

Buying from Social Enterprises

A Guide for Buying & Procurement Professionals

This paper is the second of a series aiming to encourage businesses to buy from social enterprises. It shows examples of success where, alongside quality products and services, social enterprises are providing strong social and environmental value to business clients. It also provides key steps and tips to support businesses to buy from social enterprises.

More and more businesses are unleashing the potential of their buying spend to create long-term sustainable value. This paper, designed for buying and procurement professionals, demonstrates how and why businesses are buying more from social enterprises.

What is a social enterprise?

Social enterprises are businesses that trade to tackle social problems, improving communities, people's life chances, or the environment. The UK's 70,000 social enterprises employ around a million people and contribute over £24bn to the economy. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community. When they profit, society profits.ⁱ



Bounce Back is a social enterprise that trains and employs ex-offenders in painting and decorating, working around London and the Home Counties

With Network Rail's sustainable procurement programme, we aim to use our procurement spend to help transform communities by tackling key social and environmental issues. Encouraging social enterprises into our supply chain is a key element in delivering that transformation.

David McLoughlin, Finance and Commercial Director
Infrastructure Projects, Network Rail

4 in **5** Chief Procurement Officers say it is important to buy from social enterprises.ⁱⁱ

There is such a flurry of innovators setting up new social enterprises. This offers a real opportunity for companies to have a strategic relationship with the sector.

Peter Holbrook, Chief Executive, Social Enterprise UK

Why buy from social enterprises?

The senior buyers and Chief Procurement Officers we spoke to focus on four key drivers for businesses:

1. ACCESS INNOVATION & CREATIVITY

Incorporating social and environmental value into your procurement encourages innovation. Responsible businesses and those taking different approaches to supply chains have been proved to unlock companies' innovative potential, enabling them to see situations from a different point of view.ⁱⁱⁱ Working with social entrepreneurs, those finding innovative solutions to challenges and services, has also been shown to inspire creativity within the business itself.^{iv}

Waitrose currently have over 600 local and regional suppliers, managed directly, which serve a small number of stores. We start with the product, looking for quality, provenance and an innovative approach. Our aim is to build long-term relationships with farmers and suppliers, which help our customers to get the best possible food and drink. One example of the creativity that our suppliers bring is Rubies in the Rubble, a social enterprise, taking unsold fruit and vegetables discarded at New Spitalfields market in London and turning it into premium chutney.

David Jones, Supply Chain Director, Waitrose



Currys and **PC World** worked with **MyKindaCrowd** to target a youth audience and market in schools. This resulted in Currys and PC World finding innovative brand ambassadors.

Wates is committed to increasing social enterprises as an integral part of their procurement process, enabling Wates to source a new, sustainable supply chain and access to innovation. They have traded over £4million with around 30 social enterprises in core service areas and, in partnership with Social Enterprise UK, have created the first Social Enterprise Brokerage service and directory for the construction industry.

2. ABSORB LOCAL INSIGHT

Social enterprises are rooted in the communities they serve, which makes them best placed to develop local, tailored solutions to deal with some of businesses' most pressing challenges.



By working with local enterprises, we can source products locally and differentiate ourselves in the market, supporting the local community and meeting guest needs. A values based procurement approach can help our hotels have an even bigger impact on the local economy and local people.

Kate Gibson, Vice President Corporate Responsibility, InterContinental Hotels Group

Veolia reduce the amount of waste sent to landfill by forming long-term partnerships with agile, innovative social enterprises who can take these waste streams for reuse and recycling. For example, **Elixir Group** in Merseyside which salvages plastic materials and waste electronic and electrical equipment, and provides training and employment for vulnerable adults, or **Community RePaint** (pictured) who collect reusable, leftover paint and re-distribute it to individuals, families, communities and charities in need.

Three times as many social enterprises as traditional SMEs operate in the UK's most deprived communities, and half actively employ people who are disadvantaged in the labour market.^v

3. DEMONSTRATE VALUES TO CUSTOMERS

Businesses are under increasing pressure to demonstrate responsible behavior. Buying from social enterprise is a great way to use the power of your corporate spend to create social and environmental value.

PHS Group work with **Arts Factory Design**, a marketing communications enterprise; while **GreenCap** deliver artificial planting and pot planters to **PHS Greenleaf**, providing a new service for PHS' clients. Through buying from social enterprises, PHS lives its sustainable values and also demonstrates social value to its clients and its clients' clients.

87% of global consumers say they take social and environmental issues into consideration when buying a product.^{vi}

Tragus, one of the largest casual dining restaurant chain operators in the UK, operating primarily under the Café Rouge, Bella Italia and Strada formats in the UK is proud to partner with Belu as our bottled water supplier since 2008, offering a unique product to the Group's 298 restaurants and millions of customers. While we are buying a premium product, Belu's Carbon Neutral water has the highest possible percentage of recycled glass, with profits going to WaterAid. Moreover, the partnership has enabled us to reduce greenhouse gas emissions from our supply chain footprint by some 2,900 tonnes over the past five years, equivalent to 1,800 people flying from London to New York and back.



vii

Simon Galkoff, Procurement Director, Tragus Group Limited

4. DIVERSIFY SUPPLY CHAIN

Many procurement professionals and buyers talked about the importance of a diverse supply chain, of which social enterprises are a key component.

38% of social enterprises saw an increase in their turnover compared with 29% of SMEs, in the last 12 months, showing that social enterprises are out-performing mainstream businesses.^{viii}

Sodexo are committed to sustainable procurement and driving inclusive procurement through our "Better Tomorrow Plan". By having a diverse supply chain you gain a wider perspective of offers, products and services available in the marketplace and you use this to develop service offers which are rich in variety and innovation.

Steve Jobson, Buying Director, Sodexo UK and Ireland

How can you buy more from social enterprises?

Five immediate actions you can take...

1. Assess & review:

Are your procurement processes fair, transparent and open? By working to open access to diverse suppliers, you will allow social enterprises into the supply chain. What are the opportunities to add value among current suppliers? Is there a social enterprise that would present a similar product or service with a greater social impact?

The **Access Pledge** contains examples of how large businesses have levelled the playing field to access their supply chains.

Find out more at www.bitc.org.uk/accesspledge

2. Determine your business case:

The benefits of a responsible procurement strategy, including social enterprises, are felt across the business. Build a fuller picture of the business case by talking to those responsible for corporate responsibility and marketing.

3. Set criteria & processes:

Set appropriate policies, processes and criteria to encourage social and environmental value through your supply chain. Make sure that businesses that live your values are favoured by your policies and processes. Challenge your buying teams to include social enterprises where possible in tenders.

4. Share through your supply chain:

Encourage your suppliers to buy from social enterprises. Our first paper in this series is designed for suppliers to business, and contains details on why and how businesses are working with their Tier 1 and 2 suppliers to encourage social and environmental value through the chain: www.bitc.org.uk/our-resources/report/buying-social-enterprises.

5. Tell your story:

Use your buying procedure to demonstrate your corporate story, bringing to life your core products and services to staff, customers and partners.

Where are they?

Procurement professionals tell us that finding social enterprises is often a significant challenge, but an increasing number of directories are available.

Try the following sites:

www.socialenterprise.org.uk/membership/members-directory

www.buyse.co.uk

www.justbuy.org.uk

www.socialenterprisemark.org.uk/dir

www.bitcarc.org.uk/arcsocialenterprises

How do other companies buy from social enterprises?

BP is working with its Tier 1 suppliers **Johnson Controls** and **ARAMARK** to encourage procurement from social enterprises. As part of this, 'Meet the Buyer' days were developed for their key buyers and decision makers to meet social enterprises delivering appropriate goods and services.

IKEA Birmingham has worked with **The Vine Trust** for seven years on 'Project 390' providing previously unemployed young people with a work experience opportunity within an international company. This provides a minimum of 12 weeks' work experience for students, providing a platform on which to build, with many staying on in full-time positions at IKEA. The relationship has expanded across the UK, including IKEA Wales turning to Vine Trust to deliver a core service function, managing customer shopping tools with up to 25 trainees on the team at any time. It is now using The Vine Trust to find young people to train as apprentices within IKEA.

When **Lloyds** were due to review their design and print contract, they made sure that one of those being asked to tender was a social enterprise from a neighbouring borough. Since **Calverts** joined their approved supplier lists, they have worked with a number of teams across Lloyds.

Buy Social is Social Enterprise UK's national campaign to encourage businesses, individuals and the public sector to buy from social enterprises.^{ix}



By working with a social enterprise we have an opportunity to use some of our considerable procurement spend to do social good without impeding our business objectives. It's a virtuous circle; both a good thing to do and one that makes business sense.

Keithley Martin, Head of Supplier Development, O2 UK

Keen to support their large community of cyclists, **Deloitte UK** created a bike hub and servicing facility with social enterprise **Bikeworks** at their London offices. The maintenance hub was a first for Bikeworks and allows employees to book their bikes in for a service while they are at work. Bikeworks trains ex-offenders, the homeless and young unemployed as bicycle mechanics, and then supports them to find employment within the cycling industry. This partnership has developed further with Bikeworks providing a novel team building exercise for a selection of Deloitte's young recruits, by supporting them to build twelve children's bikes, which are then donated to Deloitte's national charities.



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References:

- ⁱ 'The People's Business' 2013, RBS & Social Enterprise UK
- ⁱⁱ BITC research among Chief Procurement Officers representing a combined procurement spend of £10.6bn with over 70,000 suppliers, July 2013
- ⁱⁱⁱ Deloitte Report: Sustainability Driven Innovation, October 2013
- ^{iv} 'Access to Growth and Innovation: the case for working with small and medium enterprises', BITC, 2013: www.bitc.org.uk/accessreport
- ^v 'The People's Business' 2013, RBS & Social Enterprise UK
- ^{vi} 2013 Cone Communications/Echo Global CSR Study is conducted among 10,000 citizens in ten of the largest countries in the world by GDP - United States, Canada, Brazil, United Kingdom, Germany, France, Russia, China, India and Japan
- ^{vii} Reproduced by kind permission of Elle Pickering
- ^{viii} 'The People's Business' 2013, RBS & Social Enterprise UK
- ^{ix} For more information about Buy Social or advice on buying from social enterprises go to <http://www.socialenterprise.org.uk/policy-campaigns/campaigns/buy-social>

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