

LEADERSHIP ROUNDTABLE

FIVE ANSWERS FROM FIVE EXPERTS

PART 3 – SUSTAINABLE PROCUREMENT – BRINGING THE BUSINESS WITH YOU

Almost 12 months ago, when the procurement sector was predicting its biggest trends for 2020, environmental and social sustainability came up time and time again.

That was before Covid-19 struck. Subsequent events have, undoubtedly, propelled sustainable behaviour to the very top of the corporate agenda. The way in which businesses and brands respond to the coronavirus crisis has become a touchstone for their overall approach to doing good.

Barcanet's own research indicates that consumers have a very keen eye on business behaviours in relation to their employees, suppliers and society at large.

And it's not just consumers who are watching your every move on this front. Investors are paying close attention too.

In a recent Global Survey, management consultancy, McKinsey, found that 83% of C-suite leaders and investment professionals expect Environmental, Social and Governance (ESG) programs to contribute more shareholder value in five years than today. The survey also indicated that respondents would be willing to pay about a 10% median premium to acquire a company with a positive record for ESG issues over one with a negative record.

Being able to deliver the genuine, responsible business behaviours that stakeholders are calling for means having a sustainable supply chain in place. We asked some of Barcanet's senior procurement contacts to describe their approach to sustainable procurement and explain how they are bringing their businesses along with them.

Your Expert Panellists



Perrin Haydon-Rowe – Global Director of Procurement at Clarks Shoes, Perrin has extensive experience in the retail and FMCG sectors around the world, having worked for the likes of Procter & Gamble and JM Smucker.



Kim Godwin – Former CPO of Barclays Bank plc., Kim is now an independent procurement consultant and has transformed business across the Finance, FMCG and Public sectors.



Matt Row – his chance introduction to procurement has led to a career including Dyson, Ladbrokes Coral, Lloyds TSB and BT, before becoming the Property and Procurement Director at Zellis.



Peter Duffy – Another who fell into procurement, 35 years later and Peter has led strategy and change across public and private sectors at Cargill, TATA, Weetabix and the Cabinet Office and is now an independent consultant.



David Loseby – Currently Director of Procurement at Rolls-Royce, having worked for diverse businesses including Wolseley, Barclays, GSK & Arriva. David co-founded the Procurement Doctor to provide rich content to procurement professionals free from 'software sponsored advertising'.

Describe your approach to sustainable procurement and how are you bringing your businesses along with you.

Avoiding a tokenistic sustainability drive is key, according to **Kim Godwin**. "It's vital to ensure that the sustainable procurement agenda is directly linked to the organisation's goals and aspirations.

"It must not become a cause celebre on its own. You should make sure that sustainable requirements are clearly articulated through the procurement process, and that the evaluation criteria make sense and are balanced with overall goals. Importantly, the push for optimum sustainability must be kept alive through the contract management process – constantly testing and measuring, and using continuous improvement to maintain momentum and blaze a trail in your market."

Matt Row agrees that a fully embedded approach is best. "Sustainable procurement is subtly different across different business sectors and specific businesses. The key point is that it's no longer a choice for businesses and needs to be embedded in their standard procurement approach," he says.

"For me, embedding the sustainable procurement considerations into the procurement and supplier management approach is a minimum requirement," Matt continues. "I am focussed on going beyond this to drive sustainable business practices and initiatives that have a procurement component. This ensures sustainability is embedded in the way we do business and procurement is simply a subset of this."

It's a familiar picture for **David Loseby**. Rolls Royce is fully behind sustainable procurement, given that it's an essential component of modern-day aerospace and defence manufacturing. But David recognises that not every procurement executive enjoys this level of company buy-in. Where businesses are all talk and no action, CPOs need to flag the issue, he asserts.

"In simple terms you have to call it out, but in a way that is respectful of the company's culture and provokes a new path of thought that will be a journey and not an instant switch from non-committed to committed. Sustainable procurement should be part of a structured behaviourally-architected plan that moves the debate and the engagement forward in every section of the organisation, not just the C suite."

"I completely agree", says **Perrin Haydon-Rowe**. "As leaders in the procurement industry we have a responsibility to put sustainability permanently on the procurement agenda and in the business strategy. If not us, then who? And if not now, then when?"

"My approach is to keep it simple – make sure your company has clear sustainability goals, metrics to track progress, C-suite ownership and buy-in, a procurement strategy that has sustainability at the core of its selection process, and transparency to the outside world – telling the story of where your company is on its sustainability journey."

Peter Duffy echoes these thoughts. He says, "Through my network, CIPS, and articles I endeavour to raise the profile of sustainability at every opportunity."

"My approach is aimed at a strategic level; to ensure that procurement evaluates potential supplies with the 17 UN Goals in mind. No one organisation can significantly impact the global UN targets alone, but if we ALL play our parts and make every effort to have a positive impact, we will ALL benefit as well as the planet."

"Of course, we have to be commercially minded as businesses too but sustainability, when done properly, not only benefits society at large, it can also enhance brand reputation, customer and investor confidence, and employee experience."

Our experts agree that, any business still teetering on the brink of a meaningful sustainable procurement commitment, needs to take action, fast.

"Business, consumers, governments, schools are all coming together to demand and drive the change. It's exciting. And CPOs have the opportunity to help make that change happen sooner rather than later." **Perrin Haydon-Rowe** concludes.

To talk to us about any of the information in this blog, please contact hello@barcanet.com. We'd love to hear from you.