Introduction

A standard is an agreed and repeatable way of doing something. A standard is a collective work that is created by bringing together the expertise and experience of all interested parties, such as manufacturers, sellers, buyers, users and regulators of a particular material, product, process or service. Standards are designed for voluntary use and do not generally impose any regulation, but some laws and regulations may refer to standards and even make compliance with them compulsory. There are many different types of standards ranging from British Standards to labelling standards such as the Fairtrade trade mark, the Forest Stewardship Council Standards mark and the European Flower mark.

British Standards and standards related information provide frameworks and best practice solutions that help to manage business critical decisions and relationships. The Fairtrade mark is a registered certification label for products sourced from producers in developing countries. It is also a development tool that ensures disadvantaged farmers and workers in developing countries get a better deal through the use of the international Fairtrade mark. The Forest Stewardship Council Standards mark refers to those products originating in a forest that an independent third party has certified as well-managed and sustainable.

At the beginning of 2002, the European Commission announced plans to revitalise its own eco-labelling scheme for the EU, the ‘Flower’ mark. Today the EU Ecolabel covers a wide range of products and services, with further groups being continuously added. Product groups include cleaning products, appliances, paper products, textile and home and garden products, lubricants and services, such as tourist accommodation. Only the very best products which are kindest to the environment can carry the EU Ecolabel. The logo may be simple but the award criteria are based on studies that analyse the impact of the product or service on the environment throughout its life-cycle.

Standards can be a powerful tool for many organisations. Sir Digby Jones, formerly Director General of the Confederation of British Industry believes that standards should form part of any organisation’s strategic weaponry. UK businesses operate in a highly competitive global environment where agility, efficiency and innovation are the watchwords of success. Increasingly, standardisation is playing an important part in delivering that success.

There is also strong empirical evidence of the benefits of standards to the UK economy as a whole. A 2005 study by DTI* of British Standards Institution’s (BSI) portfolio of formal standards demonstrated that standards are:

- Contributing £2.5 billion a year to the UK economy
- Accounting for 13% of growth in UK labour productivity
- Enabling innovation and international technology transfer

Providing a framework for sustainable growth and profitability through streamlining business efficiency

Businesses that comply with standards often have a strong competitive advantage as buyers will often use that compliance to choose between comparable suppliers. Standards can often lighten the regulatory burden on business imposed via government regulation as they offer a more flexible and business orientated approach that helps to maintain market relevance. They also open doors on a global scale as standardisation promotes interoperability along the supply chain and gives the competitive edge that is necessary for effective worldwide trading.

Effective application of standardisation can be a catalyst for strategic development and business growth on a global scale. The use of standards can improve business processes which in turn can lead to increased efficiency and profitability. Purchasing and supply chains are built on many processes and therefore the application of standards can support the identification of best practice as they can make a clear statement of commitment to excellence to all stakeholders.

1 BSI White Paper on “Standardisation as a business investment” 2005
There are many standards that are applicable to purchasing and supply chains, some specific to sectors such as aerospace and manufacturing and some that are specific to areas including ICT or sustainability. This article will examine two British Standards in greater depth, namely, BS 8903:2010 and BS 11000. BS 8903:2010 is a recently published standard that sets out the principles and framework for procuring sustainably. BS 11000-1:2010 provides a strategic framework to improve collaborative relationships by effectively sharing knowledge, skills and resources to meet mutually defined objectives.

BS 8903:2010 Principles and framework for procuring sustainably

This is the world’s first standard for sustainable procurement and was launched this summer (2010). BS 8903 is a ‘daughter’ standard of BS 8900, which defines sustainable development as:

“an enduring, balanced approach to economic activity, environmental responsibility and social progress”

The new standard has been developed with support from a wide variety of participants including central government departments, the private sector and NGOs*. Its development shows that there is increasing pressure on all organisations to report on and demonstrate their commitment to social and environmental responsibility. After all we all know that ‘good procurement is sustainable procurement’.

The standard gives guidance on how sustainable procurement principles and practices can be embedded across an organisation and its supply chains. It also gives practical information that supports the implementation of these practices including an enabler section (section 4) that covers leadership and governance, people, risk, engagement and measurement.

Each stage of the procurement process is covered by the standard and it is applicable to all sizes of organisations across the public, private and third sectors. This standard is closely aligned to the five themes outlined within the Flexible Framework***, which was developed by the Government’s Sustainable Procurement Task Force**** in 2006. Table 1 shows this relationship.

The standard articulates best practice and attempts to cover every single aspect of a procurement organisation from recruitment and training through to processes, supplier engagement and results measurement.

The example here demonstrates how an organisation, having identified its key sustainability issues and opportunities, has provided a clear direction for its purchasing department enabling relevant and aligned purchasing strategic objectives to be set.

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* BS 8903:2010 – page 1

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The standard was published in August 2010 and builds on a suite of products including PAS 2060 (specification for the demonstration of carbon neutrality), BS 8900:2006 (guidance for managing sustainable development) and BS 8901:2009 (specification for a sustainable event management system with guidance for use).

BS 11000-1:2010 Collaborative business relationships. A framework specification

This standard replaces PAS 11000:2006 which has now been superseded by BS 11000. It provides a strategic framework that helps to establish and improve collaborative relationships in all organisations. The framework is designed to help collaborative partners to meet mutually defined objectives by effectively sharing knowledge, skills and resources. Collaborative relationships are built on trust but that alone is not enough. Governance and assurance processes must underpin these relationships but they must be flexible and agile enough to allow exploration of new ways of working and to challenge old outdated working practices. This standard explores partner selection, working together, value creation and relationship maturity and provides a framework that can be adapted to meet the needs of every type of organization. As new partnership models develop (eg: academies, trusts, federations) and existing ones mature (eg: outsourcing, PPP) this standard provides a neutral framework for dealing with external relationships and managing them effectively. The framework provides a structured approach to collaborative working where emphasis is placed on harnessing collective capabilities that deliver additional value to all stakeholders.

The standard is based on an eight-phase model. The relationship management plan groups the phases into three high level components. Awareness, knowledge and internal assessment form the strategic level; partner selection and working together form the engagement level and value creation, staying together and exit strategy form the management level. Each phase cascades to five levels of activity and the whole forms the principal components of successful collaborative relationships.

The BS 11000-1:2010 was developed through pan-industry input across both public and private sectors thus providing a common interface for commercial relationships. The standard provides a platform for self-assessment and development and a basis for benchmarking the collaborative capability of organisations with potential for accreditation. It also creates a standard for customer confidence by reducing the mismatch of objectives and the probability of conflict.

The standard was published October 2010 and the longer term objective is to move to an ISO standard in recognition of the multinational nature of today’s business community.

EXAMPLE

A high street retailer has clearly stated its sustainable business intentions and it launched an organisation-wide strategy in 2007 setting out 100 commitments on the most important social, environmental and ethical challenges facing the business. These commitments are centered around five key impacts, and demonstrate a clear strategic direction for buyers and their corresponding supply chains.

- Climate change: the organisation intends to make all operations in the UK and Republic of Ireland carbon neutral by 2012 and to reduce supplier emissions
- Waste: the organisation has made a commitment to stop sending waste to landfill from the UK and Republic of Ireland and to reduce use of packaging and carrier bags
- Sustainable raw materials: the organisation has made a commitment to ensure key raw materials come from the most sustainable sources available
- Fair partner: the organisation has made a commitment to improve the lives of thousands of people within its supply chains and local communities
- People: the organisation has made a commitment to develop and reward staff retaining the organisation’s reputation as a supplier of choice.

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Major organisations value standards. Tesco believes that ‘standardisation drives down costs and speeds time to market.’ The Ministry of Defence accepts that ‘the intelligent application of standardisation is essential to achieving the benefits of smart acquisition.’ There are many standards that relate both directly and indirectly to purchasing and supply. Many of them are British standards developed by the British Standards Institute or international standards developed by the International Organisation for Standardisation (ISO). British Standards can be purchased by members of the Chartered Institute of Purchasing & Supply at discounted rates through the CIPS bookshop. For more information please contact the bookshop at course.books@cips.org or visit http://www.cips.org/en-gb/shop/books/

**GLOSSARY OF TERMS USED**

*DTI: Department for Trade and Industry now replaced by the Department for Business, Innovation and Skills

**NGO: A non-governmental organisation is any non-profit, voluntary citizens’ group which is organised on a local, national or international level.


****Sustainable Procurement Task Force: Established in May 2005 and tasked with drawing up an action plan to bring about a step-change in public procurement.

*****ISO Standard: ISO is the short name of the International Organisation for Standardisation. The ISO catalogue includes more than 18,000 published International Standards classified according to the International Classification for Standards (ICS) and by Technical Committee (TC).

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4 BSI White Paper “Standardisation as a Business Investment” 2005, Pg 7
5 BSI White Paper “Standardisation as a Business Investment” 2005, Pg 10