

## MAKING WHAT WE BUY SUSTAINABLE IS JUST THE START

November 2023

Sustainable Procurement

### A WIDER HORIZON

You will be familiar with the idea of optimizing what you buy. You may already be challenging what the business is specifying and have questioned the 'needs' versus 'wants' within each buying decision. Now, with the need to move beyond price and security of supply to sustainable and ethical sourcing, procurement must become a more strategic and proactive function.

We will need to elevate our perspective to a whole new level. You may find yourself not only interrogating the design of your organization's products and services, but the whole way the organization works, even down to the way your customers use and dispose of what they buy from you. Ultimately, you may need to help evolve the organization's brands and overall proposition.

I am sure you are comfortable being flexible and agile when buying something different, or sourcing from an alternative more sustainable supplier. When it comes to truly sustainable procurement though, your interest in and influence on what happens in the supply base, expands above and beyond the traditional procurement purview to include:

- What you buy
- Who you buy from and how
- How your organization uses goods/services
- Your brand proposition and communications
- Your product/service offering
- How your customers use and dispose of your products

### SUSTAINABILITY MUST BE YOUR OVERARCHING GESTALT

Sustainable procurement needs to become a driving philosophy that runs through the entire organization. There can and must be, an element of advancing or supporting sustainable best practice in everything you do as a business.

A paradigm shift of this nature requires a mandate, investment and time. In essence, truly sustainable procurement must consider not only what you're buying, but the whole way your organization works. I have already mentioned examining product design right up to your overall strategy, but you will also need to look all the way down the supply value chain network (SVCN). Not easy for many firms to swallow, but the benefits are well proven and supporting case studies abound – and, realistically, what is the alternative?

### COLLABORATION IS KEY

Ultimately this change of approach will require a shift towards more collaborative, flatter more cross-functional and relationship-based procurement. This approach is a positive evolution as it creates a platform from which you can mitigate environmental, human and reputational risk. The resulting new reputational high ground can be further leveraged to directly generate incremental value.

The good news is there is already a well-proven approach that can help - category management.

### USING CATEGORY MANAGEMENT TO DRIVE SUSTAINABILITY

For some areas of spend, a simple desktop review to scope and plan improvement projects to be implemented via cross-functional engagement can be sufficient, or at least a good start. However, eventually achieving true enterprise-wide change will require so much more.

In my book *Category Management in Purchasing*, I lay out the 5i<sup>®</sup> **Category Management** process in detail. 5i is a proven and effective means to help organizations drive reduced price, mitigate price increases, reduce cost, mitigate risk and drive supply-side innovation.

## CATEGORY MANAGEMENT GOVERNANCE IS GOOD GOVERNANCE

Having established sustainability as one of our ultimate objectives, we can design and implement sourcing strategies that balance the achievement of commercial objectives with supply-side sustainability goals. The good news is that an organization with effective category management governance can adapt this same governance approach to realize its sustainability objectives.

## THE AUDIENCES

Once you have completed your assessment, formulated your goals and created your plan, you need to get going. Even with a c-suite sponsor, a mandate and a budget. This will require a degree of winning hearts and minds to smoothly prepare, launch and then successfully manage the necessary initiatives.

Broadly speaking there are three audiences that you need to get on board:

1. Your internal colleagues
2. Your immediate suppliers and the entire supply and value chain network
3. Your external audience

## YOUR INTERNAL COLLEAGUES

In theory, this should be the easiest group and the trick is to identify like-minded advocates, or at least the route of least resistance. Be inclusive and collaborative. Seek opinions and advice from those you need to win over and be seen to use this information in your planning and approach.

Your smart metrics will allow you to evaluate early success and these good news stories will create a positive awareness and buzz in the organization. Be generous with credit and kudos as these are the seeds of advocacy; even the most intractable like to be associated with success.

Start with as many sure-fire winners as possible, no matter how modest the scope, and merchandise the heck from the good news stories they generate. This will progressively increase enthusiasm and reduce resistance. As the army of advocates grows, the will, energy, opportunities and budgets will multiply in proportion.

## YOUR SUPPLIERS AND THE SUPPLY AND VALUE CHAIN NETWORK

We are experienced in working with and driving change in our immediate suppliers, however for the supply and value chain network it becomes much harder because, although you have a strong influence,

this seldom amounts to an actual mandate. It's also harder to verify activity and get reliable data from this group.

The approach used on your internal audience carries some weight here, however this will need to be augmented with education, project administration, governance, and data management and analysis support.

Initially, you may need to incentivise participation, which could take the form of incremental business, education and training, funding of joint initiatives, or even financial incentives. These would need to be conditional on meeting auditable conditions and supplying verifiable data.

Again, once you have crafted your good news stories, celebrate your successes and liberally share the credit, ensuring you help your partners benefit from the positive PR generated. The positive halo effect will help convert advocates into evangelists.

## YOUR EXTERNAL AUDIENCE

This group is not directly involved in implementing your sustainability initiatives. They are however, key in creating awareness and spreading your success stories which will be invaluable in getting target stakeholders on board, building advocacy, removing barriers and generally smoothing the way.

Creating a strong positive impression amongst customers and prospects, together with potential investors and prospective employees, is vital to your organization going forward.

This should be the easiest group to enthuse as they are not really required to do anything other than listen, learn and be inspired (then tell everyone they know!). This group may comprise:

- Customers and prospects
- Associated companies
- Professional bodies and associations
- Industry commentators and influencers
- Potential investors
- General media
- Potential employees

## CRAFT THE NARRATIVE AND SHARE THE CREDIT

To ensure you get the most from your winning initiatives you must recount the results in a compelling, factual, engaging and concise way, giving credit to all those involved (and even some who weren't but you need them onside).

Wherever possible, orientate your presentation from the perspective of your specific audience (the positioning for customers would certainly be different to that for investors). Determine what you want your specific segment to do. Understand how they need to feel and think in order to do these things, then craft your story accordingly.

## IN SUMMARY

**Get really comfortable with the prospect of change** - business as usual is how we got into this mess, so things have to change. Sustainability must take its place alongside growth, improved profitability and increased shareholder value at the top of the objectives for all organizations.

**Look for some quick wins** – do the doable first. Find projects that will get buy-in and approval and deliver early results. Merchandising their wins will generate enthusiasm, inject momentum and help ease approvals for the next round of initiatives.

**Set clear goals with smart metrics** – keep goals concise, defined and achievable with metrics that are factual and verifiable. Always explain and clearly illustrate their real value to the organization.

**Get buy-in everywhere** – get key stakeholders and influencers on board early and nurture them with information and good news stories. Be generous with information and don't stint on the credit and praise.

**Be collaborative** – make plenty of seats at the table and create advocates. Involve widely, even if this means extra effort. Ensure clear, engaging and informative communications to paint the same picture in everyone's head. Share knowledge through training and mentoring both internally and within your customers, influencers and the SVCN.

**Make the first move** – show the way by example. Share the learning from your successes. Help others to succeed like you have, then mentor, invest, support and reward.

**Reward participation** – not every supplier or even key individual has the knowledge, capability, resources or will to make the necessary changes. Consider investing time, information and resources (both in terms of people and finance) to incentivise or reward successful sustainability innovation.

**Craft good news stories and share them everywhere** – everyone wants to be associated with a success story. So, take your results and weave them into an informative, compelling and concise story that evaluates both the positive sustainability impact and the commercial value each initiative delivers.

This may be in terms of improved brand PR, mitigated reputational risk, improved community relations or actual commercial gain.

**Be obsessive!** Look for opportunities to improve sustainability everywhere and encourage others to do the same. No matter how small these changes may seem, they all add up and reinforce sustainability as a core brand belief, whilst adding reasons to believe to your stories.

**Do more...** The scarcest raw material of all is time - and time is certainly running out for us all, so do one more thing (then another...).

## FINAL THOUGHT...

According to Staal (2021), a minimum of 50-70 % of the changes that are needed to sufficiently arrest catastrophic environmental destruction, will originate from the companies that power the global economy and *directly involve the supply chain*.

So, whilst few of us enjoy the platforms of Sir David Attenborough, Mike Pentz and Greta Thunberg, if enough of us in the procurement community can make enough of the right changes, we can be the single most important factor in slowing, then eventually reversing, catastrophic environmental damage – basically saving the World for future generations.

Now I know we are highly unlikely to get any recognition for our efforts, but if we pull it off (and it is a big "if") I for one will be walking a little taller and feeling very good about the high balance in my good karma account!

This insight article is adapted from *Sustainable Procurement: A Practical Guide to Corporate Social Responsibility in the Supply Chain* by Jonathan O'Brien © 2023 and reproduced by permission of Kogan Page Ltd.

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## REFERENCES

Staal, A (2021) *The Business Case is positive - Evaluating Ten Procurement Strategies for Implementing Sustainable Procurement in New Zealand Organisations*. Available at: [https://www.researchgate.net/publication/349297798\\_The\\_Business\\_Case\\_is\\_positive\\_-\\_Evaluating\\_Ten\\_Procurement\\_Strategies\\_for\\_Implementing\\_Sustainable\\_Procurement\\_in\\_New\\_Zealand\\_Organisations](https://www.researchgate.net/publication/349297798_The_Business_Case_is_positive_-_Evaluating_Ten_Procurement_Strategies_for_Implementing_Sustainable_Procurement_in_New_Zealand_Organisations) (Accessed: 5 July 2023).