EXPLORING SOCIAL PROCUREMENT

Accelerating Social Impact CCC, Ltd.

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EXECUTIVE SUMMARY

The Purpose of the Report

Exploring Social Procurement examines an innovative market-based opportunity to create social impact through existing purchasing.

The recent Federal Budget recognized that government alone couldn't solve the complex social issues facing our communities.[1] We would add, that alone no single sector, not the private sector and not the non-profit sector, could solve our current complex social issues. Together though, blending business values and social impact objectives through social procurement offers some hope.

Background

Trading goods and services has existed for ages as a means to share resources, solve issues of scarcity, and create value. "Whoever thought that outsourcing, public-private partnerships and risk management were new principles? Actually the Romans created some very interesting features for their contracts that we still observe in some way today."[2]

Business evolution in the 19th and 20th century emphasized economic value and more complex supply chains. The dominant priorities for purchasers were to meet the product quality requirements, at the lowest possible price, and avoid risk for the company.

The 1970's saw a significant added pressure on purchasing, the environmental movement. Over the last 40 years environmental considerations have become integrated into procurement processes and decisions.

The 1990's saw two further influences on purchasers: Corporate Social Responsibility (CSR) and escalating social needs. CSR on the demand-side meant the use of broader "sustainability" criteria in corporate and government purchasing.[3] On the supply-side innovative businesses that prioritize social impacts emerged, they were called social enterprises.[4] These are the foundations for social procurement.

If successful, the potential benefit of social procurement, addressing complex social issues with existing purchasing, is enticing. However, the environmental scan and interviews for this report found that the perceived and real barriers to change the current culture, policy and practice of procurement create a significant challenge to capturing the opportunity and will require targeted efforts to be overcome.

[1] Canadian Federal Budget, February 11, 2014, page 224

[2] A Short History of Procurement, CIPS, Australia, page 4 http://www.globalpublicprocurement.org/Documents/Resources/White-Papers/A-Short-History-of-Procurement.pdf

[3] http://www.corporatewatch.org.uk/?lid=2682 History of CSR

[4] https://www.se-alliance.org/upload/Membership%20Pages/evolution.pdf

Key Recommendations

To overcome the barriers and to further social procurement objectives, purchasers and suppliers will have to build new levels of trust and establish new business relationships. Some steps to realize this goal include:

- Create safe and facilitated environment for building relationships, such as common trade events and learning opportunities
- Take steps to mitigate perceived risk and create engagement opportunities through early experiments, pilots and scaling
- Provide evidence of the business value and social impact through expanding evidence based knowledge and case studies
- Eliminate some perceived barriers through educational materials, training and resources

Key Recommendations for Purchasers

- Leadership from within and across the purchasing organization is essential
- Policy and practice need to provide principles and guidelines for implementation, bridging goals and practice
- Social impact measurement tools are essential to quantifying the outcomes, impacts and business case.
- Initial implementation steps and training will build the internal capacity

Key Recommendations for Suppliers

- Suppliers must deliver quality and competitive products and services to meet purchaser business requirements
- Social impact measurement tools are essential to quantifying the outcomes, impacts and business case
- Business readiness skills and capacity through access to appropriate tools and resources
- Market knowledge that will allow suppliers to focus on aligned opportunities

Building a social procurement ecosystem in Canada will require a re-tuning of the current market place. Adding a social value to existing purchasing requires a shift in culture, new relationships, different purchasing strategies, and shared measurements of success.

"Although Procurement's history can be tracked far back, the most crucial developments all happened in the last 30 years. That is a very short period of time and the golden age is probably still to come, with Procurement taking up responsibility for bringing-in innovation in companies with ever decreasing own value-creation depth."[5]

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[5] http://www.procurementleaders.com/blog/my-blog--piu-staff/a-brief-history-of-procurement-golden-ages-past-and-to-come-

RECOGNITION OF OUR COLLABORATORS AND PARTNERS

We would like to recognize and thank Employment Skills Development Canada (ESDC), Community Development and Partnerships Directorate for providing the funding for this report.

Our partner on the entire project was Realize Co-operative. Especially we have to recognize and thank Rita Farkas who engaged in every aspect of the project, and offered amazing organizing support, information and analysis skills, and editing.

Dr. Peter Hall of Simon Fraser University helped us ensure the report process and methodologies were authentic and gathered the information we needed.

Our report would not have been nearly as robust or thorough without the advice and contribution of: Bob Purdy of the Buy Smart Network; Sustainability Consultant Coro Strandberg; enp-BC's Program Manager Kim Buksa; and Vancouver LOCO Executive Director, Amy Robinson.

We also have to thank the participants in our interviews and the focus group participants.

Beyond this immediate report project we want to recognize the initial sponsors of the larger and on-going Buy Social Canada initiative, **www.buysocialcanada.ca**, TELUS and the British Council.

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This document is the property of Accelerating Social Impact CCC, Ltd., Vancouver, BC, Canada. Please use the information and resources to support the development of social impact purchasing to foster a value based economy. We appreciate recognition of the source when using the materials.

PROCESS AND METHODOLOGY FOR THE REPORT

The key objectives of this report are to contribute to the emerging dialogue, add value to the knowledge base building a business case for social procurement, and hopefully contribute to bringing social value to the market place. We hope to identify and describe government policy levers, helpful government 'enabling' actions for increasing social procurement in Canada and internationally. To inform this objective we conducted a review and analysis of the broader area of social purchasing, including the private sector actors and social purpose suppliers.

Our methodology involved three distinct, inter-related and cascading components:

- An initial environmental scan of key literature, policies and practices
- Interviews with key informants representing purchasers, suppliers and intermediaries [6]
- A facilitated cross-sector focus group to confirm informant responses and to contribute to the assessment and recommendations [7]

In this report we focus on the private and government sector purchasers, rather than retail consumer transactions. On the supply-side we focus primarily on the social enterprise sector. Social enterprises are businesses whose primary purpose is creating a social value, rather than prioritizing profit distribution. [8]

[6] The list of informants and synopsis of interviews is in Appendix B

[7] Appendix E for further information on the focus group process and scenarios

[8] The definition of social enterprise used by Enterprising Non-Profits, enp, includes ownership by a non-profit organization. A scan of international definitions includes other organizational structures (co-ops, for-profits, and hybrids). Common across international use for social enterprise are key elements: limited or no distribution of profits for personal gain, an asset lock, and an embedded social purpose. www.socialenterprise.org.uk; www.socialenterprisecanada.ca

"Businesses run on supply chains. The focus has been on developing the leanest and most efficient supply chain to drive down the costs or increase profitability. We have always trained people on the economic values, which are an outcome of commerce, and we have shown concern for the last 30-years for the environment. We are now adding the expectations of society on these two factors to create a sustainable value proposition." – *Key Informant Purchaser*

THE HISTORY OF PURCHASING

The marketplace goes back to when people and communities began to exchange products or services for payment or trade. With the development of business practices in the 19th and early 20th century, trading became the process of purchasing the components for the final product and then selling produced goods. In the purchasing and supply chain process there are three elements that became best practice: choose a product that meets the quality standards required, get the lowest possible price, and avoid risk.

In the early 1970's a new era of environmentalism erupted. It was followed by market place disruptions including consumer boycotts, shareholder resolutions and a growing environmental consciousness that led to adjustments in purchasing policy and practice.

"It's worth remembering that in the 1990s the global boycott campaign of Nike was so successful that it has now become an object lesson in how giant corporations can be brought to account by ordinary consumers."[9]

The influence of the environmental movement has impacted government purchasing policy and practice. The Canadian government is very clear on their 'green' policy and potential market influence.

> The federal government is a significant purchaser in Canada. As such its activities impact the national economy and can influence both the price and the availability of goods and services, including construction services, in the marketplace. Through the increased promotion of environmental sustainability, and by integrating the application of environmental performance considerations in its procurement process, the federal government is in a position to influence the demand for environmentally preferable goods and services and the ability of industry to respond to the escalating use of environmental standards in global markets.[10]

[9] Guardian On-line News Service, July 6, 2012 http://www.theguardian.com/environment/green-living-blog/2012/jul/06/activism-nike

The United States' government environmental purchasing progression began in 1993 with an Executive Order, continuing through to 2009 when more procurement implementation tools were adapted.[11]

For businesses and governments environmental considerations became part of their procurement policies. There was a new factor to consider in procurement: the environmental impact of purchasing choices.

SOCIAL PROCUREMENT EVOLUTION

In the early 1990's another movement gained strength in the area of corporate behaviour, Corporate Social Responsibility, CSR. CSR included the consideration of social consequences of corporate governance, human resources, product production and reputation. CSR included a range of activities, from philanthropy to supply chain decision-making criteria. Some governments also initiated the inclusion of social values into procurement policy.[12]

In 2000 Carter and Jennings wrote, "To the best of our knowledge, ours is the first study that has empirically examined how the involvement of any functional area of logistics management in a broad-based group of socially responsible activities affects supply chain relationships. Our results suggest that buyer-supplier relationships in the upstream supply chain are enhanced through Purchasing Social Responsibility."[13] This academic research identifies the inclusion of a social consideration as a significant shift in supply chain management and procurement practices.

Another major literature review paper was an Australian academic publication by Barraket and Weissman in 2009:

> Social procurement can be understood as the use of purchasing power to create social value. In the case of public sector purchasing, social procurement involves the utilization of procurement strategies to support social policy objectives. In recent years, governments in some parts of the world have supported the development of procurement policies that incorporate social factors into their competitive review process. There has been particular interest in social procurement as a mechanism for stimulating markets for social enterprise, as part of a wider policy framework that has involved considerable devolution of public service delivery to social enterprise and the voluntary sector.[14]

[10] http://www.tpsgc-pwgsc.gc.ca/ecologisation-greening/achats-procurement/politique-policy-eng.html

[11] http://www.epa.gov/epp/pubs/about/history.htm

[12] http://www.corporatewatch.org.uk/?lid=2682 History of CSR

[13] Social responsibility and supply chain relationships Craig R. Carter, Marianne M. Jennings - The Robert H Smith School of Business, University of Maryland

On the supply-side over the last twenty years the non-profit sector has responded to the challenges of diminishing and restrictive funding sources and growing complex social issues by creating social enterprises. Social enterprises provide goods and services in the marketplace, but they also deliver a social value. Across Canada they provide a broad range of products and services, and offer social value, such as job creation, poverty reduction and revenue for charitable purposes.[15]

An illustration of social procurement is from the 2010 Olympics in Vancouver. The construction contracts for the Athletes' Village required all bidders to include employment opportunities for residents of the neighbouring low-income community of the Downtown Eastside.[16] This model of integrating social value into games construction and procurement has been adopted by the 2014 Commonwealth Games in Glasgow, and the 2015 Pan Am Games in Toronto.

Other examples of adding social value to existing purchasing include:

- KPMG purchasing printing from Eva's Phoenix, a social enterprise that supports at-risk youth employment opportunities in Toronto;
- Vancity Credit Union purchasing catering from "Potluck Café and Catering in Vancouver creating employment for people with barriers; and
- The Vancouver Whitecaps producing soccer ball bags through Common Thread sewing business building social capital and skills training for immigrant women.[17]

WHAT IS SOCIAL PROCUREMENT?

"Social procurement can be understood as the use of purchasing power to create social value. In the case of public sector purchasing, social procurement involves the utilization of procurement strategies to support social policy objectives."
Barraket and Weissman 2009

The definition of social procurement, "leveraging existing procurement spending to create a social value" was consistently confirmed throughout our environmental scan and across the interviews.

In the social procurement market exchange the purchaser wants delivery of a quality product, at a competitive price plus a social value. The supplier is responsible to provide both the business needs and a social value.

[14] Barraket & Weissman, page iii

[15] www.socialenterprisecanada.ca/marketplace

[16] www.olympic.org/2010/factsheet_vancouver_legacy/

[17] See www.socialenterprisecanada.ca for more stories and a list of social enterprises

A range of potential social impacts were identified through our environmental scan and interviews:

- Increased purchasing from local businesses and social enterprises

  Opportunities for small and medium size businesses (SME) through sub-contracting and unbundling of the size of contracts

- Opportunities for social enterprises are increased when specific social benefits are in the bid evaluation process

  Targeted employment, such as employment for persons with disabilities, barriers to work or new immigrants is achieved through social enterprise suppliers

  Social inclusion through engaging community partners and social enterprises

  Skills and employment training is a target for many social enterprises and non-profit groups that can be included in purchasing

- Enhanced employee engagement through mentorship and skills building for social enterprise contractors

- Local economic development and employment opportunities

Through a contract to provide the food services for the University of Winnipeg, Diversity Foods, a social enterprise, trains and employs over 80 people in food and service related skills, and purchases from over 80 local growers. Using a social procurement lens, the University stays within budget, meets or exceeds the quality expectations, and makes a major contribution to employment development and small business growth. www.uwinnipeg.ca/index/food-services-overview

BENEFITS OF SOCIAL IMPACT PROCUREMENT:

"I believe the marketplace is a place where social and environmental values can be generated. If it isn't we won't have a sustainable society in the medium to long term. It's an opportunity to leverage market decisions for social benefit, and a way of not having to depend on tax-payer dollars or charity." – *Key Informant Intermediary*

Our environmental scan and interviews confirmed that although in the early development stages, social procurement can leverage an added social value from existing decisions. The informants agreed on the broad definition, but the exact model or measurement of social impact is still evolving and open for interpretation.

Several factors were identified in our environmental scan and interviews as key drivers influencing the growth of social procurement

- The diminishing financial capacity of government to support social benefit activities through traditional means
- The recognition of increasing unsolved complex social issues
- The emerging evidence of achieving social impacts through social enterprises
- Interest from private sector to integrate social value outcomes into their business practices
- Consumer and taxpayer demands for socially responsible supply chains and products

There was agreement from purchasers and suppliers we interviewed that if social purchasing is going to succeed and scale it will have to be descriptive not prescriptive. The specifics of the relationship and critieria must be left up to the individual purchasing organization and supplier to define the business relationship, the social impact goals, implementation process and measurements of success.

Interviews with purchasers revealed a range of engagement purposes. Private sector companies may view the process from a means to increase profit opportunities or an enhanced Corporate Social Responsibility (CSR) angle. Government commentators see social impact purchasing as a potential cost savings measure or an improved model for services delivery, or a combination.

Suppliers' reasons to engage in social purchasing range from attempting to scale their social impact to increasing their profit margins. Not surprisingly the social enterprise interviewees tend to promote the social value impacts, and the for-profit social purpose suppliers tend to lead with a business development goal.

There were some variations on how to best express the blend of business and social value, but almost universally there was agreement in our environmental scan and interviews on a basic premise: The social enterprise supplier must meet the business requirements of the purchaser, and then the social value comes into consideration.[18]

[18] See Appendix C for a summary of informant responses.

The literature and the interviews with social enterprises and intermediaries identified a range of potential benefits from social procurement.

Broad Over Arching Benefits:

- Poverty Reduction
- Community Economic Development
- Social Inclusion
- Employment and Training Opportunities

Specific Goals

Purchasing from targeted businesses:

- Social enterprises operated by non-profit organizations[19]
- Locally-owned businesses[20]
- Small and medium sized businesses
- Aboriginal-owned[21]
- Women-owned
- Immigrant-owned

Employment Related Benefits

- Skills training
- Persons with disabilities or barriers
- Youth
- Immigrants

Examples of Social Procurement Opportunities

The most engaged and successful purchasers we interviewed were clear that they chose a specific target that matched with their interests. As an example, BC Hydro has a very strong Aboriginal inclusion process chosen based upon the geographic areas where they work, their social relationships and business objectives, and specific procurement needs for vegetation management where there are qualitfied Aboriginal owned operators. The scoring criteria and weighting of their bid components (technical, price, social, envirnonmental) can be adjusted depending on the nature of the contract. It may be scored very high on technical requirement for some products or the Aboriginal component can be scored very high on services like power line land maintenace.
BC Housing is developing an interest in how they might create training and employment opportunities for residents of their social housing. [22]

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[19] Enterprising Non-Profits, enp-CA, www.socialenterprisecanada.ca

[20] www.locobc.com

[21] Canadian Aboriginal and Minority Supplier Council www.camsc.ca

[22] Information from interviews with key informants for this report

An approach focusing more on Request for Proposal (RFP) targets to meet a specific goal was done in the purchase of the flowers provided to the medal winners in the 2010 Olympics in Vancouver. The flowers were produced by a social enterprise training women recently released from prison because the RFP valued social impact as well as quality, cost, and environmental impact.[23] By including a significant scoring component for social value in the bidding evaluation, a social enterprise capable of competing on other required elements won the competition.

Atira Property Management, a social enterprise based in Vancouver, produced a report in 2013 that significantly adds to evidence-based literature of social impact procurement: "hiring people from the downtown eastside benefits taxpayers at a rate of more than three to one."[24] The report indicates that for every dollar received in revenue to Atira Property Management, 3.69 dollars in overall societal value was created for the Vancouver region.

BUILD in Winnipeg provides employment training for street connected youth through a contract with Manitoba Housing to insulate their properties. The province saves heating and cooling costs and hard to reach youth are engaged in the labour market.[25]

The potential impact of targeted employment and other social value outcomes through social enterprise contracting has tremendous implications for government. These examples blend social impact outcomes while simultaneously meeting procurement needs.

These examples are supported by similar anecdotal stories from suppliers that were interviewed and other social enterprise stories.[26] However, the lack of comprehensive evidence means the purchasers are not maximizing on the opportunities. As one purchaser interviewed pointed out, "Unless social enterprise suppliers learn how to tell their story better, how will the purchasers know the potential benefits?"

The social enterprise surveys being conducted across Canada by Dr. Peter Elson of Mt. Royal University and Dr. Peter Hall of Simon Fraser University for enp-Canada are an important source of information.[27] Their survey results show how non-profit social enterprises are offering targeted employment, diversifying their income sources, and delivering a variety of community and cultural benefits.

In the environmental sector procurement process, the demands of purchasers are an influencing factor in the behaviour of suppliers. Canopy, an international NGO, has a mission of "transforming business for the planet". They work with purchasers to set standards for suppliers that will result in environmentally sound supply chains.[28] The same consequences are becoming evident in how social considerations from the demand-side drive the response of suppliers. Beyond using procurement to push private sector suppliers into social value creation, authors Barraket and Weismann point out there has been particular interest in social procurement as a mechanism for stimulating markets for social enterprise, as part of a wider government policy framework that has involved social impacts.[29]

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[23] www.olympic.org/2010/factsheet_vancouver_legacy/

[24] http://www.atira.ca/news/report-produced-ernst-young-confirms-hiring-people-downtown-eastside-benefits-taxpayers-rate: see report for details of value return.

[25] http://buildinc.ca/what-we-do/training-and-life-skills/

[26] www.torontoenterprisefund.ca and www.socialenterprisecanada.ca offer many social enterprise stories and examples

[27] Available at www.sess.ca

[28] www.canopy.org

The most significant government initiative is in the UK, where they have passed the Social Value Procurement Act. Although there are not yet regulations or practices in place, the policy framework is a valuable example of how government procurement holds the potential to stimulate social value impact. The Act directs government agencies to include social value components into all purchasing, particularly provision of social service. [30] Last year as a support to the understanding and implementation of the ACT, the Social Enterprise UK published "The Social Value Guide."[31]

The wording of the Act states, "The authority must consider—how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and how, in conducting the process of procurement, it might act with a view to securing that improvement."

"This ambitious new act requires public authorities to take into account social and environmental value when they choose suppliers, rather than focusing solely on cost."[32]

Investment Strategy Northern Ireland adds:

> In most cases you can integrate social benefits into every stage of the procurement process. If you don't you are missing a great opportunity to maximize the social benefit of your project... Requiring contractors to deliver social requirements means that you and your community can get more, both directly and indirectly, for your money. You can use them to bring long-term good to local residents and their community.[33]

The social impact spectrum of opportunities are far-reaching and flexible, and still in the stage of exploration. Our environmental scan and key informant interviews indicate there is a coinciding growth in the number of purchasers and suppliers interested in or currently engaging in this area.

The term social procurement is relatively new. In Canada there are websites from the social enterprise sector[34], and from government[35] that offer descriptions and resources for social procurement.

Examples from across the spectrum of business models and impacts are being reported on regularly through the enp-Canada news service, at **www.enterprisingnonprofits.ca.**

The opportunity of social procurement is almost too simple: using existing purchasing to achieve additional social goals and economic benefits.

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[29] Barraket and Weisman, 2009

[30] http://www.legislation.gov.uk/ukpga/2012/3/enacted

[31] http://www.socialenterprise.org.uk/advice-services/publications/the-social-value-guide

[32] Guardian Newspaper, February 5, 2013 http://www.theguardian.com/society/2013/feb/05/social-value-act-public-services

[33] Investment Strategy Northern Ireland, 2010. P 4

[34] www.socialenterprisecanada.ca

[35] http://www.ic.gc.ca/eic/site/csr-rse.nsf/eng/rs00179.html

Barriers and Challenges

"It was found that both sides of the supply chain face significant challenges when communicating and engaging with each other as many times there are differences in terminology, size, and ethos." – *Key Informant Researcher*

The opportunities for social impact procurement are enticing, but the barriers and challenges to realize them are both real and perceived. On one side we have a history of procuring products and services based upon lowest price and risk aversion that does not really set the stage for social value evaluation and innovative models of purchasing. On the other side, we have a growing supply-side based primarily on the emerging social enterprise realm that is rather small and a recent competitor in the market place. This scenario is the foundation for the key barriers and challenges identified in the environmental scan, the interviews and the focus group.

The business case for social procurement has to address three complex and inter-related issues:

- Culture change, which means shifting the underlying issues of "corporate" norms and behaviours to understand and value social procurement
- Adjust the existing purchasing policies, processes and decision making practices to include social value
- Create appropriate goals and tools for measuring successful social impact

General Issues

The number one issue when interviewing purchasers and reviewing related literature was, "why" and "how". Building a comprehensive business case for change is the most immediate challenge to the social impact business sector.

As a new model of purchasing is developed, it requires a change in behaviour, so obviously one of the first questions asked is WHY change? The growing awareness of the relationship of business activity to environmental and social outcomes is growing. The environmental issues are definitely clearer than the social issues.

Attention to the issue is growing over the last five years through the leadership of people like Nobel Prize winner Mohamed Yunus and Harvard Business School's Michael Porter. Mohamed Yunus, who began his social entrepreneurship journey through micro lending, is now engaged in creating new business models that emphasize social value rather than profits, the Social Business. [36] Michael Porter, highly regarded private sector economist, is leading the emergence of the Shared Value concept.

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[36] Building Social Business: The New Kind of Capitalism that Serves Humanity's Most Pressing Needs, Public Affairs; 2010; ISBN 978-1-58648-824-6

> The solution lies in the principle of shared value, which involves creating economic value in a way that also creates value for society by addressing its needs and challenges. Businesses must reconnect company success with social progress. Shared value is not social responsibility, philanthropy, or even sustainability, but a new way to achieve economic success. It is not on the margin of what companies do but at the center.[37]

The growing international phenomena of social enterprise and social impact finance are beginning to provide engagement models and an evidence base. As well, international news coverage of businesses' bad practices, like the factory fires in Bangladesh, are all adding up to a changing interest in merging social values and business practices.

One of the most significant barriers is the communications and perception breach between curent government and private sector purchasers and social enterprise suppliers. As one interviewee representing a major intermediary service provider offered: "in social purchasing the purchasers and the suppliers are inhabiting separate planets." The culture of purchasers is based solely on price, quality and risk avoidance. The culture of social value suppliers come primarily from a non-profit experience. One doesn't have social value in their experience, and the other leads with a social value component.

Key Purchaser Issues

Individual purchasers may be willing to explore social impact procurement and move in that direction, if they felt there was organizational support and recognition for their efforts. But when their performance considerations or the current purchasing parameters are only cost savings and risk aversion, their behaviour and practices will follow that stream of activity.

As discussed above, risk aversion is a key historical consideration of purchasers' decision making. Researchers in the UK found that "commissioners and other commercial buyers perceive that there is a significant risk in working with a small organization in comparison to working with a large company."[38]

"Buyers are always concerned with following the rules. The policies need to be there. You are talking to financial people. They don't understand why they would pay more for a product that may have a higher risk and a longer time frame."
– *Key Informant Purchaser*

Consumer consciousness of social value can also influence supply chain purchasing decisions. NIKE shoes are key examples of how consumers drove social procurement decisions when demanding the shoe manufacturer avoid using child labour in their supply chain. The reputational risk of using child labour in the supply chain of their shoe production forced NIKE to add a social evaluation to their purchasing decisions. [39]

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[37] http://hbr.org/2011/01/the-big-idea-creating-shared-value/ar/1

[38] Association of Greater Manchester Authorities, 2013, p 20.

[39] http://www.organicconsumers.org/articles/article_13264.cfm

Often an intangible but real concern for purchasers is the potential for increased cost to purchase products or services with an added social value. Since cost is an overriding concern for all purchasers, again the perceived or real chance of cost increases raises concern.

Along the same lines, we found that purchasers often worry that the social enterprise sector cannot deliver the quality of products and services they require. Again, this is an essential element in a purchaser's realm of responsibility, and raises significant concern.

Over the last twenty years the Canadian federal and provincial governments have entered into a series of various trade agreements, such as the North American Free Trade Agreement (NAFTA) and Agreement on Internal Trade (AIT). [40] In NAFTA social procurement issues are addressed through exemptions made for specific populations or purposes. Canada did negotiate an exemption that allows for Aboriginal preferences in NAFTA regulated trade. In the AIT, non-profits, social services and businesses that employ persons with disabilities are exempt from trade agreement contract processes. In the interviews and in the focus group engagements we found that the lack of consistency and legal interpretations of what levels of government are affected when, and how this directly affects RFP's and contracting language, causes great confusion. This confusion or lack of knowledge becomes another ambiguous issue hindering implementation of social value components for purchasers in the public sector.

In 1980's and 90's in the United States the federal government established procurement "set-asides" for some social purpose outcomes.[41] Through this program the government targeted specific contracts for required services or supplies for companies that would employ persons with disabilities. Some other governments included requirements for the inclusion of minority owned, veteran owned or women owned businesses in the contracting of government purchasing. The results of these efforts are mixed.[42]

"The Biggest barrier to institutional change or collective change is the feeling of people at the middle who don't know what is going on. So they revert to what they already know how to do. So the importance of training people so they understand things, so they don't get fearful and defensive." – *Key Informant Intermediary*

"We aren't using the practice as much as we'd like. It's more so being done on an individual level. It's more of a ground roots initiative. It's often a well-informed manager that needs something done that is making an actual decision to use SEs." – *Key Informant Purchaser*

Key Supplier Issues

Many, if not most social enterprises across Canada are quite small in terms of gross revenues and number of employees. Size and capacity frequently hinders their ability to respond to many RFPs issued from significant sized purchasers because it is in the purchaser's interest to have larger and fewer contracts. As one social enterprise interviewee stated, "interfacing with the government is just so difficult to do, we get swallowed up by the process, it just makes an ineffective use of time."

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[40] http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/fta-ale.aspx?lang=eng; http://www.ait-aci.ca/index_en.htm

[41] http://www.epa.gov/osbp/direct_socio.htm for a review of US set aside programs.

[42] http://publicspendforum.org/2014/01/27/set-asides-sustainability-procurement-policy-debate

In a social impact market-based relationship the question arises: how do we measure success? Without experience and best practice models, there are no models for how to score, weight and validate social impact and social enterprise suppliers in the tendering process. The historic evaluation of price, quality and risk doesn't include social values.

"Value proposition to governments or large institutions can't be "buy from us because we do good" and that large institutions should buy from them because it's the right thing to do. It has to be that they are competitive with price and quality, AND they actually do good." – *Key Informant Intermediary*

All suppliers, including social enterprises, compete in a competitive market place. Social enterprises often arise from a non-profit organization's attempt to use a business model to enhance delivery of their mission and contribute to their financial sustainability. Their business skills background and experience may be limited, which can become a barrier to their ability to compete.

Social enterprises focus on a blended Return on Investment (ROI), which often means bearing added social costs to their business operations costs. This higher cost of production can be a barrier to pricing for bids, cash flow, and income for business reinvestment.

An essential component of a successful social impact purchasing system is the value-add of social impact offered by social enterprises. Social enterprises, for the most part, are still weak in the capacity to measure social outcomes and then "tell their story" as one purchaser informant described the problem.

"The weaknesses in many cases are around limitations of the Social Enterprise sector. They don't have a lobby group. They are often unknown. They aren't marketing the best products and services produced in the social economy and the value for governments. The value needs to be presented. Unless the benefits are shown, we probably won't see the traction we should be seeing." – *Key Informant Purchaser*

RECOMMENDATIONS

Managing business and social impact expectations at this stage in the evolution of social procurement is very critical. In the interviews purchasers expressed their struggle to move quickly to a new paradigm of criteria and practice without a sound business case and evidence; while suppliers pointed out the reality of their capacity in relation to some projected expectations from purchasers.

Our key recommendation is to design and facilitate the opportunities for new relationships between interested purchasers and suppliers. Crossing the cultural and business practice gaps will require a new level of trust and shared expectations.

Even in the process of this report, a comment from a supplier attending the focus group confirmed this concern. "The discussion itself was valuable – having major purchasers from government and private sector in the room with us (social enterprises) doesn't usually happen."

One of the early stages of developing trust and shared knowledge in the UK began over 20 years ago with the Seeing is Believing Tours hosted by Prince the Wales. "His Royal Highness was convinced that direct contact and dialogue with members of the community would help those business leaders better understand the issues affecting the area and might lead to them playing a role in its recovery." [43]

Over the last 40-year period we saw the environmental movement evolve from confrontation, to dialogue, to trust and then into an integrated component of purchasing. [44]

Key to building and scaling social procurement is learning from the environmental movement experience. That means early experiments, identifying best practices, building a business case and then accelerating the process.

Building a social procurement process is not about starting from scratch. We have across Canada and from other countries, many successful examples and anecdotal stories. The question is really about recommendations to move from isolated situations to a robust and significant role for social procurement in the existing market place. [45]

The adaptation process for a new model of relationships and engagement between historically risk-adverse purchasers and innovation-based suppliers will require addressing both the real and perceived barriers. Our report was focused on existing social enterprises and interested or early adopter purchasers, and even in this group, the distance between the two groups is substantial. The first step in the process of building a social impact purchasing will be creating the opportunities for new relationships and engagement. If the gap, as described in our report, is significant around language and culture, then initiating opportunities for shared learning will be very important. We found little evidence, especially across Canada, of significant or consistent opportunities for purchasers and social impact suppliers to engage in building shared understanding of purpose, and discussing the means to move along a social purchasing path. We have seen supports for purchasers like Buy Smart[46]; and for suppliers like enp-CA[47]. Now we will have to initiate opportunities to meet and engage with each other.

New paradigms require early explorers and experimentation. Social procurement is in this early stage, and has to begin to build a library of learnings from the early adaptors. Systems like the Social Purchasing Portal in Winnipeg[48] and the current work with the Pan AM games in Toronto need to be assessed and shared. "TO2015 will also continue to seek out and use social enterprises within the Greater Golden Horseshoe region where it can." [49]

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[43] http://www.princescharities.ca/initiatives/the-princes-seeing-is-believing/#sthash.5FFlfoCe.dpuf

[44] Environmental History Timeline - http://66.147.244.135/~enviror4/about/

[45] www.enterprisingnonprofits.ca news article February 13, 2014

[46] http://www.fraserbasin.bc.ca/comm_buysmart.html

[47] www.enterprisingnonprofits.ca

[48] www.sppwinnipeg.ca]

[49] http://www.toronto2015.org/business/supplier-diversity

As these early models succeed and fail, they are the learning opportunities that need to be shared. On-line platforms of existing intermediaries are obviously one model for sharing. A recent example is a series of stories on social enterprise and procurement being shared on the enp-CA news services.[50] and the experience of the Social Purchasing Portal in Winnipeg.[51]

Key Recommendations for Purchasers

Organization change always requires motivation, either initiated by or eventual approval from, the leadership team within the organization. Corporations take a lead from Boards, CEO's, and management. The party in power directs governments. Social impact purchasing will not significantly evolve unless there is leadership that builds commitment across the organizations that are responsible for purchasing. A frequent sentiment we heard in our interviews was that successful implementation of social procurement practice was dependent upon the initiative by an internal champion, which only then could propel change within the organization.

Following the support of leadership, the reasons and incentives for change cascade through an organization. It became very clear in our interviews that purchasers will adapt, if the purpose and path are clear, adequate training is provided, and the incentives follow. The organization's human resources then come into play as part of the process because employee behaviour is based upon performance criteria and rewards.

Once the leadership is in place, and the path cleared, purchasers can begin to develop the means to implement. The learnings from the environmental movement and the response of purchasers in our report show that the first steps have to be small, incremental and focus on "low hanging fruit". Several years ago software company SAP moved their catering and food services to a social enterprise supplier. The process involved almost an entire year of mutual engagement, some small catering orders, building up to a complete purchasing contract. [52]

Organizations that want to implement a social component to their purchasing will have to review and adapt their existing practice, from RFP process to contracting arrangements to measuring success.

Over many years procurement has used contracting procedures to support lowest price and risk aversion goals. If social values are going to be added to the criteria a re-examination of these current practices will entail several steps. What can be changed within the context of our business and social goals to avoid undue price increases and over-exposure to risk? The objective is to enhance the purchasing by adding a social value, without loss of quality or an uncompetitive price.

[50] www.enterprisingnonprofits.ca

[51] www.sppwinnipeg.ca

[52] http://www.socialenterprisecanada.ca/en/toolkits/purchasingtoolkit/

In examining current purchasing practices there are several factors to consider:

- Variables for purchasing criteria scoring
- Simplified RFP process
- Unbundling current contracts to create opportunities
- Community Benefit Agreements
- Sub-contractor Requirements

Not every product and service has the same opportunities for social impact consideration. Purchasers must use a set of variables for purchasing criteria scoring that blends quality, risk, price, environment and social impact. The shift is to add a social component and percentage of consideration, the continuity is to be flexible and realistic on a per-product / service basis. Contracting for office cleaning or catering will likely have completely different evaluation variables for requirements, pricing and social value percentages as opposed to the purchasing of an IT system.

The available social enterprise products and services include a broad variety of business-to-business purchasing requirements. Social enterprise businesses offer printing, catering, courier services, exterior building maintenance, janitorial services, construction, renovations, and other services. An increased and specific demand for social value blended products or services will obviously encourage and stimulate social enterprise business development.

A piece of the purchasing process that will assist entry for small enterprises and much of the social enterprise sector is simplifying the Request for Proposal (RFP) process. SME's, including social enterprises, may not have ample time and human resources to respond to complex and overly burdensome application processes. This was voiced many times during our key informant interviews.

Many purchasers prefer to have fewer but larger contracts because of the cost savings, efficiencies and the increased risk factors of having many smaller contracts. To allow entry of social enterprises purchasers should consider where and when they could carve off portions or divide large contracts up in order to achieve social value outcomes, without jeopardizing cost and risk. Inclusion of social enterprises as sub-contractors is an important evaluation criterion for large contract evaluation.

Often purchasers may not be in a position to dictate or control the direct social value that could be produced through their procurement process. One significant model that has been used in some procurement processes is the addition of a Community Benefit Agreement (CBA) within the RFP. A CBA details in writing the specific benefits that a community will receive from a given development project. "These benefits might include equitable hiring practices, funding for training, neighborhood improvements, support for social enterprises, etc." [53] Currently in Toronto a CBA agreement is being developed in relation to the construction of Metrolinx.[54]

[53] www.communitybenefits.ca

[54] ibid

Governments can use the CBA method when investing in major infrastructure projects. The responsibility then falls to the bidders to define and execute on social benefit creation throughout the contract period. The 2014 Common Wealth Games in Glasgow, Scotland and the 2015 Pan AM games in Toronto, Canada are both using this option in their major purchasing decisions to increase social impact outcomes of the games. "according to the Caledon Institute, which has just released a commentary on social procurement, it [Pan Am Games] has the potential to create million-dollar pools of capital for social enterprise."[55]

The CBA model is one way of engaging contractors and sub-contractors in contributing to large contract social impact outcomes. It is spreading and embedding the delivery of social impact along the entire supply chain process.

Key Recommendations for Suppliers

On the supply-side the recommendations reflect the nascent nature of the social enterprise sector in Canada. Most social enterprises or social purpose businesses fall into the SME category, and many have less than five million dollars in annual sales and less than 50 employees. As well as being relatively small, many are less than 10 years old, and emerging from the non-profit social sector. [56] The social enterprise sector has to continue to build their business skills and capacity. In our informant interviews there was a warning that the social impact demand-side of the market place has to expand incrementally along with the strengthening of the supply-side. Too much demand with the wrong processes could be detrimental to the development of a healthy social impact market place. And likewise, without increased demand, the supply-side will be stymied.

"Lack of awareness on the part of buyers- organizations and institutions. That's probably the biggest challenge." – *Key Informant Social Enterprise*

One purchaser in our interviews had a clear message to the social enterprise businesses that was shared by several buyers and intermediaries: "tell your story". If purchasers can't establish both the business-case and the social value contributed by the supplier, the relationship opportunity diminishes significantly.

Along with telling their own story, the suppliers must know the purchasers' objectives. They must respond to the demands of those seeking their services and products. Purchasers, even if pursuing a social value in their purchasing, are not giving up the priorities of examining and demanding product quality, competitive pricing, risk mitigation, and environmental impacts. A clear understanding of the market needs of the purchasers will assist suppliers in focusing their efforts of relationship and business development.

Given the nature and nascent situation of social impact procurement, activating relationship-building opportunities, learning events, and support services is a critical need and function.

[55] http://www.thestar.com/opinion/editorialopinion/2012/03/11/pan_am_games_give_toronto_rare_opportunity_to_bolster_its_social_sector.html

[56] www.sess.ca – regional survey reports on social enterprises in Canada

Across the environmental scan and interviews this was seen as a required role for intermediary organizations. A valuable example is Community Enterprise in Scotland, CEiS, which is funded by government to provide across-the-spectrum services in procurement opportunity development. They provide events for cross-sector relationship building for private sector purchasers with SME and social enterprises, learning sessions for purchasers and suppliers, and policy advice for government. [57]

STEPS TO IMPLEMENTATION

"Sure, it's hard to measure social value, but it's obvious. Giving people jobs and training them, that's a social value. The system bogs it down in wanting to measure it." – *Key Informant Social Enterprise*

"Certainly we would need to have some metrics around it. It's one thing to feel good about helping someone. But let's face it, there has to be some measurable result... I would like to know that there is a financial gain." – *Key Informant Purchaser*

Implementing the conditions to support and encourage social impact purchasing in Canada is the equivalent of re-building an established marketplace. It will require a shift in culture and the building of new strategies for purchaser / supplier relationships.

Implementing the social procurement ecosystem across Canada is already underway, but very early on in the process. Cultivating the next steps is an integrated process that involves purchasers, suppliers and intermediary services. Above we highlighted specific steps for purchasers and suppliers. Below are some items that will demand multi-sector participation and outside intermediary services.

Early efforts like the Social Purchasing Portal in Winnipeg and the on-line Social Purchasing Toolkit (**www.enterprisingnonprofits.ca**) offer examples of engagement and on-line learning resources.

Purchasers that wish to buy with a social lens often require a third party designation or certification to make the process easier and to mitigate risk. This model exists for Aboriginal, Minority and Women owned businesses.[58]

The economic climate in Canada today has led the private sector to assume a more active role within the communities in which they do business. A strong partnership among government, major corporations and small businesses will allow for a more equitable distribution of wealth, the creation of employment opportunities, and creation of an expanded customer base.[59]

A social enterprise third party accreditation process originally developed in the UK, will launch in June of 2014 as the Buy Social Canada program.[60] Enp-Canada maintains an on-line marketplace to help address the challenge of finding social enterprise suppliers.[61]

[57] http://ceis.org.uk/

[58] https://www.camsc.ca/

[59] https://www.camsc.ca/

[60] www.buysocialcanada.ca

[61] www.socialenterprisecanada.ca

What is needed is a system for learning from successful examples of social procurement and easily sharing those lessons among purchasers and suppliers. There will have to be support, likely from government or philanthropy, to move these isolated opportunities to broader practice.

Understanding and learning from the experiments and early trials will require creating opportunities for suppliers and purchasers to engage together. Local, regional and national exchanges, both in person and on-line, will have to find the resources and facilitators to support them. Ready for Business in Scotland offers valuable models, lessons and case studies for stakeholder and cross-sector engagement.[62]

Several measurement models have emerged for corporate sustainability and for social enterprise activities. Measurement resources for CSR can be found through intermediary services like Canadian Businesses for Social Responsibility.[63] For social enterprise, two key tools are Demonstrating Values[64] and several consultancy groups offering Social Return on Investment (SROI) training and tools. The current tools will need to be adapted or we may need to build a set of measurement guidelines and tools specific for social impact purchasing. The measurement model would not be based on prescriptive criteria; rather the tools must allow the market place to choose the appropriate means and outcome evaluations effective and appropriate for their particular goals and transactions.

"Our report shows that most people [purchasers at university] rely on word of mouth to guarantee the product's social content. So not a very rigorous process." – *Key Informant Intermediary*

Implications for Governments and Others

"We need to encourage organizations that are figuring out how to combine revenue generation with doing good. That's good for society. Government can play a big role in helping to create these hybrid organizations through their procurement strategies." – *Key Informant Intermediary*

All three sectors of the economy are part of building a social impact purchasing system: government, private, and non-profit.

Government is a major purchaser, business developer, and social service provider. All of those roles offer leveraging points for government to contribute to building social procurement systems.

The tremendous size of the government purchasing of supplies, goods, and public services may be the single greatest opportunity and leveraging point. A small incremental shift toward social purchasing as a proof of concept experiment could in itself have significant impact. Initial steps will assist in testing models and measurement tools, and help mitigate risk concerns from the current purchasers and relationships.

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[62] Ready for Business, http://readyforbusiness.org/

[63] www.cbsr.ca

[64] www.demonstratingvalue.org

Currently early stage policy and regulatory development for social procurement is happening across Canada. Toronto is implementing pilot contracting with social enterprises, particularly with the Pan Am Games and the construction of the light rail system. Vancouver made a financial contribution to the Vancity Community Foundation Social Enterprise Portfolio that supports inner city employment social enterprises. The governments of Nova Scotia and Manitoba have made commitments to creating a supportive social enterprise framework within government, including procurement. Ontario has an office of social enterprise exploring opportunities. Alberta has included social enterprise in their Social Innovation Endowment Fund objectives. British Columbia includes social enterprise and procurement in the list of Social Innovation goals. Social finance has been a subject of the past two Federal budgets. The key challenge and opportunity is sharing information and models among governments as they develop policy frameworks and regulatory practices.[65]

Discussed above are the real and perceived barriers of current purchasing contract sizes, the RFP processes, and confusion over the requirements of current trade agreements. These are challenges, but not insurmountable as evidenced by how the US, UK and European countries have addressed similar issues.

The current government environment of fiscal restraint and escalating social issues, such as youth recidivism, health care access for the working poor, and home care for seniors, is an ideal time to expand the exploration of cross-ministerial opportunities to generate greater value from existing purchasing decisions. There is some evidence, again isolated examples, of how government purchasing can be used to create a direct savings through preventive measures that lower social enterprise employee use of government funded services. The Atira research is mentioned above; other examples include the Social Return On Investment (SROI) reports from Inner City Renovations in Winnipeg[66], and the Toronto Enterprise Fund[67]. These examples show how employing hard-to-employ individuals in social enterprises can actual create savings in health care use, judicial system, and related prevented government expenses by the employees.

Examining how government can leverage taxpayer money more effectively, and possibly save some funding in the future requires cross-ministerial engagement into the social purchasing opportunities. In the research and development on preventative and measurable outcomes, such as Social Impact Bonds[68], social enterprise as a means of social impact purchasing deserves similar consideration and investment of resources.

Governments offer many incentives to support business development and growth, from training resources to tax incentives. The existing services have to insure they are open and supportive to all business models. The Canadian Business Network[69] is a good example of initial steps in this process with their on-line information for social enterprises. Governments should include services and support to social value and social enterprise businesses within their current business development programs.

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[65] Social Enterprise Council of Canada, SECC, unpublished policy paper, February 2014, see http://www.socialenterprisecanada.ca/en/gettoknowus/nav/socialenterprisecouncil.html

[66] www.innercityrenovation.ca

[67] www.torontoenterprisefund.ca

[68] http://harvardmagazine.com/2013/07/social-impact-bonds

[69] http://www.canadabusiness.ca/eng/

"Developing a policy statement is just the beginning. Ensuring it achieves what we set out to do is another piece." – *Key Informant Purchaser*

"Good policies are better achieved if policy makers understand what is working on the ground, rather than create unachievable policies. People on the ground know better the ways to measure the impact. Their voices are too often excluded from the policy making." – *Key Informant Intermediary*

The non-profit sector is both a purchaser and a supplier in the social value procurement spectrum. With a mission to create social outcomes as their purpose, non-profits should be social impact purchasers for the products and services they buy. The supply-side, social enterprise has emerged as a means to support the non-profit sector in achieving their mission and contributing to their financial sustainability. Support to improve the quality and competency of the social enterprise sector is critical to participating effectively in the social impact procurement arena.

Creating Guidelines

Achieving social procurement goals may be achieved through purchasing products or services or it could be achieved through supply chain sub-contract suppliers. Each RFP, in addition to criteria for quality requirements, competitive price and environmental impact, could include a 'score' for meeting intended and desired social impact or outcomes. The social impact does not have to be descriptive in every case; it could leave the evidence and measurement models up to the suppliers and their sub-contractors.

Social procurement guidelines 'weight' the value of each social / economic value. This allows the government purchaser to target outcomes and impacts based upon the type of purchase or contract. Procurement experts recommend that environmental and social impact scores be increased as high as equal to price when the product/service sustainability attributes are available/well developed in the marketplace. For instance, where SME and social enterprise suppliers in a product category exist in the local market (office supplies, janitorial, catering, cleaning, etc.), the opportunity for social impact is high, and the score should increase. Similarly, in a product category where the environmental attributes are well known and the market well developed, such as for cleaning products, the environmental impact score should be increased.

EXAMPLE:

Product to Purchase	Quality Meets / Exceeds Defined Need	Price Lowest Cost	Environmental Impact	Social Impact
Name of Product	Score 1 to 15	Score 1 to 15	Score 1 to 15	Score 1 to 15
Product #1 Weighting	35%	35%	15%	15%
Product #2 Weighting	45%	20%	15%	20%
Product #3 Weighting	50%	30%	10%	10%

- Purchasing criteria already include specifications for quality and type of product.
- Pricing is an existing criterion to insure best price for purchaser's value.
- Environmental Impact is defined based upon type of product, service or development.
- Social Impact adds another criterion or can include a questionnaire with the RFP, seeking evidence of the proponent's commitment and/or ability to contribute to purchaser's social goals.

Example of Potential Social Impact Questionnaire Included with RFP:

OWNERSHIP:

- Is your company privately owned? Co-operative? Non-Profit? Community Contribution Corporation (3C)/hybrid?
- How many employees do you have?
- What is the location of your corporate headquarters?
- What is the reach of your operations? (ex. Local, provincial, Canada, North America, global)
- Do you have a local office?

EMPLOYEES:

- Does your employee profile include persons with disabilities? What percentage?
- Does your employee profile for this project include opportunities for currently unemployed persons? How many?
- How many training positions / apprenticeships will be included in the employee base for this product / project?
- Do you pay a living wage to all of your employees?
- Do you provide health/dental benefits to your employees?

SUB-CONTRACTORS, SUPPLIERS & SUPPLIES

- What percentage of your sub-contractors for this project will be SME/social enterprises businesses based in local area?
- What percentage of your subcontractors for this project will be social enterprises?
- What percentage of your supplies/services for this project will be purchased from SME/social enterprises businesses based in local area?
- What percentage of your supplies / products for this project will be produced in local area?
- What percentage of your supplies/services for this project will be purchased from social enterprises?

IN-DIRECT SUPPLY CHAIN

- Does your company use SME / social enterprises businesses based in local area in your operational supply chain? (Example: janitorial services, catering, couriers, office supplies, etc.) If yes, please list and indicate % of your purchasing for that item and a few examples of businesses you buy from.

- Does your company use social enterprises in your operational supply chain? (Example: janitorial services, catering, couriers, office supplies, etc.) If yes, please list and indicate % of your purchasing for that item and a few examples of businesses you buy from.

COMMUNITY GIVING:

- Does your company support local charities or Non-Profit organizations? If yes, please provide an estimate of the amount.
- Does your company provide in-kind donations to charities or Non-Profit organizations?
- Does your company provide pro-bono professional services to Non-Profit organizations?

CONCLUSION

Our environmental scan, key informant interviews and evidence from existing market activity indicates the tremendous potential of using social procurement to contribute to solving complex social issues.

We also identified cultural challenges and logistical barriers, both perceived and real, to moving further. There was consensus that the barriers are not insurmountable, but overcoming them will take rigorous and collaborative effort.

To add a social value to current considerations of price, quality, environment and risk will begin with new relationships and partnerships. It will not happen in a big dramatic event, but now is the time to build a shared cross-sector strategy and take the initial steps toward expanding implementation and eventual scaling.

We believe that a social value market place has the capacity to create healthy communities. As one interviewee said, "we aren't suggesting any compromise to the purchasing principle of 'value for money' but rather we actually want to enhance 'value for money'!"

APPENDICES

APPENDIX A – Summary of Opportunities, Barriers and Recommendations

OPPORTUNITIES:

OVER ARCHING GOALS:

- Poverty Reduction
- Community Economic Development
- Social Inclusion
- Employment and Training Opportunities

SPECIFIC GOALS:

Purchasing from targeted businesses:

- Social enterprises operated by non-profit organizations
- Locally-owned businesses
- Small and medium sized businesses
- Aboriginal-owned
- Women-owned
- Immigrant-owned

EMPLOYMENT RELATED GOALS:

- Skills training
- Persons with disabilities or barriers
- Youth
- Immigrants

KEY BARRIERS AND CHALLENGES:

What is the business case for adopting social purchasing policy?

- Motivation and reason to change from current practices
- Perceived and real gaps between purchasers and suppliers: language, culture, practice, and goals

FOR PURCHASERS:

- Contract Size and Number
- Bidding Qualifications
- Legal and Trade Agreements
- How to identify social suppliers and real impact
- Fragmentation of procurement authority

FOR SUPPLIERS:

- Capacity to meet an increased demand
- Perception of "non-profits" as businesses
- Sales and related business skills
- Marketing and Communications

IMPLEMENTATION AND PROCESS:

- How to do social purchasing?
  - Lack of best practices and examples
- Measuring Success
  - What is social impact and how can it be measured?

RECOMMENDATIONS:

BUILD NEW RELATIONSHIPS

- Events and Learning Opportunities
- Experiments and Pilots
- Evidence
- Shared Learning

KEY RECOMMENDATIONS FOR PURCHASERS:

- Leadership
- Policy and Practice
- Initial Implementation Steps
- Impact Measurement Tools

KEY RECOMMENDATIONS FOR SUPPLIERS:

- Business Readiness
- Market Knowledge
- Deliver Quality and Competitively
- Impact Measurement Tools

STEPS TO IMPLEMENTATION:

- Certification Systems
- Trials and Experiments
- Learning and Engagement
- Sharing
- Growing
- Measuring

APPENDIX B – REPORT CONTRIBUTORS: KEY INFORMANTS, FOCUS GROUP PARTICIPANTS

The report methodology included interviews with 31 key informants. The interviews were conducted by telephone. The interviews were with key informants representing 9 purchasers, 9 suppliers, and 13 intermediaries or individuals involved in policy. Key informants were identified through already existing relationships, knowledge base, referrals and snowballing from initial contacts. The list of informants is below. Interview questions can be found in Appendix C. All comments and remarks remain anonymous if quoted.

KEY INFORMANTS	
PURCHASERS	
Michael Lachocki	Procurement Manager, Construction, BC Housing (BC)
Colin Goldstone	Procurement Services, Government of Manitoba (Manitoba)
Maya Maute	Director, Procurement & Contract Management, Vancity (BC)
Tania Carnagie	National Executive Director, Community Leadership, KPMG Canada (Ontario)
John Johnstone	Stakeholder Engagement, Office of Small and Medium Enterprises, Public Works and Government Services Canada (BC)
Vanessa Mountain	Senior Aboriginal Procurement Advisor, Strategic Procurement Programs, BC Hydro (BC)
Mark McLaughlin	Executive Director, Ancillary Services, Simon Fraser University (BC)
Karen Wilson	Employment and Social Services, City of Toronto (Ontario)
Lynda Rankin	Manager of Sustainable Procurement, Government of Nova Scotia (Nova Scotia)
SUPPLIERS	
Peter Frampton	Executive Director, The Learning Enrichment Foundation (Ontario)
Melanie Conn	Common Thread Cooperative (BC)
Shaugn Scwartz	Executive Director, The Cleaning Solution (BC)
Brad Mills	CEO, Mills Office Productivity (BC)
Denise Tashereau	CEO, Fairware (BC)
Deanne Ziebart	Starworks (BC)
Marcia Nozick	CEO, Embers Staffing Solutions (BC)
Heather O'Hara	Executive Director, Potluck Café Society (BC)
Shaugn Scwartz	Executive Director, The Cleaning Solution (BC)
INTERMEDIARIES / POLICY	
Marty Donkervoort	Consultant (Former CEO, Inner City Renovations (Winnipeg)
David Upton	Common Good Solutions (Nova Scotia)
Brendan Reimer	Manitoba Regional Director, The Canadian CED Network (Manitoba)
Bill Young	Social Capital Partners (Ontario)
Gerry Higgins	CEO, CEiS (Scotland, United Kingdom)
Larry Berglund	Consultant (BC)
J.J. McMurtry	Assistant Professor, York University (Ontario)
Rachel Holmes	Executive Director- Innovative Partnerships, Ministry of Social Development and Social Innovation, Province of BC (BC)

Peter Holbrooke	CEO, Social Enterprise UK (United Kingdom)
Coro Strandberg	Buy Smart Network (BC)
Cindy Coker	Executive Director, Seed Winnipeg (Manitoba)
Molly Dunbar	Social Purchasing Portal (Manitoba)
Joanne McNeil	University of Western Sydney (Australia)
FOCUS GROUP ATTENDEES	
PURCHASERS	
Corinne Campney	Director, Business Enablement, Community Affairs, Telus Communications
Michael Lachocki	Procurement Manager, Construction, BC Housing
Laura Simonsen	Procurement Officer, Simon Fraser University
Lily Lui	Procurement, BC Housing
Jocelan Torrelli	Procurement, BC Housing
Catherine Larsen	Senior Program Advisor, Heritage Canada
Mary Aylesworth	Director of Procurement Services, Simon Fraser University
Tracey Husoy	Purchasing and Risk Manager, Metro Vancouver
Elaine Fisher	Environmental Specialist, Vancouver Airport Authority
Karen Wong	Manager, Purchasing and Contracting Services, Vancouver Airport Authority
Maya Maute	Director, Procurement & Contract Management, Vancity
SUPPLIERS	
Deanne Ziebart	Starworks
Shaugn Scwartz	The Cleaning Solution
Denise Tashereau	CEO, Fairware
Melanie Conn	Common Thread Cooperative
Heather O'Hara	Executive Director, Potluck Café Society
Marcia Nozick	CEO, Embers Staffing Solutions
Richard Faucher	Executive Director, Burnaby Association for Community Living
Jack Styan	Community Living BC
INTERMEDIARIES / POLICY	
Larry Berglund	Consultant (former Director of Procurement, City of Vancouver)
Amy Robinson	Loco
Bob Purdy	Buy Smart Network
Rachel Holmes	Executive Director, Innovative Partnerships, Ministry of Social Development and Social Innovation, Province of BC
Jamie Millar-Dixon	Consultant
John Kay	Realize Co-op
Rita Farkas	Realize Co-op

APPENDIX C – SUMMARY KEY INFORMANT INTERVIEW RESPONSES

APPENDIX C1 – PURCHASERS

Benefits of having an internal social procurement policy?	If SP policy or practice exists, what is working well?	Barriers and Limitations to implementing social procurement policy or practice?	Barriers or risks to purchasing from Social Enterprises?	recommendations to government?	recommendations to suppliers?	Main motivations for purchasing from SE's? Ex price, quality, ability to deliver, affinity to a social cause
Ties in with what we do, who we help. This is a way to help that population further. I think companies are often loath to make changes, sometimes the government has to be the pioneer to lead the change. Showing the private sector it is a reasonable way forward.		Don't think there are any barriers, just a matter of time and resources; getting buy-in and input from all the teams; agreements on wording; developing training material.	Depends on the budget we get. If a SE gives us a higher bid, its hard to choose them given budget constraints. Small orgs need to be competitive.			
purchasers need to understand they are not only buying great products. I think they would get more enjoyment out of their work knowing there is a human element supporting enterprises that support people that would otherwise draw on government resources. It is empowering to be building capacity.	Less about having a specific policy, more about ensuring S.E.s are included in procurement system. A decade ago they were excluded, were only receiving grants. Today they are paying taxes. People are starting to understand why to do this. Not being done as a government directive, but on an individual level. Usually it's a well-informed manager that makes a decision to use a S.E.	We've struggled for years to get people to listen to the opportunity, internally. Many didn't understand what the social economy was, why it was important. Have seen a change in last few years. But there is still an inherent bias, people think S.E.s will not be efficient, think there is risk with small orgs.	barrier for us getting the info out to our purchasers. No matter what structure a supplier has, they have to be able to do the work; bundling is a barrier for us, we want a provider to be able to supply at 6 different geographic locations. S.E.s are usually competing for the under 25k contracts, which are easier to approve.	consider the best policy instrument, awarding points for sub-contracting to S.E.s instead of set-aside; provide educational seminars to government buyers to inform them about benefits of using S.E.s Also, we often see that impacts can be generated in the absence of policy! Creating set-asides often doesn't work. As long as everyone is able to compete equally, S.E.s should be able to be part of the government procurement system.	make relationships with larger companies so you can sub-contract for government bids; have a clear understanding of your goals and strategize around that. Look for small contracts if you are seeking government contracts	Not the social cause. We want to know they can compete on quality, price and time. Also suppliers need a lobby group to better market their products and services. Value needs to be better presented. You are talking to purchasers who don't understand why they'd pay more for a product that may have a higher risk or longer time frame. Buyers are always concerned with following rules.
We have certain areas where we emphasize SP, but they are programs, such as Aboriginal procurement, less about over-arching policies.	Certain areas of the government have different programs, we all try to support the SP portal. We tend to have a "best effort" policy.	trade agreements including internal trade; decentralized structure of govt makes it difficult to enforce a policy across the board; capacity of suppliers can be an issue so we often encourage partnerships with larger suppliers; culture of buyers- some have been on the job for 40 years and focus has always been price, they see another criterion as "not being right"; difficult to train everyone when there are thousands of employees, turnover etc; also need resources to keep SP programs going, such as implementation, training, monitoring, reporting etc.		We've had success with teaming up with the broader public sector group (MASH) to pool our resources and create online tools, communication, policy tools for SP; also need good reporting metrics and performance targets to motivate people.	Need compelling stories to capture interest of purchasers, need tools in place to enable S.E.s; Also, work with intermediaries to establish relationships, such as Chambers of Commerce, business development consultants.	

We did research on what is happening in other jurisdictions, learned a lot. Not just about the RFP, because the vendor needs the support of the delivery systems and the people around it to successfully deliver on what those requirements are. To be successful we had to look at bringing in all the partners. The developers, the community partners, the local govt. Collaboration has been great. Have spent a lot of time on education, language.		understanding what and why is a learning curve. Also capacity of SEs and other partners to deliver what vendor is looking for. In large projects, the vendors bidding aren't SEs, they are subcontracted. So influencing someone else's supply chain can be tricky. Mechanisms used will depend on the scenario. Pilots look at RFPs, tenders, goods, services, etc.	It's a matter of getting info out to suppliers to diversity the supply chain. We do regular public sessions for suppliers. Outreach is one of our strategies.	developing a policy statement is just the beginning. Ensuring it achieves what you set out to do is another. Pre-qualifying ahead of time is one strategy. That could also be done with external certification systems.		
Helps us realize our triple bottom line. We have been able to raise awareness for our stakeholders. We audit the products through our supply chain. We know whom our suppliers are buying from.		Availability. Some is too onerous for small players. We put out an RFP to SE caterers, but they didn't have the resources to send in the 25 page proposal. It was disappointing.	Institutions are very liability conscious, need guarantees that quality and consistency are there. There is a stigma around smaller groups. Education is huge.	Carve out 1% of budgets for S.E.s. That's probably a decent start. Also, reserve a seat on Board of Governors at Universities for an S.E. It's always just business leaders. Give S.E.s a voice at the table. Govt needs to promote awareness of S.E. sector. Lunch and learns, etc.	they've got to get out there and make their name known. Not just the internet. Pounding the pavement. Collaboration. Band together, find support in numbers.	We go to trade shows to establish supply chain relationships. Orgs pay a lot of money to get booths there. Small S.E.s don't have money to access these shows. Collaboration seems huge. Need to band together to get exposure. Or maybe trade shows need to allocate some space for smaller groups. A lot of procurement people are set in their ways.
	When there is specificity of what we are trying to deliver. That's what works well. When we think of what and how are we going to get there, that's when initiatives are created. Be specific. Narrow and prioritize.	When you focus on something, you leave others on the side. Can't do everything, need resources and a focus.	Size or maturity of an organization can be a barrier, also their ability to respond to an RFP. Also, smaller suppliers could also pose risks because knowledge is often held with one person, so there is a succession planning issue there in case that one person becomes unavailable.	That's longer-term. Trade agreements get in the way. They need to work on that to change policies.	They need to call purchasers. Get themselves known.	It's always a question of whether we want to have a relationship with a given company. If a co is unethical, it is our reputation, and our members. It's not just about price. We want a connection and an understanding of common values.

APPENDIX C2 – INTERMEDIARIES

Importance and benefits of SP?	Barriers and limitations to SP policy and practice?	Recommendations to purchasers?	Recommendations to government?	Recommendations to suppliers?	Other comments
When anybody purchases anything, they are making a fairly substantial statement about what they value, it's a form of investment. SP should not be separate from procurement. Purchasing is one of the few big impacts you can make without spending any more money. Think about the money you already have. It's so obvious. Much of this isn't wild or new. We need to accelerate and build on what's already being done in the UK.	Risk adversity; Drive to be transparent and competitive; Anxiety about deviating from core focus; concern from government employees about what is allowed; lack of awareness of what is available;	Purchasers: Any company needs an executive commitment and statement about intentions to create impacts. We need guidelines, benchmarks, tools so that staff knows how to change the way they do things. Language is huge too.			Our experience is that success of policies will depend on the resources allocated to implementation.
Great opportunity to have a really big impact on the issues we face a society; charity is important and has its purpose, but it doesn't work for everything; meaningful and supportive jobs that pay a living wage is a great opportunity; anyone can see the value in SP and see that it makes sense and is economical.	Aversion to straying away from business as usual; aversion to changing existing procurement relationships; inconsistent definitions of SP, how it works, who it involves; need policies and practices that fit the community they represent, can't have one size fits all.	Find like-minded peers that are doing some SP, and learn from them. Use them as resources. Collaborate, rather than reinventing the wheel.	Providing incentives to create relationships between suppliers and purchasers would go a long way. Government does so much spending, they can be the best example of how this can be successful.	encourage purchasers to let you come in and speak about the project to the staff, to build buy-in from the whole team. Also, don't let the social mandate be a crutch. Need a strong product that can stand on it's own in the market.	It's difficult to know all the products and services offered by S.E.s, so growing that knowledge is key.
In essence these policies have existed prior to the welfare state: Victorian period, Medieval period, to achieve better lives. Battling inequality, creating equality of opportunity. We've seen since WW2, a higher consciousness of positive procurement practices to create social impact in a diverse and rich way across society. SP can address a huge range of problems: economic exclusion, poverty etc. SP cannot eliminate the need for food banks, but can provide a richer experience, we get more "bang for our buck".	lack of clarity in what we are trying to achieve through policy. Need measurable self-determined indicators to understand the impact of purchasing decisions. Also an ideological barrier of the state opposing handouts. SP can be seen as non-competitive, or anti-market. Large scale businesses are the least efficient at creating sustainable employment. If we are wanting to create social good, we can't only consider price in our purchases. Also lack of innovation and entrepreneurship, we often deliver services in very standards ways.	Organizations wanting to create procurement policies should consult stakeholders, rather than waiting for government to mandate things.	Policies are better achieved if they understand what is working on the ground, rather than being unachievable. People on the ground know better the ways to measure the impact. Their voices are too often excluded from the policy-making. So make sure to consult with those already working on this. This is an on-going learning process.	Importance of training people up. Biggest barrier to institutional or collective change is people at the middle feeling they don't know what is going on, so they revert to what they already know.	From our research, targeted and clear procurement policies work better, most university purchasers rely on word of mouth to guarantee a product's social content. Not a very rigorous process.

I believe the marketplace is a place where social and environmental values can be generated. If it isn't, we won't have a sustainable society in the long-term. It's an opportunity to leverage market decisions for social benefit, a way of not having to depend on taxpayer dollars or charity. It promotes an inclusion mindset for all members of society.	lack of awareness on the part of buyers. Also lack of metrics, inability to understand how impact can be achieved. People will say trade agreements, but that's not insurmountable. Also, other competing procurement priorities.	Need 2 things in an organization to make this work: a goal approved by leaders, and an internal champion. Without these, you won't get far. Also need a market.	govt is a purchaser and policy maker. A How-To guide to train purchasers would be helpful. Need good case studies.		
For a lot of individuals, they need to be in a supportive work environment for it to be successful for them. A lot of SEs are designed to be flexible for people who are hard to employ, they are supportive. We also have a huge impact on rural farmers around us because of the work we do; SEs can be used to change and industry, and be a yardstick to measure. You can provide health to waiters. You can make a contract and provide healthy food to university students.	Large contracts. Certifications, costs of being bonded. Requires a whole different level of capital.	What I would love to see is that govts recognize the barriers in their RFPs that exclude SEs. Take into account that contracting with SEs is an investment, it will have return for other departments. Need strong statement recognizing what SEs are doing, what value that brings to the govt as a whole. Also, Govt business support always goes to private sector. For ex, loan guarantee and tax credit programs, other credit programs aren't designed for NPs. This is not a level playing field. Govt needs to evaluate the services it is providing, and figure out how to be more inclusive. Assumptions about size. Tax credits for example are not appropriate for low income, or small businesses. Granting programs are similar.		What's worked with us is thinking of things as anchor institutions. Understanding of business development, takes time for enterprise to be stable. There is a real strength in matching up anchor institutions to SEs. Anchor (such as hospital, university) offers support, leadership, shares base costs.	Overall, there is a need for intermediaries, such as community economic development orgs, and general business developers working within those orgs.
we need to find new models, one of the ones we need to encourage is organizations that are figuring out how to combine revenue generation with doing good. That's good for society. Helpful to govt, they can play a big role in helping to create these hybrid orgs through their procurement strategies.	Some govt procurement policies have become so complicated that it's hard for SEs to fit into them as easily as traditional suppliers who are used to jumping through the hoops. If you force everyone to fit into that procurement model, there is a built in bias, those larger orgs will always be more successful. Another barrier is inertia- learning about a new area. People want to get things done. They don't want to waste time. Easier to continue doing things the way you are doing it. If it's not crucial to change, why bother. (gave some examples of seeing this happen)	find internal champions. [provides examples of successful SP programs initiated by internal champions at high levels of corporation]. Make it a priority. It's a good priority. It should be a part of any CSR strategy. Hold people accountable too. Don't just say we'd like to do it. Impalement it widely. Figure out how to make it easier.	do this. Make it easier. Understand you are difficult to interface with. If you are interested in this, you have to make it easier. Carve out in terms of how this process will be handled differently. You have to hold people responsible for doing it, measuring how they do it.	value proposition can't be "buy from us cause we do good" has to be that they have competitive price and quality, AND they do good. Most SEs get that. Get better at selling and giving tools around these obstacles. You can demystify things for people if you are smart and clever about it. Salesman skills. You need to find someone at senior level within organizations to take this challenge on.	
Example our provincial govt spends 80K a year on survey stakes. Nothing particularly demanding about making these stakes. If they bought them from intellectually challenged workers, you would create huge benefits for those already depending on govt support. Govt saves on income support and community benefits.	Distributed purchasing model being used at province makes it difficult to get all on board, demonstrate the value. Also the rightful reluctance of govt to decide who is and isn't a SE.	Provincial govt has actually done a lot to engage the SE sector. SE sector has been less engaged. Their boards are risk adverse. They worry too much about what they could loose. Also, community benefit agreements need to be used as clauses in major contracts. Engaging private corps with SEs is important. The recognition that could come from this is huge. Govt is the one that could create this.			
Mainly it's the best decision, within reason. The more thoughtfulness put into purchasing decisions, the better our economy, society, planet will be. For ex. Aboriginal people have been excluded from procurement for years. This is the mildest form of compensation. Self determination and poverty reduction is a direct outcome of SP.	Laziness and ideology. There is a worldview that assumes that for profit business is normal and most efficient. It's hard to get people to change the way they think and deviate from "normal". Also technical barriers such as health, safety and distribution with food procurement.	building the will to do it (both private and govt). Need to think about the amount of money spent on charity, this is a compelling opportunity for them, CSR issue.	If govt would just do some of the calculations on reduced costs of healthcare and EI for example, the ROI is huge.		

APPENDIX C3 – SUPPLIERS

How do you gain access to those markets/customers?	Barriers to success as a supplier?	Barriers to success in creating social value?	Recommendations to purchasers?	Recommendations to government?
Access gained informally- networking. Believe govt departments need to be marketed to, but that should happen internally between departments too.	Not interested in large govt contracts, RFPs are too onerous, and we don't have capacity for it. Our facilities aren't at a large enough scale, either. We are more focused on smaller contracts, discretionary spending.	Have limited sales and marketing resources, so awareness about our business is limited. Maybe govt can help with that in terms of point system or other incentives. The people we employ eases burden on governments. The more sales we do, the more value we can create.	It's like anything, the more people you know, the easier it is. So making those relationships with S.E.s is important. We've had experiences with businesses that are forced to buy from us, it sets us up for failure. People start to resent it. I'd rather be chosen for us. Better to have a number of preferred options.	Make the RFP process less onerous. We have to be constantly monitoring it. Takes a ton of time. I like BC govts direction of 2 page RFPs for certain sizes.
responding to RFPs. It's tough because we are competing against the private sector which is more established. Also sales calls, and through relationship with the province. One of our largest current clients was established because they were given points for subcontracting a group like ours. They were skeptical at first, and now a year in they are extremely happy. We provide extra training.	For reno company- establishing ourselves in a field where everyone else is private enterprise. For staffing co- has taken 5 years to break event. People just don't know who we are. We don't have a marketing budget.	just the limit to the number of jobs we can create. We aren't a social program, we are a business. We have to provide the best service and the best products.	If they could bend competition rules to give some advantage so we can compete in bidding process. Or reserving some projects for S.E.s.	Almost never supply to federal govt because contracts are so large. Govt can make a huge social impact. It doesn't make sense to not support S.E.s creating social value. We have hundreds of people coming off social assistance with our programs, and govt isn't paying a cent. They could support us by purchasing from us.
B2B marketing. In the case of govt, requests for standing offers, sometimes purchasing orders, sometimes RFPs. Some want a quote, some want a formal bid.	Public tendering can be cumbersome. Ex 28 page RFP for a 28K contract. Also size of contracts are often inaccessible to us. Local fed govt purchasers can't break up large contracts. We have less barriers supplying to private sector. Sometimes the perception that we are too small comes into play. That is partly a marketing issue. We don't have a certification program.		Think outside the box. Don't be afraid of S.E.s. Ask questions you are concerned about. We don't want the charitable model. Test us, start with a small bid if you like. Also, spread the news. Need purchasers to expand definitions beyond price. Purchasers need support and direction from managers.	Do some trials. Consider set-asides like those in the US.
B2B. Access to sales teams. Word of mouth. We don't have a set marketing plan.	Competing against large private companies. Perception is the toughest part. When it comes to govt procurement, there is no value on sustainability or social impact. Ex we recently lost an RFP because we couldn't supply audited financial statements, as a small NP, we don't have those.		Give some points for sustainability/ social impacts in RFPs. Need some type of certification to ensure our efforts are recognized.	same as purchasers. Have some subjective space in RFPs, go beyond lowest price.
	reality of selling to private sector is the cost of sale is so high, it takes away our ability to provide the social value. Because we are in the sector, we already have the relationship with govt. Most social purpose businesses tend to be around low margin high volume business, so it's expensive. As volume goes up, have to start hiring people that can just do the job.	Research we've done in TO indicates most social purpose businesses stop growing within 5 years, not at a dollar value, but at a through-put. Sort of like a caseload max we are starting to see. Small seems to be beautiful, so govt procurement, needs to change around large contracts only.	Demand and appetite is there. Think about the bite-sized chunk of your procurement needs. Create smaller contracts.	For all purchasers, it's about price and quality. Beyond that most purchasers it's just a nice story. With govt you have the leverage of social policy allowing for stronger intervention. It's certainly cheaper to intervene than previous mechanisms we've designed. The cost is zero, it's money already spent. So govt procurement policies are the most important. Adding the community partnership clause to RFPs is absolutely crucial.

APPENDIX D – SUMMARY OF BARRIER AND RECOMMENDATIONS IDENTIFIED BY KEY INFORMANTS

KEY BARRIERS IDENTIFIED FROM INTERVIEWS	MATCHING RECOMMENDATIONS FROM INTERVIEWS
WHY? What is the Business Case to Change Current Practices?	Write the Business Case Documents Opportunity Identification & Stories
"Language & Cultural Differences Everyone is on a Different Planet"	Events for building bridges and communications & Relationships Intermediaries
Purchasers Inertia to Change	Leadership Rewards Internal Champions
History (age) & Culture of Purchasers	Leadership Resources & Training for Purchasers
No Systems Approach to Government Procurement	Leadership Internal Champions
Perception of "Non-Profit" as Businesses	"Tell Your Story" Intermediaries / Events / Trade Shows Business Skills for Social Enterprises
Changing a business practice, like purchasing, is difficult across a large corporation	Leadership Resources to Implement Change Experiment and Pilot
Lack of Business & Marketing Skills for some Social Enterprises	Access to appropriate SME Services, intermediaries, business development
Lack of Social Purchasing Policy & Best Practices Examples	"How to" do Social Purchasing guidelines and recommendations Intermediaries
Procurement Process can be complex and difficult for SME & Social Enterprises	Intermediaries Training for Bidders Simplify RFP when possible
Large Contracts	Unbundling and Collaborative Bids Sub-Contracting Community Benefit Agreements
Bid Qualifications can be exclusionary	Bid Size Parameters Sub-contracting Transparency in Process
How do we know who and what?	Certification Program for Social Enterprise
Do the suppliers have the capacity?	List of Suppliers and Products
What & How do we measure social outcomes and impacts?	Measurement Models & Tools Experiments & Pilots
Size & Culture of Social Enterprises	Start Scaling through supportive institutional contracts
Legal Issues & Trade Agreements Need Clarification	Shared Legal Guide for Federal, Provincial & Municipal Purchasers

APPENDIX E – FOCUS GROUP DISCUSSIONS

The third phase of the report used the initial report findings to establish questions and context for an In-Person "Focus Group" in Vancouver. The facilitated session used a scenario response format to add to and synthesize findings from the initial literature scan and interviews. Key stakeholder representatives included 11 purchasers, 8 suppliers, and 7 intermediaries.

SOCIAL PURCHASING CASE STUDY DISCUSSIONS

1) We are a privately owned technology support service provider to banking, credit union, and other financial services providers. Our revenues are over $100,000,000 per year across western Canada. We have a strong Corporate Social Responsibility program that includes supporting several charities with both financial and volunteer support. We also have a strong environmental policy for our operations and within our purchasing guidelines.

Over the last year a number of Requests for Proposals (RFPs) have asked us about our social procurement policy and practices. We also have had several employees ask about our product sourcing, and local buying. We want to explore this idea of social purchasing:

- Why should we do this? What is the business case?
- Will this damage our shareholder relationship?
- What impacts will we have anyway, and how will we measure it?
- Is it easy to find social impact suppliers? What about the relationships with our current suppliers, do we just drop them?
- What resistance internally and externally should we expect?
- What steps would you recommend? How do we choose which social impacts to focus on? Disability, poverty, Aboriginal, women, immigrants etc etc.
- Once we get our policies in place, how do we get buy-in from purchasers across our company? How can we properly bring them up to speed so that they are engaged and interested in this initiative?
- What kinds of goods and services can we purchase from social enterprises? How will we figure out who to work with? Which ones are reliable? Our experience is that larger companies are more reliable and consistent.

QUESTION FOR GROUP DISCUSSION:
What do you think are the most critical barriers, solutions, and opportunities here?

2) Our municipality of 500,000 people has a very strong environmental and ethical commitment in our purchasing policy. We want to expand that policy to include using our existing purchasing to create a social value as well. Council has directed purchasing department to come up with a policy and regulations. What social issues can we think about addressing? And how? One opposition councilor has said we can't do this, it's illegal and against all the trade agreements. Another opposition member has said it's not prudent use of taxpayers' money not to choose lowest price. How do we respond? What are best practices? Other questions that are coming are:

- How can we change our RFPs to include social impact points? How do we determine which is the most important impact?
- How can we bring a whole large purchasing department up to speed on social purchasing? They are set in their ways, and are often focused on price and low risk suppliers who are large enough to fill large orders.
- We don't know much about SEs, or who they are. How can we learn about them? Where are they? How do we distinguish between ones doing good work, and others?
- We have heard giving points for sub-contracting to SEs is a good idea. How do we go about doing this?
- How can we ensure that our social procurement policies achieve what we want them to? How do we measure and monitor this? How do we figure out which projects should involve SP practices? How do we get SP to be a part of all procurement projects?
- We only have so many resources we can dedicate to achieving our social impact goals. How do we ensure we are prioritizing the right ones?
- Won't it be more expensive purchasing from small social enterprises? How can we find the budget for this?

QUESTION FOR GROUP DISCUSSION:
What do you think are the most critical barriers, solutions, and opportunities here?

3) We're a rather small but growing non-profit social enterprise that provides office maintenance. Our revenues are about $1million. We want to grow our business, which will create more employment opportunities for people with disabilities.

- How do we get to the next step?
- What do purchasers want to see?
- How can we demonstrate that the quality and price of our products is as good, if not better, than our competitors? How do we communicate and market this to purchasers given our limited resources to do so?
- What's the best way to create relationships with large purchasers? Should we focus on small government contracts, or should we try to expand and meet large contract requirements?

QUESTION FOR GROUP DISCUSSION:
What do you think are the most critical barriers, solutions, and opportunities here?

APPENDIX F – LITERATURE REVIEW: WORKS CITED AND REVIEWED

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