

Buying from Social Enterprises

A Guide for Suppliers to Business

This paper is the first 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.

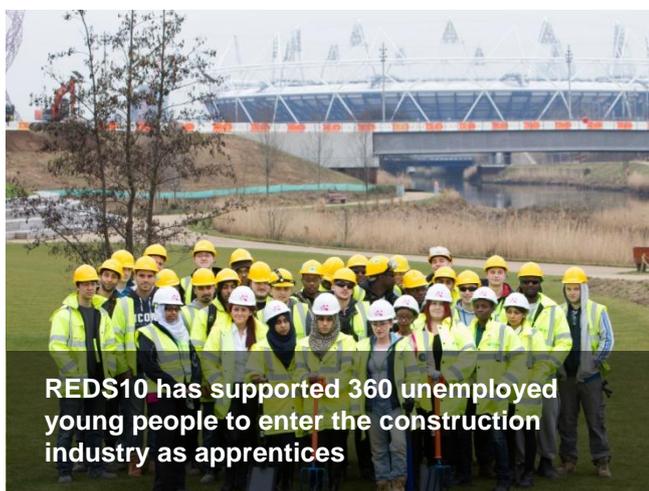
Over half of businesses say they are prevented from buying more from social enterprises because of the scale of their contracts. Many companies are therefore working with their suppliers (Tier One, Tier Two and further) to encourage them to buy from social enterprises, and ensure social outcomes through the supply base. This paper is aimed at these suppliers to business, to help them meet their clients' needs.

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.

"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



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

Why should companies buy from social enterprises?

Chief Procurement Officers give the following three main reasonsⁱⁱⁱ:

1. There are increasing expectations for all businesses to offer real value and behave responsibly. Businesses report that clients are asking more about their practices and policies, including responsible procurement, and this is set to increase still further.
2. For those selling to public sector clients, or whose ultimate client is public sector, the new Social Value Act is a catalyst for change. Public sector contracts now require the demonstration of social value, and many private sector contracts are following suit.
3. Social enterprises are rooted in the communities they serve, and this makes them best placed to develop innovative, tailored solutions to deal with some of businesses' most pressing challenges.

Last year, we conducted detailed research assessing the benefits of supporting small and medium enterprises, including social enterprises.

Our report on these findings:

"Access to Growth and Innovation: the case for working with small and medium enterprises", can be found at www.bitc.org.uk/accessreport

The Public Services (Social Value) Act

came into force in January 2013. The Act requires all public bodies to consider how their services contracts can improve the economic, social and environmental well being of our communities.



Last year, by reusing unwanted furniture, Staying First diverted 80 tonnes from landfill.

58% of Chief Procurement Officers say they have been encouraged by potential clients to procure from more social enterprisesⁱⁱⁱ



CLARITY manufactures high quality toiletries and cleaning products for a variety of brands as well as their own. It has a predominately disabled workforce, currently providing employment for 80 blind and disabled people.

These businesses are working with suppliers to encourage more procurement 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, a 'Meet the Buyer' day was developed for ARAMARK's key buyers and decision makers to meet social enterprises delivering appropriate goods and services.

One of **O2's** Think Big Blueprint commitments is to integrate more small and medium businesses and social enterprises into their supply chain. Their suppliers must now make and report on specific commitments on social contribution and environmental protection, and declare the sustainability credentials of their offered solution.

Network Rail's sustainable procurement programme (across its annual project spend of around £4bn on goods and services) adopts a consistent approach for procurement teams and suppliers to make sustainable decisions on a bid by bid basis, with every tender invitation issued on infrastructure projects allocating 5% of its evaluation criteria to sustainability principles. Drawing on the principles of the Social Value Act, a recent forum of their top 30 Tier 1 infrastructure suppliers worked collaboratively to see how procurement could bring social value, asking each supplier to pledge what they can do differently; for example providing homeless people with opportunities on their projects.

"As a founder partner of the arc programme, BP is keen to see social enterprises competing in our supply chain, so it makes sense for us to work with our suppliers to make that happen. This is just the beginning of that process. We'll all get something out of it if social enterprises can support our procurement needs on merit."

Ian Duffy, UK Social and Community Affairs, BP plc

"I truly believe social enterprises are the smart way of doing business. Leveraging resources and producing outcomes that don't necessarily show on a balance sheet but deliver incredible social and environmental value".

Caroline Meledo, Corporate Citizenship and Engagement Advisor, Sodexo



The Crisis Skylight Café London, which provides event catering and venue hire for businesses alongside its cafe operations, has helped over 150 people with a history of homelessness and ex-offenders into permanent employment.

How are suppliers to business working with social enterprises?

ARAMARK UK has partnered with its clients since 2007 offering One Water as one of its main bottled water offerings across Britain. It now accounts for 15.4% of its total water sales through 100 clients, equating to 360,000 litres a year. One Water, part of Global Ethics Foundation, uses its profits to finance clean water projects in Africa. To date, the ARAMARK procurement has helped One Water install 41 pumps, providing clean drinking water to over 100,000 children and their families.

"Offering One Water creates a real choice for our customers, both the client and end-consumer. For ARAMARK, it's a great way of connecting with clients about something we're passionate about, and it enhances both brands externally and internally in helping to fund a valuable project through buying bottled water."

Val Carter, Client Relationships & CR Director, ARAMARK UK

Deloitte UK has worked with its supplier Restaurant Associates and social enterprise Blue Sky Development & Regeneration to deliver enhanced social value through its procurement, including novel approaches to recognise and mitigate the risks involved in the employment of ex-offenders. Blue Sky employees are now starting work in the kitchen of Deloitte's London office.

"Working with social enterprises such as Blue Sky not only helps us support our client's objectives but also enables us to attract great talent into our business. This partnership has resulted in us providing placements for people looking for a career in catering and hospitality and has given us the ability to help our clients support their local communities."

James Boyle, Director of Business Excellence, Restaurant Associates



Blue Sky has given a 'real job with a real company' to over 750 ex-offenders. After working with Blue Sky, the re-offending rate drops to 15% (compared to a national average of 60%)

Senior management at PHS Group has been aware of the potential of social enterprise since mentoring local organisations two years ago. Some are now key suppliers: Arts Factory Design, a marketing communications enterprise, is now widely used across PHS Group; 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, but also demonstrates social value to its clients and its clients' clients, many of which are in the Public Sector.

"I've worked with many marketing communication agencies over the years. Arts Factory Design are streets ahead in terms of responsiveness and creativity. They're a great agency, full stop. They're not just a great social enterprise."

Emma Wood, Group Sustainability Manager, PHS Group

How can you buy more from social enterprises?

Five immediate actions you can take. . .

- 1.** Talk to your clients. Understand their interest in bringing social enterprises into their supply chains, and how you can help them to achieve this.
- 2.** Assess your existing processes to ensure social enterprises can enter your supply base. Are your procurement processes fair, transparent and open? How could you live your business's social and environmental values through your suppliers?
- 3.** Review your suppliers. What are the opportunities to add value? Is there a social enterprise that would present a similar product or service with a greater social impact?
- 4.** Organise 'Meet the Buyer' events for social enterprises to showcase suitable products and services to your buying team and direct suppliers.
- 5.** Work hard and collaboratively to get the first contract signed. Companies tell us that after the first one the value of working with social enterprises will be better understood and shared by your stakeholders.

The Access Pledge

By taking The Access Pledge, large businesses are levelling the playing field for SMEs looking to access their supply chains.

I pledge to make my company's business, for all suppliers:

- *Fair and simple*
- *Transparent and on a level playing field*
- *Open, with minimal barriers*

Find out more and see examples at:
www.bitc.org.uk/accesspledge

Some directories of social enterprises can be found at the following sites:

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

www.buyse.co.uk www.justbuy.org.uk

“We are committed to making social enterprises an integral part of our procurement process, not only for the contribution they make to our social and environmental goals, but because of the additional value and operational benefits that local partnerships bring to our supply chain.”

Rachel Woolliscroft, Head of Corporate Responsibility, Wates

Show that you're buying social and supporting the social economy. Support Social Enterprise UK's Buy Social campaign and deals platform which encourage businesses, individuals and the public sector to buy from social enterprises.

Find out more at:

www.socialenterprise.org.uk/buy-social



This paper has been produced by arc, an initiative of Business in the Community, in partnership with Social Enterprise UK.

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Deloitte.

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References:

- ⁱ 2012 BITC Members Survey of 137 businesses, October 2012
- ⁱⁱ Social Enterprise UK report, The People's Business, 2013
- ⁱⁱⁱ BITC research among Chief Procurement Officers representing a combined procurement spend of £10.6bn with over 70,000 suppliers, July 2013

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