The case for a durable value for the fashion industry – a case for a wool cooperative in Canada

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Project description and problem

The fashion industry is considered the worst polluting industry on the planet, which is due, primarily, from the waste in upstream activities. Upstream activities take place at the beginning of the fashion industry's supply chain, such as the sourcing and production of fabric fashion-on-climate-full-report.pdf (mckinsey.com) Page 63-52.

An example of waste during upstream activities in a fashion supply chain (and the context for this study) is the case of Canadian wool. According to Deschênes-Gilbert (2022), Canadian farmers sheer their lambs and sheep only to get rid of the fleece, so the animals do not suffocate before being slaughtered. The fleece is either discarded in landfills, burned, or sent to the Canadian Co-operative Wool Growers Limited (CCWG) in Ontario, where 90% of the wool is exported, as a non-value added commodity. Only 10% of Canadian wool is consumed in Canada (History of wool in Canada | Canadian Co-operative Wool Growers Limited). Because of the myth that Canadian wool is not valuable, farmers do not value the fleeces of 60 races of sheep raised in Canada (Underhill, 2021).

In Quebec, like in the rest of the Canada, the reason why sheep farmers do not transform raw wool is that it requires specific and complex knowledge and machinery. Therefore, we feel that it is urgent to promote the development of a cooperative in Quebec, made up of sheep producers and those knowledgeable in wool transformation. These members of the Quebec cooperative could share best practices to help add value to Quebec wool (we describe our proposed cooperative further below).

Quebec has made some effort to develop associations to help defend the interests of Quebec sheep producers such as the *Éleveurs d'ovins du Québec (LEOQ),* whose mission is to defend the interests of Quebec sheep producers (Les Éleveurs d'ovins du Québec (ovinquebec.com)). Also, in Québec there is the *Centre d'expertise en production ovine du Québec (CEPOQ)* whose mission is help develop sustainability in the Quebec sheep industry (CEPOQ - Centre d'expertise en production ovine du Québec). Despite the efforts of these associations, we believe our study could further enhance the development of Quebec cooperatives with the sole mission of transforming Quebec wool into a profitable and durable material for the Canadian fashion industry. The problem is to effectively evaluate the viability of local wool production for all the players along the supply chain, from the farmer to the fashion manufacturer.

Research Objective

To address this problem, we will interview the various actors responsible for different processes along the potential local wool supply chain. We will also observe practices and obtain documentation to support our interview data. This will provide a detailed description of each stakeholder and process so we can determine Key Performance Indicators (KPI) (financial and non-financial) for each process. We will then know the different potential actors and processes that would be necessary to source and transform locally produced wool for the Canadian fashion industry.

With this knowledge of the various actors and processes, we will propose a cooperative organisation comprised of key knowledgeable decision makers. The objective of this cooperative will be to build a viable business case with best practices of local wool production. These best practices will serve as an educational and marketing outlet to inform .the Quebec population, including consumers, on the overall value of locally sourced wool in Canadian produced fashion products. The cooperative will include those knowledgeable in wool production, processing, design, manufacturing and marketing.

We believe we are in line with the Quebec governments mission to support collaborative initiatives for the economic and social benefit of Quebec organisations as outlined on the Quebec government's website [Ministère de l'Économie, de l'Innovation et de l'Énergie | Gouvernement du Québec (quebec.ca)](quebec.ca)

Method

Our proposed method for this research project is an exploratory Case Study. A Case Study approach is appropriate since we will be looking to obtain different sources of information - interviews, observations, and documentation. Yin (2014) recommends Case Studies when there could be multiple sources of information.

With this exploratory study, we are interested in the potential value added to sheep's wool throughout the processes of its transformation (with the cooperation of different potential actors). On one hand, we know there is a great deal of waste. For example, small sheep breeders discard wool because the price is too low, and it does not bring any value. This causes negative repercussions on the complete supply chain. However, there is a potential to add value to this discarded wool and provide more profitable sheep breeding. Additional research is necessary to better understand the processes and the actors along the overall supply chain to assure long-term value and sustainability.

Therefore, we will conduct interviews with the various actors along the supply chain to create a mapping of the different processes of the wool industry supply chain, along with a list of value stream KPIs,

at each stage of the process (See Figure 1 below for an example of what a local wool supply chain should resemble). More precisely, this local supply chain mapping will describe each of the supply chain processes (by interviews, observations, or documentation). We will then look for KPIs to measure profitability and durability such as the following: cost of raw material, cost of labour, life span of the material, cost per wear, process complexity (measured in time), fabric life span, and fabric failure.

We plan to meet at least 2 people at each level of the supply chain, including farmers, those involved in wool processing, manufacturers, and retailers. We expect to interview approximately 20 to 30 people. At this point, we have already received confirmation from people that accepted to participate in this project. We will also rely on documentation and observations for additional information.

Figure 1
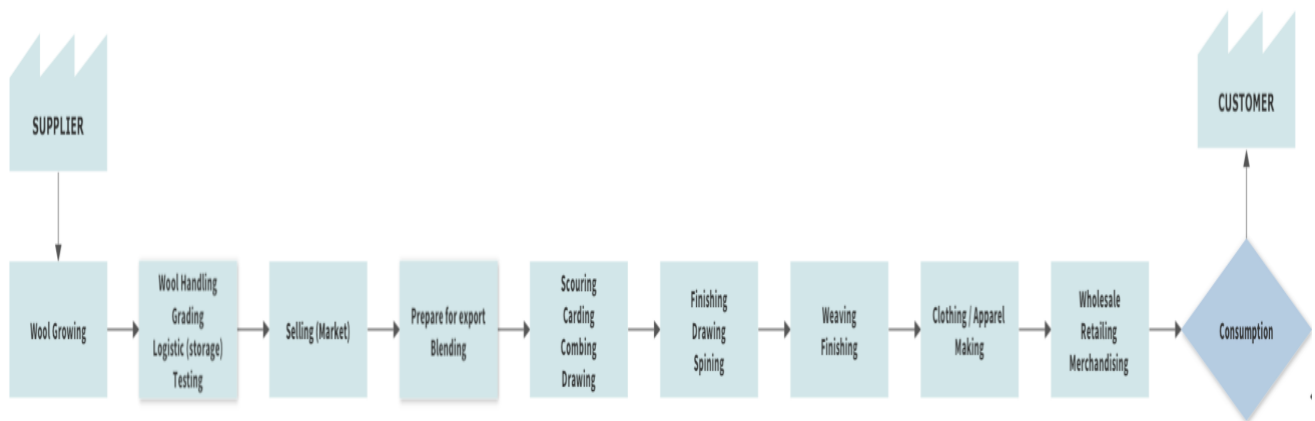
Significance

We strongly believe that the only way that wool could be a profitable and a cost effective source of material for Canadian producers and consumers is to study the processes along a potential local supply chain with a collective perspective. In other words, each stakeholder, from the farmer to the consumer needs to cooperate so that the sum of parts outweigh the individual interests of each stakeholder. The only way to do this is to justify the benefit a local wool cooperative in Quebec, similar to the Canadian Co-operative Wool Growers Limited (CCWG) in Ontario. A Quebec cooperative could work with this Canadian coop to look

for innovative ways to transform wool in Canada, instead of selling the raw wool (non value-added) overseas. The result of this research project should provide benefits in the following four themes:

Axe 1- **Governance**: Our project is highly motivated by a pressing need to reduce the growing waste in the fashion industry caused by the use of synthetic materials, produced in locations far from the local consumer. By building a case for locally produced, natural fibers, we should help to address the issue of waste in the fashion industry.

Axe 2 – **Determination and Measure of Performance**: In our study we will need to use innovative ways to measure performance, beyond traditional costing methods. One of the main benefits of natural fibers is durability. Durability is not easy to measure. Traditional cost accounting methods consider the short-term costs of material and labour to calculate the cost of goods sold. This results in short term decisions that go against durability. New measures are required. For example, it is important to understand the life cycle of material and the cost per wear. The consumer may have to pay more for a natural fiber, but once they are educated on the value of durability, they may chose to accept a higher price. This could motivate the producer to produce less quantity, but at a higher price, resulting in higher profit margins and lower inventory complexity.

Axe 3- **Numeric evolution**: One of the advantages of a local supply chain is the specific knowledge of the material, labour and processes at each step. This knowledge could serve to educate the consumer on where the fabric was sourced and what was each step in the process. This needs to be numerical traced so that when consumers buy the final product, they know from what farm the wool was sourced and how it was transformed. This knowledge should help consumers see the value in the final product they buy.

Axe 4 – **Value of cooperation for education** – The three researchers conducting this proposed project teach at UQAM Ecole Supérieure de Mode (ESM). This project will be conducted with the collaboration of various students at the ESM. We would like this project to result in a case study on how to develop a cooperative to enable a collaborative approach to solving issues in the fashion industry. We know through our network of professionals in the fashion industry that collaboration among various actors is becoming the key to success in fashion. By establishing a cooperative structure that brings together key stakeholders, working towards a common mission, we should be able to provide a case that could help students see the value in how cooperatives could be a viable organizational structure.

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