

SPEAKING PROCUREMENT'S LANGUAGE

Introduction

Sustainability and responsible sourcing professionals often face the challenge of engaging their procurement teams in sustainability initiatives. With procurement professionals managing a significant portion of company revenue, they play a crucial role in supply chain sustainability.

Why this guide

The purpose of this guide is to help sustainability and responsible sourcing professionals learn how to engage and collaborate with their procurement teams effectively. Together, you can create a sustainable supply chain that benefits not only your organization but also the world at large. Continue reading to uncover essential advice and approaches for successfully involving your procurement team in promoting sustainability efforts within the supply chain.

Procurement and sustainability

An audience poll conducted among attendees at the “Speaking Procurement’s Language” session of [The Shift 23](#) revealed that while 17% of respondents consider sustainability a top priority for their procurement teams, 38% view it as very

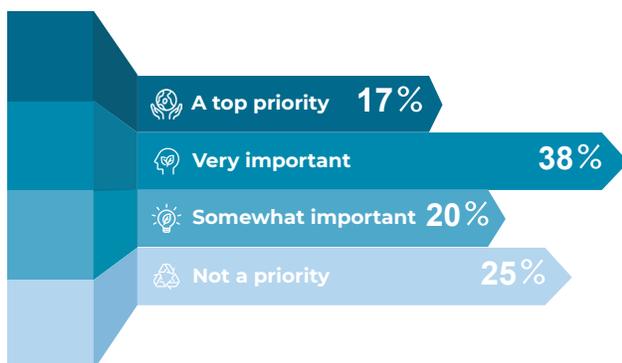
important, and 20% regard it as somewhat important. Surprisingly, 25% still don’t see sustainability as a priority for their procurement teams. This highlights the need for a greater understanding of the role procurement can play in driving sustainable practices.

Considering that roughly two-thirds of revenue is spent on suppliers, as indicated by [a study conducted by Proxima](#) on Fortune 500 and FTSE 350 companies, it is crucial to recognize the impact procurement can have on an organization’s sustainability efforts. Procurement professionals are responsible for managing the supply chain and extracting value from it – they are the driving force behind innovation, speed, and, importantly, sustainability.

Source

This guide is based on information from the “Speaking Procurement’s Language” session of [The Shift 23](#), a series of 1-hour virtual sessions by SupplyShift that were held throughout February 2023 and designed to ease the burden of achieving sustainability in your supply chain. Our panelists for that session included procurement leaders from across the industry. Throughout the discussion, we also welcomed input from our live audience, ensuring a wide range of perspectives and experiences were considered.

For Procurement Leaders, Sustainability is:



STEP ONE: UNDERSTAND PROCUREMENT PROFESSIONALS

The Life of a Procurement Professional

Being a procurement professional has become an increasingly challenging role in recent years, with a multitude of factors and responsibilities demanding attention. As they strive to meet organizational goals and maintain cost-efficiency, procurement professionals must also address a variety of complexities and pressures in their day-to-day work. Some of these include:

Supply Chain Disruptions

Procurement professionals must demonstrate resilience in the face of [supply chain disruptions](#), which can be caused by a wide range of factors, including geopolitical challenges and regulatory changes.

Inflation and Cash Pressure

Economic fluctuations and financial concerns add to the challenges procurement professionals face in managing costs and ensuring the company remains financially healthy.

The Great Resignation

As employee turnover hits an all-time high, procurement professionals must navigate a changing workforce and adapt to new roles and responsibilities.

Balancing Priorities

Procurement professionals must juggle [numerous priorities](#), including ensuring factory operations, maintaining compliance, meeting sustainability objectives, and controlling costs.

Navigating Sustainability

While interested in sustainability, procurement professionals may find the topic overwhelming, especially when faced with numerous other challenges and competing priorities.

Adapting to Change

Procurement practices must evolve to become more agile and responsive to emerging challenges, making the role of the procurement professional increasingly complex.

Integrated Function

Procurement is becoming a more integrated function, with professionals expected to take action on a wide range of issues previously not within their purview, such as risk management and compliance.

Limited Visibility

Procurement professionals are often expected to provide immediate answers and solutions, despite having limited visibility into various aspects of the supply chain and the organization as a whole.

Procurement professionals are increasingly expected to be jacks of all trades, mastering diverse aspects of their roles while driving positive change within their organizations. Providing them with the necessary support and resources will be crucial in ensuring their success and the success of sustainability efforts within the supply chain.

STEP TWO: LEARN TO SPEAK THE LANGUAGE

Connecting with Procurement Professionals

Sustainability professionals seeking to collaborate with procurement teams in implementing sustainable supply chain practices should approach the task as a change management process. Here are engagement tips to foster productive collaboration with procurement professionals, thereby facilitating the seamless incorporation of sustainability initiatives.

- **Recognize the Change Management Process:** Understand that implementing sustainability in supply chains is challenging and requires a well-planned [change management process](#).
- **Engage Procurement Early and Often:** Collaborate with procurement teams from the start, understanding their priorities and involving them in decision-making processes.
- **Align Priorities and Values:** Ensure alignment between company leadership, procurement, and sustainability objectives.
- **Begin with Risk:** Initiate the conversation by focusing on [supply chain risks](#) and the benefits of sustainable practices in mitigating those risks.
- **Establish Regular Communication:** Set up brief, frequent touch-base calls with procurement leaders to maintain open lines of communication and share updates on supply chain risk and sustainability value.
- **Build Sustainability Champions:** Encourage procurement team members to become sustainability advocates within the organization.
- **Listen and Understand:** [Actively listen](#) to procurement professionals, recognizing the restrictions on their time and aiming to understand their perspectives and priorities.
- **Learn Procurement Terminology:** Familiarize yourself with procurement language to facilitate effective communication with procurement teams. The [CIPS Glossary of Terms](#) can be a helpful resource. Organize collaborative learning sessions between procurement and sustainability teams to foster mutual understanding and inspiration, sharing each team's goals, processes, and terminology.
- **Understand Sourcing Strategies and Tactics:** Gain insight into your procurement team's sourcing strategies and procurement tactics to better align your sustainability efforts.
- **Discuss Cost and Value:** Be prepared to address the [cost and value](#) of sustainability initiatives during conversations with procurement professionals.
- **Share Knowledge and Benefits:** Educate procurement teams on the importance of sustainability to the organization and the potential impact of their role in sustainable practices.
- **Adopt a Collaborative Mindset:** Approach [procurement conversations](#) with a cooperative attitude, leveraging the strengths of both procurement and sustainability teams.
- **Find Overlapping Goals:** Identify areas where sustainability and procurement objectives align, and focus on those to begin your collaboration.

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STEP TWO: LEARN TO SPEAK THE LANGUAGE

Connecting with Procurement Professionals (Continued)

- **Give Procurement a Seat at the Table:** Ensure procurement representation in any [sustainability councils](#) within your organization.
- **Communicate Clearly and Effectively:** Help procurement understand sustainability goals and avoid using jargon or unexplained acronyms during conversations.
- **Emphasize the Potential Consequences:** Highlight the risks associated with supplier [violations of human rights](#) or environmental standards, including financial and reputational damage.
- **Understand Procurement Metrics:** Familiarize yourself with [the metrics](#) that procurement professionals use to measure success, and integrate those metrics into your sustainability conversations.
- **Solicit Procurement Input:** Encourage procurement professionals to contribute their ideas and expertise to the development of sustainability initiatives.
- **Consider External Assistance:** If necessary, engage a [consultant](#) who can bridge the gap between procurement and sustainability professionals.

These strategies will help sustainability professionals successfully engage procurement teams in the implementation of sustainable supply chain practices, fostering a collaborative and effective working relationship.

STEP THREE: INTEGRATE SUSTAINABILITY INTO THE ORGANIZATION

Strategies for Successful Sustainability Integration

Sustainability is crucial for the long-term success of any organization. Ensuring the effective integration of sustainability efforts across all departments, including procurement, is essential. This section offers strategies for fostering collaboration and driving sustainable progress within your organization.



Implement a Supplier Development Program

Establish a program to support suppliers in adopting sustainable practices, promoting collaboration and continuous improvement.



Integrate Sustainability into Commercial Interactions

[Include sustainability considerations](#) in all commercial interactions rather than addressing them as an afterthought.



Embrace Sustainability by Design

Encourage an organizational philosophy of incorporating sustainability principles into every aspect of the business, from design to execution.



Promote a Cooperative Tone

Encourage a culture of cooperation and teamwork among [all departments](#), emphasizing that they must work together to achieve common goals.



Establish Common Goals

Foster collaboration by [setting shared objectives](#) for the sustainability and procurement teams; Ensure that all departments work together toward the organization's overall success.



Develop Effective Supplier Engagement Mechanisms

Avoid setting sustainability goals for your supply chain without having a plan in place for engaging suppliers and achieving the desired results.



Secure Leadership Support

Obtain [commitment and support](#) from senior management and the board of directors to emphasize the importance of sustainability throughout the organization.



Incorporate Sustainability SLAs

Include sustainability-related [Service Level Agreements](#) (SLAs) in supplier contracts to ensure that vendors adhere to your organization's sustainability standards.



Consider the Role of Budget Holders

Recognize that procurement professionals often do not control the budget and that the budget holder's opinion on sustainability can significantly impact the outcome.

The long-term success of an organization hinges on the seamless integration of sustainability across all departments, including procurement. These suggestions should help cultivate a strong, cooperative working relationship between teams, paving the way for a more resilient and sustainable future for your organization. As you continue to prioritize sustainability, remember that it is an ongoing process that requires commitment and adaptability from all parties involved.

STEP FOUR: DEMONSTRATE THE VALUE

Making the Case for Sustainability

Sustainability is increasingly becoming a priority for businesses, but convincing your organization to invest in these efforts may require overcoming initial resistance. Here are some strategies and tools for demonstrating that sustainability initiatives are not only beneficial but also cost-effective in the long run.

- **Acknowledge the Trade-Offs:** It's crucial to recognize that sustainable practices may come with certain challenges and trade-offs. Addressing these concerns head-on can help build a stronger case for sustainability.
- **Quantify the Financial Impact:** Frame the sustainability conversation [in monetary terms](#), highlighting potential cost savings and revenue opportunities. Presenting tangible figures can help demonstrate the return on investment.
- **Highlight Environmental Benefits:** Emphasize the [positive impact of sustainability efforts](#) on CO2 emissions reduction and waste management goals. These benefits can contribute to your organization's overall reputation and commitment to social responsibility.
- **Develop Mini Business Cases:** Create compelling business cases for specific sustainability initiatives and present them to decision-makers to illustrate the potential gains.
- **Leverage Tools like ROSI:** Utilize open-source tools like [Return on Sustainable Investments \(ROSI\)](#) to monetize brand value and support your business case. ROSI is developed by the Center for Sustainable Business at Stern/NYU and can help strengthen your argument.
- **Consider the Bigger Picture:** Look beyond immediate costs and consider the long-term implications of [sustainable practices](#) on your company's reputation, customer retention, and risk mitigation.
- **Explore Cost-Effective Sustainable Options:** Sustainable alternatives are not always more expensive. Investigate [cost-effective solutions](#) that align with your organization's sustainability goals.
- **Assess the Risks and Opportunities:** Evaluate the potential financial impact of not meeting Environmental, Social, and Governance (ESG) requirements and the resulting loss of clients and market share.
- **Highlight Supply Chain Resilience:** Emphasize the value of enhancing your [supply chain's resilience](#) by reducing disruptions, minimizing transportation costs, and adapting to customer requirements more quickly.

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STEP FOUR: DEMONSTRATE THE VALUE

Making the Case for Sustainability (Continued)

- **Utilize Cost Mitigation Strategies:** Explore ways to offset potential cost increases associated with sustainable choices, such as near-shoring or more efficient transportation methods.
- **Conduct a Long-Term Cost-Benefit Analysis:** Examine the [cost-benefit analysis](#) over multiple years to demonstrate that the most significant gains from sustainability efforts might not materialize until several years after implementation.

These strategies should help you build a robust case for sustainability and convince your organization that investing in these efforts is not only ethically responsible but also financially advantageous in the long run.

STEP FIVE: ADVERSE EVENTS

Navigating Adverse Events in the Early Stages of Sustainability

In the early stages of your organization's procurement-sustainability journey, there's always a chance that an adverse event might arise that demands immediate attention. This section offers guidance on how to handle such situations while continuing to integrate sustainability into procurement processes.

Assemble the Right Team

In case of an urgent issue, gather all relevant parties, including business units, legal, compliance, sustainability, and procurement teams, to address the situation collaboratively.

Investigate the Allegations

Thoroughly examine the issue at hand to ensure you have a clear understanding of the problem and its implications.

Consider Moral Implications

Assess the potential consequences of your actions, striving to make morally sound decisions while avoiding unintended negative outcomes.

Maintain Transparency

Keep communication open and escalate the issue within your organization as needed to ensure all stakeholders are informed.

Implement a Short-Term Solution

Recognize that an immediate response may be necessary, even if it isn't the ideal long-term solution. Take action to address the issue temporarily while continuing to explore more permanent options.

Clarify the Temporary Nature of the Solution

Communicate that the short-term fix may not be the final solution to avoid locking the business into an unsustainable course of action.

Develop a Long-Term Strategy

After addressing the immediate issue, invest time and resources into creating a long-term solution that mitigates supply chain risks and strengthens your organization's sustainability efforts.

Foster Collaboration

Use the short-term solution as a starting point for ongoing conversations between procurement and sustainability teams to address potential issues and collaborate on future initiatives.

You can effectively manage adverse events during the early stages of your procurement-sustainability integration by following these steps. Use these experiences as a foundation for building a more resilient and sustainable organization.

KEY INSIGHTS FROM THE EXPERTS

Strengthening Your Procurement Partnership

During the “Speaking Procurement’s Language” [The Shift 23](#) session, industry experts shared their top nuggets of wisdom for working effectively with procurement teams. These valuable insights can help you establish a strong partnership and achieve your goals together.



Establish a Coalition of Procurement Champions

Collaborate with like-minded individuals within your procurement team, creating a support network that fosters innovation and drives change.



Be Present in Crucial Conversations

Actively participate in discussions and decision-making processes, ensuring that your voice and perspective are heard and taken into account.



Integrate Practical, Measurable Actions

Implement manageable, bite-sized initiatives that can be easily incorporated into KPIs and metrics, allowing for meaningful progress while demonstrating the impact of your efforts.



Maintain Focus and Prioritize

Clearly define your priorities, and concentrate your energy and resources on the most critical issues, ensuring that your procurement partnership remains focused and effective.



Invest in Your Procurement Relationship

Recognize the importance of a strong relationship with your procurement team and invest time and effort into nurturing that connection.



Embrace Procurement as a Valuable Ally

Understand that procurement professionals are likely eager to collaborate and work together toward shared goals. Treat them as trusted partners and seek their input and expertise.



Cultivate a Positive, Supportive Dynamic

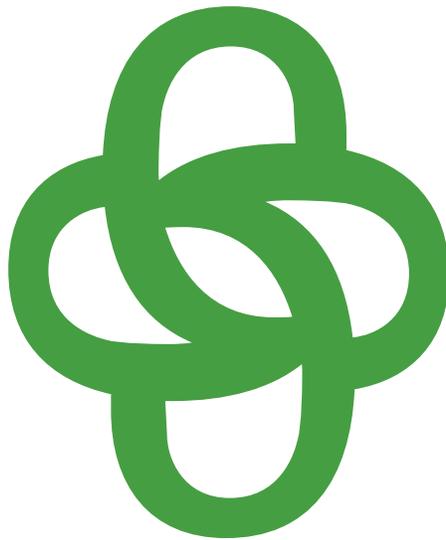
Foster open communication, mutual respect, and understanding with your procurement team. Nurture your partnership and demonstrate your appreciation for their contributions.



Acknowledge Procurement’s Desire to Contribute

Recognize that procurement professionals often have a genuine interest in making a positive impact. Empower them with the resources, knowledge, and support they need to excel.

Use these expert tips to forge a fruitful alliance with your procurement team and work together to achieve your shared objectives.



SUPPLYSHIFT

**Know your supply chain,
know your risk**

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