
Engaging with Social Benefit Suppliers

Practical Tips



"In order to stay competitive and meet stakeholders' expectations (and in some cases demands), leaders need to rewire the corporate system, beginning with their own organisations."

– Yunus Social Business (YSB)

When working on a civil construction project, lead contractors are required to meet certain requirements regarding social procurement as laid out in their contracts - these can be achieved through either direct or indirect purchasing of goods and services from social benefit suppliers.

- Social Benefit Suppliers refers to social enterprises (certified by Social Traders), Australian Disability Enterprises (certified by BuyAbility / NDS) and registered Aboriginal businesses (certified by Supply Nation or Kinaway)
- They offer a wide range of products and services, they vary in size, and maturity. They function like typical commercial entities but specific nuances set them apart:



- Social Benefit Suppliers can be for-profit or not-for-profit, can hold charitable status and can be owned by non-profits or commercial businesses



- Their focus on revenue growth is often balanced by a focus on impact – decisions are not always only commercially driven



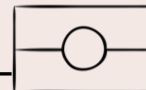
- The nature of their business model might require longer lead times to scale



- Their operating model costs may be more complex as they have both direct costs (running a business) and indirect costs (costs required to support their social purpose)



- Disability enterprises are similar but with a focus on creating employment for people with disability.



- Aboriginal businesses are owned by Aboriginal people but don't always specifically operate for an explicit social purpose.

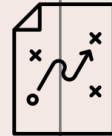
Tips to build stronger partnerships

Depending on the nature of your business and where you are on your social procurement journey, there are a range of approaches you may consider which could help you engage more social benefit suppliers across your supply chain.



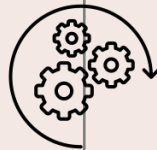
INVEST IN RELATIONSHIPS

- Provide mentoring and support throughout the contract
- Introduce social benefit suppliers to existing suppliers
- Be up front about needs and provide feedback (positive & constructive) regularly
- Celebrate & endorse them across your networks
- Engage in face-to-face communication where possible
- Have open, transparent discussions to explore options and find solutions



PLAN EARLY

- Share upcoming opportunities and information early
- Build and refine your supplier list continuously
- Hold exploratory and open discussions



REFINE YOUR PROCESSES

- Review your work packages
- Simplify the procurement / bidding process
- Explore opportunities to single-source
- Establish social benefit supplier panels



RETHINK CONTRACTS

- Offer shorter payment terms or longer contract periods
- Avoid exclusivity agreements with social benefit supplier
- Start with small work packages to make them accessible
- Introduce simple form contracts

Whilst procurement is often transactional in nature, investing in relationships is essential when buying from social enterprises and Aboriginal business.

E.g. 79% of social enterprises say that personal and professional networks were among their top three approaches to identify potential corporate customers.

Acumen Corporate Ready Report

Benefits of establishing long-term relationships

- **Longer lasting collaborations:** Having conversations early and outside of the sourcing process can lead to better and longer lasting collaborations:
- **Innovation and adaptability:** social benefit suppliers are often flexible with their service offering and open to new and innovative ideas. Working together to understand their capability, capacity, and growth goals, makes it easier to identify opportunities.
- **Secures supply chains:** building solid partnerships and investing in their capabilities and capacity can help mitigate the risk of gaps in your supply chain.
- **Resolution management:** understanding their business model and social purpose helps to establish quality partnerships which can lead to better ways of working including managing any issues that come up.

Getting Started

1. **Talk with similar businesses:** lots of businesses in industry are forming great partnerships with social benefit suppliers - Start by speaking with them. You can see examples of partnerships on the Big Build website.
2. **Plan early:** look at opportunities across your supply chain right from the design phase.
3. **Build Relationships:** Identify social benefit suppliers and build connections early. You don't need to wait for a project to start a conversation.
4. **Explore small changes:** There may be potential ways you can make your contracts more accessible and manageable through making small changes to your tender and contract management processes