

# Trends & Best Practices in Canadian Municipal Sustainable Purchasing

## Summary Report

A report by Reeve Consulting commissioned by the  
Canadian Municipal Collaboration for  
Sustainable Purchasing

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## Introduction

Sustainable purchasing can effectively drive a multitude of corporate sustainability objectives, and as a result has moved to the forefront for many Canadian municipalities as a key strategic sustainability initiative. For example, sustainable purchasing can help to:

- divert waste by minimizing packaging
- conserve energy by sourcing energy efficient IT equipment
- reduce carbon emissions by purchasing fuel efficient vehicles
- minimize toxins in the workplace by using “green” cleaning supplies
- contribute to socio-economic development by supporting social enterprises or minority groups
- promote ethical treatment of workers by ensuring manufacturers adhere to international labour standards

Sustainable purchasing is also a tactical way to manage supply chain risks, improve organizational efficiencies, and boost employee performance.

### Municipal Collaboration for Sustainable Purchasing

Sustainable purchasing is a relatively new strategy amongst Canadian municipalities and many local governments are facing challenges (e.g. limited time and financial resources, limited training and technical expertise). As a response to these challenges, the Municipal Collaboration for Sustainable Purchasing (MCSP) was initiated to facilitate collaboration and sharing of resources and technical expertise to advance sustainable purchasing. In 2010, the MCSP commissioned a study to assess current trends and best practices and help develop a common strategy for municipal sustainable purchasing. The Summary Report provides a high-level overview of the results of this study.

### 10 Key Sustainable Purchasing Program Elements

By examining existing municipal sustainable purchasing programs, ‘10 Key Sustainable Purchasing Program Elements’ have been identified as the main success factors in developing leading sustainable purchasing programs. This report examines these elements in detail and assesses the level of experience of 12 Canadian municipalities in implementing each element. It is intended to help those who are challenged with implementing sustainable purchasing programs to identify opportunities to learn from municipalities with experience in certain areas and collaborate with others who are at similar stages in program development.

The term sustainable purchasing means placing purchasing priority not only on price, quality and service, but also on the environmental and socio-economic impacts of a product or service and the sustainability leadership performance of suppliers.



### Research Findings

The study revealed that the majority of municipalities are focusing current efforts on developing formal corporate sustainable purchasing commitments (e.g. policies, administrative directives or by-laws) and benchmarking their performances against best practices in order to identify gaps and support the development of annual action plans. Municipalities are also committed to collaborating with their peers in order to share resources, identify common barriers and solutions and provide leadership in this sector.

### Accessing the Report

The full version of the *Trends & Best Practices in Canadian Municipal Sustainable Purchasing* report is available from Reeve Consulting. The report provides a common strategy or framework for municipal sustainable purchasing. It clearly defines municipal sustainable purchasing through a set of '10 Key Sustainable Purchasing Program Elements'. The report examines current sustainable trends in the municipal sector and demonstrates the level of experience amongst 12 Canadian municipalities in implementing each of these key program elements. The report also identifies solutions to common barriers and examines sustainable purchasing best practice case studies from across North America.

Sustainable purchasing is used herein as an 'umbrella term' for different types of purchasing practices that address various sustainability issues, such as:

***Environmental preferable purchasing:*** purchasing to address environmental issues such as waste diversion or climate change

***Ethical purchasing:*** ensure sweatshop labour is not being used in production facilities

***Socio-economic purchasing:*** purchasing to promote economic development and supporting minority groups (e.g. aboriginal, youth, under-employed)



## 10 Key Program Elements for Successful Sustainable Purchasing

The results of recent interviews and learnings gleaned from Reeve Consulting's experience working with leading municipalities show that to maximize the impacts and benefits of municipal sustainable purchasing programs a municipality ultimately needs to see solid performance across all of the following 10 Key Sustainable Purchasing Program Elements (hereinafter 10 Key Program Elements):

1

*Guide the program with a written action plan based on benchmarking and best practices*

*This means...*

...assessing status of current practices and comparing them with best practices to identify gaps and determine priorities, set out project phases, and define targets, timelines and accountability (e.g. conduct a benchmarking survey with key staff)

### *Strategic Importance*

- Provides opportunity to thoroughly analyze and interpret the program
- Determines priorities, focuses efforts, gives direction, and integrates best practices
- Identifies "low hanging fruit" (e.g. quick wins) and hot spot products to focus efforts in order to ensure early success
- Prepares internal stakeholders for related impacts
- Supports a phased approach that will help to generate momentum and program success
- It is the first of a broader set of tools that helps to guide the program and communicate specific commitments to stakeholders

2

*Approve and widely communicate a clear sustainable purchasing policy, directive or guidelines*

*This means...*

...clearly defining what sustainable purchasing means to your organization and formally embedding explicit commitment into executive or council approved policy and providing a framework for strategic action planning that defines accountability and resource needs

### *Strategic Importance*

- Links purchasing to corporate social responsibility strategy or sustainability policy and embeds explicit commitment to environmental sustainability and economic efficiency into purchasing practices
- Ensures high-level commitment from Council, executive, and other key stakeholders
- Demonstrates environmental leadership, influences innovation, market development and demand for environmental products
- Provides a vision, goals and framework for strategic action and defines responsibility
- Demonstrates a commitment to continuous and ongoing improvement

3

*Commit to a broad range of triple-bottom-line sustainable objectives*

*This means...*

...prioritizing sustainable purchasing initiatives that overtime addresses a broad range of social, economic and environmental sustainability issues (e.g. ethical, green, aboriginal)

### *Strategic Importance*

- Ensures your purchasing practices are aligned with other corporate commitments and initiatives (e.g. economic development, human rights).
- Maximizes program benefits by going beyond "green" and addressing economic and social aspects.
- Reduces supply risks, such as child exploitation or other human rights violations.

## 10 Key Program Elements for Successful Sustainable Purchasing

4

*Develop a Supplier Code of Conduct that clearly defines minimal fair labour standards for suppliers*

*This means...*

...addressing the social component of a company's triple-bottom-line performance by clearly defining minimum ethical labour standards for suppliers (e.g. no child labour)

*Strategic Importance*

- Prioritizes human rights issues and manages related supply chain risks
- Meets environmental commitments through worker safety commitments (e.g. preventing the use of toxic chemicals)
- Increases brand strength and company reputation
- Improves business by boosting moral, reducing absenteeism, improving employee retention and increasing productivity, efficiencies and profitability

5

*Secure and deploy adequate program resources and funding*

*This means...*

...creating a cross-functional implementation team, dedicating staff with performance accountability, ensuring adequate program funding, and accessing external subject matter experts when necessary.

*Strategic Importance*

- Balancing program goals and targets with resource and funding availability will ensure success and generate momentum
- Dedicating staff and reflecting responsibility in their performance agreements will generate program champions
- With adequate resourcing sustainable purchasing can move from an "off the side of your desk" task to an initiative that is embedded within regular purchasing processes and procedures

6

*Embed a set of procedures & tools into standard operating practices*

*This means...*

...creating and applying a set of procedures and tools that support staff in implementing the program and standardizes approaches to sustainable purchasing (e.g. total cost of ownership and life cycle analysis).

*Strategic Importance*

- Provides mechanisms to evaluate and monitor vendors (e.g. product guidelines, supplier sustainability questionnaires, sample clauses and specifications, evaluation criteria and methodology)
- Provides clear understanding and reassurance to those faced with challenges
- Helps to minimize confusion and negative impacts /perceptions
- Helps to understand performance and collect related data

## 10 Key Program Elements for Successful Sustainable Purchasing *continued...*

5 Most Commonly Sourced Sustainable Products



#1 recycled copy paper & office supplies

#2 non-toxic cleaning supplies

#3 energy saving IT equipment, electronics & infrastructure (e.g. lighting)

#4 non-toxic building products (e.g. paint) & furniture

#5 green vehicle fleets

7

*Train and communicate effectively with key staff*

*This means...*

...clearly defining communication and training targets and providing key audiences (e.g. procurement specialists, business unit decision-makers) with critical information (e.g. business case for sustainable purchasing) through various channels (e.g. FAQs, trade shows).

### *Strategic Importance*

- Helps key staff understand the benefits and costs of sustainable purchasing (e.g. the business case)
- Enables staff members to understand roles, responsibilities and purpose
- Enables procurement staff to develop knowledge and skills
- Builds stronger vendor relationships and support across the organization
- Provides opportunity for feedback and improvement
- Enhances good public relations
- Promotes collaboration between staff (e.g. purchasers)

8

*Engage with your suppliers early to ensure understanding of requirements*

*This means...*

...developing a strategy to engage with strategic suppliers (e.g. via website, supplier forums, FAQs) to generate early compliance with your program and sustainability specifications.

### *Strategic Importance*

- Promotes innovation through supplier auditing and corrective action planning
- Creates an atmosphere of cooperation and strengthens business relationships
- Has the potential to develop collaboration between suppliers
- Encourages buy-in and support
- Helps to manage expectations and avoid risks

9

*Monitor & verify performance, be transparent and strive to improve*

*This means...*

...determining key performance indicators and verification systems and integrating them into corporate reporting systems as well as staff performance agreements.

### *Strategic Importance*

- Guides implementation by setting clear targets (e.g. increase spend on certified green products by 15%)
- Monitors progress and performance and determines areas for improvement
- Streamlines corporate reporting processes
- Ensures support by demonstrating return on investment
- Informs suppliers and public of sustainable purchasing outcomes

## 10 Key Program Elements for Successful Sustainable Purchasing *continued...*

10

### *Demonstrate leadership and collaborate with others*

#### *This means...*

...collaborating with procurement and municipal networks to share resources and experiences and provide leadership in advancing common initiatives.

### *Strategic Importance*

- Advances sustainable purchasing on a large scale
- Maximizes benefits and efficiency of resource use (e.g. staff time and finances)
- Contributes to bigger “wins” and long-term impacts
- Provides access to subject matter experts

## Current Priorities for Program Development

The main areas where municipalities are focusing their 2011 efforts include:

- **Formalizing corporate-wide sustainable purchasing commitments** by creating a policy, administrative directive, or purchasing by-law that clearly defines a corporate vision, definition, goals, and framework for sustainable purchasing.
- **Creating a program action plan** to guide the development and implementation of sustainable purchasing practices by benchmarking current programs against best practices, defining 2011 priorities, and assigning timeframes and responsibilities.
- **Collaborating with other municipalities** to share resources and experiences and to develop sustainable purchasing expertise.
- **Taking a national leadership role** to advance sustainable purchasing in the Canadian municipal sector by publishing related articles, speaking at conferences, and sharing their experiences with other municipalities.

## Future Priorities for Program Development




Municipalities consider the following program elements to be longer-term priorities (late 2011/early 2012):

- **Developing tools and procedures** and creating staff training and communication programs to support key staff with the resources and information they need to support implementation.
- **Engaging with strategic suppliers** to help achieve common sustainability goals and promote product and service innovation.
- **Committing to ethical and social purchasing** (i.e. a triple-bottom-line approach) by developing a supplier code of conduct that defines minimum labour standards (e.g. no child labour, fair compensation, etc.) or supporting economic development, minority groups, etc. through purchasing.
- **Developing program performance metrics and monitoring and verifying systems** to support program reporting, transparency and continuous improvement.

## National Snapshot: who is doing what across Canada

Municipalities are committed to implementing all 10 Key Program Elements in order to ensure program success, but they are focusing their efforts on a few key elements at this time and aiming to integrate others over the long-term through a

phased approach. The table below provides a snapshot of who is doing what and is intended to help municipalities challenged in particular areas identify governments that could be beneficial partners for collaboration. These approximations have been verified by representatives from each municipality to ensure accuracy.

	= just beginning or future priority
	= in progress with room for improvement
	= vvvv developed with solid experience

**Table: Level of Experience by Municipality in Implementing the 10 Key Sustainable Purchasing Program Elements**

Program Element	Ottawa	Saskatoon	Whitehorse	Olds	Wood Buffalo	London	Guelph	Halifax	Vancouver	Edmonton	Calgary	Victoria
<b>1</b> Written Action Plan												
<b>2</b> Policy Guidelines												
<b>3</b> Supplier Code of Conduct												
<b>4</b> Environmental, Social & Ethical Commitments												
<b>5</b> Adequate Program Resources												
<b>6</b> Training & Communication												
<b>7</b> Supplier Engagement												
<b>8</b> Purchasing Tools & Procedures												
<b>9</b> Monitor, Verify & Be Transparent												
<b>10</b> Leadership & Collaboration												

## Conclusion

Canadian municipalities are in the early stages of building out sustainable purchasing programs and are at various levels in terms of program development. In advancing the implementation of sustainable policies and programs, purchasers and sustainability staff realize there is a limit to what they can achieve working alone and are turning to co-operative or collaborative solutions as a means of tackling these issues (1). The Municipal Collaboration for Sustainable Purchasing commissioned this study to support collaborative advancement of municipal practices.

Municipalities continue to focus on environmental issues (e.g. energy conservation, waste reduction) over social or ethical issues (e.g. sourcing from minority groups, addressing sweatshop issues). However, social and ethical purchasing is on the rise in Canada, as more municipalities commit to a triple-bottom-line (i.e. environmental, social, and financial) approach to sustainability management.

The implement of a robust sustainable purchasing program requires long-term commitment and early return on investment (e.g. significant financial, environmental and social benefits). Financial returns, in particular, are vital, as they generate resources that can be reinvested into the program.

Municipalities realize it is important to commit to a multi-year, phased approach and as part of their action planning processes, are analyzing their purchasing categories to identify products and services that will positively impact the triple-

bottom-line. The “green” market place is maturing rapidly and there are many sustainable alternatives that can save money while generating significant environmental and social benefits. Products and services that can improve overall operational efficiencies and help to overcome organizational financial resource constraints (e.g. fuel saving hybrid cars, energy saving lighting fixtures) will be essential in the early phases of sustainable purchasing program development and implementation.

The *Trends & Best Practices in Canadian Municipal Sustainable Purchasing* study revealed 10 Key program elements or success factors for municipal sustainable purchasing. These 10 program elements have created a common strategy that can be used by municipalities to guide the advancement of their sustainable purchasing programming. The final report for this study describes the 10 key elements of this strategy in detail and also provides various case study examples of how municipalities are implementing each of these elements to ensure program success.

In advancing the implementation of sustainable policy and purchasing programs, purchasers and sustainability staff realize there is a limit to what they can achieve working alone and are turning to co-operative or collaborative solutions as a means of tackling these issues.



(1) Sustainability Purchasing Network (2007)

(2) King County (2009)