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## Sweden: IKEA of Sweden AB case study

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### About

Case study name:

[The greening of industries in the EU](#)

Country:

Sweden

Organisation Size:

500+

Sectors:

Furniture

*This company case study focuses on the Sustainability Product Score Card, one of the applied green business practices within the furniture company IKEA. The score card was introduced in 2010 and is used by product developers to measure the progress in development of sustainable products in terms of materials used, recyclability and energy efficiency. The score card's impact on the number of jobs is limited, but the more structured way of working has a direct impact on job quality since the product developers are supported during the selection and sourcing of materials. The case study was conducted between 27 September and 12 December 2011.*

### Introduction

IKEA was founded by Ingvar Kamprad in 1943 in Agunnaryd in Sweden and has since grown to become a global furniture retail brand. According to Statistics Sweden ([SCB](#)) and the National Accounts 2008, the manufacturing of furniture sector constitutes 0.63% of the national gross domestic product (GDP). This study focuses on product development within IKEA's design and production company, IKEA of Sweden AB, which has approximately 800 employees in Sweden, of whom 200 work directly with the score card described in this case study.

IKEA is probably best known for its home furnishing 'flat packs' containing furniture at affordable prices. Perhaps lesser known is IKEA's social, environmental and sustainability initiatives and their green business practices. IKEA differs from other companies in the same sector because of its focus on integrating the sustainability work in the overall business from product development to the product's end of life. In addition, for IKEA it is a prerequisite that the development of sustainable products harmonises with a decrease in production costs.

This case study focuses on one of the company's applied green business practices which demonstrates how sustainability is integrated in IKEA's overall business from product development to the products end of life, namely the IKEA Sustainability Product Score Card.

### Drivers and motivations

The Sustainability Product Score Card was established in order to assess the company's progress in making individual products, and the entire product range as a whole, more sustainable. The establishment of the score card within product development also enabled IKEA to systematically integrate sustainability in its overall business.

The sustainability manager at IKEA emphasises that the company believes it is possible to make traditional business objectives and environmental responsibility work together, reducing costs and moving the entire range of products to become more sustainable. During the last financial crisis, being a low price company meant that product sales rose.

### Green business practices

To measure the progress in improving sustainability in the entire range of products, in 2010 IKEA introduced an internal tool called the 'Sustainability Product Score Card'. Since IKEA has 13,000 articles in its range of products, a generic score card is of more use to the company than conducting full life cycle assessments (LCAs) that takes a lot of time and money. However, the score card is only one piece of the puzzle in IKEA's way of working to improve the entire range of products from a sustainability perspective.

The Sustainability Product Score Card is formed as a web application. It contains 11 criteria based on the life cycle of a product, all of which impact on a product's sustainability throughout its life cycle from choosing raw materials to end-of-life. As announced in IKEA's [Sustainability Report 2010 \(8.08Mb PDF\)](#), these criteria are as follows:

- Making more from less (using less material in the product)
- Renewable material
- Recycled material
- Environmentally better material
- Separable and recyclable material
- Product quality
- Transport efficiency (number of products per container)
- Energy efficient production
- Renewable energy in production
- Raw material utilisation at suppliers
- Product use (less use of energy, water and less waste in customers' homes).

The score card was developed to aid the product developers as well as the sourcing developers in making conscious decisions on everything from the use of raw materials to the selection of suppliers. The score card also works as an incentive to develop new techniques that reduce the quantity of materials used and the environmental impact.

The employees fill in the score per criteria, based on guidelines on the effects of different materials on the environment and the score card system summarises the total score. For a product and its packaging to be classified as more sustainable, it needs to score at least 120 points. The online system keeps track of all the different score cards and employees are able to search back and see previous score on a product in order to make improvements.

The progress of a product in achieving sustainability is not communicated to IKEA customers via a 'green' label. Instead IKEA is working to push the entire range of products to be sustainable through the Sustainability Product Score Card rather than a specific green range. The score card is therefore essential for the sustainability of IKEA's entire range of products.

## Anticipation and management of the impact of green change on quantity and quality of jobs

The Sustainability Product Score Card was developed solely by IKEA as an internal project and no outside help has been needed. The establishment of the score card has not therefore had an impact on the number of jobs, although it has affected the quality of jobs through employees working in a more structured way by the use of guidance. Through proactive work on the anticipation and management of green change, IKEA is able to adjust internal training and methods of working, thereby making the green change work to its advantage by reducing costs in production and meeting the demand for sustainable products by IKEA customers.

### The impact of the score card on quality and quantity of jobs

The Sustainability Product Score Card is primarily used by product developers, sourcing developers and technicians within IKEA of Sweden. During the process of implementing the score card, 200 employees were internally trained on the web application and the guidelines of which materials to use in production. As well as the 200 employees who have been trained to work with the score card, all 800 employees within IKEA of Sweden have access to the tool. The implementation process of the score card started during 2010. During 2012 it will enter a new phase with more in-depth training as employees become more familiar with the tool.

According to the sustainability project leader, the score card is a straightforward tool that does not require specific skills apart from internal training. In general, the training is conducted through face-to-face meetings with groups of approximately 20 employees. The number of participants is limited in order to obtain a good dialogue concerning criteria and the tallying process.

During the training, IKEA highlights why the company is using the score card and the benefits for each business areas in using the score card. In every business area there is a sustainability leader who is assigned to push the development of the score card and to ensure the product range within their area is accounted for in the score card. In addition to the internal training, each manager within IKEA is responsible for ensuring that co-workers have the ability and tools to receive and comprehend relevant information concerning the sustainability work. However, the sustainability leaders are not restricted to merely working with the score card as they also have other responsibilities when it comes to achieving the company's sustainability goals.

At the beginning of the implementation process, the score card added workload due to a gap between existing skills and the skills required in assessing used materials and techniques in relation to the guidelines for each criterion.

According to the sustainability project leader, the score card has no direct impact on working conditions apart from the work organisation and empowerment of employees, since employees are able to be more precise when it comes to product development from a sustainability perspective. Employees are also able to work in a more structured way. In the past, product developers did not have sufficient tools to assess the change from one material to another; the score card gives employees guidelines on what materials to use in making the product more sustainable. Additionally, the score card inquires on matters regarding all aspects of development, for example, how to make it easy to disassemble furniture or other products. Hence, product developers who work with the score card have a direct impact on the range of products, which empowers the employees.

### The role of public authorities

As an internal measurement tool used in product development, the Sustainability Product Score Card is linked to the development of the whole range of IKEA products. As a global retail furnishing company, with the same stock in all its retail stores, IKEA needs to comply with a number of requirements and standards, both internationally and nationally, within product development.

To make the stock applicable in every retail store and at the same time reduce costs, IKEA applies the strictest national or international

requirements related to the environment, health and safety. The score card lies on top of the legislation and requirements posed by public authorities, as well as the IKEA minimum requirements, gathering the work with sustainability in each product as well as for the total IKEA product range as a whole.

In using the same stock in all retail stores, the score card also has a major impact on the IKEA business as a whole since 90% of the product range has to score over 120 points in the score card system by 2015. Through IKEA's proactive work when it comes to green change, and by applying the strictest requirements within production, IKEA is prepared for increased regulation.

## Collaboration with others in order to manage and anticipate green change

To anticipate green change IKEA is working in cooperation with other organisations, companies and non-government organisations (NGOs). IKEA has freed up resources to follow climate change developments since climate change has an impact on the company's business. In addition, IKEA also monitors developments in the EU and engages in dialogue with social partners concerning working conditions.

Regarding the development of the Sustainability Product Score Card, IKEA asked WWF to authenticate the score card's weighting system once it had been developed. WWF used its expertise to give the company input on the score card's weighing system. Through collaboration with WWF, IKEA is driven to take further steps in becoming more sustainable since WWF challenges IKEA through questioning on the right way to act in developing more sustainable products.

IKEA has not encountered any major difficulties in managing green change mainly because sustainability is in line with its business concept and traditional business objectives. The successful development of the generic Sustainability Product Score Card, refined in cooperation with WWF, has resulted in a tool which IKEA employees find fairly easy to use. Through implementation of the score card, IKEA has successfully bridged the green skill gap through internal education. Hence, the score card has resulted in cost savings through a more structural way of working, which also empowers the employees in their work.

## Conclusions and recommendations

IKEA of Sweden has been successful in introducing the Sustainability Product Score Card mainly due to its proactive work in anticipating and managing green change and the successful combination of traditional business objectives and sustainability work within production. Instead of changes in the number of jobs, IKEA provided internal training for existing employees to bridge the green skill gap and thereby managed the green change internally. The quality of work has, however, increased through employees working in a more structured way. Through the score card IKEA has managed to successfully implement structural changes through close relationships with suppliers and the company employees as well as working in cooperation with other organisations and NGOs. Through its proactive work, IKEA has been able to adjust internal training and methods of working, thereby making the green change work to its advantage by reducing costs in production, empowering employees and meeting customer demands at the same time.

To sum up, success factors for other companies to learn from are:

- In-house training in sustainability issues decreases your need to bring in outside expertise.
- Delegation through the score card gives employees greater influence over the manufacturing of the products and thereby results in better quality of work.
- By having the green business practice authenticated by relevant NGOs, the practice is made as effective as possible.

## Bibliography

[IKEA website](#)

[IKEA Sustainability Report 2010 \(8.08Mb PDF\)](#)

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