

Supplementary Material SM6b The Timberland Company's Business Model

*An Illustration using the Strongly Sustainable
Business Model Ontology v1.022‡*

Masters Thesis* *Evaluation Phase of the Ontology's Development*

Feb 15, 2012

Antony Upward†

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* Working title of thesis: "Towards an Ontology and Canvas for Strongly Sustainable Business Models: A Systemic Design Science Exploration"

† Student in the York University Masters of Environmental Studies with Graduate Diploma in Business and the Environment at the Faculty of Environmental Studies and Schulich School of Business (2010-2013). Full resume at www.linkedin.com/in/antonyupward

‡ The ontology itself is not described in this presentation. Contact the author for more information.

Objective of this Presentation

- Provide a first illustration[†] of how the strongly sustainable business model ontology can be used to represent a real firm's business model
 - This presentation is a summary, see appendix for detailed version
 - A wall sized version of this summary has also been produced using a summary of the ontology – the strongly sustainable business model canvas
- The description of Timberland's Ontology was built using available information about Timberland
 - see Bibliography
 - Not validated with employees of Timberland

[†] Since this description of Timberland's business model has not been validated with employees of Timberland it should be considered an illustration of the application of the ontology to a firm and should not be considered authoritative.

Much of the original analysis of Timberland was conducted by the researcher and other members of a Schulich Business School group project team "Green Fund Analysis of Timberland Company" in fall 2010 in the class: SB/BSUS6300 "Sustainability Business Strategies". This was updated with changes available publically as of August 2011 (i.e. before Timberland was sold to VF Corporation (owner of Wrangler, Lee Jeans etc.)

Purpose: Evaluation*

This “real world” example of the application of the ontology is intended for:

1. *Senior managers* in firms who are considering participating in the case study* research
 - The illustration gives a sense of how their firm’s business model might be represented using the ontology
2. *Third-Party experts* who are being asked for their opinions on the ontology*
 - The illustration gives a the experts a practical example to help their understanding of the ontology and frame their feedback
3. *The researcher* to test the ontology
 - Building the illustration is helping to “self-validate”* the completeness and internal consistency of the ontology

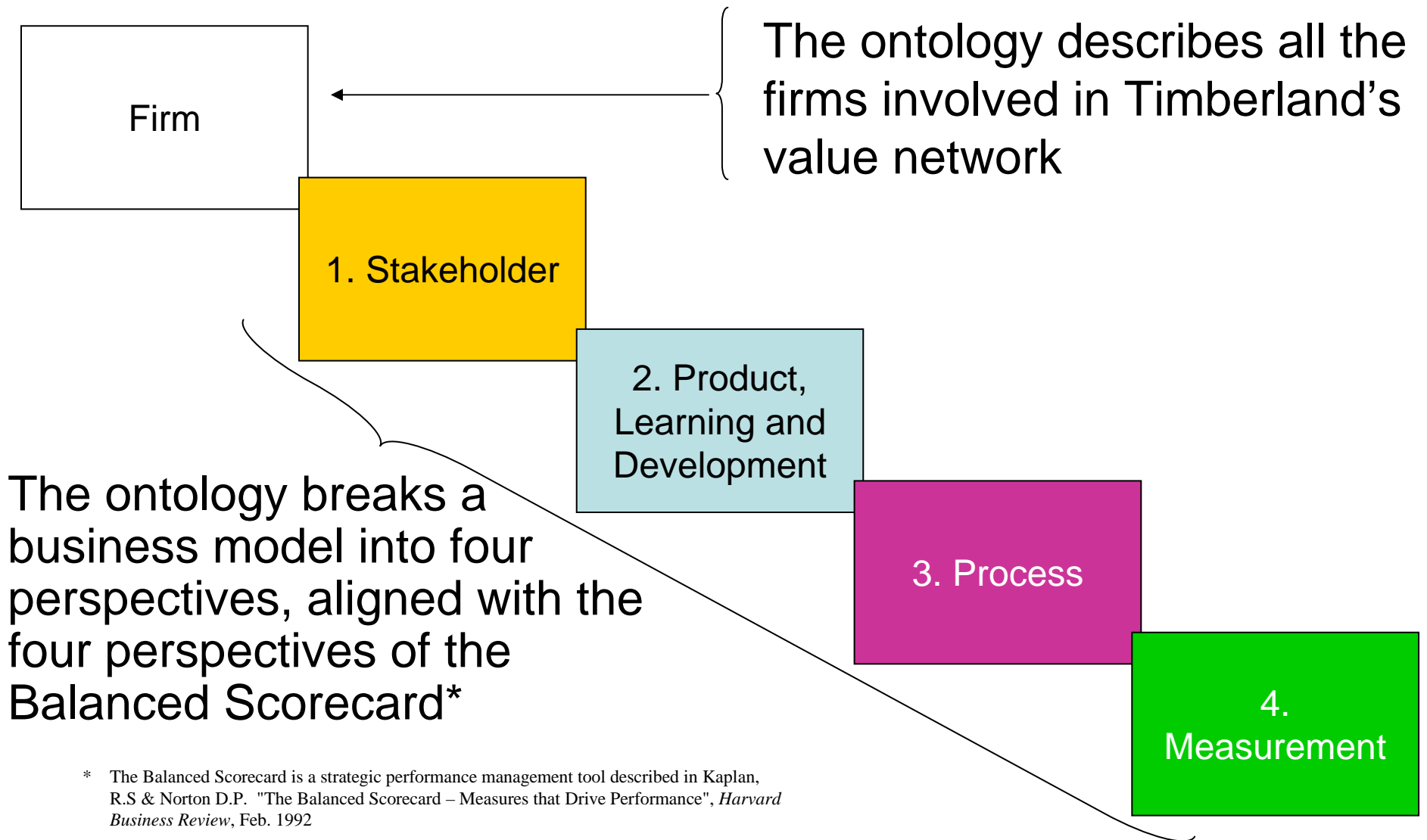
* The evaluation/validation of the ontology has three steps: E1a. “self-validation” by the research (E1b: Using the B-Labs Impact Assessment Survey v3, Ec-2: Building this Illustration), E2. Obtaining Third Party Expert feedback on the ontology, and E3. case studies on three firms: obtaining feedback from senior managers in firms whose business models have been described using the ontology.

Timberland: Fast Facts

- 88 year old, US\$1.4B, profitable, U.S.-headquartered footwear and apparel, manufacture and retail company
- Largely outsourced manufacturing in 200 locations worldwide
- Peer group: Columbia, Nike, Patagonia, North Face and Deckers.
- Long term commitment to all three dimensions of sustainability
 - “Today, we embrace corporate responsibility consciously and deliberately. We believe in our ability and responsibility to make socially and environmentally—responsible decisions that benefit our business, the outdoors and our communities. These are not commitments we make altruistically. On the contrary, our strategic sustainability programs help build a stronger company—improving our bottom line as well as our ability to improve our physical and social environment. We call this our Earthkeepers philosophy, and it drives everything we do.”
 - <http://responsibility.timberland.com/executive-commitment/> (retrieved 2011/09/26)
- In a un-audited analysis Timberland Scored 78.4 out of 200 on the B-Labs Environmental and Social Impact Assessment Tool v2
 - A score above 80 qualifies a firm for “Benefit Corporation” status*

* see <http://www.bcorporation.net/>

Structure



* The Balanced Scorecard is a strategic performance management tool described in Kaplan, R.S & Norton D.P. "The Balanced Scorecard – Measures that Drive Performance", *Harvard Business Review*, Feb. 1992

Focal Firm: Timberland

- Timberland
 - The focal firm of this business model
- Other firms in Timberland's value network are listed (next slide), but their business models have not been described (information not available)
 - Portions of these other firm's business models likely impact the achievement Timberland's social, environmental and financial measurements
 - The ontology can represent these aspects of other firm's business models

Other Firms in Timberland's Value Chain*

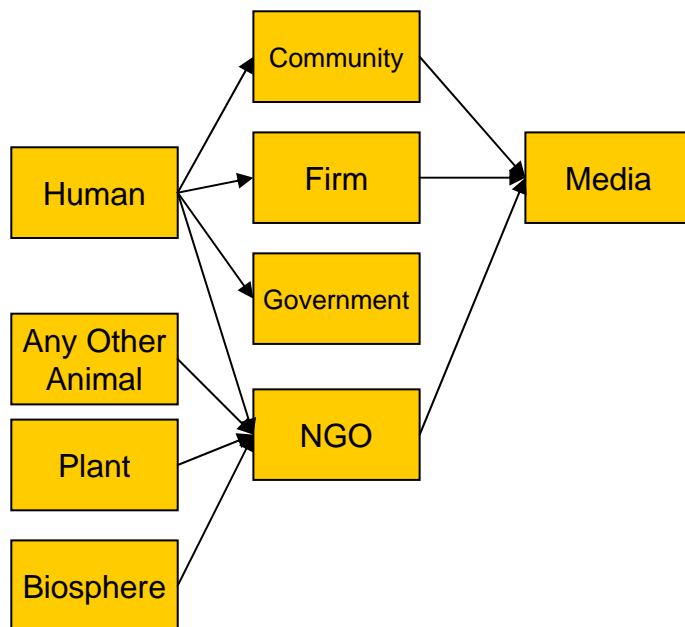
Firm

Name	Description
Retailers	3rd party retailers who buy Timberland products wholesale and sell the to consumers at a mark-up (retail prices) [approx in low thousands]
Franchisees	Same as retailers, except that additional terms and conditions apply to the "look & feel" of the "retail experience" and other aspects of the retailers operation [hundreds]
Contract Manufacturers	Companies who purchase raw materials, capital equipment & facilities and labour , make Timberlands finished goods to Timberlands specifications, and are paid for the raw materials and the value of the manufacturing services provided [approx 200]
Distribution Service Providers	Companies who purchase capital equipment & facilities and labour, and provide distribution services to receive, store and ship Timberlands finished goods [1]
Transportation Service Provider	Companies who provide transportation of raw materials, finished goods (new or post consumer), or waste [unknown number]
Raw Materials Suppliers	Companies who provide raw materials to Timberland (tier 1 suppliers), or their suppliers (tier 2, 3, 4, etc. suppliers) [unknown number]
Energy Suppliers	Companies who provide energy to Timberland (tier 1 suppliers), or their suppliers (tier 2, 3, 4, etc. suppliers) [unknown number]

* The ontology can represent aspects of these other firm's business models relevant to Timberland's definition of sustainability, but in this illustration this has not been included, due to lack of available public information

Actors and their Needs

Generic actors who may receive positive or negative value from Timberland's stated value propositions :



Needs* relevant to Timberland's stated value propositions that these actors have:



- Footwear and clothing (protection for the body)
- Exercise to maintain a healthy body
- Ability to carry multiple objects,
- Social acceptance,
- Environment, society workplace that allows for human and non-human flourishing
- Appreciation of the outdoors



- Continue to exist. Based on the belief of the humans involved that some of their needs can be best met through the on-going existence of the community, NGO, firm or government



- Improvement. A need to seen an improvement (as defined by themselves), in the environment and/or society

* Think of Maslow's hierarchy of needs

† Society that enables flourishing for humans, includes the idea that individual humans prefer the idea that they are unique

Actors Who Are Recognized Stakeholders (1 of 3)

1.
Stakeholder

Name	Description	Related Actor
Timberland	The focal firm of this business model	Firm
Business Colleagues	Any other firm or organization involved in the (outdoor) apparel industry, includes direct competitors	Firm, NGO
Shareholder	Any human owning shares in the company	Human
Investor	Any firm owning shares in the company / any employee of such a firm	Firm, Human
Analyst	Any human offering opinions or data about the advisability of buying or retaining ownership in shares of the company	Human
Employee	Any human with a current employment contract with the company	Human
Partner Employee	Any human with a current employment contract with any firm the company partners with	Human
Manager	Any employee with responsibility for the outcomes produced by one or more other employees	Human
Officer	Any human with a position which has legal or other external obligations related to the company i.e. independent member of the BoD)	Human
Consumer	People who buy timberlands products segmented into: - Men, Women, Children - Sensitivity to Price: basic, premium & elite - Types of outdoor activity: mountaineering, hiking, boating, casual, "performance", professional - Location: North America, Europe, Asia	Human
Franchisee	Firms with a specific type of partnership with Timberland which directs the majority of the franchises operations (wholesaling and retailing)	Firm
Retailer	Firms who have a (wholesale) purchasing relationship with Timberland and who then retail Timberland's finished goods to consumers	Firm

Actors Who Are Recognized Stakeholders (2 of 3)

Name	Description	Related Actor
Supplier	<ol style="list-style-type: none"> 1. Suppliers of Raw Materials 2. Manufactures of Finished goods 3. Distribution facilities service provider (Canada, Asia) 4. Retail real-estate providers (Shopping Malls etc.) 5. Misc (Employee benefits, office suppliers, real estate / office, energy, transportation) 	Firm
Families / Communities	The collection of people who live in the places where Timberland operates	Community
Media	Any organization whose objectives include is the communication of selected information	Media
Third Party Auditor	Any organization (firm, NGO or Government) whose purpose includes providing another stakeholder with an independent opinion on the state or performance of some aspect of Timberland	Firm NGO Government

Actors Who Are Recognized Stakeholders: NGOs (3 of 3)

Timberland has listed the following NGO's as ones they work with closely on specific value propositions (see slides "2. Product, Learning and Development")

1. Business for Innovative Climate and Energy Policy - a Project of Ceres (Timberland was founding member) (<http://ceres.org/bicep>)
2. The Climate Group (<http://www.theclimategroup.org/>)
3. Climate Counts (<http://www.climatecounts.org/>)
4. Conservation Business New Hampshire (Timberland was founding member) (<http://conservationnh.org/>)
5. Leather Working Group (<http://www.leatherworkinggroup.com>)
6. Outdoor Industry Association - Eco Working Group (<http://www.outdoorindustry.org>)
7. Sustainable Apparel Coalition (<http://www.apparelcoalition.org>)
8. Social Accountability International
9. (<http://www.sa-intl.org/>)
10. BSR HERProject (<http://herproject.org/>)
11. Verité (<http://www.verite.org>)
12. Plant Water Foundation (<http://www.planet-water.org>)
13. CARE (<http://my.care.org/>)
14. Global Social Compliance Programme (<http://www.gscpnet.com/>)

Channels via which Stakeholders Receive Value (1 of 3)

1.
Stakeholder

Channel Name	Purpose of channel	Related Value Proposition	Related Stakeholder(s)
Retail Corporate and Franchisee owned (bricks and mortar, web)", 3 rd party (bricks and mortar + web),	For customers 1. Awareness 2. Evaluate 3. Purchase 4. After Sales	<ul style="list-style-type: none"> • Product Excellence • Brand Differentiation 	<ul style="list-style-type: none"> • Consumers*
Product Labelling Conveying important intangible and intrinsic attributes of the product: "Green Index" rating system	For customers 1. Awareness 2. Evaluate 4. After Sales	<ul style="list-style-type: none"> • Brand Differentiation • Climate • Product • Factories • Service • Responsibility • Transparency 	<ul style="list-style-type: none"> • Consumers
Reporting Providing stakeholders with information	For consumers 1.Awareness 4.After Sales For others 3.Realization	<ul style="list-style-type: none"> •Financial Excellence •Product Excellence •Factories •Responsibility •Transparency •Brand Differentiation •Employer of Choice 	<ul style="list-style-type: none"> •Analysts •Shareholders •Investors •Consumers •Employees •Communities •Business Colleagues •NGOs

* Other channels used by Timberland for creating and maintaining relationships with their consumer (and other) stakeholders include: contact (call) centre, information and community website, surveys and focus groups

Channels via which Stakeholders Receive Value (2 of 3)

1.
Stakeholder

Channel Name	Purpose of channel	Related Value Proposition	Related Stakeholder(s)
<p>Factory Code of Conduct Assessments Human Rights Initiatives*</p> <p>On going process of assessing all aspects of contract manufacturers operations</p>	<p>For suppliers</p> <ol style="list-style-type: none"> 1. Requirements 2. Establishment 3. Realization 4. Renewal 	<ul style="list-style-type: none"> •Trading Partnerships •Product Excellence •Factories •Responsibility •Transparency •Brand Differentiation •Employer of Choice 	<ul style="list-style-type: none"> •Suppliers •Employees •Consumers •Shareholders •Partner Employee
<p>NGO Collaboration Programmes</p> <ul style="list-style-type: none"> •Direct collaboration or joint programs on CSR objectives •Annual planning and review process •Focused reporting on CSR activities, via meetings & conferences 	<p>For NGOs</p> <ol style="list-style-type: none"> 3. Realization 4. Renewal 	<ul style="list-style-type: none"> •Climate •Product •Factories •Service •Brand Differentiation •Transparency •Existence •Growth 	<ul style="list-style-type: none"> • Timberland • NGOs • Employees

* Other similar channels include: The Annual Supplier summer, Supplier Capacity Building programs, and others provided by the purchasing function within Timberland.

Channels via which Stakeholders Receive Value (3 of 3)

1.
Stakeholder

Other channels identified that Timberland uses to create or maintain a relationship with one or more of its stakeholder groups include:

- Legal and Regulation
- Business Community Citizenship
- Employee Website / Human Resource Function
- Wholesale Website / Wholesale Function
- Corporately owned wholesale showrooms
- Third Part Auditor
- Voice / Web "Conference" Calls
- Media interviews and press releases
- Public Speeches (Conferences etc.)
- Consumer and Trade Show Booths
- Private Meetings
- Public Meetings
- EarthDay
- Path of Service™
- Serv-a-palooza
- Factoring Engagement in Service
- Employee Engagement in Non-Profit Boards
- Sustainable Living Environment Program

Observations

- Timberland's program to use some of boots as raw materials for "remanufacturing" uses the retail channel and the direct shipment by consumers to gather used boots
- Timberland's use of different channels to help execute their customer segmentation strategy, particularly based on price, is unclear from the public information.

Relationships*

Relationship Name / Purpose	Target Stakeholder	Value Proposition
Attract Net New Consumers / Existing Customers Make Subsequent Purchases	Consumers	Product Excellence, Product-Cradle to Cradle, Climate, Factories, Service
Attract / Retain Retailers	Retailers	Build Brand and Product Knowledge
Attract / Retain Suppliers	Suppliers	Product Excellence
Attract / Retain Employees	Employees	Employers of Choice
Attract / Retain Investors	Shareholders, Investors, Analysts	Financial Excellence, Responsibility, Transparency, Governance
Gain / Maintain Goodwill	Community, NGO, Government, Media	Product-Cradle to Cradle, Climate, Factories, Service, Responsibility, Transparency, Governance
Continuous Learning Enabling Co-Creation of Innovation	All	Existence, Growth, Product Excellence

* Relationships between Timberland and one or more of their stakeholders. Each relationship needs to be created and maintained over time through stakeholders receiving one or more value propositions via one or more channels.

Value Propositions (1 of 3)

Value Proposition Name	Value for Which Target Stakeholder	Reason for Value Proposition*	Value Level [†]	Value Life Cycle Stage [‡]	Price Level ^①
Financial Excellence	Shareholder	Risk Effort	Innovative Innovation	Ownership	Market
Employer of Choice	Employee	Risk Effort	Excellence & Innovation	Realization	Market
Outdoor Equipment / Apparel Provider of Choice	Consumer	Risk	Excellence & Innovation	All	N/A
Product Excellence	Consumer (men, woman, children)	Use	Excellence & Innovation	Use & Renewal	Market High-End
	Retailers	Risk Effort	Excellence & Innovation	Creation, Purchase & Transfer	Market High-End
Trading Partnerships	Suppliers Retailers	Risk Effort	Excellence & Innovation	Requirements Establishment, Realization & Renewal	Market (and above?)

* For the target stakeholder the value proposition: reduces risk, reduces their effort, and/or is useful to them

† From low to high value: me-too, innovative imitation, excellence, innovation

‡ Stage in the relationship between Timberland and the Stakeholder: from 1. Creation, 2. Purchase, 3. Use, 4. Renewal, 5. Transfer, or 1. Requirements, 2. Acquisition, 3. Ownership, 4. Retirement, or 1. Requirements, 2. Establishment, 3. Realization, 4. Renewal

① Price level is for value propositions which are valued in the market in monetary terms. Market means price is average market price

Value Propositions (2 of 3)

Value Proposition Name	Value for Which Target Stakeholder	Reason for Value Proposition	Value Level	Value Life Cycle Stage	Price Level
Growth -"#1 Outdoor Brand on Earth"	All Stakeholders	Risk	Excellence	Varies by Stakeholder	N/A
Brand Differentiation	Retailers	Risk Effort	Excellence & Innovation	Realization	Market
Build Brand and Product Knowledge	Consumers Retailers	Risk Effort	Innovative-Immitation	Awareness	N/A
Climate - "Protecting the Outdoors"	All Stakeholders, with a specific focus on NGOs: 1.Timberland 2.BICEP 3.Climate Group 4.Climate Counts 5.Conversation Business NH	Use Risk	Excellence & Innovation	Varies by stakeholder	N/A
Product - "Innovating Cradle-to-Cradle"*	All Stakeholders, with a specific focus on NGOs: 1.Timberland 2.Leather working Group 3.Outdoor Industry Association - Eco Working Group 4.Sustainable Apparel Coalition	Risk	Excellence & Innovation	Varies by stakeholder	N/A

* Includes increase in proportion of "[eco-concious materials](#)", and the launch of the "[Earthkeeper](#)" line of boots which have been designed to use less virgin materials and for remanufacturing and/or recycling into new similar products (i.e. not down-cycling)

Value Propositions (3 of 3)

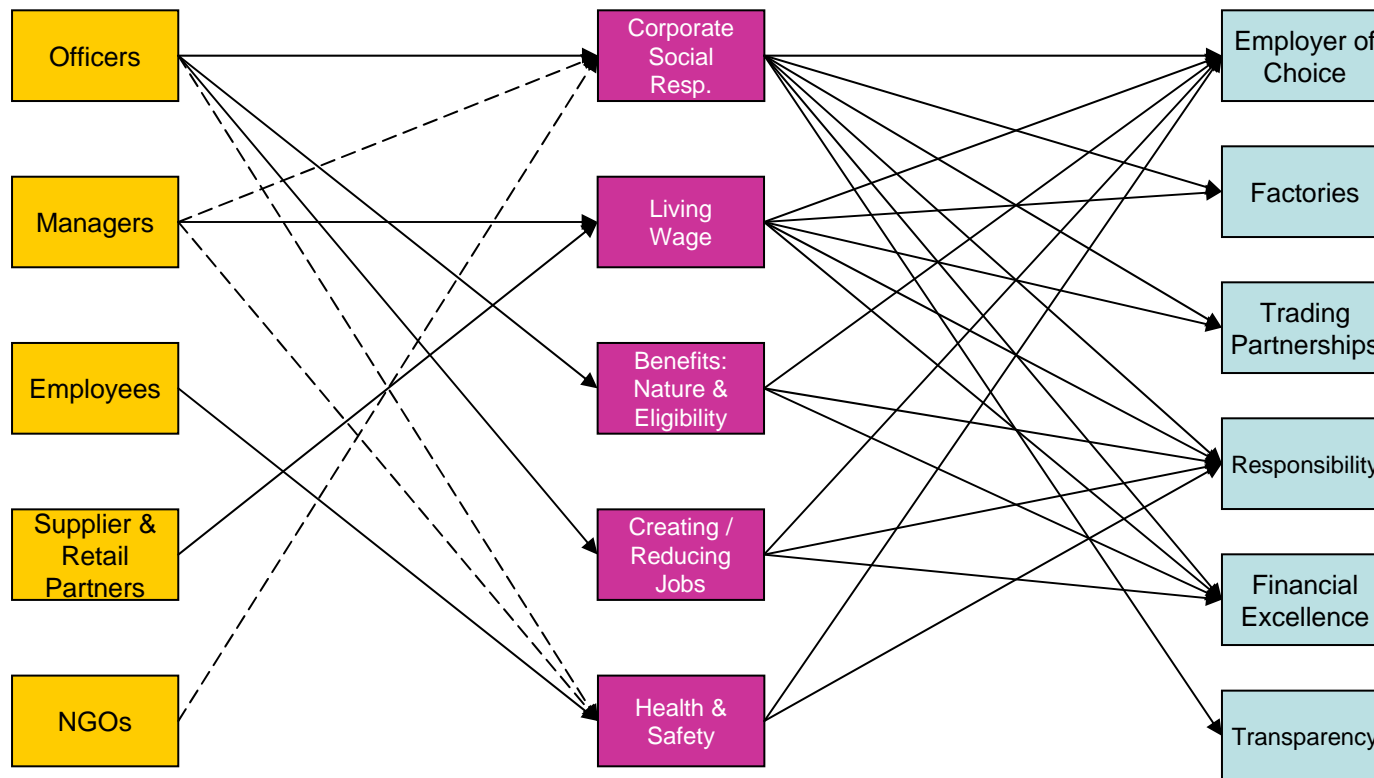
Name	Value for Which Target Stakeholder	Reason for Value Proposition	Value Level	Value Life Cycle Stage	Price Level
Factories - "Improving Worker Lives"	All Stakeholders, with a specific focus on NGOs: 1.Social Accountability International 2.BSR HERProject 3.Verité 4.Plant Water Foundation 5.CARE 6.Global Social Compliance Programme	Risk	Excellence & Innovation	Varies by stakeholder	N/A
Service - "Engaging Communities"	Communities with a specific focus on community NGOs: City Year, Unis Cite, Green Net, Trees for the Future, Skills USA, FFA	Risk	Excellence & Innovation	Realization	N/A
Responsibility	All Stakeholders	Risk	Excellence & Innovation	Varies by stakeholder	N/A
Governance	Shareholders	Risk	Excellence	Realization	N/A
Transparency	All Stakeholders	Risk	Excellence	Realization	N/A
Existence	Timberland + All Other Stakeholders	Risk Effort	Innovation	Varies by Stakeholder	N/A

Decisions

Stakeholders /
Decision Makers

Example*
Decision Topics

Value
Propositions



* This is a partial list of decisions – focused (though not exclusively) on those decisions which are related to non-financial aspects of Timberland’s Value Proposition. These are mentioned directly or indirectly by Timberland in their publically available information. It is assumed that other decisions are taken by stakeholders who are Officers of Timberland with limited influence from other stakeholders (i.e. senior management, members of the Board of Directors)

Dotted lines indicate these stakeholders have been accepted by the decision makers (solid lines) as influencers on the decisions being made

Partnership*

Partnership Name	Part of which Relationship	Involving which Stakeholders	Part of which Value Propositions
Employment	Attract / Retain Employees	1. Employees 2. Management 3. Timberland	1. Employer of Choice 2. All other Value Propositions
Supplier- Manufacturing	1. Attract / Retail Suppliers 2. Attract / Retail Investors	1. Suppliers 2. Timberland	1. Product Excellence 2. Trading Partnerships 3. Factories 4. Responsibility
Innovation	1. Gain / Maintain Goodwill 2. Continuous Learning Enabling Innovation	1. NGO 2. Timberland	1. Climate 2. Product 3. Factories 4. Service
Retail	1. Attract/Retail Retailers	Retailers / Franchisees	1. Brand Differentiation 2. Trading Partnerships 3. Product Innovation-Cradle to Cradle
Supplier-Raw Materials	1. Attract / Retail Suppliers 2. Attract / Retail Investors	Suppliers	1. Product Excellence 2. Financial Excellence 3. Trading Partnerships 4. Climate 5. Responsibility

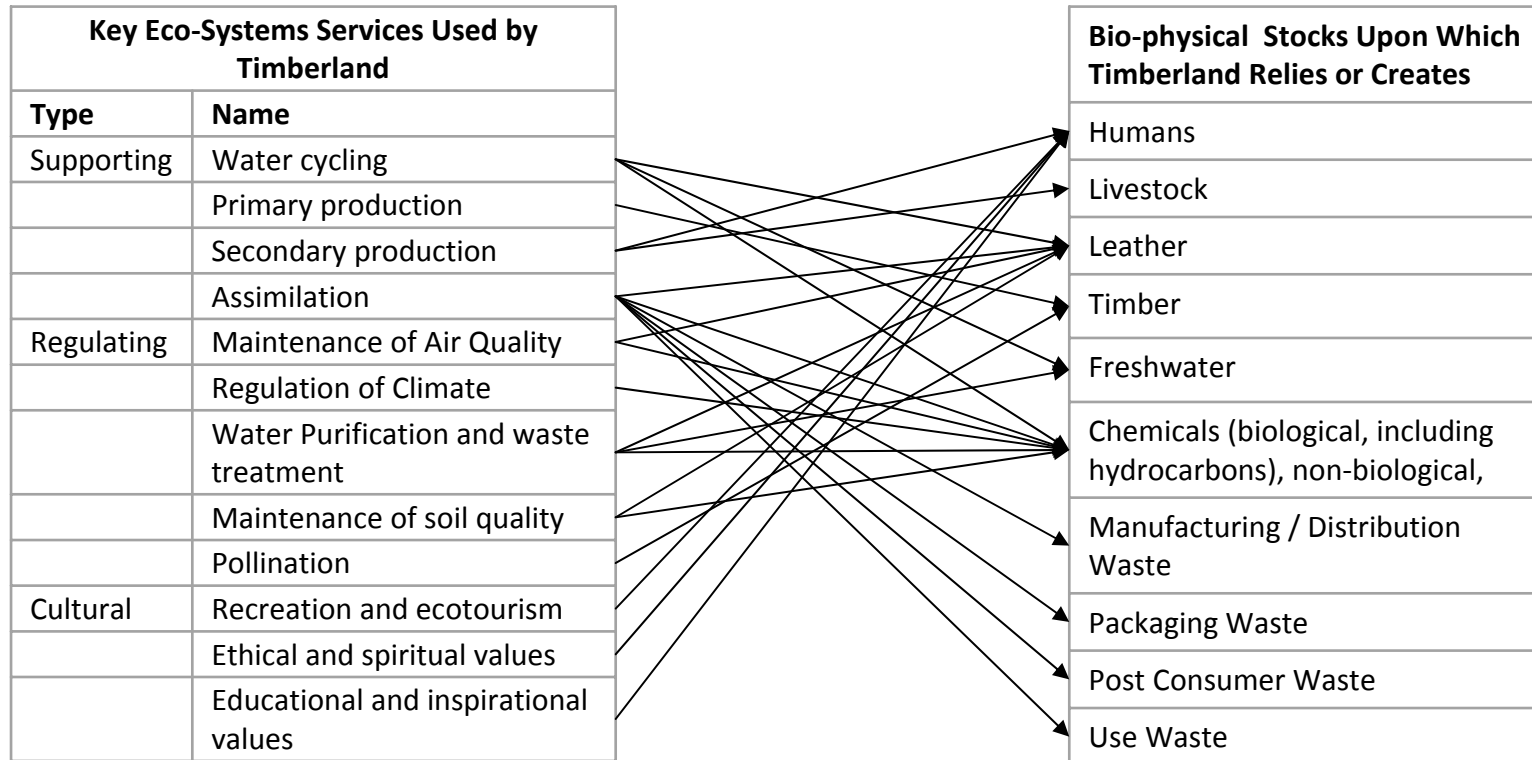
* A list of the relationships with target stakeholders which Timberland has chosen to codify into one or more legal / social contracts in order to reduce risk / secure capabilities and/or resources to reliably delivering one or more value propositions

Capability*

Name	Description	Required Resources
"Bricks and Mortar" Retail Outlets	Stores or parts of stores (shelf space)	1.Retail Space 2.Enterprise Applications 3.Finished Goods
"Clicks" Retail Outlets	Websites	Website
Packaging & Labelling	Ability to convey key aspects of the value proposition to consumers	Knowledge
Workers	Motivated, knowledgeable human beings	Employees
Distribution	Ability to receive, store and ship raw materials, finished goods, and post-consumer goods (for recycling)	1.Distribution Facility 2.Enterprise Applications 3.Raw Materials 4.Finished Goods 5.Post Consumer Goods
Manufacturing	Ability to create and package finished goods for sale	1.Raw Materials 2.Manufacturing Facility (in-sourced and outsourced)
Partnership	Ability to form, grow/evolve and benefit from partnerships	1.Employees 2.All other stakeholders
Product Design	Ability to create and revise designs for products and create plans for their manufacture	1.Knowledge

* A list of the capabilities which Timberland needs to have access to in order to realize its value propositions for its target stakeholders. Capabilities drive the requirements for resources and in turn the activities which transform those resources.

Eco-System Services and Bio-physical Stocks*



* Not all directly identified by Timberland, given here as an illustration of the type of thinking which Timberland has and may have done explicitly or implicitly in the construction of their business model.

Eco-Services adapted from a sub-set of the complete list of 20 services listed by Hanson, C, J Ranganathan, C Iceland, and J Finisdore. (2008) The Corporate Ecosystem Services Review (Version 1.0). World Resources Institute. <http://www.wri.org/project/ecosystem-services-review> and <http://www.wri.org/publication/corporate-ecosystem-services-review>

Resources*

Resource Name	Category	Type	Part of which Bio-physical Stock	Transformed into Which Other Resource / Biophysical Stocks by Timberland Activities	Related Stakeholders / Partnerships
Retail Space	Tangible	Technical	Many	N/A	Retail
Distribution Facility: In-sourced / outsources	Tangible	Technical/ Biological	Many	N/A	In-sourced: 1. Employment 2. Supplier-Real Estate 3. Supplier-Equipment Outsourced: 1. Supplier-Distribution Services
Manufacturing Facility: In-sourced / outsourced	Tangible	Technical/ Biological	Many	N/A	
Finished goods	Tangible	Technical/ Biological	Many	1. Use Waste 2. Post Consumer Resources o Packaging & Finished Goods 3. Packaging Waste 4. Post Consumer Waste	1. Supplier-Manufacturing 2. Timberland (internal manufacturing ability)
Post consumer goods	Tangible	Technical/ Biological	Many	1 Post consumer waste 2. Raw Materials	Retailers
Raw Materials	Tangible	Technical/ Biological	1. Leather 2. Fresh water 3. Chemical	1. Finished Goods 2. Manufacturing waste 3. Packaging waste	Supplier-Raw Materials
Hydro-carbons	Tangible	Biological	Chemicals (Hydrocarbons)	1. Heat 2. Manufacturing waste 3. Distribution waste 4. Use Waste 5. Post Consumer Waste	Supplier
Employees	Human	N/A	Many	(Happier) Humans	Employment
Knowledge	Intangible	N/A	None	N/A	Employment
Website	Tangible/ Intangible	Technical	Many	N/A	1. Supplier-Equipment 2. Employment
Enterprise Applications	Tangible/ Intangible	Technical	Many	N/A	Supplier
Electricity	Intangible	Technical	Many	Heat, Light, Sound etc.	Supplier

* Tangible, intangible, human. For tangible resources they can either be a technical nutrient (will not be rendered harmless / useful by an eco-system service), or a biological nutrient (which will be assimilated by eco-system services)

Activities*

Core Top-Level Processes

Order to Cash
The activities from stimulating demand, taking orders from retailers, manufacturing/obtaining finished goods, shipping finished goods and receiving payment

- Marketing and sales
- Operations (in house manufacturing)
- Outbound Logistics
- Quality

Request to Solution
The activities from receiving any request from a consumer or other stakeholder to providing a solution. e.g. warrantee claims, information, etc.

- Service (call centre)

Requisition to Pay
The activities from determining what needs to be acquired from outside the firm for the order to cash and other top-level processes, making agreements to acquire those goods and services, receiving them, and making payment for them (aka "purchasing dept")

- Purchasing Policy
- Source
- In-bound Logistics (raw materials, finish and post-consumer goods, transportation optimization)
- Supplier Factory Assessments

Enabling Top Level Processes

Supply Skilled Resources
The activities from hiring new employees, their assignment, ongoing development, motivation and remuneration, to them leaving the organization at some point

- Hiring
- Employee & partner employee training
- Feedback & coaching
- Benefits
- Separation
- Health & safety
- Service & charity

Improve the Business
The activities required to make changes to all other processes in order to achieve strategic objectives. Change can be anywhere from incremental (e.g. TQM) to radical (e.g. Re-engineering). Drives all "project" work. Monitors and seeks to improve the firms ability and efficiency in changing.

- Continuous improvement
- All Change projects

Infrastructure

Idea to Commercialization to End-of-Life
The activities in determining based on market and/or technological knowledge new / changed products to offer, based on the firms value propositions, the design of those products, and the creation/acquisition of the capabilities required to offer them, through the product launch, sale, service and eventual withdrawal from sale. (aka New Product Development and Introduction)

Governing

Lead and Manage
The activities involved in setting, revising and agreeing strategic objectives, measuring on the achievement of those objectives, understand, assessing and acting upon perceived gaps between strategy and execution

- Board of Directors Corporate Social Responsibility Sub-Committee
- Measurement (financial, social, environmental)

* Little information given about activities publically, particularly the "top-level" "value chain" level activities (business processes). A standard model has been adapted (from Michael Hammer).
The sub-processes listed are described by Timberland, but the list is clearly incomplete. Relationship between activities, the resources required / transformed, the eco-system service dependencies and the related partnerships has not been analysed due to lack of information

Measurement Overview

- Large number of measures are prepared by Timberland
- All required financial reports
 - Audited as required
- Global Reporting Initiative (GRI) based on G3 Guidelines and Apparel and Footwear Sector Supplement (AFSS)
 - Some omissions
 - Data unavailable, not material, etc
 - Goal is 100% compliance
 - Not currently audited (GRI Level B – Self Declared)
- Quarterly and annual on-line reporting on goals related to climate, product, factory and service value propositions
 - Not currently audited
- Following slides illustrate how some of the measures Timberland uses would be structured using the ontology “Process Measure” and “Valuation Method” entities
 - Other measurement entities: revenue, cost, asset, account, tri-profit are not included due to insufficient information

Process Measures*

Name	Description	Units	Activity Measured
CO2 Emissions	GHG Emissions Scope 1 and 2 creation of CO2	Kg/year	All
Quantity Sold	Quantity of finished goods sold to retailers	Number/ year	Whole and Retail sales
Quantity Obtained	Quantity of finished goods obtained from contract manufacturers or made in Timberlands own factory	Number/ year	Procurement, Manufacturing
Community Service Hours	Number of hours spent by Timberland employees working on projects in the community	Hours / year	Community Service
Attrition	Number of employees who leave voluntarily	Number / year	Supply Skilled Resources
Accidents	Number of employees who suffer accidents are work	Number / Nature / Year	Supply Skilled Resources
Factory Performance	Multiple measures of operational, social and environmental performance of contract manufacturers and own manufacturing facilities.	Multiple	Requisition to Pay

* Shows how a small sub-set of the process measures Timberland uses could be structured using the ontology

Valuation Methods*

Name	Dimension	Type	Description	Related Value Proposition	Related Process Measure	Revenue Stream Type [†]
Product Sales	Monetary	Revenue	Way of measuring the value which retailers derive from the sales made to consumers	Product Excellence	Quantity Sold	Selling
Climate Impact	Environmental	Cost	Way of measuring the impact of declining CO2 emissions	Climate	CO2 Emissions	N/A
Finished Goods Inventory	Monetary	Asset	Way of measuring the monetary value of the finished goods in stock at the end of a period of time	Financial Excellence	Quantity Obtained Quantity Sold	N/A
Community Impact	Social	Revenue	Way of measuring the happiness generated from the community service of employees	Service	Community Service Hours	N/A

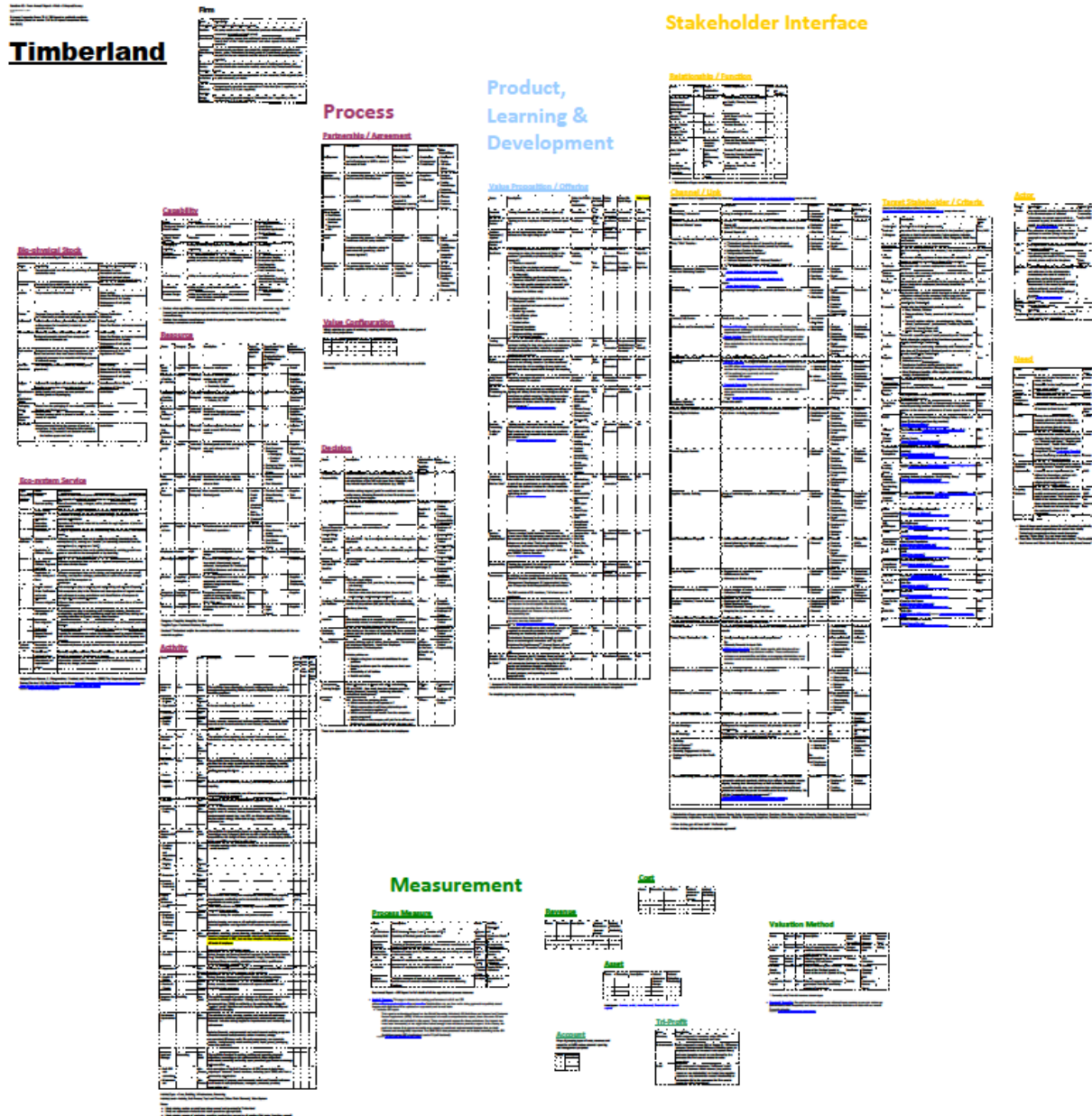
* Shows how a small sub-set of the valuation methods Timberland uses could be structured using the ontology

† Only monetary revenue streams currently have types defined

Appendices

- Supporting Detail
- Bibliography/Sources

Detail – See SM6a



- This presentation has provided a summary of an detailed illustration of Timberland’s business model built in tabular form using the Strongly Sustainable Business Model Ontology v1.022
- This summary was based on a detailed document

Bibliography

Public Sources about Timberland Consulted*

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