 *The world is warming up*, the population is growing and we are using resources at an unsustainable rate. If we are to face down this triple threat, then business and government need to work together like never before.

Sustainable procurement is coming of age. Five years have passed since the publication of the UK government's sustainable development strategy *Securing the Future*, which contained the rather obvious conclusion that government may be able to influence markets with an annual spend in excess of £175bn. *Procuring the Future*, published a year later, gave us the 'Flexible Framework', devised to summarise advice from major businesses on how the public sector may set about this task. The Flexible Framework was designed as a strategic guide to the enablers necessary to deliver sustainable procurement; it does not tell you how to do it.

September 2010 saw the publication of the world's first formal standard to describe overall sustainable procurement practice. This is BS 8903, which I hope will be adopted as an ISO standard in future in a similar way that the quality assurance world adopted BS 5750 as ISO 9001, the global benchmark for good quality assurance. This was quickly followed by a book on the subject from BSI publications and guidance for the construction industry from CIRIA (Construction Industry Research Association), both published in early 2011.

BS 8903 and the CIRIA guidance build on the Flexible Framework concept by describing the fundamental business drivers, organisational enablers and how procurement practice needs to be done differently. My small company will perform the first competence review against the standard for one of our long-standing clients. We have set a very hard exam and I believe they will do well, but the lessons learnt along the way will, I suspect, be worth sharing.

Change behaviour

Standards are an important aspect of behaviour change but it is not as simple as this. In order to do something different, an organisation needs to have a reason to do so. Organisations may have a variety of reasons to be sustainable; they may be led by a personal vision, such as the late Anita Roddick of Body Shop, by market leadership like Marks & Spencer, by competition as seen in the automotive sector, or by public duty, such as utilities and public bodies. All organisations have a unique mix of these motivations and it is vital to understand them in order to make decisions about how you need your supply chain to behave.

Businesses and cash-challenged public bodies need a strong reason to do anything. It is no longer acceptable to have sustainability as a bolt-on extra just because 'it is the right thing to do' or because it is 'good PR'. If you don't have a good reason (or reasons) to be sustainable, then don't do it. However, be aware that if you don't do it you may not have a business for much longer.

Will to innovate

The idea of innovation to support sustainability (eco-innovation is the fashionable term) is as compelling as it is challenging. I recently had a fascinating discussion with a potential client who was passionate about eco-innovation and wanted some help to get more of it into her supply chain. We were

SUMMARY

Most organisations have the potential to use their spending power to influence more sustainable behaviour – but few do. To really make progress, organisations need a common set of standards to work from, they also need significant behaviour change to consider wider aspects of procurement, innovation and assurance, writes Action Sustainability director Shaun McCarthy




talking about how this may work when she added, "but, of course, we would expect the product to have a three-year track record of reliable service. That's our minimum standard." By definition it can't be innovative, then. Here is another procurement professional that does not have the wit, courage or authority to take a risk.

Innovation is all about risk and if you don't have an appetite for risk, then there is no point pretending you are encouraging eco-innovation, or any other sort of innovation for that matter. It is about finding out what the market may be able to provide in the future rather than specifying things you have always had. To quote Henry Ford, "If I had asked my customers what they wanted, they would have asked for more horses." Are you the sort of buyer who asks for more horses? Or will you take a chance on something new?

Passing the test

It is not all bad news. I have been leading a project recently that we call 'Green Dragons'. The format is a bit like UK television show *Dragon's Den*, in that CPOs get to quiz small suppliers of innovative products and decide if they are interested in having the product in their supply chain.

This bit is all great fun, but that is just the beginning – positioning the product at an appropriate point in the supply chain, dealing with sceptical technical people and others is a 

long haul, but it is worth the effort when you help a small, truly innovative supplier break new ground, deliver cost savings, achieve environmental benefits and create new jobs and local prosperity.

Until recently, the application of sustainable procurement was limited to sending a standard questionnaire to all suppliers, performing some rudimentary evaluation to keep the environment people happy and making sure the information is never used to make a procurement decision. The question, “how do you know?” was not often asked.

Times are changing though and below I've highlighted three companies that have been on really interesting journeys:

United Utilities

United Utilities (UU), a provider of water and wastewater services based in north west England, embarked on a comprehensive development of sustainable procurement in 2008. UU began by providing training to all its supply chain staff in its organisational sustainability goals and how they could make a difference in terms of supply chain management. Staff received a combination of classroom-style teaching, interactive workshops, one-to-one surgeries and many informal meetings and coaching sessions.

Employee opinion surveys across UU over the past three years show a significant improvement in staff perception around sustainability. Specifically, UU asked its employees if they know how to take action to make the company more sustainable. In 2008, survey results showed that less than 40% scored favourably in the supply chain department. Since the introduction of the sustainable supply chain strategy, this percentage has risen to more than 90%. This has also contributed to the retention of key talent in the department and sustainability is now a key driver for any new recruitment.

Skanska

Skanska has created a comprehensive sustainability strategy aimed at supporting its corporate objective to be the “greenest construction company in the world”. A key element of this strategy is to support its suppliers on the journey to achieve ‘five zeros’ related to defects, accidents, environmental incidents, ethical breaches and losses. This is used to assess all projects and helps Skanska measure and meet its sustainability objectives.

The organisation recognises that it cannot deliver its objectives without the support of key supply chain partners and wants to engage with a supply chain that mirrors its commitment to undertake activities in a sustainable and responsible manner.

To clearly communicate its expectations and requirements, Skanska has created a supply chain strategy document that sets out its sustainable procurement policy, key targets and objectives. The policy sets out very clear requirements and suppliers are being encouraged to join Skanska on the journey to deep green.

It's a testament to the success of this to see Skanska at the top of the recently published *Sunday Times* ‘Best Green Company Awards’. I have worked with Skanska for a number of years to help it build its vision to be “the most sustainable construction company in the world”. Like Marks & Spencer in the retail

A GUIDE TO SUSTAINABLE PROCUREMENT

- Be aware of the issues – sustainability is a constantly evolving agenda and it takes time to address issues in complex supply chains. You need to be up to date with today's issues and have a clear view of things that will impact your organisation in the future.
- Understand why – if you are not doing this to mitigate a risk, or to achieve an organisational objective, you probably should think again. Look for the ‘golden thread’ back to your organisational goals.
- Understand your impacts and risks – a robust analysis will lead to a clear understanding of what you are trying to achieve and why.
- Understand your supply chain – good purchasers should already know where excessive costs may lie within their supply chain. But what about excessive risk or environmental impact?
- Make a plan – devise a plan for the medium/long term and take your suppliers and stakeholders with you. Do not be tempted to find a one-size-fits-all solution.


sector, Skanska believes there is a market for more sustainable construction and it is looking to create this market in all the countries in which it operates. Look out for more innovation in Skanska's supply chain very soon.

FMC Technologies

FMC Technologies is part of a global organisation and makes sub-sea oil wells for the oil and gas sector. There are four companies in the world making this type of kit and with a 50% share, it is a market leader.

Its current sustainability achievement is remarkable: zero waste to landfill in 2010, 28% reduction in carbon emissions by 2010 compared to 2005 and 25% reduction in water consumption in the same period.

The next stage of its journey is even more incredible. It has planning consent to build a 1.5mW wind turbine on its site to generate electricity and the company plans to make carbon part of its competitive evaluation in the near future as it strives for a zero-carbon supply chain in the long term.

For the past two years, FMC has been donating money related to the emissions of its flights (necessary to support its equipment in the field) to a fund called Greenshoots. This is used to fund carbon reduction projects in the community. For two years, it has been inviting clients to ‘pay’ for the carbon embodied in their product by contributing to the fund, which had been met with indifference until recently. In the past few months, however, two very large clients have decided to get involved, which has led to the Greenshoots Fund being established as a charity and an application will shortly be submitted to the Scottish Charity Regulator. 



Shaun McCarthy is director for Action Sustainability, a social enterprise with a mission to inspire sustainable procurement. He is also chair of the Commission for a Sustainable London 2012, senior advisor to the Institute for Sustainability and a commissioner for the London Sustainable Development Commission. He has more than 20 years senior management experience with large companies, mainly Shell and BAA.