

Purchasing And International Development: How Are They Linked?

2:15 – 5:00pm, 10 July 2006
1 Great George Street, London

Summary

This seminar examined the link between purchasing and international development and explored the business case for responsible sourcing. It also considered what companies can do themselves, how they can improve their impact and what support is needed from other sectors.

Participants

45 people attended this event.

Representatives from the following organisations: Acona, ASDA George, BRAKES, Britvic Soft Drinks, BT, Business in the Community, Business Trading Ethically (BTE) India, Cadbury, Carlton CSR, Chartered Institute of Purchasing and Supply (CIPS), Department for Environment, Food and Rural Affairs, Duncan Macneill and Co Ltd, Ethical Tea Partnership, Ethical Tea Partnership, Ethical Trading Initiative, Exxon Mobil, Flamingo, Fujifilm Sericol Ltd, Impactt, International Institute for Environment and Development, John Lewis, Katope Malet Azoulay, Mack Multiples, Marks and Spencer, Monsoon, Northern Foods, Ocatra, Orchard House Food, Pentland Group, Responsible Purchasing Initiative, Tesco, Tetley, The Corporate Citizenship Company, The Ethical Fashion Forum, The Football Association, Traidcraft Plc, Tropical Wholefoods, Unilever, Vodaphone

Speakers

Chair David Croft, Director, Cadbury Schweppes plc
Panel Fiona Gooch, Responsible Purchasing Initiative
Sarah Surtees, Marks and Spencer
Steve Homer, Flamingo/ Homegrown
Lesley Roberts, Pentland

Fiona Gooch presented: "Purchasing and International development, how are they linked?"
The panel presented their company's perspective on: "What is responsible purchasing and what changes to buying practices can be made":

Workshop session

1. *What are the main 3-4 characteristics of responsible purchasing? Is responsible purchasing static or dynamic?*

- Good communication across the supply chain
- Long term relationships
- Visibility/transparency down the supply chain
- Responsibility to support improvement
- Being aware of the impact of the buying decision – buying process, critical path, planning, forecasting, buying decision
- Integrated into the culture of the company – decision making and processes, procedures, inter-departmental relationships
- Precautionary – wanting to ensure standards before problems arise
- Honesty
- Willingness to take the 'pain' of win/lose situations.
- Moving on from compliance – indicators may drive compliance and requires monitoring, though compliance can be useful, brings possibility of comparisons.

- Where does it start? Top down, or customer up? Customer driven stands more chance of succeeding. (Depending on your customer) – top down needs a top-level champion.
- Simplify the supply chain – shorten the chain.
- Understanding the impact (buyer) – dependant on the commodity market

2. *Is there a need to improve the impact of purchasing decisions on the lives of people in developing countries? Why?*

- Need to be able to quantify impact – know starting point
- These people are potential customers of the future
- Not a benign environment to say how well you are doing.
- Campaigners are quick to criticise and slow to praise.
- Shouldn't be a marketing tool
- Supply chains are too complex to be able to have full traceability
- Some positive experience of using it as a marketing tool.
- Happy workers = more productivity + happy bottom lines
- Need to distinguish between direct and indirect impacts
- Current model is unsustainable.

Additional thoughts:

1. How do you improve your impact if you don't know what it is?
2. Don't have the power/influence (buyer) – ethical objective is secondary to job.
3. Role for NGO's/Gov/academics in informing consumers of impacts.

3. *Is there a business case for responsible purchasing? - If yes – what are the main elements? - If no - what can be done & who should be involved?*

- Yes, there is, it is growing, but it is not very clear. (Industry specific) There is a minimum level (risk-FRCG) and advantage to not being last. Shareholders bear cost and risk, stakeholders – impact and remuneration.
- Is it about a niche market? Using CSR to drive brand?
- Who should be involved? Going forward - trade associations etc, coalitions for change etc. – NO one-size-fits-all.
- Knowing your supply chain better. (Various efficiency savings)
- Leaders/Champions/Followers/Herds.
- If the impact is immeasurable, how can you have a business case?
- Value of positive/negative press (unquantifiable) most pressing part of business case is reputation/trust/brand loyalty
- Quality of relationships does have a beneficial effect – combination of factors.
- Whose employees are they? Not direct relationships.

4. *What are 3-4 areas where companies can improve the purchasing practices? How & who should put those improvements put into practice?*

- Availability of information for buyers/awareness training – understand the context of the suppliers you work with.
- Role for CIPS (promotion), need for wins, eg communications and listening
- Defining limits of responsibility along supply chain. (whole idea assumes you know your supply chain)
- Not only about buyers – others need to be involved, joined-up approach. (technologists, marketers, PR, designers) Trying to do things in isolation is problematic Whole industries need common standards across sectors – working together rather than competing.
- Organisational (senior) champion, building awareness – internal voice. But also 'lots of energy from the middle'
- Integrating responsible purchasing into the business – not seeing it as an add-on.
- Currently a lack of consistency between buyers, even within the same company.
- Need for incentives (measurables) for buyers: they are hunter-gatherers.
- Government