

# Fostering Sustainability into the Procurement Process

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# Scope and Potential Application of Sustainable Procurement

- ▶ Goods, services, and construction
- ▶ Environmental, social, and economic benefit
- ▶ All three phases of the procurement process
  - Planning
  - Sourcing/contract formation
  - Contract administration
- ▶ Any point in the supply chain
- ▶ Any point in the life, disposal, and afterlife

# Status of Sustainable Procurement in the U. S. Public Sector

- ▶ Behind many other nations
- ▶ More manufacturers and vendors incorporating sustainability into their supply chains
- ▶ More public entities aiming to be more sustainable
- ▶ Supportive tools, techniques, services, and solutions increasing in availability
- ▶ Sustainable supply chain management and sustainable procurement not yet universal/routine
- ▶ Change needs to be effected more rapidly, more broadly, and more deeply

# Tools, Techniques, Services, and Solutions (in addition to those represented at this workshop)

- ▶ The NIGP Code's "Green" Product/Service Classes
- ▶ Spend Management Solutions (Various)
- ▶ Tools that Can be Used to Track Carbon Footprints in the Supply Chain by Supplier and by Category (e.g., Spikes Cavell's CARBONMonitor75)



- ▶ Class 436: GERMICIDES, CLEANERS, AND RELATED SANITATION PRODUCTS FOR HEALTH CARE PERSONNEL, ENVIRONMENTALLY CERTIFIED BY AN AGENCY ACCEPTED CERTIFICATION ENTITY
- ▶ Class 486: JANITORIAL SUPPLIES, GENERAL LINE, ENVIRONMENTALLY CERTIFIED BY AN AGENCY ACCEPTED CERTIFICATION ENTITY
- ▶ Class 631 PAINT, PROTECTIVE COATINGS, VARNISH, WALLPAPER, AND RELATED PRODUCTS, ENVIRONMENTALLY CERTIFIED BY AN AGENCY ACCEPTED CERTIFICATION ENTITY

# Isolated, Un-Sustained Efforts over the Past 40 Years

- ▶ Push for greater energy efficiency during 1970s
  - Consideration of life cycle costs
  - Performance-based contracting for building energy management
- ▶ The Experimental Technologies Incentives Program (ETIP) - mid-1970s
  - Sponsored by DOC/NBS (now NIST)
  - Involved GSA, NASPO, NIGP as participants
- ▶ The “Buy Quiet” Program - late 1970s/early ‘80s
  - Sponsored by US EPA
  - Involved NLC, NIGP, and EPA as collaborators

# Impediments to Continuous Progress

- ▶ Priority given to “buying things” quickly and cheaply; not to solving systems problems
- ▶ Transition from procurement to order placing
- ▶ Fewer and fewer open market solicitations being issued by individual public entities
- ▶ Solicitations, when issued typically don’t request, or provide incentives for, sustainability
- ▶ Purchasers too frequently not inclined to lead needed change; have to be compelled or pulled
- ▶ Satisfaction with “good enough” (if that)
- ▶ Seemingly limited concern about associated risks and consequences

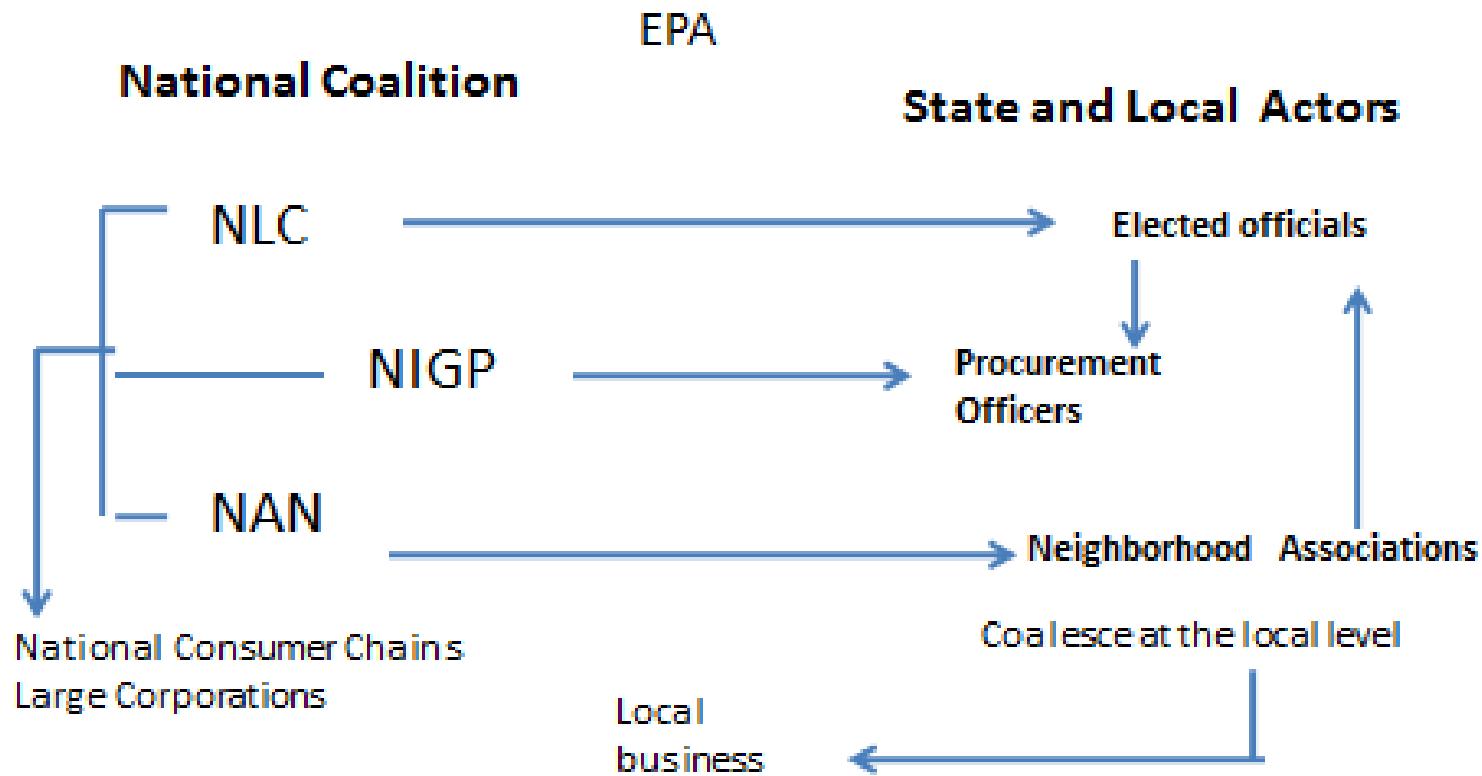
# The “Buy Quiet” Program

- ▶ Focused on optimizing one public good: quiet
- ▶ The setting:
  - Environmental regulation is the norm
  - Regulation is effective but costly and inefficient
  - Adversarial relationship between government and industry
- ▶ Large GSA procurement of quiet lawn mowers
  - Undertaken as a proof-of-concept under ETIP
  - Basis of award: low effective bid price based on an LCC-type formula
  - Each bidder credited for each decibel below the loudest mower
  - Winner’s noise level quieter than study had said was possible
  - Winner’s bid was lowest responsive and responsible bid

# More about “Buy Quiet”

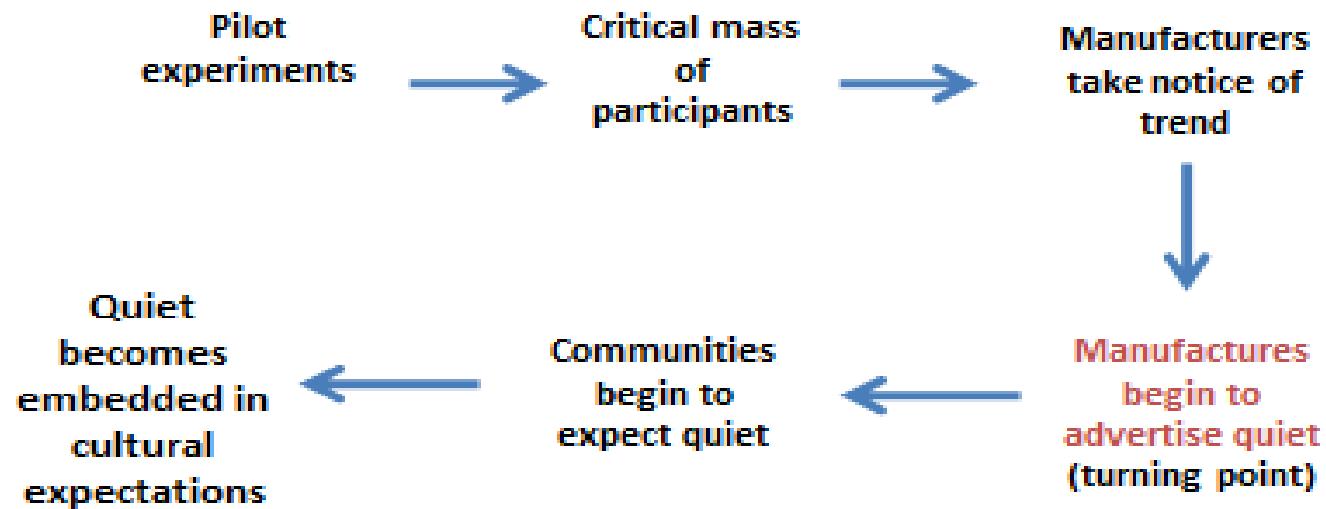
- ▶ Features:
  - Continuous incentive for quiet versus having to meet specific noise level requirement.
  - Market determines what levels are feasible.
  - Repeated procurements continually drive market toward quieter products at reasonable prices.
  - Only need a “measurement metric” for noise
- ▶ EPA’s noise program met an untimely end
- ▶ The concept survived and spread

# BQ Social Marketing



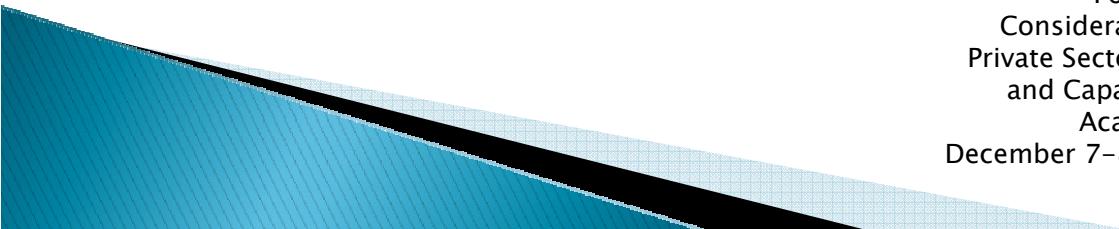
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# Planned Phases Toward Goal



# The Sustainable Procurement Initiative

- ▶ Modeled on the “Buy Quiet” approach
- ▶ Multiple values to be optimized in balance with one another
- ▶ National Steering Group came together in August 2010
- ▶ Two state universities “hosting” and executing pilot contracts
- ▶ Scholarly research to be an important output
- ▶ Steering Group very open to collaboration



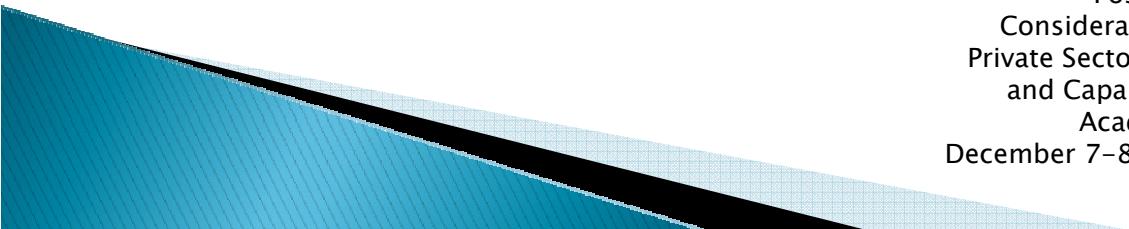
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# Questions; More Information

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