


WHITE PAPER
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SUSTAINABLE PROCUREMENT

What role can it play in the future of the
facilities management industry?



INTRODUCTION



Sustainable procurement is not a new concept, but it can be a misunderstood one. With both the public and private sectors looking for ever increasing efficiencies in tough economic times, sustainable development, and the wider issues of corporate responsibility, could easily be overlooked as a costly ‘nice to have’, or an area to merely comply with legislation. However, there is a growing awareness that sustainable procurement may not only protect resources for the future, but also deliver much sought after tangible benefits in the here and now.

In this white paper we outline the case that sustainable procurement is not only as applicable today as it was when it originated (if not more so), but also that it can be implemented practically and efficiently. Furthermore, with the UK’s commercial property portfolio consuming large volumes of resources, whilst generating considerable waste, its custodians – estates professionals and the facilities management industry as a whole – are in an ideal position to not only help protect the planet for future generations, but also to deliver demonstrable business benefits.

As the first facilities management (FM) company in the UK to be awarded British Standard 8903 (BS 8903) for Sustainable Procurement, EMCOR UK has both integrated the principles of the standard and delivered benefits for its customers, ranging from cost savings and risk reduction, to increased employee engagement. In this paper EMCOR UK shares its approach to implementation and discusses how sustainable procurement can help the facilities management industry and customers.

Paul McDonald
Head of Procurement
EMCOR UK



THE ORIGINS AND DEVELOPMENT OF SUSTAINABLE PROCUREMENT

The idea of sustainability has been around for thousands of years. Many early societies recognised the need for man to live in harmony with the land, believing that to do so would ensure the future survival of their people for generations to come. However, the onset of industrialisation started to challenge this concept, as it enabled man to produce more than he needed, and he found that by selling the surplus he could generate a better standard of living. Industrialisation also tended to weaken, or at worst, cut altogether the relationship of an individual with the resources they consumed. This trend has continued as the developing world has sought to emulate the consumerism of the west, so that now many feel we have reached a critical situation.

Jim Leape, Director General of WWF International sums it up succinctly: “We are living as if we have an extra planet at our disposal. We are using 50 percent more resources than the earth can sustainably produce and unless we change course, that number will grow fast, so that by 2030 even two planets will not be enough.”¹

Arguably, legislation has been the prime mover in getting sustainability, and specifically sustainable procurement, further up the business agenda in the UK. The main driver for this is the European Union (EU), which introduced legislation in 2004 that came into effect two years later, via two new public sector procurement directives, which aimed to simplify and consolidate existing directives for public works, supplies, services and utilities. These are Directive 2004/18/EC and Directive 2004/17/EC.

EU directives drive legislation in member countries, and it is this national government legislation that facilitates change, effectively because it has the power to write sustainability into public sector contracts. Therefore, in theory, high value contracts cannot be won unless the private sector bidder can prove that sustainable practices can be actively witnessed and recorded across the supply chain. The purpose is to create a knock-on effect that widens out across the supply chain from major private companies to Small and Medium Enterprises (SMEs) and even start-ups.

Of course, parts of the private sector have been addressing these issues for themselves for a considerable period. Some companies have famously led the way in this area, with the added motivation of building a powerful and very valuable brand. Other companies have sought to reinvent their brand reputation by utilising sustainable procurement. There has even been a good recent example of this, a company which defied widely held cynicism to be seen focussing on the sustainability of its global operations under an intense media spotlight. By picking on what once might have been a significant perceived weakness, in a very public way, the company appears to be successful in reinventing itself and, thereby, protecting the value of its brand.

DOES SUSTAINABLE PROCUREMENT HAVE A ROLE TO PLAY IN TODAY'S WORLD?

Some have suggested that when the going gets tough for business – as it has for many in recent recessionary times - corporate values, such as protecting the environment, are often the first thing to be jettisoned. Interestingly, this rather gloomy prognosis has been challenged by research published in Sustainable Business Magazine, which indicated that 69 percent of businesses considered sustainability to be a key business driver. Furthermore, 40 of those respondents saw sustainability as being at the core of their business and therefore apparently essential to their continuing commercial success.²

In the property world, it could be argued that support is even stronger. The British Institute of Facilities Management (BIFM) Sustainability Survey 2013³ found that there has been significant progress in the implementation of sustainability policy within organisations since 2007, when the survey started. Almost 70 percent of respondents confirmed that sustainability was extremely or very important to their organisation.

The net result of this organisational 'buy-in', coupled with the legislative drivers and brand advantages, is a concerted effort to ensure that sustainable development will become an essential part of the commercial landscape, creating new demands, and providing excellent opportunities for those that can adapt as it does so.

So if the appetite for sustainability is strong, how do organisations turn desire into action?



A SUSTAINABLE APPROACH

To support the sustainable procurement agenda for both itself and its customers, and meet the requirements of the business standard, EMCOR UK elected to following a five-stage plan.

FM has a key role to play, as important elements of the sustainability agenda fit easily under its auspices. The most obvious are: the operational efficiency of the building; energy management and control; cleaning; maintenance; waste and water management; safety and security. These are relevant both when the building is already in place and at the design and construction phases. FM can help deliver the “whole life” equation as “whole life costs” can be properly assessed and accounted for in a way that encourages longer-term thinking.

To put sustainable values into practice in procurement, BS 8903 provides much needed principles and frameworks for strategy development, implementation and measurement. The process for implementing BS 8903 through the business can be considered as having three groups of elements: fundamentals, enablers, and procurement processes.

- The **“fundamentals”** group contains three basic constituents – the organisational drivers, the organisational policy and strategy, and the procurement policy and strategy. As the name suggests, the fundamentals provide the reason the organisation wants to drive sustainable procurement and the context to do so.
- Contained in the **“enablers”** group are the principles of leadership and governance. Sustainable procurement requires discipline and commitment, therefore clear and sustained leadership is vital to delivery, as this will ensure that the vision penetrates right across the organisation.
- The **“procurement”** group is the final part of the process flow, and deals with the detail of individual contracts, including the identification of suitable suppliers and tenders. This group also provides the framework for constant evaluation and performance management, to ensure that all aspects of sustainable procurement are delivered consistently and to a standard.

There's no doubt that the introduction of BS 8903 will considerably help progress the issue of sustainable procurement, which is one of the reasons why EMCOR UK chose to be an early adopter.

THE EMCOR APPROACH

For EMCOR UK to support the sustainable procurement agenda for both itself and its customers, and meet the requirements of BS 8903, the company elected to follow a five-stage plan.

FOUNDATION

This involved understanding the issues around sustainable procurement and allowing for the business impact. After determining the practices that needed to change to meet these new demands, a policy was created to deliver on the vision.

EMBED

This aspect enabled the principles of sustainable procurement to be instilled into the EMCOR UK team, starting with the management, so that actions follow policy. This required adopting best practices and then ensuring that management and staff training were aligned to deliver these accordingly.

PRACTICE

This step involved implementing plans to support the key goals of sustainable procurement and deliver them for those customers who want to achieve the benefits. As customer needs and market drivers change, this is an ongoing process.

ENHANCE

This section of the plan focuses on continuous improvement and making sure that we learn from our experiences, and those of others. It also supports this learning being delivered throughout the business to enable enhanced added value to our customers. This is a critical aspect of the plan - one which should not be underestimated.

LEAD

The final step is to evangelise, in order to provide a role model for others to follow.

SETTING THE DIRECTION

Fundamental to the process, and part of the foundation stage, involved EMCOR UK setting the following overarching sustainable procurement aims.

The first of these is to minimise the demand for resources. This is not only right from a Corporate Responsibility (CR) perspective, but also from an economic perspective, especially as resources such as energy and water are becoming increasingly scarce and expensive.

We aim to minimise negative impacts. This requires consideration of what the negative impacts of any decision might be to the environment and to the use of resources. Alongside this, the social and economic implications are also considered.

An additional aim of EMCOR UK's sustainable procurement approach is to achieve fair pricing and labour practices so that growth and development can be achieved without exploitation. This means that whilst we utilise and implement rigorous procurement processes in order to secure and enable good value, we also understand that the definition of good value is not always the "lowest price available".

Finally there is the need to create greater diversity across the supply chain. This involves sourcing from SMEs as well as larger companies throughout the supply chain, and ensuring that skills development is a key requirement - as are equality and diversity practices.



THE SUSTAINABLE SUPPLY CHAIN CHARTER

Central to the delivery of this plan is, of course, supply chain support. If suppliers are not on board with the detail of sustainable procurement and what it means, then it is impossible to get to the next stage. It is incumbent upon us to spell out what we expect from them and vice versa. To facilitate and expedite this, we developed a sustainable supply chain charter.

The charter lays out the baseline standards that EMCOR UK expects from its suppliers. In doing this, it shows how sustainability is delivered through the procurement activity. Key to the success of this is that the charter describes the sustainability impacts we want the supply chain to specifically address, and details what each supplier should be doing individually to contribute to the overall goals.

Sustainable procurement cannot merely be a “tick-box exercise”. To make it practical and not ephemeral, it needs very precise specifications. Our objective, where possible, is to arrive at this specification with our suppliers through mutual understanding, and shared thinking. We believe that working collaboratively is more likely to result in the identification of solutions than will issuing top-down instruction. The aim is to be challenging but realistic in setting objectives, so that improvements actually happen.

Although we work to arrive at specific agreements with suppliers, there are some generic requirements that we stipulate across the board. These requirements mirror the basic tenets of sustainable development.

These cover:

- employment
- ethics
- payment
- corporate citizenship (community)
- environment
- health and safety

For example, our health and safety policy, as well as having the elements that one might expect (such as products being fire retardant and non-carcinogenic), also has sustainability stipulations. An example of this is our encouragement of staff to avoid purchasing certain plastics - such as PVC or materials containing cadmium, hexavalent chromium, lead or mercury - which we believe do not meet our sustainability criteria.

We also expect our suppliers to appreciate the potential impact of their activities in the local community and beyond i.e. corporate citizenship. This is an organisational mindset issue, and we look for evidence that companies have considered their sustainability responsibilities with regards to the communities they touch.

It is the field of impact on the environment that, arguably, should receive the most focus. EMCOR UK expects its supply chain to help design and deliver facilities services solutions that minimise negative environmental impacts. For example, we will work with our suppliers to develop contractual arrangements that incentivise “whole life cost” benefits. This can encourage suppliers to choose low energy products or, where the specification requires, relatively energy intensive technology, which can help to reduce this consumption over time.

Carbon footprint is an important consideration that a supplier can assess across their operations. There are clearly ‘low hanging fruit’ to be plucked here but this will get harder as expectations and performance requirements rise over time. Therefore, we encourage our suppliers to work with us to look in detail at their operations to identify opportunities to reduce their emissions. For example, one such review might focus on transportation and logistics, so that better planning might help to get the best efficiency from delivery schedules. This would not only save on emissions, but cut costs, too. Setting targets for us, and the supply chain, to reduce the amount of fuel used in transportation each year is an important step. There are also practical measures that can be implemented to achieve this, for example, EMCOR UK modified its fleet selection to include more fuel-efficient models and invested in journey planning software to minimise potential wasted mileage.

The whole concept of wasting resources is now more developed in the minds of the public than ever, and we have to assume that this does not switch off when people go to work. Many of EMCOR UK’s customers recognise that their employees expect them not only to provide a comfortable working environment, but also one that reduces environmental impacts. Additionally, research commissioned by EMCOR UK found that an inadequate air temperature is ranked in the top three most annoying things about an office for both men and women.⁴

Engaging employees in the building management strategy can both increase their buy-in to any energy reduction measures and communicate that the company cares for both its staff and the wider environment. An example of this is effective building management, particularly the management of air conditioning systems, which can improve the comfort and productivity of staff, as well as saving energy and therefore reducing emissions.

WATER, WASTE AND OTHER RESOURCES

This takes us to waste and the use of resources other than energy. Our aim is to reduce the amount of waste that is sent to landfill, and we work with our suppliers to find ways to minimise this for both ourselves and our customers. For example, for a real estate management customer, EMCOR UK devised a centralised management regime, recommending and implementing bespoke waste management solutions across 25 properties. Working with our waste manager provider, we ensured targets could accurately be reported for each property, and put in place occupier engagement plans to promote awareness of the waste policy and generate further recycling opportunities. These integrated activities reduced the amount of waste sent to landfill by 60 percent.

Increasingly we are seeing that management of water, and the conservation of rainwater in particular, is of concern to our clients in both the public and private sectors. They are looking to EMCOR UK for ways to help reduce their water footprint and we, in turn, are looking to our suppliers to help us develop innovative strategies and techniques. Innovations are often tested at EMCOR UK offices, for example, waterless urinals have been installed, and rainwater collected from an office roof is used for toilet flushing.

The sustainable supply chain charter may appear as if we are forcing our values on our supply chain. However, we are simply reflecting the requirements of our customers; it is incumbent upon us to be clear about their requirements and, thereby, given our responsibility as the procurer of many goods on behalf of our clients, facilitate the process.



SUMMARY: THE FUTURE FOR SUSTAINABLE PROCUREMENT WITHIN THE FM SECTOR

EMCOR UK believes that sustainable procurement has an important and growing role to play in many organisations, even in the midst of the current economic uncertainty. We also see its importance within the FM industry growing accordingly. Facilities management professionals are ideally placed to champion sustainable procurement and its implementation within businesses.

Momentum for the concept is strong, as evidenced by the EU legislative drivers. This means that public sector procurement is particularly influenced and hence drives sustainable processes across the private sector too, as those companies that rely on the public sector will be stimulating the supply chain. This catalyst is enhanced by the transformative energy being transmitted by some very influential private sector companies that see very real brand and, thus, commercial advantage from embracing the concept.

Sustainable procurement is coming of age, and many organisations are getting on board as a result. Those ahead of the field see the potential to positively affect both their business and the wider communities and environment around them. EMCOR UK has become the first facilities management company to achieve BS 8903 and, as such, we are already well along the road, and are delivering tangible benefits to our customers. Demonstrable value, be it in terms of the bottom line, reduced risk profile, or enhanced employee engagement, is within reach for most companies.

SOURCES

1. WWF Living Planet Report 2012
2. “Why are business leaders prioritising sustainability?”: Research report by Sustainable Business Magazine and Temple Group
3. BIFM Sustainability Survey - http://www.sustainabilityinfm.org.uk/login?return_path=filegrab/documents/1191122a7bdd87e3c5a48f44e170f6ba/1annual-sustainabilityinfm-survey-report2013-web.pdf
4. EMCOR Group UK YouGov survey, 2011

EMCOR UK brings you integrated facilities management services with one goal in mind: to make your life easier. We believe in increasing efficiency by aligning with you to provide the solutions, support, and management services you need to concentrate on what matters most to you - your business. We work quietly behind the scenes to make sure that every challenge you meet becomes an opportunity. We're not a supplier; we're a partner.

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Ref: 100222

Headquarters:

EMCOR Group (UK) plc

1 The Crescent, Surbiton,
Surrey, KT6 4BN

T: 0845 600 2300

F: 0800 066 4801

E: ukinfo@emcoruk.com

www.emcoruk.com

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To find out more about our services,
email ukinfo@emcoruk.com,
or call 0845 600 2300.

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