



How the Marks & Spencer Procurement team has used BS 8903 to embed sustainable procurement within its team and ways of working

“BS 8903 is comprehensive, easy to interpret and simple to apply in a complex business environment.”

Tim Brennan
Head of Logistics and International Procurement, Marks & Spencer

At a glance

- M&S operates more than 700 stores in the UK, employing 78000 staff. It has annual turnover in excess of £9bn.
- M&S has a further 390 stores in 44 countries around the globe.
- M&S sells general merchandize (clothing, home, beauty) and Food, and is the No.1 retailer in the UK for womenswear and lingerie.
- M&S launched Plan A in 2007 with the goal of becoming the world's most sustainable major retailer. Through Plan A, M&S is working with its customers and suppliers to combat climate change, reduce waste, use sustainable raw materials, trade ethically, and help its customers lead healthier lifestyles.
- M&S has adopted BS 8903 as the leading source of authoritative guidance on how it can achieve its sustainability objectives in its corporate procurement activities.
- BS 8903 has helped to embed further the concepts and methodology of sustainable procurement in M&S's procurement processes.

About BS 8903

BS 8903 provides expert guidance as to how sustainable procurement can be done in practice. Individuals and organizations of all sizes can use the standard to understand better what sustainable procurement means, and the business case for adopting it. They can also use the standard to embed best-practice approaches to sustainable procurement into their supply chains.

What is sustainable procurement?

BS 8903 defines sustainable procurement as "only purchasing goods that are really needed, and buying items or services whose production, use and disposal both minimize negative impacts and encourage positive outcomes for the environment, economy and society." The standard adds that "Sustainable procurement is good procurement and should not be viewed as an abstract, idealistic goal, but as a practical and achievable objective for all organizations, large and small."

What are the benefits of sustainable procurement?

Sustainable procurement brings three types of benefits. It can achieve a positive change or impact in a specific area. For example, it can reduce carbon emissions, or reduce end-of-life disposal costs, or improve social diversity in the supply chain. Procuring sustainably can also mitigate risks for an organization. So it can prevent or uncover things a supplier might do that could damage an organization's reputation or lead to loss of revenue, cost, litigation or loss of shareholder confidence. Finally, sustainable procurement can support competitive differentiation and advantage. So an organization might create new green or ethical products or gain entry into previously unavailable markets as a result of sustainable procurement.

M&S Non-merchandise Procurement Background

The M&S Procurement team is responsible for the purchase of all non-merchandise goods and services that M&S needs to function. This amounts to approximately £2bn of annual spend across IT, Logistics, Marketing, International and Corporate and Retail Services. The team is managed by Group Head of Procurement Roger Davies. The Procurement team provide support throughout the buying process with specific emphasis on providing negotiation expertise to stakeholders across the business. In addition to running sourcing projects, the team also acts as 'corporate coach' providing support to the business with negotiation training, toolkits and a buying guide.

Why did M&S choose BS 8903?

M&S has been at the forefront of sustainability since the development of Plan A. Plan A was launched in 2007 to address three huge global challenges: the increasing pressure on finite resources, rising social inequality, and the need for a healthier more sustainable lifestyle in the develop world.

When BS 8903 was published in 2010, M&S recognized that the standard could help with the development of sustainable procurement within M&S. In particular, the 5 key drivers of sustainable procurement which are outlined in the standard were a good fit with M&S's procurement process and ways of working.

Under the financial heading, M&S identified that sustainable procurement could drive a more holistic approach that challenges demand at source, assesses total lifecycle

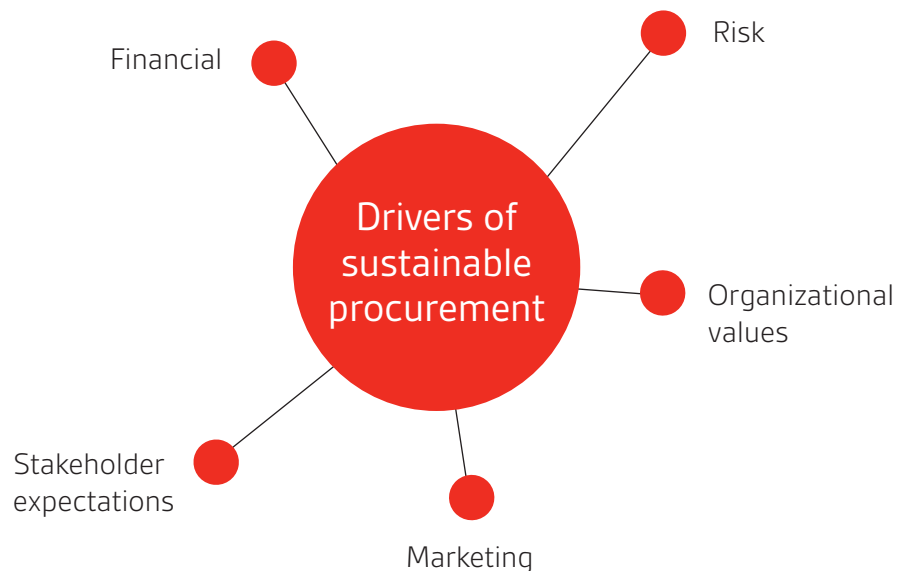
costing and reduces disposal costs. Under the heading of risk, sustainable procurement could help manage price volatility and security of supply.

In terms of organizational values sustainable procurement could make targets and commitments more focused. In terms of marketing, sustainable procurement could drive sales of ethical and fair trade goods, help build a positive image, and attract talent to M&S. Finally, sustainable procurement could build awareness among internal and external stakeholders, address their concerns and improve communication with them.

Having identified BS 8903 as the leading source of sustainable procurement guidance, M&S's non-merchandise procurement team adopted the BS 8903 framework to integrate sustainability its corporate procurement process.

"Working with the Plan A team, we have designed and implemented a sustainable procurement methodology which is based on the principles of BS 8903, and which ensures that the successes of the Plan A programme are built on and leveraged effectively."

Tim Brennan, M&S's Head of Logistics and International Procurement





Using BS 8903 at M&S Putting the fundamentals in place

BS 8903 begins by asking organizations to put in place a clear organizational policy and a supporting strategy. The policy should align with the organization's drivers for sustainable procurement and give everyone clear guidance on the organization's overarching principles and aims with regard to sustainable procurement.

The strategy should be a written plan outlining how the organization's sustainability intentions or policy can be delivered. It should also include measurable performance indicators.

In the case of M&S, Plan A is already driving sustainability through the organization. Combining elements of Plan A with leading practice on sustainable procurement derived from BS 8903, M&S used the standard to develop a definition of sustainable procurement, and a clear vision to help sustainable procurement become embedded in M&S.

M&S has defined sustainable procurement as:

"How M&S sources goods and services in a way that achieves best value over the total life cycle generating benefit for our business and our customers, while minimizing damage to the environment and ensuring ethical standards are achieved."

The M&S Sustainable Procurement vision states:

"We will actively promote Sustainable Procurement best practice and be champions for this by embedding sustainability in our process."

The vision will also ensure all procurement activity is carried out in line with leading practice.

M&S also committed to achieving the four main aims of sustainable procurement, as defined by BS 8903: to minimize the demand for resources; to minimize negative impacts; to respect ethical standards and to promote diversity and equality.

Putting these fundamentals in place, as the standard notes, is prerequisite work to implementing sustainable procurement effectively.

Investing in people

BS 8903 recognizes that there are practices, competencies and techniques that underpin sustainable procurement activity, and which are important to its success. Included in this is the importance of people.

In this regard, M&S was particularly conscious that all its procurement personnel should understand the reasons for sustainable procurement, as well as how to play their part in implementation. To this end M&S developed and delivered two training modules for all members of the non-merchandise procurement team.

The procurement team also works with sustainability experts in the Plan A team. They share all project data and hold regular meetings with each other to share learning, review progress, highlight new projects, and identify potential process improvements. This close collaboration is further helping to build sustainability competence within the procurement team.

Understanding risk and opportunity

BS 8903 calls for organizations to consider procurement risks and impacts in the context of the business, its strategy objectives and customer base. In M&S this process is referred to as the Sustainable Procurement Impact Assessment (SPIA).

The SPIA was developed by the procurement team working with Plan A team members. It comprises a formal process that evaluates every significant sourcing project against a matrix, which maps the 180 Plan A commitments against the seven 'pillars' of Plan A. This helps identify and evaluate the risks and opportunities associated with the purchase. It also puts a strong emphasis on environmental and ethical procurement considerations. The SPIA is a live document, reviewed on a monthly basis.

M&S's seven pillars of Plan A:

- Involving our customers in Plan A
- Making Plan A how we do business
- Climate change
- Waste
- Sustainable raw materials
- Trading fairly
- Healthy living

Engagement with suppliers

Suppliers are crucial to reaching sustainable procurement goals and objectives. In this regard, M&S is what BS 8903 calls a 'Pioneer' – that is to say, a high influence buyer with sufficient buying power to engage with suppliers and bring about sustainability improvements. In turn, M&S recognizes its opportunities in the supply chain and works with its suppliers so that they share responsibility for sustainability. Suppliers are expected to answer questions that specifically relate to sustainability issues - M&S will only do business with suppliers that meet its sustainability criteria and who are prepared to work with it to improve their sustainability performance. All suppliers are invited to join the Plan A Supplier Exchange, a website to share best practice and knowledge across a wide variety of topics. In addition, key suppliers are invited to attend the company's annual Plan A conference which is attended by over 1,200 suppliers.

Conclusions

BS 8903 has provided a really useful framework that has helped M&S develop its own specific approach to sustainable procurement. M&S has taken and adapted those elements of the guide that meet the goals and objectives of M&S and which complement M&S's existing and significant programme of related activity which is encompassed by Plan A. According to Tim Brennan: "BS 8903 provides comprehensive information relating to sustainability, that is easily accessible and straightforward to interpret and use."

"BS 8903 has been invaluable as a reference in developing our sustainable procurement approach."

Roger Davies, M&S Group Head of Procurement



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