

Addressing Supplier Sustainability at UC Santa Cruz

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Abstract

The original objective of my project was to “create tools and metrics for benchmarking the sustainability and supply chain behavior of UCSC suppliers.” The primary tools I have

created are the Supplier Sustainability Scorecard (also known as “the matrix”) and the Sustainability Opportunity and Action Plan (SOAP). I had the opportunity to partner with the university's largest suppliers to benchmark their sustainability and create a list of action items outlining how they would improve on some of the shortfalls found in that benchmarking process. The scorecard was successful in benchmarking the select suppliers that were a part of the project, and the tool will continue to be used more widely to benchmark local and systemwide suppliers of the university. The SOAP document was successful in its completion, although the right incentive process needs to be developed further to gain better supplier participation. The PSI intern for next year will continue to benchmark suppliers using the tool that I created, and use the vetted SOAP document to outline supplier commitment once the right incentive structure is found.

Introduction

As stated in the project title, the overarching sustainability issue that is being addressed is that of supplier sustainability and accountability. The University of California (UC) public school system and its individual campuses have a significant amount of purchasing power given their large amount of spending in the local and global economy. Since we are working with a handful of Fortune 500 companies, we are reducing the overall impact of the exchange of goods and services between these companies and the university. On the campus level, my project was addressing the larger campus goal to achieve “Zero Waste by 2020.” By creating a tool that will leverage suppliers to improve their overall sustainability, we are ultimately reducing the waste stream generated by our supply chains. The waste reduction and overall process improvements generated by the tools created from this project will also help the UC system goal to reach “Carbon Neutrality by 2025 (UC Office of the President, 2015).”

Project Description

The original objective of my project was to “create tools and metrics for benchmarking the sustainability and supply chain behavior of UCSC suppliers.” This objective is pulled from

the “Purchasing” section of UCSC’s 2013-2016 Campus Sustainability Plan (UCSC CSP, p.14, 2013). There were three main sustainability objectives created by the Green Purchasing Working Group in 2013 specifically for the Campus Sustainability Plan. Two of the three objectives have been developed into student projects that aim to help the university reach its overall goal of becoming a zero-waste campus community by 2020. From this main objective, I have focused on engaging with suppliers to develop strategies that promote sustainable procurement practices within the supply chain. In the fall, we focused mostly on identifying what suppliers we would target. This task proved to be a little more difficult than I had originally thought. Would we pick suppliers based off of how much money we spend with them? If so, which year should we collect spend data from? Should it be a collection of years, or just the most recent? The criteria that the suppliers would have to meet ended up being a collection of spend data that was ranked and separated by commodity category (via countless hours of excel spreadsheet work), and a list of UC systemwide suppliers that the UC Office of the President (UCOP) sustainability director found to be the most responsive to the sustainability interests of their clients. Our final list of suppliers to use for the project this year is: OfficeMax/OfficeDepot, Ricoh, Nestle Waters, Consolidated Electrical Distributors (CED), Waxie Sanitary Supply, DCI Furniture, Hewlett Packard (HP), Humanscale, and Interface Inc. Each of these companies represent a different industry and commodity utilized by the university. Most of them are already promoting the steps they are taking to be more environmentally sustainable in their business operations, and therefore were more likely to be responsive to the opportunity to be involved in a student-project such as this one.

The primary tools I have created are the Supplier Sustainability Scorecard (also known as “the matrix”) and the Sustainability Opportunity and Action Plan (SOAP). The scorecard was created from a questionnaire of sustainability-minded inquiry questions drafted by the previous

Question	OfficeMax	Office DEPOT	RICOH	Nestle Waters	CED	WAXIE	DCIM	hp HEWLETT PACKARD	Humanscale	Interface
1. Does your company have an Environmental Policy Statement?	✓	✗	✓	✓	✗	✓	✓	✓	✓	✓
2. Are there positions in your organization dedicated to advancing sustainable practices?	✓	✗	✓	✓	✗	✓	✓	✓	✓	✓
3. Have you developed any green/sustainable programs?	✓	✗	✓	✓	✗, ✓	✓	✓	✓	✓	✓
4. If so, do you have performance metrics/milestones to evaluate their effectiveness?	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓
5. Do you occupy any LEED certified buildings?	✓	✗	✓	✓	✗	✓	✓	✓	✓	✓
6. Have you received any certifications for your green/sustainable business practices?	✓	✗	✓	✓	✗	✓	✓	✓	✓	✓
7. Do you have policies in place to monitor and manage your supply chain regarding environmental issues?	✓	✗, ✓	✓	✓	✗	✗	✓	✓	✓	✓
8. Do you promote alternative transportation for your employees and your company business?	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓
9. Do you measure the waste that your company generates annually (including the percentage of that waste stream that is diverted from a landfill)?	✓	✗	✓	✓	✗	✓	✗	✓	✗	✓
10. Does your company have a recycling program in place?	✓	✗	✓	✓	✗	✓	✓	✓	✓	✓
11. Do you have programs in place for promoting resource efficiency?	✓	✗	✓	✓	✗, ✓	✓	✓	✓	✓	✓

Strategic Sourcing manager, Kate Cunningham.

In addition to the questions created by Kate, I added several in order to get a more holistic sense of where each supplier was at with their sustainability initiatives. A long part of the process was just getting into contact with the right person in each company. There are several different buyer’s within Procurement, each of whom deal with different suppliers at different points in the bidding and management process. Not having a concrete list of contacts made things more difficult, so a lot of the initial work was through trial and error. Once I finally got ahold of the appropriate person within each company I was able to communicate with them

about my project and the scorecard questionnaire. From their responses I entered the information into the matrix, and identified gaps, or rather “opportunities for improvement” for them to be more sustainable in their business/operation practices.

From the updated matrix, I was able to begin drafting the Sustainability Opportunity and

UCSC Sustainability Opportunity and Action Plan (SOAP)

Waxie Sanitary Supply,

Congratulations on taking the first step towards becoming a pioneer of sustainability in the UCSC supplier community. We are excited for your participation in **UCSC's Sustainability Opportunity and Action Plan**, or better known as SOAP.

As a partner of UCSC, together we will create an action plan that will outline their effort to improve the environmental sustainability of their supply chain and business operations.

Sustainability is a vital component of the University of California community, and our goals to become even more environmentally sustainable continue to push boundaries. In November 2013, President Janet Napolitano announced the UC initiative to become carbon neutral by 2025, becoming the first major university to accomplish this achievement.

UCSC is one of the leading UC campuses in the effort to promote environmental stewardship. UCSC is on the path to reducing greenhouse gas emissions below 1990 levels, having 75 percent sustainable food products on campus, and becoming a **zero-waste community by 2020!** As a partner and friend of UCSC, we are excited to have you join this effort to reach our 2020 goals.

UCSC and Supplier have developed the following action plan. Progress on the outlined improvables will be evaluated by UCSC and Supplier by the date(s) listed below:

- ***ex. Waxie Sanitary Supply will create an employee recycling program in an effort to reduce their internal waste stream by July 2015.***
- *(Number of bullets will be dependent on individual supplier)*

Supplier will use best efforts to keep UCSC apprised on the progress made on action plan and UCSC may request periodic updates as needed.

Supplier gives permission to UCSC to share this document publicly, on its web-site, in presentations or otherwise. The purpose of this sharing is for informational purposes only and should not be construed as any official UCSC endorsement or marketing on behalf of the Supplier.



Action Plan (SOAP) document. The purpose of the document (pictured below) is to foster a partnership with each supplier to create an action plan that will outline their effort to improve the environmental sustainability of their supply chain and business operations. Although it will not be legally binding, a signature on the document will symbolize their commitment to fulfill the actions that we identify.

The document took an extremely long time to develop as the business contracts manager had to edit and help me find the correct terminology for the document to signify the

type of contract that it will be. There was a lot of back and forth between me, her, and the campus counsel group that she reports to on projects and contracts such as this one. She meets with that group every three weeks or so, and one of the reasons why this took so long was because she had to bring the document (which is only about one page long) to that group to get final approval for me to use it. Ultimately the language of the document didn't change after my first meeting with her, and the unnecessary bureaucracy of the university was what held back its adoption in the project. Instead of waiting for all of this to get approved by the university, I made the executive decision to engage suppliers without actually having the SOAP document completed. One of the issues that I encountered was figuring out how I was going to engage them. I had expressed being uncomfortable with the idea of sending the suppliers a list of demands in response to the issues and opportunities that I identified in their scorecard. Kathleen told me to send the suppliers a list of the ways I wanted them to improve with dates and then have them come back to me with suggestions and edits. In my opinion I didn't think that this approach would get a whole lot of supplier participation and ultimately would give them more reason to ignore me and the project. I met with Adam, my faculty sponsor, and ran this concern past him and he agreed that sending the suppliers a list of demands wouldn't take me very far. Using my problem solving skills I came up with the idea to create suggested "categories of improvement" based off of the questions they answered for my scorecard. For example, if the question was "Does your company have an Environmental Policy Statement?" then the category for improvement would be "Environmental Policy." The idea behind this was that the suppliers knew what was feasible to accomplish within their companies and by what date, as well as more information on what they were already doing to improve their sustainability in these categories. In my engagement email, I sent them a list of the categories they can improve in as well as *suggestions* on how they can accomplish this. Using the Environmental Policy example again, if they answered "no" to having an Environmental Policy, my suggested next step might be to "Speak to higher level management about creating a company-wide

Environmental Policy Statement by July 2015.” The list of action items that they outline are not limited to the categories of improvement that I suggested specifically for them. The list of action items could highlight a sustainability issue outside of supply chain issues and highlight internal and external affairs. After sending individualized process improvement emails about the SOAP document to all of our pilot suppliers, the responses that I received were extremely underwhelming. I had set a deadline for the first week of May, giving them over three weeks to come back with a draft (or at least some brainstormed ideas) of the action items they were going to use in their SOAP document. I didn’t receive a response from a single supplier until I had sent follow up emails to each of them a few days before the deadline. Since a lot of my contacts work as account managers in sales, they were extremely busy with their sales work before the end of the fiscal year. This was something I couldn’t have foreseen, but definitely affected supplier participation in a vital aspect of the project. Many of the suppliers responded with ways they have already improved in these categories, even if these improvements weren’t related to sustainability whatsoever. It appeared that at this stage in the project many of the suppliers weren’t even fully reading my requests, but instead were just trying to appease us as one of their clients by telling us how they had already accomplished sustainability objectives. This was extremely frustrating, as most of our suppliers were companies that had the manpower, the knowledge, the infrastructure, and the funding to create a list of action items on improving their overall sustainability. Engagement with suppliers is still very minimal, so I am ending the year focusing on how the incentives for supplier engagement can be heightened for the next PSI intern to learn from the pilot I have been able to create.

Project Stakeholders

The PSI program is structured to have a student work with a staff mentor in a department of campus that wishes to have a specific sustainability objective accomplished via a project. In this scenario, a student gets the opportunity to work on project and further their professional development with a valuable source of information in the campus community.

Simultaneously, a staff member is getting an objective accomplished that they may not have the resources, time, or wherewithal to complete. Kathleen Rogers, the Strategic Sourcing Manager with UCSC Procurement Services was my mentor in the project. Her role was mostly to provide me with background, contact information, and to act as my sounding board for project ideas. Other people in Procurement Services that I interacted with on a semi-regular basis to accomplish some aspect of my project included: Nancy Nieblas (Strategic Sourcing Associate), Rex Chung (e-procurement, Sr.Analyst), Yelcka Huaynalaya (e-procurement Help Desk and Training Analyst), Mike Steele (e-procurement Manager), Paul Schell (Interim Procurement Services Director), and Nikki Vamosi (Business Contracts Manager). Since I received units from my project through the Environmental Studies department, throughout winter and spring quarter I also met with my faculty sponsor, Adam Millard-Ball. Adam acted as an outside perspective for my project and often helped me brainstorm solutions for obstacles I was facing with my project development. He also helped me relate my project to the field of Environmental Studies and the bigger picture of green purchasing and supplier sustainability.

I also continue to have a dialogue with the UCOP sustainability director about their “process improvement project,” which is ultimately a system-wide version of my project and has yet to really get started. I often tap UCOP for contacts and other resource documents that may help me in the development of my project. In addition to reaching out and creating relationships with each of our suppliers, I am also in contact with all the Strategic Sourcing managers from each UC. After researching each of the campuses Climate Action Plans/Campus Sustainability Plans procurement objectives, I wanted to learn more about what each campus is doing to benchmark the sustainability of their suppliers as well as engage their suppliers to develop sustainable procurement practices within the supply chain. Most of the information I have collected has led me to the conclusion that UC Santa Cruz is the only UC campus that is addressing the issue of supplier sustainability. Although most of the UC campuses recognize

that supplier sustainability and accountability is an issue, they are largely focused on other non-sustainability oriented process improvements within procurement.

Measurable Results

Although the Supplier Sustainability Scorecard is a benchmarking tool used to measure supplier sustainability, the results of the benchmarking are difficult to quantify. Each of the suppliers that I worked with in this pilot project were already working on issues related to environmental sustainability. One aspect of the project that I have been able to measure is supplier participation. 55% of the suppliers *actively* participated throughout the entire project. 89% of suppliers have participated in *at least one* phase of the project since its inception in October 2014.

The next PSI intern will have an opportunity to quantify the results of the SOAP document and measure how the action items affected the supply chain of the company and the university. Although it would have been rewarding to be a part of the measuring process, the objective of my project was to create the tools that would allow the university to benchmark. Overall, the opportunity to work on this project was unlike that of any campus project. As a student, I was able to see what was “behind the curtain” at the university and work with a department on campus that rarely interacts with students. I feel proud of the work I completed and the lasting impact that I made on the university, Procurement Services, and each of the suppliers I worked with.

References

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