

Smart Purchasing



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With every dollar you spend, you send a signal to the market about your expectations on the values and sustainability performance behind products and services.

There's never been a more fruitful time to align your purchasing with your business values and mission. Increasingly, businesses are looking to their suppliers and supply chains to not only reflect but improve their own sustainability performance.

This resource has been designed to help you choose good products and services for your business. It shows you how to:

- **Develop sustainable purchasing guidelines for your business.**
- **Ask your suppliers the right questions when choosing products and services.**

Where can I find products and services that are good for my business?

SBN supports the products and services of our members, and we encourage others to do the same. You can find more sustainable products and services in our [Circular Economy Directory](#). Also see [Eco Choice Aotearoa](#) and [Fairtrade Australia & New Zealand](#) for listings of sustainable products and the businesses providing them. Both [Buy NZ](#) and [CoGo](#) also have directories of businesses that meet their criteria.

To help you understand some of the main sustainability certifications in use in New Zealand, we've put together a [Guide to Sustainability Certifications](#).





How do I develop sustainable purchasing guidelines for my business?

At the Sustainable Business Network, we buy products and services that deliver on sustainability performance. Wherever possible, we buy directly from our members.

The first step in devising purchasing guidelines is to be clear on what procurement is intended to achieve for your organisation. Particular emphasis is needed on how strategic the procurement function (for larger organisations), or purchasing process (for smaller ones) actually is.

For example, the act of purchasing is increasingly considered as a way to reflect and demonstrate the values and mission of the business. Procurement plays a role in mitigating an organisation's critical risks and realising efficiency gains. It also enables constructive dialogue with suppliers on areas of future innovation.

However, in many organisations, cost pressures will place some limitations on what can be achieved through procurement, even when it has a large, strategic mandate. In these cases it may be necessary to take a step back from the cutting edge.

One way to do this systematically is to figure out – through a risk and opportunities mapping exercise – which purchasing categories have the biggest or hard-to-mitigate risks. These can be cross-referenced with categories where an organisation makes its largest purchases. Together these two reference points can provide a way to identify which categories of purchase require a broader, risk-mitigating and opportunity-seeking mandate, and which ones might be able to wait.



Questions for potential suppliers

Use [Docket](#), the sustainable supply chain toolbox, when your business is going through the process of purchasing. Docket includes Starter Q&As for Suppliers, split into six key areas. As well as checking your own sustainability, you can use the self-assessment as a guide to the questions you should be asking your suppliers.

Check out our other [procurement resources](#) for more information.

Opening questions

These questions focus on the basics of organisational sustainability. They set a foundation for more customised (and ambitious) discussions. A basic premise is that suppliers are expected to understand the particular risks inherent in their industry. You could ask suppliers:

“What do you consider your main environmental and social risks (or advantages) to be, and how are you managing (pursuing) them?”

Or, an alternative take on that same question:

“What is your sustainability story, and how is it compelling in light of your competitors’ stories?”

Such open-ended questions are asking suppliers to demonstrate an understanding of the risks and impacts for both them and you, and to draw out the connection between the two. Sometimes the supplier’s risks will relate to a buyer’s risk (i.e. the risk derives from the same source), and at other times the supplier’s risks or opportunities will have a bearing on the buyer’s commitments.

These questions are actually an invitation to suppliers to set out their own values and ethics, which includes demonstrating how those are applied in practice. You want to know that suppliers ‘walk the talk’. You might also want to build stronger, deeper relationships with suppliers.

In some cases, suppliers will have their own policies, targets and commitments to draw on to demonstrate their integrity and ambition as a business.



General considerations while purchasing

Beyond the opening questions, there are some general sustainability considerations that tend to come up.

- What are the direct running costs? How much energy, water and other resources will also be used over the lifetime of the product or service?
- What are the indirect costs of running this product? For example, less energy efficient IT equipment adds to energy costs.
- Are there any administration costs involved? For example, consider the overheads from purchases that require special handling and disposal, such as certain pesticides and cleaning products.
- Spend money to save money. By purchasing more durable or energy efficient products, which may initially be more expensive, you can achieve long-term savings for your business.
- How much training is involved? If the product is not user friendly it may take time, money and effort to train staff in its operation.
- What happens to the product at the end of life? Specify the supplier has a system in place to enable it to be returned and reprocessed at the end of its useful life.
- Specify refurbished products for your business – don't insist on new items when refurbished parts or products could be used.



Topic-specific questions

Going beyond the opening questions and general considerations, you might want to gauge supplier performance on a growing number of sustainability topics, including water, climate change and waste.

This is an opportunity to ask suppliers how they are managing issues like carbon (and other) emissions, responsible resource use, social responsibility, and their own suppliers.

1. Carbon (and other) emissions

Suppliers could be asked about:

- Targets for reduced usage and/or use of renewable sources.
- Efforts to reduce usage (use of electric vehicles, car-sharing schemes, support for staff cycling, video conferencing).
- Offsets purchased and/or regenerative contributions made for unavoidable emissions (details should include type/source).

2. Responsible resource use

Suppliers could be asked about:

- Targets for waste reduction/diversion from landfill.
- Recycling/composting/repurposing, etc.
- Efforts at purchase avoidance.
- Use and development of low-impact products/techniques in production/processing/manufacturing.
- Processes when discharging unavoidable wastes onto land, into water or other waste streams.
- Shifts from ownership option to rental/service options.
- Use of product stewardship/take-back schemes.
- Other applications of circular economy thinking.





3. Social responsibility

Suppliers could be asked about:

- Commitment to a healthy, fair and diverse workforce (including for those typically disadvantaged).
- Understanding of relevant communities (including staff/ customers/suppliers/neighbours).
- Awareness of community needs and concerns.
- Active contributions to addressing local/relevant problems through business activity (the more integrated and strategic, the better, i.e. through redesign of products and services).

4. Supplier base

Suppliers could be asked about:

- Structured engagement on sustainability with supplier base (incl. targets and timeframes).
- Capability/practice of assessing suppliers/tenders on sustainability (community impacts & environmental impacts).
- Prioritisation of certified/accredited products/services (where beneficial).
- Practice of rewarding innovations/improvements/ breakthroughs and building relationships over time (i.e. with continued business, or with sustainability dividends).



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