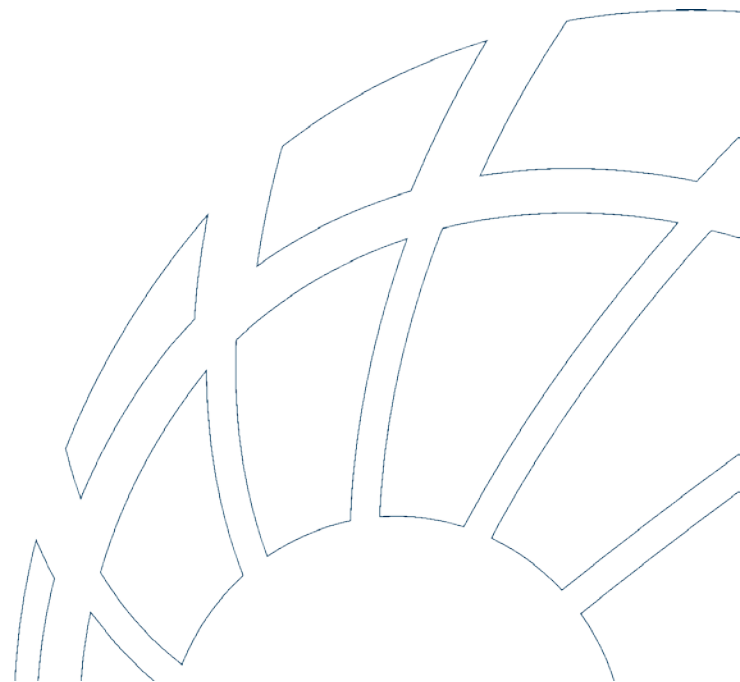




“Where will our knowledge take you?”

# **Sustainability in an austere time and sustainable procurement, a practical approach**

Mark Hedges



# About

## Mark Hedges

- **Senior Consultant, 13 years in organisational sustainability**
- **Key clients: MOD, NHS, Defra, Envirowise, BBC, WRAP, + multiple private sector**
- **British Standards Technical Committee Member – BS8903:2010 ‘Principles and framework for procuring sustainably’ – released Autumn 2010**
- **Author – Guide to Sustainability in Defence Acquisition / AOF content**

# Coverage

- **Sustainability, in an austere time**
- **Sustainable procurement – a practical approach with  
BS8903:2010**
- **Benefits**
- **Q&A**

# Sustainability in an austere time - Context

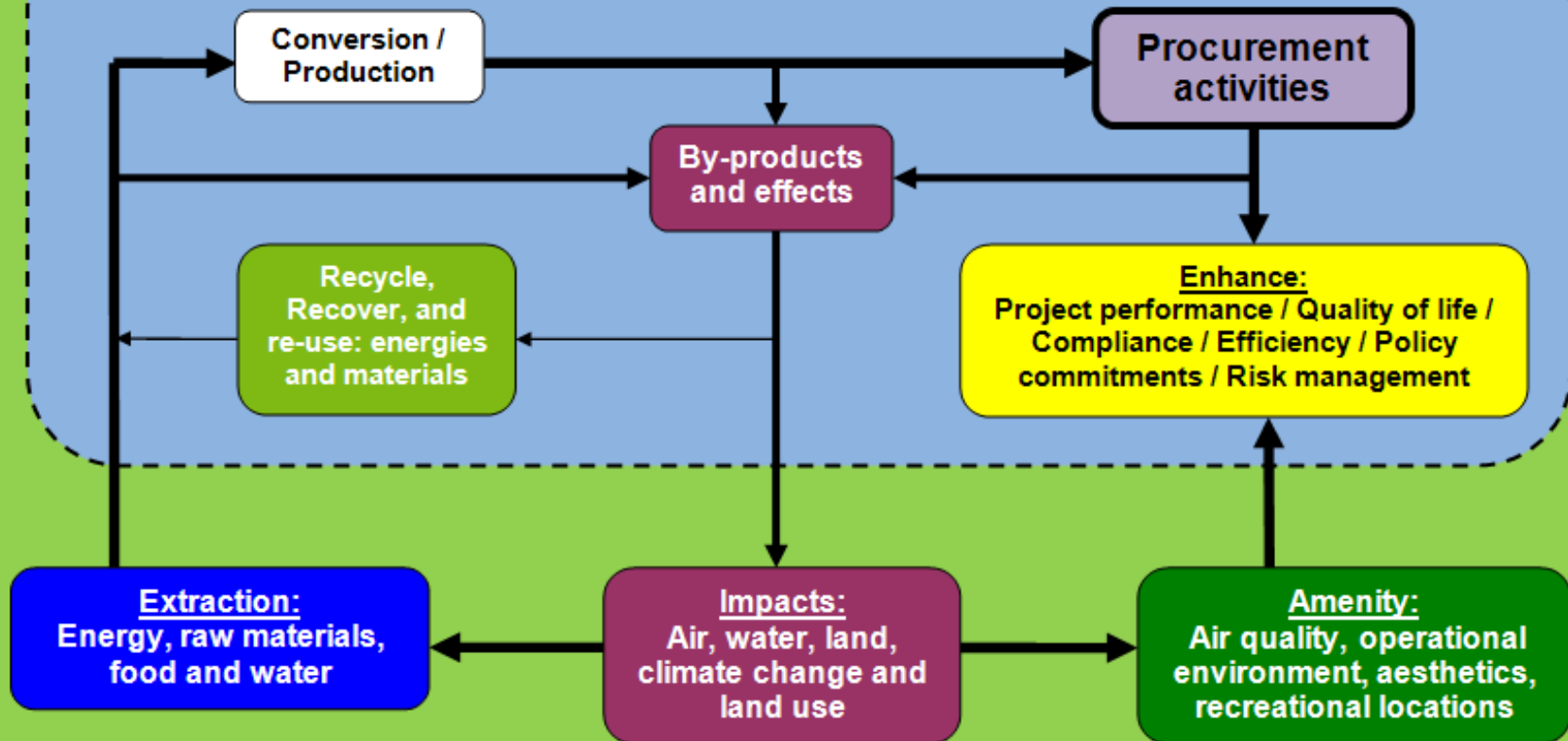
**“A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty” Sir Winston Churchill**

- Ambitious public sector cuts
- Wider issues - food production, water scarcity, inequality, climate change, population, natural resources etc
- Challenge to continue to address wide issues whilst reducing expenditure

# Sustainability in an austere time - Context

## Environment / Bio sphere

### Societal and Economic connections

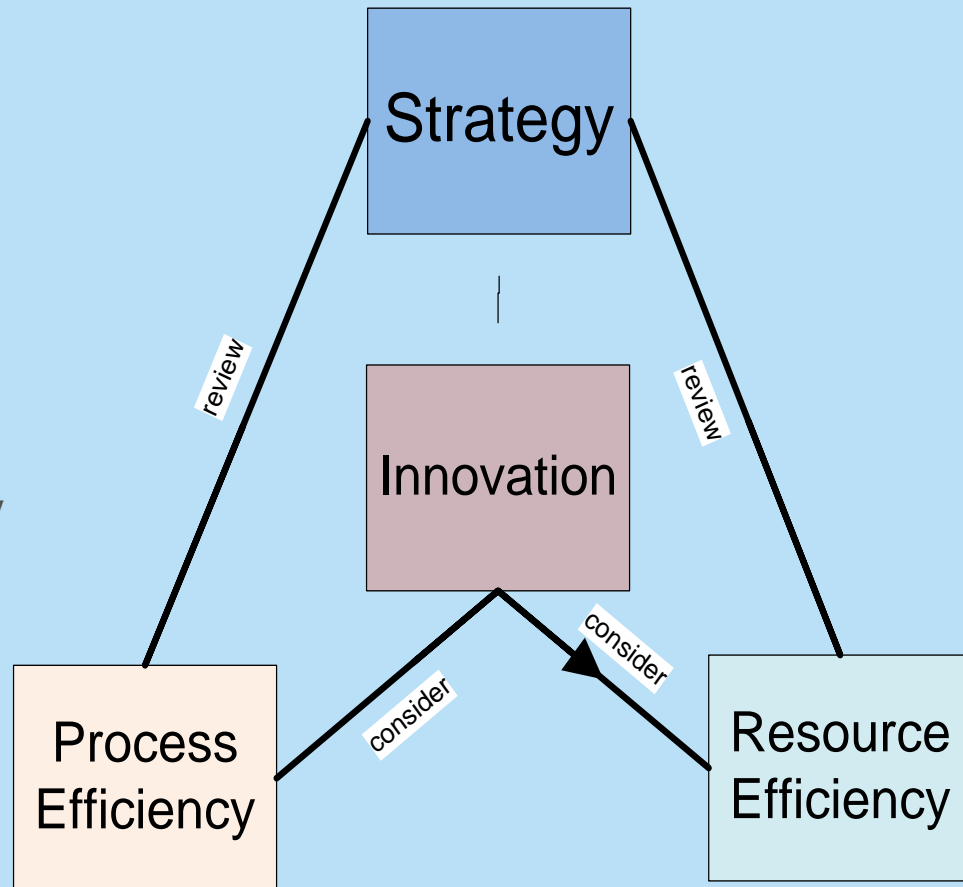


# Sustainability in an austere time - Introduction

- **Austerity drives short term efficiencies**
- **Long term aspirations can be missed**
- **Sustainability drives innovation and entrepreneurialism**
- **Time to reflect on the fundamental purpose of the organisation**
- **All organisations exist to enhance quality of life**
- **Sustainability seeks complete understanding of present and future operations**
- **Sustainability is the intelligent approach to austerity**
- **Sustainability provides balance of economic, social and environmental responsibility**

# Sustainability in an austere time – The Practical approach

- Requires analysis and change in:
  - Strategy
  - Innovation
  - Process efficiency
  - Resource efficiency



# Strategy

- Integrate sustainability at the heart of the corporate / project ethos
- Sustainability strategy must be founded on the goals of the business plan
- There is a hierarchy of strategic approaches
- Sustainable procurement provides tools for enacting part of the strategy
- Practical approaches:
  - BS8903:2010 'Principles and framework for procuring sustainably'
  - SuMS



# Innovation

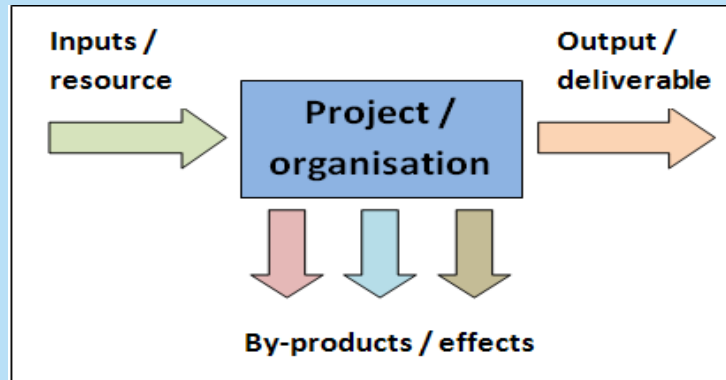
- Sustainability provides a new mechanism for review
- Innovation is radical and transformational
- Often the preserve of senior management
- True adaptation and transformation is only achievable when all staff are encouraged to innovate
- Stakeholders should contribute to product, service and process innovation.
  - This can be achieved through the procurement process by stipulating a challenge and not a solution – troop carrier example

# Process efficiency

- Remove processes that do not achieve the fundamental purpose
- Shorten the distance between the start of activities and customer satisfaction
- Systems and processes have multiple drivers – cost is one
- If a process has already been cost optimised two options remain – radically re-engineer or terminate
- Benefits include:
  - organisational / project advantage
  - reduced complexity – fewer steps, more robust
  - engender culture of sustainable thinking
  - future proofing
  - streamlined operations
  - supply chain resilience – supply chain example

# Resource efficiency

- Every organisation requires a flow of materials and energy



- Each carry variable quantities of economic, environmental and social consequence / opportunity
- Changing the flow of material and energy at these points provides efficiencies – the ability to achieve more for less
- Think of knowledge as a resource
- Efficiency at input is more desirable than output and by-product
- Sustainable procurement seeks better economic, social and environmental performance throughout the lifecycle – deployed equipment example

# Sustainability in an austere time– Checklist

## Strategy

- Is there a proper strategic approach to corporate sustainability in your organisation?
- Are sustainability goals measurable?
- Have strategic goals been reviewed in light of recent spending cuts?
- Are the resources still going to be available to deliver the strategy?

## Innovation

- Has there been a structured approach for engaging staff ideas for ways to reduce costs?
- Are all staff aware of the sustainability strategy and their role in delivering it?
- Are staff supported and rewarded for finding efficiencies and better ways of delivering organisational objectives?

# Sustainability in an austere time– Checklist

## Process efficiency

- Are all business functions that are currently undertaken necessary to achieving the fundamental purpose of the organisation?
- Do all business functions enable effective and efficient progression towards the fundamental purpose of the organisation?
- Do any business functions exist entirely to facilitate a link between business functions?

## Resource efficiency

- Is the relationship between the outputs of the organisation and that of its inputs acceptable?
- Does an analysis of inputs and outputs present an imbalance? For example; unnecessarily high overheads, under-utilisation or significant raw material or energy wastage.
- Can comparisons be sought of resource use models at similar scope organisations?

# Sustainability in an austere time— Summary

- Synergy between intelligent cost management and SD/SP
- Reengineering systems, processes and organisations sustainably will produce cost savings
- It won't happen by accident
- Principles and practices of sustainability align well with austerity
- **Metaphor:**
  - Weight loss = cost cutting

# Sustainable procurement – a practical approach with BS8903:2010

## Main content

- **Introduction**
  - Defines sustainable procurement
- **Fundamentals**
  - Strategy
- **The procurement process**
  - Sustainability considerations at each step
- **Enablers**
  - People
  - Risks / opportunities
  - Engagement
  - Measurement

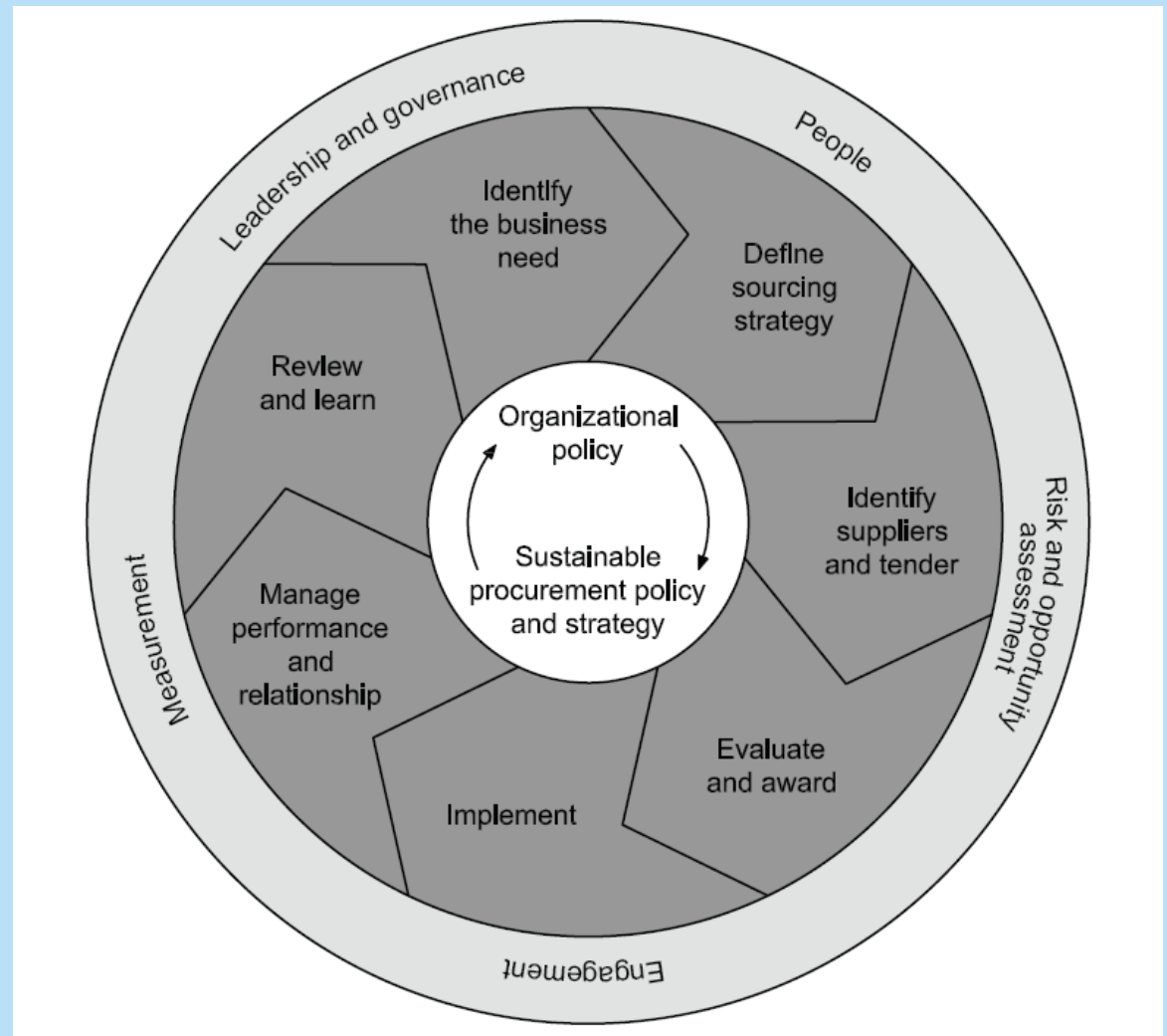
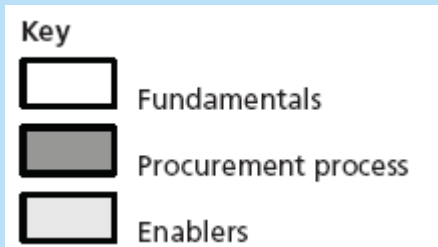
# Sustainable procurement – a practical approach with BS8903:2010

## Other useful content

- Public procurement guidance
- Stakeholder engagement
- Introduction to ecolabels and declarations
- Example PQQ's
- Further resources



# Sustainable procurement – a practical approach with BS8903:2010



# Sustainable procurement – a practical approach with BS8903:2010

Environmental issues	Social issues	Economic issues
<p>Emissions to air (e.g. greenhouse gases, such as carbon dioxide, and other pollutants).</p> <p>Releases to water (e.g. chemical pollution of water courses).</p> <p>Releases to land (e.g. chemical fertilizers).</p> <p>Use of raw materials and natural resources (e.g. sustainable forestry, biodiversity).</p> <p>Use of energy (e.g. energy efficiency, renewables).</p> <p>Energy emitted (e.g. heat, radiation, vibration, noise).</p> <p>Waste and by-products (e.g. recycling and waste prevention).</p>	<p>Encouraging a diverse base of suppliers (e.g. minority or under-represented suppliers).</p> <p>Promoting fair employment practices (e.g. fair wages, workforce equality, diversity, avoidance of bonded labour).</p> <p>Promoting workforce welfare (e.g. health and safety, trade union membership).</p> <p>Enabling training opportunities and skills development (e.g. apprenticeships).</p> <p>Community benefits (e.g. supporting community groups, volunteering).</p> <p>Fair trade and ethical sourcing practices (e.g. fair pricing policies).</p>	<p>Job creation (e.g. green technologies, creating markets for recycled products, back to work schemes).</p> <p>Understanding whole life costs to achieve value for money.</p> <p>Supporting small and medium enterprises (SMEs) (e.g. facilitating opportunities for small businesses).</p> <p>Reducing entry barriers (e.g. facilitating open competition).</p> <p>Ensuring operating business remains a viable operation able to provide employment.</p> <p>Ensuring suppliers' agreements are at fair and viable margins.</p> <p>Ensuring business continuity (e.g. supply chain resilience).</p>

# BS8903 / Sustainable procurement benefits

## Financial

- More efficient goods and services
- Challenging demand at source
- Reduce disposal costs
- Supply chain efficiency / resilience
- Develop market capacity
- Encourage innovation
- Analysis of whole life costs



# BS8903 / Sustainable procurement benefits

## Risk

- Legal
- Financial liability
- Moral/ethical
- Security of supply
- Reputation
- Price volatility



# BS8903 / Sustainable procurement benefits

## Organisational

- Policy
- Objectives and targets
- Values, culture and business ethos

## Stakeholders

- Expectations and awareness raising
- Accountability
- Environmental and social aspects important
- Foster stakeholder goodwill



# BS8903 / Sustainable procurement benefits

## Marketing

- **Positive image**
- **Drive more sustainability into procurement**
  - Environmental, ethical and fairly traded goods and services
- **Attract and retain best talent**
- **Build competitive advantage**
- **Consistency in communication – internally and externally**



# Review

- **Sustainability, in an austere time**
- **Sustainable procurement – a practical approach with**

**BS8903:2010**

- **Benefits**

# Thank you

## Further Info

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