



# The Business Case for Sustainable Procurement

**The purchasing power of government, business, healthcare, and other service institutions is enormous.** Many are discovering there is a business and economic case to instituting sustainable purchasing initiatives, and their organizations are reaping the benefits. When purchasers buy sustainable products from responsible businesses, it fosters innovation and growth, while shifting away from products that harm the environment and human health and have a severe economic cost.

Sustainable procurement benefits the larger economy by reducing damages associated with climate change and hazardous chemicals, minimizing costly environmental and health problems in workers and other people, especially children. Shifting to sustainable procurement resonates through supply chains and can grow local economies in a positive way. It can advance opportunities for underserved populations and minority- and women-owned businesses. When we perceive procurement, not as an isolated, neutral process, but as part of the solution, everyone benefits.

Through sustainable procurement, one can see a direct benefit to their bottom line. In addition to cost-savings from reduced waste and more efficient energy sources, businesses can also see savings in their payroll and benefit costs. For example, using safer chemicals can lead to healthier employees and lower healthcare expenses and implementing high road workplace practices, such as living wages and more robust benefits, leads to higher employee retention. Additionally, when buyers open up their supply chains, it allows for greater competition and can lead to more money in the local economy. Government support of these preferences in turn contributes to advancing all of these and other benefits.

## Sustainable Procurement, Defined

The most common understanding of sustainable procurement is “greening” a supply chain. This typically means purchasing energy efficient light bulbs and technology, using recycled copy paper, reducing office waste through reusable ink cartridges and eliminating bottled water, and changing cleaning supplies and office furniture to products made without harmful chemicals.

Greener product choices are just one aspect of sustainable procurement. Seriously considering product and service providers that are small, local, and/or owned by women or minorities also counts. Expanding opportunities for often-overlooked vendors makes their communities more resilient. It also improves a company’s sourcing options and earns positive public relations.

*“DolphinBlue.com was started 23 years ago to help everyone purchase truly sustainable products. At that time, very little sustainable purchasing was done; we’ve seen steady growth since then. We are a small business, all our products are made in the U.S.A., and our products contain recycled and non-toxic contents. This means the sustainable purchasing that is done on our site creates local jobs, supports the U.S. economy, and makes the earth healthier.”*

– Michael LaBuda, Chief Operating Officer,  
DolphinBlue.com

## Sustainable Choices, Resilient Results

Sustainable procurement can help to:

- Reduce exposure to toxins in consumer goods, building products, and other widely used products.
- Accelerate the transition to “green” chemistry that builds innovative companies and reduces costly harm to human health and the environment.
- Cut climate-harming carbon emissions through increased energy efficiency and through transition to renewable energy sources.
- Minimize workers’ exposure to toxic chemicals and processes in the workplace, to safeguard health and productivity and avoid costly liabilities.
- Protect the health of workers’ families and other community members, especially children, and reduce overall health care costs.



- Provide new opportunities for local economic development, educational outreach, business growth, and job creation as demand for sustainability grows.

### Why Businesses Support Sustainable Procurement

- **Business growth for suppliers:** In our market economy, procurement policies that specify sustainable products and services quickly incentivize innovation and production to meet that demand. Sustainable goods and services are an exciting sales opportunity for many companies that sell to other businesses, government, and major institutions as well as consumers. This is seen in the number of conventional firms adding green product lines and the number of newer firms winning evangelistic customers by focusing exclusively on green goods. It also provides an opportunity for local businesses offering sustainable products and services to find new opportunities to approach key prospects.
- **Social cost reduction:** Nearly everyone pays the social costs of unsustainable operations. One criterion for a high-road workplace is its commitment to using products and practices that do not add to public health problems, environmental damage, and other social costs. Sustainable procurement practices help achieve these goals by making changes at all levels of a supply chain. Both suppliers and buyers see financial benefits from reducing social and environmental harm.
- **Valuable community relations:** Governments, institutions, and companies that purchase sustainably earn positive public relations and media attention. Making responsible, healthy buying decisions a matter of policy, and using your purchasing power to affect good outcomes deserves favorable public attention.

### Overcoming Old Barriers to “Green”

Governments, businesses, and institutions that want to specify and purchase sustainably have hesitated for several reasons: the perceived higher cost of green products, decentralized purchasing programs, and the time and complexity required to institute new standards. However, sustainable purchasing has been practiced for over 20 years and is now considered a mainstream practice, making it easier for companies to implement.



*“In order to continue to support healthy people on the planet, we need to transition our economy away from fossil fuels, toxic chemicals, and industrial agriculture. Greenhealth Exchange is a new mission-driven purchasing cooperative in the health sector to accelerate this transformation.”*

– Gary Cohen, President,  
Health Care Without Harm and  
Practice Greenhealth

### Sustainable is Affordable

Companies, governments, and institutions that switch to green products often see costs remain the same or even drop. For example, New York State’s most recent report on green purchasing showed savings or no cost change in their eight priority categories. Energy use reduction yielded savings in 38% of cases, avoiding bottled water (37%), and reducing waste (33%).<sup>1</sup>

Some sustainable purchases cost more upfront, but the cost of ownership is lower over the lifecycle. For example, electric cars remain more costly than gas-powered ones, but savings on fuel, the electric vehicle’s longer useful life, and lower impacts on the environment and human health help outweigh the higher upfront costs.<sup>2</sup>

Other sustainable purchases cost the same as their conventional counterparts. Energy-saving laptops and monitors are now priced the same as less energy-efficient computers. Furniture items constructed without toxic chemicals found in flame retardants, fluorinated stain treatments, antimicrobials, PVC, and formaldehyde are cost neutral. A mix of laws and market demand continues to drive down costs of buying “green.”

### Transition Time Can be Reduced

Greening a large organization’s procurement system takes time and effort, but resources are available to guide decision-makers through the process. Government bodies, companies, and other institutions have already developed procurement templates, guidelines, and criteria to buy safer chemicals, more energy-efficient products, implement high-road workplace policies, and buy from businesses that are local and/or are owned by women and minorities.

Certification systems, such as ENERGY STAR, Green Seal, Safer Choice, Pharos, and guidance that is provided by non-profit organizations, such as the Sustainable Purchasing Leadership Council, Responsible Purchasing Network, and the Sustainable Furnishings Council, are also available, reducing research time and removing a knowledge barrier for purchasers.<sup>3</sup>

### Considering new vendors is good for growth

Outreach to these potential new vendors may take extra time upfront, but a range of business organizations have developed creative methods to identify and solicit them — and then to make the process work. To help small businesses meet requirements for large contracts might mean creating

pathways to let small businesses work together. This could also open the door to more innovative aggregation tools.

Community resilience is a value triple-bottom-line firms, governments, and civic institutions all share. Business leaders can accelerate resiliency by asking local government and institutions to expand their procurement period. It works: In Washington State, a competitive, diversified economy began with state percentage goals to increase contracts with, and purchases from, more minority- and women-owned firms. The state made progress on developing a more competitive, diversified economy and also boosted its business-friendly reputation. From 2011 to 2014, small business GBI grew from \$189 to \$219 billion.<sup>4</sup>

### Purchasing Systems Can Adapt to Sustainable Criteria

Many businesses and government bodies have decentralized purchasing systems — or centralized systems that don't

incorporate sustainability criteria. These systems can be modified to match updated goals, and the costs offset by efficiencies that are themselves more sustainable.

Decentralized systems limit bulk-purchase discounts, increase shipping and packaging costs, and require more personnel to have essentially duplicate product knowledge. Creating one larger purchasing department or network uses economy of scale to be more efficient and green. King County in Washington State has an environmental purchasing program with staff trained to help agencies make purchases that meet state standards.<sup>5</sup>

Centralized systems also need updating to include sustainability priorities and criteria, such as specifying green products and local goods and services. As firms teach more purchasers about the benefits of sustainable products and services, demand increases. ★

*“More and more companies are considering or incorporating rigorous sustainability standards in their Requests for Quotes (RFQs). Proactively creating green standards — using safer chemicals, offsetting carbon emissions, protecting employee health — and telling that story in the bidding process creates a competitive advantage. Our standards can also help other companies to green their procurement systems. We have earned a reputation as an industry leader with our established commitment to green standards.”*

— David Rosenstein, President, Intex Solutions

<sup>1</sup> New York Department of Environmental Conservation, “Greening New York State: Fourth Progress Report on State Green Procurement and Agency Sustainability,” FY14-15

<sup>2</sup> U.S. Department of Energy, Alternative Fuels Data Center, [http://www.afdc.energy.gov/fuels/electricity\\_benefits.html](http://www.afdc.energy.gov/fuels/electricity_benefits.html)

<sup>3</sup> NPR, “Eliminating Energy Star Program Would Harm Consumers, Trump Critics Say,” May 2, 2017

<sup>4</sup> Results Washington, “A growing business climate.”

<sup>5</sup> Alicia Culver, “Buying Smart: Experiences of Green Purchasing Pioneers,” May 2008

#### For More Guidance on Sustainable Procurement, Visit:

- **American Sustainable Business Council:** [asbcouncil.org](http://asbcouncil.org)
- **National Minority Supplier Development Council:** [nmsdc.org](http://nmsdc.org)
  - **National Women’s Business Council:** [nwbc.gov](http://nwbc.gov)
- **Responsible Purchasing Network:** [responsiblepurchasing.org](http://responsiblepurchasing.org)
- **Sustainable Furnishings Council:** [sustainablefurnishings.org](http://sustainablefurnishings.org)
- **Sustainable Purchasing Leadership Network:** [sustainablepurchasing.org](http://sustainablepurchasing.org)



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The American Sustainable Business Council is a coalition of business organizations and companies committed to advancing market solutions and policies to support a sustainable economy. ASBC and its organizational members represent more than 250,000 businesses across the United States.