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# A NEW ERA FOR GREEN PROCUREMENT

*Sustainable procurement work has never been more exciting. New data, science, and processes are coming together with years of on-the-ground experience to create a new paradigm. A higher education pilot project is laying the groundwork for a sustainable procurement leadership recognition program, modeled on the USGBC's LEED rating system.*

*by* **SAM HUMMEL**

**IN THE EARLY DAYS OF THE "GREEN" PURCHASING MOVEMENT,** institutional procurement professionals only had to focus on a few product attributes, such as recycled content, or on a few eco-labels, such as FSC-certified wood. In fact, of the more than 400 eco-labels tracked by Ecolabel Index today, only 25 pre-date 1996. In addition to navigating the explosion in eco-labels, buyers are now expected to take into account the impact of products throughout their lifecycle. What are the waste, water, and air pollution impacts during manufacture? What about during their use? And what happens at the end of their useful life? Taking all these impacts into account requires matching them up with credible eco-labels or standards that certify those impacts have been mitigated to a specified degree. It also requires having a plan for the reuse, recycling, or safe disposal of the product at the time of purchase.

Environmental factors are no longer the only points of emphasis for the responsible purchasing movement, however. Thinking more holistically, "sustainable procurement"

requires taking into account the economic and social impacts of products as well as environmental impacts throughout their lifecycle. Total cost of ownership accounting helps institutions avoid buying a product whose lower up-front cost is more than offset by inefficient power consumption that drives up utility bills during the product's use or the inclusion of toxins that incur hefty disposal fees. Buying local strengthens the community in which an institution resides. Similarly, buying from historically underutilized businesses, such as those owned by women and minorities, returns resources to the communities in ways that better reflect the demographics the institution serves. Ensuring that products are not manufactured in sweatshops supports employers that provide healthy working conditions while also reducing the institution's risk for bad publicity.

When all of these factors are combined, the resulting synergy often produces elegant and unexpected solutions that are a win-win-win from a social, environmental, and economic perspective. While implementing a green cleaning program, Rutgers University reduced its annual cleaning chemical costs more than 20 percent by simplifying the number of chemicals in use and by metering portions so there was less waste. Because workers were no longer being exposed to harsh chemicals, the institution reaped a further savings in lower worker compensation insurance premiums. "The janitorial staff liked the new products so much they wanted to take them home, so we set up a program for them to purchase them at a discount," recalls Kevin Lyons, director of the Supply Chain Management program at Rutgers Business School and author of *Buying for the Future: Contract Management and the Environmental Challenge.*

## COMPLEXITY COMPOUNDED

**UNTIL NOW, IT HAS BEEN THE RESPONSIBILITY** of each institution to pull all of these pieces together into a coherent sustainable procurement program. Typically, institutions interested in starting such a program are advised to form a stakeholder group, review the best practices and policies at peer institutions, draft a sustainable procurement policy that defines what purchases count as sustainable, design a program to implement the policy, and determine metrics for measuring the program's success. Most institutions could execute that process when there were only a handful of eco-labels and standards, but as the complexity of factors has increased, the cost of this process has become an increasingly high hurdle for nascent sustainable procurement programs.

Institutions pursuing this path today usually make the task manageable by borrowing from the policies of preexisting sustainable procurement programs, many of which are not keeping their policies up to date with rapidly changing science and market conditions. The result is a patchwork of similar but different policies and programs, each with its own metrics for success. This discordance confuses vendors and makes it difficult for institutions to share the cost of training. And when it comes time to trumpet the accomplishments of the program, it's difficult to do so in a way that is widely recognized.

**LEED HAS BEEN INCREDIBLY SUCCESSFUL AS A VOLUNTARY STANDARD THAT IS DRIVEN BY LEADERSHIP RECOGNITION. WILL THE SAME MODEL WORK FOR SUSTAINABLE PROCUREMENT? WE CAN ONLY FIND OUT BY TRYING.**

## BOTTOM-LINE RESULTS

**AS THE COMPLEXITY OF THE MARKETPLACE** and policy environment grows, so too do the pressures to deliver results. While stakeholders in the past might have been satisfied to see their institution bump up the recycled content in its copier paper, now they want to know more. How big was the impact of that change? Given that paper use continued to rise, did the switch actually produce a net benefit? What's the total impact of the institution's purchases? Is it going up or down? How can we cut it in half? In many cases the procurement staff don't have the data or the scientific backgrounds to answer these questions, but these are the kinds of questions that must be answered if an institution is serious about sustainability.

Institutional stakeholders aren't the only ones asking questions. Procurement staff are increasingly being asked to report sustainability spend data to third parties. In 2011, 30 percent of the respondents to an annual Green Procurement Survey conducted by the National Association for Educational Procurement (NAEP) said they are now reporting their "green spend" to external parties, up from 19 percent just a year prior. Naturally, in the absence of a standardized sustainable procurement assessment tool, each third party is asking for the reporting of similar but different data.

## A NEW PARADIGM

**THE TIME APPEARS TO BE RIPE** for a standardized assessment and leadership recognition program for sustainability in institutional procurement. The need is clear and the list of potential benefits is long, as indicated in the sidebar on page 11. Just as LEED allowed building professionals without sustainability science degrees to create buildings that make sustainability scientists swoon, a similar program for institutional purchasing can empower procurement professionals to produce dramatic benefits for the planet, society, and their institution's bottom line — without their needing to be experts in the science of life cycle assessments.

A pilot project launched this summer by the Green Products Roundtable (GPR) and the Association for the Advancement of Sustainability in Higher Education (AASHE) intends to explore exactly how such a program might work. The project will use the best available science and knowledge from the field to assess the effectiveness of the procurement credits in AASHE's Sustainability Tracking, Assessment & Rating System (STARS), a transparent, self-reporting framework that more than 300 colleges and universities are now using to assess their sustainability performance. As Chris O'Brien, American University's director of Sustainability and STARS Steering Committee member, observes, "The STARS procurement credits are filling in the gap in the absence of a comprehensive procurement assessment tool, so we want to know that STARS is prioritizing the right things."

The pilot project grew out of a public meeting GPR hosted this past January in Washington, DC. The roundtable group, convened by The Keystone Center and made up of institutional purchasers, manufacturers, retailers, standards developers, environmental groups, and government liaisons, was just wrapping up four years of intensive work tackling difficult and foundational questions such as, "What is a green product?" and "How do you know if an eco-label is credible?" and "How should organizations prioritize product areas of concern?" The group's dialogue and research had produced a powerful decision-making "framework" that it believed could answer those questions, and many more, by strategically combining the best available science, current knowledge from the field, and real-world procurement data (see the infographic on pages 12-13). At the public meeting, GPR presented a draft business plan for a new nonprofit that would help institutional procurement professionals evaluate the environmental claims of products. But, as Jason Pearson of TRUTHstudio, a strategy consultancy that helped to develop the business plan and continues to coordinate the project, recalls, "We heard loud and clear from the institutional representatives present that they wanted more than just a method for evaluating products. They wanted a program that would guide and recognize institutional leadership in procurement."

## LOOKING LONG TERM

**WHILE THE PILOT PROJECT'S SHORT-TERM GOAL** is to evaluate the existing STARS procurement credits using the GPR framework and recommend how they could be improved in future versions of STARS, a secondary goal is to sketch out what a standalone assessment and leadership recognition program for sustainable institutional procurement might entail. Given that the lowest impact purchase is an avoided purchase, how would the assessment tool recognize and reward source reduction and in-sourcing — in addition to buying preferable new products? End-user education also needs to be evaluated and rewarded because misuse of a preferable product can have a big negative impact while education can multiply positive benefits by influencing end users' own purchasing decisions.

## *EMPOWERING PROCUREMENT PROFESSIONALS*

**BENEFITS OF A STANDARDIZED ASSESSMENT AND LEADERSHIP RECOGNITION PROGRAM FOR INSTITUTIONAL PROCUREMENT *(MODELED ON LEED)***

**LOWERS THE COST OF STARTING AND RUNNING A SUSTAINABLE PROCUREMENT PROGRAM BY:**

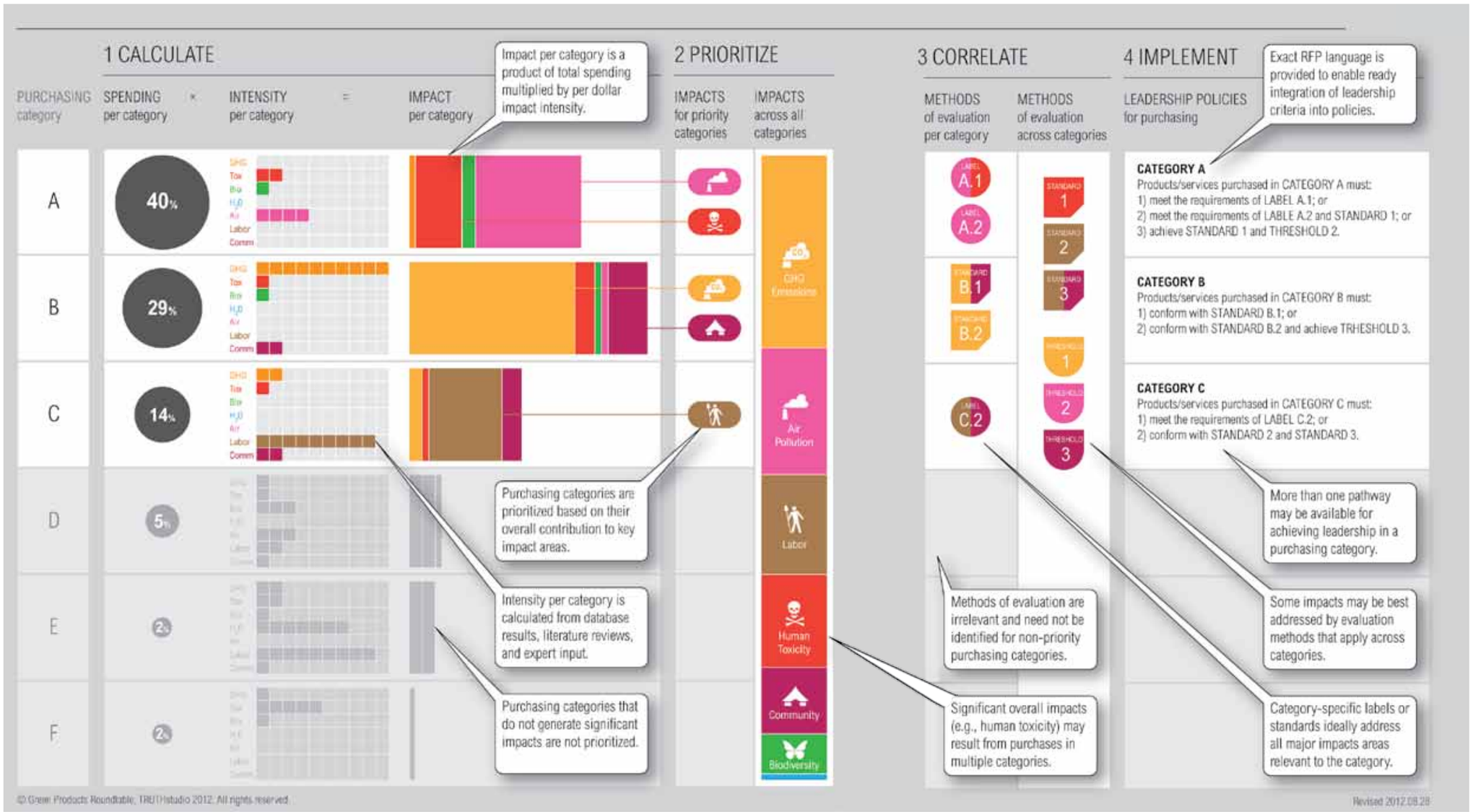
- Providing common definitions and shared language for purchasers and vendors;
- allowing procurement staff to deliver high sustainability performance without needing to become sustainability experts;
- making possible standardized training programs that can be shared;
- easing data collection and reporting to third parties via standardized assessment tools, particularly if rating systems such as STARS and LEED adopt the program as their reference standard; and
- making it easier to communicate and achieve recognition for efforts.

**ENHANCES THE EFFECTIVENESS OF SUSTAINABLE PROCUREMENT PROGRAMS BY:**

- Keeping users of the program updated with the best science and knowledge from the field so that efforts are always aligned with the greatest potential for benefit;
- rewarding and building market share for credible standards and eco-labels, which lowers prices and enhances choice by focusing vendor attention on those standards;
- producing a shared dataset that can be used for benchmarking, demonstrating ROI, and improving assessment tools over time;
- focusing research and resources on collective projects to solve the thorniest issues facing sustainable procurement; and
- by placing emphasis on whole system aspects of procurement, such as source-reduction, insourcing, end-user education, and waste minimization.

## GPR PRIORITIZATION FRAMEWORK FOR SUSTAINABLE PURCHASING X1.0

DISCUSSION DRAFT




If this second part of the project goes well, the plan is to build a multistakeholder organization to develop and implement the standalone assessment tool and leadership recognition program. To be successful in that effort, the project will need the wisdom and participation of procurement trade associations, group-purchasing organizations, vendors, government agencies, educational institutions, standards developers, manufacturers, service providers, software and ERP vendors, and nonprofits focused on social and environmental issues. If you or your organization would be interested in participating in the pilot, or being kept in the loop as it proceeds, the project team would welcome your involvement (contact *purchasing@aashe.org*).

### ACCOMMODATING VARIATION

**GIVEN THE WIDE VARIATION** between institutions and what they buy, it's reasonable to wonder if a standardized approach is possible. In LEED's early days, many wondered the same thing about the wisdom of taking a standardized approach when assessing the sustainability of building projects that varied greatly in terms of scale and locale. In response, LEED was designed to accommodate variation while providing clear guidance on the highest priority impact areas, which are shared by the majority of building projects.

The variability in institutional procurement has a similar dynamic. As Duff Erholtz observed in *CP&M* last September, "Every school is different and has many unique needs. Yet, the vast majority of purchases one school makes are the same as those purchased by every other school. We all need flooring, furniture, office supplies, copiers and the like." Similar to LEED, a standardized assessment tool for sustainable procurement will need to accommodate the various spend profiles of large, small, private, public, residential, and non-residential institutions, prioritizing and providing clear guidance on the highest impact product categories that are shared by the majority of institutions while at the same time providing room for innovation. How that will work is the sort of thing the pilot project will be exploring with the help of the GPR framework.

### WORTH A CHANCE

**WRITING FOR THE** Institute for Supply Management's *eSides* newsletter in 2009, Kady Srinivasan said, "A significant need exists for standardized, solid practices, metrics, and frameworks to help you establish a business case for green products and methods to cost-efficiently implement those practices." Filling that need for standards can be tricky business, given that there are few things that make people and organizations more uncomfortable than the prospect of someone else telling them what's best. LEED has been incredibly successful as a voluntary standard that is driven by leadership recognition. Will the same model work for sustainable procurement? We can only find out by trying. Given the excellent groundwork that's been laid, now is the time to give it a chance. CPM

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