

Sustainable procurement at Balfour Beatty

Initial evaluation and action plan

Having undertaken their first ISO 20400 evaluation in 2017 (believed to be the first evaluation anywhere in the world), Balfour Beatty wanted to have a re-evaluation to understand how far they have progressed over the intervening three years in aligning their procurement approach to the ISO 20400 Standard. As with the first evaluation, Action Sustainability's assessment and subsequent report's findings and recommendations will help Balfour Beatty take their procurement to even higher levels of sustainability.

Following their initial evaluation, Balfour Beatty set up a work stream to methodically work through the recommendations of the report. This involved engagement with a wide range of stakeholders from across the business including the wider Procurement team, Communications, Learning and Development and Commercial. A heat mapping tool was developed with colleagues from procurement, suppliers and customers. Procurement colleagues could use the heat map to understand the most material sustainability risks and opportunities for the product or service they were purchasing. Based on this they could then ask recommended questions to ensure the supplier had in place suitable processes and systems to mitigate the risk. The heat map was also used as a method for managers to identify sustainability priorities which they integrated into their category plans. Training was delivered to all the Procurement team to develop their wider understanding of sustainable procurement and the heat map process. As the Procurement team have begun to use an e-procurement tool, the heatmap is being integrated into this tool so that it always remains part of the main procurement process.

The second evaluation

Action Sustainability deployed their tried and tested method of assessing Balfour Beatty's procurement policies and processes to understand how well sustainability is embedded in them and implemented in the projects. They reviewed Balfour Beatty's approach against the ISO 20400 Standard's evaluation sections – Policy and Strategy, Organising the procurement function and the Procurement Process.

The first phase of the evaluation involved reviewing Balfour Beatty's documentation such as policies, strategies, job descriptions and tender assessment documents. The second part of our process involved interviewing various key people from across Balfour Beatty's business, at different levels and in different roles. Through this engagement the evaluator was able to test how effectively sustainability objectives are deployed through procurement.

Due to the geographical spread of Balfour Beatty's employees, it was decided to conduct all interviews over video conferencing. This was the first time all review audit interviews were conducted remotely. This enabled conversations with a more diverse range of employees

and removed the environmental impact of travel, simultaneously there was no loss of depth in the conversations.

Results and benefits

Balfour Beatty were found to have significantly improved their approach to sustainable procurement and it is now assessed to be 'mature'. This reflects a 30% increase on their initial assessment in 2017. The results give them an updated action plan to use across their business, helping them cement sustainability even more deeply into their interactions and relationships with their suppliers, contractors and stakeholders, as well as developing the sustainability knowledge of their staff. All of which contributes to achieving their sustainability goals and targets to reduce carbon emissions, material consumption and waste production, whilst improving labour standards, social value and wellbeing. The business benefits of the approach are significant, including winning new business and reducing cost through a more efficient and effective supply chain.

Lessons learned

The process to set up the heat mapping tools and to embed them into the business took longer than expected but the investment in time was valuable. Business divisions are starting to develop their own sustainable procurement programmes with support, rather than leadership from the centre.

The ISO 20400 Standard creates a robust methodology to assess and then improve procurement practices, supply chain management and sustainability outcomes. Balfour Beatty recognises the value of independent evaluation; as a non-certifiable standard it enables a much more open dialogue with the evaluator to receive an honest appraisal and with recommended development actions.