

Kraft Group AB
Malmö, Scania, Sweden



**A caring company
successfully combining
purpose and profit**



SME SIZE: Medium, about 65 employees

SECTOR: Wholesale

INDUSTRY: Beauty

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Background

J. Kraft Group AB was founded in 1991 and is a leading supplier of skin and hair products distributing to about 2500 clients (hair salons, beauty salons, department stores) in Sweden. The company has offices in both Malmö and Stockholm as well as four own beauty salons with around 65 employees in total. Kraft Group represents 11 international brands. In its official description, one of the core purposes of the company is to have a significant positive impact on society, employees, and the environment as a whole. This is achieved through the wholesale distribution and logistics of chemical-technical articles. Since 2018, Kraft Group is a certified B-Corp which offered the company a chance to transform their past ways of working realising profits and purpose.

**A company that with focus on small steps,
continuous improvement and transparency got
all employees socially engaged and
successfully combines purpose and profits.**

Sustainability Origin Story

TRANSFORM 2022

For Kraft Group, sustainability is an all-encompassing journey and all share- and stakeholders are considering sustainability as a central element. Becoming a B-Corp in 2018, the company has come to foster a strong company culture based on B-Corps 'declaration of interdependence'. By seeing how everything is related when it comes to sustainability, the company works internally, externally, locally, and globally and within this recognising that sustainability rests on social, ecological, and economic pillars and that profit & purpose does not exclude each other.

Due to the special business setup of owning beauty salons that are competitors to Kraft Group's clients, the leadership has a strong focus on building trust through transparency. Sharing knowledge about their salons' business development with their clients is an important part of this.

Kraft Group has a motto that values small steps and continuous improvement. From this background, they focus their sustainability work as locally as possible and in within reach of their activities. In collaboration with the brand owners whose products Kraft is selling, the company offers economic support to five sustainability projects of external organisations, mainly active in Sweden. Moreover, Kraft Group supports several Goodwill projects for their employees. Each staff member is allowed to spend eight hours of paid work per year on a Goodwill project (e.g. offering free treatment to women in a women's shelter organisation) or in one of their five sustainability projects (e.g. the "Look good, feel better" project aimed at people undergoing chemotherapy), see graphic below. This commitment illustrates Kraft Group's commitment to working with sustainability locally and internally by fostering a company culture of caring and by supporting local community development.

Sustainability Origin Story

TRANSFORM 2022

During the corona pandemic, the SME made a series of promises, two of which consisted of continuing their support for their Goodwill and sustainability projects and keeping every staff member on board, both of which has been kept.

Working in this way, Kraft Group has come to discover that the more they invest in their staff, social engagement and environment, the more money, and therefore investments, they can make. “Since we really started to work with sustainability, we’ve actually increased our turnover and profit from year to year.” This is despite them having a tough set of criteria for each supplier they choose to work with. This conviction makes them confident in their pledge to reach net-zero by 2030. Despite the Covid-19 pandemic, and the company’s promises (no layoffs, support clients, continue funding projects) Kraft Group had its best business result in 2020.



Key Sustainability Practices

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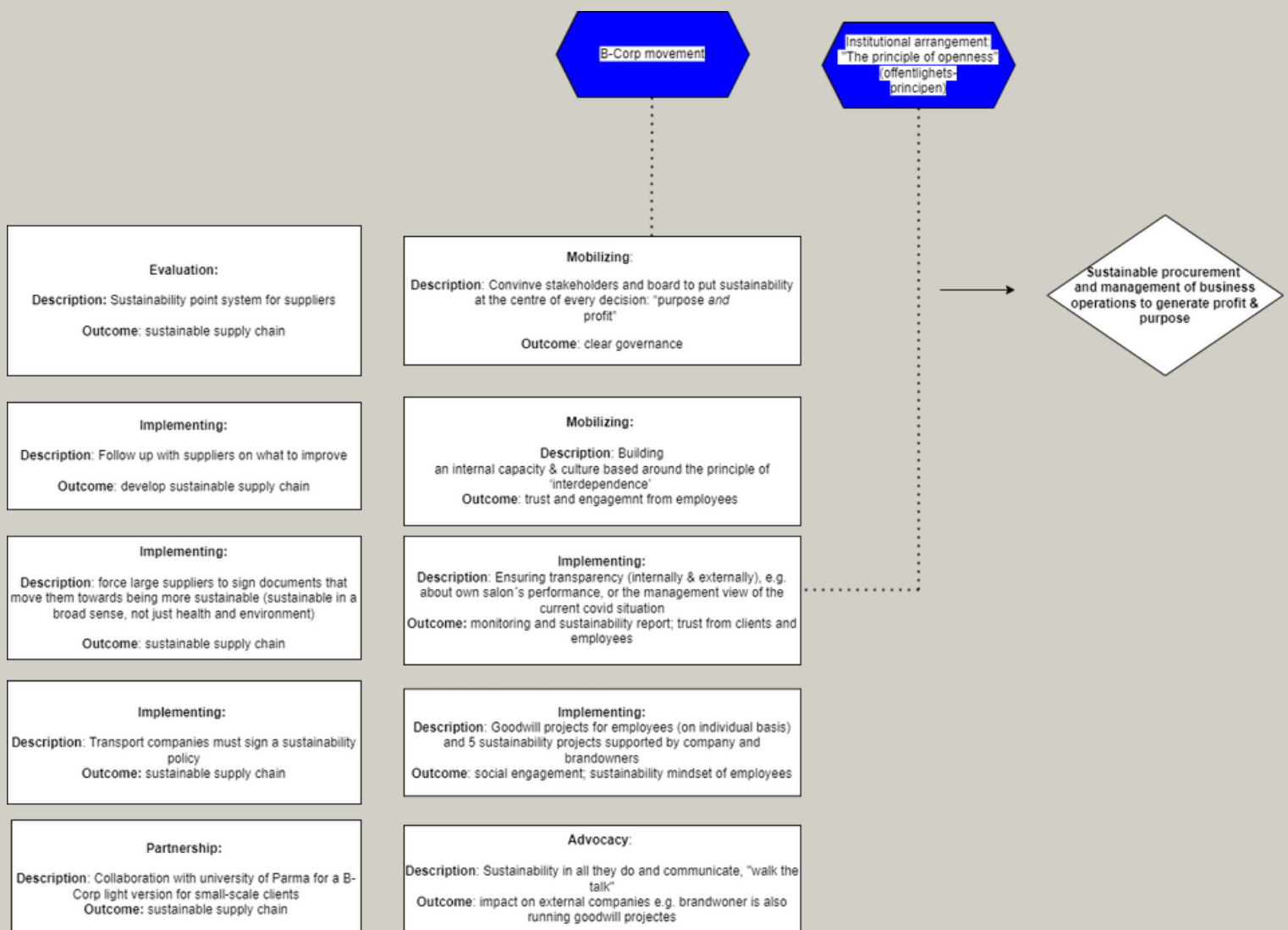
Practice:

Sustainable procurement & management of business operations to generate profit & purpose

Procurement	Sales	Management & internal operations
Uses a point system for rating suppliers for their sustainability profile	Collaboration with university of Parma for a B-corp light version for clients and other small companies	Putting sustainability at the centre of every decision: “purpose and profit” (governance)
Advocate and influence suppliers towards signing a sustainability policy		Building an internal capacity & culture based around the principle of ‘interdependence’
Follow up with suppliers on what to improve	Practice internal and external transparency, especially with clients	
Transport companies must sign a sustainability policy		Made three promises during the Covid-19 pandemic: 1) Support clients 2) No layoffs 3) No decrease in monetary support for their five sustainability projects.
		Reinvesting in staff and environment
		Kraft Goodwill Projects: each employee receives eight hours per year to work with some social good
		Support of 5 (mainly local) sustainability projects

Sustainability Pathway Map

The activities, actors and processes that produce Kraft Group’s sustainability outcomes represented visually in an organizational pathway map.



Kraft Group’s sustainability practices contribute to the UN Sustainable Development Goals:



Enabling Factors

Kraft Group’s sustainability practices are enabled by a number of key actors, policies, resources, and partnerships:

Organizational enabling elements	
Internal elements	Commitment from share-/stakeholders and board.
	Open to learning (R&D, entrepreneurial spirit, and reflexive mindset).
	The mindset of the board who advocates continuous improvement in small steps, i.e. small improvements on the local level instead of risking to get overwhelmed with sustainability on the global level
External elements	B-Corp supporting network.

Arresting Factors

Kraft Group has a few barriers that hinders or stall growth or progress on their sustainability work:

Organizational arresting elements	
Actors	Swedish state and regulations is nation-centric e.g. not possible for Kraft Group to engage staff in cleaning streets as this is the state/ municipality who takes care of this
External factors	The Covid-19 pandemic disturbing supply chains and negatively impacting staff wellbeing.

Amplification Mechanisms

SME need:	Potential Amplification Process (Addressing the needs of the SME would potentially trigger the amplification mechanism):	Proposed Capacity Building/Experimentation to support:
<p>It was mentioned that one area which Kraft Group experiences as challenging is that individual employees find it difficult to find appealing goodwill projects, which hinders bottom-up staff engagement.</p>	<div data-bbox="627 795 994 1191" data-label="Image"> </div> <p>Growing: expansion of the impact range. Initiative still works the same way across a geographical location, organisation, or sector.</p>	<p>Efforts to identify and build network of other SMEs seeking to engage in similar practices could help grow more goodwill projects. Perhaps also allowing employees to form part of this project to strengthen their sense of autonomy.</p>