

Inclusive Business CHECKLIST



Designing effective programmes for ethical supplier performance

- Are you considering implementing a programme to improve social or environmental performance of your supply chain?
- Are you aiming to work collaboratively with your suppliers to make these programmes effective?

Businesses aiming to improve social and environmental performance in their supply chains are increasingly using an 'inclusive' approach, through which benefits are shared between supply chain actors.

For many years companies have been managing their supply chains using a compliance approach. While this can identify and reduce risk, it has not proven effective in improving performance against important social and environmental issues.

Companies are now developing a new approach to drive long term improvements through their supply chains. This involves working in collaboration with their suppliers to achieve mutually beneficial outcomes.

Is the collaborative approach appropriate?

Can you identify social/environmental performance issues which have a commercial impact on your business AND are important to suppliers? If so, define mutually beneficial outcomes around them.

Is your company ready for increased engagement with suppliers, rather than hands-off compliance? And aiming for value creation not just value protection? If so, proceed to design.

What considerations will help deliver effective design?

The Company: strong rationale, appropriate resources and clear plan?

Business case and internal buy-in

- Is the commercial rationale for the programme understood and supported, by senior management and all relevant functional departments?
- Do you have the internal capacity and investment approvals to run such a programme?

Defining and tracking success

- Have you defined expected outcomes and impacts, and articulated KPIs for measuring success?
- Are there systems for tracking KPIs, plus honest feedback and problem resolution in place?

This document is intended for: senior management and functional heads.

Sector: It is based on experience of retailers in the garments sector but many of the principles are applicable for other businesses with manufacturing supply chains

Inclusive Business Checklists

provide a quick and simple way to determine how effective an idea, tool or model might be for your inclusive business project. They can be used by inclusive business practitioners, to develop and scale up business strategies. They are based on the real-world experiences of companies actively expanding opportunities for people at the base of the economic pyramid through their core business activities.

Defining the Business Case

Commercial drivers would include:

- Reduce costs
- Protect against risk and negative media and NGO exposure
- Security of supply
- Licence to operate
- Build reputation
- Strengthen relationships with stakeholders such as governments, investors and customers
- Competitive differentiation

Prioritising suppliers

Factors to consider would include:

- Amount of spend with supplier
- Proportion of supplier's business you represent
- Criticality of the supplier to your business
- Level of trust that exists
- Length and history of relationship

Selecting your suppliers

- Are there clear criteria for selecting suppliers for programme participation?
- Is there a trusted relationship with them?

Defining and tracking success

- Is there a process for senior management to review the programme, and take it to scale?

The supplier: Are the suppliers convinced that there is value for them?

Supplier buy-in and capacity

- Do suppliers understand the business case and have management bought in?
- Do senior and middle management have the capacity to support the programme?
- Are suitable training programmes and other forms of support provided?

Monitoring and evaluation

- Does the supplier understand the monitoring and evaluation requirements?
- Is there a mechanism to provide open and honest feedback to the company on the progress of the intervention?

Other stakeholders: Are their concerns understood and priorities integrated?

Stakeholders could include, for example, employees of the supplier, tier 2 suppliers and the community

- Were beneficiaries consulted to understand their concerns and what would constitute success for them?
- Are workers allowed to participate in the programme without sacrificing pay for time spent?
- Are beneficiary concerns appropriately reflected within the monitoring and evaluation framework, and KPIs?

Partnerships: Are you leveraging the expertise of others?

- Is there a skills gap for implementing your programme?
- Have you identified appropriate implementing partners? Will they also have capacity to support a future scale-up phase?
- Have you considered external sources of funding or donor support that you could leverage?
- Have you considered partnering with peer companies and/or government to address sector wide issues?

This checklist is based on the work of Arjun Bhoopal, Sustainability and Inclusive Business consultant at PricewaterhouseCoopers. It draws directly on project work within the Business Innovation Facility in Bangladesh. This Checklist should be read in conjunction with [the Project Resource: Marks and Spencer Ethical Model Factory](#). This document outlines the challenges and success factors related to the M&S programme which works with suppliers to improve working conditions, productivity and production reliability.

→ For further information and more resources on inclusive business visit the: www.inclusivebusinesshub.org



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