

From Pilot to Procurement:

Enabling Social Enterprise Growth in Ottawa

A Case Study



Executive Summary

Many non-profits across Canada are looking to social enterprise as a way to support their social and financial mission. A major challenge posed for social enterprise is matching market demand to their product and service offering. Yet, within many large Canadian cities there are a number of potential customers with significant purchasing power. In particular, community housing providers can benefit from many of the same impacts by purchasing from social enterprises who have similar missions.

This case study explores how Good Nature Groundskeeping, an employment-based social enterprise operated by Causeway Work Centre, a community economic development organization, worked with Ottawa Community Housing to embed a “value-added social enterprise” procurement component in the renewal of the OCH Procurement Policy when appropriate. Experiences gained during the three-year pilot supported the addition of the social procurement concept in a renewed version of OCH’s procurement policy.¹

1. Social enterprises use business strategies to achieve a social or environmental impact. While generating revenues from the sale of goods and services, social enterprises also expressly intend to create positive outcomes, and they measure their results. As their business grows, the social impact grows.

Social Enterprise Branch, Province of Ontario, 2017



**Good Nature
Groundskeeping**
Laying the groundwork for success

Some of the key learnings from this pilot project include:

- OCH had a portion of discretionary funding set aside for casual employees to perform some seasonal groundskeeping. This provided OCH with an opportunity to “try out” Good Nature Groundskeeping on a smaller scale without having to go to tender. Access to discretionary contract funding, or “set-aside” funding is important to support early-stage social enterprises, but a procurement policy that gives significant weight to social mission in addition to capacity and price has greater opportunities for scaling long-term social impact.
- Having a similar mission or intended impact is important for social enterprises and purchasers. However, offering a quality product or service at a competitive price is more important for long term impact.
- Ensuring that purchasing from a social enterprise meets your needs. To do so otherwise is not fiscally prudent and creates a less efficient form of charity.





Introduction

What is Causeway?

Causeway is a not-for-profit agency helping people with mental illness and other barriers to employment find rewarding work and live more independently.

Operating in Ottawa for 40 years, Causeway transforms lives and fuels community economic development through an integrated network of innovative training and employment programs, one-on-one support, and by creating socially-minded businesses.



Background

In 2012, Causeway and Ottawa Community Housing, 'OCH', initiated a pilot project for Causeway's landscaping social enterprise, Good Nature Groundsweeping, 'GNG', to provide basic landscaping services for a handful of OCH properties. OCH is Canada's 4th largest community housing provider with over 32,000 tenants and an operating budget over \$150M. Over the three year pilot, GNG began earning more work and revenues, moving from \$56,000 in its first year to over \$100,000 by year three as OCH gained confidence in GNG's capacity to deliver quality services. In the win-

ter of 2016, OCH added a "value-added social enterprise" component to their procurement process when appropriate to a specific tender. That value-added component recognized the important contributions social enterprises can make for OCH tenants. This value-added component was developed in conjunction with Causeway and paved the way for GNG to move from a pilot project to competitive procurement. The lessons learned from both Causeway and Ottawa Community Housing in their journey can be applied and replicated in other communities across Ontario and Canada.





From Pilot to Procurement

Recognizing Potential in Social Enterprise

In 2003, Causeway started a small program called Casual Jobs that provided employment opportunities for a handful of people with periodic part-time work in the form of basic commercial and residential odd jobs.

The alignment of Casual Jobs to Causeway's mission of supporting those with mental illness and other barriers to employment made launching Casual Jobs a natural extension of the work being done across the organization.

"If we can't find someone a job, we should create one"

- Don Palmer, Executive Director at Causeway

Although a social enterprise in spirit, Casual Jobs lacked significant revenues, only \$14,698 in 2007, and a far cry from what would be required to grow to be sustainable.



Rebranding & Repositioning as a Social Enterprise

As part of Causeway's overall transition to becoming a community economic development organization in 2010, significant considerations were given to the way the organization utilized its social enterprises. With decreasing funding opportunities and growing social challenges, Causeway viewed its social enterprises as a tool to achieve both its social and financial objectives. As a result, the goal for establishing financially sustainable social enterprises was imperative. With the need to rebrand and reposition all of Causeway's social enterprises, a marketing firm was

hired to create unique yet uniform identities for each of Causeway's social enterprises. Casual Jobs then became Good Nature Groundskeeping.

The transition to serve commercial properties required significant investment in commercial grade equipment, client and staff training, and a new vehicle that reflected GNG's new brand. This was a significant investment by Causeway, but necessary if it were to reach its full potential.





From Pilot to Procurement: Continued

Identifying Social Procurement as a Strategy

For GNG to be a successful commercial landscaping business, their new target market would have two main characteristics; proximity and familiarity. It was important to connect with local businesses in close proximity to Causeway, including local Business Improvement Associations as well as a number of non-profit organizations in the social services sector who were familiar with the work of Causeway. Each of these target markets represented segments of customers who valued purchasing locally and were willing to incorporate social impact into their purchasing decisions.

Ottawa Community Housing: A Natural Partner

As GNG completed its transition outfitted with a new business strategy and identity, it began to work with Ottawa Community Housing. Fresh off completing their own Community Economic Development Strategy in 2011, OCH was committed to finding new opportunities to support their tenants, which included social enterprise. While OCH committed to supporting social enterprise through their purchasing power, it was a challenge for them to find products and services that would meet their significant purchasing needs.

In 2011, Ottawa Community Housing and Causeway began conversations around the mutual benefits of working

together. OCH recognized that Causeway served hundreds of people a year that lived in community housing and that Causeway's social enterprises could help their tenants gain new social and economic opportunities. Not long after, OCH and Causeway formally initiated a pilot project for GNG to start providing basic landscaping services on a handful of OCH properties. This project was done on a limited, discretionary funded basis.

Although OCH wanted to work with GNG on a pilot-basis, they initially

proposed a one-year project. The short-term nature of the pilot posed significant risk to GNG because it would require a capital investment of \$75,000 and with no assurances of work beyond the first year. After learning of these risks, OCH subsequently agreed to a three-year project. Having more security in a three-year project,

Causeway was able to make the investment in the appropriate capital equipment and staffing to grow GNG. The intention after the three-year pilot was that both GNG and OCH would be ready to support a social enterprise through its procurement process.



“During this process, OCH knew that it needed a more transparent and predictable method of dealing with SEs [social enterprises] than the pilot project approach. When OCH began the process of renewing its procurement processes in 2016, this was an opportunity to embed social procurement principles directly into the new policy. It was also an opportunity for OCH to signal its commitment towards social procurement and using its large purchasing powers to benefit tenants through meaningful employment and economic advancement”

- Brian Gilligan, Vice-President for Community Development, and Andrea Parraga, Manager of Business Services with OCH

Moving from Pilot to Procurement

At the end of the three-year pilot project in 2016, Causeway continued to work with OCH to create an enabling environment for social enterprises to serve OCH's large purchasing needs. Through this, a value-added social enterprise component was created with the help of OCH senior staff and procurement officials. OCH's new value-added approach was intentionally designed to weigh price and social mission equally – a truly innovative practice.

bid for proposals for landscaping services to serve all of their properties across Ottawa. With a robust value-added social enterprise criteria adopted, Causeway felt comfortable submitting a bid knowing OCH recognized that GNG combines a deliberate approach to social impact while also providing a quality service. In the spring of 2017, GNG was successful in winning a contract for the three modules it bid on.

In the spring of 2017, OCH launched its





Impact

With a new contract in place, GNG was able to purchase \$120,000 in new capital equipment, including a new truck and commercial grade equipment. It also meant hiring a new staff member for Causeway and brought the total number of clients served annually in GNG to 20. The economic benefits of this contract will also bring financial stability that Causeway has come to rely on in a precarious funding environment. Although it is a three-year contract, OCH can extend the contract additional two-years. The total value of a five-year contract brings with it the possibility of earned revenues of \$1.5M. For a full understanding of GNG’s total earned revenues, see **Figure 1 (Page 7)**.

Despite its labour force confronting significant challenges, GNG is now a sustainable social enterprise, in large part because of its relationship with Ottawa Community Housing.

Key Findings

From the beginning of the pilot project, OCH made it known they wanted GNG to move to a competitive bidding process. Having the knowledge that this pathway was set from the beginning made the pilot an effective way to utilize OCH’s resources while testing the capacity of social enterprise to serve their purchasing needs. Reflecting on the shift from pilot project to value-added social enterprise procurement, OCH senior staff, Brian Gilligan and Andrea Parraga offer the following advice for others exploring social procurement:

Their advice:

- Start small and grow the contract by working together
- Help create the conditions for long-term success
- A value-added social enterprise component will not be appropriate to every purchasing need. Ensure that any social procurement initiative meets your needs as a purchaser - you need to be buying a dependable, high quality and affordable product. To do otherwise is to engage in charity which is not sustainable
- Ensure that senior management is signaling that making this relationship work for everyone is a priority
- Value social mission with equal weight as price. A progressive procurement policy that values social mission alongside price when appropriate can lead to long-term social impact



“The partnership that we have with OCH has been extremely beneficial not only to GNG but the people that Causeway serves. The bigger GNG gets, the more our employees take pride in what they do. In their eyes, GNG is not just a social business, but the same as any other company out there in the competitive employment environment. Our contracts with OCH have given us the ability to grow, and purchase commercial-grade equipment. The changes to their procurement policy made it possible for us to compete with the biggest companies in the city, and winning long-term contracts has ensured the sustainability for GNG for many years to come.”

- Dave Segart, Operational Manager of Good Nature Groundskeeping

More importantly, they note that the entire initiative “would not have occurred without the continued commitment of both parties to build a supportive relationship.” Working closely with OCH and their team to articulate our social impact as well as providing excellent service has made the shift from pilot to procurement seamless. In doing so, Causeway has helped debunk stigma that social enterprises provide inferior goods and services simply because they’re structured differently.

and Causeway illustrate how utilizing value-added social enterprise procurement can be a tool for positive social impact. Providing a reliable and dependable service to OCH gives them the satisfaction they need to support their tenants while allowing GNG to achieve their social and financial goals.

The pathway set forth by Ottawa Community Housing and Causeway can easily be replicated in other communities across Ontario and Canada.

The advice and lessons learned by OCH



Contact

To learn more about the experiences of Causeway and Good Nature Groundskeeping working towards a social procurement strategy and how this can be a useful exercise for your social enterprise, please contact:

**Doug Pawson, Director Social
Business & Social Finance**

E: dpawson@causewayworkcentre.org
P: 613.277.3593

**Don Palmer, Executive Director at
Causeway**

E: dpalmer@causewayworkcentre.org
P: 613.290.2400

**Dave Segart, Operational Manager
at Good Nature Groundskeeping**

E: dsegaert@causewayworkcentre.org
P: 613.858.8097

**Rachel McKeen, Communications
Coordinator**

E: rmckeen@causewayworkcentre.org
P: 613.415.6885



Please Visit:

www.goodnaturegroundskeeping.org | www.causewayworkcentre.org

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- Photos courtesy of Dave Segart
- **Figure 1:** Total Earned Revenues by GNG for commercial and residential landscaping and snow-removal services from 2007-2016. The growth during this time represents a 906% increase in revenues.
- **Figure 2:** Categories subject to Ottawa Community Housing Evaluation. OCH's method of evaluation noted: "Evaluators will assess the degree to which the Tender has satisfied each of the applicable evaluation criteria. A minimum score of 25 out of 40 in the combined areas of Experience, Service Capability and Methodology is required to pass to the pricing evaluation phase. The Proponent(s) with the highest overall combined scores will be considered the Successful Proponent(s)."

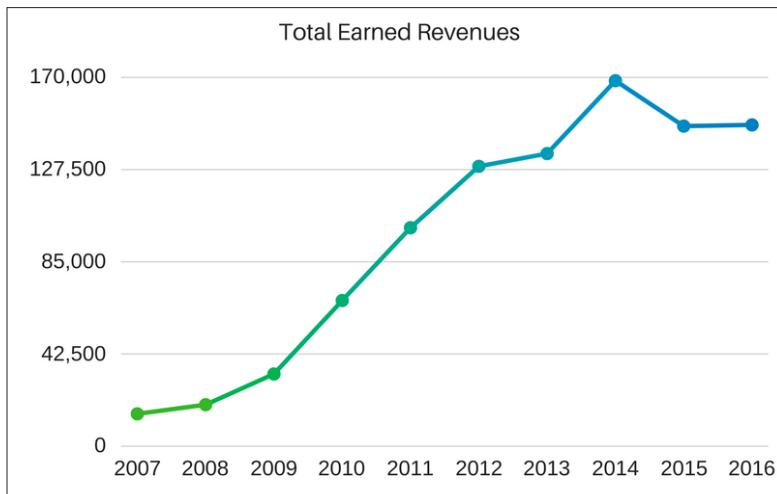


Figure 1

Rated Requirements	Weighting
Experience	15 Points
Service Capability	15 Points
Methodology	10 Points
Value Added - Social Enterprise*	30 Points
Pricing	30 Points
Total Reated Requirements Weighting	100 Points

*Reserved for work where social procurement is appropriate

Figure 2

- To learn more about Causeway's social enterprises, please visit www.causewayworkcentre.org

