

**ENVIRONMENTAL  
PURCHASING: LOOKING  
BEYOND THE  
ENVIRONMENTAL BENEFITS**

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# ABOUT PPRC

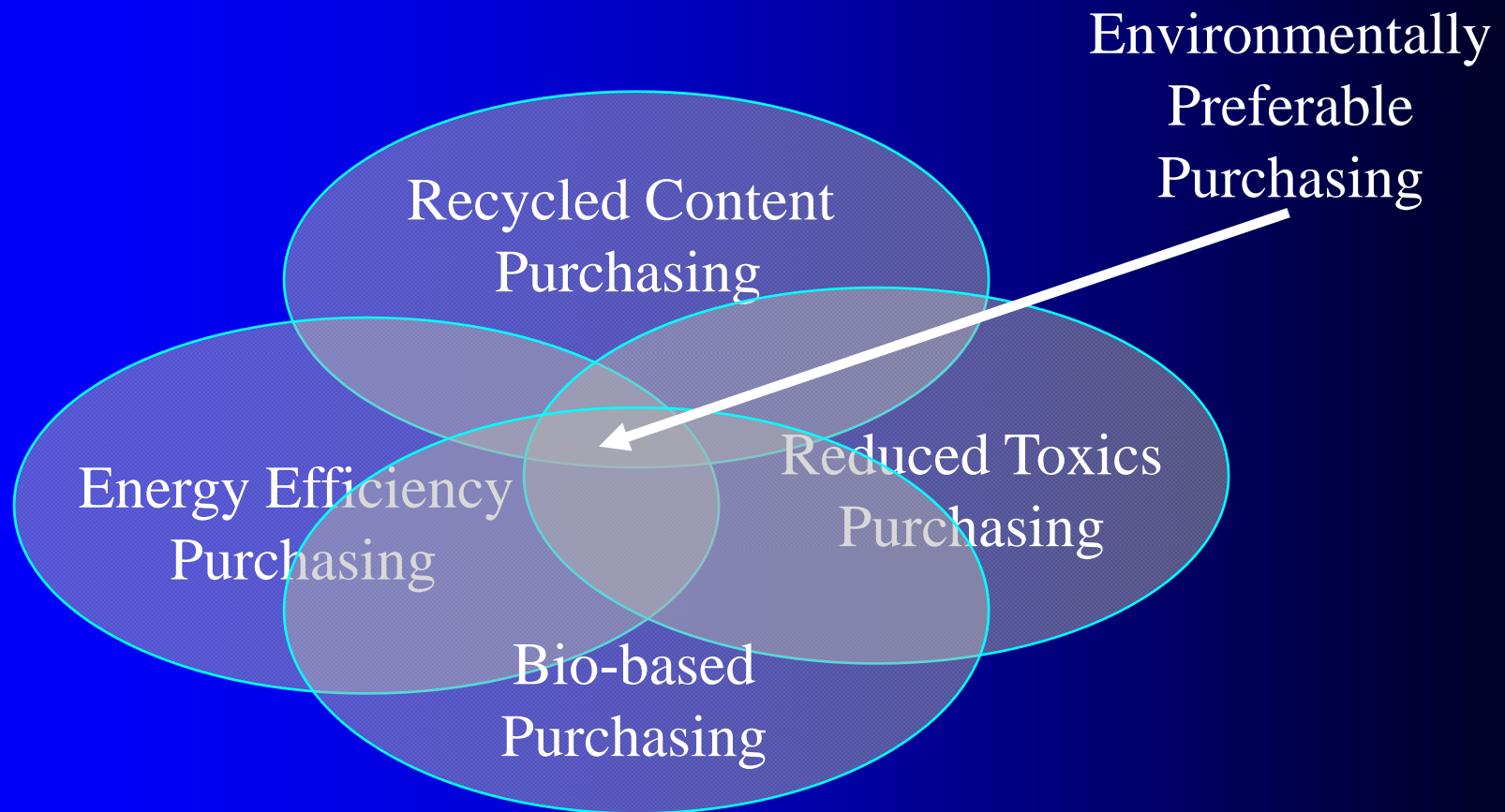
- A NW regional non-profit established in 1990 to promote environmental protection through pollution prevention (P2).
- Develop environmental purchasing strategies and tools for institutional purchasers.
- NW's leading source of high quality, unbiased P2 information.

# WHAT IS ENVIRONMENTAL PURCHASING?

...Incorporating key environmental factors with traditional **price** and **performance** considerations in purchasing decisions.



# EVOLUTION OF ENVIRONMENTAL PURCHASING



# SUSTAINABLE PURCHASING

- Balancing the three “E”s:
  - Environment
  - Economics
  - Equity
- Next iteration in the continuous improvement model...



**WHAT MOTIVATES  
ORGANIZATIONS TO  
PURSUE  
ENVIRONMENTAL  
PURCHASING?**

# ORGANIZATIONS ARE MOTIVATED BY THESE...



# WHAT ARE THE OTHER MOTIVATORS?

- It's required
  - Statutory, policy requirements
  - External demands (e.g., from customer, shareholders, public opinion, etc.)
- Reduced Liability
- Reduced Costs
- Convergence of Business and Environmental Goals
- Product differentiation; competitive advantage



**“IT’S REQUIRED”**

# IT'S REQUIRED

- Federal statutes and a series of Presidential Executive Orders require federal agencies to purchase environmental products and services (see <http://www.ofee.gov>)
- Forty-seven states have some type of a green purchasing policy; numerous local governments do as well (see <http://www.newdream.org/procure/policy/index.php>)



# IT'S 'REQUIRED'

- **External Pressures -- Home Depot Example\***
  - 1997-1999: Environmentalists protest at hundreds of Home Depot stores.
  - August 1999: Home Depot says it won't purchase wood from endangered forests.
  - 2002: Home Depot cuts purchases from Indonesian suppliers to \$50 million from \$500 million in 2000.
  - November 2003: Home Depot brokers an agreement between environmentalists and Chile's two largest timber producers to protect native Chilean forests.



\* As reported in Wall Street Journal, August 6, 2004

**REDUCE LIABILITY**

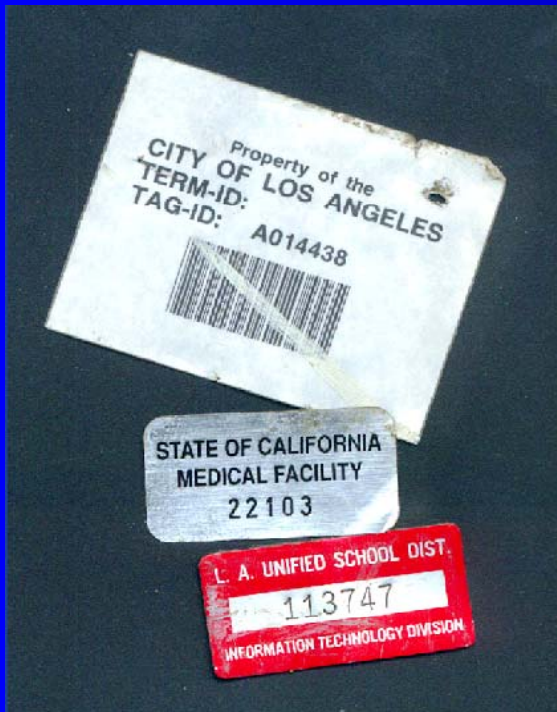
# REDUCE LIABILITY: EXAMPLE OF ELECTRONICS

- Electronic equipment contains hazardous and toxic substances such as lead, mercury, chromium, and cadmium.
- Electronics designated as a hazardous waste under RCRA.
- Liability exposure results from illegal, or poorly considered, disposal and recycling practices. (“The Six O’Clock News” factor.)



# LIABILITY EXPOSURE OF ELECTRONICS

Property tags on  
equipment from China



Abandoned truck with  
abandoned e-waste;  
Snohomish County, WA, USA



Equipment  
transport  
In China



Top photos courtesy of Basel Action Network ([www.BAN.org](http://www.BAN.org)) and Silicon Valley Toxics Coalition ([www.SVTC.org](http://www.SVTC.org))

# Reduce Liability: Example of Electronics



- Due to liability concerns, Bonneville Power Administration (BPA) chose to purchase services of a recycler to manage electronics in an environmentally responsible manner.
- BPA is also changing its procurement standards to minimize environmental impacts of its IT equipment.

**REDUCE COSTS**



# REDUCE COSTS



- **\$ 16 million:** Differential in supply expenses from 23% of annual net revenue to 17.2% through purchase of recyclable and reusable products. (Swedish Medical Center, Seattle, Washington)

As documented in PPRC's Report: "*Environmentally Preferable Purchasing (EPP) Programs and Strategies: Integrating Environmental and Social Factors into Procurement Practices*" found at: <http://www.pprc.org/solutions/epp.cfm>

**CONVERGENCE OF BUSINESS  
AND ENVIRONMENTAL  
GOALS**

# CONVERGENCE OF GOALS

- Copernicus Project re-engineered City of Seattle's procurement system that includes environmental and social considerations. Resulted in \$3.14 million in direct cost savings in 2002.



As documented in PPRC's Report: "*Environmentally Preferable Purchasing (EPP) Programs and Strategies: Integrating Environmental and Social Factors into Procurement Practices*" found at: <http://www.pprc.org/solutions/epp.cfm>

**PRODUCT DIFFERENTIATION/  
COMPETITIVE ADVANTAGE**

# PRODUCT DIFFERENTIATION

- Collins & Aikman Floorcovering, Inc is one example of a company that has distinguished its products based on environmental performance.
- Examples are more abundant in Europe and Japan
  - Environmental profiles of products are much more readily available
  - Customers tend to look for and distinguish among products based on environmental performance
- Will there be a trend here in the U.S.?

# QUESTIONS?

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