

Supply Chain School Horizon Group Meeting

Date: Tuesday 17th December 2019; 10:00-13:00

Venue: White Collar Factory, Old Street, London.

Attendees: Laura Spence (*Royal Holloway, University of London – Chair*), Shaun McCarthy (*Action Sustainability*), Cathy Berry (*Action Sustainability (AS)-Horizon Group Manager*), Iain Walpole (*Hanson*), Erica Russell (*University of Surrey*), Tony Parry (*University of Nottingham*), Peter Demian (*University of Loughborough*), Asselya Katenbayeva (*University of Loughborough*), James Vosper (*Willmott Dixon*)

Apologies: Arjun Thirunavukarasu (*BAM Nuttall*), Andrew Day (*Telford Homes*), Nick Ingram (*Skanska*), (Lendlease), Sarah-Jane Davies (*Sisk*), Alexander Trautrimis (*University of Nottingham*), Simon Tranter (*Willmott Dixon*), Sophia Cox (*UK Green Building Council - UKGBC*), Richard Smith (*Offgrid Energy*), Richard Bayliss (*CITB*), Emma Hines (*Tarmac*), Eddy Taylor (*Laing O'Rourke*), Anthony Lavers (*Taylor Wimpey*), Kieran Brocklebank (*United Utilities*), Lucy Barton (*ISG*), Wyn Pritchard (*Neath Port Talbot College, Anastasios Skitzis (Lendlease)*), Kenneth Park (*Aston University*), Alice Owen (*University of Leeds*), Jenny Lowe (*Aggregate Industries*)

Minutes of the Meeting

1. Introductions

Cathy Berry welcomed everyone to the final meeting of the Horizon Group and introduced James Vosper from Willmott Dixon.

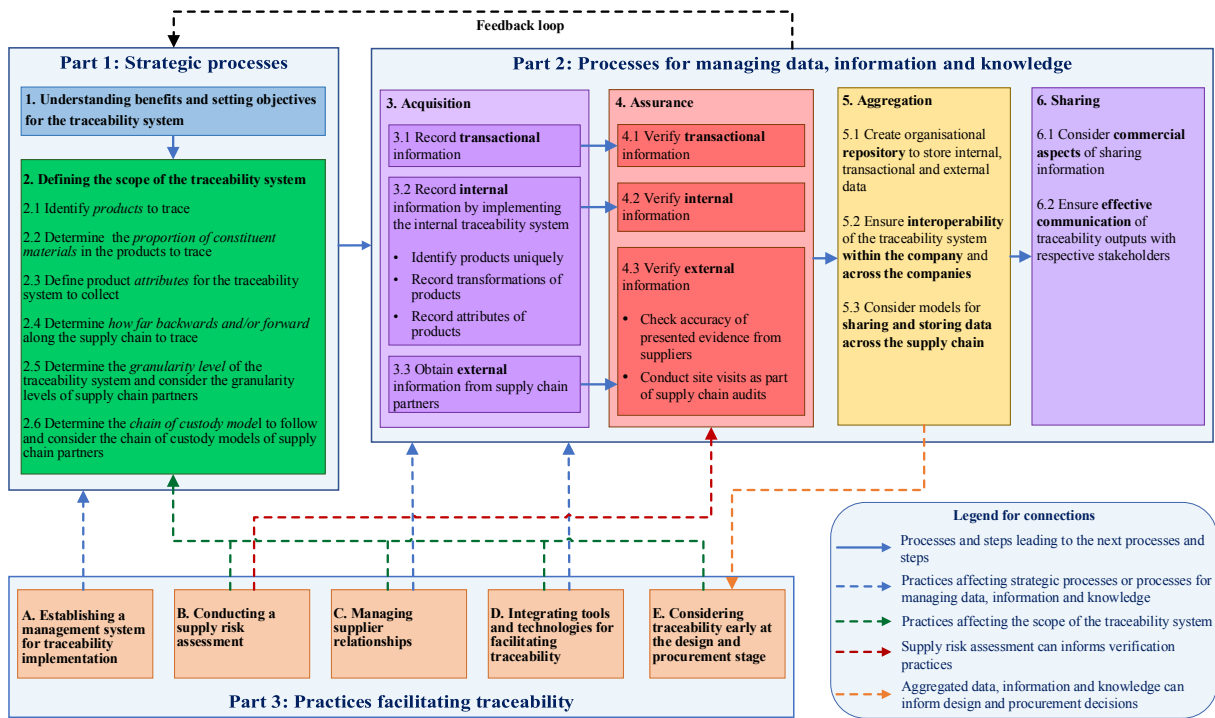
2. School update

Shaun McCarthy provided a brief School update noting the School has 88 current partners spread across various industry sectors and supported by a strong pipeline. Other key points:

- School has successfully launched its new website and has enjoyed a 60-70% increase in email traffic. A new platform launched earlier on 17.12.19 for the Australian Supply Chain Sustainability School and an Off Site School platform has recently launched in France.
- The School has developed dedicated procurement pages which provide sustainability information from the context of a procurement professional using a typical procurement process perspective.
- The School has been awarded CITB funding of £1.1m across 3 years to provide procurement training and uplift procurement skills across the sector. Helen Carter is leading this work, which ranges from basic training for non-procurement professionals to best practice ICE collaborative procurement methods. A skills diagnostic will be developed to help identify and address the training gap that is perceived to be evident after contracts have been let.
- A further £400k of CITB funds has been awarded over 3 years to promote digitization across the Sector. The practices adopted by the Thames Tideway Joint venture between Costain and Skanska will be used as a model of best practice.
- Business planning for the next financial year starting 1.4.20 is now underway.

3 Asselya Katenbayeva Supply Chain Traceability- PhD Research sponsored by BRE

Asselya presented her research to the Group in Sept 2018 and returned to share her findings following research into traceability practices across other sectors and interviews with 15x large construction product manufacturers and 15x contractors. Asselya has developed a three part framework (illustrated below)



- Part 1 considers the strategic objectives and intended benefits to be derived plus the important issues an organization must consider when setting a traceability strategy, scope and developing supporting processes. It is accepted that different sectors and different organisations have differing reasons for ensuring traceability. Maturity related to traceability also varies significantly by industry sector, for example the automotive industry and oil and gas sector both have highly developed traceability practices driven by tight safety and quality standards.
 - Historically traceability has been backwards looking to raw material sources and manufacturing in upstream supply chains, however an increasing desire to look at the downstream supply chain to end uses is now being evidenced.
 - Part 2 of the framework considers processes for managing data, information, data integrity and knowledge. Considerations around data use/sharing, data ownership and data storage were highlighted. 5 models for sharing and storage of data across supply chains were evidenced.
 - Technology options are available to promote traceability but this must consider the end use, future data needs and cost implications. RFID tagging can be expensive but if used properly may lead to whole life cost savings if they feed into BIM/ end use asset management and enable circularity/re-use.
 - The Group agreed that the Grenfell tragedy should emphasise both the need and responsibility to provide visibility, product information and traceability.
 - Part 3 of the framework considers practices that can facilitate and promote traceability. Please see the detailed slides circulated with these minutes for further detail.
 - The Group completed a research feedback questionnaire related to the relevance and applicability of the framework and Cathy Berry agreed to share the content with the other Leadership group managers with a view to asking Asselya to share her findings more widely across the School. Shaun McCarthy agreed that the finding could be adapted to learning content for the School. **Action: Cathy Berry to share presentation with Sector Group Managers**
 - The Group thanked Asselya for sharing this relevant research.
- 3. Business Ethics-** Laura Spence presented a short review of her current research in the field of Business Ethics. The slides are included with these minutes. Key points noted were:

- Ethics has different meanings to different people and over time the interpretation and meaning of ethics has shifted with political perspectives at the fore currently and environmental perspectives now returning due to global climate change.
- Various definitions of business ethics were explored and various theories of how we judge what is ethical were considered (see slides for details). 5 key theories were explored:
 - Utilitarianism
 - Kantianism
 - Social Contract Theory
 - Virtue Ethics
 - Ethics of care
- Research conducted by Laura to explain small business actions around corporate social responsibility (CSR) can best be explained by an ethic of care where personalized, informal, communications and mechanisms are evidenced. People do not typically act as rational, impartial individuals but rather actions are relationship based and often driven by the leadership and behaviours of the owner/manager and/or founder of the company. The slide below summarises the features of this theory aligned to practices evidenced in small businesses.

Ethic of Care Feature & Reasoning	Small Business Social Responsibility (SBSR)
Meeting the needs of others for whom we take responsibility	Caring for family, community members, and dependents of the business (e.g. employees).
Valuing emotions	Informal, personalized communication mechanisms.
Accepts partiality	Partisan perspective in relation to those close to the business. Leadership of the owner-manager/founder.
The private sphere as a territory for morality	Informal, relationships and flat hierarchy. Inclusion of family in business life, conflation of public and private reputation.
People are relational and inter-dependent	Relationship based, dependence on personal integrity, reputation and trust with business partners.

- Research also indicates that small businesses are less interested in CSR communications and unlike large firms do not spend money communicating CSR practices to support marketing and branding. However this does not mean that they are not acting ethically and do evidence local 'authentic' social responsibility practices.
- Small businesses largely win business based on reputation and network recommendations and may recommend competitors to help provide a customer solution. As such 'corporate type' communications are less relevant.
 - The research concluded that larger firms are generally good at communicating SR but struggle to implement it whilst smaller firms struggle to communicate but are better at delivery. See table 1 below that describes implicit CSR (Corporate Social Responsibility) communications typical of small companies compared to explicit communications evidenced in large organisations. SMEs under pressure to meet large customer expectations may suffer from authenticity and values dilemmas as a result of such differing approaches.

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Table I. Implicit CSR communication and explicit CSR communication.

	Implicit CSR communication	Explicit CSR communication
CSR communication rationality	Values. Beliefs of founder, integrity, and ethos is expressed in practices and norms, local/ industry reputation, word-of-mouth	Strategic. Corporate branding, CSR reports, webpages, corporate vision statements, codes of conduct, standards certification
Primary stakeholder orientation of CSR communication	Orientated towards employees, families, and local community, customers and suppliers	Orientated towards national and international authorities, customers and suppliers
Contextualization of CSR communication	Culturally dependent communication, defined by founder, proximity, 'close to home'	Standardized responses to external expectations, adherence to CSR standards and guidelines, defined by external authorities
Formality of communication about CSR practices	Informal dialogue, engaging with stakeholders, personalized nature of communication	Formalized into codes of conduct that are assumed to apply across organizational geographical boundaries

- Laura also noted that worker perspectives are also key and referenced recent research on decent work and economic growth in the South Indian garment industry. Significant advances have been made in working conditions but challenges still exist with reports of:
 - Lingering child and forced labour
 - Social audit evasion
 - Structural conditions: cost, time, flexibility pressures on business. Embedded inequalities and limited choice.
 - Systematic and embedded poor working conditions
- The presentation concluded with some important points to remember which are:
 - Without SMEs, we only understand a small proportion of business ethics and responsibility
 - Business ethics for SMEs is relational, personal and informal
 - SMEs may not communicate ethics and social responsibility effectively, but practice and operations can be advanced compared to large firms
 - SMEs under pressure to meet large customer expectations may suffer from authenticity and values dilemmas
 - A worker's perspective is needed to understand fully, not just a manager's viewpoint
 - Finally, a great deal can be *learned* from small business

4. School Academy (Replacement to the Horizon Group) – Shaun McCarthy

- Shaun provided an update on the progress of the School Academy (this is a working title until a final representative name for the new approach is agreed). He stressed that despite the Horizon Group disbanding that the School was very keen to maintain academic links and encouraged academic members to look into and get involved in the other School Leadership Groups, Category Groups and Special Interest Groups (SIGS). School Groups and structure is depicted below:



- The final shape, structure and funding model of the School Academy has yet to be agreed with differing views and ambitions of Partners across the School. Some Partners want to leverage the collaborative power (and procurement spend) of the School to drive and influence change whilst others prefer to keep the School as a key learning vehicle to flow down learning through construction sector supply chains.
- The School Academy is currently recommended to be an advisory group to the Board that will consist of Partners, key industry influencers and academics. Recommendations will be supported by analysis of the best available research and expertise in the industry and beyond. The intent is to; challenge current assumptions, establish a “Thought Leadership” agenda and enable delivery of practical solutions to current problems with measurable results through a dedicated expert team.
- Bi-annual “summits” will take place backed by established research based on themes recommended by the group and supported by the Board to identify and address priority problems in the sector.
- The funding model has not been agreed so the budget previously allocated to the Horizon Group will be used in 2020 to run one pilot including a mid year summit meeting. CITB are interested in a joint approach and Shaun McCarthy will meet the Research Director to explore further.
- Peter Demian queried how academics and universities will still be able to retain access to the School to progress research and deliver impact. The group agreed that that this pathway needs to remain open and be clearly defined. This challenge will be picked up by the future academy manager to ensure that the School plays a recognized role in translating research into operational practice.

5. AOB

- Laura thanked the team and Cathy Berry for the support received over the past 3 years that she has chaired the group and Cathy Berry thanked the Laura for her dedication and commitment to the Group.
- Shaun McCarthy noted that he is now the main point of contact for any residual Horizon Group matters and any future enquiries. Shaun’s email is shaun@actionsustainability.com and contact number is: +447986567654
- Finally a thank you to all the Horizon Group participants and contributors over the years; the meetings have covered a multitude of issues, have generated lively debates and been hugely thought provoking. As the manager of the Group I will miss this diversity of insights and opinions and hope our paths cross in the future. Best wishes to all, Cathy Berry.