

TrainERGY project

Good practice – Green purchasing

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1 Introduction

1.1 Good practice definition

Good practice is a method or technique that has been generally accepted as superior to any alternatives. It has been proven to work well and produce good results¹.

1.2 Good practice criteria

The following set of criteria will help you to determine whether a practice is a 'good practice':

- **Effective and successful**
A good practice has proven its strategic relevance as the most effective way to achieve a specific objective; it has been successfully adopted and has had a positive impact on individuals and/or communities.
- **Environmentally, economically and socially sustainable**
A good practice meets current needs, in particular the essential ones of the world's poorest, without compromising the ability to address future needs.
- **Technically feasible**
Technical feasibility is the basis of a good practice. It must be easy to learn and implement.
- **Inherently participatory**
Participatory approaches are essential, as they support a joint sense of ownership of decisions and actions.
- **Replicable and adaptable**
A good practice should have the potential for replication and should therefore be adaptable to similar objectives in varying situations.
- **Reducing disaster/crisis risks, if applicable**
A good practice contributes to disaster/crisis risk reduction for resilience.

¹ Nash, J. and Ehrenfeld, J., (1997), "Codes of environmental management practice: assessing their potential as a tool for change." Annual Review of Energy and the Environment 22, pp. 487-535; Bretschneider, S., Marc-Aurele, F.J., Jr., and Wu, J. (2005), "Best Practices" Research: A methodological guide for the perplexed, Journal of Public Administration Research and Theory, (15) 2, pp. 307-323.

2 Good practice description

The good practice described in the document is a case of a Mexican company. Its mission is delivering value through co-creation process. The good practice, although implemented in Mexico can be easily transferred to any country, with a limitation of legislation barriers that could appear at the level of business-municipality cooperation.

2.1 Objective

The main aim of the document is presentation of a best practice related to green purchasing, especially in usage of Early Supplier Involvement (ESI) concept.

The basis for the good practice presentation is an Mexican company called “Suhab”. Still, the best practice can be applied to any kind of business related to eco and modern design, green marketing and green production. It is that way because of a unique attitude of the company towards contemporary business challenges. The main goal of the good practice implementation is to improve relations between the production itself and a set of resources available in the local area. The interest for the good practice implementation should be considered as crucial, while analysing the case of local authorities, company and potential other stakeholders.

2.2 Introduction

The reason of creation of the Suhab company was a hard situation on the labour market and the need to find relatively stable job. The owners of the company are designers, which made their situation at labour market even harder. They observed the surrounding reality and were searching for any kind of possibilities to fulfil the challenges of staying in a Mexico and still earning enough to be independent. Basically speaking, they noticed, that there is one major problem in Mexico City related to waste distribution. The special type of waste which was taken into consideration were tyres. They analysed the documents and reports which suggested that car tyres are the most popular type of waste gathered in Mexico. What was even more important, the tires where were either burnt or collected. There was no possibility to use them again or to reduce their amount without a great harsh made to the environment. They decided that tyres collected in a few waste centres in Mexico can be reused and transformed into more environmentally friendly products. It took them about a year to improve technology and to make it ecological enough to be presented as the green one. This was crucial because of the final customers' expectations. Similarity the opinion of local authorities and interest groups was equally important. Although no one before used to the tires, some parties thought that's the business can and should be stopped. This is why I the benefits for local customers and interest groups was of the utmost importance. To reduce the level of potential scepticism appearing while analysis of the new product made of waste, the company decided to involve the local authorities for work on the final product. The early involvement of the crucial supplier reduced level of uncertainty related to potential losses or risk of lack of resources required at the level of production.

The good practice has the potential to be implemented worldwide in a model of private-public partnership (PPP).

2.3 Actors and Stakeholders

The main actors of the good practice can be divided into two groups. The first one are the internal stakeholders who are interested in creating the jobs (here they are managers and local labour force) and external stakeholders. In the second group there are those who are in the nearest area, which can be called the closer environment of the company, and more distant ones, mainly including clients.

As far as an interest of implementing the good practice is concerned, the first thought it is the company, which is interested in acquiring waste in that or some other form. Seemingly they are interested in reduction of risks related to lack of resources and possibilities for further cooperation to improve and broaden the scope of products.

The second target group can you be broadly defined municipality, because thanks to the company's operations it is free of economic and environmental cost of waste stocking. Not to mention the enhancement of employment in the area. Still, involving local authorities in creation of a new product is a challenging task. In the mentioned case, local authorities were interested in usage of waste and the need to reduce its amount with possibly low investment, for that reason they were engaged in the whole process. The crucial element was the potential benefits for the group representatives.

Last but not least, it is impossible to forget about the clients. Unfortunately, in the analysis to good practice, the final product is too expensive to be affordable for local customers. Nevertheless, when we look at the general economic benefits, the money return to local customers through taxation system and then they are redistributed in the form of local and social services. It is worth to remember that companies will be the most interested in implementing the practice. As for the other mentioned target groups, make and become a stimuli for the companies, especially the local ones. Although it is impossible to force a municipality to co-create a product together, the closed circle of resources is easier to be managed while co-created.

2.4 Methodological approach

The first stage of value creation is the element product and resources definition. The crucial element is the ability to define the resources and potential product together with total involvement. Then, the final product created can be produced to serve both parties. The optimum is to negotiate the scope of cooperation at the very beginning to improve the negotiated scope between parties for the future contract. The other steps of the good practice are creation of the product and division of responsibilities at the basis of the negotiated contract. At its basis, the company is responsible for product distribution and selling, while the municipality keeps the obligation of waste delivery. The further steps can be related to supplier periodical evaluation (i.e. in case of resources' reduction) and potential contract negotiation.

The gender case in this particular example is irrelevant, because sustainability stays in line with gender equality and equal opportunities policy.

2.5 Validation

The validation process is easy to be conducted due to the specific benefits that are required by the target groups. The satisfaction of the company will be determined mainly with stability of distribution, sales increase and high profit margins. Local authorities are mainly concentrated on the quality of lives of the community. The result of the citizens' satisfaction can be the final result in local elections. Of course there is a possibility of researching citizens' satisfaction in a form of questionnaire distribution

and data collection. The validation process becomes more complex when those three groups are supposed to be analyzed together. It is worth mentioning that the final customer satisfaction is equally important, even though it is not directly presented in validation process.

There can be a few measures of success implemented:

1. CO² emission
2. Amount of waste collected
3. Amount of waste re-used
4. Standard of living of the citizens

2.6 Results/outputs

The good practice is important for the companies because of their need to earn and acquire resources at the lowest price possible. Negotiation with a municipality can lead to such a comfort situation. Sometimes the municipality can be perceived as a stable supplier of the resources due to its legal position. The perspective of a municipality is of the same importance. On the one side, the local authorities can learn how to work with companies to make it more efficient. On the other hand, the involvements at the early stage of product development gives the company unique chance to create and develop the products leading to an optimum usage of the resources. Bilateral cooperation with possible engagement of other stakeholders at the further stages of company's life makes it able to be improved. It can be related to product quality, prices, scope of production etc.

The final product for the analysed case it's not just a notebook. It is the result of bilateral and fruitful cooperation between private company and local society, represented by the local government. The act of co-creation of eco product is even more important than the sole production of a mentioned notebook.

2.7 Impact

As mentioned before, the results of good practice implementation can't be perceived only from the perspective of a single case. The model of cooperation between a company and a municipality can be multiplied to other relationships. On the other hand, the networking potential of the region increases. The companies that decide to implement waste collection in cooperation with local authorities and creating a final good which will be targeted at the reach Western societies, can benefit economically, but also they are good example to the other companies in developing countries, which tried to build their competitive advantage on a niche and sustainable, green product. The possibility to measure the final success of a good practice implementation is the waste reduction in a municipality, but also the level CO² emission, which should be reduced thanks to a sustainable waste management process. It is worth noticing that the synergy and networking effects create a chance for the economy of scale effect in terms of social, economic and environmental aspect.

2.8 Success factors

The described good practice is different from the other ones because of the scope of local authorities' involvement. The municipality is involved in the process of distributing and selling the waste (which in this case are tyres), but also helps to improve the supply chain of the company. Additionally, the tyres are not an obvious waste, such as paper, metal or glass. The success factor of the Suhab Company is the ability to find the most urgent ecological problems, see them as a challenge, and then rebuild them to

product creation and the value delivery process. The other success factor it is the unique ability to find, use and apply changes in accordance to the trends (in both - micro and macro scale). The technology of waste reduction starts at the level of resource searching and technology modification. The key element is also the ability to keep the company's secret which on the one side makes it impossible to present the technology in details, but on the other hand - prevails the market for the company.

2.9 Constraints

The major barriers in implementing the good practice are related to the openness to cooperation. An important element related to the barrier is an attitude of people and regulations in the field. On the other hand, the philosophy of a good practice is to create the product in cooperation with the other parties, which makes it possible to be implemented in various social and political environments. To achieve success while implementing the good practice, the company should pay a careful attention to the situation in local waste market to be able to search for technologies which are adequate the resources possible to be extracted or acquired. The crucial element of the company is a cooperation potential, which can be deepened and stimulated.

The other barrier it is the attitude of local authorities. They can be reluctant for new technologies, especially if they managed to cope with the problem for a long period of time. Then the ability to implement change management it's also crucial.

2.10 Lessons learned

1. Always be open for cooperation.
2. Always observe the market (both: clients and deliverers).
3. Use the business opportunities in a sustainable way.
4. Acquire waste in cooperation with municipalities to guarantee the stability of sourcing.
5. Keep in mind the delivery of the value, not only a product.

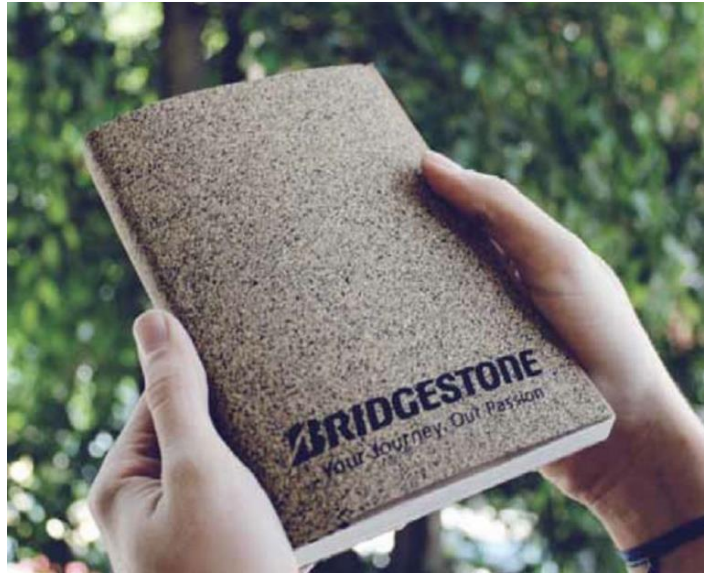
2.11 Sustainability

The element of sustainability can be analyzed from a few perspectives. The analysis will be presented in a table.

	<i>elements needed</i>	<i>cost - benefit analysis</i>
<i>institutional</i>	<i>1. openness for cooperation</i> <i>2. awareness of the problems and trends, especially in ecological sphere</i> <i>3. ability to acquire information on the waste problems and possibilities for cooperation within the municipalities</i>	<i>A cooperation which guarantees the additional benefits in terms of future gains for both sides.</i> <i>The cost can be an additional amount of effort related to the product co-creation process.</i>
<i>social</i>	<i>Awareness of the problem of waste and sustainable product creation process.</i> <i>Improvement of networking abilities.</i>	<i>There are hardly any costs. The benefits are cleaner environment (especially air) and reduction of waste.</i>
<i>economical</i>	<i>Demand for ecological products.</i>	<i>The cost of job reduction in waste</i>

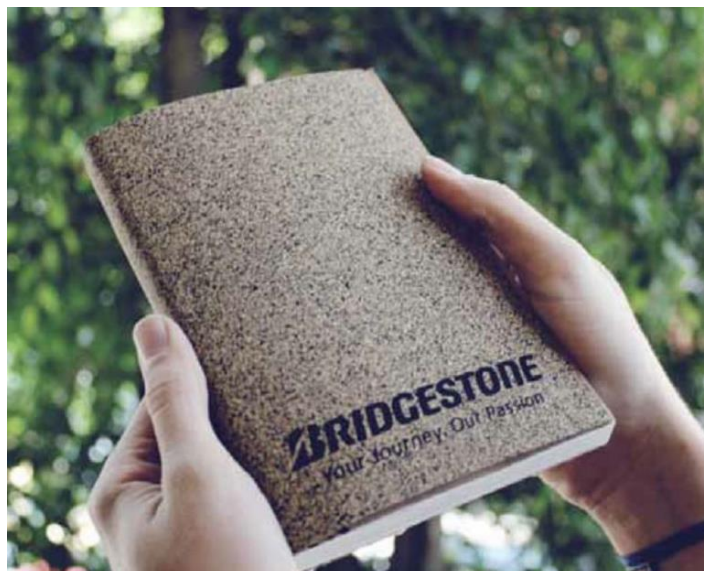
		<p><i>collection system can be equalized with the employment enhancement in sustainable company.</i></p> <p><i>The economical benefits are related to taxation and unemployment reduction.</i></p>
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2.12 Demonstration



This is a notebook, in which a cover is a result of multilateral cooperation – the final client (Bridgestone), producer (Suhab) and municipality (Mexico City). Although the project was created and implemented in Mexico, the good practice, understood as usage of waste to create a final product, can be implemented in any country of European Union.

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2.14 Related website(s) / resources

<http://suhab.com.mx/home/>

https://www.jisc.go.jp/international/PC277/E_ISO_DIS_20400.pdf