Abstract

During 2016-18, the University of California (the UC) undertook a complete re-write and consensus approval for its Environmentally Preferable Purchasing Policy (the Policy). Changes to the Policy include a broadened focus, quantitative goals and governance and ownership of the sustainable procurement function. The broadened policy focus includes consideration of Economically and Socially Responsible (EaSR) procurement. Quantitative goals are set for green spend, EaSR and an innovative new metric called "the dollar not spent." The policy also addresses minimum sustainability criteria for solicitations to address vendor practices.

In the new framework responsibility for setting targets and measuring results resides with UC procurement staff and leadership and dedicated staff time has been allocated to the task by procurement leadership at each campus.

The updated governance structures and new policy serves as the framework for system wide progress against quantifiable sustainable procurement goals. It also provides the platform for training procurement staff, system-wide flagging green products and EaSR suppliers in e-procurement platforms. The project provides a framework that will limit duplication of tasks across UC campuses as well as harness economies of scale and scope by addressing a shared vision for sustainability across the UCs addressable spend.
## Summary

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<th>Goals</th>
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| **Program Goals:** Support a collaborative UC system-wide approach to sustainable procurement | **Strategy Summary:** Develop governance structures that support ownership of outcomes in the organization responsible with delivery. Work with those teams to identify needs, goals and methods appropriate to their business processes and the UC culture.  
**Actions:**  
1. Developed a formal group charter that identified dual reporting lines for the SPWG to the UCs procurement leadership group (the PLC) and the UC system wide sustainability committee (the SSC).  
2. Requested procurement staff be formally allocated to a system-wide sustainable procurement working group (SPWG) with at least a 10% FTE allocation to the group.  
3. Undertook two UC system wide sustainable procurement “summits” to workshop priorities and needs.  
4. Developed multi-disciplinary teams to address agreed on short term (1 year projects) system wide needs (policy, training, surplus, economically and socially responsible procurement business case) | Charter formally Approved by the Procurement Leadership Council  
System wide procurement staff time allocated to the system wide group.  
Over 50 participants at both UC summits, from all 10 campuses and UC Office off the President, a list of consensus needs and project priorities and team leads allocated.  
Policy drafts developed in response to consensus needs across the UC. |
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**Project Goal**
Develop a draft policy for the UC sustainable procurement program that will prompt action and achieve measurable results across UC

**Strategy:** Work in cross disciplinary teams to find the nexus between best practice in sustainable procurement, the needs and drivers of the UC procurement teams and the UC policy framework and culture.

**Actions:**
Undertook a literature review to collect and collate best practices in sustainable procurement policies across the US, including but not limited to policies and guidance from the following organizations:
- Sustainable Procurement Leadership Council (policy guidance and maturity matrix)
- EPA (Recommendations of Specifications, Standards, and Ecolabels)
- California Department of General Services (Buying Green program)
- San Francisco Department of the Environment
- New York State Office of General Services (Purchase Green Requirements and Tools)
- Commonwealth of Massachusetts (Environmentally Preferable Products (EPP) Procurement Program)
- Kaiser Permanente (EPP)
- STARS Technical Manual version 2.1 (EPP)
- Harvard University (EPP)
- Arizona State University (EPP)
- Responsible Purchasing Network
- Center for Environmental Health
- Northeast Recycling Council

2. Reviewed successful UC policy and identified that: 1. As each campus is independent and unique; UC policy can address principles, but cannot assign responsibility and 2. That UC policy that focuses on SMART (specific, measurable, Actionable, Relevant, Timebound) prompts action across the system.

3. Found the nexus between best practices and the needs and culture at UC through cross-disciplinary, cross campus, calls, workshops, discussions and consultation.

Draft policy and guideline with SMART goals, update processes, governance structures and principles developed for feedback, consultation and review.
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<td><strong>Project Goal</strong></td>
<td><strong>Strategy</strong>: Develop a shared set of definitions for green spend and Economically and Responsible procurement.</td>
<td>Framework has been developed to guide buyers around greenwashing claims (at least in part), flag UC recognized and UC preferred in our e-procurement system and block non-compliant products. Economically and Socially Responsible Vendors can also now be flagged in e-procurement system.</td>
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<td>Develop a framework and a set of tools to help distributed buyers navigate and avoid “greenwashing”</td>
<td><strong>Actions</strong>: 2. UC Green certifications have been listed in three categories a formal list of UC recognized certifications for a subset of commodity categories (electronics, office products, cleaning products, indoor furniture and compostable dining ware). These are certifications the UC does not consider to be “greenwashed” certifications. Minimum criteria for each commodity (UC will not purchase items that do not meet this threshold) and preferred criteria for which UC will base its targets. 3. Recognized Economically and Socially Responsible Certifications are listed in the guideline.</td>
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<td><strong>Project Goal</strong>:</td>
<td><strong>Strategy Summary</strong>: Consultation, feedback and empowerment of procurement teams.</td>
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<td>Obtain policy approval from UC Sustainability Steering Committee and the UC procurement leadership team (the Procurement Leadership Council)</td>
<td><strong>Actions</strong>: 1. Undertook a system wide webinar to on the policy and guidelines draft (over 90 participants from procurement and sustainability). 2. Developed a survey which addressed policy and guideline language in detail. 3. Collected, developed and circulated responses to feedback. 4. Made changes to policy to reflect feedback. 5. To empower procurement teams, briefed Sustainable Procurement Working Group members, had them brief their leadership team, then present an overview of the draft to the leadership team to answer any questions. 6. Collected feedback from leadership, made relevant changes. 7. Worked through remaining points of contention at a face to face meeting with procurement leadership where consensus was formed.</td>
<td>Policy approval obtained from relevant committees.</td>
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| **Project Goal:** Develop reporting process, metrics and guidance that is achievable, realistic and responds to the unique needs of UC campuses | **Strategy:** Find measurable outputs available to UC in the near term to gain momentum, increase visibility and promote discussion across the UC system.  
**Actions:** Review UC system wide data sources, analyst resources and vendor capabilities.  
Identify feasible reporting opportunities for the near term, including current capabilities of internal spend analytics data, tools and human resource availability.  
Review percentage spend on UC system wide contracts in selected commodity areas.  
Determine options for reporting based on impact/outcomes matrix.  
Consult with campus community (as noted above). Receive feedback on viability and concerns.  
Identified the green spend and EaSR spend as actionable quantitative reporting at the system level. Identified the need for a metric that recognizes the role procurement can plan in reducing expenses (through refuse, reduce and reuse activities) in green spend. Called “the dollar not spent”. | Determined green spend and EaSR as reportable metrics. Achieved agreement that vendor reports from system wide contracts best short term measure to meet reporting requirements. Developed new metric called “the dollar not spent” |
Goals

During initial campus tours and interviews with procurement teams and sustainability staff, the following needs were identified:

- The need to help buyers navigate green washing
- The need for policy goals with clear and concrete “actions” for sustainable procurement
- The need for training and tool-kits, specific to “action items” for buyers and strategic sourcing teams across UC
- The need to have shared definitions across UC of what UC considers to be “Green” and “Economically and Socially Responsible” to provide a consistent message to vendors and allow for consistent flagging in e-procurement platform
- The need to provide guidance on sustainable procurement, product attributes, vendor practices and total cost of ownership.
- The need for procurement teams to own and internalize sustainable procurement processes and activity and to partner with sustainability teams to achieve shared aims

UC Office of the President has five key tools to achieve outcomes across the UC.

1. Policy and the consensus process that informs it
2. Reporting against Policy goals to the UC Regents in the UC Sustainable Practices Report
3. Best Practice Sharing
4. Shared technologies and tools
5. Convening power, the ability to gather the community and access leadership across UC

Based on the nexus of the needs of the UC and the tools the UC has to enact change the following goals were developed:

Program Goals:

- Support a collaborative UC system-wide approach to sustainable procurement.

Project Goals:

- Develop a framework and a set of tools to help distributed buyers navigate and avoid “greenwashing”.
- Develop reporting process, metrics and guidance that is achievable, realistic and responds to the unique needs of UC campuses.
- Develop a draft policy for the UC sustainable procurement program with that will prompt action and achieve measurable results across UC (for the UC Sustainability Annual Report).
- Obtain policy approval from UC Sustainability Steering Committee and the UC procurement leadership team (the Procurement Leadership Council).

**Strategies and Actions**

The task of developing and operating system wide sustainable procurement working group was given to the new role of Associate Director of Sustainability at the UC Office of the President (UCOP), Hilary Bekmann. Concurrently, a new role was created in UCOP with responsibility for sustainable procurement (the Special Programs Manager), Stephanie Lopez.

When undertaking tours of UC campuses, Hilary (and on many visits Hilary and Stephanie) undertook informational interviews with campus procurement teams and procurement leaders. During these meetings background as to the history of the current programs and policy was determined, an initial set of needs was developed as was an understanding of the UC procurement processes, governance structures and procurement culture.

At this time, it was decided that a sustainable procurement working group would be formed, and that that the Director of Procurement at UC Santa Cruz would co-chair the group with the Associate Director of Sustainability at UCOP. The Special Programs manager would staff the group. The three met in Santa Cruz to review the group needs and structure and determined that for the group to meaningfully impact procurement activities it needed a governance structure that differed from other UC sustainability working groups. These groups report to the UC wide sustainability steering committee (the SSC) and they typically do not have a charter or defined membership.

It was decided that for this group, to engage procurement leaders, a group charter was needed and that a direct reporting line to the UC system wide Procurement Leadership Council (the PLC) was required. It was also decided that each campus would be asked to dedicate a procurement team member towards the group. Unlike other groups, it was also decided to keep this group small(ish) with only the dedicated members to create a more agile work environment, focused on actions and outcomes.

The charter was developed, and approved by the PLC and the SSC. The Procurement Leadership Council were also asked to formally allocate a staff member to the SPWG, which they did.

During November of 2016 a kick off / launch of the sustainable procurement effort was held at UC San Diego, which had one of the UCs most developed sustainable procurement programs. It was a two day event with open participation on the first day with over 50 participants from across UC attending and workshop day with the newly formed SPWG on the second day.

At that launch internal UC stakeholder and external NFPs were asked to “pitch” projects to the SPWG as focus areas. The second day, the SPWG group work-shopped the various ideas to prioritize actions and determine achievable outcomes within a one year time frame. The following priorities were identified:
- Agreed Standards for UC Green and Small and Diverse Business (later called Socially and Economically Responsible)
- Policy Updates
- Training and Education
- Electric Vehicle incentives
- Review of UC Surplus Programs and identification opportunities
- Systemwide supplier scorecard

Policy updates and green flagging was combined as different stages in a single process. The group allocated team leads for each of these projects. Team leads were responsible for assembling teams, developing scope of work documents and producing outcomes with one year of project kick off.

The project lead on the policy update was Heather Perry, Sustainable Procurement Analyst at UCSB. Partnered with Mark Ortiz Sustainability Programs Manager in Procurement at UCSD, Heather and Mark undertook a literature review and developed options and frameworks for the policy update. Hilary Bekmann was acting as an advisor to the project during this time. Multiple frameworks, structures and options were explored and discarded during this time. The challenges of deciding the right framework and approach that balanced UC needs, actionable targets was significant and with an understanding of available funds for implementation, it was decided to release an RFQ to investigate market solutions. UC received some excellent submissions, however, it was around this time, that UCOPs budget was frozen. It became clear at this point that to achieve outcomes in a reasonable time frame, the approach would need to rely on internal resources and existing vendor relationships.

At this time, it was decided some more face to face time was needed to look through options. Hilary Bekmann travelled to UCSB and spend a day workshopping client needs and drivers, available tools and potential structures with Heather Perry (in-person) and Mark Ortiz on the phone.

This structure responded to the following needs (identified and codified at the first sustainable procurement summit):

- The need to help buyers navigate green washing
- The need for policy goals with clear and concrete “actions” for sustainable procurement
- The need for training and tool-kits, specific to “action items” for buyers and strategic sourcing teams across UC
- The need to have shared definitions across UC of what UC considers to be “Green” and “Economically and Socially Responsible” to provide guidance to buyers and the UC community, a consistent message to vendors and allow for consistent flagging in e-procurement platform
- The need to provide guidance on sustainable procurement, product attributes, vendor practices and total cost of ownership.

- The need for procurement teams to own and internalize sustainable procurement processes and activity and to partner with sustainability teams to achieve shared aims

- The need to have flexibility to change as the industry matured and as time allowed

As well as the new need initiated by the budget freeze, a project that could be undertaken and maintained using existing UC resources and vendor relationships.

During this meeting, a framework and a structure was agreed on. The structure required that the policy be re-written to include the principles of sustainable procurement and quantitative targets. This policy would be written to be flexible without the expectation of regular updates. A separate “guideline” was to be developed that would outline the technical detail for UC recognized certifications per commodity area, minimum standards for each commodity area as well a “preferred” certifications which would form the basis for green spend targets. The guideline would also define the technical detail informing Economically and Socially Responsible targets for the UC, and the framework for a pilot on sustainable spend reporting. The guideline would be updated regularly (bi-annually or annually) to include new commodity areas by approval of the Procurement Leadership Council, which meets on weekly basis.

During this time and as the policy and program was developed, there were many discussions and debates on whether UC should undertake a sustainable spend analysis before going down this path. However, the granularity of spend data needed to undertake a robust analysis is not available at the systemwide level. Coordinating data across the UC system is an extensive task and was decided that the UC already had programs in all the key areas likely to be high areas of impact (based on the Trends Analysis Report (2015) by the Good Company), including electricity (UC has a robust energy procurement team and strategy), labs (UC has a robust green labs program and supporting policy as well as are working with MyGreenLabs on the A.C.T label) and flight offset programs (a pilot is underway at UCLA). Similarly, a review of programs at organizations that had undertaken spend analysis identified that despite results of spend analysis, levers within organizations to influence spend were similar, so despite spend analysis results, programs often have similar focuses. This discussion is continuing and future action in this area will likely focus on reporting and measuring program impact rather than priority setting.

The initial framework was then presented to the SPWG and the PLC for feedback. There was general agreement that the approach was workable, but some hesitation regarding reporting needs.

The next stage of the process saw Heather Perry, Stephanie Lopez and Hilary Bekmann working in tandem to develop the draft policy and guidelines. Heather Perry supported the bulk of the heavy lifting including technical research into green spend, best practices in environmentally preferable reporting and the development of the guidelines contents. Stephanie Lopez developed the EaSR targets and definitions in liaison with small and diverse business specialists from around UC. Hilary created the documents structure and outline and facilitated action on the project.
When a draft document was completed the three presented the draft to the SPWG for comment and feedback, and then a system wide webinar with over 90 participants from across UC was held and outside experts were also asked to participate in the survey. A follow up survey was undertaken where a number of technical changes were made as well as some practical ones. On the practical side, reporting requirements were phased so that campuses reporting burden was minimized and the bulk of the work was to be done by UC wide commodity managers and system wide vendors. These and responses to feedback changes were collated and sent to the webinar participants.

The updated policy was then presented to the UC system wide sustainability group on January 30th of 2018. The update was given conditional approval during this meeting (conditional approval being that if the PLC approved it, the SSC would also).

A key item of feedback at this group and through procurement channels was a question of how the policy metrics addressed the greenest dollar, the dollar not spent. Using the methodologies available for refuse, reduce and reuse in reporting for UCs diversion, methodologies for calculating the dollar not spent were added as an option in the guidelines.

A presentation on the updates was made to the PLC, as part of this presentation an analysis of current progress against targets was provided. The SPWG were then asked to make appointments with their PLC member and get feedback and address any areas of concern. This had a dual function, one, it gave the opportunity for the SPWG to update their leadership team on their participation with the group and provided SPWG participants ownership of the policy outcomes. Feedback on the policy revealed only one key area of remaining concern, which was addressed at an in-person meeting of the PLC to form consensus.

An informal training on the policy was undertaken at the second UC system wide sustainable procurement summit and further training is under-development. The next stage of updating systems, processes and setting up reporting frameworks was kicked off at the second UC system wide sustainable procurement summit and is underway.

**Financial Information**

A noted above, there was no budget for the project, it was completed with UC staff time only. The business case for the project results in the co-benefits for a systematic approach to sustainable procurement across UC:

UC Procurement has the general goal of driving procurement towards central contacts that save the UC money and result in revenue opportunities for UC. Improving sustainability outcomes in those contracts aligns with the drivers of the UC community and will help to drive customers to these programs.

UC Procurement has the general goal of improving communications and outreach with campus communities. Sustainability programs and clear and understandable projects support these aims and continually create communication and collaboration pathways between campus procurement teams and the rest of the campus community.
UC is currently duplicating a number of tasks across its campuses.

1. The development of separate flagging systems for UC “green” and Economically and Socially responsible vendors in the campus specific portals of the UC wide e-procurement platform (Jagger) is wasting significant time and resources. Based on the two campuses who have developed internal criteria for flagging, the cost to do this at each campus independently equates to one summer student internship per year (per campus) ($5000 x 10 = $50,000/yr), on-costs (30% of $50,000 = $15,000) plus supervision time (15 hours/yr at $100/hr x 10 campuses = $15,000) at a total of $80,000/yr for UC.

The development and review of sustainability criteria campus by campus for RFx's is also time consuming and the lack of resources at UC to audit results exposes the UC to risk. The next stage in this process is the development of a shared sustainability scorecard program to address the minimum sustainable spend criteria. The estimated time saved in this process through shared systems and documentation is 5-10 hours at an analyst level (~$70/hr) to research options and set draft criteria, 3 hours for reviews and update at the officer level (~$100/hr) and panelist review time 2 hour each for four panelists (salary average of ~$85/hour). This saving conservatively estimated is just under ~$1200/RFx and is yet to be realized but is the next stage of the process.

An inclusion in the policy was an allowance for the dollar not spent. A key component of recognizing savings to the university is encouraging reductions in spend by finding alternatives. This is reflected in the policy aims and the reporting options. These benefits will be calculated and recognized as reporting against the policy progresses.

**Results**

- The policy update has been approved.
- The reporting framework has been created
- The framework has been developed for future collaboration and projects across the UC system

**Benefits**

The key benefits from the actions taken are:

- Ownership of the sustainable procurement task by the procurement functions at UC
- A clearly defined set of goals for sustainable procurement at UC with consensus approval
- A reporting framework developed
- A systematic approach to updates developed
- Support for the program from both leadership and implementers
- Better communication between sustainability teams and procurement staff
- A framework for product flagging in UC e-procurement portals developed
- A clear set of actionable areas to support sustainable procurement training at UC

**Lessons Learned**
- It is important to work with program implementers to gain traction and develop appropriate methods and targets
- Review best practice, but match the programs design to your organization's processes
- Set SMART goals
- Sustainable procurement is complicated, and progress needs to be iterative so; don’t let perfect stand in the way of progress and create flexibility in your approach to allow for a program to mature
- Create multi-disciplinary teams with a broad/complimentary set of skills
- Engage the right leadership champions and teams
- Respond to feedback
- Make it as easy as possible for your stakeholders

**References and Additional Resources**
Provide any references you cite and/or additional links to resources of relevance to the case.

Policy and guidelines will be available on UCOP websites
Presentation on Policy draft for webinar
Presentation on Policy for Procurement Leadership Team