CASE STUDY

Building a foundation for sustainable procurement at Tillamook

Tillamook County Creamery Association
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Abstract

What happens when a company with strong local roots and solid principles starts to grow?

Sustainable procurement practices become critical for keeping the company aligned with its vision.

A 110-year old dairy co-op based in Oregon, USA, Tillamook County Creamery Association (Tillamook) has strived to cultivate trust with its consumers. As the company has grown and expanded its sourcing, it has come to understand that prioritizing supplier transparency and sustainable procurement is vital for maintaining credibility and meeting sustainability expectations.

This case study demonstrates how Tillamook is building a strong foundation for sustainable procurement.

Summary

<table>
<thead>
<tr>
<th>Goals</th>
<th>Strategies</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishing a Stewardship Charter</td>
<td>Tillamook developed a Stewardship Charter articulating its business model based on stewardship and establishing a management framework for all sustainability efforts to drive transformation across the value chain.</td>
<td>Stewardship Charter developed and adopted in 2017.</td>
</tr>
<tr>
<td>Articulating supply chain policies and procedures</td>
<td>To achieve traceability and transparency in its supply chain, Tillamook defined a specific Supply Chain Transparency policy outlining commitments to, and expectations from, suppliers.</td>
<td>Supply Chain Transparency policy developed and adopted in 2018.</td>
</tr>
<tr>
<td>Engaging suppliers to identify and address risks and impacts</td>
<td>To implement this policy and build supply chain resilience, Tillamook launched a Supplier Engagement Program with a prioritized set of high-spend suppliers and contract manufacturers and an established sustainability ratings platform. Supplier Sustainability Scorecards allow Tillamook to better understand environmental, social and ethical impacts in their supply chain and develop targeted continuous improvement plans in partnership with suppliers.</td>
<td>Supplier Engagement Program launched in late 2018. Tillamook is currently evaluating initial results of the Program in the form of Supplier Sustainability Scorecards.</td>
</tr>
</tbody>
</table>
Goals

At Tillamook, we uphold our tradition of doing things right by committing to a business model rooted in Stewardship. We understand that purchased goods and services account for a large percentage of our total carbon footprint, and we recognize that the production and distribution of products and services can have social, environmental and ethical impacts. We know that, on average, supply chain environmental impacts are four times greater than operational impacts. We also recognize that the sustainability implications associated with the way in which we procure raw ingredients, materials and services are of utmost importance to uphold the integrity of our product, the trustworthiness of our brand and the health of our company. It is imperative that we gain traceability and transparency throughout our supply chain operations.

As our first step towards gaining greater visibility into our supply chain, and to move towards overall sustainable procurement, we established our Stewardship Charter in 2017, and articulated supply chain policies and procedures in 2018.

In late 2018, we launched our first ever Supplier Engagement Program. The intent of this Program is to monitor and evaluate social, environmental and ethical performance of our supply chain partners and to work with them using a partnership-based approach that fosters continuous improvement and ongoing risk reduction.

Strategies and Actions

In 2017, we established a board-approved, third-party reviewed Stewardship Charter that defines our vision and our framework. Our Charter is centered on commitments to six key stakeholders, which encompass the issues most important to our business: Thriving Farms, Healthful Cows, Product Excellence, Sustained Natural Resources, Fulfilled Employees and Enriched Communities.

We use our Stewardship Charter as the anchor of our Stewardship Management System; that is, we have policies, procedures, documentation, measurement and communication, which cascade from the Stewardship Charter and guide our decision making. Adopting a management system like this is intentional—it ensures we embed our Stewardship commitments across all business functions, not just within our Stewardship Team. It also holds us accountable to our farmers, consumers, suppliers, employees, customers and neighbors. Upholding our Stewardship Charter is one of our five shared company values and one of our four business objectives, or time-bound goals. One of our Stewardship Charter commitments is to Product Excellence.

As part of our Product Excellence commitment, we strive for excellence in our partnerships, sourcing, product design, manufacturing, research, safety, sustainability and traceability. Product Excellence means adherence to applicable regulatory requirements—both for us and for our supply chain partners—but it also means maximizing our net positive impact and helping our entire supply chain to do the same. Our Supplier and Contract Manufacturer Expectations Manual identifies and
frames the necessary programs that support the production of safe, high-quality and sustainable products, and our Product Excellence policy on Supply Chain Transparency outlines our operating principles for achieving traceability and transparency in our supply chain.

Key Players: Our Stewardship team strives to maximize our net positive impact throughout the entire value chain by working closely with cross-functional teams to uphold our commitment to Product Excellence. The Stewardship team led the development and socialization of the Stewardship Charter and Supply Chain Transparency policy with input from multiple stakeholder teams such as the Supply Chain, Quality and R&D teams.

We recognize that transparency and traceability are critical in upholding the trustworthiness of our products and brand. We know that most of our impact lies in our supply chain; however, as with any other organization, our supply chain network is complex and difficult to navigate. Achieving 100 percent supply chain transparency will require time, ongoing engagement, continuous improvement and change management. To gain greater visibility into our supply chain, and to move towards overall sustainable procurement, in 2018, we launched our first ever Supplier Engagement Program with a sustainability ratings partner.

The intent of our Supplier Engagement Program is to monitor and evaluate social, environmental and ethical performance of our supply chain partners and to work with them using a partnership-based approach that fosters continuous improvement and ongoing risk reduction. As part of this program, we are working to develop an understanding of our suppliers’ and contract manufacturers’ sustainability efforts and how they are driving meaningful improvements. The Supplier Engagement Program requires participating suppliers to complete a sustainability self-assessment survey that covers questions related to environmental, labor and human rights, ethical and sustainable procurement practices. The results of the survey will soon be available to us and our suppliers as a customized Sustainability Scorecard against which supplier sustainability performance can be measured and tracked over the coming years. Our intent and approach to this work has been published externally in our first ever Stewardship Report launched in 2019.

Results

We are currently assessing our initial quantitative results in the form of Supplier Sustainability Scorecards, and we have already observed a few key results of this work. We have demonstrated that a strategic approach to sustainable procurement starts with defining a clear vision and mission, which in our case was laid out in our Stewardship Charter and Supply Chain Transparency policy. Launching the Program involved cross-functional teamwork and support from multiple stakeholder groups. Strategic socialization of the intent has been key in communicating the importance of this work and we have adopted change management principles at multiple steps along the way.
As next steps and in the spirit of continuous improvement, we have initiated an internal maturity exercise, through which we will evaluate the maturity of our overall Supplier Engagement Program and our vision for supply chain transparency through sustainable procurement. Just as importantly, it will allow us to identify ways we can better support our suppliers and contract manufacturing partners in their own sustainability performances. Our hope is that our model is useful to other organizations that are building a foundation for sustainable procurement.