



creating social value through purchasing

○ | Social Purchasing Portal

The Social Purchasing Portal (SPP) allows corporations to leverage existing purchasing power to provide added social value to their communities. The demand-driven business model allows corporations to obtain quality goods and services at competitive prices while also promoting social benefits. The SPP provides a direct and meaningful way to practice corporate social responsibility (CSR).

○ | Social Purchasing

Linking Procurement and CSR

Corporations are under increasing pressure to adapt their existing business practices and become more socially and environmentally-responsible. Investing in sustainable business practices and investing in communities is important to many segments of society, and it can also make an important contribution to the financial bottom line. There is increasing evidence that consumers are willing to reward corporations with ethical and sustainable business practices, and punish those that have negative track records on community investment or the environment.¹ As a result, CSR is now an integral part of many business decisions.

procurement and CSR is not targeted, despite the fact that every business needs to purchase goods or services on a regular basis.

○ | Procurement

Procurement is an important component of corporate resource allocation strategies. All companies purchase goods and services on the basis of price and quality, or the best “bang for the buck”. At the same time, many corporations are interested in promoting social or environmental initiatives through corporate social responsibility (CSR) strategies. More often than not, however, CSR is not linked to the core activities of the business. In particular, the connection between

The Social Purchasing Portal (SPP) has been developed as a way to engage the purchasing power of the private sector to promote social outcomes and create social value. Through a local SPP website, businesses can buy products and services on the basis of price and quality, but also inject social value into procurement decisions. SPP suppliers hire individuals who face employment barriers, providing important local employment opportunities. By purchasing from the SPP, corporations are adapting their existing purchasing decisions to include a social benefit to the community, without necessarily spending more money on what they buy.

Creating Corporate Value

Through the SPP, corporations can adapt their existing buying practices to contribute positively to their communities, without compromising on the price and quality of their purchases. The SPP allows corporations to link their CSR objectives to social purchasing as a fundamental

¹ *GlobeScan (formerly EnviroNics) (2005) “Corporate Social Responsibility Monitor”*; *Cone Millennial Cause Study (2006) http://www.coneinc.com/oldsite/Pages/pr_45.html*

business practice. It is grounded in a business model that is demand-driven and caters to the needs to purchasers. Ultimately, businesses make purchasing decisions based conventional criteria: acquiring quality goods and services at a competitive price. In addition to price and quality considerations, the SPP adds a third dimension to purchasing: the social value created.

Goods and services offered on the SPP include office supplies, couriers, catering, printing, property management, and janitorial services. SPP suppliers tend to be social enterprises: revenue-generating organizations that operate with a social mission. These social enterprises hire individuals who face employment barriers, and are also committed to environmental sustainability. Social enterprises work with diverse populations to address important social issues, and seek to create meaningful employment opportunities for these groups. In this way, by purchasing from SPP suppliers, corporations are contributing to job creation opportunities in their local communities on the basis of economic and social value.

There are other social benefits which accrue to both corporations and society at large. Corporations can track the nature of their social purchasing practices by buying from socially-responsible suppliers. As well, the SPP facilitates connections between corporations and community organizations that are committed to local socio-economic development and environmental sustainability. One way is by providing entry-level job opportunities to job-ready pools of qualified applicants that have been pre-screened through SPP partners for jobs such as forklift operation, office administration, cleaning, shipping, woodworking, and restaurant help. In addition to being a source of qualified employees for the corporation, these jobs create important local employment opportunities.

Creating Social Value

Apart from corporations, other groups play important roles in making the SPP work. Suppliers (social enterprises) must demonstrate that they are creating social value in order to be listed on the SPP website. By participating in the SPP, these suppliers of goods and services can access new markets and customers. This can create employment opportunities for individuals who have had difficulty getting jobs in the mainstream economy such as newcomers, youth-at-risk, long-term unemployed, psychiatric consumers / survivors and persons with disabilities.

Non-profit employment agencies play an important role in creating a pool of job-ready applicants for SPP suppliers. These individuals are provided the necessary skills and training needed to perform job tasks demanded by SPP suppliers. They are then matched to suppliers in response to demand and market trends for employment opportunities. In addition, these agencies work with interested SPP purchasers to explore potential entry-level job opportunities in other areas. Both these avenues present an opportunity for corporations and social enterprises to save time and money on hiring costs, by acquiring job-ready applicants with the necessary skills and training provided by local employment agencies.

The benefits to the local communities are intuitive. Through local procurement, the SPP provides a way for local economies to grow and diversify. This can be particularly important for areas such as inner city neighbourhoods. Social enterprises can find good employment opportunities for groups that face employment barriers, and allow them to build their capabilities. Non-profit agencies can partner up with corporations and social enterprises to identify what skills are required for entry-level jobs, and address these through targeted training programs. The downstream impact of these factors can be significant to both individuals

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and communities.

In Action: SPP Toronto

There are seven active SPP programs in Canada. The first, in Vancouver, was launched in June 2003. Since then, there have been SPP sites in Fraser Valley, Calgary, Winnipeg, Toronto, Ottawa, and Waterloo Region. Built on common foundations, every SPP is adapted to the local context of the purchasers, suppliers, non-profit agencies, and community. This includes the nature of the social issues that the SPP seeks to ultimately address, such as providing sustainable employment prospects to different groups.

The Toronto SPP is a product of the Learning Enrichment Foundation (LEF), Miziwe Biik (Aboriginal Training and Employment Centre), the Internet Technology Association of Canada, and Social Purpose Enterprise Network Toronto. Started in 2004 and housed at the LEF, the SPP Toronto had over 45 purchasers (35 local and 17 national) by the end of 2007, including Bell Canada, Ramada Hotels, the Toronto Transit Commission (TTC), and the City of Toronto. Through over 40 suppliers, over 52 new job opportunities have been directly created, and sales that have been tracked to date are estimated at \$120,000.²

One of the primary objectives was to connect corporate purchasers and suppliers seeking to leverage their transactions for commercial and social benefit. The City of Toronto has a “social mission”, and it was important that their purchasing policies should align with their social orientation. Corporations have come on board for a number of reasons: to illustrate their commitment to CSR by becoming a listed social purchaser; to contribute to anti-poverty strategies; to improve the quality of purchased goods and services; and to carry out their existing purchasing behaviour in a more socially-responsible manner.

Another primary objective was to create job

opportunities for individuals who require further support to enter the workforce. There are important synergies with LEF’s employment skill training programs, where qualified applicants are matched up with entry-level opportunities with social purchasers and suppliers. LEF is able to design training programs that meet industry needs, and surround participants with a wide variety of supports such as career counselling, clothing, referrals, and even child care.

Social enterprise activity has also grown significantly: in addition to job creation described earlier, there has been a 33% increase in sales attributed to SPP activity. There are also other indicators of sustained job creation: social enterprises have formed a networking group to share information on how to compete effectively in bidding processes, build operational and management capacity to scale up business, and quality assurance practices.

Purchasing for Social Impact

Consumers are increasingly aware of the extent to which corporate business practices take into account environmental and social impacts. Corporations are expected not just to make a profit, but to do so “in the right way.” Companies that do not, or are perceived to not, take account of these factors can face implications such as negative publicity, which ultimately impact the bottom line. The SPP provides a direct way for corporations to engage in CSR that is connected to core business practices, and to illustrate a commitment to social and environmental improvement.

The SPP is based on a model of economic, social and environmental value creation. It uses a demand-driven business model to influence the business purchasing decisions of corporations. While many SPPs have been recently started, they have already made important contributions to their local communities: created jobs for hard-to-employ persons, brought new economic

“*The SPP provides a direct way for corporations to engage in CSR that is connected to core business practices, and to illustrate a commitment to social and environmental improvement.*”

² Peter Frampton. Personal correspondence, January 2008.

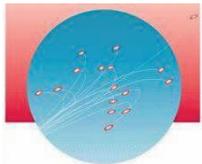
This case study was written by Karim Harji, Social Finance Program Officer at the Carleton Centre for Community Innovation, in January 2008. It benefitted from conversations with Allan Day and Peter Frampton from the Learning Enrichment Foundation; and David LePage from Enterprising Non-Profits.

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opportunities to inner cities, and increased the sales of social enterprises.

Purchasing through the SPP provides corporations with a tool to implement CSR through socially-responsible procurement practices. Purchasing through the SPP does not involve compromising on price and quality of goods and services purchased, but it does involve a positive contribution to society. As a model that is adapted to local community needs, it can be harnessed as an economic tool to address social issues – primarily through sustainable job creation opportunities for individuals that face employment barriers. It is also a way in which corporations, non-profit agencies, and social enterprises, can partner to foster local employment opportunities and local wealth creation.

Selected Resources

SPP Canada Site: www.sppcanada.org

SPP Toronto: www.spptoronto.org

David LePage (2006) “The Social Purchasing Portal: A Tool to Blend Values”, Horizons, Government of Canada Policy Research Initiative, Volume 8 Number 2, http://www.policyresearch.gc.ca/page.asp?pagenm=v8n2_art_08

Carleton Centre for Community Innovation

The Carleton Centre for Community Innovation (3CI) brings together superior academic research and knowledge dissemination to Canadian communities in ways that promote long-term growth and sustainable development. One of Canada’s leading sources of expertise in social finance, 3CI has also played a leadership role in grant-making, evaluation and policy analysis in the fields of community economic development and social enterprise. From 1997 to 2008, the Centre managed the Community Economic Development Technical Assistance Program (CEDTAP), with the support of The J.W. McConnell Family Foundation, The Ontario Trillium Foundation, Bell Canada and other partners. Other action-research priorities for 3CI include local governance, community learning and community-university partnerships.

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