert PC tilhørende virksomheten (dvs. ingen tilknytning til andre datamaskiner eller nettverk, interne eller eksterne) □ Datamaskin i nettverkssystem tilknyttet Internett tilhørende virksomheten □ Privat datamaskin □ Videoopptak/fotografi ■ Lydopptak ■ Notater/papir ■ Mobile lagringsenheter (bærbar datamaskin, minnepenn, minnekort, cd, ekstern harddisk, mobiltelefon) □ Annen registreringsmetode	Merk av for hvilke hjelpemidler som benyttes for registrering og analyse av opplysninger. Sett flere kryss dersom opplysningene registreres på flere måter. Med «virksomhet» menes her behandlingsansvarlig institusjon. NB! Som hovedregel bør data som inneholder personopplysninger lagres på behandlingsansvarlig sin forskningsserver. Lagring på andre medier - som privat pc, mobiltelefon, minnepinne, server på annet arbeidssted - er mindre sikkert, og må derfor begrunnes. Slik lagring må avklares med behandlingsansvarlig institusjon, og personopplysningene bør krypteres.
Annen registreringsmetode beskriv		
Hvordan er datamaterialet beskyttet mot at uvedkommende får innsyn?	Bærbar PC beskyttet med brukernavn og passord. Eventuelle lydopptak blir umiddelbart etter intervjuene overført til denne bærbare PC'en og deretter slettet fra diktafonen	Er f.eks. datamaskintilgangen beskyttet med brukernavn og passord, står datamaskinen i et låsbart rom, og hvordan sikres bærbare enheter, utskrifter og opptak?
Samles opplysningene inn/behandles av en databehandler?	Ja ○ Nei ●	Dersom det benyttes eksterne til helt eller delvis å behandle personopplysninger, f.eks. Questback, transkriberingsassistent eller tolk, er dette å betrakte som en databehandler. Slike oppdrag må kontraktsreguleres.
Hvis ja, hvilken		
Overføres personopplysninger ved hjelp av e-post/Internett?	Ja ○ Nei ●	F.eks. ved overføring av data til samarbeidspartner, databehandler mm. Dersom personopplysninger skal sendes via internett, bør de krypteres tilstrekkelig. Vi anbefaler for ikke lagring av personopplysninger på nettskytjenester. Dersom nettskytjeneste benyttes, skal det inngås skriftlig databehandleravtale med leverandøren av tjenesten.
Hvis ja, beskriv?		
Skal andre personer enn daglig ansvarlig/student ha tilgang til datamaterialet med personopplysninger?	Ja ○ Nei ●	
Hvis ja, hvem (oppgi navn og arbeidssted)?		
Utleveres/deles personopplysninger med andre institusjoner eller land?	● Nei ○ Andre institusjoner ○ Institusjoner i andre land	F.eks. ved nasjonale samarbeidsprosjekter der personopplysninger utveksles eller ved internasjonale samarbeidsprosjekter der personopplysninger utveksles.
11. Vurdering/godkjenning fra andre instanser		
Søkes det om dispensasjon fra taushetsplikten for å få tilgang til data?	Ja ○ Nei ●	For å få tilgang til taushetsbelagte opplysninger fra f.eks. NAV, PPT, sykehus, må det søkes om dispensasjon fra taushetsplikten. Dispensasjon søkes vanligvis fra aktuelt departement.
Hvis ja, hvilke		
Søkes det godkjenning fra andre instanser?	Ja ○ Nei ●	F.eks. søke registereier om tilgang til data, en ledelse om tilgang til forskning i virksomhet, skole.
Hvis ja, hvilken		
12. Periode for behandling av personopplysninger		
Prosjektstart Planlagt dato for prosjektslutt	12.10.2015 20.12.2015	Prosjektstart Vennligst oppgi tidspunktet for når kontakt med utvalget skal gjøres/datainnsamlingen starter. Prosjektslutt: Vennligst oppgi tidspunktet for når datamaterialet enten skalanonymiseres/slettes, eller arkiveres i påvente av oppfølgingsstudier eller annet.
Skal personopplysninger publiseres (direkte eller indirekte)?	■ Ja, direkte (navn e.l.) □ Ja, indirekte (bakgrunnsopplysninger) □ Nei, publiseres anonymt	NB! Dersom personopplysninger skal publiseres, må det vanligvis innhentes eksplisitt samtykke til dette fra den enkelte, og deltakere bør gis anledning til å lese gjennom og godkjenne sitater.

Hva skal skje med datamaterialet ved prosjektslutt?	■ Datamaterialet anonymiseres □ Datamaterialet oppbevares med personidentifikasjon	NB! Her menes datamaterialet, ikke publikasjon. Selv om data publiseres med personidentifikasjon skal som regel øvrig data anonymiseres.Med anonymisering menes at datamaterialet bearbeides slik at det ikke lenger er mulig å føre opplysningene tilbake til enkeltpersoner. Les mer om anonymisering.
13. Finansiering		
Hvordan finansieres prosjektet?	Ingen finansiering pt.	
14. Tilleggsopplysninger		
Tilleggsopplysninger		

Attachment 3

Information letter to informants

Høst 2015

Informasjon om studien:

Utvikling av bærekraftige forretningsmodeller

En casestudie av norske selskaper som satser på lokale verdikjeder

Studiens formål og oppbygging

Formålet med studien er å se på norske selskaper innen klesbransjen som fokuserer på bærekraftighet ved hjelp av lokal produksjon og ønsker å bruke norsk ull i sine produkter. Studien vil undersøke nærmere hvorfor og hvordan selskapene satser på bærekraft og hvordan selskapene har utviklet seg over tid for å bli mer bærekraftige.

Oppgaven er en casestudie med utvalgte norske selskaper i klesbransjen. Studien vil bli basert på både offentlig tilgjengelig informasjon, intervjuer med informanter fra de utvalgte selskapene og annen informasjon som er gjort tilgjengelig av selskapene.

Bakgrunn for studien

Dette er min avsluttende masteroppgave i Master i Entreprenørskap og Innovasjon ved Norges miljø- og biovitenskapelige universitet (NMBU) på Ås. Oppgaven skal ferdigstilles innen utgangen av 2015. Studien er knyttet til det pågående forskningsprosjektet «KRUS - Grønn vekst i hvitt gull gjennom lokalt forankrede verdikjeder» (2015-2018) som tar for seg ulike temaer knyttet til produksjon, merkeordning og bruk av norsk ull. Prosjektet ledes av Ingun G. Klepp, SIFO (Statens institutt for forbruksforskning) og er finansiert av Norges forskningsråd.

Hva innebærer deltakelse i studien?

Du kommer til å delta på et intervju som varer omtrent 90 minutter og som skal foregå i oktober. Sted og tid blir best mulig tilpasset din arbeidshverdag. Det kan også være aktuelt å formidle annen relevant info om selskapet.

Personvern

Det er frivillig å delta og du kan når som helst trekke deg fra studien. Alle personopplysninger vil bli behandlet konfidensielt og slettet når prosjektet er avsluttet. Om du ønsker det vil sitater fra intervjuet bli anonymisert i oppgaven og eventuelle andre publikasjoner. Studien er meldt til Personvernombudet for forskning, Norsk samfunnsvitenskapelig datatjeneste AS.

Ytterligere informasjon

Om du ønsker mer informasjon, ta kontakt med meg på e-post; linndybdahl@gmail.com eller tlf; 986 52 779. Ansvarlig veileder ved universitetet er Anne Moxnes Jervell som kan nås via e-post; anne.jervell@nmbu.no.

Mer info om KRUS finnes på http://www.sifo.no/page/preview/preview/10060/80049.html.

Vennlig hilsen

Linn Dybdahl

Attachment 4

Interview guide

Masteroppgave intervjuguide
Høst 2015

Intervjuguide til masteroppgaven:

Utvikling av bærekraftige forretningsmodeller

En casestudie av norske moteselskaper som fokuserer på lokale verdikjeder og norsk ull

Introduksjon

1. Gi informanten en introduksjon om studien og motivasjonen for den, samt en kort introduksjon om forskerens bakgrunn.
2. Taushetsplikt, mulighet for anonymisering og mulighet for å trekke seg
3. Mulighet for kvalitetssikring av sitater i etterkant, opptak på diktafon
4. Få signert samtykkeskjema

DEL 1

Generelt om selskapet (oppvarming)

- Beskriv kort motivasjon for oppstart
- Beskriv kort selskapet slik det er i dag

Eventuell kvalitetssikring av info (stikkord):

- antall ansatte
- kundesegment/kundemålgruppe
- produkter
- produksjon
- verdikjede (leverandører)
- markedsføring
- Salg
- Distribusjon
- Partnere
- Finansiering
- Omsetning
- ansattes kompetanse (kunnskap om bærekraft?)

DEL 2

Tilnærminger til bærekraft (forskningsspørsmål 2 og 3)

Hva forbinder selskapet med bærekraft?

Hvorfor satser selskapet på bærekraft?

Stikkord;

- interne faktorer (forbilde for andre i bransjen, statuere eksempel, gründer som aktivist)
- eksterne faktorer (etterspørsel fra kunder, lokalsamfunn e.l, statlige reguleringer, konkurransefortrinn osv)
- eksempler på faktorer; kunder, konkurrenter, ansatte, eiere, leverandører, samfunnet, lokalsamfunnet, myndigheter

Hva slags tilnærminger har selskapet for å drive bærekraftig (miljø og sosialt)?

Stikkord;

- Lokal fokus (produksjon, kultur, næringsvirksomhet)
- Arbeidsforhold
- Valg av råvarer (ull)
- Merkeordninger og sertifiseringer
- Kontroll over produktenes livssyklus (closed loop?)
- Samarbeid med verdikjeden (fair trade og grad av samarbeid)
- Kundedeltakelse og forhold til kunden
- Slow fashion (kvalitet og lengre tidsintervaller)
- Holde kunnskap i hevd og ivareta fungerende tekstil industri

Masteroppgave intervjuguide
Høst 2015

- Forhold til andre interessenter og industri som helhet
- Transparens og åpenhet
- Opplæring av kunder/samfunn
- Har selskapet egne tilføringer?

Hvorfor har selskapet valgt akkurat disse tilnærmingene?

Hvordan utfører selskapet disse tilnærmingene i praksis?

Hvilke utfordringer og muligheter har selskapet møtt med disse tilnærmingene?

DEL 3

Utvikling av forretningsmodell

Hvordan har forretningsmodellen utviklet seg fra oppstart? Beskriv prosessen fra ide til dagens forretningsmodell.

Hvordan har bærekraft påvirket utviklingen av selskapet og selskapets strategier?

Stikkord;

- Oppskalering (tidsperspektiv, mål og ambisjonsnivå)
- Valg av råvare
- Valg av samarbeidspartnere
- Valg av produksjonssted
- Økonomi (prissetting av produkt, inntjening, investorer)
- Forhold til kunder og andre interessenter
- Kommunikasjon
- Distribusjonskanaler
- Posisjonering i forhold til konkurrenter
- Timing (hvordan konkurrere i en hovedsakelig profittdrevet industri)?
- Kundenes og samfunnets etterspørsel etter bærekraftige produkter/metoder
- Har selskapet egne tilføringer?

Hvordan har selskapet respondert til utfordringer og muligheter knyttet til utviklingen av selskapet?

Hva tenker selskapet om veien videre (endringer i forretningsmodell og tilnærminger til bærekraft)?

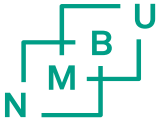
Avslutning

1) Er det informasjon relevant for temaene som du vil legge til?

2) Har jeg forstått deg riktig?

3) Oppsummere hva skjer videre med studien

4) Takk for meg!



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