Rating System v1.0 Kick Off
We are here!
SPLC’s Programmatic Approach

The Sustainable Purchasing Leadership Council came together to create a shared program of guidance, benchmarking, evaluation, self-assessment, and leadership recognition in sustainable purchasing.

We continue to pursue this goal in stages.
An organization\(^1\) demonstrates leadership in sustainable purchasing through:\(^2\)

**Understanding.** Understanding the relevant\(^3\) environmental,\(^4\) social\(^5\) and economic\(^6\) impacts of its purchasing.

**Commitment.** Taking responsibility for the relevant environmental, social, and economic impacts of its purchasing by committing to an action plan.

**Results.** Delivering on its commitment to improve the relevant environmental, social, and economic impacts of its purchasing.

**Innovation.** Actively promoting internal and external innovation that advances a positive future.

**Transparency.** Soliciting and disclosing information that supports a marketplace of innovation.

These criteria outline a framework for specific actions. The SPLC recognizes that timelines for achievement will vary across criteria and market sectors based on the availability of: tools and resources to implement representative actions; products and services that effectively improve the relevant impacts of an organization’s purchasing; and practical tools and resources to measure that improvement.

More information about the *Principles* is available at [www.purchasingcouncil.org/principles](http://www.purchasingcouncil.org/principles).
Guidance v1.0

**Improvement Process**

**Prioritization Process**

**Resource Commitment**

**Program Commitment**

**Prepare**
- a vision for the sustainable purchasing program.

**Enlist**
- support from key internal and external stakeholders.

**Design**
- the proposed sustainable purchasing program.

**Commit**
- to the strategy.

**Plan**
- identify and select proven strategies for mitigating impacts while delivering value.

**Analyze**
- identify impacts within spending. Prioritize categories for action.

**Launch**
- convene a cross-functional team appropriate for the cycle's objectives.

**Implement**
- set goals, timelines, and policies. Train staff and engage suppliers.

**Report**
- track and benchmark performance. Evaluate for continuous improvement.

SUSTAINABLE PURCHASING LEADERSHIP COUNCIL
How do we shift from Guidance to Rating System?
Rating System Fundamentals

- Define sustainable purchasing programs based on achievements and performance
- Help organizations put the processes in place to achieve more sustainable purchasing
- Celebrate individuals and organizations contributing to this community of practice
- Leverage data for communication and analysis
Rating System Fundamentals

What we want:

✓ A tool that provides consistent criteria, scoring, and comparison across organizations’ sustainable purchasing programs.

✓ Higher scores (i.e., ratings), translating to the better the program is at successfully achieving the goals of the Rating System.

✓ Similarly, the more a score improves over time, the more efficient and effective the program is becoming at achieving these goals.

In the Council’s case, the goals refer to the environmental, social, and economic outcomes associated with institutional purchasing.
Rating System Fundamentals

What we need:

- A language to define sustainable
- A language to describe best practices and processes for a sustainable purchasing program
- Specific measures of achievement and performance
- A framework for verification
### Rating System Fundamentals

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*Image: Sustainable Purchasing Leadership Council*
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[Image of sustainability ratings]
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- **Trend** indicates the direction of change in the indicated variable.
- **Score** indicates the level of achievement.
- **Benchmark** indicates the level of performance against a standard.
- **Performance** indicates the overall performance score.

[Colors for registered, silver, gold, and platinum levels]
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![Image of rating system with green, silver, gold, and platinum icons]
Rating System Aspirations

- Support comparative assessment and encourage leadership
- Recognize milestones, while celebrating real-time results
- Provide simple labels and rich scores
- Apply predictable rules informed by market context
- Use process to drive performance
Current Assumptions

Create a flexible system that evaluates the performance of an organization’s **sustainable purchasing program** and encourages its **continued improvement**, allowing users to:

- **evaluate** the effectiveness of an organization’s program;
- **self-assess** an organization’s sustainable purchasing program, in house and over time;
- **identify opportunities** to improve overall performance;
- **benchmark** to compare performance against common metrics, previous scores, and industry peers;
- **validate** organizational purchasing leadership, offering **third-party certification** of program assessments.
Current Assumptions

The SPLC’s Rating System will achieve its functions through the following strategies:

• **identifying a set of yardsticks** (metrics) to allow for quantitatively measure actions taken or performance achieved (or proxies for performance) in a particular area.

• **identifying baseline criteria** that purchasing organizations must meet within their sustainable purchasing program; and

• **allocating points to specific processes and strategies** that designate levels of achievement relative to purchasing impacts.
Current Assumptions

• A **purchaser** could use a complete rating system to do: program evaluation, benchmarking (over time and against peers), self-assessment, market recognition.

• A **supplier** might use a complete rating system to: market, differentiate, prioritize resource allocation, focus product development.

• **But!** Some of these functions can be achieved with an INCOMPLETE rating system.
Current Assumptions

A scorecard will be used to enable organizations to make decisions about complex and oftentimes competing issues.

There are conventions to simplify the output of a weightings process and into a scorecard:

- 100 base points
- 1 point minimum
- Whole points
- Certification thresholds

Note: this is not meant to be a once and done program!
Participate in Rating System Development

✓ Actively contribute to today’s conversation!

✓ Provide us your subsequent thoughts, ideas, and suggestions in the coming weeks.

✓ Apply to TAGs through upcoming Expression of Interest Period (opening June 8! Ensure your organization’s SPLC Membership is current!)

✓ Encourage your network and colleagues to participate.
Session Breakouts
Rating System Breakouts – Purchasers

• Reactions to the functions of the rating system. Do we have this right? Are things missing?

• What existing programs can we learn from?

• Which functions of the rating system would you as a purchaser intend to use?

• What should be required of all purchasing organizations seeking leadership recognition?
Rating System Breakouts – Suppliers of Goods and Services

• What incentives drive action in this community when it comes to sustainability? How can SPLC design its programs to create those incentives?

• What should be required of all purchasing organizations seeking leadership recognition? What issues are fundamental from the perspective of this community?

• How can the Council best engage suppliers in rating system development, to accelerate environmental, social, and economic progress in the market?
Rating System Breakouts – Suppliers of Sustainability Services

• What should be required of all purchasing organizations seeking leadership recognition? What issues are fundamental from the perspective of this community?

• How should issues/impacts be prioritized/weighted (allocated points) in the rating system? Is spend analysis an appropriate way for SPLC to be weighting issues?

• If ultimately the rating system will have components enabling benchmarking, program evaluation, and self-assessment, in what order you would you develop them?
Rating System Breakouts – Advocates

• What should be required of all purchasing organizations seeking leadership recognition? What issues are fundamental from the perspective of this community?

• How should issues/impacts be prioritized/weighted (allocated points) in the rating system? Is spend analysis an appropriate way for SPLC to be weighting issues?

• If ultimately the rating system will have components enabling benchmarking, program evaluation, and self-assessment, in what order you would develop them?
Purchasers | Harbor Room | Green Dot
Public Interest Advocates | Pacific Room | Blue Dot
Suppliers (Goods/Services) | Marina Room | Red Dot
Suppliers (Sustainability Services) | Cove Room | Yellow Dot