

## Sustainable procurement

### *Sustainability research and action*

#### *...good for business*

by Larry Berglund

In April 2010, I, along with several colleagues from the public and private sectors across Canada, was invited to guide a research project on sustainability. Led by Dr. Stephen Brammer from the University of Bath, UK, and under the direction of Tom Ewart, managing director for the Network for Business Sustainability, at the Richard Ivey School of Business, it has become a project of considerable scope. One of the main reasons is the level of activity globally with respect to sustainability and corporate social responsibility within the supply management disciplines.

The literature on the subject has grown exponentially over the past few years as practitioners and academics leverage their understanding of responsible business models. Analyzing the volume of data is but one of the challenging areas related to this project which will lead to a publication on its findings in the spring of 2011. The final report will be available at no charge at NBS.net. The research draws heavily from published theoretical and empirical studies from academic papers and will include a search of practitioner publications. The research team has reviewed 17,000 articles of which they will analyze in depth the best 300. The purpose of the research is to identify how issues in international supply management strategies have been influenced and how they might advance over the next few years.

The research looks at public entities, forestry, food, paper, chemicals, retailing, automotive, metals, construction, transport, and financial services. The end result will provide a comprehensive overview of sustainable supply management strategies and tactics and hopefully serve as an aspiration for further action to be



**Larry Berglund** draws experience from four decades of buying in public health care, municipal government, university operations, the forest industry and his consulting services. Larry teaches supply chain management and corporate social responsibility courses, seminars and workshops. He is the author of *Food, Finance, and Philosophy: A Role for Supply Management in Corporate Social Responsibility*. For more information contact Larry at [www.prezplus.com](http://www.prezplus.com).

taken with scalable solutions. That is on the research front.

In terms of action, the public sector in Canada has been very active in sustainability initiatives. With the City of Vancouver implementing the first ethical and sustainable procurement policy in 2005, other jurisdictions have been taking up the cause for legislated reasons – and because it makes sense from a business perspective. The legislated requirements create the reactive responses, while many of the business case reasons are of a proactive nature.

In 2011, the new ISO 50001 energy management draft guidelines will likely be approved and provide a new tool for all public facilities to measure commitments towards sustainable practices. This will give legitimacy to previously applied voluntary standards and provide credible criterion for future infrastructure investments and projects.

In BC, Capilano University (CU) has a well-developed strategy for its energy and emissions management. A recently created facilities

manager position and integration of the energy manager and energy specialist positions under the Director of Facilities will enable alignment within CU to maximize the efficiencies and effectiveness in the allocation of its resources. Since 2008, BC Hydro has provided funding and technical support for the energy manager position and in 2010 Terasen Gas began funding an energy specialist position to support Capilano's commitments.

With the new mantra for the public sector on measurement, reduction, offset, and reporting on progress, CU has registered four of its largest buildings in BC Hydro's Continuous Optimization program and will continue the energy monitoring and verification of all buildings on its campuses. For example, the new Nat and Flora Bosa Centre for Film and Animation is built to LEED Gold standard which is mandated in public sector building design. The 2010 carbon neutral target set by the BC government will necessitate CU paying out approximately \$60,000 where they were not able to meet carbon emission reduction expectations. This is based on the formula established by the province with carbon emissions being set at \$25.00 per tonne. Payment will be made to the Pacific Carbon Trust Fund which is a Crown corporation of the Government of BC for offset programs.

Another pillar in the CU sustainability strategy is community engagement. CU has invested in Pulse™ Energy software which provides real time data and demonstrates the level of consumption of energy which can be accessed by employees and students. Quantifying our understanding of how our decisions can either contribute to the solution or the problem is a very powerful tool for changing behaviour.

Waste streams at CU have been targeted for improvement. CU currently manages roughly 14 individual recycling programs ranging from batteries, e-waste, plastics, glass, metal and paper. Expansion of the existing composting program is also being considered. Susan Doig, the CU Energy Manager, says the key to Capilano's success to date is the passion, commitment, and synergy between the

administrative, staff, faculty, and students within the CU community to reach the objectives to date.

BC municipalities must be carbon neutral by 2012. This was a commitment made in the September 2007 BC Climate Action Charter. The Resort Municipality of Whistler set a more ambitious target to achieve this status two years ahead of schedule and includes corporate travel, which was not one of the original requirements. Why? It made business sense to avoid future emission costs and to take responsibility for its carbon footprint now.

The University of Calgary (UC) is a front runner with its sustainability initiatives. For 2011, UC, under its new Institutional Sustainability Plan, will have met its Kyoto commitments a year ahead of schedule and deliver annual savings in utility costs of \$3 million. Two key objectives will be the completion of baseline performance measurements and operational performance targets; and establishing operating standards and tools to integrate sustainability into daily practices. They will also be looking at opportunities in commuting and travel, waste management, water, and wellness.

For the UC procurement group, there will be a focus on the expectations for social and environmental responsibility by its suppliers. Performance measurement will be a key tool to ensuring compliance and commitments are met by the supplier community.

According to Joanne Perdue, the UC director of sustainability, their holistic approach to sustainability encompasses administration, teaching, research, services, and campus operations. Their Sustainability-ON program creates a campus-wide cultural shift of participation which builds an accelerated understanding of sustainability strategies. As a research university, UC offers literally hundreds of courses to contribute to the increased awareness of sustainable business and technology advances. Graduates will have a much better appreciation of how they can affect change through business practices.

The City of Edmonton procurement team is being more assertive in 2011 with its apparel and janitorial service suppliers' performance by applying increased vigilance to compliance with codes of conduct and transparent disclosure of factory locations. Edmonton has formed a Toxics Reduction Task Force to find alternative products and eliminate the use of toxic chemicals, according to Chris Martens, senior buyer, Sustainable Purchasing.

For supply management, an emerging organizational development is for procurement staff to focus on consolidated operational and administrative needs such as alternative green products and services, while infrastructure costs, being engineering-based, are being managed under integrated facility-management strategies.

Support from sustainability specialists is a requisite resource. To reiterate the importance in public sector supply management, adding responsibility for sustainability into job descriptions is on the rise.

Research and action is alive and well in the Canadian public sector for sustainable supply management practices. Research, while being retrospective, is important to identify the enabling factors and trends for success. Affecting change benefits from a greater understanding by practitioners and academics learning from their collective experiences and applying the knowledge gained for innovative solutions. 