

# Putting Better Buying into Action

The full series of the Better Buying pilot test results has been published. We hope that the past two months of chapters have inspired you to learn more about our research and how this innovative new initiative aims to improve buyer purchasing practices. Better Buying's objective is to transform buyer purchasing practices so that business relationships support suppliers in providing decent workplace conditions.

In the pilot, we learned that the buyers rated had some things they were good at, and other things where they could definitely do better, as summarized below.

Better Buying Score	Lowest Rating Received	Average of All Submitted Ratings	Highest Rating Received
Overall	2.5	★★★★	4.5
Planning and Forecasting	0	★★★☆☆	5
Design and Development	1	★★★★☆	5
Cost and Cost Negotiation	0	★★★★★	5
Sourcing and Order Placement	0	★★★☆☆	4
Payment and Terms	2.5	★★★★★	5
Management of the Purchasing Process	0.5	★★★★☆	5
CSR Harmonization	1	★★★★☆	5

Now, it is time to put Better Buying into action. The first regular Better Buying rating cycle has begun and will continue through December 31, 2017.

## Suppliers, register and begin rating your buyers now.

Suppliers, you can start by:

- Registering your company on the **Better Buying** rating site.
- Then, proceeding to anonymously rate each of your buyers on the seven key categories of purchasing practices. Start with your largest customers and then plan to complete ratings for all your buyers by the end of the year.

Questions on all purchasing practice categories must be answered in order to complete a rating. The system automatically saves a rating you have started so you can complete it later if that is more convenient. After submitting a rating, you will be able to view the score earned by the buyer.

At the end of the year when the initial rating cycle is complete, all the ratings for a single buyer will be aggregated, turned into an overall score that averages all supplier ratings, made available to the buyers, and eventually made public.

At no time is the identity of the supplier or the supplier-submitted data made known to buyers or the public.

The star rating system is based on objective and data-driven questions encompassing all seven categories of purchasing practices and then weighted to produce an overall score. Ratings will be updated by you every six months. The result: suppliers,

buyers and the public can get up-to-date information about a buyer's purchasing practices and how they are changing – hopefully for the better – over time.

## Suppliers, why invest your time to rate your buyers?

As we talked with suppliers about purchasing practices over the last two years, we have heard about the lack of improvement that has been observed. In fact, many suppliers tell us that purchasing practices are getting worse.

Purchasing practices are not likely to improve unless buyers learn more about which of their purchasing practices are problematic to suppliers and observe how efforts to improve result in continuous improvement over time. You -- suppliers -- are the sole source of objective, data-driven information about the impact buyer purchasing practices are having on suppliers. Without your help, improvements are not likely to be achieved.

Change will not come overnight. In the case of many purchasing practices, such as accuracy of forecasting, it may take time for changes in buyer behavior to be reflected at the supplier level. These are complex issues that will involve many people and departments in buying companies. But in other cases, such as with paying bills on time, it is likely that quick improvements could result.

The external evaluation of the Better Buying pilot test reinforced what we knew at the outset – the important next step is to obtain a large number of ratings from suppliers so buyers can have the information they need to improve.

Suppliers, it's up to you. Better Buying incorporates your highest priorities and biggest concerns. Without the investment of your time to rate, the ability to focus attention on the buyer practices that need the most attention and to measure improvements over time will be lost.

Buyers, commit to taking a hard look at the impact of your purchasing practices on suppliers and to inviting your suppliers to participate in Better Buying ratings.

Buyers, you can begin today by:

- Providing Better Buying with a list of your suppliers along with a supportive letter of invitation that Better Buying can use to solicit ratings. Indicate which are key suppliers and which are not so we can provide you added insight into how your purchasing practices effect your supply chain. You can do this right away now that the rating cycle has begun. During Q1 of 2018, you will receive a private and detailed analysis of how your company is rated by your suppliers and ways in which you may work on improvements. Contact the Better Buying team at [info@betterbuying.org](mailto:info@betterbuying.org).
- Establishing a cross-functional team that can examine your company's purchasing practices, including representatives from design, development, planning/forecasting, merchandising, costing, sourcing, logistics and others and your CSR department. Stand ready to receive initial ratings and analysis from Better Buying early next year and then conduct root cause analysis of the underlying causes of the scores. By the end of this year, we will have a registration process for you to enroll your key point of contact for Better

Buying. Then, put in place initiatives to address areas of needed improvement before the next rating cycle in Q3 2018.

## Buyers, how can you benefit from supplier ratings?

Buyers, use Better Buying scores to focus on the purchasing practice policies and procedures that matter most to suppliers and can contribute to stable, mutually beneficial buyer – supplier relationships. With Better Buying scores, you will be able to measure the effectiveness of your efforts to improve over time. In our research, suppliers confirmed that supplier surveys and other means of communicating, such as supplier summits, are important but may not be fully used because of the sensitive nature of commercial relationships. Without the data-driven scores and analysis that only suppliers can provide through Better Buying, you will not have access to the full range of information needed to focus your resources on the purchasing practices that matter most to maintain an efficient and effective supply chain that can provide decent conditions of work.

Civil society organizations and investors, use Better Buying ratings and analysis to support your goals for improving workplace conditions in supply chains, resulting in more sustainable business operations.

Civil society organizations and investors, begin by:

- Encouraging suppliers that you have relationships with to rate their buyers on the Better Buying rating platform.
- Asking brands and retailers you engage with to invite their suppliers to rate by contacting Better Buying.

## Civil society organizations and investors, how can you benefit from Better Buying?

Civil society organizations have long understood the importance of buyer practices to improving conditions of work and will surely look to Better Buying to measure buyer performance. We know that there are many initiatives focused on improving purchasing practice performance, including those of leading multi-stakeholder initiatives in apparel and footwear supply chains. We are here to support those efforts with meaningful scores and deep analysis on the issues that have been identified as most important to suppliers. Investors have also expressed interest and concern about the risk of poor purchasing practices for sustainable business.

Civil society organizations and investors can use the aggregated scores for the apparel and footwear buyers that will be released in early 2018 as an opportunity to engage with your stakeholders in conversations about targets for improvements in buyer purchasing practices. We know that civil society organizations and investors can be an important force for change.

### **Join us as the journey begins.**

Suppliers, register and begin to rate your buyers today. Buyers, work with Better Buying to invite your suppliers to rate, examine the impact of your purchasing practices using Better Buying

scores and analysis, and improve where needed. Civil society organizations and investors, encourage suppliers to rate and buyers to contact Better Buying so we can invite their suppliers to use the rating platform. Use the scores and analysis that will be made public early next year to engage your stakeholders to improve.

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