In February 2009, Justin Smith, manager of the good business journey at Woolworths[1], a leading South African department store, was a worried man. Woolworths had launched its five-year sustainability strategy just under two years before. After undertaking an impact assessment, Smith was concerned that the original targets – which covered transformation, social development, the environment and climate change (see the below list) – had been set without a clear understanding of exactly what it would take to achieve them. Woolworths had recently identified ten key risk areas that impacted on the achievement of its original goals. If the sustainability goals were not reached, Woolworths could lose credibility among its shareholders, staff and consumers. What did Woolworths need to do to ensure that it achieved its sustainability goals? And had the company been too ambitious in the targets it had set initially, he wondered?


**Transformation:**
- Become a level four black economic empowerment (BEE) contributor in line with DTI codes.
- Drive preferential procurement, with the goal of BEE suppliers providing core products for Woolworths by 2012.
- Advance skills development through training initiatives, including the accreditation of Woolworths’ courses and the establishment of three provincial learning centres.
- Meet employment equity targets and create a skills pipeline for managers from previously disadvantaged groups.
- Push our “South Africa first” policy, with the goal of buying as much of our product locally as possible and maintaining strong local and regional clothing and food sources.
- Introduce a BEE employee share ownership scheme.

**Social development:**
- Utilise Woolworths’ expertise in enterprise development by working closely with emerging suppliers, sharing expertise and identifying suppliers who can grow with Woolworths.
- Increase social contributions to more than R300 million per year.
- Expand the Eduplant programme.
- Introduce a fundraising programme in stores to raise money for orphans and vulnerable children.
- Develop a more effective model, through an enterprise development initiative, to distribute our surplus food and clothing.
Support our employees in their community initiatives with matching corporate funds to increase their contribution to needy causes at a local level.

**Environmental focus:**

1. Increase organic and free-range food sales fourfold to over R1 billion per annum, and increase organic content clothing sales to more than R1 billion per annum.

2. Develop a South African organic cotton pipeline.

3. Continue the transformation to healthy eating and lifestyles through the Good food journey.

4. Accelerate environmental conservation and biodiversity programmes:
   - Ensure that conventional produce farmers migrate to organic production or environmentally sensitive farming methods.
   - Reduce Woolworths’ water consumption by 30 percent.
   - Work with suppliers to reduce water used and improve waste water management.
   - Enforce our strict code of conduct regarding dyes, chemicals, and water management in our supply chain.
   - Ensure that key raw materials come from sustainable sources.
   - Introduce a wide range of hemp, bamboo, and soya fabrics.
   - Work with experts to resolve wildlife/human conflicts such as the hive-raiding honey badger (resolved) and predators which attack lambs on sheep farms.
   - Sell no products of threatened species.

5. Reduce and recycle packaging from source through to customer:
   - Reduce clothing packaging by more than a third.
   - Reduce food packaging by 20 percent.
   - Eliminate excess packaging and offer more bulk packs.
   - Decrease plastic bag usage by encouraging customers to buy reusable bags.
   - Increase the amount of recycled plastic in clothing and home bags to 100 percent, and in food bags to 50 percent.
   - Ensure that all trolleys and shopping baskets are made from recycled material.
   - Work closely with suppliers to create alternative recyclable packaging.
   - Introduce a nationwide programme supporting the recycling of customers’ waste, and work with the local recycling industry to develop the demand for recycling.
   - Involve and influence the local packaging industry to develop more sustainable materials.
   - Recycle all store equipment, including food trays and hangers.

**Address climate change:**

1. Reduce relative carbon footprint by 30 percent by focusing on energy savings and transport emissions:
   - Reduce relative transport emissions by 20 percent.
   - Reduce relative electricity usage by 30 percent.
   - Invest savings from reductions in the use of electricity and water into other sustainable business products.
   - Source food regionally where possible, reducing reliance on long-distance road transport.
   - Restrict air freight of our food products, and label food imported by air.
Help set up model green factories with selected suppliers, and work with suppliers to reduce their carbon footprint.

Work with soil scientists to monitor our farmers’ soil sustainability regularly, increasing its CO₂ absorption abilities.

Open a trial carbon neutral store.


The trend towards sustainability

Once a company has publicly committed itself to corporate social responsibility, the genie is out of the bottle. To publicly renege on any of its stated principles would be bad publicity, to say the least (IISD, n.d.).

In the late 1980s, the concept of sustainable development became popular as an expression of the interdependence between three systems viewed as crucial to development: the economy, society, and the biophysical system – referred to as the triple bottom line. The term “sustainable development” was defined by the United Nations (1987) in Our Common Future: Report of the World Commission on Environment and Development as development:

[. . .] that meets the needs of the present without compromising the ability of future generations to meet their own needs and the promotion of values that encourage consumption standards that are within the bounds of the ecologically possible and to which all could reasonably aspire.

True sustainable development, therefore, had to meet the triple bottom line by ensuring that the pursuit of profit was not at the expense of the planet and its people. Business leaders began to realise that social and environmental concerns were becoming increasingly relevant to financial performance, and that organisations showing superior management of these issues gained an edge over their competitors (Kotler and Lee, 2005).

Controlling bodies for sustainable development had sprung up all over the world, creating a set of standards against which sustainability programmes could be measured. According to the Institute for Global Ethics, the retail and fast-moving consumer goods (FMCG) sector traditionally scored relatively poorly in this arena, as such companies often struggled to control social and environmental issues along their extensive supply chains (Ethicsworld, n.d.). Another obstacle affecting the ability of the retail and FMCG sector to meet sustainability standards was the drive to achieve profitability in uncertain economic times (Ethicsworld, n.d.). According to Karen Naude, editor of www.fastmoving.co.za – a web site showcasing the South African FMCG retail industry – the uncertain nature of the global economy was causing companies to look for opportunities to save money, and shareholders and management were therefore looking at social and environmental efforts and questioning the long-term viability of such programmes (Naude, n.d.).

Woolworths’ background

We aspire to become the most trusted and respected modern South African retail brand (Simon Susman, Woolworths CEO).

Woolworths was founded in 1931 by Max Sonnenberg, with one store in Cape Town. By 2009, it had 408 retail stores (including 161 franchise stores)[21], making it one of the largest retail chains in the country (Woolworths Holdings Ltd, 2008a). In the 1990s, the company expanded into Africa and the Middle East. In addition, Woolworths owned a majority share in Australian retail chain, Country Road (Gilmour, 2005).

Woolworths’ main product ranges were food, clothing and homeware, targeted predominantly at people in LSMs 8-10[2, 22]. The company believed that the key to its success lay in providing customers with high-quality fresh produce and convenience foods, and clothing that had a reputation for being a cut above everything else in value and quality. The company’s core values were quality and style, value for money, service, innovation, integrity, energy, and sustainability[23]. Critical to Woolworths’ success was the drive to build lifetime relationships with its customers.
Since 2000, Woolworths had pursued an aggressive expansion programme, opening over 230 new stores. In addition to stores that stocked the full product range, the retailer placed a strong emphasis on opening stand-alone food stores in convenient suburban locations (Woolworths Holdings Ltd, 2008a). By 2009, the company had five different store formats: full-line stores, which offered the full range of Woolworths’ products; food and home stores; food stores; clothing stores and Food Stop stores at selected Engen fuel stations[3] (Dorfling and Stockport, 2006) (Exhibit 1 for a photograph of a Woolworths home and food store front).

Retail activities

Woolworths’ food division targeted consumers in the middle-to-upper-income bracket. When the organisation started selling pre-prepared convenience foods in 1993[24], it set a trend in food retailing that other food retailers were quick to follow. By 2004, Woolworths’ food had become the star performer in the group and had repositioned Woolworths as a premium brand (Dorfling and Stockport, 2006). Woolworths had consistently marketed the Good food journey, a commitment to providing consumers with food that was safe and nutritious, with a particular emphasis on organic food[4] (Vermeulen and Bienabe, 2007). The company introduced a limited range of organic fruit and vegetables in 1999 and, in 2003, it became the first South African retailer to produce and sell organic meat and dairy products (Woolworths Holdings Ltd, 2005). By the end of 2008, Woolworths offered consumers over 250 organic products. It had launched a wide range of healthy-food initiatives, including the removal of a range of artificial additives and preservatives from foods[25], the promotion of free-range eggs, a range of dairy products that were free of added rBST growth hormones, badger-friendly honey and free-range chicken and beef (Woolworths Holdings Ltd, 2008a).

Exhibit 1  A Woolworths home and food store front

Source: Photograph supplied by Justin Smith, 6 July 2009
Woolworths’ clothing range included women’s, men’s and children’s wear, accessories, footwear and beauty products targeting LSMs 6-10. In the early 2000s, the clothing division suffered due to the strength of the rand and the proliferation of cheaper, imported clothing (Dorfling and Stockport, 2006). However, in 2003, Woolworths launched a number of initiatives to revitalise its clothing range, including: the W Collection, a range of classic women’s wear made of high-quality fabrics; clothing lines from top South African designers Stoned Cherrie, Maya Prass and Stephen Quatember, under their individual labels; the Australian Country Road brand; and, in 2009, the Trenery brand, as an exclusive range of clothing that would “redefine premium fashion”. The company made a strong commitment to supporting local suppliers and only sourced textiles internationally when local products did not meet its quality standards[23].

Woolworths also offered customers a range of home accessories, specialising in bathroom, bedroom and kitchen ware. In the early 2000s, Woolworths announced a drive to reposition itself as the most desirable homeware store in South Africa[23].

In addition, Woolworths also offered a range of financial services including a store card, a Visa card, a Woolworths “cash” card, and revolving and fixed term loans[23]. In October 2008, Woolworths (2008a) concluded a deal with the biggest retail bank in South Africa, ABSA, in terms of which ABSA acquired a 50 percent plus one share of the issued ordinary share capital of Woolworths Financial Services. In terms of the deal, ABSA relieved Woolworths of the pressure of bad debt by taking over that side of the business, and Woolworths (2008b) allowed ABSA to market different financial service packages under the Woolworths brand.

**Financial performance**

In 2004, Woolworths’ Holdings Ltd (2004a) operating profit exceeded the R1 billion mark for the first time, and between then and 2006, sales in clothing and home grew by 12 percent or more each year, and food sales by between 19 and 22.5 percent each year (Exhibit 2) (Woolworths Holdings Ltd, 2004a, 2005, 2006a, 2007a, 2008a). By 2006, turnover from food sales made up 52 percent of Woolworths’ retail sales (Woolworths Holdings Ltd, 2006a). In 2007, Woolworths’ growth reached a peak, with sales in the clothing and home division increasing by 16.2 percent and in the food division by 25.6 percent (Woolworths Holdings Ltd, 2007a). The food division now contributed 54.4 percent of the annual sales turnover, and the clothing market share increased from 15.1 percent in 2006 to 15.5 percent (Woolworths Holdings Ltd, 2007a).

From September 2007 onwards, however, turnover growth started to slow, as Woolworths felt the effects of rising interest rates and an increase in petrol and food prices. By the end of June 2008, with inflation averaging 11.6 percent (Appel, 2008), sales growth in the clothing and home divisions increased by only 6.1 percent, with the food division growing by 18.8 percent (Woolworths Holdings Ltd, 2008a, Chairman’s letter). This was exacerbated by the global economic crash that started in the USA in mid-2008. By the end of 2008, clothing market share had dropped to 15.3 percent (Woolworths Holdings Ltd, 2008a). The food division had managed to maintain market share at 9.2 percent (Woolworths Holdings Ltd, 2008a) (Exhibit 3).

Between 2004 and 2008, turnover had doubled from R10 to 20 billion, but this was because food prices had increased and new stores had been opened. On a comparable stores basis, turnover had increased by only 0.7 percent over this period (Woolworths Holdings Ltd, 2009a). Susman noted that Woolworths’ Holdings Ltd (2008a) middle-class consumer base had been particularly affected by the difficult economic conditions, and the company announced price cuts in the hope of stopping consumers from defecting to cheaper stores. Susman added that customers felt that Woolworths’ Holdings Ltd (2008a) clothing and food were too expensive. Looking forward to 2009, he stated that the focus would be to ensure that costs were tightly controlled.

**The good business journey**

We have used the phrase the “Good business journey” because this truly is a journey and there are no easy solutions (Susman).
After investigating what international retailers were doing in the area of sustainability, particularly Wal-Mart in the USA and Marks & Spencer in England, Woolworths stepped into the sustainable development arena with the launch of the good business journey on 19 April 2007 (For details of the sustainability programmes of Woolworths’ competitors)[26]. The good business journey was conceived by Susman, and headed then by Dorothy McClaren, head of corporate affairs, and ultimately by Cherrie Lowe, group secretary and head of corporate governance. McClaren explained:

The ethos behind it was that we have a responsibility to our communities and the environment of the business. This is embedded in the Woolworths values – we have an inherent desire to do the right thing[27].
Competitors’ Sustainability Programmes:

In 2007, Pick ‘n Pay, Woolworths’ main competitor in the food business, also launched a sustainability programme. The programme was very similar in design to that of Woolworths, and rested on four pillars: economic growth, business and supplier transformation, social development and environmental responsibility[34]. Pick ‘n Pay also ventured into the organic produce market at the end of 2007, and was in the process of aggressively marketing its organic lines[34]. Smith believed that, because Pick ‘n Pay tended to spend a lot on advertising and marketing, consumers probably knew more about its sustainability initiatives than those of Woolworths[26]. In 2008, Pick ‘n Pay spent R60 million on corporate social investment programmes, which represented 6.4 percent of the company’s post-tax profit[34]. Shoprite’s sustainability programme was broader than that of Pick ‘n Pay, but tended to be less focused. Shoprite’s sustainability programme covered transformation, food and product safety, BEE (with a focus on unemployed youth) and environmental issues such as waste management and packaging[35]. Spar based its sustainability strategy on three pillars: social development, transformation and the environment[36]. In 2008, the company donated R6.9 million (1 percent of post-tax profits) to various social development programmes, such as poverty alleviation and Business Against Crime initiatives[36]. In terms of environmental initiatives, the company focused on fuel usage and emissions, reducing electricity usage and improving waste management. A range of “green” products was also under development, and would be sold under the company’s house brand range[36].

The good business journey consisted of a comprehensive five-year plan (from 2007 to 2012) aimed at improving the company’s sustainability performance, which included measuring and reducing the company’s carbon footprint[5] (Estrada-Flores, 2008). This incorporated a range of targets centred on four key priorities, which had been identified in accordance with the concept of the triple bottom line: transformation of the business according to employment equity and BEE requirements, social development, the environment, and climate change[26].

Transformation (Woolworths Holdings Ltd, n.d.)

Large South African corporations were legally obliged to comply with BEE requirements. Transformation included employment equity and transformation of the company’s supplier base. In terms of the codes of good practice scorecard developed by the Department of Trade and Industry (DTI), in 2008 Woolworths was a level six BEE contributor, with 60 percent BEE recognition (Exhibit 4)[28]. In terms of the good business journey, the company intended to become a level four contributor by 2012, with 100 percent recognition. This transformation involved three main areas: direct empowerment through ownership, employment equity, and indirect empowerment through preferential procurement and enterprise development. Over the five-year period, Woolworths intended to prioritise preferential procurement[6] and ensure that BEE supplier partners provided core products[7] to Woolworths by 2012. Woolworths also pledged to advance skills development and equity ownership. The company undertook to meet its employment equity targets and to create a skills pipeline to fill leadership positions in the organisation with people from previously disadvantaged groups.

The company committed to promoting the development of retail skills through in-house training programmes and the establishment of three learning centres, which would provide accredited courses on various aspects of retailing. Woolworths also undertook to increase its South African supplier base, to source most of its textiles locally and to maintain strong local and regional food sources. The company said that it would only use international suppliers if local suppliers’ quality did not meet Woolworths’ quality standards (Woolworths Holdings Ltd, n.d.).

Social development (Woolworths Holdings Ltd, n.d.)

Woolworths pledged to help local suppliers – particularly those who were BEE compliant – grow with the company, in accordance with its “South Africa first” policy. The company also
intended to increase its direct social contributions to social development charities to over R300 million a year. Woolworths wanted to expand the activities of the Woolworths Trust, especially its involvement in the annual Food and Trees for Africa Eduplant programme. The company already distributed surplus food and clothing to local community initiatives, and intended to develop a more effective model, preferably through an enterprise development initiative, to distribute surplus food and clothing. Woolworths was a driving force behind the MySchool, MyVillage and MyPlanet programmes, and wanted to continue with and expand the programmes. In addition, the company said it would start a fundraising programme in its stores to improve the plight of orphans and vulnerable children. It also pledged to support its 18,000 employees in their community initiatives by offering matching corporate funds to increase contributions to needy causes at a local level (Woolworths Holdings Ltd, n.d.).

**The environment (Woolworths Holdings Ltd, n.d.)**

Woolworths committed to increasing organic and free-range food sales fourfold – to more than R1 billion per annum – and to increasing organic clothing sales from R570 million in 2008[24] to more than R1 billion per annum by 2012. This would result in a reduction in the use of harmful pesticides and chemicals, which would ultimately benefit consumers and improve water quality. The company also committed to supporting free-range farming methods and animal welfare by encouraging consumers to purchase free-range chicken, beef and lamb. Woolworths intended to continue promoting healthy eating and lifestyles with the *Good food journey* by offering consumers healthy food options and phasing out the use of artificial additives and preservatives. The company also said it would expand environmental and biodiversity programmes by promoting organic farming and encouraging conventional produce farmers to migrate to organic farming or more environmentally sensitive farming methods. Woolworths also aimed to reduce water usage at head office, in its stores and at its suppliers by 30 percent. In terms of biodiversity,
the company intended to ensure that key raw materials came from sustainable sources\[9\] (Woolworths Holdings Ltd, 2007b); it also pledged to continue working with
experts to resolve wildlife/human conflicts and to reduce the impact of production processes on the natural biodiversity.

In addition, the company committed to reducing and recycling product packaging; decreasing plastic bag usage; increasing the use of recycled plastic; and recycling all store equipment including food trays, baskets, trolleys, and hangers. Targets included a one-third reduction of packaging in clothing and a 20 percent reduction in food packaging. Consumers would also be encouraged to purchase reusable shopping bags. The company intended to launch a major initiative\[10\] (Woolworths Holdings Ltd, 2007b) to make the recycling process easier, as there was a lack of recycling facilities in South Africa.

\section*{Climate change (Woolworths Holdings Ltd, n.d.)}

Woolworths made a firm commitment to reducing the amount of carbon produced directly from the business, and said it would reduce its carbon footprint by 30 percent. This would be achieved by means of reducing electricity usage by 30 percent, reducing product miles and relative transport emissions by 20 percent, and reinvesting the savings into exploring more sustainable forms of energy and more efficient ways of transporting goods. Woolworths pledged to source food regionally wherever possible to reduce reliance on long-distance road transport. Airfreight of food products would be restricted, and food imported by air would be clearly labelled to inform consumers. The company also committed to assisting suppliers to understand and reduce their own carbon footprints. In addition, Woolworths agreed to set up model “green” factories with selected suppliers, and to help monitor farmers’ soil sustainability to increase its CO$_2$ absorption abilities. Woolworths also said it would open a trial carbon-neutral store by 2012.

Susman concluded:

\begin{quote}
Our customers expect Woolworths to take the lead in the areas covered by the \textit{Good business journey}. It will involve investment, but we will not pass the cost of this on and we fully expect it to be recovered as we see the results of our actions. If we don’t take the leap now, the world will be a worse place for our children and grandchildren. (Woolworths Holdings Ltd, n.d.).
\end{quote}

\section*{Implementation}

Globally, more and more consumers want to be assured that their consumerism does not cause undue suffering. Woolworths is breaking new ground in South Africa by doing something real to improve animal welfare (Louise van der Merwe, Compassion in World Farming Organisation).

The good business journey was set up according to a self-funding model and was meant to be cost-neutral to the business. Smith knew that, if there were unavoidable costs, “they would be offset by savings somewhere else”\[26\]. The various business units were also expected to meet targets without incurring additional costs. All good business journey savings were then to be re-invested in sustainability initiatives\[26\].

\section*{Overseeing the good business journey}

Woolworths managed the good business journey centrally, through the head of corporate governance and the corporate affairs office. The Woolworths sustainability committee was a formal sub-committee of the Woolworths Holdings board, and operated at strategic level (Woolworths Holdings Ltd, 2006a). The committee consisted of two non-executive directors – Brian Frost (chairman) and Chris Nissen – and two executive directors – Simon Susman and Zyda Rylands (people director) (Woolworths Holdings Ltd, 2006a). The committee met quarterly to oversee the progress in achieving the targets of the good business journey. Falling directly beneath the committee was the sustainability and transformation integration committee, which consisted of various directors and executives representing the Woolworths business units (Woolworths Holdings Ltd, 2006a). This committee was responsible for delivery at operational or store level. The members met twice a year at meetings chaired by Susman, to report back on good business journey activities.
and to outline future plans for the achievement of the one-year goals and five-year targets (Woolworths Holdings Ltd, 2006a).

In 2006, Woolworths created the Woolworths sustainability index through a series of workshops and one-on-one meetings with key stakeholders within the company. Based on the global reporting initiative[11], the Woolworths sustainability index measured progress towards achieving the 2012 targets by means of a weighted measurement and tracking system of over 200 indicators, which provided a score for each business unit and for the organisation as a whole, across each of the four key priorities (Woolworths Holdings Ltd, 2008a). The index score enabled management to track behavioural changes in the various business units, compare data and measure attainment of the one-year goals and five-year targets. McClaren stated that, while every indicator had a one- and a five-year target, they had different priorities, as all indices could not have the same weighting. Thus, she said, “they are prioritised according to the impact and difference they make”[27]. The annual sustainability report formed part of the annual financial report to enable stakeholders to get a clear view of all the financial and non-financial issues that affected the business, its long-term stability and its progress towards achieving the 2012 targets[12](Woolworths Holdings Ltd, 2005, 2006b).

**Staff support**

Woolworths regarded in-store staff as key to the success of the good business journey, as they were the first – and often the only – people with whom customers communicated directly. Smith knew it was not enough just to have banners and posters in the stores. Staff had to communicate the good business journey to their customers actively. All new staff received induction training, which included information about the good business journey, while ongoing staff training covered all aspects of the journey[26]. Staff development and training encompassed a range of skills from training buyers, planners and technologists in the food and home divisions, to providing accounting, management, selling, and technical skills to managers (Woolworths Holdings Ltd, 2004a). Promising candidates from middle management who showed business leadership skills were given the opportunity to attend the Retail Academy, which was run in partnership with the University of Cape Town’s Graduate School of Business (Woolworths Holdings Ltd, 2004a).

Management also introduced the good business journey Champs as a pilot programme in Western Cape stores. The “champ”, who was elected by co-workers and store management, was responsible for promoting the good business journey and its message in-store (Woolworths Holdings Ltd, 2004a). Smith felt that this initiative had “generated a lot of enthusiasm, and people were very positive about it”[26]. He hoped to extend this programme to other provinces in the future. Woolworths also encouraged employees to get involved in programmes to uplift their local communities.

In terms of communication with staff, each store had a communication forum to enable management and staff to communicate effectively, senior management conducted regular store visits and stores had regular employment equity, health, and safety meetings. In addition, Envirowatch newsletters were sent to all staff members on the company intranet to raise staff awareness of sustainability issues.

**Impact and challenges**

We continue to be convinced that the rewards of building a sustainable business far outweigh our substantial investment – Frost (Woolworths Holdings Ltd, 2004a).

After the announcement of the good business journey, Frost said that feedback from stakeholders had been mixed. Those already involved in sustainability issues had been supportive, but some had cautioned that the targets were far-reaching and would be a challenge for Woolworths to achieve (Woolworths Holdings Ltd, 2007a). At the time, Frost indicated that the 2012 targets may need to be modified over the years. McClaren felt that gaining investor buy-in was a challenge, as most investors were only interested in profit. There were “only a handful of socially responsible investors in South Africa who knew we
were running a holistic programme – there was very little appetite from local analysts regarding sustainability”, she said[27].

In terms of implementation, however, Smith felt that huge internal buy-in had made setting up a sustainability programme of this magnitude easier[26]. By 2009, although the company had not achieved all that it had set out to, it had made substantial progress. Major achievements included the formation of partnerships with BEE suppliers, while also offering financial assistance and business training to emerging suppliers, increasing surplus clothing and food donations from R183 million in 2007 to over R239 million in 2008, becoming South Africa’s leading retailer in certified organic fresh produce, and becoming the first retailer in the country to form a partnership with the South African sustainable seafood initiative (Exhibit 5).

Nevertheless, the total sustainability measurement score achieved for 2008 was 77 percent (Woolworths Holdings Ltd, 2008a). Looking forward, Smith’s greatest concern was the inherent weakness in the programme that resulted from “original targets being set without a realistic understanding of what it would take to achieve them”[26]. In February 2009, Woolworths announced ten key sustainability risk areas (Woolworths Holdings Ltd, 2008a) that might impact negatively on the company’s ability to meet the 2012 targets (Exhibit 6). The company stated that the original targets had been based on an understanding of the international and local environments at that time, and that these environments had now changed, especially in view of the global economic downturn. Areas identified as high risk were external trading conditions and an inability to achieve the transformation, energy, packaging and accountability targets. In addition, the company felt that the integrity of data being kept to monitor achievement of good business journey goals may be compromised. According to Smith, “we have so many data systems across the business, and integration is an issue”[24]. The ten key sustainability risk area could be grouped into four main categories: external trading conditions, transformation, the environment and the role of suppliers.

External trading conditions

The impact of the global economic downturn had been felt by retailers across the globe[29]. In late February 2009, the South African economy contracted for the first time in a decade as the output of the manufacturing sector plunged by a record 21.8 percent, sparking fears that the country may have slipped into recession (Iw, 2009). A comparison of the 2008 interim results from low- to middle-income retail chain, Shoprite, with those of Woolworths, reflected how consumers were dealing with the downturn. Shoprite’s turnover increased 27.3 percent from R23 billion in 2007 to R29 billion at the end of 2008, with trading profit up 38.2 percent to R1.4 billion[30]. Woolworths’ turnover increased only 16.7 percent to R21 billion (Woolworths Holdings Ltd, 2008a), and profit for the year fell from R1 billion in 2007 to R952 million in 2008 (Woolworths Holdings Ltd, 2008a). Simon Brown, head of Standard Bank Online Share Trading, observed that, if one discounted inflation and new store growth, Woolworths “basically went sideways” (Candy, 2009).

In the group results document released in February 2009, Woolworths said that there had been significant changes in spending patterns, with consumers shunning credit facilities, concerns about price and a general reluctance to purchase non-essential items. The company stated that its customers had been hit the hardest by the economic downturn (Woolworths Holdings Ltd, 2009b). It seemed to Smith that consumers were fast losing interest in sustainability issues, and were rather looking for the cheapest price.

However, Susman believed that:

Woolworths attracts consumers on the basis of quality, innovation, freshness and unique placements such as free-range and organic products and, although we have disconcerted consumers at present, one does not respond to the development with prices. The strategic response is to ensure that standards remain the same (Swanepoel, 2009).

He said that Woolworths consumers “from the super wealthy to the less affluent are acutely aware of social and environmental issues, and our major challenges include setting realistic
### Exhibit 5 Good business journey major achievements

<table>
<thead>
<tr>
<th>Key area</th>
<th>Major achievements</th>
</tr>
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<tbody>
<tr>
<td>Transformation</td>
<td>In line with the “South Africa first” policy, the vast majority of goods were manufactured in South Africa. International sourcing was only encouraged when the right technology or quality were not available locally. In 2008, Woolworths achieved Level 6 BEE contributor status. Woolworths established the BEE employee share ownership scheme in 2007. Woolworths focused enterprise development initiatives on merging organisations within the supply chain, and offered financial assistance combined with business skills training, coaching and mentoring.</td>
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<tr>
<td>Social development</td>
<td>In 2008, Woolworths donated R239 million worth of surplus clothing and food to needy charities (2007 figure: R183 million). In 2008, Woolworths contributed R24.5 million to MySchool (2007 figure: R19.6 million). In five years, the company had contributed more than R72 million to MySchool. The Woolworths Trust formed a partnership with Heartbeat to promote and enable community care for 3,000 orphaned and vulnerable children. In 2007, the Woolworths Trust launched Working Wonders, an employee recognition programme for community work.</td>
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<tr>
<td>The environment</td>
<td>Woolworths built the new 78,000 square metre Midrand distribution centre in line with stringent social and environmental considerations such as the optimum use of natural light, light fittings that adjusted to ambient natural light, and recycled heat from the refrigeration plant was used in the underfloor heating system. Woolworths was the country's leading retailer in certified organic fresh produce. In 2008, Woolworths donated 4,309 indigenous trees to a low income housing development in the Western Cape. Each household received training on how to care for their tree. In addition, Woolworths donated 1,000 trees to schools in Limpopo and the Western Cape. All the trees came from EduPlant nurseries, which generated income for the schools involved. In 2008, Woolworths launched a range of household cleaning and personal care products called Earth Friendly, which were made with plant-based, biodegradable ingredients and contained no petrochemicals, animal ingredients or artificial colours. In addition, the range was endorsed by Beauty Without Cruelty. In 2009, Woolworths started local production of biodegradable to go sandwich packs. The environmentally-friendly, air-tight packs unzipped to form a self-contained, disposable tray. When building new stores, the company completed an environmental impact assessment, which involved investigating the storage and use of recycled water, the use of indigenous shrubs and ground cover to prevent water run-off, and storm water management that allowed rain water to be stored and used. Woolworths refused to sell any product from a threatened species, and donated R200,000 to the Landmark Foundation in 2008 in support of its Leopard and Predator Conservation project. Woolworths became the first retailer in South Africa to form a partnership with the South African sustainable seafood initiative, using its red, amber, and green colour coding system to indicate threatened species.</td>
</tr>
<tr>
<td>Climate change</td>
<td>In 2006, Woolworths signed the Department of Minerals and Energy’s Efficiency Accord. In 2008, Woolworths became one of the first retailers worldwide to sell only energy-saving light bulbs. The company also initiated in-store collection points for the safe disposal of redundant CFL (energy-saving) light bulbs. Woolworths initiated the recycling of used cooking oil to generate a 5 percent bio-diesel mix in its Cape and Gauteng fleet of trucks, resulting in a saving of 1,500 tons of CO per annum. Woolworths initiated a pilot programme using new refrigerant technology in food stores, which led to a 35 percent decrease in electricity usage in these stores. Refrigeration in the Midrand distribution centre ran on an ammonia glycol mix, which had zero global warming potential.</td>
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</tbody>
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**Sources:** Woolworths Holdings Ltd (2008a, b)
goals, yet keeping our products competitive. It’s a journey; you cannot do it overnight” (Woolworths Holdings Ltd, 2007a). McClaren also felt it was vital to deliver on consumer expectations, saying that:

[...] people pay a premium in many instances, but we are starting to see better parity in pricing so that savings are passed on to the consumer. We would like to get to a place where it does not cost more to be socially responsible but, as a world, we are not at this point[27].

McClaren stated that one of greatest challenges was communicating the goals of the good business journey and its complex system of sustainability checks and balances to the consumer “in an understandable way”[27]. Despite aggressive in-store ticketing, labelling and packaging, customers still felt that Woolworths did not communicate the achievements of the good business journey to them effectively (Woolworths Holdings Ltd, 2008a). McClaren felt that, in many cases, Woolworths was playing a role in educating consumers about sustainable issues. “Customers ask for things because we tell them about them. Until you know something exists, you can’t put pressure on companies to supply it”, she said[27].

Smith knew that a price war between the major retailers had begun, and he wondered how this situation would affect the success of the good business journey. As the good business

<table>
<thead>
<tr>
<th>Exhibit 6</th>
<th>Ten key sustainability risk areas</th>
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<tbody>
<tr>
<td><strong>Risk item</strong></td>
<td><strong>Risk rating</strong></td>
</tr>
<tr>
<td>External trading conditions</td>
<td>High</td>
</tr>
<tr>
<td>Inability to achieve energy targets</td>
<td>High</td>
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<tr>
<td>Inability to achieve packaging targets</td>
<td>High</td>
</tr>
<tr>
<td>Inability to achieve transformation targets</td>
<td>High</td>
</tr>
<tr>
<td>Accountability</td>
<td>High</td>
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<tr>
<td>Data integrity</td>
<td>High</td>
</tr>
<tr>
<td>Non-alignment of business plans</td>
<td>Medium</td>
</tr>
<tr>
<td>Internal financial constraints</td>
<td>Medium</td>
</tr>
<tr>
<td>Exclusions to the good business journey</td>
<td>Medium</td>
</tr>
<tr>
<td>Inability to achieve water targets</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Sources: Woolworths Holdings Ltd (2008a, b)
journey did not have a central budget, cost-cutting measures could not be applied to the
department directly, but Smith knew that “there was always the danger of losing focus and
trying to save money” somewhere along the line[31].

Smith had realised that people generally believed that sustainability programmes cost
money and that the cost was passed on to the consumer. On the contrary, many of the
sustainable methods were cheaper. Initially, organic farming was more expensive than
conventional farming, because of its high start-up costs and an expensive accreditation
process (Woolworths Holdings Ltd, 2004c) but, in the long run, said Smith, the financial
benefits far outweighed the costs, as “there are significant savings on inputs such as
pesticides and fertilisers”[31]. Recycling bags and making trolleys and baskets out of
recycled plastic was also less expensive than traditional methods, according to Smith[31].
McClaren stated that sustainability programmes were a “fine balancing act, as investments
need to be made which sometimes come at a premium; however, the result is a process that
not only creates less pollution but also lowers costs and improves quality”[27].

**Transformation**

Smith felt that the company could always operate better on the transformation front,
especially in ensuring representivity of black non-executive members and senior
executives[31]. The company intended to focus on increasing the number of black
non-executive members and senior executives through succession planning and talent
management (Woolworths Holdings Ltd, 2008a). It was, however, proving a challenge to
attract, develop and retain black managers, especially in the Western Cape. Smith hoped
the Woolworths learning centres would accelerate the development of retail skills and
address the shortage of black managers. The learning centres had, however, not yet been
established and the need for them was becoming more and more apparent. At the end of
2008, only 3.8 percent (709 employees) of Woolworths’ employees were on skills training
programmes, including employees who received educational assistance (Woolworths
Holdings Ltd, 2008a).

Finding appropriate BEE suppliers remained a challenge, as there were not many
opportunities for small businesses to become recognised suppliers, and sourcing small,
viable suppliers was difficult. The company had, therefore, decided to focus on encouraging
existing suppliers to improve their BEE status and on coaching new small, medium, and
micro enterprises into the Woolworths supplier base (Woolworths Holdings Ltd, 2008a). The
company tried to assist small black-owned businesses in moving from survivalist mode to
sustainability by providing them with a range of assistance, including loans, shorter payment
terms, training and mentoring (Woolworths Holdings Ltd, 2008a). In addition, Smith said that
a major challenge to developing a solid base of BEE-compliant suppliers was “the lack of
transformation in agriculture in general” in South Africa[31].

Smith was concerned about the “continued viability of the South African textiles
industry”[31] and the difficulties Woolworths experienced in attempting to source fabrics
locally. Cheryl Arthur, director of Hip Hop Clothing, had pointed out that it was very difficult to
source fabrics locally, as even though the country had large textile mills, they did not offer
quick turnaround times or low prices, or allow for small minimum quantities. Arthur stated:

It is quicker and cheaper to get fabric digitally printed in China. In South Africa, it would cost me
R300 per metre for printing, when I need it at R9 per metre. In China, if I take over 300 metres, they
won’t even charge me for the artwork (Hattingh, n.d.).

In the same interview, Ravan Naidoo, a Woolworths fabric technologist, explained that,
because several local textile mills had closed down, the company had recently had to move
30 percent of its textile production offshore (Hattingh, n.d.). Woolworths had consequently
shifted its focus to designing originals rather than copying, and the fact that 70 percent of the
business remained local meant that South African designers had the opportunity to be
employed by local manufacturers (Hattingh, n.d.).
Environmental challenges (Woolworths Holdings Ltd, 2008a)

The management team had known that organic products would retail at higher prices than non-organic products, but had felt that Woolworths’ customers would be ‘willing to pay a small premium for sustainable products’, according to Smith (Isa, 2009). He stated that “there is a 10-15 percent premium on our own conventional products, as compared to the non-organic equivalent at other supermarkets” (Isa, 2009). On average, organic food cost 20-100 percent more to produce than non-organic food, as organic farming was labour intensive and organic fertilisers and pesticides cost more than chemical ones[32]. In 2008, Woolworths’ organic food sales exceeded target by 9.81 percent, but free-range sales were below target by 18.9 percent (Woolworths Holdings Ltd, 2008a). Smith believed that this was a result of consumers becoming more cost-conscious during the economic downturn[33].

The company also intended to increase organic clothing sales to over R1 billion per annum, and was busy developing a business model for organic cotton farming in South Africa. In 2008, organic clothing sales were 47 percent above target (Woolworths Holdings Ltd, 2008a) and, since Woolworths began using organic cotton in 2004, it had become the world’s third-largest consumer of organic cotton, behind American giants Wal-Mart and Nike (Woolworths Holdings Ltd, 2008b). Smith knew that the challenge was to keep the momentum.

Woolworths intended to reduce clothing packaging by one third and food packaging by 20 percent by 2012. The company had already started including recycled materials in product packaging, restricted packaging materials to those that could be recycled locally, and put symbols on packaging to help consumers and recyclers sort packaging for recycling. In 2008, 17 percent of the food division’s product lines contained recycled packaging, with the target for 2012 set at 25 percent of products (Smith, 2008). In addition, 68 percent of Woolworths’ trolleys and in-store shopping baskets were made from recyclable materials. The challenge for Smith was to involve and influence the packaging industry to develop more sustainable materials.

There was also low consumer interest in recycling, a lack of collection points and a lack of education amongst employees and consumers about waste management and recycling (Woolworths Holdings Ltd, 2008a). In 2008, Woolworths started a pilot programme in the Western Cape, consisting of in-store communication about the nearest municipal recycling facilities and the establishment of collection points for the recycling of used compact fluorescent light bulbs (which were an environmental hazard as they contained mercury, a toxic heavy metal) (Perkins, n.d.). Reducing consumer plastic bag usage was also proving to be a challenge. The target for 2012 had been set at a 10 percent reduction in plastic bag usage. In 2007, consumers purchased 118.9 million plastic bags and, in 2008, the number had barely dropped, reducing by just 200,000 bags to 118.7 million bags (Woolworths Holdings Ltd, 2008a).

Climate change (Woolworths Holdings Ltd, 2008a)

In 2008, Woolworth’s headed the JSE’s Top 100 carbon-disclosure leadership index[13] in the low-carbon sector. The company was named as having “outstanding” climate change-related disclosure practices (Woolworths Holdings Ltd, 2009c). Woolworths committed to reducing the relative amount of carbon produced directly by the business by 30 percent by 2012, with the benchmark set at 273,000 tonnes of CO2 in April 2007 (Woolworths Holdings Ltd, n.d.). This area was a key challenge for the company as, in 2008, carbon emissions had amounted to 356,133 tonnes. The company stated that this was because of an increase in absolute energy usage, citing the opening of 28 new stores (especially stand-alone food stores, which had a higher kwh/square metre usage than an average full-line store), extended trading hours and the move towards a 24-hour operation where deliveries to stores took place at night, as the reasons for this (Woolworths Holdings Ltd, 2008a). However, Smith said that the goal of opening a carbon-neutral store “was simply not feasible, due to the cost and the fact that viable clean energy sources are not widely available in South Africa”[33]. Woolworths had opted to open two “green” stores instead[31]. Midrand and Pretoria had been identified as locations for the green stores,
which would trial between 15 and 20 environmentally friendly design elements – such as food market underfloor heating supplemented by solar heating, variable speed compressors for refrigeration, and the use of natural light and ventilation where possible[24].

Woolworths had committed to reducing product miles and transport emissions by 20 percent. The company had already conducted a pilot programme using recycled cooking oil to generate a 5 percent bio-diesel mix in its national fleet of trucks. This had resulted in a saving of 1,500 tonnes of CO₂ per annum. Smith intended to work with engine manufacturers to try and move to a 20 percent bio-diesel mix. In 2008, the figure for diesel units per litre stood at 8.3, with diesel units per km at 3.89. The company needed to improve distribution efficiencies to the 2012 targets of 9.7 diesel units per litre and 4.44 diesel units per km, which was in line with achieving more efficient fuel targets.

There was a risk that Woolworths might not be able to achieve the target of reducing electricity use by 30 percent by 2012. Smith stated that “achieving a 30 percent reduction will require investment in new technologies that come at a cost”[33]. In 2008, the total energy usage for all stores, head office buildings and distribution centres was 330.7 million kwh (268.9 kwh/m per day), which represented a 10 percent decrease from the 2004 benchmark figure of 502 or 298 kwh/m per day (Woolworths Holdings Ltd, 2008a). A significant portion of this saving was due to a pilot programme using new refrigerant technology, which led to a 35 percent decrease in electricity usage in food stores (Woolworths Holdings Ltd, 2008a). In addition, the company had begun rolling out the following initiatives across their stores: remote monitoring of lighting and air conditioning, automated energy systems, the instillation of energy-efficient lighting and waste heat recycling – whereby heat from the refrigeration system was pumped back into the food market to create a comfortable shopping environment (Woolworths Holdings Ltd, 2009c).

**Role of suppliers**

Woolworths was predominantly an own-brand business, selling products that had been specifically developed for the company under the Woolworths brand. Although Woolworths had introduced a range of branded products in the grocery and beauty divisions, the goals and targets of the good business journey were aimed at Woolworths’ own-branded products[14] (Woolworths Holdings Ltd, 2007b). The company had gone to great lengths to try and control the supply chain which, according to Smith, included “putting packaging requirements in place and sharing information about our own energy, water and biodiversity programmes to try and influence changes in our supply chain”[33]. In addition, Smith stated that the company also insisted that its suppliers complied with BEE requirements[33]. The good business journey could not be successful without the commitment of the company’s suppliers, and Smith felt that this was one of the most difficult areas to control[26].

Communication with suppliers took the form of supplier days, meetings with suppliers, performance reviews, trade shows and exhibitions (Woolworths Holdings Ltd, 2004a). All suppliers – including labour contractors such as security guards, trolley collection services and merchandisers – were bound by the Woolworths’ Supplier Code of Business Principles, which had been updated in 2008 to take account of the goals of the good business journey. The code covered legal, ethical and environmental requirements, and helped to ensure that suppliers’ employees were treated fairly[15] (Woolworths Holdings Ltd, 2008a). Each supplier was independently audited to ensure compliance with the code, and all Woolworths Holdings Ltd (2004a) suppliers had been audited at least once, and some three times. There was also a web-based self-audit, which some suppliers used as a performance check on their business. In addition to requiring adherence to the code, Woolworths carried out regular food, hygiene and safety audits with all food suppliers. In the case of non-compliance, corrective action was taken and the suppliers’ progress was carefully monitored thereafter (Woolworths Holdings Ltd, 2004a). Smith felt that this was an area of really positive achievement, as suppliers were “audited by technologists and all certification was independently verified”[26].

He believed that one of the company’s greatest strengths was its “direct relationship with the supply chain, which means that our ability to influence is much stronger”[26].
Woolworths worked closely with its suppliers to ensure quality products, and offered suppliers considerable business and technical assistance (Dorfling and Stockport, 2006). According to McClaren, due to their relationship with Woolworths, many suppliers had grown from small operators to multi-million rand companies (Woolworths Holdings Ltd, 2008a) on the “back of the Woolworths brand” (27).

Woolworths had aimed to achieve 100 percent compliance to the code from its clothing suppliers by 2008, but had achieved only 73 percent compliance, due to difficulties in ensuring compliance from international suppliers (Woolworths Holdings Ltd, 2008a). Smith stated that “internationally, we are a small player with less influence than locally. We sometimes battle to get cooperation with documents and audited certificates” (31). The food division had set a 2008 target of 94 percent compliance, and had managed to achieve the target because of rigorous controls and a decision to favour local suppliers wherever possible (Woolworths Holdings Ltd, 2008a).

In 2006 (Super Market News, n.d.), Woolworths introduced the Eco-Efficiency Awards for suppliers, and became the first retailer in the world to recognise its suppliers for their contributions to environmental protection. Susman stated that “we are gratified to know that so many of our suppliers are joining us and making a meaningful contribution to protecting the environment, preserving biodiversity and addressing climate change” (Woolworths, n.d.).

The company had also committed to promoting organic farming and persuading conventional farmers to use more environmentally friendly methods, including assisting farmers to reduce their water, chemical and fertiliser usage by 25 percent. Smith said that they had received very positive feedback from farmers (33). Organic farming was one of the foundations of the Good food journey that Woolworths intended to continue promoting, in line with its policy of including only natural ingredients and colours in foods (17) (Woolworths Holdings Ltd, 2008a). Smith, however, needed the commitment and support of the entire network of suppliers to ensure the continued success of the Good food journey. By 2012, all locally grown fresh produce – other than organic products – had to be grown using environmentally sensitive farming methods. Smith stated that “50 percent of our food suppliers are already using environmentally sensitive farming methods, and we are on track to achieving this goal” (33). He hoped that local farmers were ready for such a challenge.

Because of the company’s drive to reduce overall water consumption, at head office facilities, such use had dropped by 13 percent in 2008, from 71,614kl in 2007 to 62,238 kl, (Woolworths Holdings Ltd, 2008a) but Smith still felt concerned about the company’s ability to meet its water targets, because of the role played by suppliers in this process. The agricultural sector was the country’s largest consumer of water, using just over half of the country’s water for irrigation. Woolworths had set very strict targets for suppliers: all fabric suppliers had to adhere to strict codes regarding the manufacture and safe disposal of dyes (Woolworths Holdings Ltd, 2008a), and fresh produce farmers had to adhere to Globalgap (18) farming practices, which were internationally recognised standards for safe and sustainable agriculture (Woolworths Holdings Ltd, 2008a). Woolworths became the first retailer to commit to water neutrality in March 2009, working with WWF-SA (19) to offset its water footprint through the clearing of alien and invasive plant species.

In addition, Woolworths had also completed a water trial with 40 food suppliers in 2008, and the results had shown that 30 out of the 40 suppliers complied with Department of Water Affairs and Forestry requirements. The trial highlighted the challenges that farmers faced in dealing with an excess of run-off water into rivers from irrigation practices, and waste water from farm processing (Woolworths Holdings Ltd, 2008a). Woolworths Holdings Ltd (2008a) aimed to work with food suppliers to develop more efficient use of water and to improve waste water management.

Conclusion

The response of civil society organisations to Woolworths’ efforts thus far had been positive. Among the awards that it had received was being named the 2008 International
Responsible Retailer of the Year at the World Retail Awards in Barcelona, Spain[20]. In winning this award, Woolworths had beaten both Sainsbury's and Tesco, two of the UK’s largest grocery retailers, which were regarded as industry leaders with comprehensive corporate social responsibility and sustainability plans. The judges said, “By taking environmental concerns into the core of its business, the company captures the definition of this category, using innovative environmental strategies to improve business performance” (Nel, 2008).

Smith knew that, for Woolworths to keep its public support, the company had to push the values of the good business journey hard and that now, more than ever, Woolworths could not be seen to be backing away from its stated sustainability targets or making too many adjustments to the original targets. With news on the economic front becoming increasingly gloomy, and an escalating “price war” between the large retailers, how would Smith continue to ensure that the far-reaching sustainability goals of the good business journey were achieved in less than three years?

Notes

1. Woolworths South Africa was an upmarket retail chain catering for upper-income consumers. It was not affiliated to Woolworths in the UK or Woolworths Limited in Australia and New Zealand.

2. The South African Advertising Research Foundation Living Standards Measure (LSM) was the most widely used marketing segmentation tool in South Africa. Consumers were grouped on a scale of one to ten according to their standard of living, with the wealthier consumers at the higher end of the scale. Typical characteristics of LSM 8-10 consumers were full access to services in urban areas, ownership of major appliances and high-tech items such as DVD players and computers. Typical LSM 8-10 consumers had a tertiary education and earned more than R13,500 per month (Source: available at: www.saarf.co.za (accessed 20 February 2009)).

3. In 2004, Woolworths entered into a joint venture with a fuel company, Engen, to create Woolworths Food Stop stores. This was a store-within-a-store concept, whereby key products of Woolworths’ convenience range were given dedicated space in certain of Engen’s forecourt stores (Dorfling and Stockport, 2006).

4. In South Africa, organic food constituted a niche market aimed at consumers in higher income groups. Owing to the entrance of major retailers such as Pick ’n Pay and Woolworths, the sector underwent enormous growth in the late 2000s. A global survey by ACNielsen on consumers’ attitudes towards organic foods showed that, despite being a new phenomenon in South Africa, the proportion of consumers regularly buying organic food was higher than in Europe and North America (Vermeulen and Bienabe, 2007).

5. Measuring a carbon footprint involved determining the total amount of CO₂ and other greenhouse gases emitted over the full life cycle of a process or product (Estrada-Flores, 2008).


7. Core products referred to basic items that all Woolworths stores carried, such as bread, dairy products, fruit, and vegetables.

8. The aim of the Eduplant programme was to empower people by teaching them how to grow their own food, thus alleviating poverty (Source: available at: www.woolworths.co.za, our community (accessed 28 April 2009)).

9. Woolworths pledged to source only wood that was recycled or independently certified as coming from approved sustainable sources. In addition, the company introduced a range of fabrics made from bamboo, hemp, and soya (Source: Woolworths Holdings Ltd, 2007b).

10. The recycling initiative included placing recycling bins in stores and shopping centres, increased in-store communication and improved education and awareness through the MySchool programme (Source: sustainability, available at: www.woolworthsholdings.co.za (accessed 19 June 2009)).

11. The global reporting initiative developed the world’s most widely used sustainability reporting framework, which set out the principles and indicators that organisations could use to measure and
report economic, social, and environmental performance (Source: available at: www.globalreporting.org (accessed 24 March 2009)).

12. In 2004, Woolworths achieved a place on the Johannesburg Stock Exchange’s socially responsible investment index. In 2005, the company listed in the top 20 precent of companies in the index. In 2006, Woolworths achieved recognition for the “most improved sustainability reporting” and became the top company in the medium-impact classification of the JSE’s Socially Responsible Investment Index (2007/2008 results not yet available; Woolworths Holdings Ltd, 2006b).

13. In 2007, Insight Sustainability and the national business initiative launched the carbon disclosure project, targeting the top 100 JSE-listed companies. The initiative aimed to encourage companies to declare their carbon footprint and make public commitments to reduce it (Source: available at: www.engineeringnews.co.za (accessed 25 May 2009)).

14. Woolworths stated that it would work with suppliers of branded products to ensure that there was alignment of the suppliers and their products with the goals of the good business journey (Woolworths Holdings Ltd, 2007b).

15. The code covered child labour, health and safety, wages/hours of work, discrimination, and freedom of association. (Woolworths Holdings Ltd, 2004b).

16. For example: Chubby Chick, a fresh chicken supplier, started supplying Woolworths in 1955 and became a R1 billion business in its own right (Woolworths Holdings Ltd, 2008a).

17. In 2008, Woolworths removed 35.2 tons of salt from its recipes and 79 tons of sugar from the fresh juice range (Woolworths Holdings Ltd, 2008a, accessed 23 February 2009).

18. The Global Partnership for Good Agricultural Practice was a private sector body that set standards for the certification of agricultural produce. With over 100 certification bodies in more than 80 countries, the organisation aimed to establish a global standard for good agricultural practice (Source: www.globalgap.org (accessed 17 June 2009)).

19. WWF-SA was the local arm of the World Wildlife Fund, the world’s largest independent conservation organisation (Source: www.panda.org.za (accessed 8 July 2009)).

20. In June 2008, Woolworths also won the weekly newspaper, Mail and Guardian’s Greening the Future award for companies with innovative environmental strategies. In addition, Woolworths ranked 11th in the 2007 University of South Africa (UNISA) Accountability Rating of South African companies, which integrated responsible business practices into their core functions, and 14th in the 2008 Top Companies survey conducted by Financial Mail, a respected weekly financial magazine. In 2008, Woolworths also scooped the Real Simple lifestyle magazine’s annual Green Innovation award for Green Fashion, with its Woolworths Green Label clothing range. Smith felt that the good business journey had strengthened the Woolworths brand and enhanced the company’s image, especially after winning the awards. He said that “winning these awards had increased our exposure, especially in terms of animal welfare and packaging, and customers now ask a lot more questions about what we are doing”.

21. E-mail correspondence with Justin Smith, 15 June 2009.

22. Available at: www.saarf.co.za (accessed 20 February 2009).

23. Available at: www.woolworths.co.za (accessed 20 February 2009).

24. E-mail correspondence with Justin Smith, 18 June 2009.

25. Tartrazine and MSG were removed from the entire food market range. Available at: www.woolworths.co.za (accessed 20 February 2009).


31. E-mail correspondence with Justin Smith, 4 March 2009.
33. E-mail correspondence with Justin Smith, 6 July 2009.
35. Available at: www.shoprite.co.za (accessed 28 April 2009).

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Corresponding author
John Luiz can be contacted at: john.luiz@wits.ac.za