

UNLOCKING THE POWER OF PROCUREMENT

A case study of Nielsen’s sourcing journey to deliver social impact

The rise of Impact Sourcing is turning procurement on its head with a new approach for choosing suppliers. Impact Sourcing is a business practice where a company prioritizes suppliers that intentionally hire and provide career development opportunities to people who otherwise have limited prospects for formal employment. Nielsen, a leading global information and measurement company, is using Impact Sourcing to identify and prioritize suppliers that hire employees in this way.

Impact Sourcing has been shown to provide many benefits, both from a business standpoint and a social one. Impact workers—people hired into an organization who were previously unemployed long-term or living under the national poverty line—take their first step onto a career ladder that leads to economic self-sufficiency through income growth, skills development, and professional advancement. In this way, Impact Sourcing allows them to improve their conditions, acquire career paths, and thus lift themselves, their families, and their communities out of poverty.

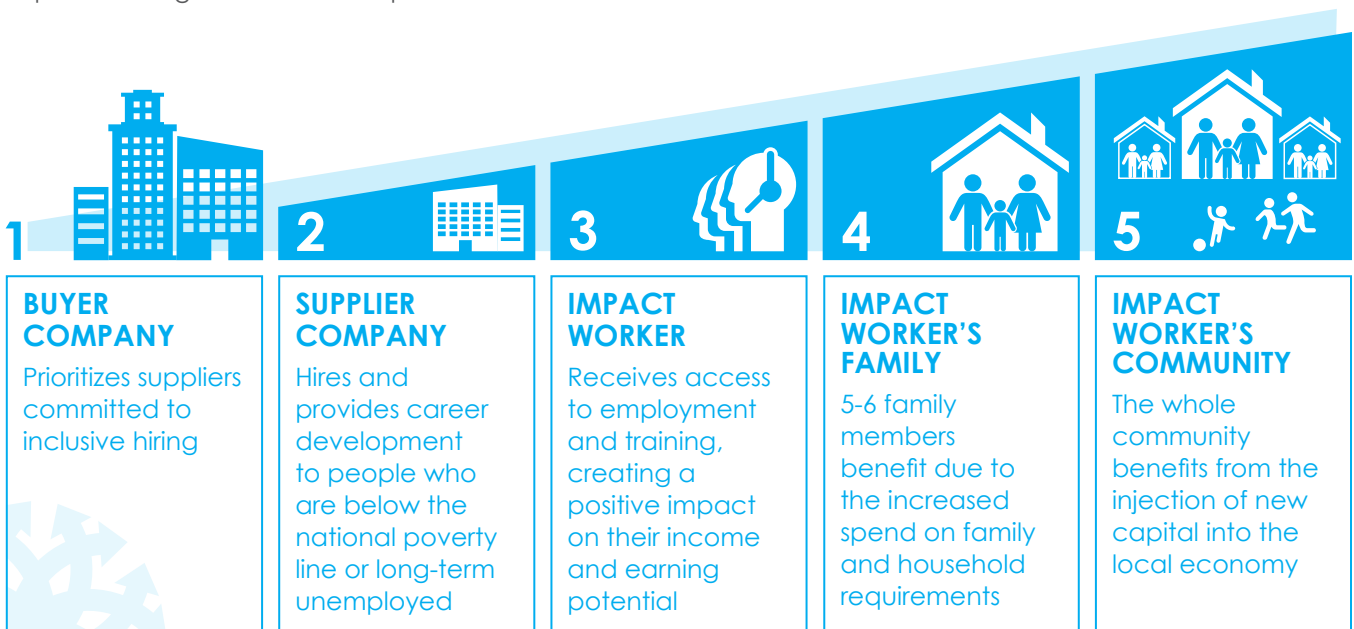
Jocelyn Azada, Director of Supply Chain Sustainability and Supplier Diversity at Nielsen, explains the significance of this practice.

“Impact Sourcing is a different way of thinking about sourcing for procurement managers who usually begin with a need and then find a supplier. It’s similar to Supplier Diversity, another practice that increases social impact and economic inclusion,” Azada says.



THE APPROACH FOR US IS NOT JUST, ‘HOW CAN WE MEET THIS NEED FOR OUR BUSINESS?’ BUT ALSO, ‘HOW CAN WE MEET THIS NEED FOR OUR BUSINESS AND HAVE A POSITIVE SOCIAL IMPACT?’. WITH IMPACT SOURCING, THERE IS A RICH POOL OF SUPPLIERS WHO CAN PROVIDE OUR COMPANY WITH BOTH A POSITIVE BUSINESS IMPACT AND A POSITIVE SOCIAL IMPACT.

JOCELYN AZADA, DIRECTOR OF SUPPLY CHAIN SUSTAINABILITY AND SUPPLIER DIVERSITY AT NIELSEN



WHY DID NIELSEN CHOOSE TO FOCUS ON IMPACT SOURCING?

Nielsen's supply chain sustainability program applies environmental, social, and ethical/ economic (ESE) criteria to its supply chain management. The goal of the program is to decrease negative impacts and to increase positive impacts of its multi-billion dollar purchasing. Since Nielsen is a professional services company providing consumer data and analytics, its primary supply chain impacts are social, economic and ethical. Nielsen chose to focus on Impact Sourcing because it contributes specifically to maximizing social and economic impact—ensuring the inclusion and full participation of marginalized communities in its supply chain.

Azada recalls the process for integrating this new approach, and the way it resonated strongly. "I first learned about Impact Sourcing at the Sustainable Purchasing Leadership Council Conference in Spring 2016," she says. "Representatives from The Rockefeller Foundation and Microsoft held a fireside chat about Impact Sourcing and invited interested members to learn more through the Global Impact Sourcing Coalition. To me, Impact Sourcing presented a distinctive and innovative way to effect positive impact."

"After some follow-up conversations, I represented Nielsen at the launch of the Global Impact Sourcing Coalition in Johannesburg, South Africa in September 2016. As part of the agenda, attendees visited townships like Soweto where many of the students in training programs come from. We heard from actual employers about their experience with impact workers. These employers—companies like Deloitte and PWC—reported strong job performance by the impact workers."

These experiences compelled the leaders of Nielsen's global procurement team to move forward with an Impact Sourcing program. To help facilitate this, Nielsen became a founding member of GISC to encourage collaboration, sharing tools and access to experienced practitioners in Impact Sourcing.

BENEFITS OF IMPACT SOURCING



SUPPLIER PERFORMANCE

Knowing that quality performance will be maintained makes the business case for choosing Impact Sourcing suppliers very strong. As Azada says, "For our company it is so compelling that there is no loss in any business advantage. So if you're not giving up on performance and you're not giving up on cost, why wouldn't you optimize your social impact through your purchasing decisions?"



SUPPLIER INCLUSION

Impact Sourcing has a positive influence on our supply chain as well. Azada says, "Impact Sourcing complements our Supplier Diversity program. Supplier Diversity and Impact Sourcing both strengthen our supply chain by increasing the pool of innovative suppliers and incorporating economic inclusion in our sourcing efforts. The overlap is that both Supplier Diversity and Impact Sourcing have a social impact component as well as a business component."



SOCIAL IMPACT

In addition to the social impact for impact workers, there is a social impact for the buyer - providing buyers a meaningful way to make a difference in their day-to-day business decisions. Azada explains, "Impact Sourcing provides an opportunity for professional buyers and employees to profoundly impact a worker's life with a buying decision. This is particularly salient now, when more than 80% of professionals and soon-to-be college graduates say that it is important for them that the company they work for behaves in a socially responsible way."

WHY BUYERS VALUE IMPACT SOURCING

SUPPLIER PERFORMANCE

Access suppliers with responsible hiring that compete on quality, service and price



STABLE SUPPLIER WORKFORCE

Lower attrition and higher motivation



SUPPLIER INCLUSION

Meet supplier inclusion and diversity goals



CORPORATE CITIZENSHIP

Promote responsible supply chains, social equality and diverse workforces



SOCIAL IMPACT

Create positive impacts for impact workers, their families and communities



NEW WAYS OF WORKING

For the global procurement team at Nielsen, the commitment to Impact Sourcing means adopting a new way of working. The team is more aware of suppliers who hire impact workers and actively ask suppliers if they have Impact Sourcing jobs on the Nielsen account.



THE FIRST STEP FOR US WAS TO ESTABLISH A BASELINE OF THE NUMBER OF IMPACT SOURCING JOBS CURRENTLY IN OUR SUPPLY CHAIN WITH INCUMBENT SUPPLIERS. WE DETERMINED THAT OUR BASELINE WAS 342 IMPACT SOURCING JOBS. FROM THERE, WE PARTNERED WITH SUPPLIERS TO DETERMINE HOW TO INCREASE THAT NUMBER. WE ADDED THE NUMBER OF IMPACT SOURCING JOBS AS A SOCIAL IMPACT METRIC ALONG WITH OTHER PERFORMANCE METRICS WE WERE ALREADY EVALUATING THE SUPPLIERS ON — NOT AS AN ADDITIONAL ‘CHARITABLE’ METRIC, BUT AS A TRUE BUSINESS METRIC.

JOCELYN AZADA, DIRECTOR OF SUPPLY CHAIN SUSTAINABILITY AND SUPPLIER DIVERSITY AT NIELSEN



Moving forward, Nielsen's goal is to continually increase the number of Impact Sourcing jobs in its supply chain. In its 2018 GRI report, the company pledged to have 500 Impact Sourcing jobs in its supply chain by 2020. The Impact Sourcing jobs currently identified in Nielsen's supply chain are through suppliers of BPO services, and Nielsen is exploring additional opportunities for inclusive hiring by other suppliers.

“We have an image from one of our Impact Sourcing suppliers that brings the effects of this practice to life,” says Azada. “There are two houses, both belonging to an impact worker on the Nielsen account. The impact worker and his family lived in the first house, a house made of straw and mud, before the Impact Sourcing job. After starting the job, the worker's dream was to build a house made of bricks. The second image shows the brick house that was possible because of that job in our supply chain. The first time I shared this slide with an executive colleague at Nielsen, he was literally stunned. He didn't say anything for 10 seconds. Then he said, ‘Let's get as many of these jobs as we can into our supply chain.’”

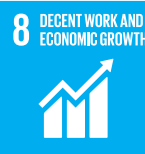
ALIGNING SUPPLY CHAIN MANAGEMENT WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

In 2016, Nielsen became a founding member of the Global Impact Sourcing Coalition (GISC), a global network of businesses creating jobs for those most in need through the power of procurement and global supply chains. In 2017, largely through its founding membership in the GISC and commitment to Impact Sourcing, Nielsen formally aligned its supply chain management program with the United Nations Sustainable Development Goals (SDGs).

From Nielsen's perspective, multiple SDGs are addressed by Impact Sourcing:



SDG 1
End poverty in all its forms everywhere.



SDG 8
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



SDG 12
Ensure sustainable production and consumption patterns.



SDG 17
Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Making the shift to using Impact Sourcing does require focus, but the benefits are clear. Azada agrees. “When it comes down to it,” she says, “at the beginning, it takes additional effort. There needs to be a will to do it because the sourcing manager might more quickly fulfil the sourcing request with a ‘traditional’ supplier. The return on that additional effort, however, is great. Impact Sourcing presents us with a powerful business-driven mechanism to positively impact the lives of people living in poverty around the globe - providing jobs for workers that could change the trajectory of their lives and futures and the lives and futures of their families.”

TIPS FROM NIELSEN'S IMPACT SOURCING JOURNEY:



LEARN FROM OTHERS

Speak to colleagues in other companies who have experience with Impact Sourcing.



JOIN GISC

Join GISC for guidance and access to tools to create a roadmap for Impact Sourcing.



IDENTIFY SUPPLIERS

Find out which of your suppliers are members of GISC and/or practice inclusive hiring and if there are any Impact Sourcing jobs currently within your account with them.



FIND A BASELINE

Establish a baseline for any Impact Sourcing jobs that are in your supply chain.



SET GOALS

Set goals with your suppliers for increasing the number of Impact Sourcing jobs in the future and measure progress with them regularly.



SHARE SOCIAL IMPACT

Share compelling stories and metrics about Impact Sourcing with buyers and employees in your company to show the social impact they are having through their purchasing decisions.

PARTNERING WITH TATA CONSULTANCY SERVICES (TCS), A NIELSEN SUPPLIER

"TCS' Affirmative Action Program entails one hundred hours of simple but powerful interactive training designed to significantly improve the employability of underprivileged youth facing tremendous challenges in their lives due to poverty and social marginalization.

As students attend the training, they vastly enhance their self-confidence, self-esteem, communication skills, and problem-solving. Immediately after their training, TCS conducts the recruitment process, and up to 30% of the trainees gain access to TCS entry level jobs."

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WE ARE COMMITTED TO OUR ROLE AND PARTNERSHIP WITH TCS TO OFFER MEANINGFUL, VALUE-ADDED CAREERS THAT GIVE WORKERS THE ABILITY TO PROGRESS, SAVE MONEY, AND CONTRIBUTE TO THEIR FAMILIES.

JULIE STRUNK, NIELSEN STRATEGY AND TRANSFORMATION

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A BSR Collaboration

BSR provides executive leadership and secretariat support for GISC. GISC's activities are overseen by the GISC Steering Committee, with active participation of the GISC membership. BSR is a global nonprofit business network and consultancy dedicated to sustainability. BSR Collaborations bring together more than 400 companies, spanning multiple sectors and geographies, to strengthen company performance, improve markets and industries, and contribute to systemic change for a more just and sustainable world. Visit www.bsr.org to learn more.

