

Covid-19 and the sustainable procurement revolution

By Christelle Marais

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Despite the Covid-19 doom and gloom, there are some silver linings. For starters, the pandemic has emphasised the interconnectedness between people, the planet, and profit. It has also heightened our sense of urgency to collectively mobilise our efforts to implement more sustainable practices.



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Now, as we enter the last decade in a bid to meet the 2030 Sustainable Development Goals, we see procurements' role shift away from cost management to a critical enabler of organisational sustainability, resilience, and innovation. This is particularly evident in organisational supply chains – specifically procurement – where northern hemisphere lockdowns brought southern hemisphere businesses to a halt (and vice versa).

It's the unpredictability of global supply chains that have led to procurement diversity and localised sourcing and buying. Recently, South African retailers, including The Foschini Group and Woolworths, have committed to [increasing investment in local clothing manufacturers to hedge against their dependency on Chinese imports](#). This trend has the potential to bring us closer to meeting the National Development Plan's 2030 ambition to ensure that [SMMEs contribute 60-80% to GDP, and generate 90% of the 11-million new jobs](#) created in our country.

Sustainable procurement and technology

As buying organisations aim to secure supply, they are increasingly looking at innovative technologies to improve supply chain transparency, identify risks, and build resilience. Nestle, for example, is using blockchain technology for exactly this purpose.

The internet of things is another technology that is being adopted to boost supply chain transparency, increase efficiency, minimise downtime, proactively respond to customer demands, and increase the overall return on investment.

Organisations are also exploring the use of big data to conduct supplier risk assessments that will replace costly and time-consuming supplier audits.

These technologies will enable buying organisations to better understand the impact of their supply chains on greenhouse gas emissions, deforestation, water withdrawals, and child labour. When considering that as much as [90% of a company's sustainability impact may be caused by the supply chain](#), these technologies will be key enablers in creating more sustainable procurement practices.

Collaboration as the way forward

Despite the uptake of technology, enhanced supply chain transparency is still dependent on supplier collaboration. As information sharing between buying organisations and suppliers became even more critical during lockdown, we saw procurement and suppliers working together to reduce business impact. They also engaged on creative solutions to support the demand for products like masks and sanitiser.

It is also important to note that embedding sustainability in procurement practices can contribute to cost reduction. According to CDP, more than [50% of large businesses and 25% of their suppliers have seen cost savings as a result of their carbon management activities](#). The Beyond Supply Chains report also shows a [supply chain cost reduction of between 9% and 16%](#) by embedding more sustainable practices.

Further to this, buying organisations have been able to improve efficiencies and reduce costs by addressing supply chain human rights risks, including long working hours at supplier sites and the associated health and safety concerns through better planning and supplier collaboration.

It seems that the focus on more sustainable procurement practices is here to stay. The [CPO 2021](#) planning guide highlights the implementation of sustainability practices across supply chains as a critical long-term objective for procurement practitioners. Luckily, the [Sustainable Procurement Pledge \(SPP\)](#) is mobilising a global movement of like-minded procurement and supply chain practitioners to embed sustainable sourcing and buying practices by 2030.

The 2020 pandemic may very well be the tipping point for a sustainable procurement revolution. The global pandemic is giving organisations a chance to reset their priorities and to put sustainability, resilience, and innovation at the forefront. Procurement is well-positioned to support this ambition through responsible sourcing and buying practices, as well as supplier development and collaboration.

ABOUT THE AUTHOR

Christelle Marais is Sustainability Consultant at IQbusiness.