



# Guided Individual Assessment Final Report

## **City of Portland**

January 2019

## Introduction

The City of Portland (the City) has a long history of designing, implementing and inspiring other organizations towards successful sustainable purchasing activities that extend across the environmental, social and economic landscapes. The City’s Sustainable Procurement Policy and related Sustainable Procurement Program (SPP) are the foundation for its vision to “*be a force for good in every purchase*”.

As part of this work, the City would like to leverage SPLC’s Maturity Model, a multi-sector leadership framework in sustainable purchasing best practices, to better understand:

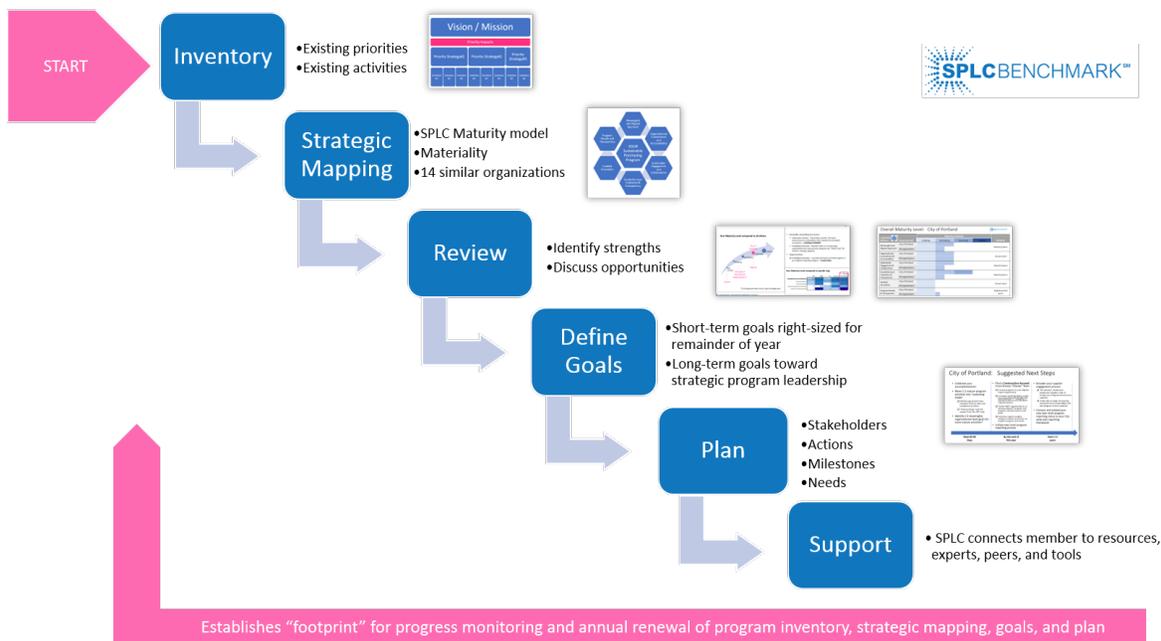
- The extent to which these best practices have been embedded into the City’s operations in order to most effectively address its purchasing’s impacts and opportunities
- The extent to which the *current* Sustainable Purchasing Program (SPP) is delivering value to Procurement Services and the City
- Program opportunities which might further contribute strategic value to Procurement Services and the City

The City of Portland commissioned the Sustainable Purchasing Leadership Council (SPLC) to assist in performing this analysis by-way of the Benchmark Guided Individual Assessment.

## Approach, Scope and Analysis

An SPLC BENCHMARK Guided Individual Assessment was the process used by the City to evaluate its program against SPLC’s Maturity Model of 38-prioritized best practices in sustainable purchasing. **Diagram 1.** below provides a high-level overview of this process.

**Diagram 1. SPLC BENCHMARK Guided Individual Assessment Process**



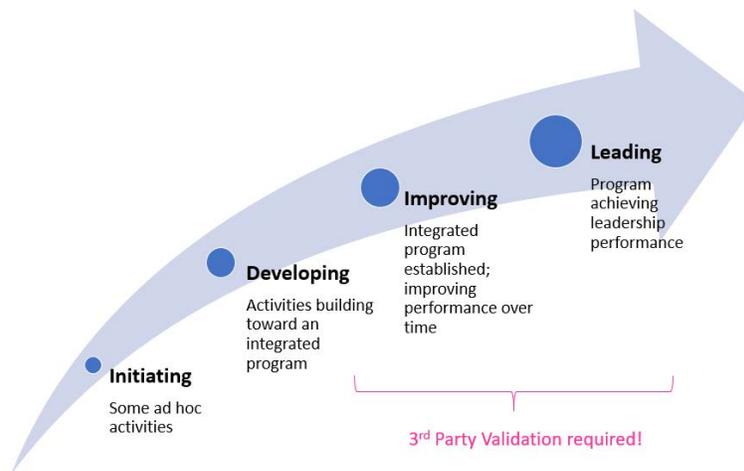
Program definition is critical in laying the foundation for what will be measured by SPLC’s Maturity Model (refer to “Inventory” step above). Informed by the City’s Sustainable Procurement Policy, the City’s Sustainable Purchasing Program was defined as shown in **Appendix 1**. and includes the full scope of annual spend, approximately \$450M per year.

The above “inventory” of prioritized impacts, strategies and solutions (ie. activities) was then evaluated by a multi-stakeholder team which assigned “leadership maturities” to each of the prioritized best practices within SPLC’s maturity model. The multi-stakeholder team included:

- City of Portland Procurement Services, Sustainable Procurement Coordinator, Stacey Foreman
- City of Portland Procurement Services, Strategic Sourcing Program Coordinator, Jim Harley
- City of Portland Procurement Services, Chief Procurement Officer (CPO), Lester Spitler
- SPLC Benchmark Program Manager, Guided Individual Assessment Facilitator, Kris Spriano

**Diagram 2.** provides a high-level definition for each leadership maturity. For maturities assigned as “Improving” or “Leading”, 3<sup>rd</sup> party validation was required and executed with the team and SPLC’s third-party validation organization, Industrial Economics (IEc).

**Diagram 2. High-level Maturity Definitions for SPLC’s Maturity Model**



To further organize the assessment approach, each of the 38-Maturity Model questions were summarized and evaluated beneath one of six of SPLC’s Leadership Behaviors in Sustainable Purchasing (see **Diagram 3.**).

**Diagram 3. SPLC’s Leadership Behaviors in Sustainable Purchasing**



Leadership behavior “discussion sessions” and follow-on 3<sup>rd</sup> party validation (as required) resulted in the following:

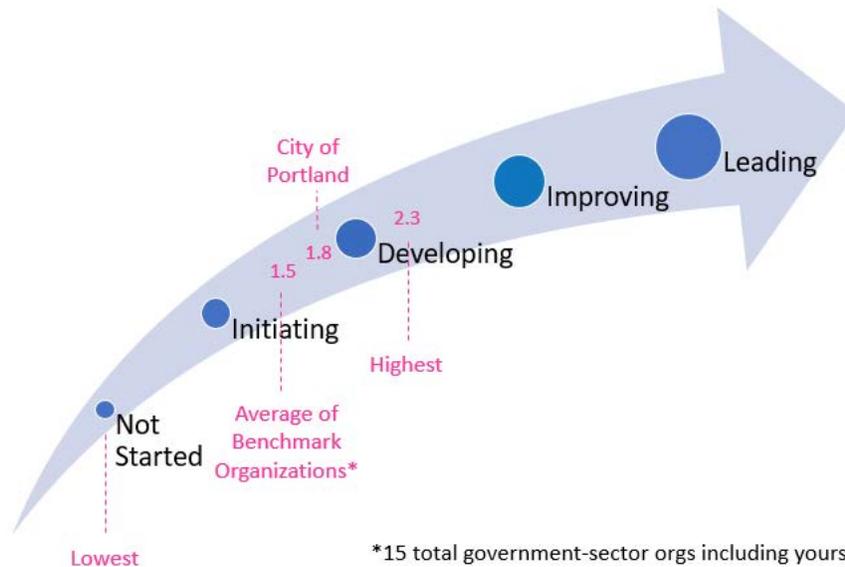
- Benchmarking of the current program maturity to SPLC’s Maturity Model
- Benchmarking of the current program maturity to peers in the Benchmark Data Repository (refer to **Appendix 2**. for the full list of comparison organizations)
- Identification of strengths of the City’s sustainable purchasing program
- Identification of opportunities for improvement

*It should be noted that SPLC’s Maturity Model sets a “high bar” for leadership. Rather than focusing on what best practices are currently employed in the field, the sustainable purchasing framework focuses on best practices required to drive a truly sustainable global economy through large institutional purchasing, consistent with SPLC’s criteria for leadership.*

## Results

A high-level summary of the assessment results is shown in **Diagram 4.** and **Diagram 5.** below. The City has achieved a “DEVELOPING” leadership maturity level: *Activities building toward an integrated program.*

**Diagram 4. The City of Portland’s Sustainable Purchasing Program Overall Leadership Maturity**



**Diagram 5. The City of Portland’s Sustainable Purchasing Program Maturity by Leadership Behavior**

Leadership Behavior	Organization(s)	Maturity Achieved				Remarks
		Initiating	Developing	Improving	Leading	
Meaningful and Aligned Approach	City of Portland					<i>Ahead of peers</i>
	All organizations					
Organizational Commitment & Accountability	City of Portland					<i>At peer-level</i>
	All organizations					
Stakeholder Engagement & Collaboration	City of Portland					<i>Ahead of peers</i>
	All organizations					
Goods/Services Evaluation & Transparency	City of Portland					<i>Ahead of peers</i>
	All organizations					
Enabled Innovation	City of Portland					<i>At peer-level</i>
	All organizations					
Program Results & Transparency	City of Portland					<i>Slightly behind peers</i>
	All organizations					

When compared to its peers in the Benchmark Data Repository, the City was found to be:

- Ahead of its peers in 3 of 6 (50%) of the evaluated behaviors;
- About equivalent to its peers in 2 of 6 (~33%) of the evaluated behaviors;
- Slightly behind its peers in 1 of 6 (~17%) of the evaluated behaviors

**Diagram 6.** further compares the City’s results to specific government peers that are similar by region, sustainable purchasing experience and/or have a similar set of spend Categories.

**Diagram 6. Maturity Level Compared to Specific Organizations**

	Comparison Org#1	Comparison Org#2	Comparison Org#3	Comparison Org#4	City of Portland
<b>AVERAGE MATURITY</b>	0.8	2.3	1.9	1.9	1.8
Meaningful and Aligned Approach	1	2	2.5	2	2
Commitment & Accountability	1	3.5	4	2	2
Stakeholder Engagement and Collaboration	1	1	2	3	2
Goods/Services Evaluation	0.5	3	1	2.5	3
Enabled Innovation	0	3	1	1	1
Program Results & Transparency	1	1.5	1	1	1

## Accomplishments and Strengths

The assessment process has identified the following accomplishments and strengths of the City's current sustainable purchasing program to date.

IMPORTANT NOTE: Third party-validated leadership activities are indicated as follows:

‡ Indicates third-party validated IMPROVING maturity levels in this area

‡ Indicates third-party validated LEADING maturity levels in this area

- A formal sustainable purchasing program which is/has:
  - ✓ Supported by the City's Sustainable Procurement Policy
  - ✓ Informed by a spend analysis‡ of its purchasing's largest environmental and social impacts
  - ✓ Comprised of aligned‡ and committed‡ meaningful strategies and solutions to address these impacts
  - ✓ A dedicated, program champion "expert" embedded inside procurement
  - ✓ Executive sponsorship
  - ✓ Cross-functional engagement
  
- The City demonstrates by example when it comes to promoting collaborative, institutional-level market transformation through:
  - ✓ Regular contributions of expertise and leadership to benefit the wider, external community‡
  - ✓ Embedding sustainability criteria into the evaluation of many of its prioritized goods and services‡
  - ✓ The sharing (or transparency) of sustainable product and service solutions that the City has pursued‡
  
- A well-established supplier diversity program‡ which promotes diversity through:
  - ✓ A contractor development program focused on supplier diversity ("Prime Contractor Program")
  - ✓ An embedded RFP-based supplier scoring process
  - ✓ Ongoing metrics
  - ✓ A workforce training and hiring program requiring good faith efforts to utilize diverse suppliers

## Opportunities and Rationale

As the assessment indicates, the City has established a solid foundation to support a fully integrated (ie. embedded) program. However, several key components to achieving this milestone require additional attention to both ensure the City's sustainable purchasing impacts are addressed to the greatest extent possible and the City is able to reap the associated benefits as described:

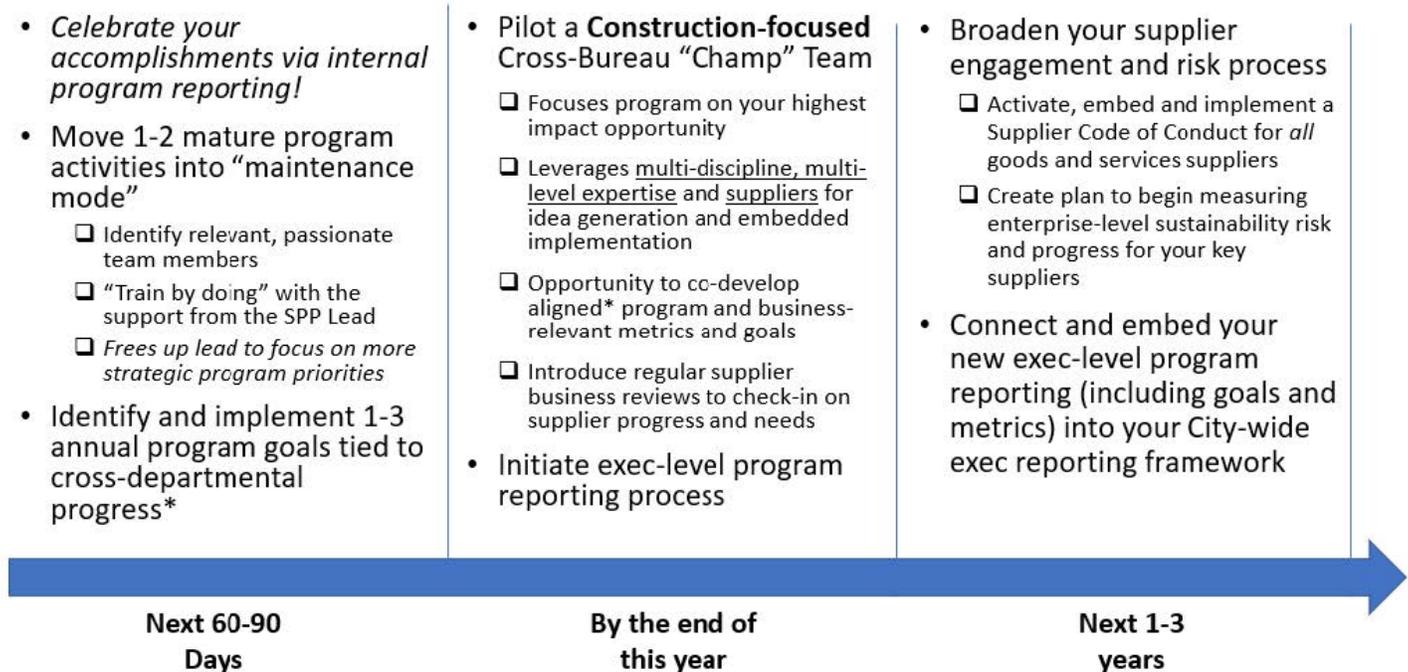
Leadership opportunity	Why is it important?
Increased employee engagement via: <ul style="list-style-type: none"> <li>• Internal program reporting focused on progress and recognition</li> <li>• Embedded <i>cross-departmental</i> sustainable purchasing responsibilities, metrics and goals</li> </ul>	Organizations are most likely to deliver effectively on the leadership goals of a sustainable purchasing program if: 1) development of the program and its strategies are informed by the collective intelligence of relevant staff; and 2) relevant staff feel "ownership" for the program's goals and strategies.
Goals which focus on <u>prioritized strategies</u> (ex. GHG Reduction, Foster Supplier Diversity, etc.)	Leadership organizations carefully design their sustainable purchasing programs to deliver specific environmental, social, and economic benefits, and a sustainable purchasing program is only meaningful if it actually delivers these benefits. Therefore, leadership organizations measure both: 1) the extent

	to which their sustainable purchasing program is implemented as designed; and 2) <i>the extent to which the program is delivering expected environmental, social, and economic benefits.</i>
Strategic integration of the Sustainable Procurement Program at the executive levels	Leadership in sustainable purchasing depends upon aligning an organization's purchasing activities with its core strategic priorities and values. For such strategic alignment to occur, the sustainable purchasing program needs to be tightly integrated into organization-wide strategic plans and commitments, as well as into the processes through which those plans and commitments are realized.
Expanded focus on prioritized strategies and suppliers which address the City's largest purchasing impacts => <i>Construction Category</i>	Sustainable purchasing policies and programs should be <i>strategic</i> . They should focus on <u>the most significant opportunities</u> to maximize the internal and external benefits of purchased goods and services.
Increased supplier sustainability engagement and accountability by-way of: <ul style="list-style-type: none"> <li>• Initiating ongoing supplier business reviews (starting with key suppliers)</li> <li>• Introducing a Supplier Code of Conduct (all suppliers) to establish <i>minimum expectations</i> for all suppliers</li> </ul>	Suppliers are experts in the goods and/or services that they offer to the marketplace. As such, suppliers are often in a unique position to: 1) help a purchasing organization to understand the environmental, social, and economic effects of its purchasing; 2) identify opportunities to improve the environmental, social, and economic effects of its purchasing. By establishing business processes such as supplier business reviews and a supplier code of conduct, an organization creates a pathway to clearly communicate goals and commitments to its suppliers, and creates the opportunity and accountability for suppliers to support the purchasing organization in developing and implementing effective, realistic strategies to meet those goals and commitments.

## Recommended Next Steps

To comprehensively, efficiently and practically address the opportunities described above, the SPLC recommends the prioritized strategic next steps shown in **Diagram 7**. below.

**Diagram 7. The City of Portland’s Suggested Next Steps Towards “Next-level” Leadership Maturity**



In addition to more effectively addressing your sustainable purchasing program’s purchasing impacts through a more broadly implemented leadership framework, the above opportunities are expected to deliver the following **organizational-wide benefits** to the City:

Reduced supply chain risk and associated costs by shifting from reactive to proactive supplier management and engagement

- Increased employee engagement and accountability at all levels
- Increased supplier engagement and accountability
- Increased growth in innovative solutions (processes, goods and/or services)
- Continued and expanded cost savings opportunities

Finally, to further support the City with the above recommended next steps, please refer to **Appendix 3. Resources**.

*The SPLC would like to thank the City of Portland for participating in the Benchmark Guided Individual Assessment process in order to understand their current sustainable purchasing leadership maturity and to obtain suggestions for moving forward. For questions on this report, please contact Kris Spriano: [kris@sustainablepurchasing.org](mailto:kris@sustainablepurchasing.org).*

## Appendix 1. City of Portland Sustainable Purchasing Program “1-Pager”

### Vision / Mission

*In Every Purchase, the City is a Force for Good. We think holistically and act responsibly. We advance equity, environmental protection, community health, and market transformation.*

*As a result of this vision, we have recognized that our purchasing may influence achieving the following environmental, social and economic priorities:*

### Priority Impacts

#### Environmental

Avoiding / reducing waste, Improving Human & Environmental Health, Protecting Air Quality, Protecting the Climate, Using Energy Efficiently & Promoting Clean Energy, Using Water Efficiently and Protecting Water Quality

#### Social

Human Rights, Labor Rights, Supplier Diversity, Conflict Minerals

#### Economic

Business Integrity, Growth of Sustainable Products & Services, Transparency, Value for Money

*Given this, the following priority strategies and corresponding solution strategies have been developed in order to address these prioritized impacts:*

### Prioritized Strategies

#### #1 Greenhouse Gas Emissions Reduction

- Vehicle Fleet Program
- Sourcing renewable energy
- Low-carbon material evaluation and selection – (use of EPDs)
- Sustainably-sourced wood
- Energy efficiency
- Low-carbon services
- Enviro-responsible paper
- Recycled content products
- Green building practices goods/services

#### #2 Harmful Chemicals Reduction

- Spec-based reduction /elimination of SVHCs/SHC (Furniture, Cleaning Products and Carpet)
- Clean Air Construction
- Salmon-safe exterior materials
- Integrated pest management
- Vegetable based vehicle/equipment oils and biodegradable hydraulic fluids
- Sourcing ~~and services~~ that incorporate material screening for SVHC/SHCs
- Product ingredient transparency/disclosure

#### #3 Foster Supplier Diversity

- DMWESB and SDVB contractor program
- Sustainable biz educational programming that supports supplier diversity

#### #4 Safe & Fair Labor Practices and Ethical Behavior in SC

- Code of Conduct for Apparel Products suppliers
- Conflict minerals disclosure, reporting and due diligence
- Supplier corporate social responsibility disclosure, reporting and evaluation

#### #5 Sustainable Procurement Tools and Approaches

- 3<sup>rd</sup> party certifications
- Lifecycle cost methodology
- Utilize strategic sourcing / best value practices

### Solutions

## Appendix 2. Benchmark Data Repository – List of Comparison Peer Organizations

The following organizations have completed the Benchmark Full Assessment (including 3<sup>rd</sup> party validation as per policy established for that time period) and were used in the assessment's comparison report:

- State of California
- State of Oregon
- State of Minnesota
- Commonwealth of Massachusetts
- State of Oklahoma
- State of Connecticut
- State of California, Office of Business Acquisition Services
- State of California, Department of Fire and Forestry Protection
- State of California, Department of Housing and Community Development
- State of California, Department of Transportation
- State of California, Department of Fish & Wildlife
- State of California, High-Speed Rail Authority
- State of California, Department of Resources Recycle & Recovery
- State of California, Department of Corrections and Rehabilitation

### Appendix 3. Resources

As part of your assessment, SPLC offers you the following to assist in achieving your recommended next steps.

#### Next 60-90 Days

Topic	Description and Benefits	Resource
Internal Program Reporting focusing on progress and recognition.	<i>The extent to which the City has embedded sustainable purchasing into its operations continues to be notable!</i> Reporting on this progress to working team members and their managers helps to acknowledge progress, recognize individual contributions, facilitates and communicates alignments to shared goals (ex. cost savings), builds accountability for future needs, and helps to recruit others. <i>Kickoff a quarterly or bi-annual sustainable purchasing program update either attached to an existing meeting or as a stand-alone meeting.</i> Repurpose this work for an eventual exec-level status (see next page).	<i>SPLC Guidance v2.0: Report Results</i>
Transferring Sustainable Purchasing Activities into “Sustaining Mode”	It is common for central and/or dedicated resources to be assigned to lead the design, development and implementation of a sustainable purchasing projects and/or initiatives. However, ideally, once an activity is implemented, the activity becomes fully embedded into the ongoing cross-functional operations of the organization. Moving an activity into this “sustaining mode” will look different depending on the activity and is best defined by the organization itself. However, it typically involves an evaluation of that activity’s “readiness”, identification of one or more future owners, and “on the job” training and support. Benefits include an expanded pool of sustainable purchasing experts, increased cross-functional accountability, innovation and expanded capacity of the SPP champion to tackle more strategic program priorities.	
Program-level Metrics & Goals	The City is making great progress on its program activities which ultimately feed into the Citywide Environmental Objective Goals. However, specific goals for the program’s priority strategies (ex. GHG Emissions, Supplier Diversity, etc.) have not been established. Recommend establishing 1-3 meaningful goals for a more mature program area with established metrics to assist in driving accountability and success.	<i>SPLC 1-page Guidance: Establishing Sustainable Purchasing Program Metrics &amp; Goals</i>

**Within the Next Year**

Topic	Description and Benefits	Resource
Category-focused (or Product-focused) “Champ Team”	Achieve a new level of effort and engagement for your prioritized impacts through the establishment of a Category-focused (or Product-focused) team of “Sustainable Purchasing Champions“. Identify team members that can lead projects directly in the context of their current role who drive the design, development and implementation of sustainable purchasing best practices within a specific Category (ex. Construction) or product line. Round out your team with cross-functional program support (ex. technical experts, data reporting support, etc.) and key suppliers. This “Champ” model has been demonstrated as a highly effective way to embed sustainable purchasing best practices while at the same time, delivering additional benefits such as innovation, cost savings, employee engagement and more to the organization.	External: <u><i>“Pack It Green” Saves Nearly 2 Million Pounds of Packaging and Over \$6 Million. Cisco Systems</i></u>  <i>SPLC Guidance v2.0: Report Results</i>
Category-focused Metrics & Goals	Work with the “Champ Team” to establish relevant metrics (waste, cost savings, GHG, etc.) and eventually goals that align and report into the City’s Environmental Objectives Goals and other relevant operational areas.	<i>SPLC 1-page Guidance: Establishing Sustainable Purchasing Program Metrics &amp; Goals</i>
Exec-level Program Reporting	Leadership in sustainable purchasing depends upon aligning an organization’s purchasing activities with its core strategic priorities and values. For such strategic alignment to occur, the sustainable purchasing program needs to be tightly integrated into organization-wide strategic plans and commitments, as well as into the processes through which those plans and commitments are realized. Leverage your new internal program reporting process to create a bi-annual or annual program report-out at the City Manager level. If possible, leverage existing strategic planning and status forums. Align and connect as required with any existing exec reporting on the <a href="#">City’s 2030 Goals</a> .	(continued)

**Within the Next Year (continued)**

Topic	Description and Benefits	Resource
Supplier Business Reviews and Scorecards	Engaging and measuring supplier performance in the context of your sustainable purchasing program is critical to its success. One great way to do this is by leveraging existing supplier business reviews to educate on your program, discuss opportunities/needs and track progress. As discussed, the City currently holds adhoc, reactive supplier business reviews as opposed to ongoing reviews. Consider <i>piloting</i> an annual or bi-annual supplier business review with one major category of purchasing (ex. Construction) and/or set of key suppliers. Central to this review, develop and introduce a supplier scorecard that can be leveraged for not only sustainability-specific performance, but also other critical operational performance metrics such as cost, quality and delivery/timeliness.	External: <u>"Creating the ideal supplier scorecard"</u> , Supply Chain Management Review
<i>Construction &amp; Renovation</i> Strategies for Sustainable Purchasing	Leverage SPLC Category Guidance, Case Studies and Additional Resources for general assistance on strategies, solutions, additional resources and more.	SPLC Guidance: <i>Construction &amp; Renovation</i>
<i>Space Leasing</i> Strategies for Sustainable Purchasing	Leverage SPLC Category Guidance, Case Studies and Additional Resources for general assistance on strategies, solutions, additional resources and more.	SPLC Guidance: <i>Space Leasing</i>

**Within 1-3 Years**

Topic	Description and Benefits	Resource
Supplier Business Reviews and Scorecards	Engaging and measuring supplier performance in the context of your sustainable purchasing program is critical to its success. One great way to do this is by leveraging existing supplier business reviews to educate on your program, discuss opportunities/needs and track progress. As discussed, the City currently holds adhoc, reactive supplier business reviews as opposed to ongoing reviews. Consider piloting an annual or bi-annual supplier business review with one major category of purchasing (ex. Construction) and/or set of key suppliers. Central to this review, develop and introduce a supplier scorecard that can be leveraged for not only sustainability-specific performance, but also other critical operational performance metrics such as cost, quality and delivery/timeliness.	External: <a href="#">"Creating the ideal supplier scorecard"</a> , Supply Chain Management Review
Supplier Code of Conduct	A supplier code of conduct is created for the purpose of ensuring that a supplier practices in an environmental, social and economically-responsible manner consistent with the purchaser's requirements. Most often in use, the agreement is embedded into the procurement process either at the RFQ, Onboarding and/or PO approval/acknowledgement process. The City is encouraged to "re-activate", embed and implement its draft Supplier Code of Conduct for <i>all</i> goods and services suppliers in order to further communicate expectations to its suppliers and set the stage for enterprise-level supplier sustainability monitoring, risk mitigation and performance improvement.	SPLC Community Forum: Supplier Code of Conduct Resources