Social Procurement Considerations

Social procurement is an effective way of linking social, economic and sustainability agendas to optimise societal prosperity. Considering your access and inclusion practices and employment of people with disability as part of your overall procurement strategy simply makes good business sense. Social procurement can lead to increased supplier diversity, increased likelihood of innovative approaches, expansion of your customer base and increased standing for your organisation in the market place (competitive advantage). It also can encourage increased economic participation and other non-monetary contributions within society as a whole.

Below are some considerations when developing or refining your procurement strategy:

1. Explore potential and existing barriers in your procurement systems and processes for smaller enterprises to engage in contracts with your organisation. Consider the likelihood of potential obstacles such as only tendering out for large contracts and an inclination to emphasise only economies of scale. Whilst understandable, this can pose an obstacle for smaller enterprises. Could your organisation make a formal commitment to allocate a certain percentage of your supply chain to smaller enterprises?
2. How will your organisation raise awareness of being receptive to bids by smaller enterprises for contracts? And are you using accessible channels to advertise opportunities?
3. Does your organisation allow consolidated bids by multiple vendors teaming together with a view of being able to bid for a large contract? In addition to this point, what consideration is given by your organisation to provide localised economic, social and sustainability benefits to communities?
4. With respect to your organisation’s risk management framework, can you review the requirements to ensure there are no barriers to smaller and less mature enterprises to bid for work? I. e do you have some exemptions in place for perhaps lower value contracts to not have to fulfil the same requirements usually prescribed for much larger organisations?
5. What ongoing compliance monitoring is currently in place within your organisation in relation to current questions asked in your Vendor questionnaire?
6. Could your organisation commit to a feedback mechanism for unsuccessful bidders for a contract? Perhaps there is one in place already and this mechanism could be reviewed to ensure that feedback is helpful/meaningful also to smaller organisations so they can improve on current practice where feasible. The tracking of feedback and reasons for potential vendors not being successful could also be catalogued to inform and improve existing procurement policies within your organisation with a view to increasing supplier diversity and opportunities.
7. What weighting is given to supplier diversity, and more specifically in relation to the employment of people with disability, in the selection criteria for vendors? Is the weighting sufficient to clearly make an impact or negligible? If the latter, can your organisation commit to increasing the weighting?
8. Could your organisation set targets for a certain percentage of procurement spend to ensure supplier diversity in defined areas of diversity (e.g. people with disability, Indigenous, etc.)? Note here that it is advisable when setting targets for (potential) vendors, that your organisation role-models these targets internally. Should the setting of targets and linking this to vendor selection criteria not be feasible for your organisation at this stage, perhaps wording in your vendor questionnaire could be altered to ensure that access and inclusion activities are strongly encouraged and ongoing conversation with selected suppliers facilitated to monitor progress in this area.
9. Examine your key selection criteria for awarding tenders to vendors in relation to perceived value (cost – benefit analysis). I.e. are monetary values in contracts a key deciding factor in awarding tenders or is there an organisational value model that can be applied to measure perceived impact in other areas (i.e. social, environmental sustainability)? What would your formal organisational commitment be in relation to this consideration?
10. Consider that increasing social procurement within your organisation does not necessarily need to mean for it to be applied across the whole of your procurement practices – at least not straightaway! You may wish to take it steady and identify certain categories of procurement that would be most effective in creating positive impact.
11. If one of your defined procurement objectives is to work with social enterprises, how does your organisation ensure enterprises meet a social enterprise classification? This would need to be defined. Information in relation to this can be found in the document [Social Procurement in Australia](http://www.csi.edu.au/media/uploads/Social_Procurement_in_Australia_Report_-_December_2010.pdf) – page 32.
12. Does your organisation’s procurement team check in regularly with other areas and stakeholders within the organisation to assess current activities and programs undertaken in relation to the employment and inclusion of people with disability? These check-ins could serve the purpose to identify any barriers for other areas of the business who wish to pursue increased employment, inclusion or supplier diversity for people with disability but are currently constrained by your organisation’s procurement processes and practices.
13. Consider who else your organisation would need to notify, and seek approval from, when amendments are made in relation to increasing your portion of social procurement as part of overall procurement policy. E.g. Board members, shareholders, etc.
14. Have your (social) procurement policy and practices been reviewed by your legal advisors to ensure there is no direct or indirect discrimination?
15. Nominate a lead for access and inclusion in procurement and monitor progress within the organisation.
16. Helpful information for organisations building on their current social procurement policy and practice can be found in the [Social Procurement Toolkit](http://socialprocurementaustralasia.com/wp-content/uploads/2013/09/Social-Procurement-Toolkit.pdf), developed by Landell in partnership with Social Traders and the (previously known as) Department of Planning and Community Development. In particular, you can review the below sections:
    1. Social Procurement Principles Checklist (pp. 36 – 38)
    2. Drafting your business case – template (pp. 39 – 41)
    3. Social procurement strategy – defining objectives (p. 42)

Literature reviewed to assist with compiling the above considerations:

* [More for your money – a guide to procuring from social Enterprises](http://cdn.socialtraders.com.au/app/uploads/2016/05/More-for-Your-Money-A-guide-to-procuring-from-Social-Enterprises.pdf), produced by the Social Enterprise Coalition and the New Economics Foundation
* [Social Procurement in Australia](http://www.csi.edu.au/media/uploads/Social_Procurement_in_Australia_Report_-_December_2010.pdf), written by Ingrid Burkett, commissioned by **The Centre for Social Impact, University of NSW** and produced by Foresters Community Finance
* [Social Procurement Toolkit](http://socialprocurementaustralasia.com/wp-content/uploads/2013/09/Social-Procurement-Toolkit.pdf), developed by Landell in partnership with Social Traders and the (previously known as) Department of Planning and Community Development