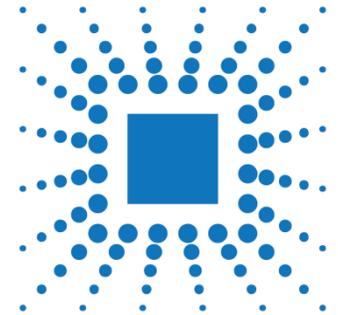


CASE STUDY

**Promoting sustainable  
partnerships through data-driven  
transparency into purchasing  
practices**

**Better Buying™**

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**SUSTAINABLE  
PURCHASING  
LEADERSHIP  
COUNCIL**  
CASE STUDY  
LIBRARY

## Abstract

Better Buying™ is a global initiative that provides buyer companies (e.g. brands and retailers) and suppliers a cloud-based platform to obtain data-driven insights into seven categories of purchasing activities: Planning & Forecasting, Design & Development, Cost & Cost Negotiation, Sourcing & Order Placement, Payment & Terms, Management of the Purchasing Process, and Win-Win Sustainable Partnership. Better Buying’s transparency fosters sustainable partnerships and mutually beneficial financial results and other outcomes. Anonymous supplier ratings of buyer purchasing practices obtained by the independent third- party initiative are aggregated, scored, and made available to the participating retailers, brands, and suppliers with the goal of accelerating change and industry-wide improvements across supply chains. Growth in both buyer and supplier participation in the Better Buying™ initiative, as well as evidence of improved practices in buyer companies, demonstrate the critical value of the data Better Buying™ provides as its work builds momentum toward industry-wide transformation of purchasing practices.

## Summary

Goals	Strategies	Results
To establish feasibility of a model where suppliers evaluate their customers rather than being evaluated	- Engage suppliers to build trust	- 30 suppliers from 8 countries (Q4 2017) to 997 suppliers from 46 countries (Q4 2019)
Develop metrics to capture the impact of brand/retailer purchasing practices	- Interview suppliers about the purchasing practices that have the greatest impact on their businesses and workplace conditions	- Enhanced the questionnaire from 21 questions during pilot test to 44 questions in Q4 2019 to measure 7 categories of brand/retailer purchasing practices
Demonstrate supply chain willingness to collaborate	- Increase buyer participation - Engage brands/retailers who are members of MSIs that have expectations around purchasing practices	- 2 participating companies (Q4 2017) to 23 paying subscribers (Q4 2019)
Increase validity of the data	- Increase supplier participation - Engage suppliers through regional ambassadors - Engage industry associations of suppliers	- 30 suppliers from 8 countries (Q4 2017) to 997 suppliers from 46 countries (Q4 2019)

Increase actionable recommendations about change	<ul style="list-style-type: none"> <li>- Iterate the questionnaire to allow for supplier input about better practices</li> <li>- Expand research strategies involved in Better Buying's works</li> </ul>	<ul style="list-style-type: none"> <li>- Added open-ended questions to the questionnaire</li> <li>- 0 supplier comments (Q4 2017) to 3,615 comments (Q4 2019)</li> <li>- Began producing quarterly insight reports involving deep qualitative analysis</li> </ul>
Increase industry and stakeholder awareness of the breadth and depth of purchasing practices that impact sustainability	<ul style="list-style-type: none"> <li>- Produce annual trend reports</li> <li>- Speak at industry events</li> <li>- Partner with other industry organizations</li> </ul>	<ul style="list-style-type: none"> <li>- Three annual trend reports</li> <li>- Partnerships with Ethical Trading Initiative, others in progress</li> </ul>
Demonstrate beginnings of changing purchasing practices	<ul style="list-style-type: none"> <li>- Engage companies over multiple ratings cycles to track change in response to recommendations</li> </ul>	<ul style="list-style-type: none"> <li>- Average improvement for companies that participated in the last two ratings cycles: 19.6 points</li> </ul>

## Goals

Purchasing practices have often been labeled a root cause of workplace abuse and exploitation in supplier factories – one that is often ignored by brands and retailers when working to improve social and environmental sustainability (Business & Human Rights Resource Center, 2019; Gooch, Hurst, & Napier, 2008; Human Rights Watch, 2019; Raworth, 2004). For this reason, Better Buying™ was created in 2015 to provide retailers, brands, and suppliers with a cloud-based platform to obtain data-driven insights into purchasing-related activities. By inviting suppliers to anonymously and confidentially share objective business information via an annual questionnaire, Better Buying™ enables suppliers to honestly report the social, environmental, and financial sustainability impacts of their buyers' purchasing practices. With this increased transparency between buyers and suppliers, Better Buying's work promotes sustainable partnerships and mutually beneficial financial results and other outcomes.

The first major goal was to establish the feasibility of a model where, for the first time, suppliers evaluate their buyers rather than being on the receiving end of countless evaluations. Before implementing any of the founders' ideas, they had to identify whether it was even possible to have suppliers submit data that would be used to evaluate their customers, possibly casting their business practices in a negative light. Through individual consulting projects, the founders were obtaining rich information about the breadth and depth of purchasing practices that impact social, business, and environmental sustainability. The main question in establishing Better Buying™ was

whether it would be possible to scale this data collection beyond face-to-face meetings on behalf of single companies, to a point where suppliers around the globe could participate via an online platform.

Second, the founders worked to identify which practices they needed to focus on during data collection. The goal was to avoid creating a large, unwieldy questionnaire that would eat into suppliers' available time and resources. Instead, they prioritized obtaining supplier input on the practices that have the greatest impact on sustainability – initially focusing on business and workplace conditions, but recently expanding to environmental sustainability as well. In addition, the questionnaire was built to rely on objective business data that suppliers typically already maintain in their day-to-day operations. Relying on objective information also increased the likelihood that suppliers would be willing to provide this information as long as their anonymity was protected, and that buyers would accept the information as valid and reliable.

Rather than setting out on its own as yet another initiative for companies to participate in, Better Buying™ engaged multi-stakeholder initiatives (MSIs) from the beginning to leverage their broad membership and work more quickly toward industry-wide transformation of purchasing practices. The co-founders targeted MSIs that had expectations for their members around purchasing practices and engaged these groups to encourage broad participation in Better Buying™. Meanwhile, and through increased buyer participation, the co-founders pursued increased supplier participation in order to improve the validity of the data they were collecting.

Another goal was to increase actionable ideas about change. This was important in order to move from knowledge acquisition to implementation of improved practices. Iterating the questionnaire allowed suppliers to provide their input about how buyers could improve, based on what they had seen work well with their various customers. Seeking suppliers' ideas and suggestions was consistent with Better Buying's intention to help make suppliers' voices heard in an industry where they often don't have a venue to raise such issues and collaborate fully in designing solutions. More recently, Better Buying™ is working to help buyers and suppliers engage in dialogue through its Learning Loops pilot program. Through this continuous, two-way dialogue, buyers will work with their suppliers to test improved practices and measure their business, workplace, and environmental impacts. By testing these changes within companies, Better Buying™ will demonstrate the business case for improved purchasing practices with other companies and help accelerate positive change.

Throughout all its work, Better Buying™ aims to increase awareness of the breadth and depth of the impacts of purchasing practices on sustainability. Public-facing annual trend reports enable widespread learning, and speaking engagements, webinars, and trainings are used to engage a broad audience in conversations about purchasing practices and present empirical support for what is a very sensitive topic. In addition, Better Buying's work provides increased internal transparency for companies that often have siloed functions that prevent understanding of impacts of day-to-day practices both internally and throughout supply chains.

Finally, demonstrating changes in purchasing practices is critical for continuing to engage both buyers and suppliers. For buyers, seeing improvements and demonstrating the business case will encourage broader participation and accelerated movement toward industry-wide change. For suppliers, it is critical to demonstrate that by taking the time to rate their buyers, their voices are being heard and real change is happening. Without this, Better Buying™ would in effect lose its license to operate.

## Strategies and Actions

Better Buying™ was launched initially as a research project at the University of Delaware where co-founder Dr. Marsha Dickson is a faculty member, with grant funding from C&A Foundation. Between 2015-2017, Dr. Dickson and co-founder Doug Cahn conducted extensive research to identify key purchasing practices, designed and developed the Better Buying Purchasing Practices Index, built the secure cloud-based platform to collect data, created the algorithm to score companies based on their suppliers' ratings, gained initial supplier and retailer/brand supporters, and pilot tested the questionnaire. The pilot test was followed by a period of reviewing the results and refining the survey. Since then, Better Buying™ has conducted four rounds of data collection, published three industry trend reports, and presented the findings at numerous industry forums.

Supplier empowerment has always been at the heart of Better Buying's work. The initial research was conducted to understand what suppliers needed and what issues were most damaging to their businesses and their abilities to provide decent working conditions. Then, building on this research, the goal was to effectively communicate this information in a way that would garner more attention on improving purchasing practices and get the issues out to a broader audience. Public-facing transparency of buyer performance was a key part of the initial strategy in collaboration with Better Buying's key funder.

As Better Buying was set up specifically to pursue improved purchasing practices, internal commitments were established from the outset. Externally, Better Buying™ needed to secure commitments from both buyers and suppliers. Through early research for the questionnaire, Better Buying™ began gaining traction with suppliers. To accelerate this movement, it became clear that the most effective way to overcome suppliers' hesitation to participate would be to get their customers on board and for those customers to explicitly invite their suppliers to provide ratings. To engage buyers, Better Buying™ reached out to MSIs that had expectations for their members around purchasing practices. Through these partnerships, Better Buying™ gained access to many buyers at once – and ones that, due to their membership, needed to be making progress on their purchasing practices.

Through an external evaluation conducted after Better Buying's feasibility stage, the co-founders obtained rich information about what needed to be improved in order for Better Buying™ to sustain operations into the future. The overwhelming finding from this review was that Better

Buying™ needed a way to scale. This was a key factor in determining the strategies to use to achieve Better Buying's goals: identifying a viable way to grow from one-off, face-to-face consulting projects to engaging companies on a global scale.

## Financial Information

Better Buying's first four years of operations were funded by foundation grants from C&A Foundation and Humanity United, totaling approximately \$1.5 million, and a lot of in-kind time of the co-founders. We have now incorporated as a not-for-profit organization and are implementing a subscription service for buyers that work with us to obtain reports on their own company practices compared with various benchmarks, access the deep-dive reports that draw on cross-industry learnings, and participate in the learning loops. Because of the investment made by foundations to develop the platform and demonstrate proof of concept, we are able to keep subscription fees at relatively low rates from \$6,000 to \$22,000 annually depending on the buyers' annual revenue.

## Results

### Establish feasibility

The increased supplier and buyer participation in the Better Buying™ initiative demonstrates that a model where suppliers rate their buyers is feasible. While challenges related to scaling up still exist, the growth in the past few years and the increased awareness of problematic purchasing practices suggests growing momentum around the topic and an increased desire for the type of data Better Buying™ provides.

### Develop metrics

Better Buying™ has continued to iterate and refine the questionnaire used by suppliers to rate their buyers in order to obtain robust results that reveal distinctive buyer company practices. Over time, questions have been added to incorporate environmental sustainability, as well as to better understand how certain practices impact suppliers' businesses and workplace conditions.

The results from our questionnaire enable data-driven conversations between buyers and their suppliers. One buyer company highlighted how crucial it is to have data to back up their

### Feedback on Better Buying's Work

*"Using learnings from the Better Buying report, we organized internal workshops to improve the buying process, selecting four areas to **implement process improvements.**"*

- Ethical Sourcing Manager, UK Retailer

*"We source in thousands of factories over 40 countries. The reason we partner with Better Buying™ is **we see this initiative as quite transformative.** The data is valuable feedback we don't usually get from daily talking with our suppliers. It's anonymous and confidential. We want to use these data to drive change."*

- Regional Director of Responsible Sourcing, US Retailer

conversations and get movement internally in a company that requires a lot of internal persuasion. Rather than having to rely solely on anecdotal evidence, Better Buying™ has made it possible for this company to base its decisions on empirical evidence of problematic practices, which has helped create a much stronger push to engage in the change process.

### **Demonstrate willingness to collaborate**

Better Buying™ reached out to various MSIs that have expectations for their member companies around responsible purchasing practices, such as the Fair Labor Association and the Ethical Trading Initiative (ETI). Partnering with ETI, Better Buying™ company reports were used as the foundation for training programs for buyers, and Better Buying™ staff spoke at the organizations' events and engaged with their members. From the pilot ratings cycle with two companies participating on a voluntary basis, Better Buying™ now has 23 paying subscribers that are committed to gaining a better understanding of how their day-to-day business practices that impact sustainability, as well as identifying and implementing better practices.

### **Increase validity of data**

To ensure the data gathered by the questionnaire was valid, it was necessary to dramatically increase the number of supplier ratings received and ensure strong response rates for subscribers. Through increased engagement with MSIs and their member companies, involvement of our subscribers' senior executives, and our own extensive global networks, Better Buying™ was able to increase participation to include 997 suppliers from 46 countries in the most recent ratings cycle. Better Buying™ continues to explore ways to expand participation within and beyond the apparel and footwear industries. The average response rate for buyers is 43%, but reaches as high as 96% for some companies.

### **Increase actionable recommendations about change**

Open-ended questions were added to the questionnaire to encourage suppliers to submit ideas and further details that can be used by buyers to improve. In addition to iterating the annual questionnaire, Better Buying™ is producing quarterly insight reports for its subscribers that focus on specific topics within the realm of purchasing practices. These reports utilize the growing amount of industry-wide data Better Buying™ has collected to provide companies with deeper insight into the multidimensional impacts and complex interactions of their purchasing behavior. The first quarterly report "Better" Planning and Forecasting provides companies with suggestions for steps they can take to improve their practices in this area. The addition of quarterly reporting supports sustainability and compliance personnel as they work to translate the results captured in their Better Buying™ company reports into action within their companies.

Another activity used to achieve this goal is Learning Loops: a continuous, two-way improvement process between buyers and their suppliers. Using companies' Better Buying™ ratings, Better Buying™ collaborates with buyers and their suppliers to identify specific opportunities for

improving purchasing practices, develop custom micro-surveys and KPIs of detailed sustainability impacts to measure success, and provide support as companies engage in the change process. Through this feedback loop, Better Buying™ aims to publish case studies that demonstrate the business case for improved practices. By broadly sharing the findings from Learning Loops, Better Buying™ can help provide a road map for companies dealing with similar issues in their businesses and support them as they move into action.

### **Increase industry awareness**

Better Buying™ company reports provide buyer companies with empirical evidence of how their purchasing practices impact suppliers' ability to achieve social, business, and environmental sustainability. Companies have incorporated their results into training for product/sourcing personnel to increase their awareness of the impacts of their actions and to encourage the adoption of more responsible purchasing practices. For example, Better Buying™ developed a partnership with the Ethical Trading Initiative to build training programs for their member companies.

While it was determined that publishing individual buyer company results would not be feasible for creating a “race to the top,” the three industry trend reports published so far have contributed to greater understanding about the scope of purchasing practices impacting workplace conditions, and the trends associated with those. All have received attention from industry press and some other outlets. The new quarterly insight reports Better Buying™ is providing to its subscribers further increase buyers' awareness and understanding of complicated purchasing practices issues and provide suggestions for steps to take toward improved practices.

### **Demonstrate beginnings of changed practices**

By engaging with buyers over multiple rounds of data collection, it has been possible to track improvement over time. For the ten companies that participated in both the 2020 and 2019 ratings cycles, their average improvement in categories where their scores increased was 19.6 points across the questionnaire. Better Buying™ plans to continue engaging buyers on an annual basis (in addition to working with new buyers both within the apparel and footwear industries and beyond) and track industry-wide improvement in purchasing practices.

## **Benefits**

Buyers have found Better Buying's reports and analysis incredibly useful. According to buyer feedback from the most recent ratings cycle (Q4 2019), buyers intend to use the results to aid in internal communication with everyone from C-Suite executives to mid-level managers and entry-level employees. The results will help inform the development of buyer company training programs on responsible purchasing practices, the creation of team goals and objectives, and the implementation of KPIs for sourcing, supply chain, planning/merchandising, and other teams. Better Buying's recommendations will be used to create action plans for improvement, and the annual ratings cycles will continue to be used to track performance over time.

In terms of impact on workers, with improved purchasing practices of Better Buying's current subscribers, there is potential to improve conditions for more than 3,980,300 workers who are employed in the 3,216 factories owned by the suppliers participating by submitting ratings of their customers.

## Lessons Learned

- **Incremental transparency** – Initially the plan was to publicly report companies' Better Buying™ scores to create a sense of urgency among buyers and thereby encourage radical industry-wide change. While this was never a popular idea with buyers, it became clear that publicly publishing buyer company scores would substantially narrow involvement in the annual ratings cycle. Furthermore, Better Buying™ learned that suppliers did not want that level of transparency for a variety of reasons. It was far too early at that point to be publishing scores and sharing them with consumers – instead, it was important to define what level of transparency is important at what time. By adopting a mindset of incremental transparency, Better Buying™ is able to bring more stakeholders along with us in this process, rather than losing their participation due to an overly-aggressive approach to transparency. With time and improved practices, buyers will want to tell the stories of their success—in fact, we have just heard from one subscriber that is ready to begin talking about their work publicly.
- **Flexibility is key** – At several points in its journey, Better Buying™ made the decision to pivot its strategy in order to better position itself to achieve its goals. By maintaining a future-oriented approach and adapting as more knowledge is gained, Better Buying™ has been able to overcome serious hurdles to its initial strategy. This has opened up new opportunities, such as expanding beyond the apparel and footwear industry, implementing a brand/retailer subscription model, and engaging more closely with companies as they take part in the change process. Through continued innovation and iteration, Better Buying™ can continue working toward its goals and adopt more effective strategies and approaches to its work.
- **Gap between knowledge and action** – Feedback from buyers makes it clear that their company reports provide a lot of valuable information, yet they need more support to determine how to act on that information. Better Buying™ recognized that it could not remain solely a provider of data and is now working to bridge this gap through its Learning Loops program and the addition of its quarterly insight reports. By providing additional support, Better Buying™ hopes to encourage more rapid acceleration toward industry-wide change.
- **Change takes time** – Better Buying™ initially planned to conduct biannual ratings cycles. While these were initially important to build momentum around the new initiative, this

pace was too fast for everyone involved. Shifting to an annual ratings cycle provides more time for buyers to implement improvements, as well as time for everyone involved to better understand and learn from the data being collected.

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