

CHRIS ANSTEY LTD
INTEGRITY AND TRAINING CONSULTANCY

Thursday, May 01, 2008

**BUYER TRAINING:
INTERNATIONAL DEVELOPMENT AND PRO-POOR PROCUREMENT
December 2007 – April 2008**

FINAL REPORT

Overview

The IIED/NRI/DFID project 'Small-scale producers and standards in agri-food chains' has now concluded. During the interim review in November 2007, a new activity was identified to improve the impact of the project. This involved the development of a Training programme for buyers in the food industry to inform and build knowledge about international development issues.

By expanding the scope of buyer induction, retailers and manufacturers can move to the next level of corporate responsibility. They will be able to acknowledge and address the effects of trading on international development.

The major UK retailers and branded manufacturers are now actively engaged in buyer training for Labour Standards. The consultancy and training company, Impactt Ltd is the main training provider to the retailers. An agreement with Impactt was made to fast track the concept to implementation.

There are a number of groups that are interested in Buyer Training. Following communication as a part of the project, an Advisory Group and also a group that asked to be kept informed has been convened as follows:

ADVISORY GROUP		BEING INFORMED	
Adeline Borot	IIED	Terri Sarch	DFID
Jerry Cooper	NRI	Roy Ayliffe	CIPS
Alex Gonzales	TRAIDCRAFT	Rene de Sousa	CIPS
Ian Schollar	CIPS	Dan Rees	ETI
Bill Vorley	IIED	Jane Milne	BRC
Morag Webb	COLEACP	Martin Hill	FAIR TRADE
Miriam Neale	ETI	Chris Davis	FAIR TRADE
Hugo Sintes	OXFAM	Dominic Eagleton	ACTIONAID
James Macgregor	IIED	Rachel Crossley	Insight Investment
		Fiona Gooch	TRAIDCRAFT
		Guy Stinglhamber	COLEACP

Objective:

- A target of delivering a one hour Foundation Course on Trading for Development in partnership with a major retailer was set.

Actual outcome:

- A Buyer Awareness seminar has been held with the Co-operative Group (2 hours)
- A Buyer Awareness seminar has been held with Tesco Stores (2hrs 30mins)

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Summary of process

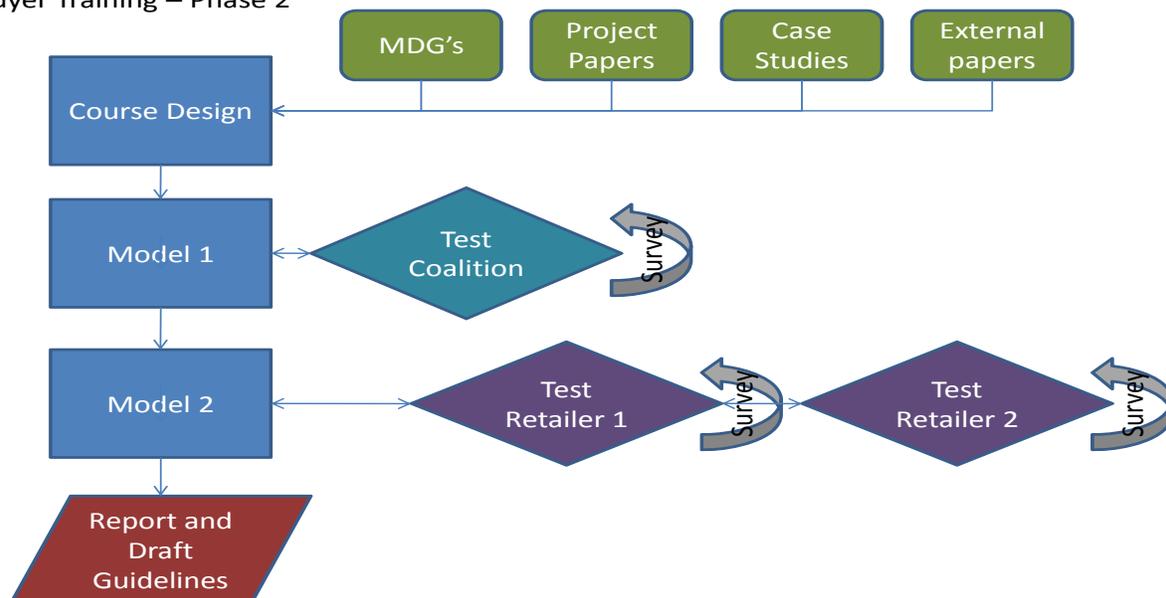
Phase 1

1. **Issue Paper** - To assist recruitment and following consultation with IIED and Impactt, a brief Paper was produced titled "Training food buyers – Trading for Development"
2. **Recruitment** - A number of organisations were consulted as follows: DFID, the ETI Responsible Purchasing Group, the Chartered Institute for Purchasing and Supply (CIPS), Insight Investment, the Morley Fund, The Fairtrade Foundation, the BRC, Oxfam, Action Aid, Traidcraft as well as IIED and the NRI
3. **Interviews** - As a result, there were seven interviews and a synthesis was issued.
4. **Meeting** - A meeting with potential partners for an Advisory Group on Buyer Training was held on February 4th, 2008.
5. **Recommendations** - Following this meeting a second Phase was proposed and agreed.

Phase 2

1. **Recruitment of retailers** – Impactt were able to recruit two retailers, Tesco and the Co-operative Group. A third retailer, Marks and Spencer, subsequently expressed an interest in also being a part of the group.
2. **Design** – Impactt were contracted to design and deliver a seminar. An important change in terminology has been made due to the lack of policy and process. "Training" has been substituted by "Raising Awareness". "Course" is replaced by "seminar". Support from the EU funded organisation, COLEACP, was important. They provided important and relevant filmed material. Other members of the Advisory Group also supported a request for training material.
3. **Test – (Model 1)** Impactt delivered a three hour test session with the Advisory Group
4. **Test - (Model 2)** Impactt delivered the two retailer awareness seminars on April 4th (Co-Op) and April 25th (Tesco)
5. **Recommendations and Guidelines** – Following the test seminars, this report comments on the shared learnings and proposes Draft Guidelines

Buyer Training – Phase 2



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The Seminar model.

Objective: The target groups were buyers and senior buyers. The aim of the seminar was to expand their knowledge of the people working in their supply chains and encourage consideration of their needs.

Structure:

1. Why Bother? Business case, risk, reputations, corporate responsibility, NGO campaigning and associated costs, supplier linkages
2. Making a difference. DVD supplied by COLEACP. The life of small farmers, pickers and packers in Kenya. Realising the positive impact of trade through the effects of income. Livelihood issues. Poverty footprint.
3. Negative impacts. Triggers, purchasing practices, cause and effect. Sharing experiences. Building case studies.
4. How to do good and still buy well. A discussion session to share personal guidelines. Six steps to responsible purchasing (Traidcraft).

The Co-operative Group Seminar (April 4th, Manchester)

12 people in attendance. These included: 3 Ethical Trading staff, 2 Senior Buyers, 7 Buyers from Produce, Horticulture (flowers) and Hot Beverages (tea / coffee)

Feedback:

- Co-op buyers already have a strong focus on responsible purchasing. It is a core value for them all.
- Co-op buyers tend not to travel. They have a lack of presence in the supply chain and comparably less volumes than larger competitors.
- Buyers did not demonstrate full understanding of their supply chains, for example, they were not aware what type of farms their products were sourced from, or in one instance, what country a particular product was sourced from. Buyers felt that suppliers hold the key to this information and would need to be encouraged to pass the information on to the buyer. The information provided in the seminar provided a new view of their supply chains, and was one which was generally supported.
- The Fairtrade model is inflexible. As the direct effect of the Co-op's support is not traceable or apparent, there was good interest from the buyers in opportunities for demonstrating innovative mainstream responsible purchasing.
- The food miles debate remains a concern. The 'trading for development' approach provided a welcome alternative view and a positive story to mitigate against potentially harmful press.
- Supplier accountability needs to be considered and further understood. The session should have also been delivered to suppliers in order to reinforce their part in communicating between the buyers and producers.
- The allocation of accountability in the supply chain and identifying the presence of vulnerable groups were identified as two key business issues.
- A lack of internal policy meant individual buyers had insufficient context to get past price and margin issues on which they were measured.
- Positive stories are of very great value for customer communication
- The video (COLEACP) was well received and provoked good discussion
- The Traidcraft brochures (Buying Matters, A Fresh Perspective and A Fair Cup) were distributed at the close and well received. Five extra copies were taken for the Heads of Trading.

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The Tesco Seminar (April 25th, Cheshunt)

6 people in attendance. This included a Director and Manager for Ethical Trading. From the Produce team there was 1 Senior Buyer, 1 Buyer and 2 Technical Managers. It was also attended by an Advisor from the Policy and Central Research Division at DFID.

Feedback:

- The material would improve the scope of the current buyer training for labour standards (“Buying with your Eyes Open”)
- The challenges provide a good opportunity for co-operation with other retailers
- The context of the workshop needs to be very clear. It is about helping the commercial teams recognise the impact of their buying and hence their responsibility for outcomes. “With power comes responsibility” and “Live the Values” were key comments. (An example of a relevant Tesco Value would be “Treat others the way you expect to be treated”)
- The issues arising from the seminar are relevant to many experienced buyers. Refresher sessions would be required.
- Seminars should also be offered to suppliers and producers.
- Global case studies need to have more spread to them. More foods, more countries.
- Examples and case studies need more credibility. Maybe these would need to come from suppliers as buyers may be unable to see the whole story.
- There are very legitimate reasons for purchasing decisions that superficially may appear to have a negative effect. For example, political uncertainty (Zimbabwe, Kenya) or economic trends as new sources become competitive and compliant (India, China, Senegal, Ethiopia). Also, automation (good business practice) may improve efficiency causing job losses.
- Long term supplier relationships are fundamental
- Measuring performance in this area is not easy. However, without agreed measures, it will be difficult to identify buyer or supplier performance.
- Academic credibility needs to be included in the information provided.
- How can Tesco measure their ‘development footprint’?
- The Traidcraft brochures (Buying Matters, A Fresh Perspective and A Fair Cup) were distributed at the close.

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Shared learnings from Phase 1 and 2 have shown us the following:

1. **Broad support** - There are a number of interested organisations, both in civil society and in business, which are interested in supporting this project. The NGO Stakeholders have demonstrated they are actively prepared to collaborate. The Business stakeholders have willingly engaged in testing the model.
2. **Poor understanding** – Every day, every buyer can experience a unique set of variables. And for the most part, they will not know the actual sequence of events in their supply chain. They are told what has happened by their suppliers, who in turn have been told by their producers. Cause and effect is not well understood. They often will not and cannot, know the effects of what they are doing.
3. **Lack of policy** – There remains an issue of lack of business context for responsible purchasing practice due to the lack of policy. This makes measurement difficult and reduces the opportunities to recognise good performance.
4. **Suppliers are highly influential** – The transparency of the supply chain, even for a retailer able to deploy a strong presence, is controlled by the suppliers. Any programme that raises awareness and builds policy at retailers will also need to engage the suppliers in secondary (processing and packing) and primary (production) sectors.
5. **Sector specific** – Initial informal discussions with manufacturers have identified positive interest in developing sector specific models.
6. **Multi stakeholder** - Initial informal discussions with NGO's and CIPS have identified positive interest in exploring innovative learning models, taking seminars as a starter point but following on with active learning groups.
7. **Company specific** – The two retailers involved in the test were very different. The Co-operative Group runs a relatively simple national commercial model with a comprehensive private label range. Their values are rooted in the co-operative movement. Tesco run a global procurement model and are one the world's leading retailers. Their values are rooted in customer service and strong competition. Their private label range includes Tesco Finest with a sophisticated marketing position and sales in excess of £1bn. Each needed their own seminar, relevant to their own commercial model.
8. **European and global options** – Initial informal discussions have identified positive interest in building new complimentary activity across the European Union and in the US. These include CIES – The Food Business Forum (International Retailer Trade Association), KIT (Royal Tropical Institute, Holland), the Business Social Compliance Initiative (an alliance of 120 retailers and brand owners) and the Sustainable Food Laboratory (an alliance of NGO's, retailers and brand owners) in the USA.

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Draft Guidelines – Improving Buyer Awareness

Terminology

- Due to a lack of policy at the UK retailers, the terminology of ‘training’ was not helpful. Instead, it is more relevant to talk about ‘raising awareness’ through ‘seminars’.

Content

- Companies like things that are their own. They need quotes from their own CEO, case studies and a context for their own commercial culture. Seminars need to be developed with them rather than for them.
- The theme of building awareness through personal stories is important. In particular, film of real people from developing countries and working in supply chains is very helpful.
- The material on the ‘economic footprint’ (the effect of income from jobs or trade) is a fundamental learning point.
- Procurement practices such as tendering or auctions need to be analysed
- Academic or business credibility is required for back up material

Target groups

- All buyers that make purchasing decisions should be included at a ‘Foundation’ level.
- Buyers with high ‘risk’ jobs need an extra level of information. These would include all those with supply chains originating in developing countries.
- Buyers need to discuss these issues ‘in-house’.
- It is not necessary for a group of buyers to discuss ‘bad practice’. This will build potential resistance. Instead, the seminar should focus on ‘good practice’

Trainer competency

- Trainers need some background in international development, preferably with academic qualifications and business experience

The business case for responsible purchasing needs to be included *(ref: Traidcraft, Buying Matters, 2006)*

- Sustainable businesses need good long term suppliers that are viable and efficient.
- Unfair sourcing increases reputational risk as customers differentiate and hold purchasers accountable for supply chain outcomes

The steps to responsible purchasing need to be included *(ref: Traidcraft, Buying Matters, 2006)*

- A good understanding of legislation, both in the country of production and in the country where a product will be sold.
- A senior management ‘champion’ to review purchasing and develop a business case
- The development of policies
- There will be a training programme for its buyers that enable improved understanding of the impact of their purchasing decisions.
- The setting of targets and the collection of data to measure achievement
- A reward system for buyers and suppliers that have demonstrated improvements

The elements of responsible purchasing need to be included *(ref: Traidcraft, Buying Matters, 2006)*

- Good relationships with suppliers
- Clear timely communications
- Sustainable prices and pricing
- Clear lead times and payments
- Respect for human rights in the supply chain
- Support for small scale producers and home workers when they are present

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PROPOSAL FOR PHASE 3

The leadership should pass from IIED to Chris Anstey Ltd working with Impactt Ltd.

The title should change to:

TRADING FOR DEVELOPMENT

Buyer awareness programme – International Development and Responsible Purchasing

- The project participants (the Advisory Group) should be strengthened through the recruitment of retailers, manufacturers and specialist wholesalers to include the food service industry.
- The project should seek to collaboratively develop, share and encourage implementation of the draft guidelines proposed following the second phase
- The project should seek to establish further options and guidelines for building buyer induction and personal development in the food business. To include:
 - ✓ Sector Specific guidelines
 - ✓ Multi Stakeholder learning (or not)
 - ✓ Supplier and Producer involvement
 - ✓ Multi Cultural solutions – including local options in developing countries
 - ✓ Options for facilitating policy development
 - ✓ Linkages to “Supermarket Code of Conduct”
 - ✓ Linkages to general buyer competency framework (i.e. CIPS)
 - ✓ Maintaining communication on objectives, progress and outcomes with identified stakeholders beyond the Advisory Group.