Advanced Diploma in Purchasing and Supply

Sustainable Procurement
L5-15

Senior Assessor’s Examination Report
May 2010
Series
SECTION A

Q1 (a)  As the procurement consultant, prepare an informal report for the ReCycle CEO to:  Recommend appropriate supplier sustainability assessment criteria.  (12 marks)

Q1 (b)  Propose and justify ways in which ReCycle might develop a more sustainable supply chain.  (13 marks)

Analysis of the Question

This two part question required an answer in an informal report format.  Part (a) aimed to test knowledge of appropriate criteria to assess sustainability of suppliers in the context of the case study.  Part (b) sought to assess candidates’ ability to make proposals for supplier development and sustainability improvement within ReCycle’s supply chain and to justify those proposals appropriately.

Part (a) required recommendations for sustainability assessment criteria with some reference to their appropriateness for ReCycle.  Part (b) required proposals with justification for a more sustainable supply chain for ReCycle.  In order to satisfy the requirement for an informal report, answers were expected to include some or all of the following: title, introduction, recommendations, conclusions.

Analysis of the Answer

Part (a) – Appropriate supplier sustainability assessment criteria could be based on the Triple Bottom Line (TBL) covering economic, social and environmental considerations, including recommendations in the following areas: Financial stability, design/innovation and quality, supplier social/ethical practices, supply chain management, impact on the environment and legislation and standards.

Examples with particular relevance to the case study might be supplier waste management on components, fixings and lubricants or general energy and water efficiency of utilities suppliers.  The use of standards such as ISO14001, ILO, SA8000 or equivalents would also be appropriate along with reduce/reuse/recycle assessment.

Part (b) – Proposals for sustainable supply chain development could include setting clear procurement strategy and objectives, supply base and spend analysis, prioritisation and rationalisation, benchmarking and gap analysis, supply chain mapping, target setting, effective communication and co-operation.  These, in addition to any other relevant proposals would be justified based on addressing the concerns identified in the case study.

Exam Question Summary

This question was generally answered well, with the majority of answers including a satisfactory/good range of recommendations.  It was disappointing however that a number of candidates did not answer both parts in the required report format thus missing the opportunity for extra marks.
Part (a) – Most answers offered a satisfactory range of assessment criteria although some answers also contained a large amount of unnecessary repeated case study material. In a number of cases, answers to part (a) contained a significant amount of material which was more appropriate to part (b) for example, explanation of spend analysis models. Better answers provided a balanced range of economic, social and environmental criteria and/or referred to the appropriateness of their recommendations for ReCycle, with good use of examples.

Part (b) – Answers were generally better than part (a) with most candidates making good reference to the issues within the case study and making a range of appropriate justified proposals.

Q2 Evaluate the key internal and external factors driving the requirement for sustainable procurement at ReCycle. (25 marks)

Analysis of the Question

This question aimed to test candidates’ ability to identify and comment on the internal and external factors which are driving the requirement for sustainable procurement at ReCycle.

Candidates were required to demonstrate their understanding of these drivers for sustainable procurement at ReCycle, both internally and externally to the organisation and to provide an evaluation of how they will drive the change to sustainable procurement.

Analysis of the Answer

Internal drivers – These would include factors such as the performance improvement objectives resulting from the management review; the need to protect brand reputation and reflect the aims of the organisation throughout the supply chain; the need for risk management to address current lack of knowledge and supply chain concerns; internal stakeholder attitudes and workforce capabilities.

External drivers – These would include factors such as the potential reduction in Government funding caused by the economic downturn; lack of negotiated energy costs; external stakeholder expectations from customers, potential investors and the local community.

The evaluation of these drivers should include comment on areas such as why they are relevant specifically to ReCycle, how they will push ReCycle towards more sustainable procurement and what the potential outcomes might be.

Exam Question Summary

The standard of answers to this question varied widely. Whilst there were a few very good answers, the majority were only satisfactory or less. A common problem was the
lack of evaluation of the driving factors identified. Also in many cases, weaker answers were rather brief and/or lacking in appropriate content.

Better answers clearly identified a range of internal and external driving factors and provided comment on why and how these were relevant to ReCycle particularly with regard to risk management.

SECTION B

Q3 Evaluate the role of the procurement function in managing the successful introduction of, and ongoing commitment to, sustainable procurement within an organisation.

(25 marks)

Analysis of the Question

This question aimed to test candidates’ understanding of the role of procurement professionals as agents for change within an organisation and key players in the successful introduction and ongoing development of sustainable procurement.

Candidates were required to identify, describe and comment on the various roles played by procurement professionals throughout the implementation and ongoing management of sustainable procurement within an organisation.

Analysis of the Answer

The procurement professional has a number of different roles to play including project manager both within own and across other functions; co-ordinator of resources (e.g. in-house skills, suppliers) and agent for change.

When introducing sustainable procurement, key roles for the procurement function might include; assessment of supply markets regarding innovation and improvement opportunities; analysis of suppliers’ operations and sustainability feedback; acting as external/internal interface; communication of sustainable procurement strategies, policies and guidelines; obtaining ‘buy in’ and encouraging change.

Once introduced, the procurement function should manage commitment to sustainable procurement through; regular review and evaluation of progress; training, coaching and mentoring; facilitating ongoing integration and alignment with organisation policies and objectives; championing and promoting sustainability as ‘business as usual’.

Exam Question Summary

Just below 50% of candidates attempted this question and there were a good number of very comprehensive answers which demonstrated an excellent overall understanding of the activities involved and the procurement function’s role in introducing and managing sustainable procurement. There was also a good number of competent passes.

Where there were weaker answers, the content mostly relied too heavily on discussing the procurement function’s role in managing suppliers and did not cover activities within the organisation in sufficient detail.
Q4 Examine the potential barriers to sustainable procurement within an organisation and its supply chain and recommend approaches to overcome each barrier. (25 marks)

Analysis of the Question

This question aimed to test knowledge of the potential barriers to the implementation of sustainable procurement within an organisation and its supply chain and ability to recommend appropriate approaches to manage them.

Candidates were required to examine how and where barriers to sustainable procurement might occur during an organisation’s own operations and supplier activities and provide recommendations on how to deal with them.

Analysis of the Answer

Potential barriers to sustainable procurement within an organisation and its supply chain could include:

- Cost issues such as higher cost of sustainable products and services or internal budget restrictions
- Stakeholder attitudes for example resistance from shareholders, management, employees or suppliers
- Organisational and supply chain culture and policies such as very low cost targets or unsustainable labour practices and organisational stability.

Depending on the barriers identified, recommendations to overcome them might include:

- Whole-life costing and payback calculations based on savings opportunities
- Demonstration of ‘quick wins’ such as reduced energy consumption or less waste to landfill
- Targeted sustainability reporting
- Updating policies and aligning to organisational objectives
- Demonstrating how sustainability can enhance reputation
- Improving communication, training and development throughout the supply chain.

Exam Question Summary

This was the most popular question in Section B, being attempted by just below 80% of candidates. It was also the best in terms of overall answer quality with a good number of very comprehensive answers covering a range of barriers and balanced with appropriate recommendations to manage or overcome them.

Although the majority of answers were quite strong, there were a small number which gave too much focus to external barriers without linking back to the organisation and its supply chain.
Q5 Outline FIVE global trends and analyse their influence on the implementation of sustainable procurement. (25 marks)

Analysis of the Question

This question aimed to test understanding of current global sustainability trends and their potential influence on sustainable procurement.

Candidates were required to select and briefly describe five global trends in order to demonstrate general understanding. Based on the selected trends an analysis of their impact on the implementation of sustainable procurement was also required.

Analysis of the Answer

There are a large number of global trends which have a potential impact on the implementation of sustainable procurement. Trends which might be considered would include: Demographic trends, changing global skills base, globalisation of business, depletion of fossil fuels, rising energy costs, over-consumption of natural resources, Corporate Social Responsibility (CSR) and sustainable innovation.

Within each of the areas above, there are more specific trends and answers could therefore be based around high level trends such as ‘demographic changes’ or more specific separate areas for example population growth, skills migration or women in the workforce.

For each trend outlined answers required an appropriate analysis of their influence on sustainable procurement. This might include consideration of some or all of the following: How does this trend drive the introduction of sustainable procurement? How is the role of the procurement function affected? What might the risks or benefits be?

Answers were expected to reflect a maximum of five marks for each trend outlined and analysed.

Exam Question Summary

This was also a popular question attempted by around 60% of candidates and was generally answered quite well with some very good answers. Better answers provided a clear outline of the five selected trends and gave equal or slightly greater focus to the analysis of their influence on sustainable procurement using relevant examples.

Weaker answers tended to focus primarily on the trends themselves with little analysis of their impact on sustainable procurement thus missing the opportunity for additional marks.
Q6 Evaluate the potential trade-offs required in order to achieve sustainable procurement objectives within an organisation. (25 marks)

Analysis of the Question

This question aimed to test understanding of the concept of trade-offs and how they might be used to achieve the objectives of sustainable procurement within an organisation.

Candidates were required to identify and comment on areas where compromises might need to be made in order to successfully achieve sustainable procurement objectives through consideration of economic, social and environmental factors.

Analysis of the Answer

Answers could include an explanation of what is meant by trade-offs. Also examples of sustainable procurement objectives could be included such as:

- Meeting an organisation’s needs for goods, services, works and utilities using sustainable supply chains
- Achieving value for money on a whole-life basis
- Adding value whilst minimising risk to organisation, society and the economy
- Minimising damage to the environment.

In order to achieve objectives such as these, an organisation may need to make trade-offs such as using standardised products to increase security of supply while compromising on product differentiation; paying or investing more in the short-term in order to safeguard reputation and reduce whole-life cost over the long-term or paying more to source locally in order to reduce carbon footprint.

Answers were expected to evaluate the likely impact of trade-offs considered on the organisation’s achievement of sustainable procurement objectives.

Exam Question Summary

This was the least popular question in Section B, attempted by only 10% of candidates. The standard of answers varied widely but overall, less than 50% of answers achieved a comfortable pass.

Weaker answers were generally very short and lacking in content with little or no evaluation of any trade-offs suggested. Better answers showed a clear understanding of sustainable procurement objectives and the concept of making trade-offs for long-term benefits. They were also backed up by relevant examples.
General Comments

There was evidence of some candidates running out of time on later questions, suggesting time management issues. Where candidates offered an accurate definition of sustainable procurement in answer to one or more questions, appropriate marks were gained.

Overall, the questions answered best were Q1 and Q4 and the weakest were Q2 and Q6. The overall standard of answer papers showed an improvement over November 2009 and the proportion of credit and distinction passes also increased.

APPENDIX:

Syllabus matrix indicating the learning objectives of the syllabus unit content that each question is testing
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