



## **Brands, retailers must improve purchasing practices to support supply chain resiliency, global supplier survey shows**

*Pandemic recovery creates uncertainty around product availability, cost and decades of sustainability progress*

**October 29, 2020** – The Better Buying Institute today released the 2020 Better Buying™ Index Report, underscoring the importance of better purchasing practices by brands and retailers in meeting post-COVID demand and protecting supply chain workers during pandemic recovery. Twenty-two brands and retailers invited more than 2,000 global suppliers to participate in the annual survey, which examines the impact of company purchasing practices – such as planning and forecasting, cost and cost negotiation, and payment and terms – on profitability, business relationships and working conditions.

The report found that several brands had made meaningful improvements to their purchasing practices over the past year, especially related to planning and forecasting – which will not only yield benefits in terms of production efficiency and reduced financial pressure on manufacturers, but also help suppliers maintain a more stable workforce and decrease their reliance on temporary labor or excessive overtime to flex their production capacity with unexpected increases or decreases in orders. This is especially important as brands weather unexpected supply chain disruptions such as the pandemic.

“Unplanned disruptions like COVID-19 tend to cause extreme reactions from buyers attempting to minimize their exposure to short-term financial risk – reactions that often do not consider the ripple effect on suppliers and workers and the other resulting risks,” said Dr. Marsha Dickson, President of the Better Buying Institute. “While the impacts of the pandemic have certainly created new challenges in global supply chains, problematic purchasing practices are nothing new and must be addressed in order to meet rebounding consumer demand and protect decades of sustainability progress.”

Better Buying™ examined year-over-year improvements for 10 of the participating brands to identify progress and trends. While there have been notable steps taken in each area, progress is ongoing and must be prioritized by all brands in order to continuously improve supply chain resiliency. Key findings include:

- Data collected in 2019 showed five of the 10 companies made improvements to their **Planning & Forecasting** practices from 2018, which provided suppliers with the visibility they needed to plan production responsibly and ensure ongoing employment for workers. Eight of the 10 companies had fewer suppliers left with unutilized capacity due to forecasting inaccuracies, and six of the 10 had fewer suppliers left with excess materials.
- Half of the companies improved their **Cost & Cost Negotiation** practices by increasing the percent of suppliers reporting all orders were priced to cover the costs of compliant production. Eight of the 10 companies improved by decreasing their use of high-

pressure cost negotiation strategies. Improved costing is critical not only for suppliers' business survival, but also for ensuring safe conditions for workers – protecting them from excessively low wages, unauthorized subcontracting, informal employment, and other precarious or abusive situations.

- At least half of the 10 companies made notable improvements in **Payment & Terms** practices by paying suppliers on time and in full, which is critical for suppliers' cash flow and ability to pursue all aspects of sustainability and has been highlighted to a new degree during the pandemic. Four companies decreased their late payments by an average of 10 days, an improvement with direct links to suppliers' ability to make wage payments to workers.

"Worker wellbeing is incredibly important to our brand, and it matters to our consumers," said Luna Lee at EILEEN FISHER Inc. "Better Buying is an important supplier voice tool to help us uphold equal partnership, providing reliable data to help us identify areas of focus in purchasing practices that will best serve worker well-being."

Better Buying Institute also offered the following conclusions based on data provided by suppliers:

1. Although perceived as a more difficult purchasing practices area to improve given market uncertainties, buyers can and are making numerous improvements in Planning & Forecasting, all of which will enhance their suppliers' abilities to plan their business and provide reliable employment to their workers.
2. Understanding the extent that buyers' orders are priced to cover all the costs of compliant production provides valuable evidence of progress on a buyers' commitments to fair / living wages.
3. Objective business data collected from suppliers about purchasing practices reflects a new and valuable approach to human rights due diligence aimed at understanding how a buyer's purchasing practices may contribute to human rights abuses in their supply chains.

The 2020 Better Buying™ Index [executive summary](#) and [full report](#) are available now. For more information about Better Buying Institute, visit [www.betterbuying.org](http://www.betterbuying.org).

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**About Better Buying™ :** Better Buying Institute is a non-profit organization that conducts scientific research and education examining the way business between buyers and their suppliers is carried out on a day-to-day basis. We aim to transform the purchasing practices commonly used in the consumer goods sector, so that business relationships with suppliers support decent working conditions and reduce environmental impacts of production. Better Buying's programs provide retailers, brands, and suppliers with data-driven insights into purchasing-related activities. The transparency we deliver to supply chain relationships promotes sustainable partnerships and mutually beneficial financial and other outcomes. For more information, visit: <https://betterbuying.org/>