

Steps you can take to "green" your procurement



Everyone wants to go green, right? Some want to for sophisticated reasons – reputation, image and buy-in; others realize it simply means savings: money, time, effort, cost, efficiency – all of the above. Like any savings, these require investment and planning. So let's say your organization is convinced and committed. How do you actually get started?

Chantal Line Carpentier works with the Commission for Environmental Cooperation, an organization that came out of the *North American Free Trade Agreement*, engaging Canada, the US and Mexico. She is one of the bright lights behind the North American Green Purchasing Initiative (NAGPI) and its new green procurement self-assessment tool, Eco-S.A.T – designed to help professional purchasers evaluate environmental purchasing initiatives and identify opportunities for improvement: www.solutions.ca/EcoSAT.

Tim Reeve manages the BC-based Sustainability Purchasing Network, an innovative public-private initiative, recently established to help organizations along the path from inception to advanced practice in developing and implementing sustainability purchasing policies: www.fraserbasin.bc.ca/news/index.html.

Jodi Tomchyshyn is one of the people behind Alberta Environment's Green Procurement Policy. Disclaiming direct expertise in procurement, she understands well what it takes to "green" an organization. Jodi recommends an article for the perusal of pros: "Leading by Example: Green Purchasing in King County, WA." *Journal of the Procurement Professional*, October 2005: www.govpro.com.

Do you have any tricks of the trade to share? Here's their advice. Let's chat!

Sit down, take a deep breath, sip a beverage, open your mind and stay awhile while we chat with:



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Chief, Environment, Economy and Commerce, Commission for Environmental Cooperation



Tim Reeve
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How green is my buying?

Carpentier: Walk the talk and have green procurement policies in place. The 80 percent of the population that do not tend to buy green products need to see leadership. A policy legitimizes changes in traditional purchasing procedures, verifies senior management support, and educates individuals, staff and the organization about the importance of buying less polluting products from less polluting companies. It also helps document a vision for balancing price, performance and environmental considerations in making purchasing decisions, and reinforces the purchasing role in achieving the organization's other environmental objectives. Also, the costs of acquiring environmentally preferable goods should be less with the scale effect of government procurement.

Reeve: A policy framework that gives procurement experts a mandate within the organization to move forward with environmental purchasing, providing the authority to create accountability within

the organization has real value. The policy need not be long or complicated, just clearly give direction to the organization for buying products that reduce their environmental footprint. Internal green purchasing champions can be effective but, from a strategic and holistic perspective, it can be an up-hill battle so, a recognized, approved policy is very valuable. However, what is most important is implementation, not a long, drawn out process to develop policy. Put less effort in coming up with a "be-all, end-all" perfect policy and more into something everybody can live with, buy into and get on with its application in day-to-day operational practices.

Tomchyshyn: First attain top down support for green procurement, including establishing a signed corporate green procurement policy. Management must be informed about the costs and benefits of green procurement. A green procurement policy should also include a price differential that allows a procurement officer to spend a little extra, perhaps 10 percent, to buy the green product. As demand grows, the price differential for green products will decrease. Managers should be aware of the impacts that green procurement can have to drive green product development, corporate social responsibility and actual costs and benefits – look for the low hanging fruit.

Green can be big like a mountain, important like an ocean or tall like a tree

Reeve: Start with a focus on a small basket of commodities, perhaps with products rather than services, and do a great job of purchasing them with reduced environmental footprints in mind. To choose the commodities, look at what your partners and neighbours are doing. If there is a high degree of interest around you in climate change or energy efficiency and others are going out into the marketplace in that area, there may well be synergy and supply signals built up that are advantageous. Look at your own organization's environmental interests. If yours has a

greater interest in energy efficiency, look at vehicles and fuels or electronic equipment efficiency, then maximize the benefits in that area. Start small and pick the low hanging fruit; choose that basket strategically; do a great job; gain experience; get comfortable with the process; build an internal business case; and then branch out from a position of strength, a foundation from which you can grow. Choose a basket that is highly visible within the organization and have a high impact on core business bottom lines, making sure that the market is fairly well developed, and success there is most likely.

Tomchyshyn: Test products before recommending them corporate wide. One bad experience can ruin a green product's reputation for life. The reputation of recycled paper in the early 1990s still lives in many minds and has made people afraid to try again. Employees that have been around for a few years may remember green products used in the past that failed or have a perception that recycled products are of a lower quality. Sometimes they have heard untrue urban myths – that recycled toilet paper is used toilet paper that has been cleaned is the grossest misconception I've ever heard! Users are more likely to order the tried and true before anything new or green. Purchase a test batch of "green" paper, recycled oil, refillable pens or such. Know how to use the products and what, if any, issues there might be. Be honest and inform intended users to build a good track record when introducing new products. Educate the users. Education will increase confidence in green products, but also, education specifically on the corporate green procurement policy will relieve the stress of being at fault if a green product doesn't work as well as intended.

Carpentier: There must be training in place for all employees, especially for those who must implement the policy. This is particularly important for janitors, maintenance and clerical workers as well as others who may believe "green" products may be inferior. Training corrects and de-

mystifies such beliefs. Don't try to reinvent the wheel. Use tools, information, templates, procurement policies, best practices and linkages between suppliers and purchasers provided by networks such as the North American Green Purchasing Initiative (NAGPI) and its members (www.NAGPI.net).

It's green, they say, on the far side of the hill!

Tomchyshyn: Develop a measurement system. What gets measured gets done; what doesn't is seen as voluntary. Without measurement there is no accountability, no tracking, and no way of improving performance. Tracking even the smallest action such as number of nights spent at Green Key or Green Leaf hotels versus non-green hotels or number of uses of green caterers that supply reusable dishes will be noticed internally. Small accomplishments build pride and are stepping stones to further green procurement.

Carpentier: Rely on certified products such as Ecologo, GreenSeal or FSC and ask questions of suppliers. Ask for a copy of the standard they are using. Is it clear, consistent, and thorough? Does it identify specific human health and environmental concerns and specify detailed safety testing protocols? How does it compare with other reputable standards? Was it developed by an independent third-party or by the company, and who paid to have the standard developed? Was the public invited to participate throughout the standard development process, and are all stakeholder comments and responses publicly available? What verification process must they use to prove their products meet the standard? Are companies allowed to self-certify or required to use an independent third-party to meet the standard? Is the verification process a cursory review of product information or does it require an on-site visit by the certifying organization?

Reeve: Strengthening the internal capacity of the organization to make green

procurement part of regular operations is a key element. Green purchasing initiatives are most successful when multidisciplinary teams work together. They must also be based on effective communication, training and awareness to develop a culture, knowledge base along with regular practise to make it a best practice. Beefing up the expertise of purchasers in partnership with functional departments, suppliers and end users creates internal capacity development, and builds on the ability to expand green purchasing to services or other procurement areas. If the organization then desires, it can introduce other procurement considerations such as purchasing based on ethical considerations, human rights, labour practices, community involvement or other issues. I believe strongly in incremental change and building on success.

Coming in September paradigm shift

by Jon Hansen

AS A LEADING AUTHORITY on improving supply chain management, Jon has authored numerous studies and articles. His award winning "Changing Face of Procurement" conference series is the basis of an accredited seminar being developed for PMAC, which he will also teach. Jon is on the Board of Governors and the Public Sector Business Committee of ITAC (www.itac.ca). He was an Ottawa finalist for the Ernst & Young Entrepreneur of the Year Award in 2004 and 2005.

Watch for:

- The changing face of procurement: Discontinuous innovation (DI) occurs when a new entrant or existing player in the market changes the rules in an unusual way.
- Why e-procurement initiatives fail: Traditional technology-centric approaches to e-procurement initiatives, driven from either a finance or IT perspective, are at the heart of e-procurement initiative failures.
- Business intelligence is intelligent business: Who controls your supply base and do you know when you are getting best value costing?
- Winning strategies for vendor engagement: The important role that suppliers play in achieving your organizational objectives is often miscalculated or overlooked.