



# Improving Buyer Awareness – Developing guidelines collaboratively to expand buyer’s knowledge of the people working in their supply chains and encourage consideration of their needs

by Chris Anstey\*

Retailers should commit resources to buyer training and awareness building in development issues. This is about procurement best practices in a world where supply chains reach from the plates of the rich to the fields of the poor. Chain-wide learning should be encouraged, bringing producers, exporters, importers and retailers together to understand the issues. As a part of the project “Small Scale Producers and Standards in Agrifood Supply Chains”, funded by the UK Department for International Development (DFID) and jointly run by the International Institute for Environment and Development (IIED) with the National Resources Institute (NRI), a collaborative project considered how to address this issue.

Consequently, a new training programme for buyers to inform and build knowledge about international development issues was developed, led by Chris Anstey Ltd., in association with Impactt Ltd (a consultancy and training provider to the retailers) and tested with two major UK retailers. This has revealed broad support among NGO and business stakeholders in the UK and Europe and useful shared learnings.

### Priorities for buyers and the food companies

Buyers must make a margin and a profit. Also, they are usually involved in driving growth through promotions and marketing. Sometimes

they are involved in quality, safety, legality and innovation.

Companies need to protect their reputation, and their customers expect them to be responsible. As a result, they have a growing awareness of the profound influence that their procurement practices have on how their products are grown, processed, packed and sold.

The global food business is now building on its current approach of setting and enforcing standards. It is starting to expect buyer awareness and understanding of the key consumer questions that must be answered to enable the delivery of ‘responsible purchasing’. For example: Where is the product made? How is it made? What about the ingredients? What are the social, environmental and reputational risks? How have trading practices affected workers and producers? Is all of this in line with my company policy?

The emerging trend is for companies to seek new commercial frameworks to ensure their buying delivers more than the basics of margin and profit. This search for responsibility will drive sustainability in trading relationships with the resulting benefits of income security for workers and producers in developing countries. For example, the Chartered Institute of Purchasing and Supply (CIPS) in association with the development charity Traidcraft published a guide to more

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*Working with the whole supply chain to explore opportunities for securing, upgrading and expanding pro-poor procurement in international horticultural supply chains from developing countries*

### key messages

- Though retailers and manufacturers have started to commit to development policies, core brands and the way they are purchased remain largely unaffected
- Buyers need to be informed of development issues, with adapted training materials to change “business as usual”
- There is positive interest in and strong need for sector- and company-specific training modules.

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>> **continued** responsible purchasing practices in May 2008 called “Taking the Lead”<sup>1</sup>. They identified the key success factors for an organisation to manage responsible purchasing as:

1. Leadership and accountability;
2. Knowledge of the consequences of buying actions;
3. Managing conflicting priorities;
4. Thinking and acting beyond short term horizons;
5. Managing relationships in the supply chain;
6. Responsible use of power in the supply chain.

### Drivers of change

Price will remain the fundamental competitive issue for food retailers and brand manufacturers, as well as the small and medium sized enterprises (SMEs) that work with them as service providers, suppliers and producers. But there is also a significant shift in consumer priorities that sees the publicly listed food companies demonstrating that corporate responsibility (CR) has become a license to operate rather than a tool for differentiation. At its heart is the recognition that there is a range of voluntary commitments for business over and above mandatory requirements. The origins of certain food commodities and ingredients in developing countries mean that the ‘development’ impact of procurement decisions is emerging on the CR agenda.

There is also a realization that monitoring is only a part of the effort. The countless audits in factories and farms may have improved compliance but have not really delivered a change in approach or thinking. The leaders are now seeking innovation based on learning. Emerging best practice sees a series of proactive relationships forming between business and civil society stakeholders. These relationships are characterised by one party seeking a credible witness to their business model development; while the other seeks to influence sustainable business practices. They learn from each other and change is the outcome.

### Challenges

Meanwhile, there are communication anomalies. In marketing terms, ‘ethical’ has been redefined to equal ‘labour standards’ and ‘fair’ has been redefined to equal ‘Fairtrade’. Thus, commitments in certain commodities under a ‘Fairtrade’ brand can become a proxy for an overall policy focus on rural development. However, generating real business in poor countries is something quite real and quite different.

Also, development issues can appear detached from brand integrity. How the raw materials that are used in a factory get there is considered somebody else’s problem.

Also, there is little evidence of the emergence of real development policy amongst the retailers and manufacturers, although there is evidence of the start of change. Core brands and the way they are purchased remain largely unaffected.

### The project methodology

An advisory group was formed of interested parties. There was active engagement from DFID, IIED, NRI, Traidcraft, CIPS, COLEACP<sup>2</sup> (France/Belgium), the Ethical Trading Initiative (ETI) and Oxfam. Impactt recruited the two retailers. They developed and tested a seminar with the advisory group (see

box). They then delivered two different sessions with the Co-operative Group and Tesco.

### Seminar structure

1. **Why Bother?** Business case, risk, reputations, corporate responsibility, NGO campaigning and associated costs, supplier linkages.
2. **Making a difference.** DVD supplied by COLEACP. The life of small farmers, pickers and packers in Kenya. Realising the positive impact of trade through the effects of income. Livelihood issues. Poverty footprint.
3. **Negative impacts.** Triggers, purchasing practices, cause and effect. Sharing experiences. Building case studies.
4. **How to do good and still buy well.** A discussion session to share personal guidelines. Six steps to responsible purchasing (Traidcraft).

### Main shared learnings

1. **Broad support** – The NGO stakeholders have demonstrated they are actively prepared to collaborate. The business stakeholders have willingly engaged in testing the model.
2. **Sector specific** – Initial informal discussions with manufacturers have identified positive interest in developing sector-specific modules
3. **Company specific** – Each retailer needed their own seminar, relevant to their own commercial model and business culture.
4. **European and global options** – Initial informal discussions have identified positive interest in building new groups across the European Union and in the US.

### Outcome

Draft guidelines for building buyer awareness of development issues were agreed by the project. With the support of DFID, these will be developed into a public document that shall be launched to the UK food industry (see box). The seminar structure shall also be included to provide a core set of training materials.

Retailers, manufacturers, suppliers or service providers will be encouraged to use the training materials to initiate their own programmes to raise buyer awareness.

### Draft Guidelines (summarised) Content

- Companies like things that look like they are their own. Seminars need to be developed with them not for them.
- The theme of building awareness through personal stories is important.
- The material on the ‘economic footprint’ (effect of income from jobs or trade) was a fundamental learning point.
- Procurement practices such as tendering or auctions need to be analysed.

### Target groups

- All buyers that make purchasing decisions should be included, at all levels of the supply chain.
- Buyers with high ‘risk’ jobs need an extra level of information.

### Process

- Buyers need to discuss these issues in private.
- A discussion of ‘bad practice’ builds resistance. Instead, focus on ‘good practice’ and allow individuals to express their experience.

### Trainer competency

- Trainers need background in international development, preferably with academic qualifications and business experience.

### References for further reading

[www.cips.org](http://www.cips.org)

[www.traidcraft.org.uk](http://www.traidcraft.org.uk) Traidcraft: “Buying Matters” 2006, “A Fresh Perspective” 2007 and “A Fair Cup” 2007

1. Chartered Institute of Purchasing and Supply, and Traidcraft Exchange (2008), Taking the Lead, A guide to more responsible procurement practices, available at <http://www.cips.org/documents/Taking%20a%20lead.pdf>

2. COLEACP is an interprofessional network funded by the EU that promotes sustainable horticultural trade, gathering together African and Caribbean producers and exporters with EU importers of fruit and vegetables, flowers and ornamental plants.