

# EXPORT THROUGH A GENDER LENS: SECTION 5

## Social procurement and Supplier Diversity in Canada for women entrepreneurs

As a business advisor you will have the opportunity to guide your clients through many different stages of business growth. And with growth comes the drive to set ambitious targets as per the innate characteristic of an entrepreneur – thinking big! The time couldn't be better. The social enterprise sector in Canada is poised for growth. Consumers, especially women, influence the vast majority of purchasing decisions and more than ever are aligning their purchasing decisions with corporations that share their values.

Corporations understand that the demographics of the economic landscape have changed dramatically. They must now transact business with diverse groups among their supplier and customer base. Such alignment is a key driver for a corporation's **social procurement** program. Perhaps the biggest achievement of this initiative to date has been its success in boosting awareness among consumers, not just about what social enterprise entails, but how powerful their shopping dollar can be in effecting social change. An example of this is the 'women-owned branding' often included on products sold in Canada and around the globe. Let's delve into **social procurement** and how it can benefit your clients and their business.

The terminology for social enterprise and **social procurement** is interchangeable and can be defined in various ways. Generally, it is a growing international practice that refers to using procurement as a means of achieving strategic social and/or economic objectives by leveraging an organization's buying power to deliver social value. This goes above and beyond the value or utility of the goods and services themselves. It builds diversity into the supply chain and creates opportunities for under-represented groups, ultimately helping marginalized communities. In Canada, corporations such as Accenture, IBM, RBC, and Telus - to name a few - are leading the way.

Traditionally, procurement was all about the supplier with the lowest price, while still meeting regulatory or technical requirements for quality products or services. Today, **social procurement** has become a vehicle to foster inclusive practices in supply chain management. These practices include the use of widely recognized diverse communities in the production of products, products being sold with a social conscience, or committing a portion of the sale to disadvantaged groups. Essentially, there is

increasing diversity within supply chains to create equitable access to procurement opportunities. It is important to note that supplier diversity initiatives are not a promise that suppliers will secure business from an organization. Nor does it mean it is a separate playing field with unique rules or a compromise on the quality, cost, or service expected. It means that - with all things being equal in terms of quality and price - the diverse organization will be selected as per a corporate commitment to ensure a percentage of its purchases are from those diverse groups.

Launched in the U.S. in the late 1960s as a specific business model, 'supplier diversity' is a means by which under-represented businesses can access opportunities to supply products and services to government and major corporations, including multinationals. In the U.S., 97 per cent of Fortune 500 companies have supplier diversity programs. In recent years, U.S. corporations have chosen to expand their global supplier diversity initiatives to other countries, including Canada, to create a similar competitive advantage. Diverse suppliers are identified as businesses that are at least 51 per cent owned by designated diverse groups, including those operated and controlled by women, Indigenous people and other visible minorities, those identifying as LGBTQ2+, or people with a disability. Because corporate supplier diversity programs require proof of certification to be eligible for these programs, businesses must be certified.

While **social procurement** is relatively new in Canada, over the last decade supplier diversity has gained considerable traction, with formal certification bodies established to broker opportunities between under-represented businesses and large corporations. These intermediaries have an important role to play in providing corporations with a means to verify that companies qualify for their supplier diversity program. In addition to facilitating the certification process, these bodies build the capacity for women entrepreneurs to respond to new business opportunities. This is done through the delivery of training, education, and mentorship programs to improve their competitiveness. By doing so, these intermediaries help build the pipeline of eligible suppliers, thereby providing easier access to supply chain contracts. They work closely with corporate supplier diversity professionals seeking out diverse suppliers to connect with large organizations with rich procurement budgets. This could be a key part of any entrepreneur's growth strategy.

The following organizations in Canada support diversity validation and help under-represented businesses succeed in global value chains by connecting them with multinational corporate buyers: WBE Canada, the Canadian Aboriginal and Minority Supplier Council, WEConnect International Canada, Canada's **LGBT+ Chamber of Commerce** and the **Inclusive Workplace and Supply Council of Canada**.

So, where to start when advising clients? There are various approaches a company can take with respect to supplier diversity, however before proceeding, the first step is addressing the ownership of the company. As mentioned, the company must be at least 51 per cent owned and controlled by one or more women. Canada has a number of third-party certification options and women business owners are able to apply for multiple certifications to increase the benefits each has to offer, including their exposure to corporate and government contracts. The application process is two-fold:

- It includes a thorough review and audit of the mandatory documents; and
- An in-person or remote site visit/interview with the owner.

Certification is for a term of one year and must be renewed annually upon proof that no changes have been made to their business structure as per the certification. Once the decision has been made, application submitted with the required documents and fees paid, your client will be notified of next steps. Note that fees may vary from organization to organization, and in some instances the size of the company may play a role in determining the fee structure. Once the application has been approved your client's business will be listed in the certifying organization's database. This is when a business should take full advantage of its certification as a vehicle for business growth, including updating all marketing collateral with the various certified women-owned branding logo distinctions. This will be a new aspect of their business plan and strategy, one that may reap sizable rewards as large organizations must meet their established diverse supplier targets.


**“Certification has given me a seat at the table, whereby I may not have had the opportunity before had it not been for the network, the connections and the education,” offers Pina Romolo, owner of Winnipeg-based gourmet food manufacturer, Piccola Cucina.**

Clients can take advantage of the many opportunities available to support business growth in this new landscape and the incentives that come with it, such as:

- Professional development opportunities offered through training, workshops, trade shows and conferences in Canada and abroad;
- Privileged access to formal networking, coaching and mentoring by corporate members, including registration on portals as a diverse supplier;
- Connections with like-minded women businesswomen, both in Canada and internationally, for strategic alliances, B2B opportunities and relationship building and gathering market intelligence;
- Opportunities to network and build relationships with buyers and supplier diversity professionals eager to diversify their supply chains;
- Opportunities to find mentors who understand similar challenges;
- Coaching and mentoring through corporate membership mentoring programs, education and training workshops on how to leverage certification, capacity building and how to pursue procurement opportunities;
- Invitations to forums presented by corporate members with overviews of their procurement process and practical tips on subjects like responding to Requests for Proposals (RFPs) and submitting professional bids.

Having a strategic, multifaceted business and marketing plan that includes these activities and aligns with the company's vision should bring new opportunities.

Some entrepreneurs who have benefited from their company's certification and understand the merit of the program also develop their own internal certification program as they grow their businesses. Businesswomen such as Anne Whelan, CEO of Seafair Capital in St. John's, NL, has chosen to pay it forward. Whelan said she views supplier diversity as a fundamental element to building a successful business, and her company's spending target could be an important stepping-stone in supporting women entrepreneurs.

 “We see the potential that diversity spending could have on the social health and economic wealth of our communities. And we believe it's important to put ourselves out there and set the example for other enterprises,” says Whelan. “We are committed to tracking and reporting our spending with women-owned businesses. The wider the opportunities for under-represented businesses, the more success.”

It is important to note that certification is by no means a guarantee of a corporate contract, but it is a first step toward accessing potential supplier diversity opportunities. Growing pains aside, sector leaders are optimistic that the next decade and beyond will only see the model expand.