

## *Social Purchasing – Buying Locally, Helping Locally*

Fast Track to Employment (FTE) is a non-profit coalition of 23 community-based employment development services located in Vancouver. Founded in 2001, the organization is dedicated to serving the employment needs of city residents and neighbourhoods that require particular attention – the Downtown Eastside, immigrants, people with disabilities, urban Aboriginals and youth-at-risk. In response to interest from members of the BC Technology-Social Ventures Project (BCT-SVP) who wanted to help improve conditions for FTE clientele, FTE researched ways to blend corporate social responsibility with community economic development.

Building on some provincial research and the idea developed by Harvard professor Michael Porter that inner cities possess many assets which are often overlooked – their central locations and easy access to transportation and a readily-available workforce – Fast Track to Employment developed a business solution to what had been viewed as an employment problem. Turning its attention to the types of support which most businesses need (e.g., caterers, couriers, office supply companies, cleaning, floral and laundry services), FTE suggested that purchases of these products and services be made on the basis of competitive price, value, quality and a new

dimension – social value. Thus was born the concept of the Social Purchasing Portal (SPP) – a doorway to a different kind of community economic and social development.

Thanks to a two-year financial and human capital investment by BCT-SVP, Fast Track to Employment has established an Internet portal where suppliers and purchasers can make direct contact and build relationships with one another. The goal is to create ongoing employment opportunities for hard-to-employ persons by creating a demand for their services through the economic pull created by the SPP business transactions.

Members of BCT-SVP were the Social Purchasing Portal's initial purchasing partners. The suppliers list was composed of companies that formally committed to consider employing from the FTE pool of prepared candidates, businesses that provided essential business services and social enterprises active in Vancouver. FTE launched the Vancouver Social Purchasing Portal in June 2003 [<http://www.sppvancouver.org>]. In one year, 140 organizations signed on: 100 purchasers and 40 suppliers. More than 50 jobs have been created and \$500,000 in economic activity has been generated.

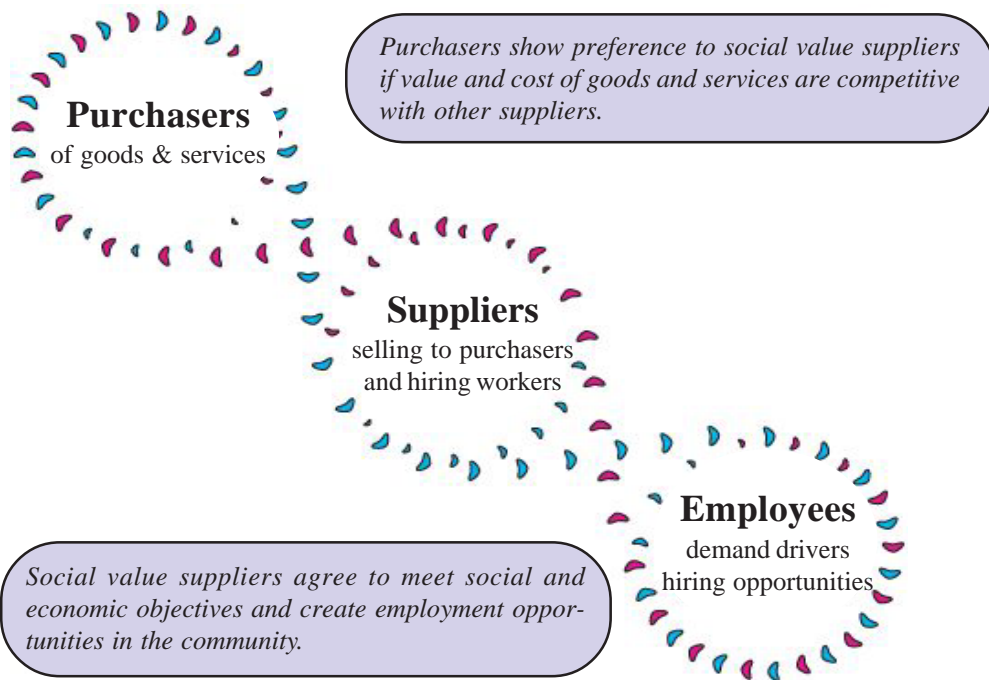
One of the surest signs of success is that word of the portal now is spreading from company president to company president. Another is the social capital which is accumulating between businesses that were previously unknown to one another. Neighbours are forging links with neighbours, so the local business community is becoming more interconnected and interdependent. Fast Track to Employment now is in the position of having more requests for employees than it can fill; until the Social Purchasing Portal was launched, applicants outnumbered vacancies. This welcome state of affairs will result in even more clearly-focused training options for FTE's clientele.

***Knowing a good thing when they see one***

Teaching a man to fish and then buying his catch has caught the imagination of business and

social leaders in other Canadian municipalities. Representatives from 11 municipalities across the country have contacted Fast Track to Employment for more information on the Social Purchasing Portal model. Such interest offers a significant opportunity to expand the project into a more comprehensive and diverse network of local sites. Raising the SPP profile, while providing a local community economic development tool, offers a tremendous opportunity for all of the participating communities.

Fast Track to Employment currently is working to establish a pan-Canadian Social Purchasing Portal [[www.sppcanada.org](http://www.sppcanada.org)]. A second site in Toronto will have its formal opening in September. This and future portals will be accessible to all other participating sites, giving participating companies with multiple locations access to markets across the country. Recent upgrades to the database's infrastructure and



technology will allow each SPP site to customize its database searches by selecting variables such as neighbourhood and business demographics.

Local market needs and character will make each Social Purchasing Portal somewhat unique. Because of its large size, for example, Toronto's portal, in partnership with the Learning Enrichment Foundation and the Toronto CED Learning Network,<sup>1</sup> will list suppliers on a region-by-region basis. Similarly, SEED Winnipeg<sup>2</sup> will act as the lead agency in that city and its portal will reflect Winnipeg's focus on economic and employment development in the city's north end. SPP Kootenays in BC will test whether the concept is workable in a rural environment – Trail, Castlegar and Nelson will be member municipalities in this instance.

The Social Purchasing Portal is designed to be a self-sustaining operation after the initial startup expenses are paid. In each municipality, the SPP requires a local organization to act as a lead agency – such as FTE in Vancouver, the Toronto CED Learning Network and SEED Winnipeg. Each site requires an initial investment of \$10,000 to cover technology and site content localization costs. Support for the local startup design and implementation, which will vary site to site, is available from FTE on a contract basis.

Ongoing operational costs include hiring one person to build and maintain the business and community relationships and maintain the site content. The site is designed for easy local database administration. Fast Track to Employment estimates that an annual contribution of \$2,500 from each SPP user will cover the costs of technical updates and maintenance. Local income sources which could support the ongoing operating expenses might include enhanced supplier pages, corporate/purchaser sponsorships, advertising on the site, and contracts and grants for local employment and economic development.

### *Everyone wins*

The SPP model helps to build long-term, multisector collaboration and partnerships among three key community sectors.

#### *Purchasers of business goods and services throughout the community*

The SPP offers an easy means to embed corporate social responsibility into daily business activities, often engaging an entirely new group of corporate partners in the effort to alleviate poverty. SPP Vancouver purchasers now include law firms, IT companies, nonprofit organizations and credit unions.

Pivotal Software, a major international software company with nearly 200 local employees, has only one entry-level position in its organization, so they are not in a position to hire FTE-prepared job candidates. However, they have used their significant catering needs to leverage social value by ordering from Cook Studio Café, a catering business which also trains youth-at-risk to work in the food services industry. The increased business for Cook Studio resulted in business growth and the need to hire six employees from their training program.

#### *Suppliers of business goods and services*

The Social Purchasing Portal creates new markets for the suppliers of business goods and services. These community economic assets, often unknown to larger purchasers or overlooked because of negative community images, benefit from new market exposure to a group of interested purchasing companies.

Mills Basics, a locally-owned, eastside-located office supply company, has added new accounts through its SPP participation. They have added three warehouse staff and a receptionist, all provided by the FTE service providers.

Logotex is a local, family-owned business that supplies corporate promotional items. Its business has increased since listing on the portal, allowing it to hire two employees from the community.

#### *Community-based services*

Community-based services participate in a number of ways. Employment development providers can now use a demand-based employment model with their participants, having real jobs ready at the end of the pre-employment or training program.

Community economic and local business organizations are able to support the suppliers in new business-to-business activity that helps to meet their economic development objectives. Government investments in training and community development organizations experience a greater and measurable social and economic return on investment.

#### *Summary*

The Social Purchasing Portal concept addresses the issues of poverty reduction using a foundation built upon business-to-business relationships, rather than a traditional charity provider model. Business growth and employment development within an integrated, holistic community development framework provide sustainable opportunities for exiting poverty.

The initial success of the Social Purchasing Portal in Vancouver and the interest from other cities offers the opportunity for Canadians to work together to create a national collaboration of local SPP sites. It is our hope that through shared resources and learning we can all create local value and ensure the long-term economic and social health of our communities.

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*For more information on the Social Portal Project, visit <http://www.sppcanada.org>*

#### **Endnotes**

1. The Toronto CED Learning Network is a group of more than 500 organizations and individuals who are interested in Community Economic Development (CED) in the Toronto area. Its membership reflects an exciting range of perspectives and approaches. Its main goal is to provide a space where members can learn from each other, share their resources and work together to develop healthy, equitable and sustainable business activity in Toronto. It promotes healthy communities and inclusive economic participation through information sharing, education and training, innovation, and public awareness and promotion of Community Economic Development. For more information, visit: <http://www.torontoced.com/links/index.html>

2. SEED Winnipeg is a nonprofit organization whose mission is to combat poverty and assist in the renewal of Winnipeg's inner city. SEED helps individuals and groups start small businesses and save money for future goals. Its staff offer business plan training and individual consulting, access to micro-enterprise loans, asset building programs, and more. For more information about SEED's work, visit: <http://www.seedwinnipeg.ca/>

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