# Circular Public Procurement Training

## Masterclass for Champions

Joan Prummel, Take Padding,
Mervyn Jones

The Hague, 23-25 January 2018 | Block 1

# Check-in

## How did you arrive here?

# Welcome

- Welcome to The Hague
- Three-day training
- Intense, but… fun!

# Program outline

| Building block | Content |
|---|---|
| Tuesday afternoon (1)<br>13:00 – 18:00 | • Introduction to Circular Public Procurement<br>• Start with *why*<br>• Selecting high-potential product groups |
| Wednesday morning (2)<br>09:00 – 12:30 | • Internal collaboration<br>• External collaboration<br>• Asking the right question |
| Wednesday afternoon (3)<br>13:15 – 17:00 | • Procurement procedures<br>• Requirements & criteria<br>• Measuring & assessing circularity |
| Thursday morning (4)<br>09:00 – 12:30 | • Revenue models<br>• Contracting<br>• Determining impact |
| Thursday afternoon (5)<br>13:15 – 16:00 | • Organisation maturity<br>• Next steps: building an action plan<br>• Action plan presentations |

# Get-to-know

**Introduce yourself with a powerful experience from the last year**

**What has been an important lesson in your work or life?**

# Building block 1
# Program outline & case

Tuesday, January 23rd

Rijkswaterstaat
*Ministry of Infrastructure and Water Management*

# Program Tuesday afternoon

| Building block | Content |
|---|---|
| 14:00 (30 min) | Check-in, program outline & case introduction |
| 14:30 (50 min) | **Introduction to Circular Procurement**<br>• Circular Economy<br>• Circular Procurement |
| 15:20 (20 min) | Coffee break |
| 15:40 (70 min) | **Start with *why***<br>• Why start with *why*?<br>• Individual *why*<br>• Organisational *why* |
| 16:50 (30 min) | Interview: Rijkswaterstaat |
| 17:20 (20 min) | Coffee break |
| 17:40 (40 min) | **Selecting high-potential product groups**<br>• Complexity versus lifetime<br>• Impact potential |
| 18:20 (10 min) | Check-out |
| 18:30 | Hotel & dinner |

# Introduction case assignment

- The training will use a case for illustration
- Case assignments are integrated in the training

**Case description**

- The town of Greenfield requires new office furniture for it's civil servants.
- The organisation is expecting to contract over the years, leading to excess furniture compared to the present-day situation.
- The town is looking for a new supplier.
- The town wants to accelerate the circular economy, and the furniture plays an essential role in sharing the story.

# Introduction to
# Circular Public Procurement

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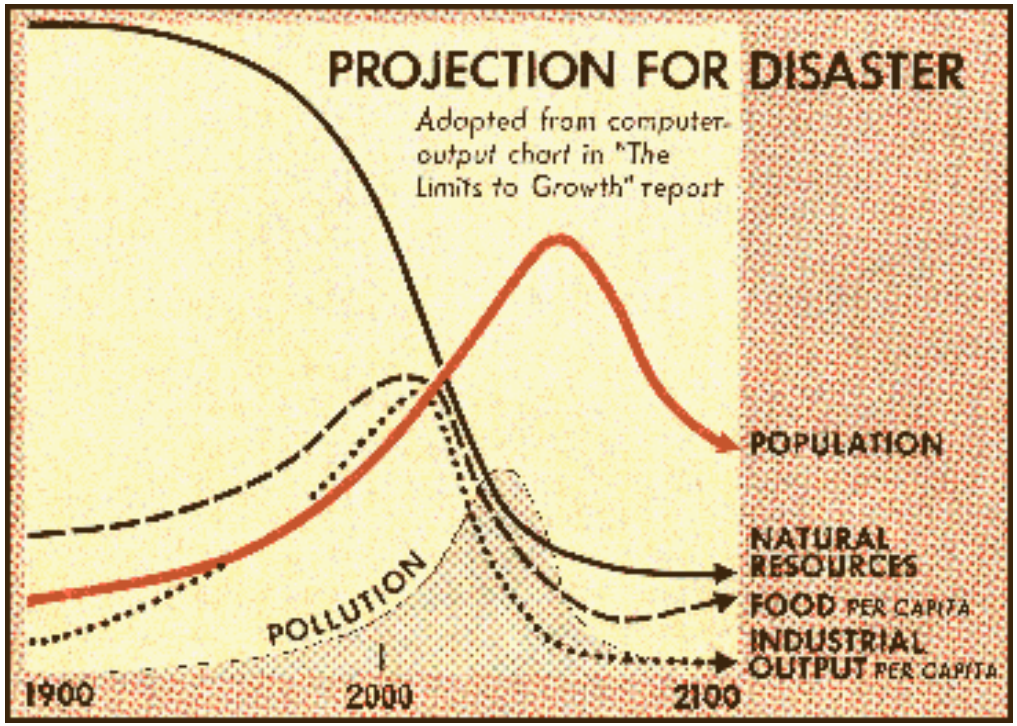
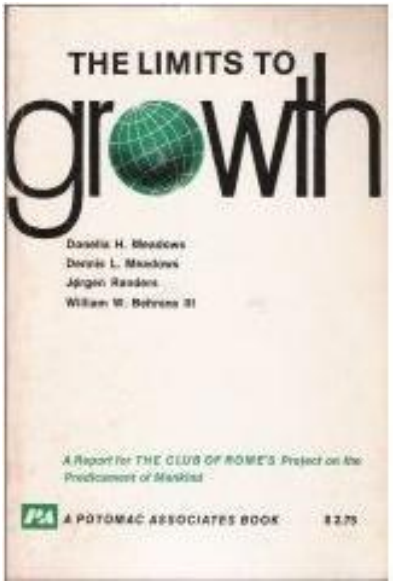
*Ministry of Infrastructure and Water Management*

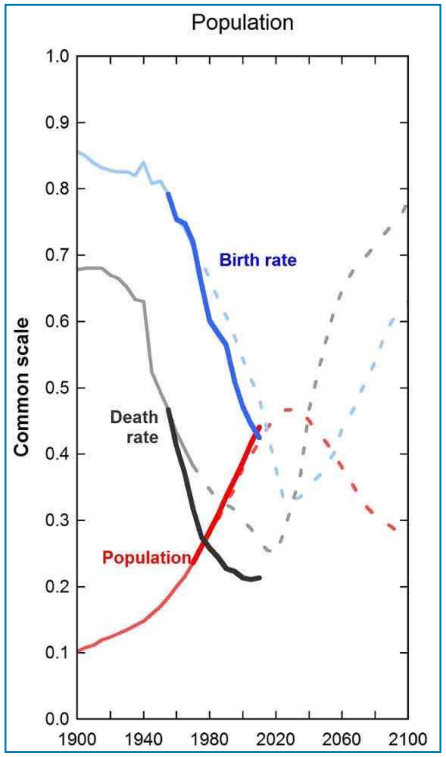
# A brief history:
# the need for sustainable development

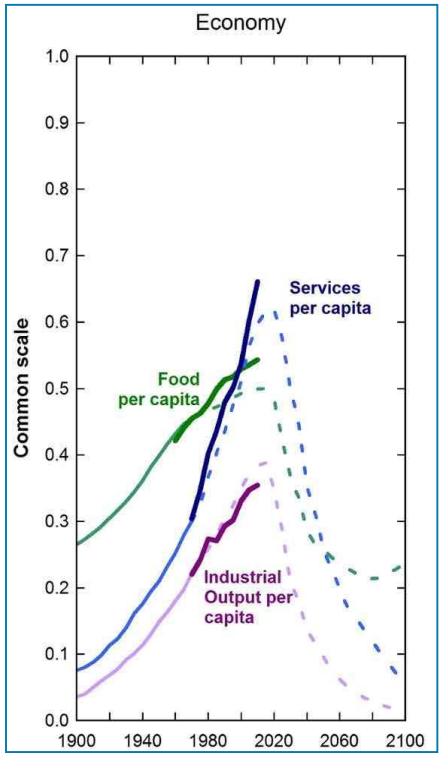


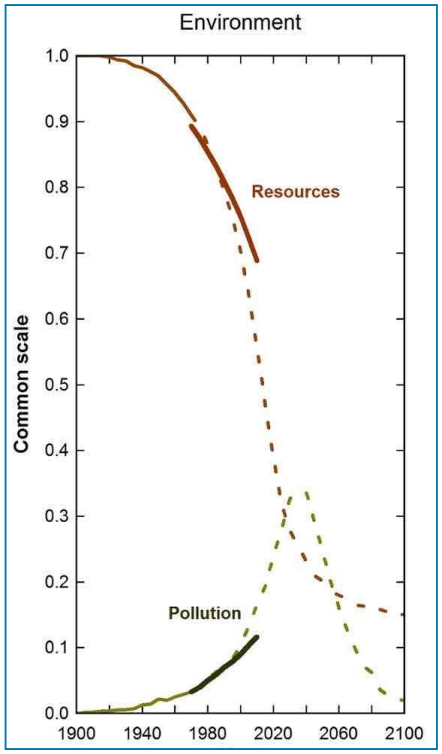

*Source: Meadows e.a. (1972), Limits to growth*



# A brief history: trends continue into the present

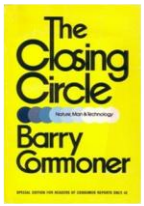


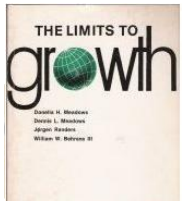




*Source: Graham Turner (2016), Is global collapse imminent? Melbourne Sustainable Society Institute*

# A brief history:
# circular economy principles in literature

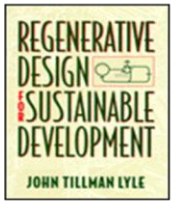



**The closing circle**
Commoner
(1971)

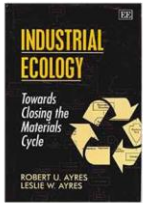



**Limits to growth**
Meadows et al.
(1972)

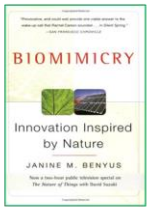

**Our Common Future**
Brundtland et al.
(1983)




**Regenerative Design |** Lyle
(1994)

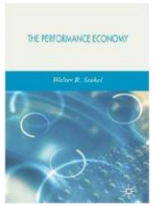



**Industrial ecology**
Ayres
(1996)

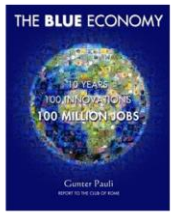



**Biomimicry**
Benyus
(1997)


**Cradle to Cradle**
McDonough & Braungart
(2002)



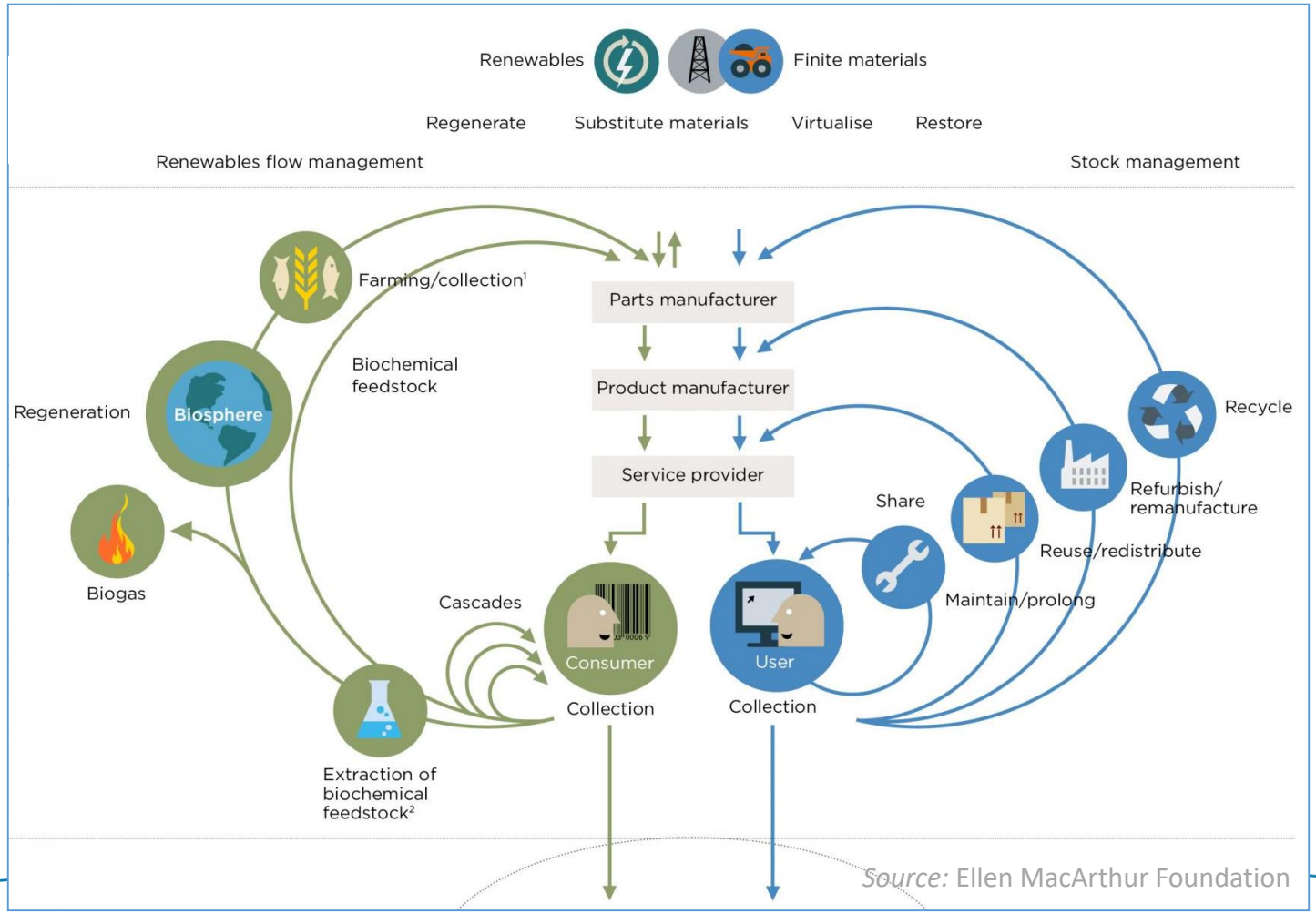

**Performance economy**
Stahel
(2006)




**Blue economy**
Pauli
(2010)


**Circular economy**
MacArthur & McKinsey
(2013)

# The circular economy framework




*Source:* Ellen MacArthur Foundation



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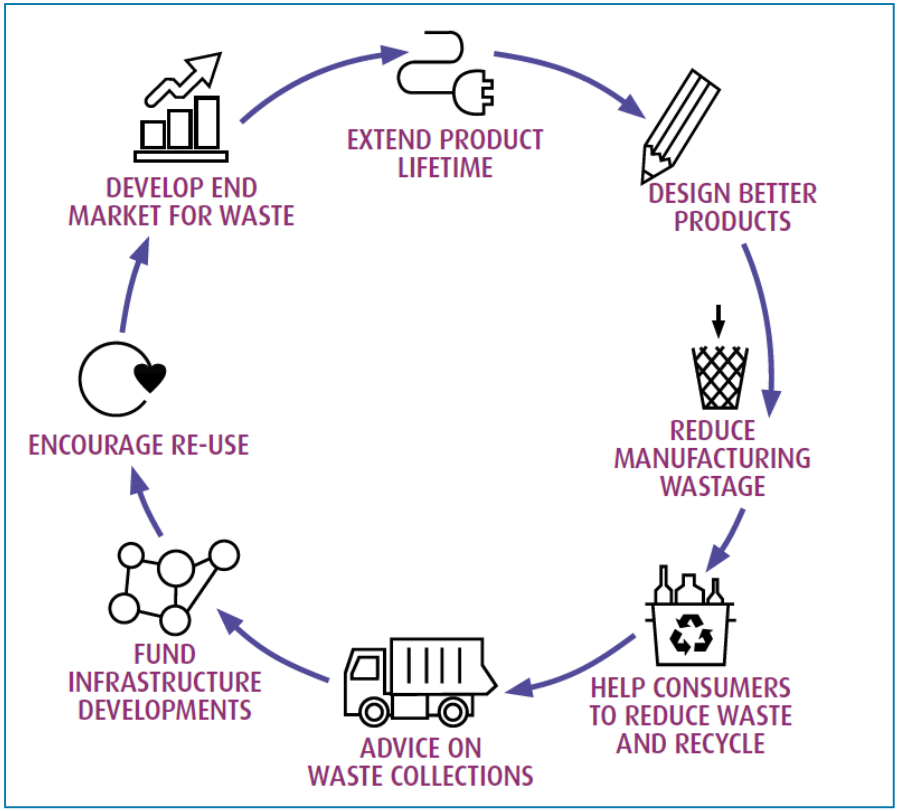
# Circular economy in a product supply chain

- Circular economy impacts all steps in the supply chain
- Procurement is able to impact all of these steps
- However: change by one step at a time



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# Question: which chair is more circular?


**New chair**

- Virgin materials
- Cradle-to-cradle label
- Easy to disassemble

**New chair**

- Recycled PET
- No sustainability label
- Easy to clean



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# Question: which road is more circular?

**Road with new asphalt**

- Low-temperature new asphalt

**Road with re-used materials**

- Re-using existing asphalt

# Question: which building is more circular?

**Brummen town hall**

- Existing residential building
- New building elements added
- All new elements can be taken apart and re-used

**Venlo city hall**

- New office building
- Completely Cradle-to-Cradle
- Focus on *healthy living and working*: air-cleaning wall

**Alliander, Duiven office**

- Refurbished office building
- 95% of existing materials re-used, added materials are mostly recycled
- Net zero energy

# Question

**What is your definition of the Circular Economy?**



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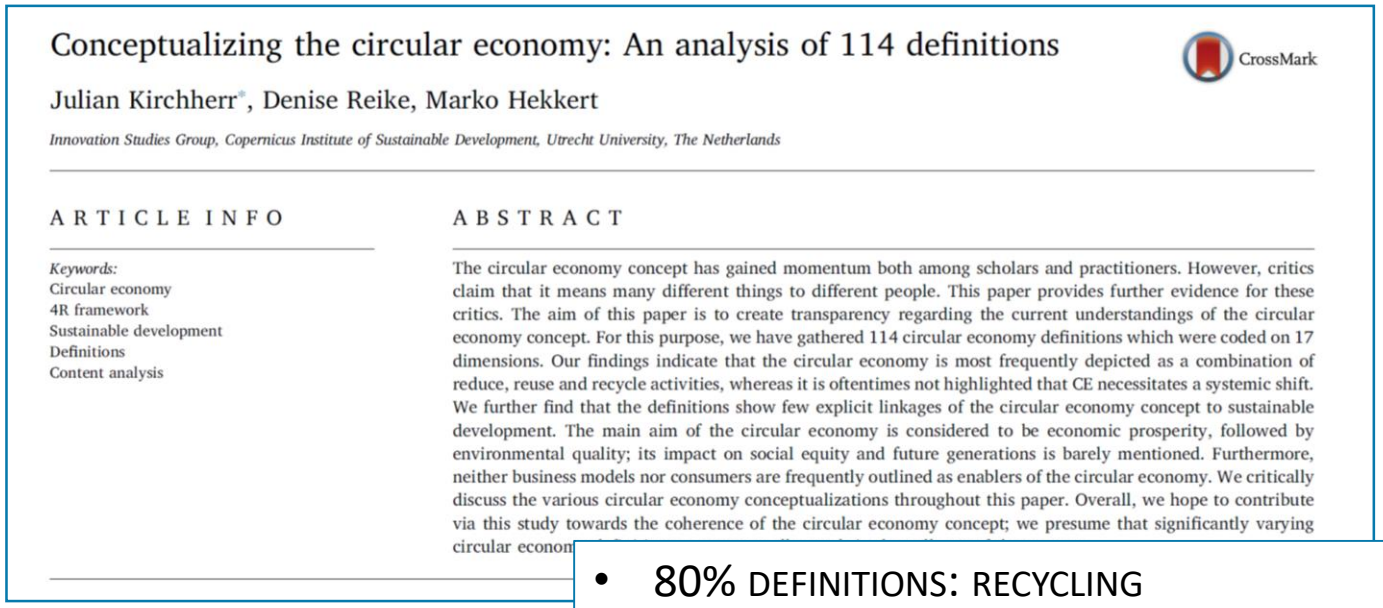
# Definitions of the circular economy: six examples from the built environment






# Definitions of the circular economy: recent study shows at least 114



Conceptualizing the circular economy: An analysis of 114 definitions

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ARTICLE INFO

*Keywords:*
Circular economy
4R framework
Sustainable development
Definitions
Content analysis

ABSTRACT

The circular economy concept has gained momentum both among scholars and practitioners. However, critics claim that it means many different things to different people. This paper provides further evidence for these critics. The aim of this paper is to create transparency regarding the current understandings of the circular economy concept. For this purpose, we have gathered 114 circular economy definitions which were coded on 17 dimensions. Our findings indicate that the circular economy is most frequently depicted as a combination of reduce, reuse and recycle activities, whereas it is oftentimes not highlighted that CE necessitates a systemic shift. We further find that the definitions show few explicit linkages of the circular economy concept to sustainable development. The main aim of the circular economy is considered to be economic prosperity, followed by environmental quality; its impact on social equity and future generations is barely mentioned. Furthermore, neither business models nor consumers are frequently outlined as enablers of the circular economy. We critically discuss the various circular economy conceptualizations throughout this paper. Overall, we hope to contribute via this study towards the coherence of the circular economy concept; we presume that significantly varying circular econon

- 80% DEFINITIONS: RECYCLING
- 50% DEFINITIONS: REDUCING MATERIAL USE
- 50% DEFINITIONS: ECONOMIC PROSPERITY AS PRIMARY DRIVER
- 10% DEFINITIONS: SUSTAINABLE DEVELOPMENT AS PRIMARY DRIVER

# Definitions of the circular economy: two often-used examples

(INDUSTRIAL) SYSTEM LEVEL

**Ellen MacArthur Foundation**

*"A circular economy is an industrial system that is restorative or regenerative by intention and design.*

*It replaces the 'end-of-life' concept with restoration, shifts towards the use of renewable energy, eliminates the use of toxic chemicals, which impair reuse, and aims for the elimination of waste through the superior design of materials, products, systems, and, within this, business models."*

PRODUCT LEVEL

**Green Deal Circular Procurement (NED)**

*"An economic system that aims to maximize the reuse of products and materials, and minimize value loss.*

*This is different from the present-day linear system, where materials are transformed into products, which are destructed at their end of life."*



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# Circular economy & ISO 26000

ISO 26000 provides international framework for sustainability, both for public and private sector

**ISO 26000: Social responsibility**

- Organizational governance
- Human rights
- Labour practices
- Environment
- Fair operating practices
- Consumer issues
- Community involvement & development

**Environment: 4 issues**

- Prevention of pollution
- Sustainable resource use
- Climate change mitigation & adaptation
- Protecting biodiversity and natural habitats



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# What is circular procurement?

**Green Deal Circular Procurement (NED)**

*"The procurer ensures that the producer can optimally reuse products or materials at the end of their life cycle in a new life cycle."*


**Elements**

- Optimal reuse (relating to e.g. energy)
- Products or materials (level of reuse)
- New life cycle (continuous reuse)



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# Traditional, sustainable, circular procurement

General overview

| | Market contact | Criteria | Cost | Collaboration | Contract |
|---|---|---|---|---|---|
| Trad. | • Focus on supplier<br>• Limited market contact | • Fixed set of requirements<br>• Selection by excluding, based on risks<br>• Technical specs | • Focus on short-term costs<br>• Lowest price | • Transactional relation | • Product ownership<br>• No end-of-life arrangements<br>• No space for development |
| Sust. | • Focus on supply chain<br>• Regular market contact | • Requirements based on existing sust. labels<br>• Selection on sust. practices<br>• More functional specs | • Focus on TCO / TCU<br>• Balance price/quality | • Transactional relation | • Product ownership + use<br>• No end-of-life arrangements<br>• (most often) no space for development |
| Circ. | • Focus on supply chain<br>• Intensive market contact, also on criteria | • Limited specs: criteria on vision and ambitions<br>• Maximum functional specs | • Focus on TCO / TCU<br>• Focus on quality | • Long-term relation | • Product ownership + use<br>• End-of-life arrangements<br>• Space for development |



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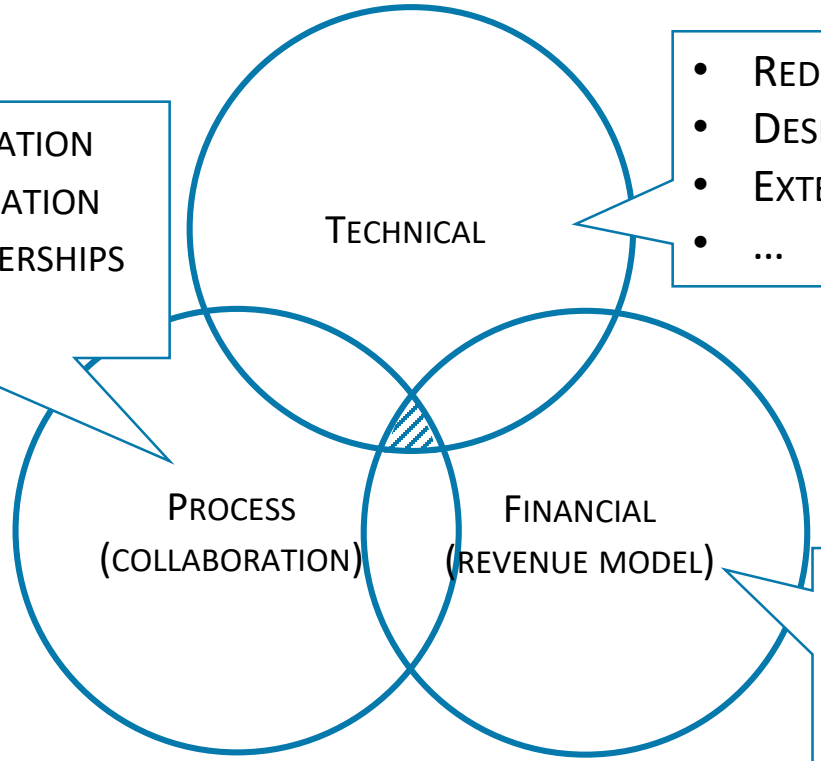
# Circular procurement requires change: technical, process-minded and financial




- INTERNAL CO-OPERATION
- EXTERNAL CO-OPERATION
- LONG-TERM PARTNERSHIPS
- …

- REDUCING REQUIRED MATERIAL AMOUNT
- DESIGN FOR DISASSEMBLY
- EXTENDING PRODUCT LIFESPAN
- …

- VALUE AT END OF LIFE
- LONG-TERM BUSINESS MODELS
- SHIFT FROM PRODUCT TO SERVICE
- …

*SOURCE: COPPER8 (2008)*



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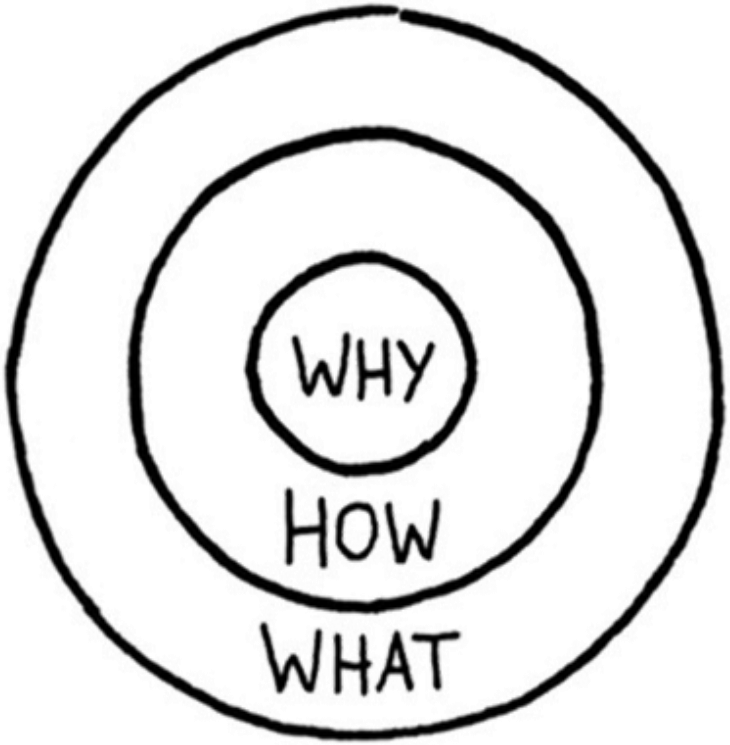
# Coffee break

# Start with *why*

# Why start with *why*?



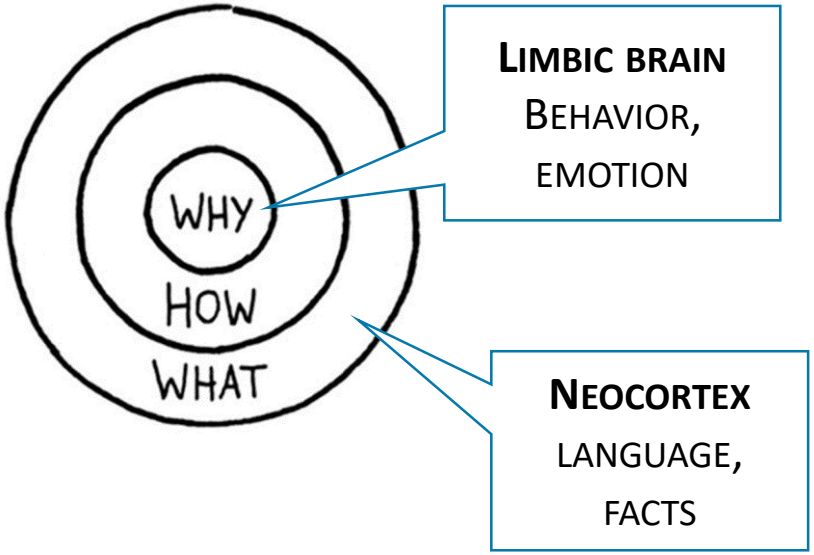

*Bron: Start with Why (Sinek, 2011)*

Starting with *why* is essential in realizing the circular economy: it is the strongest way to get others to join your efforts.

Link to YouTube (5.37 – 7.20)

# Question

## Why is the *why* essential?



# Starting with *why* helps us to connect to what truly matters

"People do not buy what you sell, they buy what you believe."

"You want to do business with people who believe what you believe."

- A circular economy requires different behavior: co-operation
- Share your why with others: both internal and external
- Always ask for the why of your potential suppliers
  -> only then will you be able truly influence their behavior


Link to YouTube

# Question

"WE ARE ALL ASTRONAUTS OF SPACESHIP EARTH"

**What is your individual *why?***


Link to YouTube

# Question

**What is your organisational *why* for circular procurement*?***

"THE DAY MUST COME, WHEN PLUNDERING IS NOT ALLOWED ANY MORE."

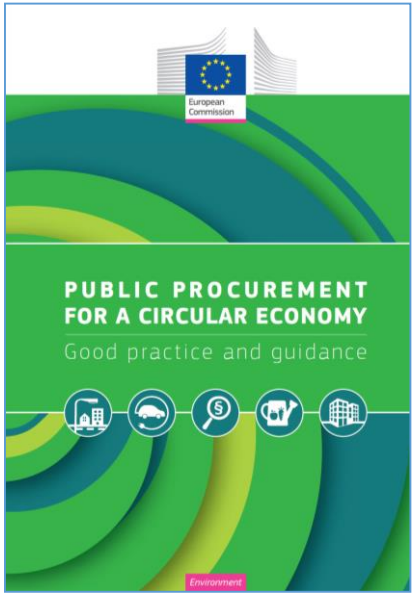
# Organisation *why*: Achieving compliance

- Least Cost versus MEAT (Most Economically Advantageous Tender)
- Often, 'least cost' is used instead of MEAT in tenders (2015 figures):
  - 34% construction
  - 14% furniture
  - 54% ICT OJEU
- Delivering national and EU reporting requirements
  - Netherlands: 10% circular procurement in 2020
  - Scotland: Procurement Reform Act 2015
  - Wales: Well Being & Future generations Act 2015
- Fulfilling public duties and responsibilities
  - Public Health Wales – social & community benefits
  - Environmental – due diligence

**COMMISSION DECISION** (19/12/2013)
Main types of irregularities:
- Contract notice and tender specifications (12)
- Evaluation of tenders (9)
- Contract implementation (4)

# Organisation *why*:
# European focus on circular procurement

- European Commission focuses on market development
- Circular procurement as an important tool
- Initiatives of national and local governments are important
- Publication provides various examples from multiple nations



# How to achieve an organisational *why*?

## ‘Royal route’
## Corporate objectives

- Influence corporate strategy
- Add circularity and circular procurement
- Align management and HR DPT to steer through performance reviews

**“No matter what your motivation is, you can always find a means for circular procurement.”**

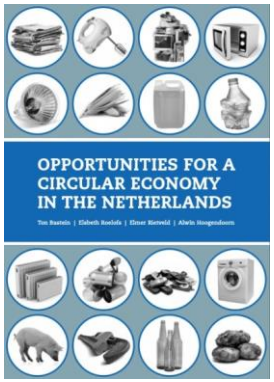
## ‘workaround’
## Team objectives

- Link circularity and circular procurement to existing sustainable ambitions
- Steer within your circle of influence on results

# Studies show: circular economy pays

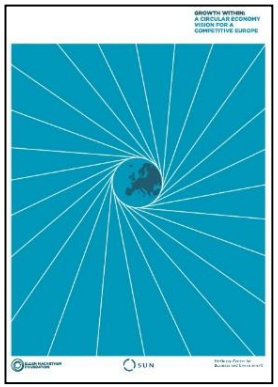

**$630 BILLION** (EU)
THROUGH MATERIAL SAVINGS

(ELLEN MCARTHUR FOUNDATION, 2013)




**€7.3 BILLION** (NED)
BY 54.000 NEW JOBS

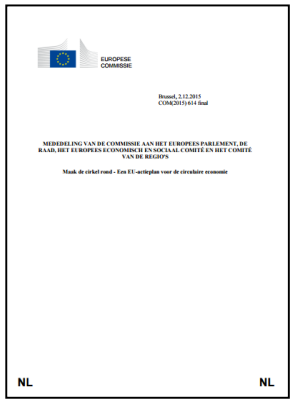
(TNO, 2013)




**+$1200 BILLION** (EU)
THROUGH ADDITIONAL BENEFITS

(ELLEN MACARTHUR FOUNDATION, 2016)

# Increasing policies on circular economy




**CIRCULAR ECONOMY PACKAGE**
EUROPEAN COMMISSION


**NETHERLANDS CIRCULAR 2050**
DUTCH NATIONAL GOVERNMENT


**TOOLKIT FOR POLICY MAKERS**
ELLEN MCARTHUR FOUNDATION

# How do you build circular economy policy?

- Example: national circular economy program of the Netherlands
- Intense stakeholder participation in each step

1


**NATIONAL STRATEGY**

TARGETS & SUPPLY CHAINS

2

**"RESOURCE AGREEMENT"**

STAKEHOLDER OWNERSHIP

3

**TRANSITION AGENDAS**

PLANS & ACTIONS

# Coffee break

# Interview

**Ellen Hoog Antink**

*Rijksoverheid*

Rijksoverheid

# Selecting high-potential product groups

# Selecting high-potential product groups

**Why?**

- Helps to select product groups for circular procurement pilots with high opportunities for success
- A successful pilot helps scaling up to more pilots

**Various ways**

- How to determine high-potential product group:
  - Based on complexity - lifetime
  - Based on spent - risk
  - Based on risk - scope
  - Based on influence - scope



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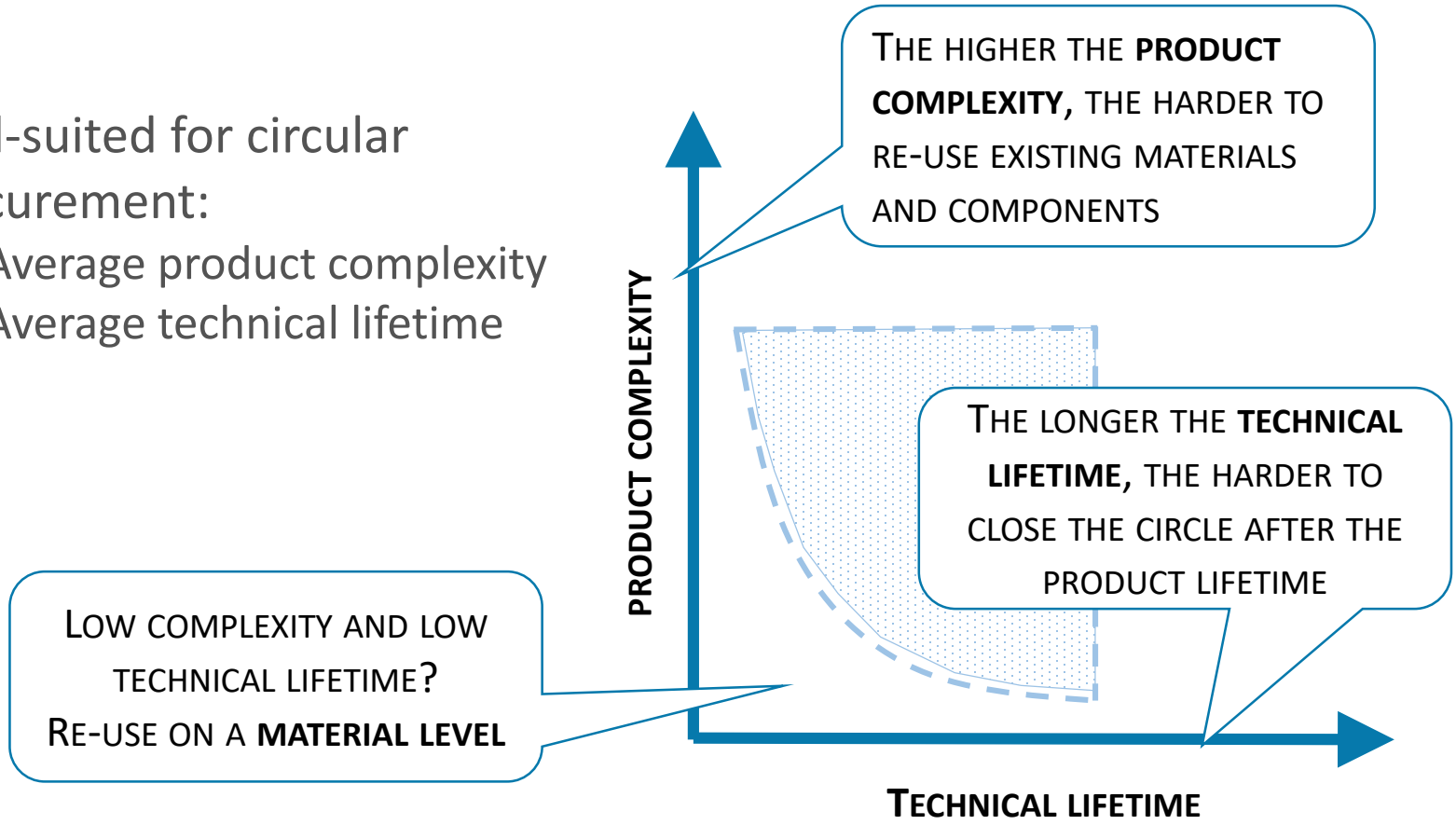
# Product complexity vs technical lifetime

- Well-suited for circular procurement:
  - Average product complexity
  - Average technical lifetime





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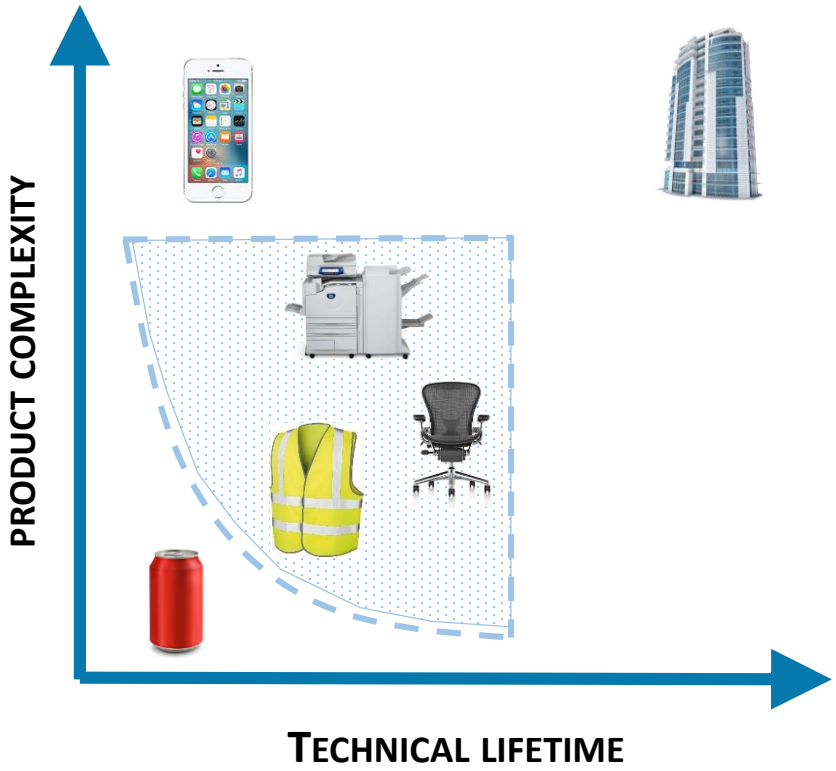
# Product complexity vs technical lifetime

EXAMPLES FROM PRACTICE

- Well-suited for circular procurement:
  - Average product complexity
  - Average technical lifetime



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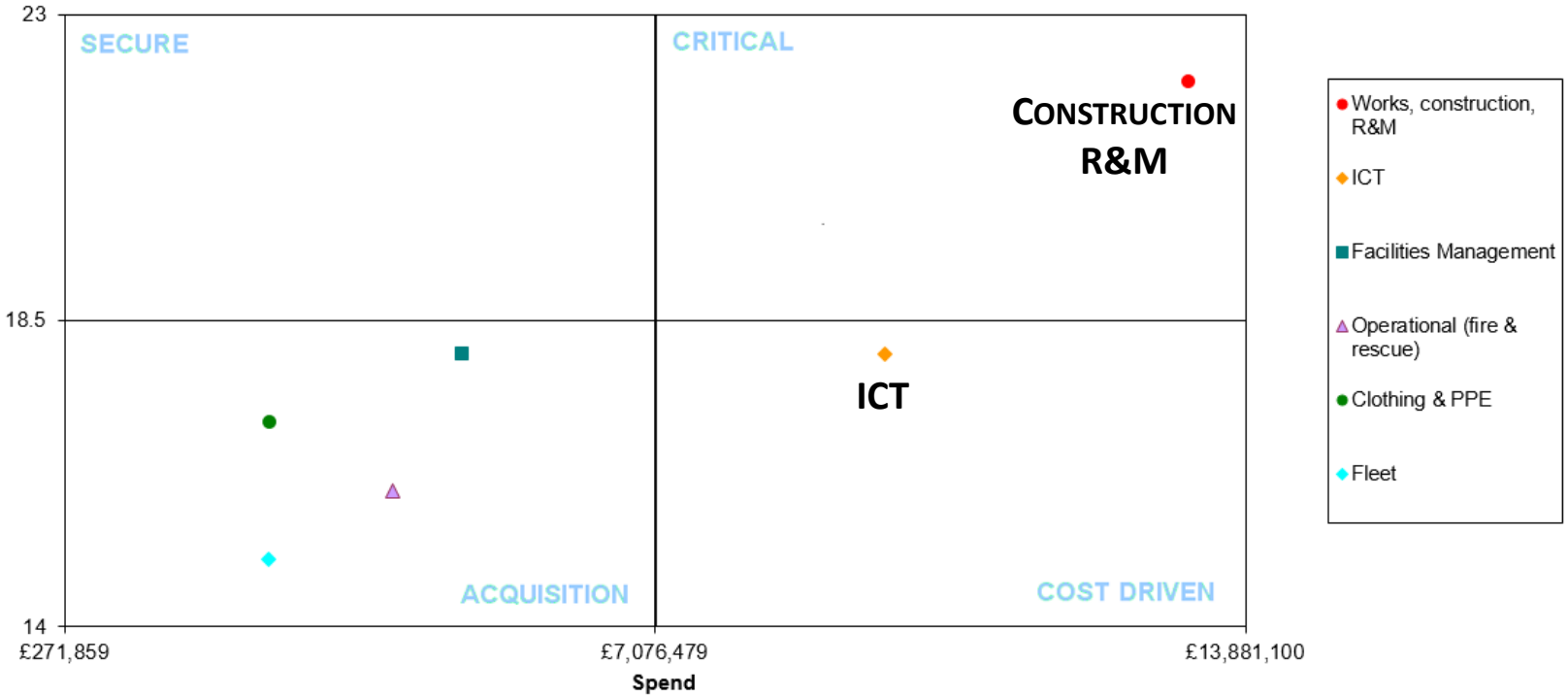
# Prioritizing: spend - risk




*SECURE*: CLOSELY MANAGE

*ACQUISITION*: LOW VALUE, LOW RISK

*CRITICAL*: DRIVE VALUE AND CONTROL RISK

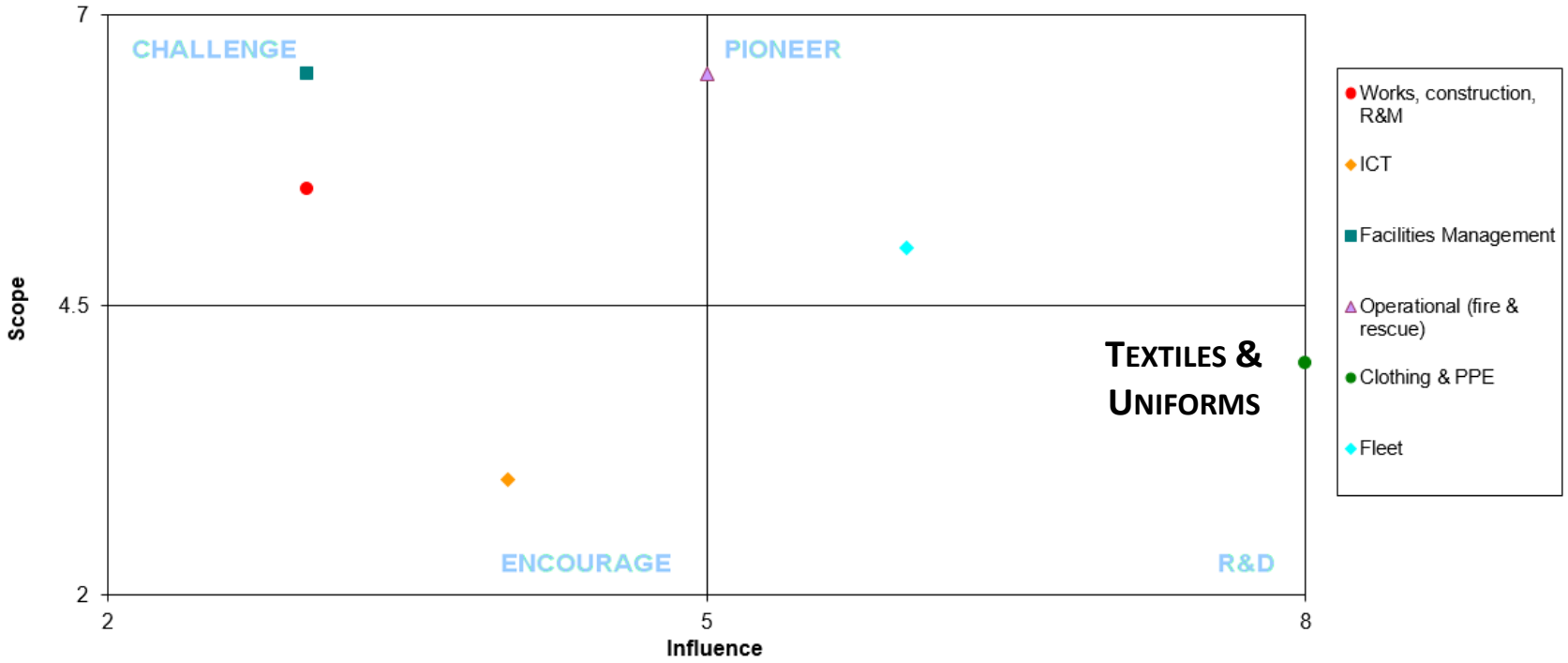
*COST*: MANAGE AND SECURE SAVINGS

# Prioritizing: risk - scope


*QUICK WIN*: MANDATE MIN. STANDARDS
*MARGINAL*: OPPORTUNISTIC

*TRANSFORM*: ADDRESS MARKET AND/OR BM
*CAMPAIGN*: HIGH RISK, LOW SCOPE TO IMPROVE

# Prioritizing: influence - scope

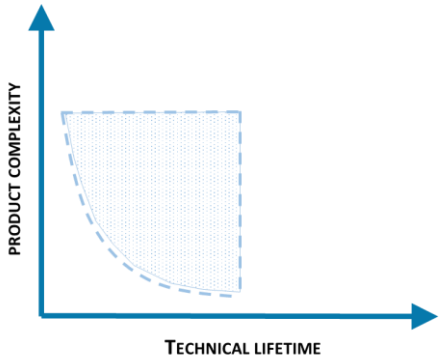


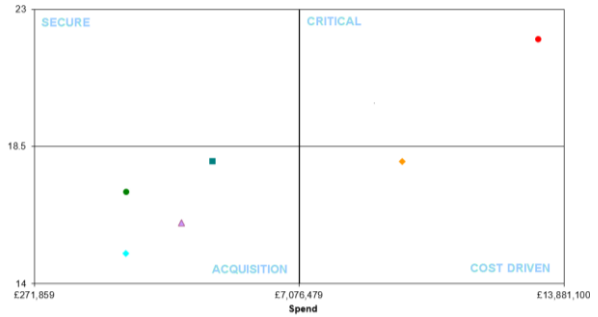

*CHALLENGE*: NEW PRODUCTS / BMS
*ENCOURAGE*: SUPPLIERS TOWARDS CE

*PIONEER*: NEW PRODUCTS / BMS, HIGH POTENTIAL
*R&D*: HIGH INFLUENCE BUT FEWER OPPORTUNITIES

# Excersise

## What can be high-potential product groups for your organisaton?



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# Check-out

**What is your most urgent question?**

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Interreg
Baltic Sea Region

EUROPEAN UNION

EUROPEAN REGIONAL DEVELOPMENT FUND

CircularPP

# Contacts


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**Godard Croon**| Copper8

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# Circular Public Procurement Training

## Masterclass for Champions

Joan Prummel, Take Padding
Mervyn Jones

The Hague, 23-25 January 2018 | Block 2

# Check-in

## What did you dream about?

# The Big Red / Blue game

# Game instructions

- Target: achieve maximum positive points for your team

- You will be split in two teams (A + B)
- All games consist of six rounds, of +/- 2 minutes per round
- Every round, each team plays the color Red or Blue
- Each team receives a score, according to the table

- Negotiations between the teams can take place after rounds 2 and 4. One representative of each team is allowed to speak shortly to the representative of the other team. Negotiations only take place if both teams wish so.
- Rounds 5 and 6 provide double points.

# Score table

**Rounds 1 - 4**

| Team A | Team B | Score A | Score B |
|---|---|---|---|
| Red | Red | +3 | +3 |
| Red | Blue | -6 | +6 |
| Blue | Red | +6 | -6 |
| Blue | Blue | -3 | -3 |

**Rounds 5 + 6**

| Team A | Team B | Score A | Score B |
|---|---|---|---|
| Red | Red | +6 | +6 |
| Red | Blue | -12 | +12 |
| Blue | Red | +12 | -12 |
| Blue | Blue | -6 | -6 |



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# Score results

| Round | Team A | Team B | Score A | Score B | Total score |
|---|---|---|---|---|---|
| **1** | R | B | -6 | 6 | **0** |
| **2** | B | B | -3 | -3 | **-6** |
| **3** | R | R | 3 | 3 | **6** |
| **4** | B | R | 6 | -6 | **0** |
| **5** | R | B | -12 | 6 | **0** |
| **6** | B | B | -6 | -3 | **-6** |
| | | **Total score** | **-18** | **6** | **-12** |

# Collaboration: the prisoners dilemma

| | | Team Berlin | |
|---|---|---|---|
| | | **Competition** | **Collaboration** |
| Team Paris | **Competition** | Paris: - 24 points<br>Berlin: - 24 points<br>**Total: -48 points** | Paris: +48 points<br>Berlin: -48 points<br>**Total: 0 points** |
| | **Collaboration** | Paris: -48 points<br>Berlin: +48 points<br>**Total: 0 points** | Paris: 24 points<br>Berlin: 24 points<br>**Total: 48 points** |

# Game insights

- Who was your ‘team’?
- Did you trust the other team?

- ‘Winner’ depends on who your team is
- People and organisations tend to (automatically!) work in their self-interest: this is an evolutionary habit
- Collaboration leads to more points then competition
- Both ‘internal’ collaboration within teams, as ‘external’ collaboration between teams

# Building block 2
# Program outline

Wednesday, January 24th

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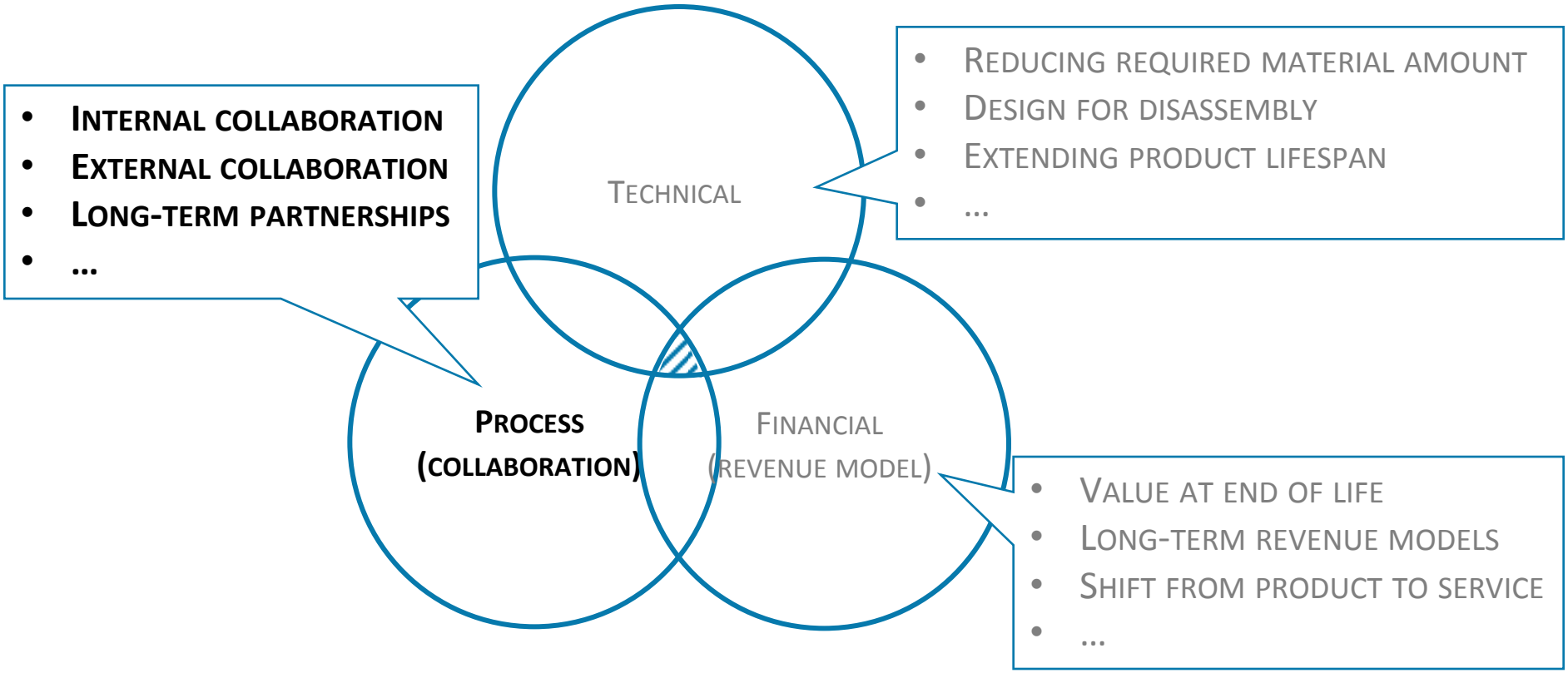
# Program outline

| Building block | Content |
|---|---|
| Tuesday afternoon (1)<br>13:00 – 18:00 | • Introduction to Circular Public Procurement<br>• Start with *why*<br>• Selecting high-potential product groups |
| Wednesday morning (2)<br>09:00 – 12:30 | • Internal collaboration<br>• External collaboration<br>• Asking the right question |
| Wednesday afternoon (3)<br>13:15 – 17:00 | • Procurement procedures<br>• Requirements & criteria<br>• Measuring & assessing circularity |
| Thursday morning (4)<br>09:00 – 12:30 | • Revenue models<br>• Contracting<br>• Determining impact |
| Thursday afternoon (5)<br>13:15 – 16:00 | • Organisation maturity<br>• Next steps: building an action plan<br>• Action plan presentations |

# Program outline Wednesday morning

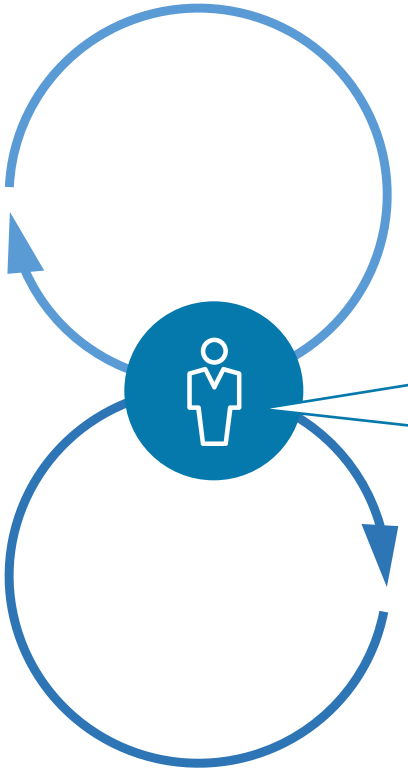
| Building block | Content |
|---|---|
| 09:00 (15 min) | Check-in |
| 09:15 (30 min) | **Game** |
| 09:45 (45 min) | **The importance of collaboration**<br>• Internal collaboration |
| 10:30 (30 min) | **The importance of collaboration**<br>• External collaboration |
| 11:00 (15 min) | Coffee break |
| 11:15 (30 min) | Guest speaker: Municipality of Amsterdam |
| 11:45 (45 min) | **Asking the right question**<br>• Determining your real need<br>• Practical examples |
| 12:30 (45 min) | Lunch break |

# Recap: circular procurement requires co-operation



# Both internal and external collaboration required

**EXTERNAL SUPPLY CHAIN**



**INTERNAL STAKEHOLDERS**

- ALIGNING INTERESTS OF INTERNAL STAKEHOLDERS AND SUPPLY CHAIN
- MOVING TOWARDS LONG-TERM COLLABORATION REQUIRES PARTICIPATION OF ALL STAKEHOLDERS

# Circular procurement secured in early phase of procurement cycle


FOR A SUCCESSFUL (CIRCULAR) PROCUREMENT PROCESS, IT IS IMPORTANT TO INTEGRATE (CIRCULAR) AMBITIONS ALREADY IN 'UNDERSTANDING THE NEED'

IN A NORMAL PROCUREMENT PROCESS, PROCUREMENT OFTEN GETS INVOLVED IN THE 'PRE-PROCUREMENT' PHASE



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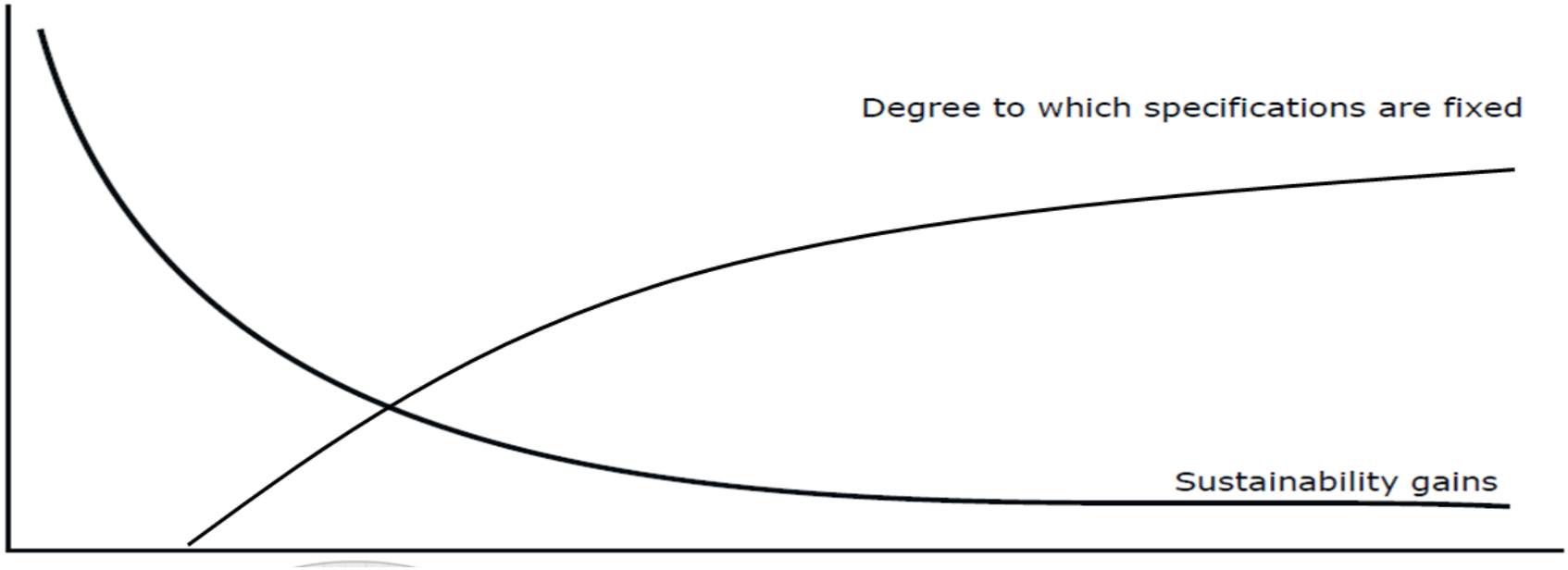
# where is the biggest impact?




Identify need | Market engage-ment | Specif-ication | Selection | Contract | Order | Utilis-ation | Monitor & maintain | End-of-life

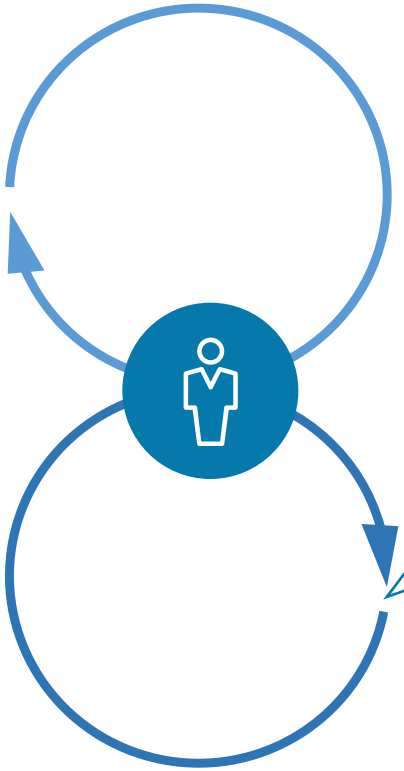
STRATEGIC APPROACH PRE-COMPETITION

# The importance of collaboration

## *Internal collaboration*

# Some relevant questions when looking at internal collaboration

**EXTERNAL SUPPLY CHAIN**



**INTERNAL STAKEHOLDERS**

- HOW DO YOU MAKE SURE CIRCULAR PROCUREMENT SUPPORTS THE INTERESTS OF INTERNAL STAKEHOLDERS (OR AT LEAST DON'T CONFLICT WITH THEIR INTERESTS)
- HOW DO YOU MAKE SURE CIRCULARITY IS PART OF THE PROJECT AIMS AS EARLY AS POSSIBLE
- WHO IS GOING TO 'CONNECT 'ALL RELEVANT STAKEHOLDERS
- WHAT ARE THE IMPLICATIONS OF CP FOR THE USE OF THE PRODUCT?

**THIS REQUIRES A ROLE CHANGE FOR THE PROCUREMENT DEPARTMENT**

# Two routes for internal collaboration

## ‘Royal route’
## Corporate objectives

- Influence corporate strategy
- Add circularity and circular procurement
- Align management and HR DPT to steer through performance reviews

## ‘Workaround’
## Team objectives

- Link circularity and circular procurement to existing sustainable ambitions
- Steer within your circle of influence on results

# A role change for procurement

- The role of the procurement department changes in circular procurement
- ‘Procurement’ will have a stronger, more central role in order to achieve collaboration
- It helps to align the priorities of both the external supply chain and the internal stakeholders

| | Traditional procurement | Circular procurement |
|---|---|---|
| Role of procurement | Supporting role | Initiator / connector |
| Responsibility | Transaction | Relation |
| Financial incentives | Short-term costs | Long-term value |



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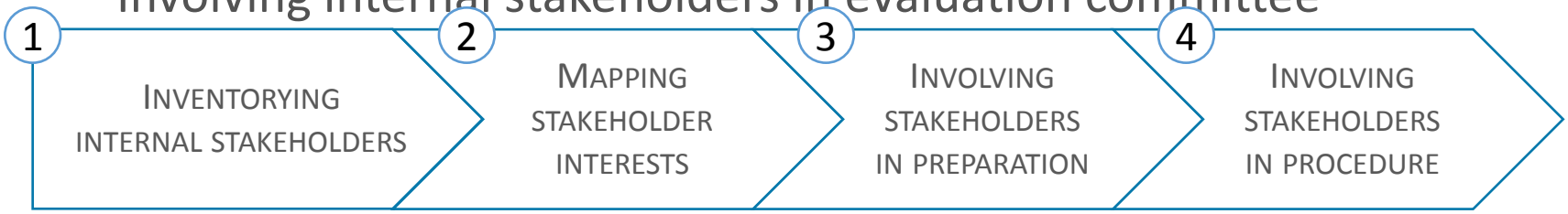
# How do you create internal collaboration?

- Appoint a CP ‘champion’ / catalyst
- Ambassador on a high management level, who will stand for the project and can help bridge split incentives
- Interdisciplinary session on project level ambitions
- 1-on-1 conversations: people feel themselves heard
  - Ambitions
  - Requirements
- Continuous communication
- Involving internal stakeholders in evaluation committee



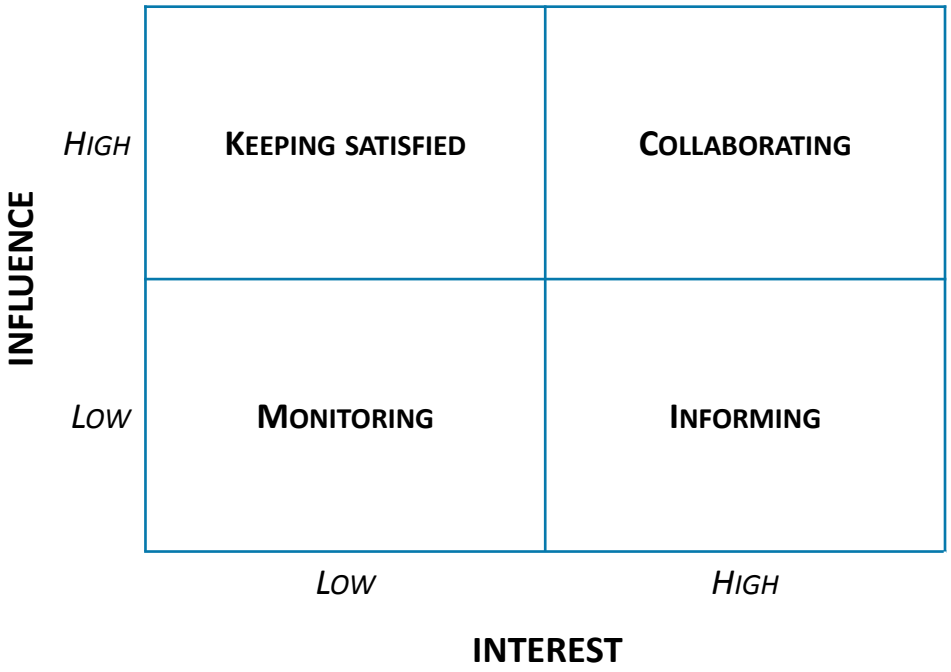
# Case assignment

*Assignment 1*

**Who are your internal stakeholders?**

# Various ways of involvement

- Different internal stakeholders require different types of involvement
- This depends on their influence (high / small) and their interest (low / high)

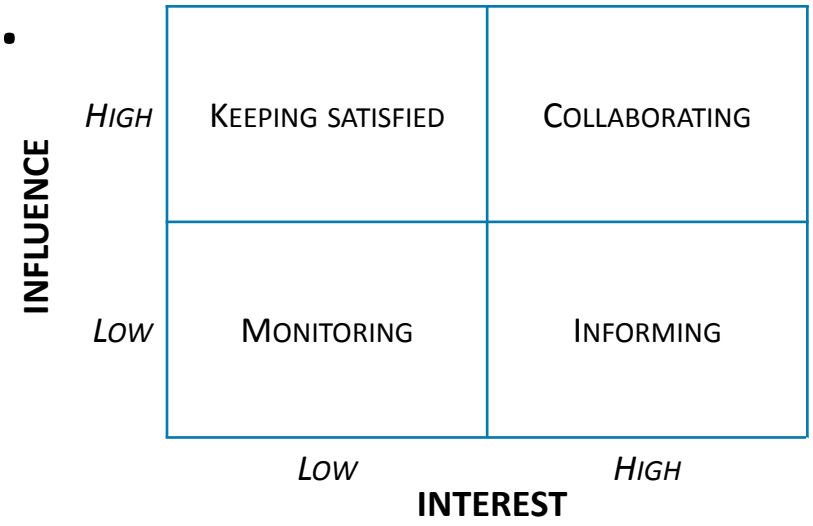



SOURCE: *JOHNSON, WHITTINGTON EN SCHOLES (2011)*

# Case assignment

*Assignment 2*

**Categorize your internal stakeholders in the matrix.**

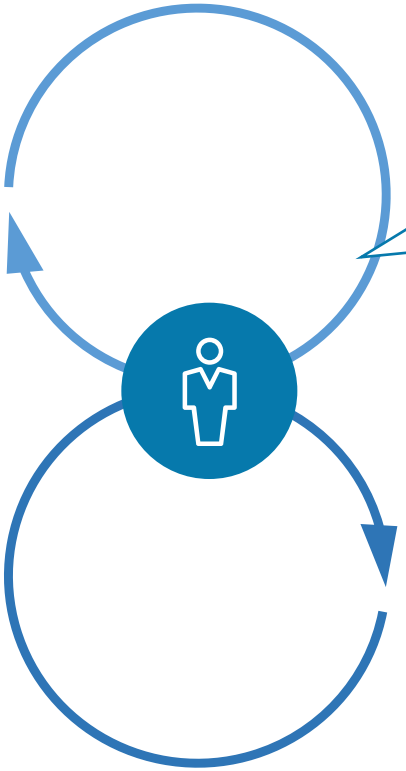


# The importance of collaboration

## *External collaboration*

# The importance of external collaboration

**EXTERNAL SUPPLY CHAIN**



**INTERNAL STAKEHOLDERS**

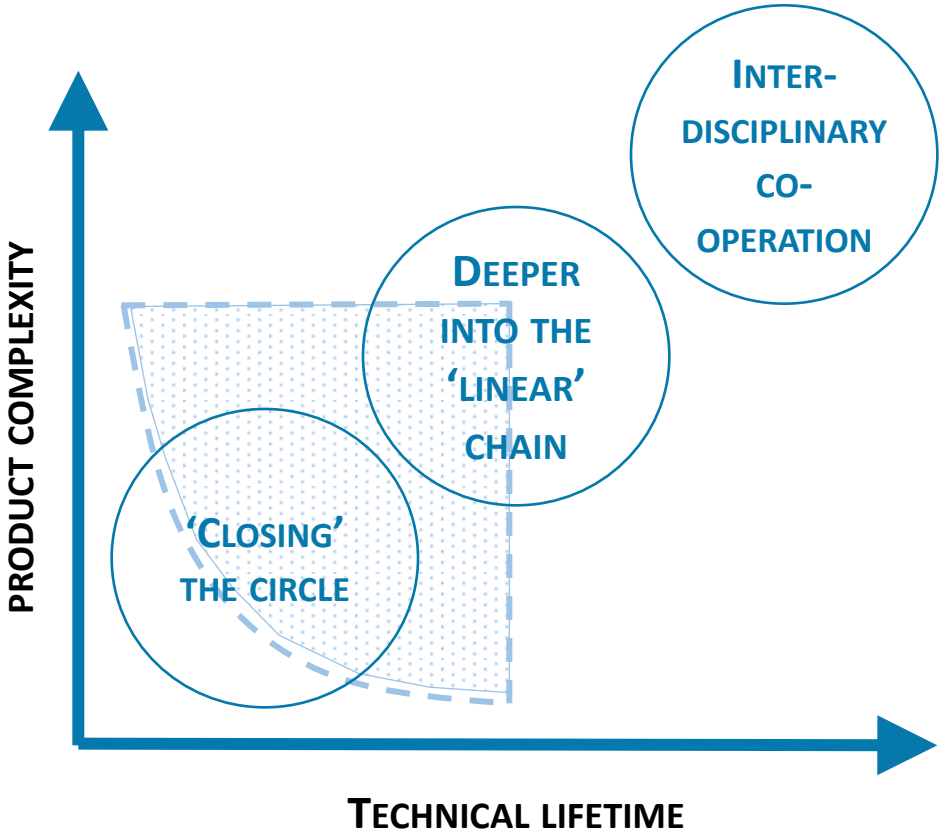
- HOW DO YOU INVOLVE THE COMPLETE SUPPLY CHAIN IN ANSWERING THE QUESTION?
- HOW DO YOU GET THE RIGHT ORGANISATIONS FROM THE SUPPLY CHAIN AT THE TABLE?
- HOW DO YOU WORK TOGETHER WITH MARKET ORGANISATIONS BASED ON EQUALITY AND TRUST?

**THIS REQUIRES AN ANALYSIS OF ALL ACTORS IN THE SUPPLY CHAIN**

**AN INTENSIVE MARKET DIALOGUE IS A MUST-DO FOR CIRCULAR PROCUREMENT!**

# Analyzing the supply chain

- Differences per product type
- Depending on two factors:
  - Product complexity
  - Technical lifetime



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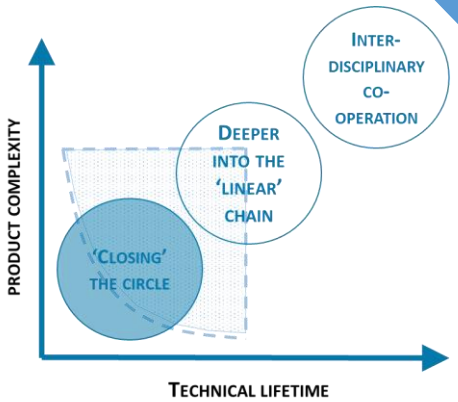
# Example: Office furniture (Public Health Wales)

EXAMPLE FROM PRACTICE

Circularity aims within project:

- Re-using existing high-quality PHW furniture
- Providing re-used and remanufactured items
- Providing a functional space plan



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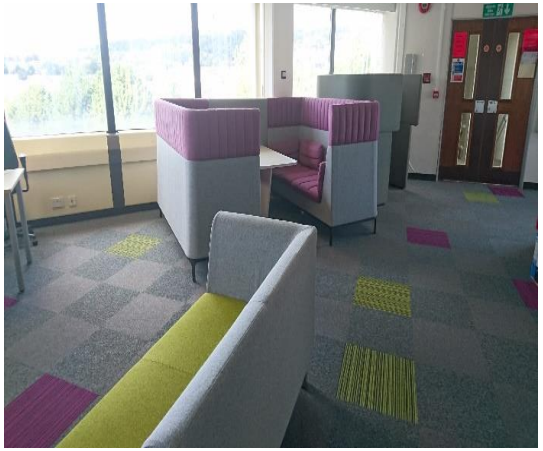
# Wales - furniture



# Example: Textiles (Ministry of Defense, NL)

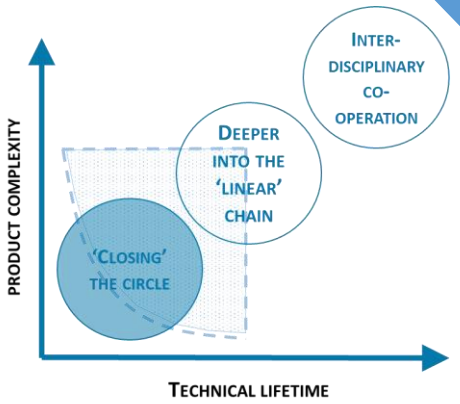
EXAMPLE FROM PRACTICE

Circularity aims within project:

- Re-use of existing products and materials
- Recycled content in new textiles

What happens outside traditional procedures?

- Category manager
- Market contact: RFI
- Meet-the-market-events
- Collaboration with others: police, fire brigade, …



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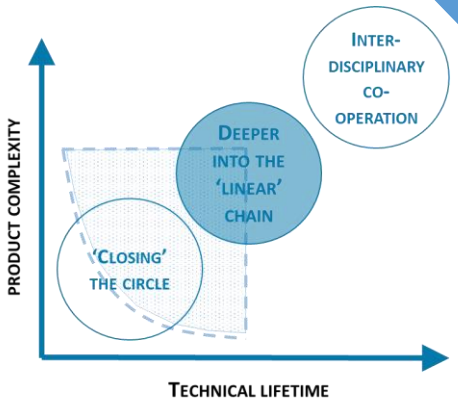
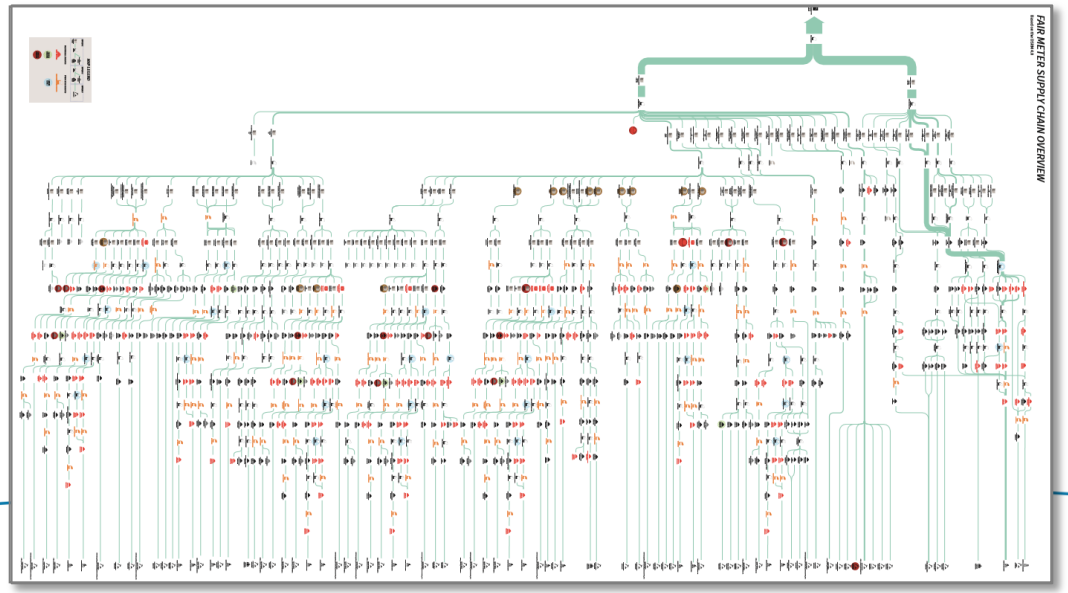
# Example: ‘Fair Meter‘ (smart meters)

EXAMPLE FROM PRACTICE

Project aims:

- Speed of delivery
- User satisfaction
- Minimalizing TCO in complete supply chain
- Fair Meter



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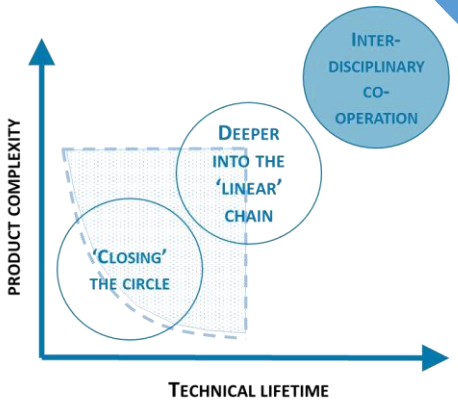
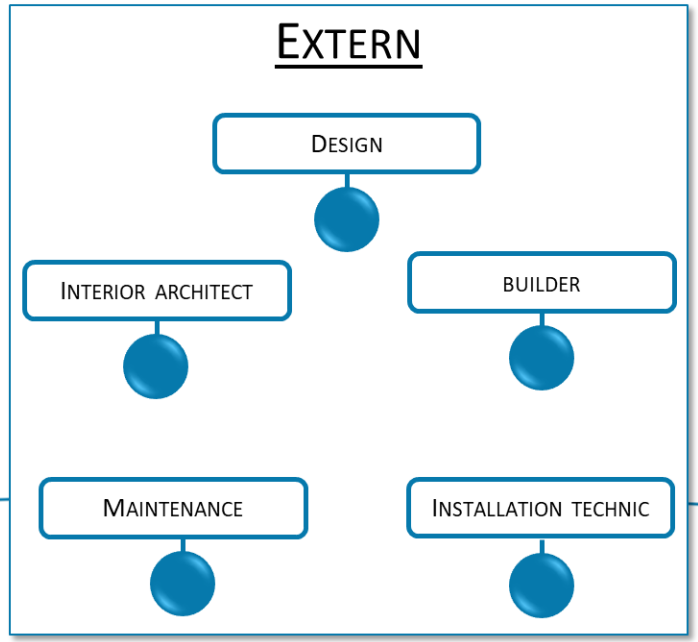
# Example: Reconstruction Alliander Duiven

EXAMPLE FROM PRACTICE

Project aims:

- Energy positive
- Circular building and building process
- A new work concept (internal connection)
- Area task (external connections)
- Integrality



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# How do you create external collaboration?

**Three options**

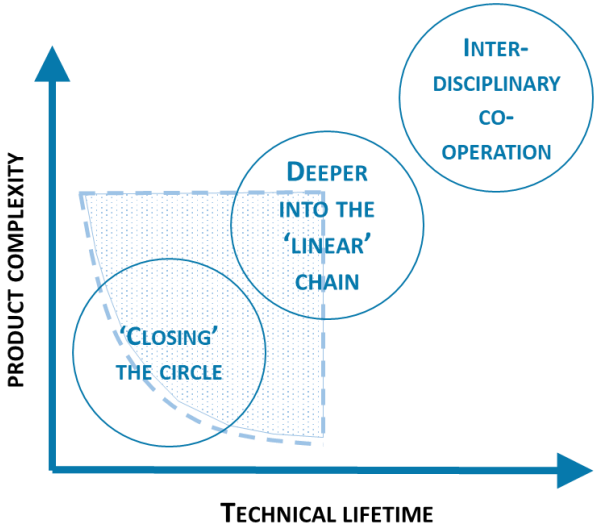
1) Consulting the market, which can be done for various aims:
   - Inventorying (technical) possibilities
   - Validating procurement strategy
   - Stimulating combinations of market organisations
   - Strengthening internal support
2) Actively promoting combinations of various disciplines
3) Integrating physical contact in the procurement procedure:
   - Information meeting
   - Dialogue within procedure
   - Information notice

| Market consultation format | 1-on-1 | Request for information | Plenary meeting |
|---|---|---|---|
| Technical inventory | X | X | X |
| Validating strategy | X | | X |
| Stimulating combinations | | | X |
| Strengthening internal sup. | X | | X |

# Case assignment

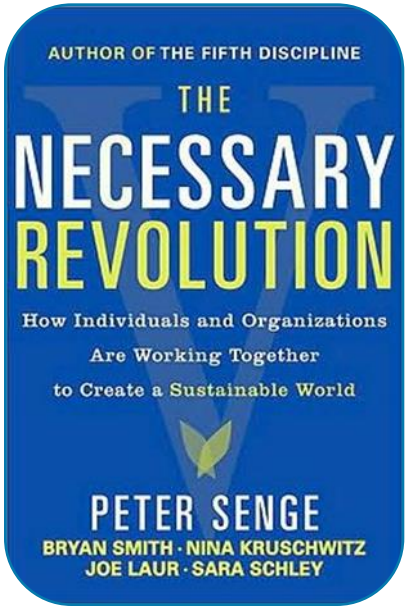
*Assignment 3*

**Who are your external stakeholders?**



"ALL GREAT JOURNEYS START WITH SMALL STEPS AND MEANINGFUL QUESTIONS."

## Coffee break



# Interview

**Niek Heering**

*Municipality of Amsterdam*

Gemeente Amsterdam

# Asking the right question

# Question

**What kind of questions have you asked in your last tender procedure?**

# Excercise

## What could be functional questions for the following products?

LED-LAMPS

OFFICE CHAIRS

FLEET WITH LOW EMISSIONS

BRIDGE

OFFICE BUILDING

# Five functional questions

EXAMPLES FROM PRACTICE

**LIGHT**
SCHIPHOL

**'HEALTHY WORKING ENVIRONMENT'**
PUBLIC HEALTH WALES

**MOBILITY**
BREMEN

**CONNECTION BETWEEN A AND B**
RIJKSWATERSTAAT

**OFFICE BUILDING FOR Y EMPLOYEES**
ALLIANDER

# Different types of questions

- There are different types of questions: more technical and more functional
- There is no ‘black’ or ‘white’, but lots of ‘grey’
- The degree of functionality depends on the context of the product group, and also your organisation and ambitions

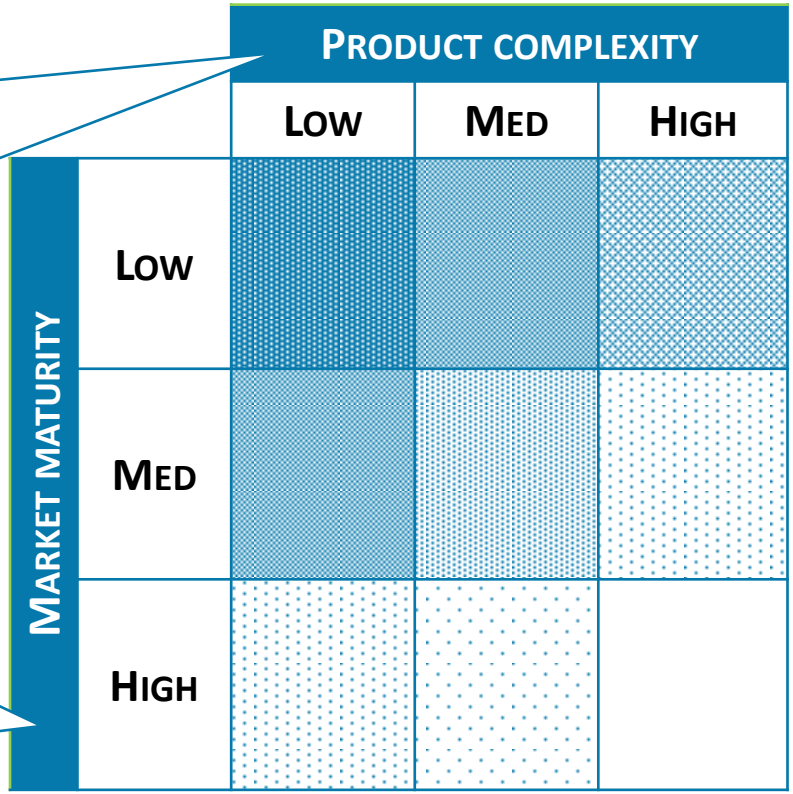
# Asking questions: complexity & maturity

THE MORE **COMPLEX** THE PRODUCT, THE HIGHER THE KNOWLEDGE DIFFERENCE BETWEEN YOU AND THE SUPPLIER.

THE MORE COMPLEX THE PRODUCT, THE MORE FUNCTIONAL YOUR QUESTION CAN BE.

THE **MATURITY** OF THE MARKET (IN RELATION TO CIRCULARITY) DETERMINES HOW FUNCTIONAL A QUESTION CAN BE.

THE MORE MATURE A MARKET IS, THE MORE FUNCTIONAL YOUR QUESTION CAN BE.







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# Complexity & maturity: examples

| | | Product complexity | | |
|---|---|---|---|---|
| | | Low | Med | High |
| Market maturity | Low | | |  |
| | Med | | |  |
| | High | |  | |

# Summary: functional questions

**WHY**

A MORE FUNCTIONAL QUESTION?

PROVIDING SPACE TO SUPPLIERS TO DELIVER THE OPTIMAL SOLUTION TO THE NEED

**HOW** DO YOU DO THIS?

ASKING A QUESTION, BASED ON A **NEED,** INSTEAD OF WRITING DOWN A SOLUTION.

**WHAT** WILL BE YOUR QUESTION?

THIS DEPENDS ON TWO FACTORS: THE **COMPLEXITY** OF THE PRODUCT AND THE **MATURITY** OF THE MARKET

# Example of functional demand

EXAMPLE FROM PRACTICE

## Townhall Brummen


**Offer TurnToo concept** *(Thomas Rau)*

Councils partly agreed

Result: 1st circular building in the world
- Resource depot
- Resources in the temporary use as a building
- In 20 years the materials are for sale:
as a building / as components / as materials

# Voorbeeld Circulair Inkopen

NEVI

## Gemeente Brummen wint Award Duurzame Architectuur

*Uitreiking tijdens congres Green Buildings Holland 2013 in Amsterdam RAI*

*De 1e prijs werd uitgereikt aan Gemeentehuis Brummen. Jurylid Hidde van der Kluit: "Dit gebouw dient als grondstoffenbank waarbij alle bouwmaterialen de komende 20 jaar dienst doen, het ontwerp is voor 90% demontabel en de nieuwbouw omarmt een monumentale villa".*

HET KENNISNETWERK VOOR INKOOP EN SUPPLY MANAGEMENT

# Question

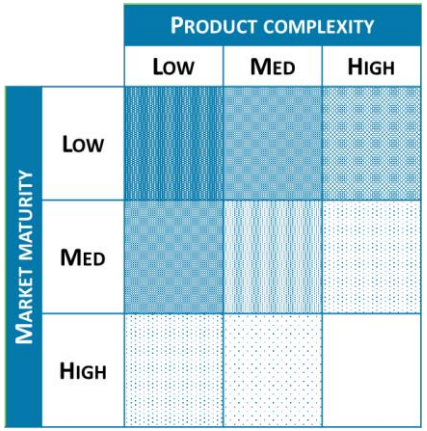
**A better world starts with asking a better question**

*Cécile van Oppen,Copper8*

# Case assignment

*Assignment 4*

**What will be your question?**



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Interreg
Baltic Sea Region

EUROPEAN UNION

EUROPEAN REGIONAL DEVELOPMENT FUND

CircularPP

# Contacts

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**Niek Heering** | Gemeente Amsterdam

n.heering@amsterdam.nl

# Circular Public Procurement Training

## Masterclass for Champions

Joan Prummel, Take Padding
Mervyn Jones

The Hague, 23-25 January 2018 | Block 3

# Building block 3

Wednesday, January 24th

Rijkswaterstaat
*Ministry of Infrastructure and Water Management*

# Program outline

| Building block | Content |
|---|---|
| Tuesday afternoon (1)<br>13:00 – 18:00 | • Introduction to Circular Public Procurement<br>• Start with *why*<br>• Selecting high-potential product groups |
| Wednesday morning (2)<br>09:00 – 12:30 | • Internal collaboration<br>• External collaboration<br>• Asking the right question |
| Wednesday afternoon (3)<br>13:15 – 17:00 | • Procurement procedures<br>• Requirements & criteria<br>• Measuring & assessing circularity |
| Thursday morning (4)<br>09:00 – 12:30 | • Revenue models<br>• Contracting<br>• Determining impact |
| Thursday afternoon (5)<br>13:15 – 16:00 | • Organisation maturity<br>• Next steps: building an action plan<br>• Action plan presentations |

# Program Wednesday afternoon

| Timing | Content |
|---|---|
| 13:15 (45 min) | **Procurement procedures** |
| 14:00 (30 min) | **Requirements & criteria** |
| 14:30 (50 min) | **Measuring & assessing circularity** |
| 15:20 (20 min) | Coffee break |
| 15:40 (60 min) | **Developing requirements & criteria**<br>• Case assignment<br>• Criteria weighting |
| 16:40 | Check-out |

# Procurement procedures

# Procurement procedures

- Public procurement procedures are set by European law.
- There are six main procedures within circular procurement:
  - Below threshold procedure
  - Open procedure
  - Restricted procedure
  - Competitive dialogue
  - Competitive procedure with negotiation
  - Innovation partnership (only recently introduced!)
- Each procedure is suited for certain demands / situations

# Below threshold procedure

- Free tenders have only one phase, and three to five participants
- Only suitable for small purchases

| Procedure | # suppliers | Product complexity | | | Market maturity | | | Purchase size | | | Required time |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | L | M | H | L | M | H | L | M | H | |
| Below threshold proc. | n/a | X | X | | X | X | X | X | | | < 3 months |

Publication → Award phase

**Office furniture (Leiden municipality)**

- Low size
- Temporary solution for 2 – 4 years
- High time pressure on procurement

# Open procedure

- Open procedures are suitable with a limited amount of suppliers
- Only one phase: criteria on both organisation and product level
- No possibilities to filter on organisation level (vision/policy)

| Procedure | # suppliers | Product complexity | | | Market maturity | | | Purchase size | | | Required time |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | L | M | H | L | M | H | L | M | H | |
| Open procedure | <7 | X | | | | X | X | | X | X | 3 months |

Publication → Award phase

**Office furniture (Rijkswaterstaat)**

- Restricted by limited time
- Office furniture for national government
- Four plots; max 2 plots / supplier



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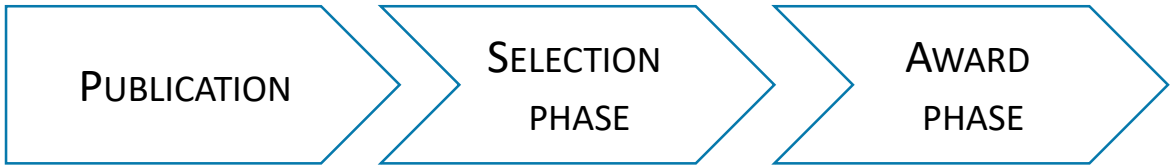
# Restricted procedure

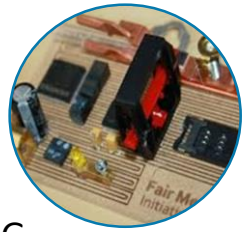
- Restricted procedures have two phases, but limited contact
- Suitable for markets with high differences between suppliers
- Possibilities to filter on organisational level (vision/policy)

| Procedure | # suppliers | Product complexity | | | Market maturity | | | Purchase size | | | Required time |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | L | M | H | L | M | H | L | M | H | |
| Restricted procedure | >7 | | X | | X | X | X | | X | X | 4-6 months |




**Smart meter (collaborating Dutch network suppliers)**

- Aim 1: stimulating collaboration in market
- Aim 2: finding supplier(s) with vision + experience
- Focus on fair supply chains: 'fair meter'
- Award to two consortia of suppliers: mutual learning





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# Competitive dialogue

- Suitable for large purchases with a high complexity
- Many possibilities for contact between tenderer and suppliers, resulting in a better match between supply and demand

| Procedure | # suppliers | Product complexity | | | Market maturity | | | Purchase size | | | Required time |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | L | M | H | L | M | H | L | M | H | |
| Competitive dialogue | >7 | | X | X | X | X | X | | | X | 6-12 months |


**Public space Schiphol Trade Park (STP)**

- Constructing + maintaining infrastructure
- 'most circular' business park of Europe
- Partner for 15 years of development



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# Competitive procedure with negotiation

- Suitable for large and complex purchases
- Negotiation helps to specify the answer to the question

| Procedure | # suppliers | Product complexity | | | Market maturity | | | Purchase size | | | Required time |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | L | M | H | L | M | H | L | M | H | |
| Competitive procedure with negotiation | >7 | | X | X | | X | X | | | X | 6-12 months |

Publication → Selection phase → Award phase → Negotiation

**Renovation Alliander Duiven**

- Selection on vision + requirements
- 'negotiation' on exact design and building specifics
- Integral question: renovation + maintenance + energy (15 years)

# How to choose the right procedure?

- Key insights from the game help determine the suitable procedure

| Game insight | Aspects in procedure |
|---|---|
| Collaboration requires vulnerability, vision and internal support | A strong, internal team, that is well-aligned and has top-down support |
| You cannot trust everyone | Selection, based on a 'vision' and common values |
| Personal contact helps to collaborate more easily | Create space for dialogue, both before and in the procedure |
| The highest number of (combined) points will only be achieved through long-term collaboration | Take time to discuss incentives that stimulate long-term collaboration, and ways to secure these |

# Summarizing six main procurement procedures

| Procedure | # suppliers | Product complexity | | | Market maturity | | | Purchase size | | | Required time |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | L | M | H | L | M | H | L | M | H | |
| Below threshold proc. | n/a | X | X | | X | X | X | X | | | < 3 months |
| Open procedure | <7 | X | | | | | X | | X | X | 3 months |
| Restricted procedure | >7 | | X | | X | X | X | | X | X | 4-6 months |
| Competitive dialogue | >7 | | X | X | X | X | X | | | X | 6-12 months |
| Competitive procedure with negotiation | >7 | | X | X | | X | X | | | X | 6-12 months |
| Innovation partnership | ? | | | X | | | X | | | X | > 1 year |

The **restricted procedure** and **competitive dialogue** are usually preferred, because of:

- Possibilities for pre-selection on organisation level (e.g. on circular economy vision)
- Possibilities for dialogue help specify the question of the tenderer, discuss circular economy issues related to the question, and match supply and demand

Note: in more simple questions cases, a 'light' dialogue can be sufficient

# Case assignment

*Assignment 5*

**What would be a fitting procedure?**

**And what are the steps in the procedure?**

# Requirements & criteria

# Requirements & criteria

- Requirements and criteria are set by the tendering organisation
- Requirements must be met by all tenderers
- Criteria provide **possibilities for distinguishment**: tenderers can determine how to meet these

| | DETERMINANT |
|---|---|
| REQUIREMENTS | YES / NO |
| CRITERIA | GOOD-BETTER-BEST |

# Two phases: selection and award phases

- The **selection phase** selects potential suppliers that fit (on an organisation level) with the tendering organisation
- The **award phase** determines which supplier is able to deliver the product in the best price/quality ratio
- A procedure with one phase, only has an **award phase**

| | SELECTION PHASE | AWARD PHASE |
|---|---|---|
| REQUIREMENTS | YES / NO (ORGANISATION LEVEL) | YES / NO (PRODUCT LEVEL) |
| CRITERIA | GOOD-BETTER-BEST (ORGANISATION LEVEL) | GOOD-BETTER-BEST (PRODUCT LEVEL) |

# Example: conditions & criteria

EXAMPLE FROM PRACTICE

UMC Utrecht

| | Selection phase (organisation) | Award phase (product) |
|---|---|---|
| Conditions (yes/no) | • Financial carrying capacity<br>• Technical abilities | • Meeting product-level conditions (health & safety) |
| Criteria (good-better-best) | • Vision on the Circular Economy<br>• Vision on healthcare<br>• Vision on collaboration<br>• Achievements on circular economy | • Plan of action, existing of:<br>  • Collaboration UMCU<br>  • Circular economy<br>• Offer, existing of:<br>  • Comfort, esthetics, functionality<br>  • Circularity of offer<br>  • Transparency in pricing<br>• Pricing |

# Example: conditions & criteria

EXAMPLE FROM PRACTICE

gemeente Baarn

Rijksoverheid

| | AWARD PHASE (TENDER) | AWARD PHASE (TENDER) |
|---|---|---|
| CONDITIONS (YES/NO) | • ORGANISATION-LEVEL CONDITIONS<br>• MEETING PRODUCT-LEVEL CONDITIONS | • ORGANISATION-LEVEL CONDITIONS<br>• MEETING PRODUCT-LEVEL CONDITIONS |
| CRITERIA (GOOD-BETTER-BEST) | • CIRCULARITY OF THE OFFER<br>  • MEASUREMENT TOOL<br>  • CIRCULARITY (OWN CALCULATION)<br>  • PLAN OF ACTION ON FUTURE RE-USE<br>• PLAN OF ACTION ON COLLABORATION<br>• VISION ON OFFICE FURNISHINGS<br>• PRICING | • ACTION PLAN<br>  • FUTURE CE DEVELOPMENT<br>  • INCENTIVES FOR RE-USE OF PRESENT FURNITURE<br>• COLLABORATION<br>• CIRCULARITY OF PRODUCTS<br>  • *SPECIFIED FOR 5 PRODUCTS*<br>• SOCIAL RETURN<br>• PRICING |

# Case assignment

*Assignment 6*

**Draft a first set of conditions and criteria, on both an organisation and a product level**

| | SELECTION PHASE | AWARD PHASE |
|---|---|---|
| REQUIREMENTS | YES / NO (ORGANISATION LEVEL) | YES / NO (PRODUCT LEVEL) |
| CRITERIA | GOOD-BETTER-BEST (ORGANISATION LEVEL) | GOOD-BETTER-BEST (PRODUCT LEVEL) |

# Measuring & assessing circularity

# Measuring versus assessing circularity

- Measuring of the circularity can be done in a **quantative**, **objective** way
- Assessing the circularity can be done in a **qualitative, subjective** way

| | MEASURING | ASSESSING |
|---|---|---|
| INDEX? | INDEX AVAILABLE | NO INDEX AVAILABLE |
| Q | QUANTITATIVE | QUALITATIVE |
| EXAMPLE | *% RECYCLED CONTENT* | *VISION ON THE CIRCULAR ECONOMY* |

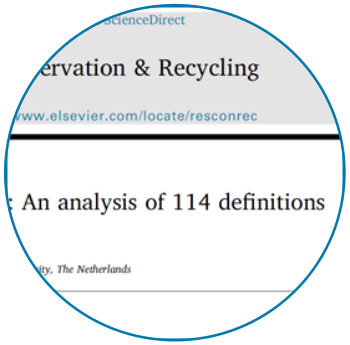
# Measuring & assessing circularity: what is more circular?

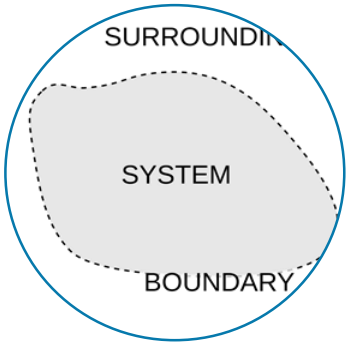
**Remember yesterday's examples?**

- Circularity often difficult to compare:
  - Complexity of the issue
  - System boundaries
- Sometimes exact measurement is possible; sometimes not


# Measuring circularity: important steps

- Be clear on your own **definition** of the circular economy
- Determine your **system boundaries**
- Specify the way you **measure** circularity



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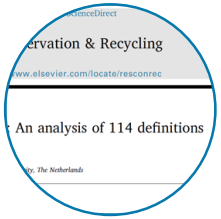
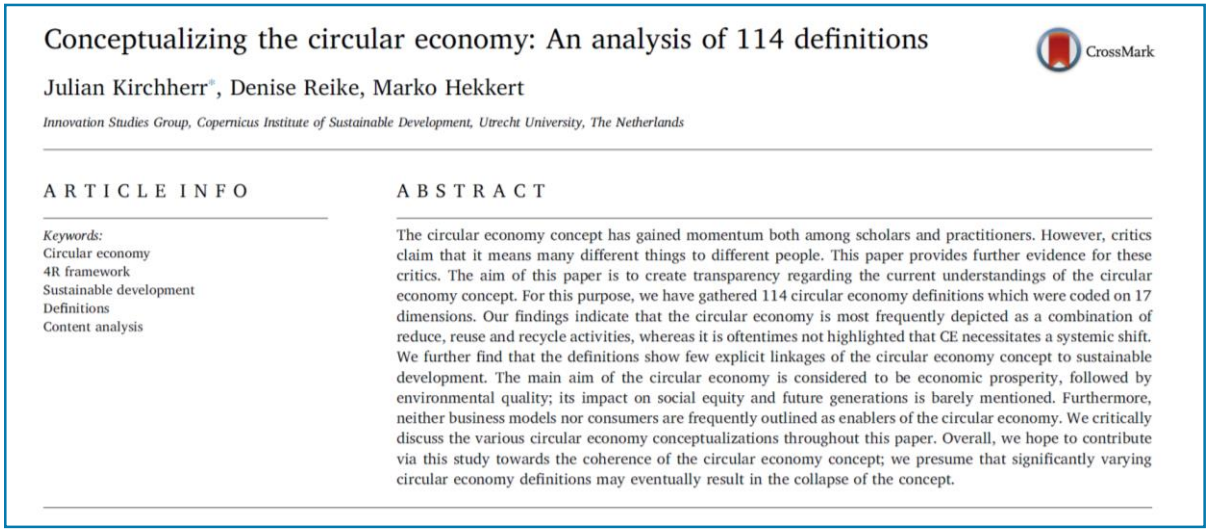
# Recap: many definitions exist




- Be clear on your own definition up-front
- Develop a definition which suits your context
- Specify your definition towards your product group, and validate your definition with market organisations



Conceptualizing the circular economy: An analysis of 114 definitions

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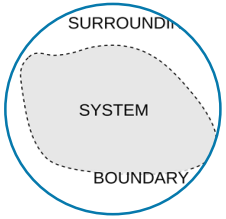
ARTICLE INFO

*Keywords:*
Circular economy
4R framework
Sustainable development
Definitions
Content analysis

ABSTRACT

The circular economy concept has gained momentum both among scholars and practitioners. However, critics claim that it means many different things to different people. This paper provides further evidence for these critics. The aim of this paper is to create transparency regarding the current understandings of the circular economy concept. For this purpose, we have gathered 114 circular economy definitions which were coded on 17 dimensions. Our findings indicate that the circular economy is most frequently depicted as a combination of reduce, reuse and recycle activities, whereas it is oftentimes not highlighted that CE necessitates a systemic shift. We further find that the definitions show few explicit linkages of the circular economy concept to sustainable development. The main aim of the circular economy is considered to be economic prosperity, followed by environmental quality; its impact on social equity and future generations is barely mentioned. Furthermore, neither business models nor consumers are frequently outlined as enablers of the circular economy. We critically discuss the various circular economy conceptualizations throughout this paper. Overall, we hope to contribute via this study towards the coherence of the circular economy concept; we presume that significantly varying circular economy definitions may eventually result in the collapse of the concept.

# System boundary: past, present, future




**REALIZED** CIRCULARITY

**CIRCULARITY FROM PAST TO PRESENT**

- RECYCLED CONTENT (PRODUCT, COMPONENT OR MATERIAL LEVEL)
- … CONSIDERING EXTERNALITIES IN REUSE (E.G. $CO_2$, ENERGY)

PAST — PRESENT — FUTURE

**CIRCULARITY FROM PRESENT TO FUTURE**

- DESIGN FOR DISASSEMBLY (MODULAR)
- USE OF CLEAN MATERIALS
- AGREEMENTS ON FUTURE RE-USE
- …

**POTENTIAL** CIRCULARITY

# Measuring circularity: three methods

- There are various methods to measure circularity
- Method can be used in addition to each other

| Measurement tool | Example | Pros | Cons |
|---|---|---|---|
| **Label** | Cradle-to-Cradle silver | • Easy to request (as requirement)<br>• Universal compliance | • Product level<br>• Focus on new products (i.e. new materials) |
| **Shadow costs** | Cost: EUR 4.372 | • Easy to compare (as criterium)<br>• Expression in price | • Fewer possibilities for specific focus<br>• Relatively new and labour intensive method |
| **Specified measurement tool** | Score: 0.80 | • Unique for specific tender<br>• Fully in line with ambitions | • Time-consuming to create<br>• New (one off) method for tenderer and market |

# Method: requesting a label

- In the office furniture market, Cradle-to-Cradle labels are used relatively often
- Easy condition to check

EXAMPLE: HERMAN MILLER

EXAMPLE: AHREND 2020

cradletocradle

# Method: shadow cost

- Shadow cost can determine the environmental impact of a product during it's production and use
- Environmental impact after the use phase is based on assumptions

EXAMPLES OF FACTORS:

- MATERIAL SOURCING
- TRANSPORTATION OF MATERIALS + PRODUCTS
- ENERGY USE IN PRODUCTION PHASE
- TOXIC MATERIALS IN PRODUCTION OR PRODUCT
- PRODUCTION WASTE
- …

# Method: specified measurement tool

- Specified measurement tools provide the possibility to focus on your own *why* within circularity
- Various factors possible, either on the level of the **offer** or the level of the **product**

EXAMPLES OF FACTORS:

- CIRCULARITY OF THE OFFER
  - RECYCLED PRODUCTS
  - RECYCLED COMPONENTS
  - RECYCLED MATERIALS
- CIRCULARITY OF THE PRODUCT
  - RECYCLED CONTENT
  - RECYCLABLE CONTENT
  - DESIGN FOR DISASSEMBLY

# Considerations: circularity of a table

**WHICH TABLE IS MORE CIRCULAR?**

- LEVEL OF RE-USE?
- WEIGHT?

| HERSO | GISPEN SECONDLIFE |
|---|---|
| RE-USED TIMBER PARTS (MATERIAL LEVEL) | RE-USED TABLE (PRODUCT LEVEL) |
| 100 KILOGRAMS | 60 KILOGRAMS |

# Considerations: circularity of a table

**WHICH TABLE IS MORE CIRCULAR?**

- LEVEL OF RE-USE?
- WEIGHT?
- MATERIAL HEALTH?

| HERSO | GISPEN SECONDLIFE |
|---|---|
| RE-USED TIMBER PARTS (MATERIAL LEVEL) | RE-USED TABLE (PRODUCT LEVEL) |
| 100 KILOGRAMS | 60 KILOGRAMS |
| NON-TOXIC MATERIALS | UNKNOWN CONTENTS |

# Considerations: circularity of a table

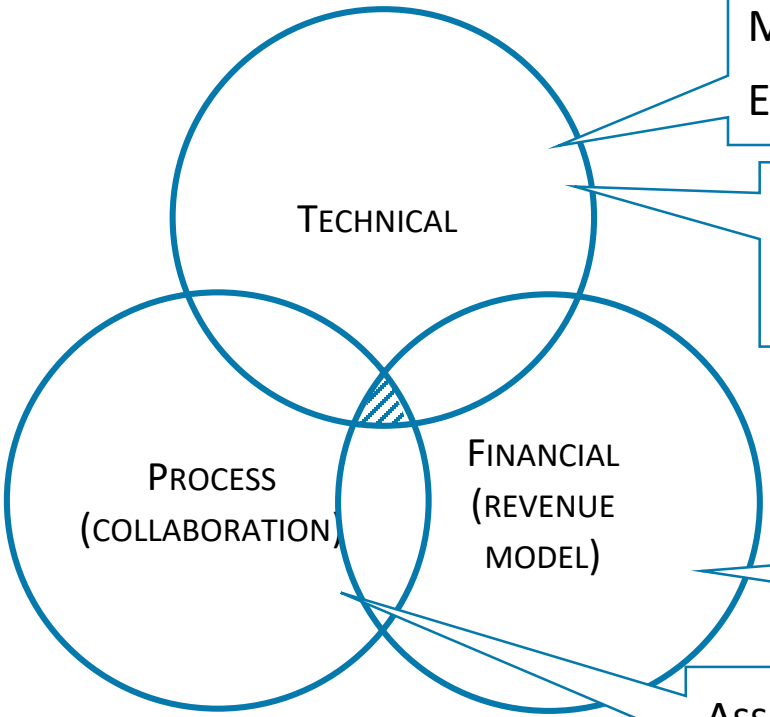
**WHICH TABLE IS MORE CIRCULAR?**

- LEVEL OF RE-USE?
- WEIGHT?
- MATERIAL HEALTH?
- DESIGN FOR DISASSEMBLY?

| HERSO | GISPEN SECONDLIFE |
|---|---|
| RE-USED TIMBER PARTS (MATERIAL LEVEL) | RE-USED TABLE (PRODUCT LEVEL) |
| 100 KILOGRAMS | 60 KILOGRAMS |
| NON-TOXIC MATERIALS | UNKNOWN CONTENTS |
| LEGS ARE SCREWED DOWN | LEGS ARE GLUED |

THE CIRCULARITY OF A PRODUCT DEPENDS ON YOUR DEFINITION, SYSTEM BOUNDARIES AND MEASUREMENT TOOL.

# Circularity requires technical, process and financial indicators




MEASURING **REALIZED CIRCULARITY**

EXAMPLE: *% RECYCLED CONTENT*

MEASURING **POTENTIAL CIRCULARITY**

EXAMPLE: *USE OF CLEAN MATERIALS*

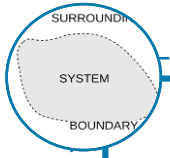
ASSESSING **POTENTIAL CIRCULARITY**

EXAMPLE: *VALUE AFTER USE PHASE*

ASSESSING **POTENTIAL CIRCULARITY**

EXAMPLE: *AGREEMENTS ON RE-USE*

# Circularity = realized + potential circularity


**REALIZED CIRCULARITY**

**POTENTIAL CIRCULARITY**

TECHNICAL CIRCULARITY

+

TECHNICAL CIRCULARITY

SECURITY OR INCENTIVES IN PROCESS AND FINANCIAL AGREEMENTS

=

**CIRCULARITY OF OFFER**

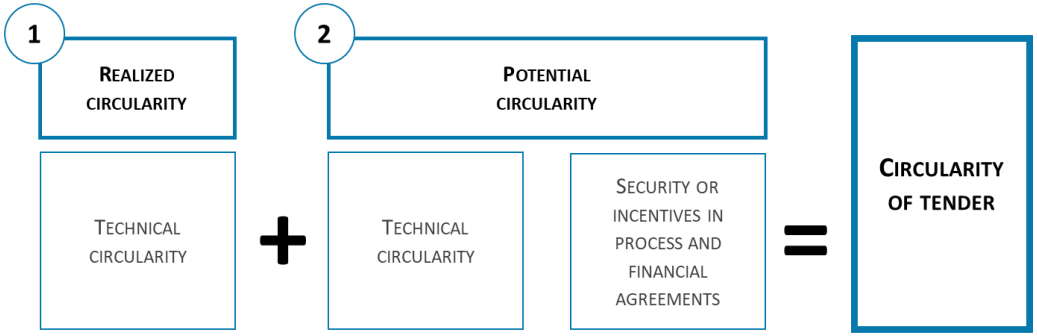
# Coffee break

# Developing requirements & criteria

# Case assignment

*Assignment 7*

**Develop an assement method for circularity of this tender**



# Weighting of conditions & criteria

- To stimulate circularity:
  - Price should have a maximum weighting of 10-30%
  - Quality should have a minimum weighting of 70-90%

(PHI Factory, 2017)

- Assessment methodology also determines weighting of criteria

# Weighting of conditions & criteria

EXAMPLE FROM PRACTICE

UMC Utrecht

| Selection phase Criteria | Weighting |
|---|---|
| Vision on the Circular Economy | **30%** |
| Vision on health care | **20%** |
| Stakeholders | **25%** |
| Circlar economy results | **25%** |

| Award phase Criteria | Weighting |
|---|---|
| Plan of action<br>• Collaboration UMCU<br>• Circular economy | **35%**<br>(20%)<br>(15%) |
| Offer<br>• Comfort, esthetics, functionality<br>• Circularity of offer<br>• Transparency of price | **55%**<br>(20%)<br><br>(25%)<br>(10%) |
| Pricing | **10%** |

# Weighting of conditions & criteria

EXAMPLE FROM PRACTICE

gemeente Baarn

| Criteria | Weighting |
|---|---|
| Circularity<br>• Circularity of offer<br>• Plan of Action on future re-use<br>• Creative proposal | **35%**<br>(15%)<br>(10%)<br>(10%) |
| Collaboration | **30%** |
| Comfort, esthetics, furnishings vision | **15%** |
| Pricing | **20%** |

Rijksoverheid

| Criteria | Weighting |
|---|---|
| Action plan<br>• Future CE development<br>• Incentives for re-use of present furniture<br>• Collaboration | **45%**<br>(15%)<br>(15%)<br>(15%) |
| Circularity of products<br>• *Specified for 5 products* | **20%** |
| Social return | **15%** |
| Pricing | **20%** |

# Case assignment

*Assignment 8*

**(1) Review your criteria**

**(2) Determine the weighting of your criteria**

# Check-out

## What excited you the most today?

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Interreg
Baltic Sea Region

EUROPEAN UNION

EUROPEAN REGIONAL DEVELOPMENT FUND

CircularPP

# Contacts

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bosch@copper8.com

# Circular Public Procurement Training

Joan Prummel, Take Padding
Mervyn Jones

The Hague, 23-25 January 2018

# Building block 4

Thursday, January 25th

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# Program outline

| Building block | Content |
|---|---|
| Tuesday afternoon (1)<br>13:00 – 18:00 | • Introduction to Circular Public Procurement<br>• Start with *why*<br>• Selecting high-potential product groups |
| Wednesday morning (2)<br>09:00 – 12:30 | • Internal co-operation<br>• External co-operation<br>• Asking the right question |
| Wednesday afternoon (3)<br>13:15 – 17:00 | • Procurement procedures<br>• Conditions & criteria<br>• Measuring circularity |
| Thursday morning (4)<br>09:00 – 12:30 | • Revenue models<br>• Contracting<br>• Determining impact |
| Thursday afternoon (5)<br>13:15 – 16:00 | • Organisation maturity<br>• Next steps: building an action plan<br>• Action plan presentations |

# Program Thursday morning

| Timing | Content |
|---|---|
| 09:15 (10 min) | Check-in |
| 09:10 (90 min) | **Business and revenue models**<br>• Introduction to revenue models<br>• Case assignment |
| 10:40 (20 min) | Coffee break |
| 11:00 (45 min) | **Circular contracting** |
| 11:45 (45 min) | **Impact**<br>• Various ways to determine impact |
| 12:30 | Lunch break |

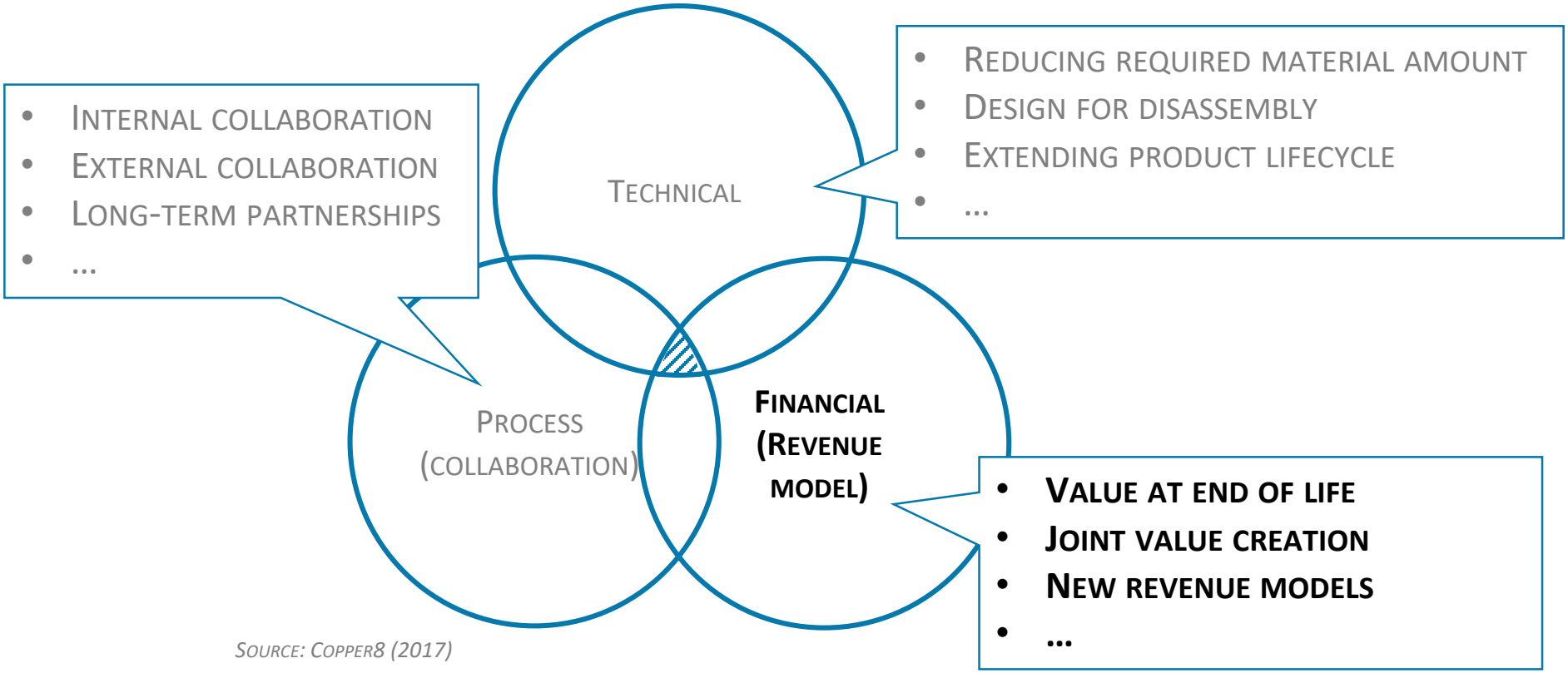
# Business and revenue models

# Recap: split incentives and the prisoner‘s dilemma

- Split incentives between user and supplier are persistant and widespread: the prisoners dilemma
- Circular business and revenue models can help overcome these split incentives

| | | Berlin | |
|---|---|---|---|
| | | **Competition** | **Collaboration** |
| **Paris** | **Competition** | Paris: -24<br>Berlin: -24<br>**Together: -48** | Paris: +48<br>Berlin: -48<br>**Together: 0** |
| | **Collaboration** | Paris: -48<br>Berlin: +48<br>**Together: 0** | Paris: +24<br>Berlin: +24<br>**Together: +48** |

# Recap: circular procurement requires new business and revenue models




*Source: Copper8 (2017)*



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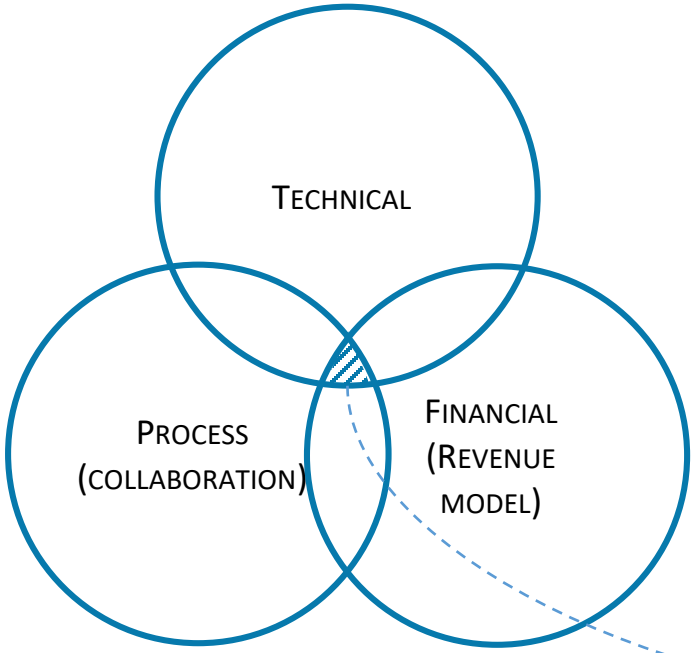
# Circular revenue models help overcome split incentives and secure future circular practices




| PARIS \ BERLIN | COMPETITION | COLLABORATION |
|---|---|---|
| COMPETITION | PARIS: -24<br>BERLIN: -24<br>**TOGETHER: -48** | PARIS: +48<br>BERLIN: -48<br>**TOGETHER: 0** |
| COLLABORATION | PARIS: -48<br>BERLIN: +48<br>**TOGETHER: 0** | PARIS: +24<br>BERLIN: +24<br>**TOGETHER: +48** |

*SOURCE: COPPER8 (2017)*



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# Business model vs revenue model

## Business Model

A business model describes how **a business creates, supplies and retains value**.

Simply put: how a company has organised its activities and serves its client.

## Revenue model

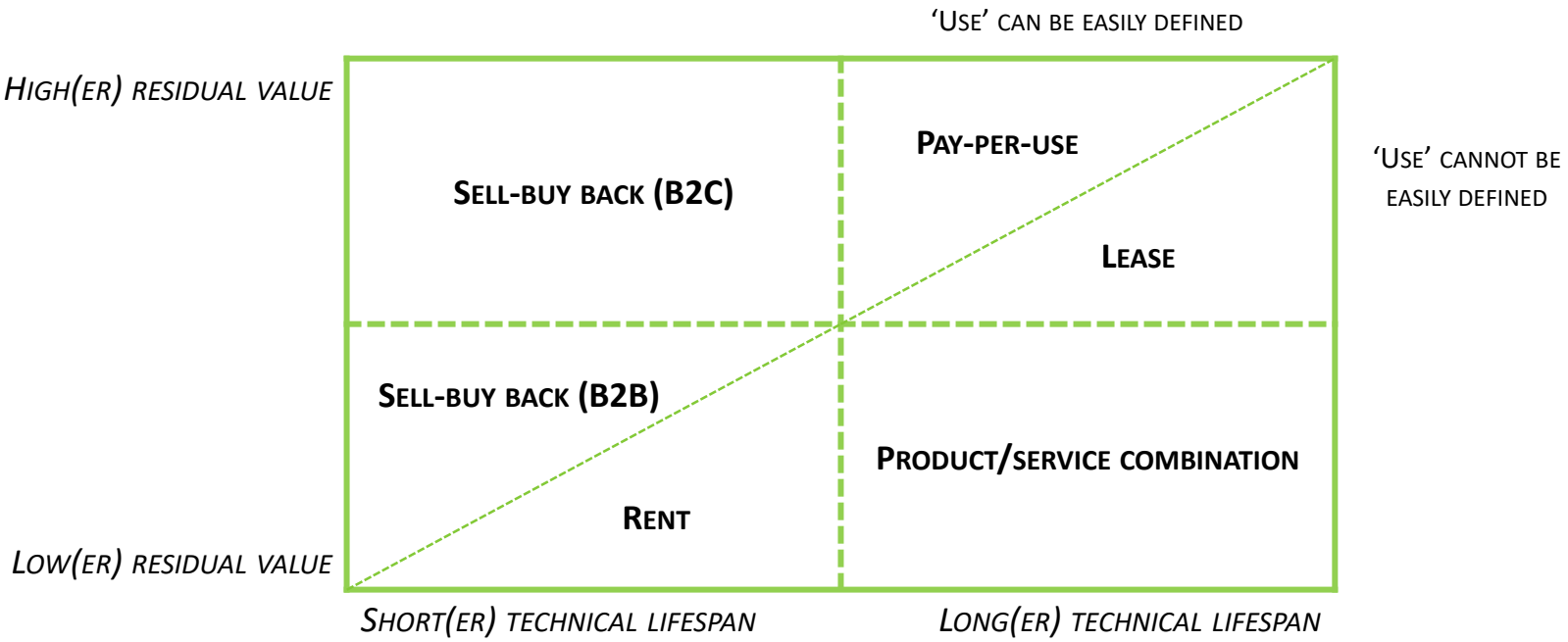
The revenue model is the way **a company earns money**.

# Which revenue models exist?

- Lease
- Rental
- Pay-per-use
- Sell-buy-back
- Product-service combination

+ Risk-benefit sharing

# Five circular revenue models




*SOURCE: COPPER8 (2017)*



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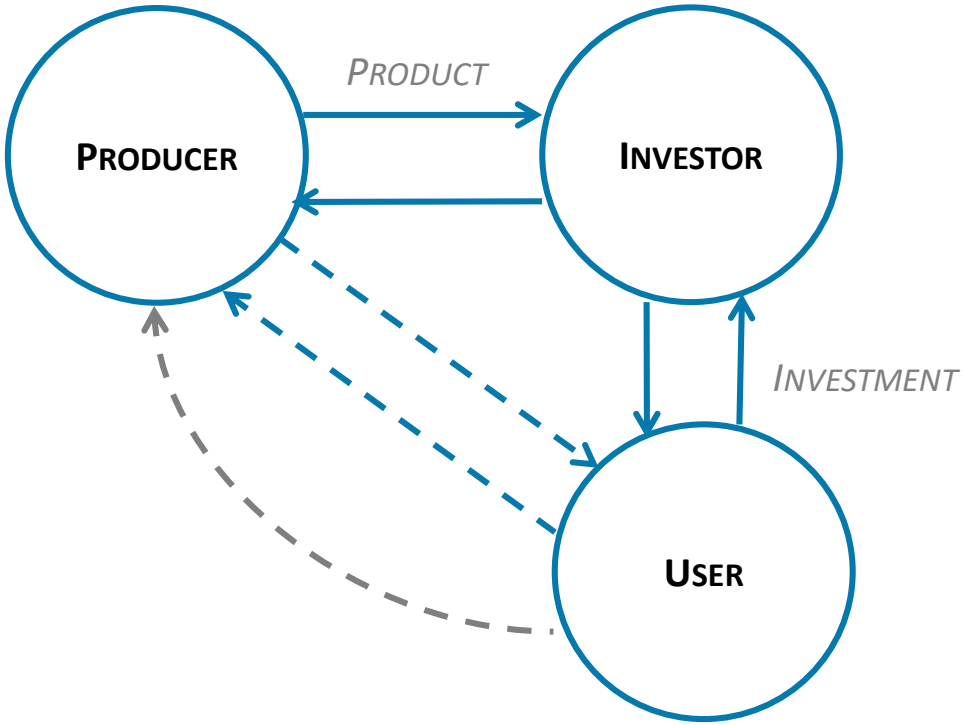
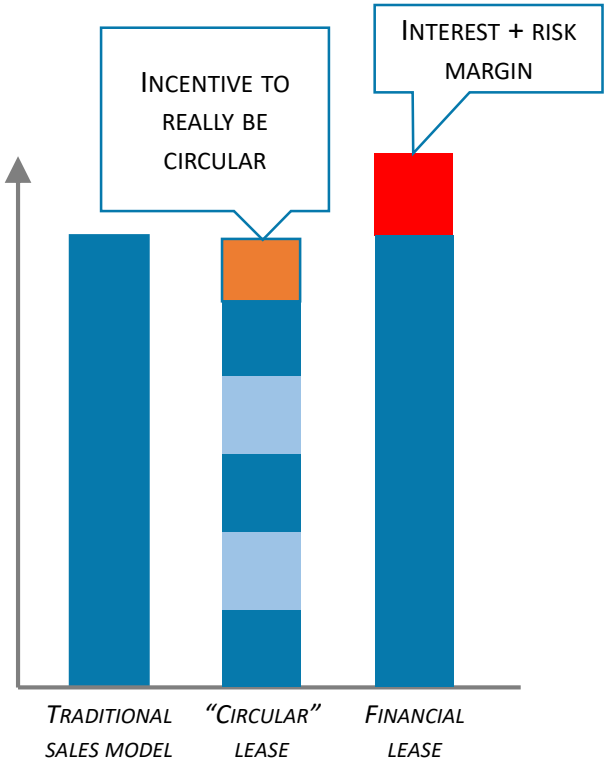
# Lease (1)




## Characteristics

- Tripartite agreement
- Investment of product
- Financial & operational Lease
- Maintenance and other services not always included
- Possible transfer of ownership (start or end of lease term)
- Ownership is used to manage risks

# Lease (2)




- Financial product
- Therefore, investor wants to earn money:
  - Purchasing price (+ interest + risk margin)
  - Implies depreciation to 0
  - *Unless proven residual value*

*N.B. "CIRCULAR" LEASE IS NOT A REALISTIC SCENARIO BUT A THEORETICAL SCENARIO*

# Lease (3): bad and good practices

## Bad practice: lighting at Copper8

- Technical lifecycle 10 years;
- Proposed lease period 5 years;
- Lessee = young and small party
- No *proven* residual value for armatures
- Budget = €20,000, offer = €56,000

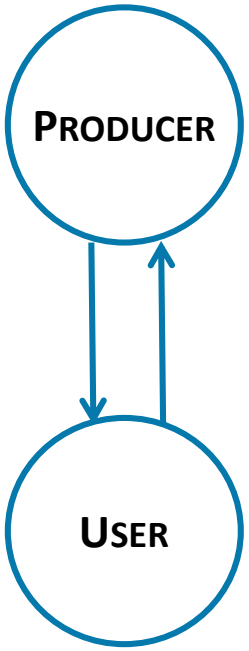
## Good practice: cars

- Proven residual value (and second hand market, will be deducted from lease price)
- But: product has not been made circular

## Other possible good practices

- Large medical equipment for hospitals
- Semi-trailers
- Airport luggage belts
- …

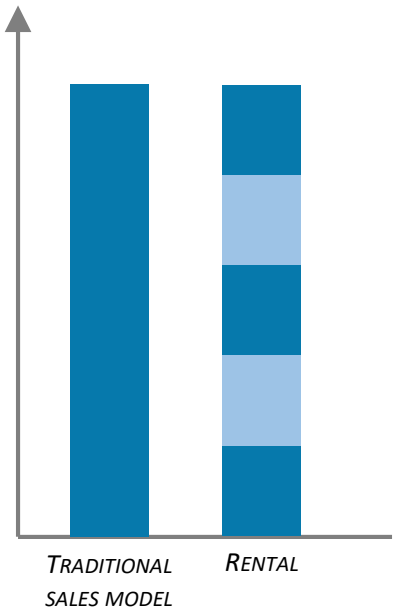
# Rental (1)




**Characteristics**

- Bipartite agreement
- Use in return for periodic payment
- Return flow secured
- On balance sheet of producer (ownership)
- Short & long term
- Maintenance
- Pay-per-use

# Rental (2)




- Producer wants to earn money
- Equity needed to ‘lengthen balance sheet’
  - Less capital intensive goods are more fit
  - Transition difficult for producers
- Financial risk lies with producer
  - Dependent on type of product (fixed vs. unfixed)
  - Dependent on user (eg. organisation size with respect to monitoring)

# Rental (3)

## Bad practice: rental office space

- Incentives are not 'aligned'
- Standard contracts with longer terms (no flexibility)
- Renter and user often don't speak

## Good practice: furniture Copper8

- Small organization size, equity required to finance relatively low
- Monitoring of furniture easier than with large customers

## Other possible good practices

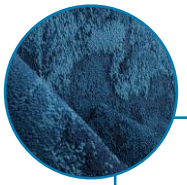
- Floor tiling
- …

# Pay-per-use (1): good and bad practice

**Success factors**

- When there is a ‘consumption’- component, such as:
  - Energy use
  - Driven kilometers
  - …
- When the ‘use’ or consumption is easily measurable, for instance:
  - Kilometers
  - kWh
- When the user group consists of more than 1 paying customer.

# Pay-per-use (2)



## Bad practice (1): ‘walking hours’ carpet

- How to measure?
- Only 1 paying customer

## Good practice: Car2Go

- Use component, so easier to measure what use is
- More than 1 paying customer → model easier to make profitable (win-win)

## Bad practice (2): Pay per print

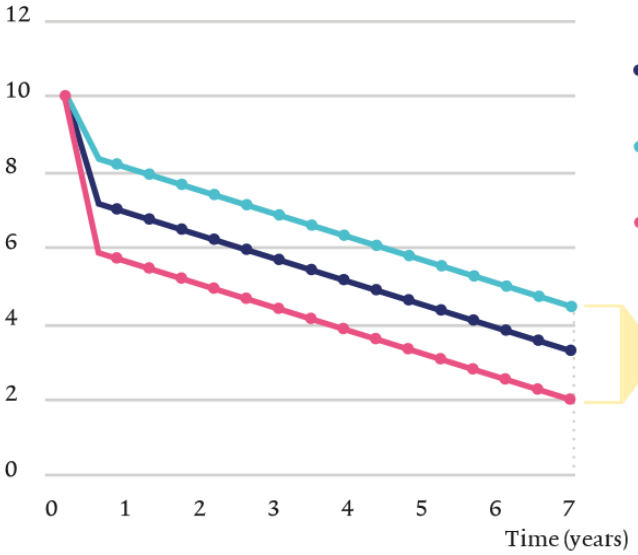
- Only 1 paying customer
- Stimulus for supplier to sell as many prints as possible (= unsustainable)

## Other possible good practices

- Forklift trucks
- Tools

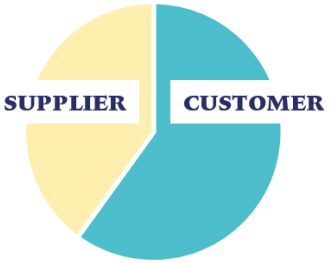
# Sale buy back (1): good and bad practice

## DEPOSITORY VALUE MODEL




**RISK AND MARGINS:**
Determining percentages to share the difference between actual despository value and intended despository value.

## SHARING RISK AND MARGIN




| Party | Positive | Negative |
|---|---|---|
| Supplier (60%) | +0.72 | – 0.72 |
| Customer (40%) | +0.48 | – 0.48 |

*SOURCE: CIRCULAR BUSINESS (2016).*

# Sale buy back (2)

## Bad practice: furniture Alliander

- Residual value 20%, used as a future obligation
- Commercially 'best' year of supplier would suddenly be the 'worst' year accounting-wise

## Good practice: Furniture Alliander

- Based on trust, good foundation for adjusting agreement
- Added or reduced value settled → joint obligation

## Other possible good practices

- Floor tiling
- Lighting
- … etc. Provided that you arrange everything well!

# Product-service combination (1)

- Mainly on lengthening life span
- Can be used for various product groups
- Often used within buildings and public works

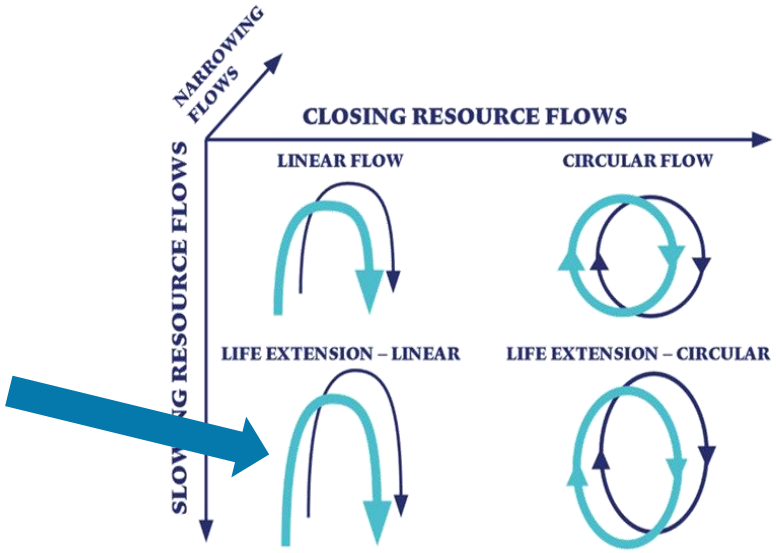



***Figure 2.5*** *Categorisation of linear and circular approaches for reducing resource use. Source: Bocken et al., 2015, 2016; based on, and expanded from Stahel, 1994 and Braungart et al., 2008.*

*SOURCE: CIRCULAR BUSINESS (2016).*

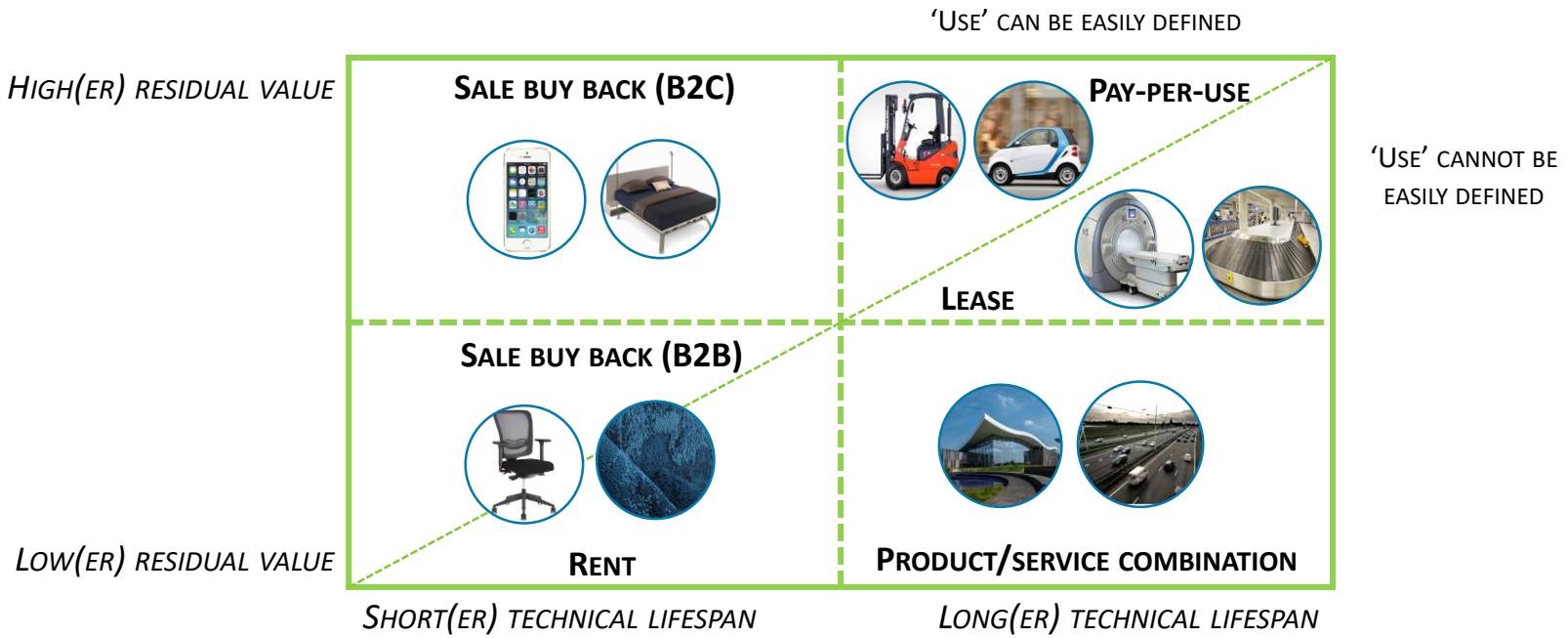
# Product-service combination (2)

## BAD PRACTICE: PUBLIC PRIVATE PARTNERSHIP PROJECTS

- PPP IN BUILDINGS/INFRASTRUCTURE
- WHY: CONTRACTOR IS STILL IN THE LEAD
- MAINTENANCE PARTY IS SUBORDINATE AND IS NOT ABLE TO INFLUENCE DESCISIONS YET

*ROOM FOR IMPROVEMENT!*

# When is which revenue model most applicable?

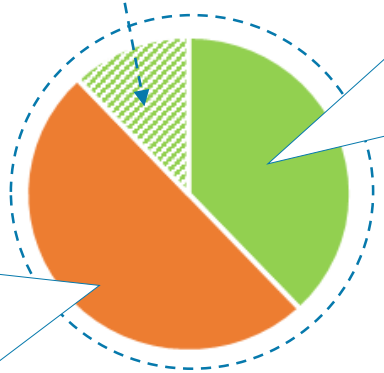



*SOURCE: COPPER8 (2017)*

# Risk/Benefit Sharing: Fair Meter

ENERGY SAVINGS OF METERS

THE SIZE OF THE FUND GROWS AS THE ENERGY CONSUMPTION DECREASES




SUPPLIERS ARE REWARDED FOR ATTAINING KPIS, THEREBY FUNDING THEIR R&D INVESTMENTS RETROSPECTIVELY


STEDIN NET

alliander

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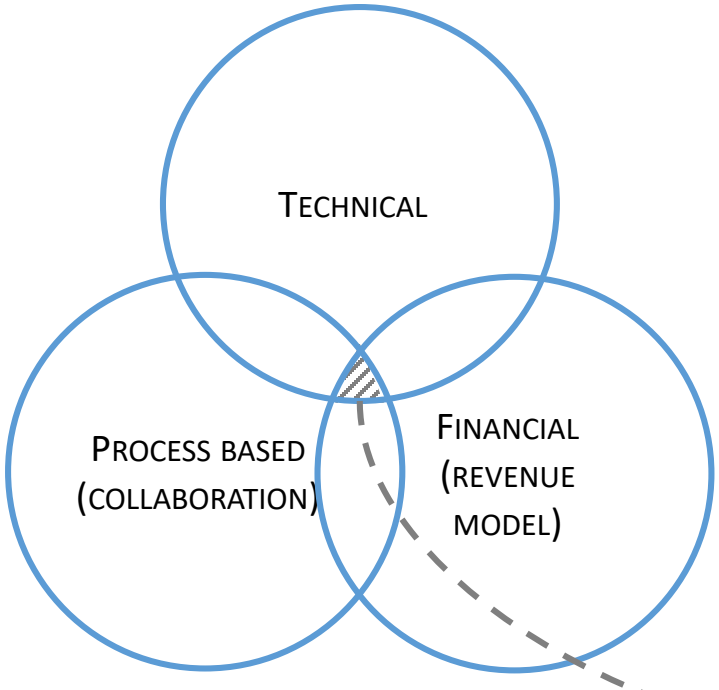
# The goal of circular revenue models is to secure trust and circularity




| | | CLIENT | |
|---|---|---|---|
| | | COMPETITION | COLLABORATION |
| CONTRACTOR | COMPETITION | NOT CIRCULAR<br>NOT WITHIN BUDGET | NOT CIRCULAR<br>WITHIN BUDGET |
| | COLLABORATION | CIRCULAR<br>NOT WITHIN BUDGET | CIRCULAR<br>WITHIN BUDGET |


*SOURCE: COPPER8 MODEL (2008)*

# How to include this in the awarding framework?

| Question | |
|---|---|
| In what way could you secure the (long-term) circularity of your offer through a circular revenue model? Please ellaborate how this revenue model wil secure circularity in the future. | Extent in which the supplier understands and acknowledges the consequences of circular revenue models for customer and supplier |
| | Extent in which the proposed revenue model fits with the project |
| | Way in which this revenue model wil secure circularity in the future |

# Case assignment

*Assignment 9*

**What could be suitable revenue models?**

**How can you create space for such models?**

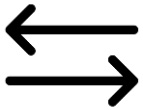
# Circular contracting

# Securing ‘trust‘ in contracts

- Enabling the circular economy requires a different view on contracting
- Embedding trust by making process agreements

| | Linear contracting | Circular contracting |
|---|---|---|
| **Risk sharing** | Risks and benefits are assigned to specific organisations | Risk and benefits are shared between organisations (win/win – lose/lose) |
| **Risk consequence** | Consequence of risk is determined | The way how parties deal with risks is determined |
| **Future flexibility** | Contract with standard or foreseeable ‘certainties’ | Future-proof contract with flexibility and process agreements |

# Securing trust in contracts: for key understandings



Every agreement consists of a transaction of performance

Individual performance indicators are usually not alligned

Arrangements to create dependency of performance

From Transaction to Relationship

# Arrangements with respect to the performance

**Issues**

- The performance defines the sort of contract chosen
- Specifications and agreement on performance
- Exclusivity is the norm
- Confidentiality, IP rights, force majeure, etc.

**Possible solution**

- Regard the use or the function as the performance
- Involve life cycle of product or service
- Allocate responsibilities for parties
- Make scalable by working with appendices
- Contract process, and define performance criteria in appendix

**EXAMPLE**

FLEXIBLE RENTAL CONTRACT

# Arrangement with regard to the future

**Issues**

- We cannot predict the future
- Create understanding rather than ‘hard’ assurances
- Flexibility versus assurance
- Performance versus progress

**EXAMPLE**

MAKE CSR PERFORMANCE INTEGRAL PART OF CONTRACT

**Possible solution**

- Determine joint goal
- Test arrangements and consequences with regards to goal
- Sustainbility KPIs ‘in addition to’ standard services



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# “If Everything Else Fails”

- Plan a way out for all parties involved
- Focus on the process
- Costs of failure as an insurance for exit

# Case assignment

*Assignment 10*

**What are points of emphasis in developing the contract?**

# Coffee break

# Impact assessment

# Statements

**“Only quantitative impact is ‘real’ impact.”**

# Statements

**“All impact can be measured in a life-cycle analysis (LCA).”**

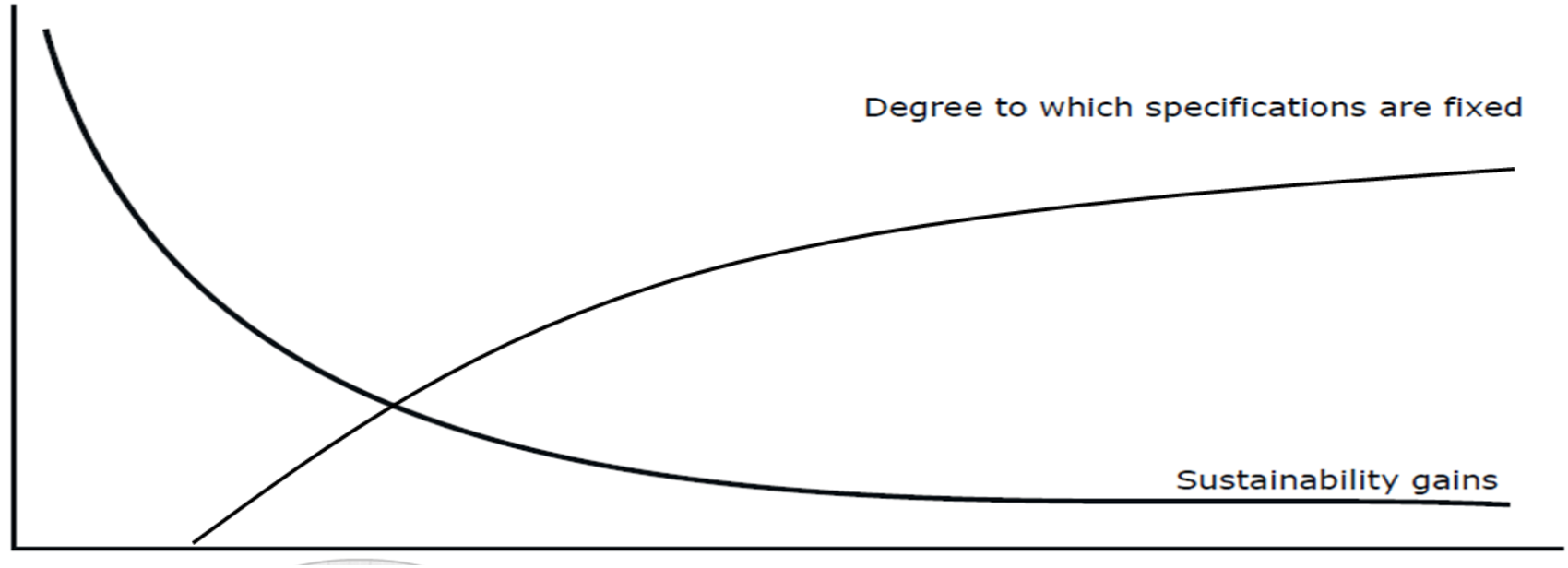
# Statements

**“Impact only matters if it includes a financial return for the tenderer.”**

# Statements

**“Changing the way people work, is real impact.”**

# Process approach: where is the biggest impact?




Identify need | Market engage-ment | Specif-ication | Selection | Contract | Order | Utilis-ation | Monitor & maintain | End-of-life

STRATEGIC APPROACH PRE-COMPETITION

# Category approach: reducing procurement impact

| Impact category | Most significant service | Impact of most significant service (% of tot. impact) | Key resource efficiency action in the most significant service |
|---|---|---|---|
| Materials consumed | Catering (supply of food) | 50% | Reduce avoidable food waste |
| Waste produced | Furniture Construction | 50% | Product reuse Recycling |
| Energy and $CO_2$ in-use | Heating, ventilation and air conditioning (particularly heating) | 70% | Upgrading and refurbishment of equipment |
| Embodied $CO_2$ emissions | ICT equipment | 45% | Extending lifespan of equipment |
| Water use | Washrooms and kitchens | 90% | Reducing mains water use (e.g. flow regulators) |
| Cost | ICT equipment | 30% | Extending lifespans |

# Measuring impact: identifying issues

| Environmental issues | Socio-economic issues |
|---|---|
| Circularity | Health |
| $CO_2$ + other GHG emissions | |
| Resource productivity | Education |
| Raw material use | Employment |
| Reuse & recycling | Community |
| Waste to landfill | Developing world supply chains |
| Hazardous substances | Equalities - accessibility |
| Energy | Equalities – equal group needs |
| Water | Equalities – cultural |
| Biodiversity | Equalities – poverty |
| Transport | Equalities – appropriate comm. |

# Measuring impact: key questions

- How do we best use circular procurement as an implementation instrument for circular economy?
- How do we monitor and measure implementation of tenders & pilots going forward
- What are the data collection and evaluation requirements?

# Measuring impact: types of indicators

There are different types of indicators that help measure different elements of the Circular Procurement process:

- **Operational indicators** – measuring the impact of a whole organisation or part of it, e.g. total annual water use.
- **Capacity indicators** – measuring the readiness of an organisation with respect of Sustainable Procurement, e.g. % of staff trained
- **Process indicators** – measuring features of the procurement process that are expected to contribute to Sustainable Procurement, e.g. % of procurement carried out with a sustainability checklist.
- **Outcome indicators** – measuring the impact of what is procured, e.g. circularity, embodied carbon, jobs created etc.



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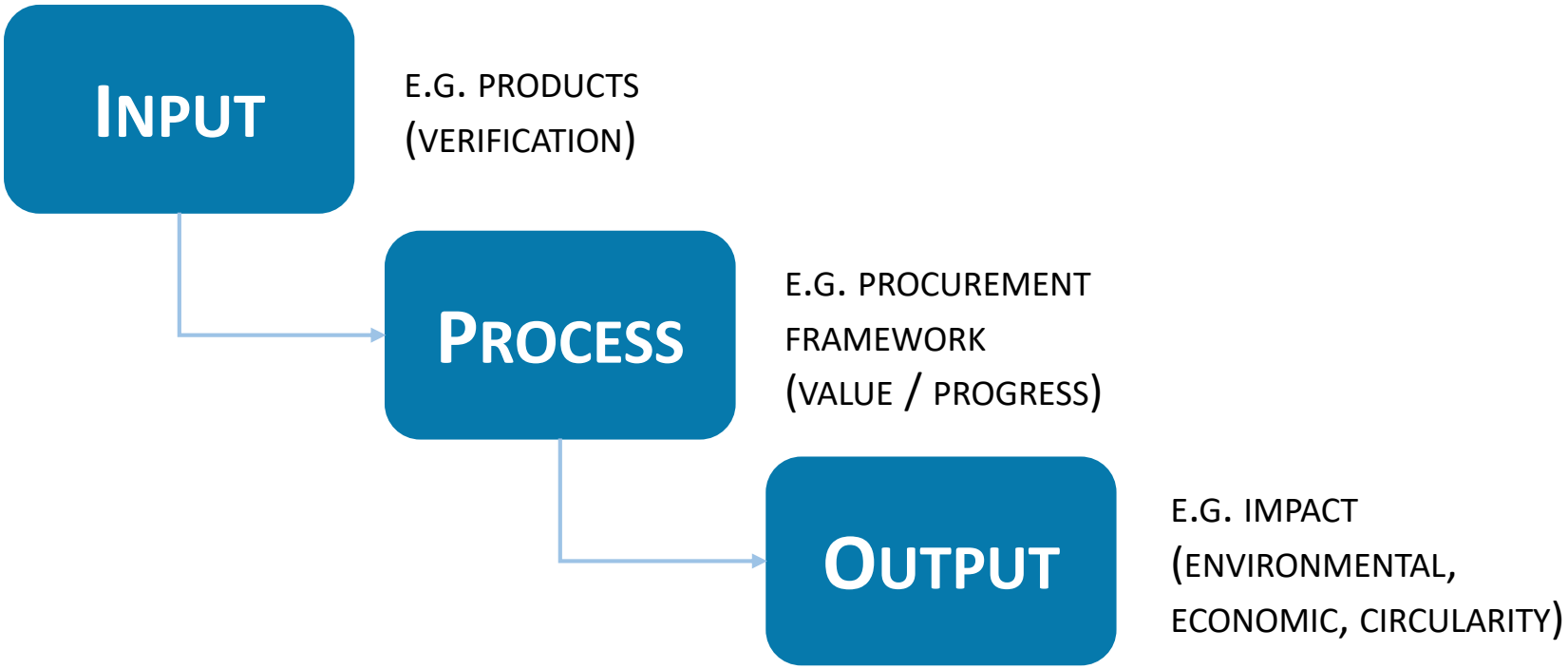
# Measuring impact: choosing the right indicator

- To achieve a full picture need a combination of operational, capacity, process and outcome based indicators.
- Are all indicators are of equal importance?
- Indicators should be proportionate (in number and form) to the ability to ability to measure and report.
- It may be appropriate to consider how to 'incentivise' both internal and external stakeholders to provide the relevant data, e.g. through performance and contract management objectives.
- When considering material flow indicators, market and environmental perspectives may not coincide, e.g. suppliers may not be able to deliver cost effectively in the short term.

# Circular procurement indicators



# Contract & performance management

**Impact linked to cost**

- Cost as a criterium?
- Use Life Cycle Costing, which includes environmental impacts

**Monitor performance in the contract**

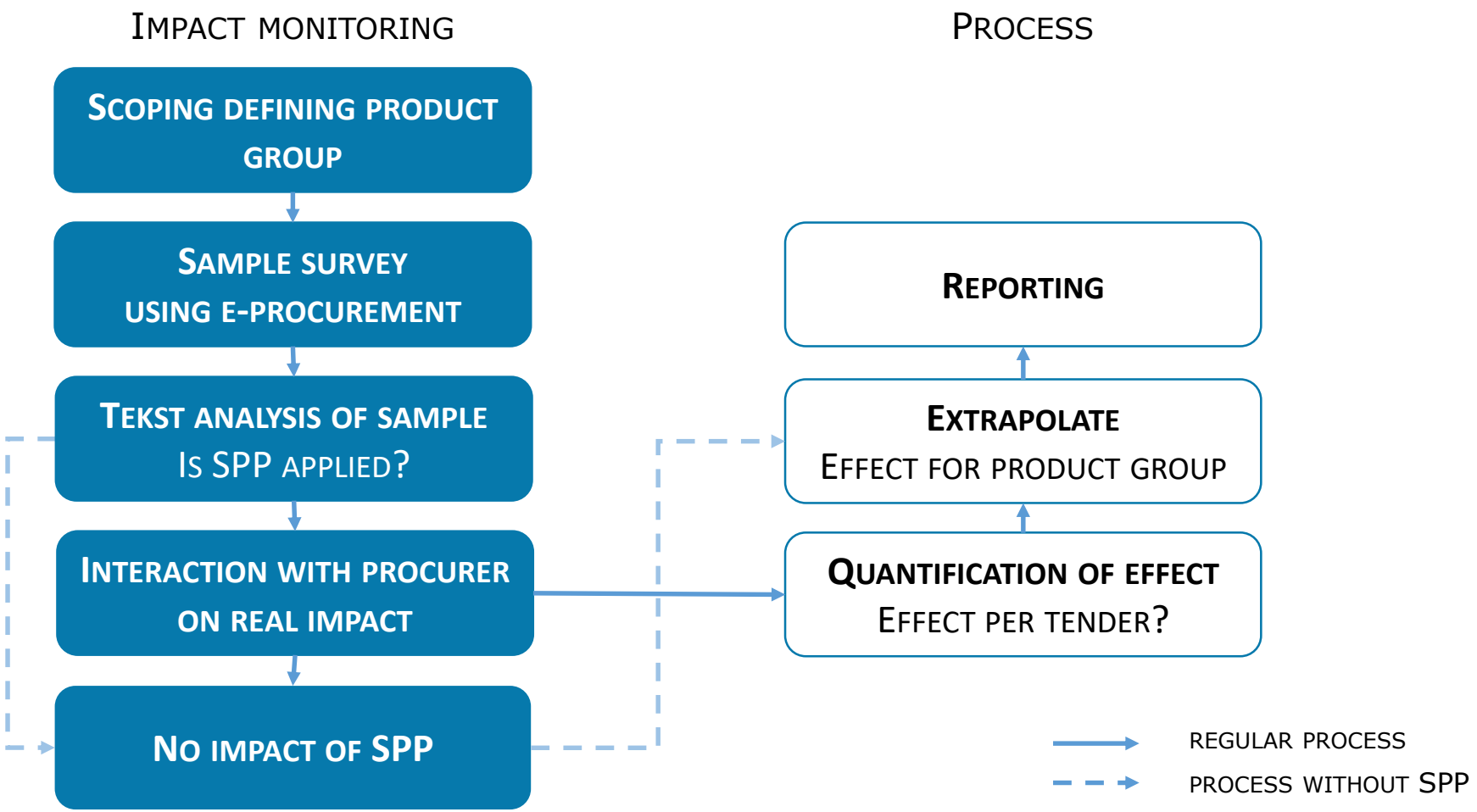
- Contract performance clauses are special conditions, not award criteria, and must be mentioned in procurement documents
- Performance clauses must be linked to the subject matter of the contract

**Monitor and evaluate the supplier**

- When the contract is awarded, performance clauses must be met
- Sanctions can be set when the supplier does not comply, e.g. a price sanction

**EXAMPLE**: IN DENMARK'S AWARD CRITERIA, PROCESS IS SCORED AGAINST COMMITMENTS FROM THE BIDDER. FOR THE SUCCESSFUL BIDDER, THESE COMMITMENTS BECOME BINDING IN THE CONTRACT.

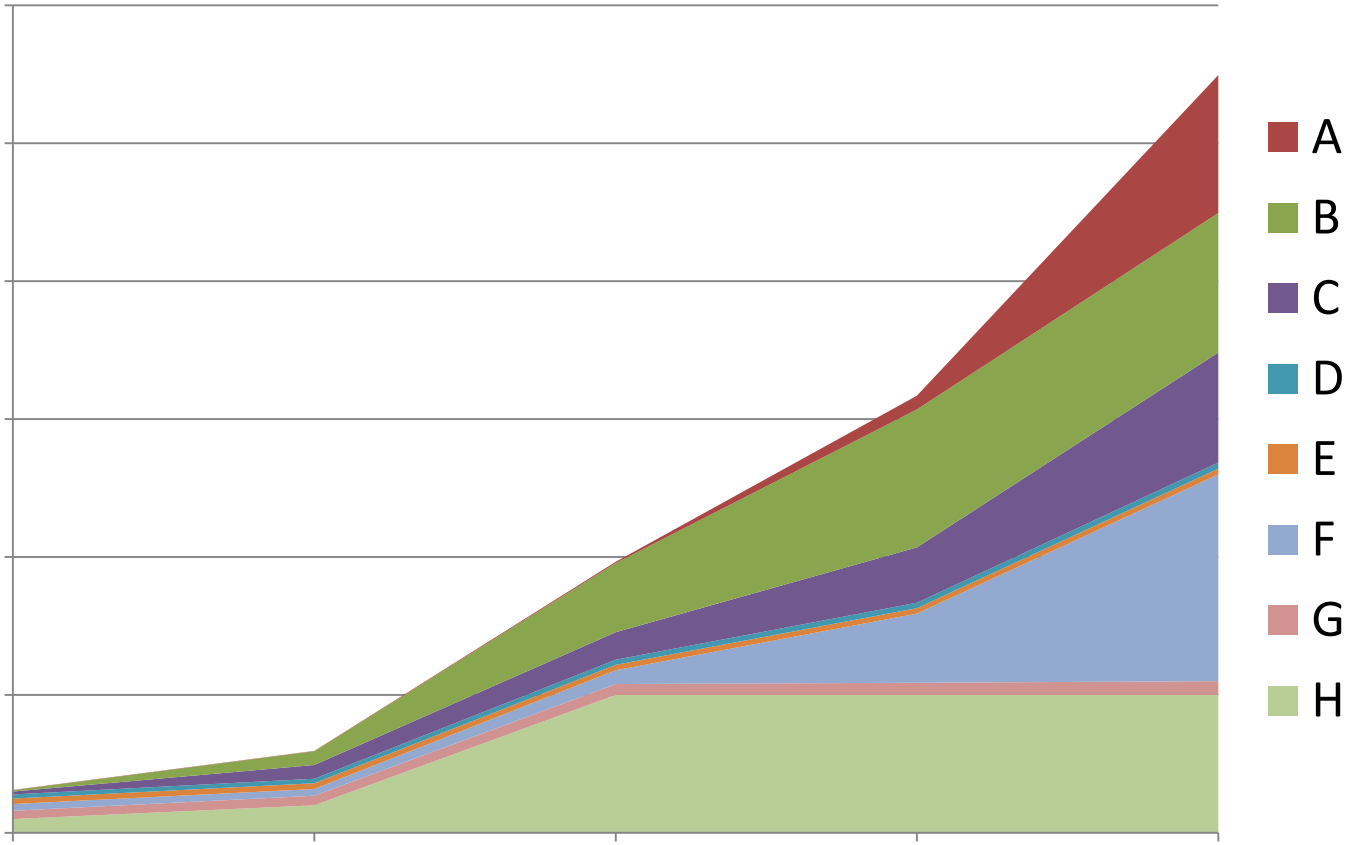
# Steps for impact monitoring



# SPP application in Dutch Green Deal tenders

| Productgroep | Type SP<br>Minimum requirement | Ambitious requirement | Allocation criteria | None |
|---|---|---|---|---|
| Workwear | 70% | 20% | 10% | 30% |
| Electricity | 90% | 0% | 10% | 10% |
| Solar Panels | 30% | 20% | 20% | 30% |
| Gaz | 70% | 0% | 20% | 30% |
| Traveling | 67% | 11% | 33% | 33% |
| Contract transport | 100% | 10% | 50% | 0% |
| Company cars | 80% | 20% | 40% | 20% |
| Taxi service | 100% | 30% | 60% | 0% |

# Impact monitoring: potential per product group



# SPP application: text vs actual change

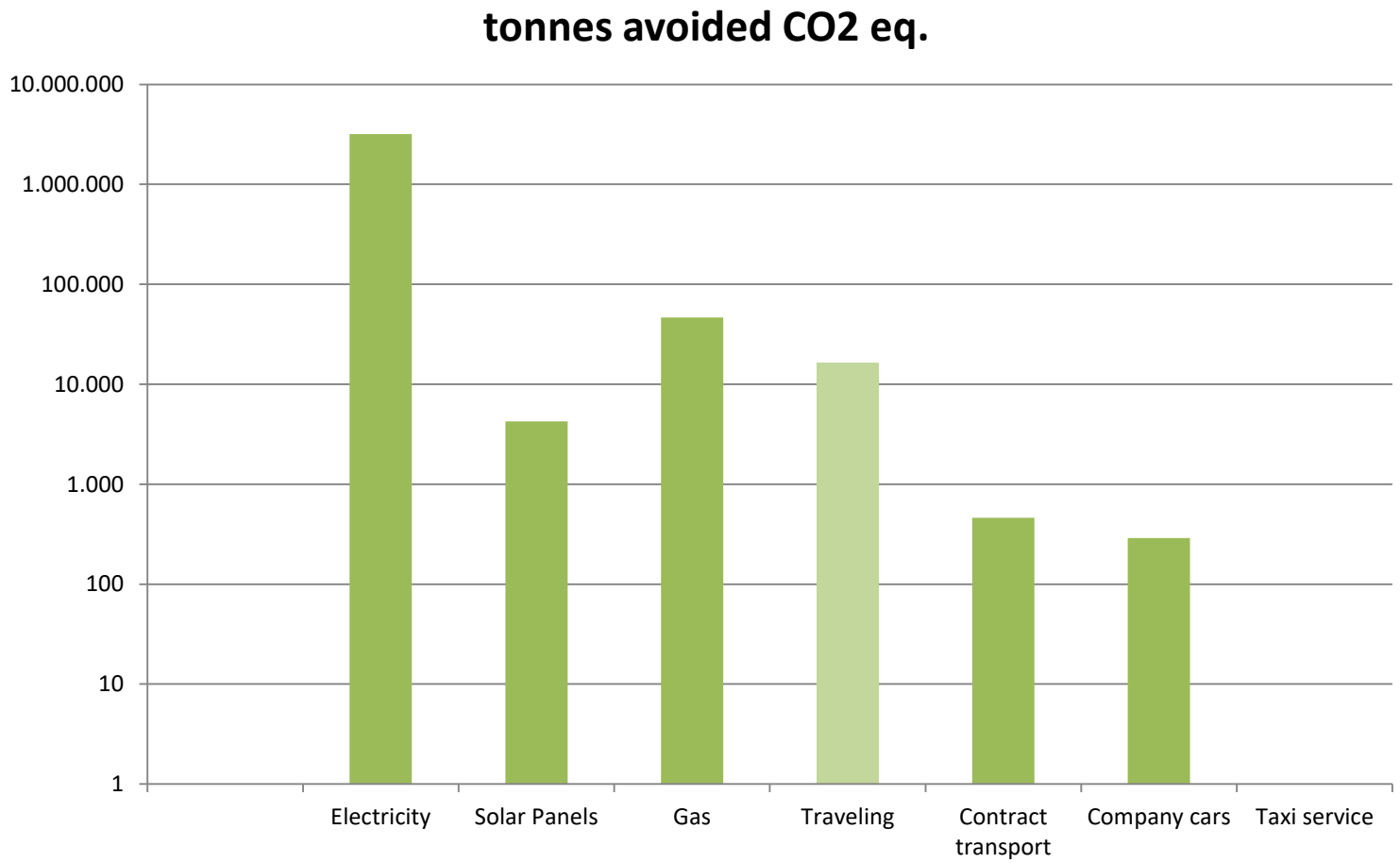
TEXT IN TENDER BRIEF

| Productgroup | Environment | Climate | Biobased | Circular | Soc. Intern. | Soc. Return |
|---|---|---|---|---|---|---|
| Workwear | 70% | 0% | 10% | 30% | 50% | 20% |
| Electricity | 0% | 90% | 0% | 0% | 20% | 10% |
| Solar Panels | 20% | | 0% | 20% | 20% | 30% |
| Gas | 0% | 70% | 10% | 0% | 0% | 10% |
| Traveling | 0% | 56% | 0% | 0% | 0% | 11% |
| Contract transport | 100% | 50% | 30% | 0% | 10% | 60% |
| Company cars | 80% | 60% | 10% | 0% | 20% | 10% |
| Taxi service | 100% | 50% | 0% | 0% | 30% | 70% |

ACTUAL CHANGE

| Productgroup | Environment | Climate | Biobased | Circular | Soc. Intern. | Soc. Return |
|---|---|---|---|---|---|---|
| Workwear | 38% | 0% | 0% | 3% | 0% | 11% |
| Electricity | | | | | | |
| Solar Panels | | | | | | |
| Gas | | | | | | |
| Traveling | 0% | 44% | 0% | 0% | 0% | 8% |
| Contract transport | 74% | | 50% | 0% | 0% | 74% |
| Company cars | 88% | 78% | 7% | 0% | 25% | 14% |
| Taxi service | | | | | | |

# SPP application: estimated $CO_2$ reduction



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Interreg
Baltic Sea Region

EUROPEAN UNION

EUROPEAN REGIONAL DEVELOPMENT FUND

CircularPP

# Contacts

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vanoppen@copper8.com

# Circular Public Procurement Training

Joan Prummel, Take Padding
Mervyn Jones

The Hague, 23-25 January 2018

# Building block 5

Thursday, January 25th

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*Ministry of Infrastructure and Water Management*

# Program outline

| Building block | Content |
|---|---|
| Tuesday afternoon (1)<br>13:00 – 18:00 | • Introduction to Circular Public Procurement<br>• Start with *why*<br>• Selecting high-potential product groups |
| Wednesday morning (2)<br>09:00 – 12:30 | • Internal co-operation<br>• External co-operation<br>• Asking the right question |
| Wednesday afternoon (3)<br>13:15 – 17:00 | • Procurement procedures<br>• Conditions & criteria<br>• Measuring circularity |
| Thursday morning (4)<br>09:00 – 12:30 | • Business models<br>• Contracting<br>• Determining impact |
| Thursday afternoon (5)<br>13:15 – 16:00 | • Organisation maturity<br>• Next steps: building an action plan<br>• Action plan presentations |

# Program Thursday afternoon

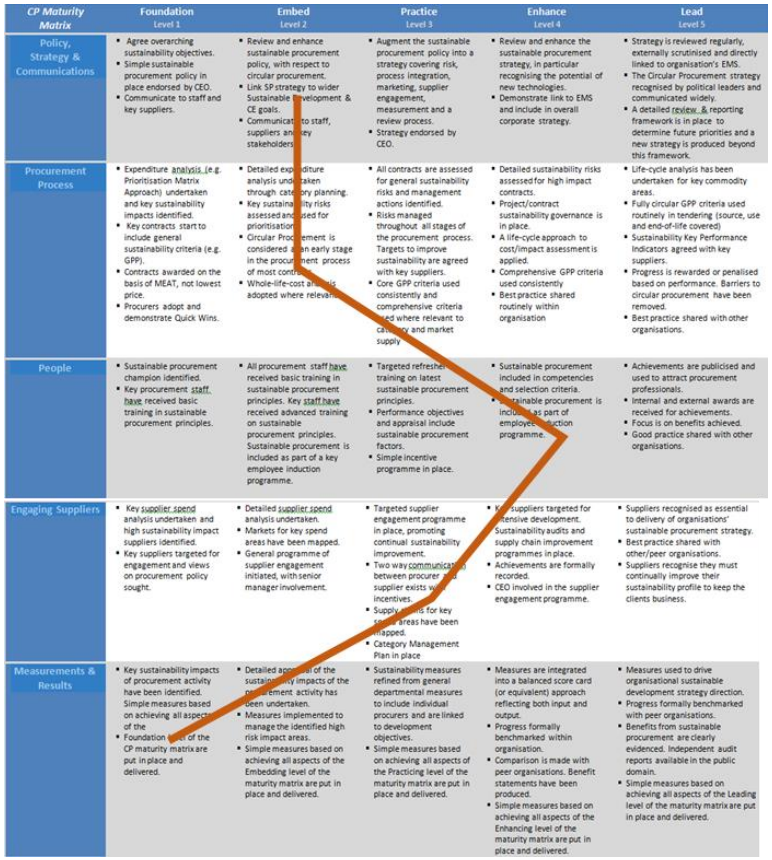
| Timing | Content |
|---|---|
| 13:15 (30 min) | **Organisation maturity** |
| 13:45 (60 min) | **Next steps: building an action plan**<br>• Introduction to action plan steps<br>• Building an action plan |
| 14:45 (60 min) | **Action plan presentations**<br>• Presentation per organisation<br>• Peer-to-peer feedback |
| 15:45 (15 min) | **Check-out** |
| 16:00 | Closing |

# Organisation maturity

# Organisation maturity model Circular Procurement

Circular procurment is more than just procurement criteria

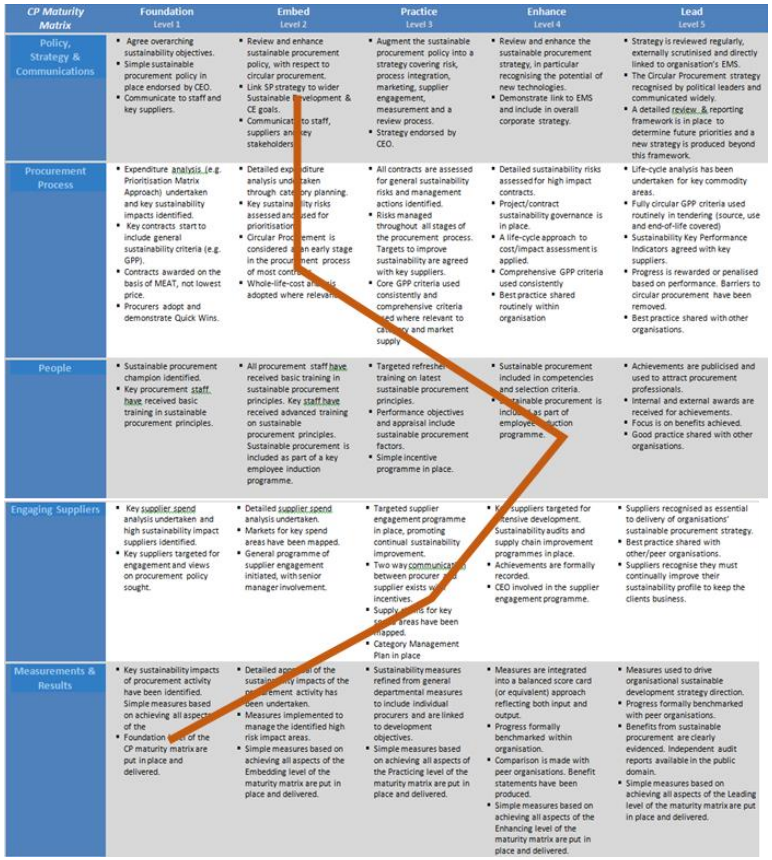
- Five themes:
  - Policy, Strategy & Communications
  - Procurement Process
  - People
  - Engaging Suppliers
  - Measurements & Results
- Five levels:
  - Foundation
  - Embed
  - Practice
  - Enhance
  - Lead



| CP Maturity Matrix | Foundation Level 1 | Embed Level 2 | Practice Level 3 | Enhance Level 4 | Lead Level 5 |
|---|---|---|---|---|---|
| Policy, Strategy & Communications | ▪ Agree overarching sustainability objectives.<br>▪ Simple sustainable procurement policy in place endorsed by CEO.<br>▪ Communicate to staff and key suppliers. | ▪ Review and enhance sustainable procurement policy, with respect to circular procurement.<br>▪ Link SP strategy to wider Sustainable Development & CE goals.<br>▪ Communicate to staff, suppliers and key stakeholders | ▪ Augment the sustainable procurement policy into a strategy covering risk, process integration, marketing, supplier engagement, measurement and a review process.<br>▪ Strategy endorsed by CEO. | ▪ Review and enhance the sustainable procurement strategy, in particular recognising the potential of new technologies.<br>▪ Demonstrate link to EMS and include in overall corporate strategy. | ▪ Strategy is reviewed regularly, externally scrutinised and directly linked to organisation's EMS.<br>▪ The Circular Procurement strategy recognised by political leaders and communicated widely.<br>▪ A detailed review & reporting framework is in place to determine future priorities and a new strategy is produced beyond this framework. |
| Procurement Process | ▪ Expenditure analysis (e.g. Prioritisation Matrix Approach) undertaken and key sustainability impacts identified.<br>▪ Key contracts start to include general sustainability criteria (e.g. GPP).<br>▪ Contracts awarded on the basis of MEAT, not lowest price.<br>▪ Procurers adopt and demonstrate Quick Wins. | ▪ Detailed expenditure analysis undertaken through category planning.<br>▪ Key sustainability risks assessed and used for prioritisation.<br>▪ Circular Procurement is considered at an early stage in the procurement process of most contracts.<br>▪ Whole-life-cost analysis adopted where relevant. | ▪ All contracts are assessed for general sustainability risks and management actions identified.<br>▪ Risks managed throughout all stages of the procurement process. Targets to improve sustainability are agreed with key suppliers.<br>▪ Core GPP criteria used consistently and comprehensive criteria used where relevant to category and market supply. | ▪ Detailed sustainability risks assessed for high impact contracts.<br>▪ Project/contract sustainability governance is in place.<br>▪ A life-cycle approach to cost/impact assessment is applied.<br>▪ Comprehensive GPP criteria used consistently<br>▪ Best practice shared routinely within organisation | ▪ Life-cycle analysis has been undertaken for key commodity areas.<br>▪ Fully circular GPP criteria used routinely in tendering (source, use and end-of-life covered)<br>▪ Sustainability Key Performance Indicators agreed with key suppliers.<br>▪ Progress is rewarded or penalised based on performance. Barriers to circular procurement have been removed.<br>▪ Best practice shared with other organisations. |
| People | ▪ Sustainable procurement champion identified.<br>▪ Key procurement staff have received basic training in sustainable procurement principles. | ▪ All procurement staff have received basic training in sustainable procurement principles. Key staff have received advanced training on sustainable procurement principles. Sustainable procurement is included as part of a key employee induction programme. | ▪ Targeted refresher training on latest sustainable procurement principles.<br>▪ Performance objectives and appraisal include sustainable procurement factors.<br>▪ Simple incentive programme in place. | ▪ Sustainable procurement included in competencies and selection criteria.<br>▪ Sustainable procurement is included as part of employee induction programme. | ▪ Achievements are publicised and used to attract procurement professionals.<br>▪ Internal and external awards are received for achievements.<br>▪ Focus is on benefits achieved.<br>▪ Good practice shared with other organisations. |
| Engaging Suppliers | ▪ Key supplier spend analysis undertaken and high sustainability impact suppliers identified.<br>▪ Key suppliers targeted for engagement and views on procurement policy sought. | ▪ Detailed supplier spend analysis undertaken.<br>▪ Markets for key spend areas have been mapped.<br>▪ General programme of supplier engagement initiated, with senior manager involvement. | ▪ Targeted supplier engagement programme in place, promoting continual sustainability improvement.<br>▪ Two way communication between procurer and supplier exists with incentives.<br>▪ Supply risks for key spend areas have been mapped.<br>▪ Category Management Plan in place | ▪ Key suppliers targeted for extensive development. Sustainability audits and supply chain improvement programmes in place.<br>▪ Achievements are formally recorded.<br>▪ CEO involved in the supplier engagement programme. | ▪ Suppliers recognised as essential to delivery of organisations' sustainable procurement strategy.<br>▪ Best practice shared with other/peer organisations.<br>▪ Suppliers recognise they must continually improve their sustainability profile to keep the clients business. |
| Measurements & Results | ▪ Key sustainability impacts of procurement activity have been identified. Simple measures based on achieving all aspects of the<br>▪ Foundation level of the CP maturity matrix are put in place and delivered. | ▪ Detailed appraisal of the sustainability impacts of the procurement activity has been undertaken.<br>▪ Measures implemented to manage the identified high risk impact areas.<br>▪ Simple measures based on achieving all aspects of the Embedding level of the maturity matrix are put in place and delivered. | ▪ Sustainability measures refined from general departmental measures to include individual procurers and are linked to development objectives.<br>▪ Simple measures based on achieving all aspects of the Practicing level of the maturity matrix are put in place and delivered. | ▪ Measures are integrated into a balanced score card (or equivalent) approach reflecting both input and output.<br>▪ Progress formally benchmarked within organisation.<br>▪ Comparison is made with peer organisations. Benefit statements have been produced.<br>▪ Simple measures based on achieving all aspects of the Enhancing level of the maturity matrix are put in place and delivered. | ▪ Measures used to drive organisational sustainable development strategy direction.<br>▪ Progress formally benchmarked with peer organisations.<br>▪ Benefits from sustainable procurement are clearly evidenced. Independent audit reports available in the public domain.<br>▪ Simple measures based on achieving all aspects of the Leading level of the maturity matrixare put in place and delivered. |

# Discussion

**What is your overall organisation maturity?**



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| People | ▪ Sustainable procurement champion identified.<br>▪ Key procurement staff have received basic training in sustainable procurement principles. | ▪ All procurement staff have received basic training in sustainable procurement principles. Key staff have received advanced training on sustainable procurement principles. Sustainable procurement is included as part of a key employee induction programme. | ▪ Targeted refresher training on latest sustainable procurement principles.<br>▪ Performance objectives and appraisal include sustainable procurement factors.<br>▪ Simple incentive programme in place. | ▪ Sustainable procurement included in competencies and selection criteria.<br>▪ Sustainable procurement is included as part of employee induction programme. | ▪ Achievements are publicised and used to attract procurement professionals.<br>▪ Internal and external awards are received for achievements.<br>▪ Focus is on benefits achieved.<br>▪ Good practice shared with other organisations. |
| Engaging Suppliers | ▪ Key supplier spend analysis undertaken and high sustainability impact suppliers identified.<br>▪ Key suppliers targeted for engagement and views on procurement policy sought. | ▪ Detailed supplier spend analysis undertaken.<br>▪ Markets for key spend areas have been mapped.<br>▪ General programme of supplier engagement initiated, with senior manager involvement. | ▪ Targeted supplier engagement programme in place, promoting continual sustainability improvement.<br>▪ Two way communication between procurer and supplier exists with incentives.<br>▪ Supply chains for key spend areas have been mapped.<br>▪ Category Management Plan in place | ▪ Key suppliers targeted for intensive development. Sustainability audits and supply chain improvement programmes in place.<br>▪ Achievements are formally recorded.<br>▪ CEO involved in the supplier engagement programme. | ▪ Suppliers recognised as essential to delivery of organisations' sustainable procurement strategy.<br>▪ Best practice shared with other/peer organisations.<br>▪ Suppliers recognise they must continually improve their sustainability profile to keep the clients business. |
| Measurements & Results | ▪ Key sustainability impacts of procurement activity have been identified. Simple measures based on achieving all aspects of the<br>▪ Foundation level of the CP maturity matrix are put in place and delivered. | ▪ Detailed appraisal of the sustainability impacts of the procurement activity has been undertaken.<br>▪ Measures implemented to manage the identified high risk impact areas.<br>▪ Simple measures based on achieving all aspects of the Embedding level of the maturity matrix are put in place and delivered. | ▪ Sustainability measures refined from general departmental measures to include individual procurers and are linked to development objectives.<br>▪ Simple measures based on achieving all aspects of the Practicing level of the maturity matrix are put in place and delivered. | ▪ Measures are integrated into a balanced score card (or equivalent) approach reflecting both input and output.<br>▪ Progress formally benchmarked within organisation.<br>▪ Comparison is made with peer organisations. Benefit statements have been produced.<br>▪ Simple measures based on achieving all aspects of the Enhancing level of the maturity matrix are put in place and delivered. | ▪ Measures used to drive organisational sustainable development strategy direction.<br>▪ Progress formally benchmarked with peer organisations.<br>▪ Benefits from sustainable procurement are clearly evidenced. Independent audit reports available in the public domain.<br>▪ Simple measures based on achieving all aspects of the Leading level of the maturity matrix are put in place and delivered. |

# Building an action plan

# Next steps on three levels

**TAKING FIRST ACTIONS** ON AN INDIVIDUAL LEVEL

**Action plan**
*Building next steps*

**EXPERIMENTING** ON A PROJECT LEVEL

**Tender brief**
*Combined case assignments*

**IMPLEMENTATION** ON ORGANISATION LEVEL

# Recap: training program

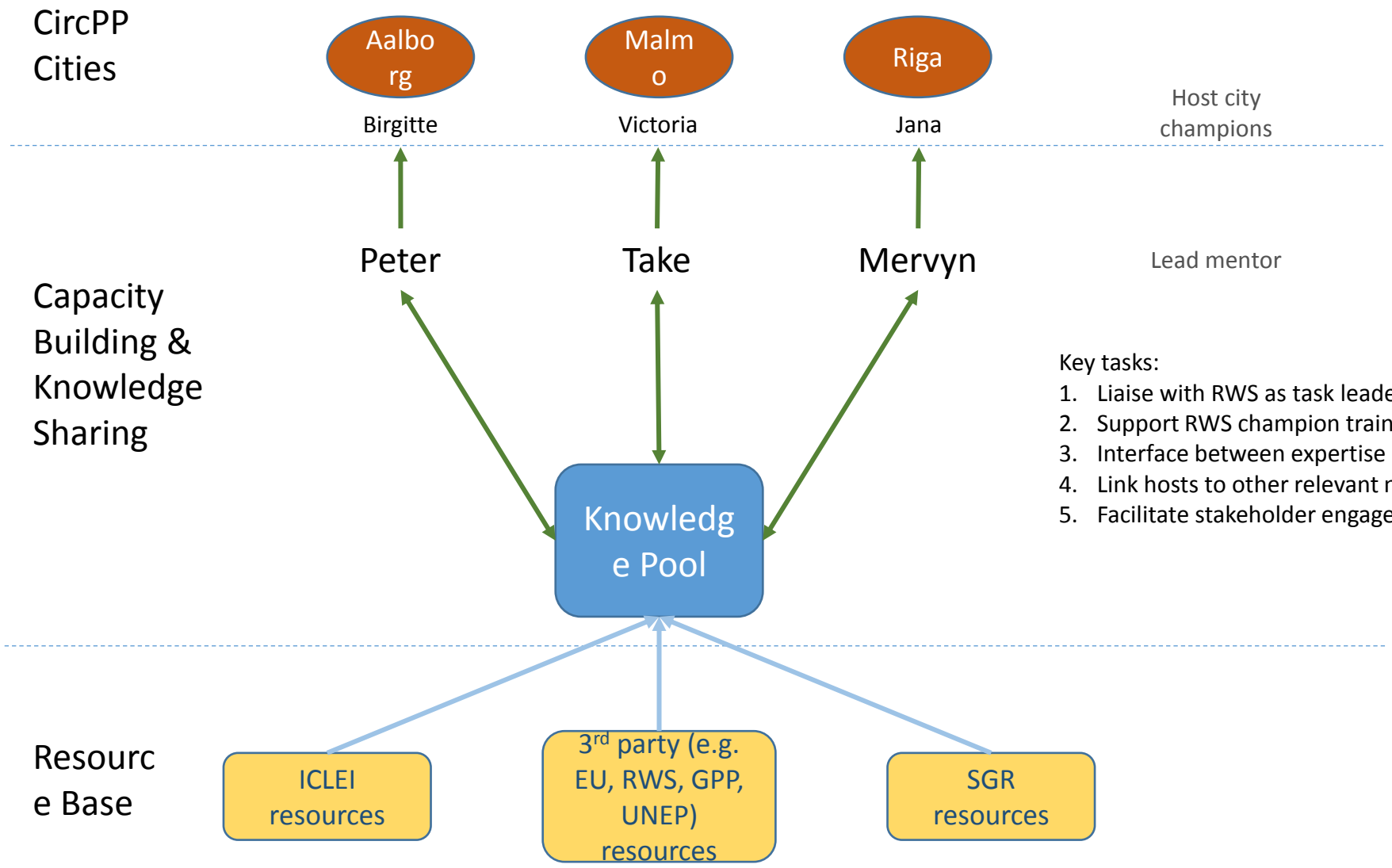
**Block 1: Start with *why***
*Why* on personal and organisation level

**Block 2: Collaboration**
The importance of internal and external collaboration

**Block 3: Procedures, requirements & criteria**
Important steps for a good tender

**Block 4: Business models & contracting**
Incentives to make your circular contract work

# WP3.2 mentoring approach



# Individual action plan: five next steps

**Step 1: Define your starting point and organisation *why***
Use maturity model insights and insights from block 1

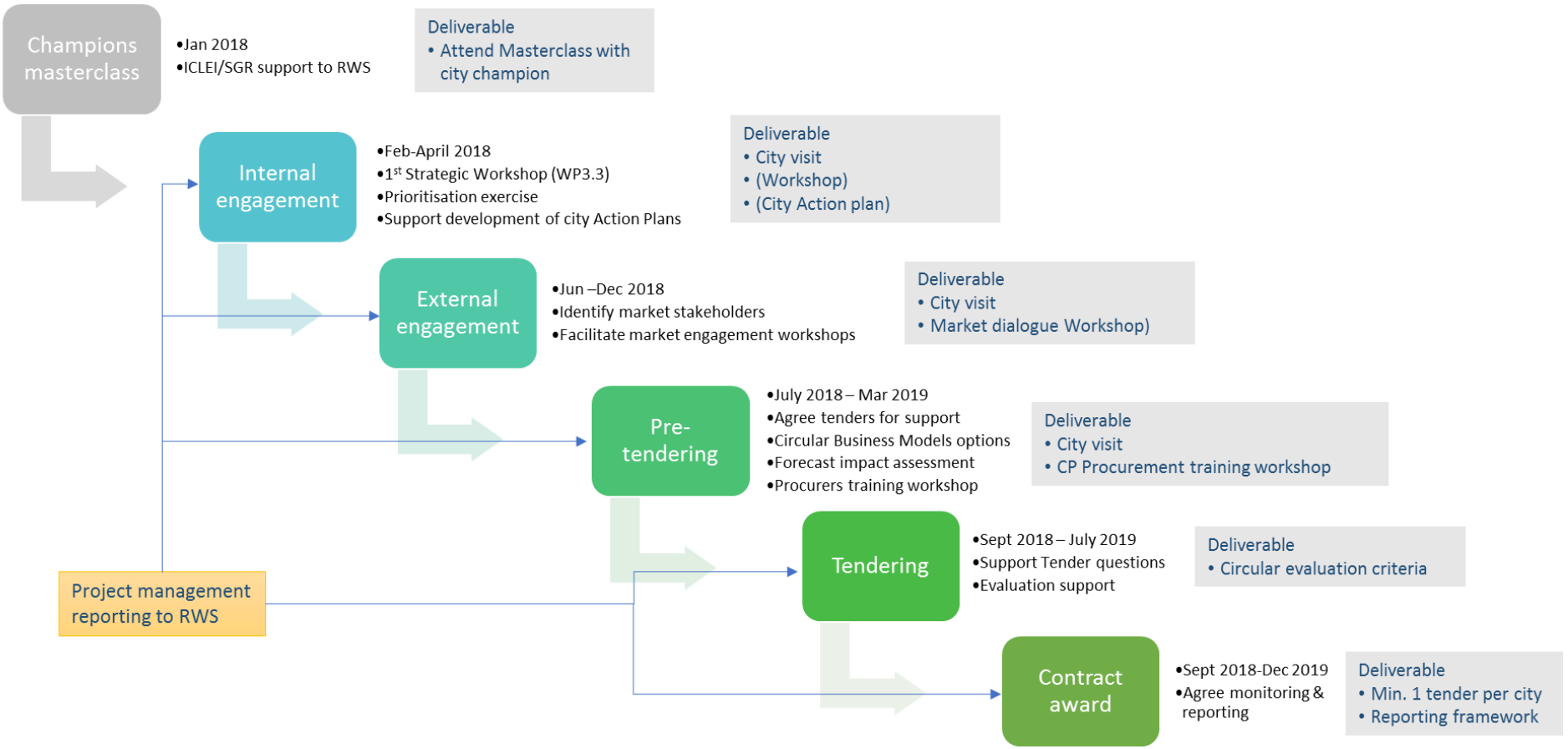
**Step 2: Assess implications for procurement**
Use insights from block 2 and develop a target for CP

**Step 3: Select high-potential product groups**
Use provided frameworks (and procurement planning)

**Step 4: Develop internal stakeholder support**
Inventarize stakeholders and find their common interest

**Step 5: Next steps for the coming months**
Determine next steps and timescale

# Outline approach with timescale for each city



# Some questions

- How to ensure internal support?
  - What evidence is required
  - Who needs to be involved
- How to choose a pilot?
  - Which category
  - What is your rationale
- How to determine your need?
  - prioritisation
- How to engage the market?
  - What evidence is required
  - Who needs to be involved
- How to determine your definition (system boundaries, scope) on circularity?
- How to determine procurement strategy and procedure?
  - Part of action plan
- How to determine specifications?
  - When does this need to be done
  - Who is involved
- How to evaluate offers?
  - Who is involved
- How to make your next step in CP? On a project level, and on an organisational level

# Presentations

## Action plan presentation & peer feedback

# Check-out

## How do you feel?

Rijkswaterstaat
*Ministry of Infrastructure and Water Management*

Interreg
Baltic Sea Region

EUROPEAN UNION

EUROPEAN REGIONAL DEVELOPMENT FUND

CircularPP

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