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INNOVATION READINESS CHECKLISTS

The potential risks suppliers face when testing and implementing innovations can be substantial and often hidden. Conducting a readiness assessment can support partnership discussions between stakeholders to build equitable relationships.

These checklists provide an opportunity to understand the functions each partner fulfils, consider their associated costs, reflect on ways to balance risks and identify opportunities for a meaningful process of consultation and collaboration.

Created by

TRANSFORMERS FOUNDATION

(1) SUPPLIER INNOVATION READINESS CHECKLIST

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*Supplier checklist

Suppliers can face substantial risks when testing and implementing product innovations. If you're a supplier, use this checklist to build equitable relationships with innovation startups and brand customers.

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(1) Alignment of internal objectives

(a.) Cross-functional buy in

- ☐ Ensure all teams (legal, supply chain, operations, product, board) understand the business case, purpose, and partnership goals
- ☐ Clarify requirements, timelines and stakeholder involvement
- ☐ Determine optimal entry stage and structure for the partnership (direct investment, offtake, or purchase agreement)
- ☐ Conduct risk assessment for potential adoption issues and mitigation strategies
- ☐ Understand implications if the relationship or innovation fails

(2) Innovator profile

(a.) Industry experience

- ☐ Assess innovator's track record and fashion industry knowledge to gauge required upskilling and capacity building required
- ☐ Visit innovation labs or trial facilities to evaluate barriers and success potential

(b.) Supply chain integration

- ☐ Evaluate fashion supply chain experience (countries, tiers)
- ☐ Review current supply chain relationships and partnership requirements including necessary introductions to members of your extended supply chain
- ☐ Identify supplier networks for collaborative R&D (e.g., fiber clubs)

(c.) Location

- ☐ Consider locations of trial facilities, commercial facilities, distributors, supply chain partners, and customer destinations
- ☐ Assess cost implications of each for R&D and production phases

(d.) Diversity of expertize

- ☐ Verify innovator's team composition for presence of experienced finance, business development, and industry personnel alongside technical staff
- ☐ Map capabilities to identify skill gaps requiring hiring

(e.) Financing

- ☐ Determine liquidity profile and financial runway of innovator
- ☐ Identify financial backers, their track record, industry experience, and ROI expectations
- ☐ Review terms, duration, and loan call-in contingencies and their potential impact
- ☐ Consult with financiers on their innovation assessment and risk/opportunity analysis of the innovation

(f.) Business model

- ☐ Evaluate go-to-market strategy, customer acquisition plan, and supply chain integration framework

(g.) Sector application

- ☐ Assess cross-industry applications beyond fashion (automotive, home, parallel fashion categories) to buffer scaling hurdles

(h.) Industry engagement

- ☐ Identify innovator's memberships in incubators, MSIs, or coalitions
- ☐ Map partnership opportunities through these memberships
- ☐ Consult with these organizations on their innovation assessment and risk/opportunity analysis

Supplier Readiness Checklist For Innovation Partnerships
Created by Transformers Foundation

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(3) Partnership considerations

(a.) Industry engagement

- ☐ Identify innovator's memberships in incubators, MSIs, or coalitions
- ☐ Map partnership opportunities through these memberships
- ☐ Consult with these organizations on their innovation assessment and risk/opportunity analysis

(b.) Transparent expectations

- ☐ Set clear investment or partnership requirements early
- ☐ Communicate minimum data requirements or TRL thresholds

(c.) Partnership governance

- ☐ Establish clear communication channels
- ☐ Assign responsibility for supply chain ecosystem management and milestone accountability
- ☐ Define relationship structure and management approach

(d.) Brand engagement

- ☐ Assess market traction and brand customer profiles (experience, expectations, risk appetite, commitment level)
- ☐ Verify brand alignment and implementation roadmaps with realistic milestones for mutual agreement
- ☐ Evaluate brand capacity and technical skills for partnership management
- ☐ Clarify commitment types and appetite (campaign-based vs. long-term with Letters of Intent/offtake agreements)

(e.) Company culture

- ☐ Assess goodwill and trust-building potential for long-term partnerships
- ☐ Evaluate culture fit and enable face-to-face relationship strengthening

(f.) Feedstock agreements

- ☐ Clarify dependencies to identify operational risks
- ☐ Align feedstock volumes, types, capacity, price modeling, performance, and brand expectations
- ☐ Ensure feedstock agreements align with offtake agreements

(g.) Timelines and milestones

- ☐ Establish clear timelines with built-in evaluation opportunities
- ☐ Verify realistic expectations from brands and innovators

(h.) Promotion

- ☐ Confirm brand/innovator commitment to actively promote partnerships and connect suppliers to new clients
- ☐ Document promotional commitments

(4) Agreement considerations

(a.) Letters of Intent, offtake agreements

- ☐ Assess knowledge and interest levels from innovators and brands
- ☐ Determine agreement types needed at different development and commercialization stages
- ☐ Define required information and milestones (pricing, volumes, timeframes, minimum performance metrics)

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(b.) Exclusivity clauses	☐ Evaluate what each party relinquishes and how contributions are protected ☐ Determine fair exchange terms for time and resource investment ☐ Consider impacts, timing, and risks of exclusivity
(c.) Supply chain dependencies	☐ Ensure transparency around feedstock agreements and critical supply chain actors
(d.) Milestone review checkpoints	☐ Build control gates into agreements for unexpected variables affecting milestone deadlines ☐ Enable term modifications through consultation to ensure project continuity

(5) Technical considerations

(a.) Maturity of the innovation	☐ Determine stage (early/lab stage needing pilot support vs. scaling support) ☐ Review available trial data and commercial readiness ☐ Clarify required contributions (time/effort vs. time/effort/funds)
(b.) Performance characteristics	☐ Compare innovation performance and characteristics to incumbent alternatives ☐ Assess need for new production processes and operational impact ☐ Address marketing strategies if characteristics can't meet comparability ☐ Verify pricing expectations reflect differences
(c.) Potential to scale	☐ Evaluate scalability factors for operationalization and pricing ☐ Review scaling timeline and runway ☐ Assess anticipated volume output and production unit plans ☐ Ensure commercialized volumes justify R&D investment
(d.) Equipment requirements	☐ Identify other equipment or technical providers needed for R&D trials ☐ Assign responsibility for third-party engagement and cost coverage ☐ Evaluate impact of new machinery or retrofits on facility layouts and processes
(e.) Validation	☐ Document validation steps at each processing stage (pellet to yarn to fabric, etc.) ☐ Define decision-making steps and required metrics at each validation stage ☐ Align all parties on validation approach ☐ Consider standardized frameworks (Technical Readiness Level or Balanced Readiness Level Assessments)
(f.) Impact Data	☐ Verify availability of impact reduction data (water, emissions, etc.) to determine comparable impact to conventional options. ☐ Determine LCA or impact study timing, verification, and acceptance by investors/brand partners

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(6) Financial considerations

(a.) Funding R&D

- ☐ Understand cost requirements (line allocations, personnel, materials, equipment, samples, shipping)
- ☐ Clarify R&D budget sources (all parties vs. supplier only)
- ☐ Assess innovator compensation offerings (fee for service, licensing arrangements)
- ☐ Determine brand partner R&D budgets and supply chain cost communication

(b.) Pricing

- ☐ Review or participate in price modeling
- ☐ Clarify dependencies in pricing forecasts
- ☐ Understand runway to cost neutrality or premium size and timeline
- ☐ Determine brand payment approach (unit-level upcharge vs. decoupling strategies through budgets/philanthropic funds)
- ☐ Confirm duration of pricing arrangements

(c.) Orders or volume commitments

- ☐ Assess brand interest and consortium involvement for the potential of pooled volume commitments
- ☐ Verify volume compatibility with facility size
- ☐ Evaluate order specification standardization for MOQs and pricing

(d.) Financing vehicles

- ☐ Explore brand/retailer connections to investment funds or philanthropy through third-party memberships

(2) BRAND INNOVATION READINESS CHECKLIST

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*Brand checklist

Suppliers can face substantial risks when testing and implementing product innovations. If you're a brand or retailer, use this checklist to build equitable relationships with suppliers and innovation startups.

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(1) Alignment of internal objectives

(a.) Make the business case

- ☐ Verify alignment with company objectives and targets
- ☐ Secure C-Suite or ownership buy-in
- ☐ Ensure alignment with sustainability strategy and potential for scalable impact beyond capsule projects

(b.) Commitment resilience

- ☐ Mitigate risks from staff turnover by fostering ownership beyond one person/team
- ☐ Consider selecting core collections over seasonal products for fiber, dye, or process integration
- ☐ Define risk appetite, commitment levels, and clear boundaries for project continuation.

(c.) Cross-functional ownership and alignment

- ☐ Break down silos by engaging all necessary teams and enabling upskilling
- ☐ Establish accountability between sustainability and merchandising/ sourcing teams
- ☐ Develop cross-functional teams (including finance and procurement) for implementation strategies.

(d.) Build internal capacity:

- ☐ Enable design, material, and sustainability teams to visit trade shows, factories, dye houses, mills, and meet innovators
- ☐ Discuss innovation opportunities and testing needs with existing suppliers
- ☐ Conduct gap assessments with key partners to align expectations
- ☐ Engage knowledge partners to understand innovation pipeline, decision points, and evaluation processes.

(e.) Innovation budget:

- ☐ Develop dedicated innovation and R&D budget separate from merchandise/FOB costs to support premiums, testing, and samples.

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(2) Innovator profile

(a.) Industry experience

- ☐ Assess innovator's track record and fashion industry knowledge to gauge required upskilling and capacity building required
- ☐ Evaluate track record of success

(b.) Supply chain integration

- ☐ Verify fashion supply chain experience (countries, tiers, factory/mill floor familiarity)
- ☐ Review current supply chain relationships and need for extended supply chain introductions
- ☐ Identify supplier networks for collaborative R&D (e.g., fiber clubs)

(c.) Location

- ☐ Consider locations of trial facilities, commercial facilities, distributors, supply chain partners, and brand destinations
- ☐ Assess cost implications.

(d.) Diversity of expertise

- ☐ Review team composition for well-rounded capabilities
- ☐ Verify presence of experienced finance, business development, and industry personnel alongside technical staff
- ☐ Map capabilities to identify skill gaps requiring hiring

(e.) Financing

- ☐ Assess liquidity profile and financial runway
- ☐ Identify financial backers, their track record, industry experience, and ROI expectations
- ☐ Review terms, duration, and loan call-in planning
- ☐ Consult with financiers on their innovation assessment and risk/opportunity analysis

(f.) Business model

- ☐ Evaluate go-to-market strategy, customer acquisition plan, and supply chain integration framework

(g.) Sector application

- ☐ Assess cross-industry applications (automotive, home, parallel fashion categories) to buffer scaling hurdles

(h.) Industry engagement

- ☐ Identify innovator's memberships in incubators, MSIs, or coalitions
- ☐ Map partnership opportunities through these memberships
- ☐ Consult with organizations on their innovation assessment and risk/opportunity analysis.

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(3) Project evaluation

(a.) Evaluation matrix

- ☐ Establish required stakeholder data before partnership commencement
- ☐ Create framework considering all assessment factors (technological, regulatory, organizational, market, performance readiness)
- ☐ Define metrics for evaluation and required system changes or reporting formats

(b.) Potential to scale

- ☐ Look beyond pilot to assess scalability indicators
- ☐ Review volume and pricing forecasts and dependency management
- ☐ Pool demand with other brands/retailers to build volume
- ☐ Assess supply chain integration requirements and supplier capabilities
- ☐ Evaluate runway to scaling timeline
- ☐ Verify anticipated volume output with supply chain to ensure facility compatibility and R&D efforts are worthwhile

(c.) ESG impact data

- ☐ Determine available metrics for environmental or social benefits
- ☐ Plan for impact data collection and verification at different stages (trial vs. scaled)
- ☐ Allocate budget for third-party testing, LCAs, and impact modeling

(d.) R&D costs

- ☐ Discuss costs and cost-sharing opportunities with suppliers and innovators
- ☐ Identify available funding for premiums, transition finance, and supplier R&D support.

(e.) Roadmap

- ☐ Verify realistic timelines with built-in buffers for unexpected events
- ☐ Define milestone expectations and required actions (resourcing, financing, letters of support)

(f.) Unit pricing

- ☐ Share pricing forecasts and cost modeling with supply chain
- ☐ Identify price caps or variables affecting supplier margins and final product pricing
- ☐ Hold open discussions about price expectations and premium creep across supply chain tiers

(g.) Runway

- ☐ Understand innovator's financial stability by determining cash flow and breakeven projections
- ☐ Verify runway to scale timelines matches ambitions and stakeholder expectations

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(4) Partnership considerations

(a.) Partnership governance

☐ Determine responsibility and accountability for stakeholder engagement, supply chain ecosystem management, and milestone monitoring with all parties
☐ Explore industry collectives or clubs for volume pooling, MOQ/ pricing efficiencies, and preferred access.

(b.) Brand partnerships:

☐ Assess market traction and other brand partners' profiles (experience, expectations, internal alignment, commitment)
☐ Review brand/retailer experience with innovation trials and implementation
☐ Verify implementation roadmaps with realistic expectations and milestones
☐ Standardize expectations, milestones, and success metrics across fiber club or pooled volume partnerships

(c.) Formal/ informal arrangement

☐ Clarify partnership terms and agreement requirements at different stages
☐ Determine R&D stage arrangements and equitable supply chain compensation

(d.) Supply chain promotion:

☐ Include supply chain partners (not just innovation) in marketing communications for exposure and industry confidence-building

(5) Agreement considerations

(a.) Letters of Intent, Offtake Agreements

☐ Assess knowledge and interest levels from innovators, suppliers, and other brand customers
☐ Determine agreement types needed at different stages
☐ Define required information and milestones (pricing, volumes, timeframes, minimum performance metrics)

(b.) Exclusivity clauses

☐ Evaluate fair exchange terms for innovator and supply chain time/ resource investment
☐ Consider impacts, timing, and risks of exclusivity

(c.) Supply chain dependencies

☐ Ensure transparency around feedstock agreements and critical supply chain actors

(d.) Milestone review checkpoints

☐ Ensure stage gates are built into agreements to allow for unexpected variBuild stage gates into agreements for unexpected variables affecting milestone deadlines
☐ Enable term modifications through consultation to ensure project continuity

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(6) Supply Chain Integration

(a.) Business case for the supply chain

- ☐ Make business case to supply chain given testing extent and potential process disruption
- ☐ Verify genuine supplier interest and curiosity about the solution

(b.) Supply chain engagement

- ☐ Assess supplier involvement level in innovation development
- ☐ Identify existing supply partners
- ☐ Ensure engagement across all tiers and processes
- ☐ Plan inclusion timing for actors not yet engaged
- ☐ Evaluate supplier locations, scale adoption capacity, and quality/ specification alignment

(c.) Supply chain capacity and capability

- ☐ Consider existing supplier in-house expertise and production capabilities
- ☐ Leverage suppliers with dedicated R&D teams for resourcing and funding estimates
- ☐ Define required capabilities before introducing supply chain to innovator-generated projects
- ☐ Assess appropriateness of onboarding new suppliers when innovators have capable existing suppliers

(7) Finance considerations

(a.) R&D cost

- ☐ Understand supplier costs (line allocations, personnel, materials, equipment, samples, shipping)
- ☐ Determine contribution capacity (LCA funding, third-party testing)

(b.) Pricing and profit margins

- ☐ Conduct price modeling with supply chain
- ☐ Assess pricing forecast dependencies (commercial plant capacity, sales growth) and timeline feasibility
- ☐ Understand runway to cost neutrality
- ☐ Clarify premium expectations and payment approach (unit-level upcharge vs. decoupling through innovation budget/philanthropic funds)
- ☐ Define acceptable margin absorption and duration to reach cost parity

(c.) Building trust

- ☐ Build supply chain trust through buying commitments when requesting innovation R&D risk
- ☐ Place consistent orders to justify supplier risk

(d.) Financing vehicles

- ☐ Connect suppliers to investment funds or philanthropy through third-party memberships

(3) INNOVATION START-UP READINESS CHECKLIST

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* Innovation start-up checklist

Suppliers can face substantial risks when testing and implementing product innovations. If you're an innovation startup, use this checklist to build equitable relationships with suppliers and brand partners.

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(1) Alignment of internal objectives

(a.) Business case for brands and retailers

- ☐ Verify brand ambitions align with solution objectives
- ☐ Ensure innovation aligns with brand sustainability strategy, fiber and product portfolio, and margin expectations
- ☐ Engage finance and procurement teams in early decision-making

(b.) Commitment resilience

- ☐ Understand ownership and accountability at each brand partner
- ☐ Assess staff turnover risks that could halt or collapse partnerships
- ☐ Evaluate brand risk profiles and commitment levels (marketing/campaign-driven vs. long-term embedded)
- ☐ Identify strategic partners beyond capsule collections
- ☐ Ensure trial styles are likely core collection items for future commercial volume availability

(c.) Internal capabilities

- ☐ Assess brand technical knowledge levels to gauge supply chain upskilling needs
- ☐ Provide education on solution and potential implementation barriers
- ☐ Communicate engagement level expectations for adequate capacity resourcing
- ☐ Verify brand partners have roadmaps and project frameworks for partnership governance
- ☐ Ensure understanding of innovation pipeline, decision points, and evaluation processes
- ☐ Clarify milestone expectations and required actions (resourcing, financing, letters of support)

(d.) Innovation budget:

- ☐ Verify brand partners have dedicated innovation budgets for premiums and R&D expenses
- ☐ Clarify funding or contribution plans

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(2) Project Evaluation

(a.) Potential to scale

- ☐ Communicate supplier volume needs for economies of scale beyond trials
- ☐ Provide clear scalability indicators
- ☐ Conduct volume and pricing forecasts with supply chain and brands
- ☐ Clarify dependencies and management approach

(b.) ESG impact data

- ☐ Define available metrics for environmental or social benefits
- ☐ Plan for impact data collection and verification at different stages
- ☐ Clarify brand partner impact measurement requirements
- ☐ Standardize measurements across customers where possible
- ☐ Allocate budget for third-party testing, LCAs, and impact modeling

(c.) Unit pricing

- ☐ Hold transparent, collaborative discussions with all stakeholders
- ☐ Develop pricing forecasts and cost modeling with supply chain
- ☐ Identify price caps or variables affecting supplier margins and final product pricing
- ☐ Discuss price expectations and premium creep across supply chain tiers

(3) Partnership considerations

(a.) Partnership governance

- ☐ Determine responsibility and accountability for stakeholder engagement, supply chain ecosystem management, and milestone monitoring with all parties
- ☐ Explore industry collectives or clubs for volume pooling, MOQ/ pricing efficiencies, and preferred access

(b.) Brand partnerships

- ☐ Assess brand partner experience, expectations, and commitment for partnership longevity
- ☐ Review brand/retailer experience with innovation trials and implementation
- ☐ Verify team alignment
- ☐ Confirm implementation roadmaps with realistic expectations and milestones
- ☐ Standardize expectations, milestones, and success metrics across fiber club or pooled volume partnerships

(c.) Evaluation matrix

- ☐ Establish required stakeholder data before partnership commencement
- ☐ Create framework considering all assessment factors (technological, regulatory, organizational, market, performance readiness)
- ☐ Define required metrics to inform system changes or reporting format development

(d.) Formal/ informal arrangements

- ☐ Clarify partnership terms at different stages
- ☐ Outline different agreements and commitment requirements in advance to manage expectations
- ☐ Define R&D stage arrangements, supply chain requests, compensation, and equitable contribution valuation

(e.) Supply chain promotion

- ☐ Promote supply partners (not just brands/retailers) to provide exposure and encourage additional brand/retailer engagement
- ☐ Include supply chain partners in marketing communications
- ☐ Provide industry connections

(4) Supply Chain Integration

(a.) Build a stakeholder map and engagement strategy

- ☐ Recognize higher success likelihood within existing supply chain ecosystems
- ☐ Map key industry stakeholders and develop engagement strategy
- ☐ Visit industry events and trade shows to make supply chain connections
- ☐ Develop travel budget for face-to-face supplier meetings and facility tours to build relationships and technical knowledge

(b.) Supply chain co-creation

- ☐ Identify potential strategic supply chain partners
- ☐ Understand equitable exchange requirements for suppliers
- ☐ Offer incentives to mitigate supplier risks

(c.) Supply chain capacity and capability

- ☐ Assess each supplier's in-house expertise and production capabilities
- ☐ Identify achievable outcomes with different partners
- ☐ Understand evaluation frameworks from suppliers with dedicated R&D teams

(d.) Supplier location

- ☐ Consider supplier locations relative to test or commercial-scale facilities
- ☐ Assess logistics and cost impacts

(e.) Business case for the supply chain

- ☐ Make business case to supply chain
- ☐ Determine commercial volume required for scale adoption beyond trials
- ☐ Verify genuine supplier interest versus brand customer requests
- ☐ Assess potential benefits visibility given testing extent and process disruption

(f.) Supply chain introductions

- ☐ Clarify if suppliers must introduce their own supply chain partners
- ☐ Define introduction facilitation and relationship management expectations
- ☐ Develop readiness assessment for brand/retailer supply chain introductions (capabilities, capacity, company culture)

(g.) Building trust

- ☐ Maintain supply chain trust through transparent communications
- ☐ Hold realistic discussions about risks
- ☐ Manage expectations to foster stronger commitment

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(5) Agreement considerations

(a.) Letters of Intent, Offtake Agreements

- ☐ Assess knowledge, experience, and interest levels from brand partners and strategic suppliers
- ☐ Determine agreement types needed at different stages
- ☐ Define required information and milestones (pricing, volumes, timeframes, minimum performance metrics)

(b.) Exclusivity clauses

- ☐ Evaluate what each party relinquishes
- ☐ Determine fair exchange terms for supply chain time/resource investment for exclusive or preferential volume access
- ☐ Consider impacts, timing, and risks of exclusivity

(c.) Supply chain dependencies

- ☐ Ensure transparency around feedstock agreements and critical supply chain actors

(d.) Milestone review checkpoints

- ☐ Build control gates into agreements for unexpected variables affecting milestone deadlines
- ☐ Enable term modifications through consultation to ensure project continuity

(6) Financial considerations

(a.) R&D costs

- ☐ Understand supplier cost requirements (line allocations, personnel, materials, equipment, samples, shipping)
- ☐ Recognize "plug and play" solution impacts on supply chain
- ☐ Maintain cost transparency to clarify supplier risks
- ☐ Discuss budget sharing or brand customer negotiations for partial R&D cost coverage

(b.) Pricing and profit margins

- ☐ Conduct price modeling with supply chain
- ☐ Share pricing forecast dependencies (commercial plant capacity, sales growth) transparently for supplier risk assessment
- ☐ Clarify runway to cost neutrality for comparable alternatives
- ☐ Define pricing strategy for non-comparable solutions requiring long-term premiums
- ☐ Verify brand partner willingness for unit-level upcharge/premium or transition finance strategies (decoupling through innovation budgets/ philanthropic funds)
- ☐ Understand how long transition finance can be sustained
- ☐ Clarify supplier, brand, and retailer margin expectations
- ☐ Consider premium creep and accommodate supply chain actor upcharge expectations in pricing discussions

(c.) Financing vehicles

- ☐ Connect suppliers to investment funds or philanthropic organizations through third-party memberships