



USING THE POWER OF PURCHASING: A SIMPLE GUIDE TO CO-OP PROCUREMENT



INTRODUCTION

According to a public opinion research a few years ago, 1 in 3 Canadian adults are currently a member of a co-operative, and, of those who are not currently a member, 61% of them say they are interested in joining a co-operative [1].

Now, just imagine the collective and revolutionary impact co-ops could have if you intentionally directed your purchasing power to other co-ops! Imagine the marketing opportunity to engage with your members, your customers, and the community.

This isn't a vague concept or silly ambition. Co-operatives are enterprises operating within the context of the everyday marketplace, but they also have a long history of building community value.

Co-operatives are committed to achieving principles that include:

#6. Co-operation among Co-operatives - Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.

#7. Concern for Community - While focusing on member needs, co-operatives work for the sustainable development of communities through policies and programs accepted by the members.

The Co-op Procurement Guide provides you with the concepts and process to support your journey to purchase from co-operatives and enhance your contribution to building a strong and inclusive local economy.

[1] https://canada.coop/wp-content/uploads/research_results_en_final.pdf



WHY CO-OPS?

Co-ops are enterprises that are active in the marketplace, but they are not driven by shareholder value. Co-ops have a mission of “uniting voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise.”[1]

As locally-focused enterprises, co-ops provide a range of goods and services; groceries, fuel, insurance, financial services, furniture, day care, and most items you use in your business and family life.

But co-ops don't only sell goods and services in the market, you can also purchase everything you need to operate.

Let's consider what a typical enterprise, organization or home could purchase: supplies, insurance, banking services, health insurance, office space, catering, fuel for vehicles, groceries, clothing, laundry, and don't forget chocolate and coffee!

Since every purchase a co-op makes has an economic, social, environmental, and cultural impact, this Guide offers a path to intentionally maximize the impact of your purchasing. The purchasing activities of co-ops are not merely economic transactions. You have the potential to strengthen your membership, fulfill your purpose, and build healthy communities that are rich in human, physical, economic, cultural and social capital.

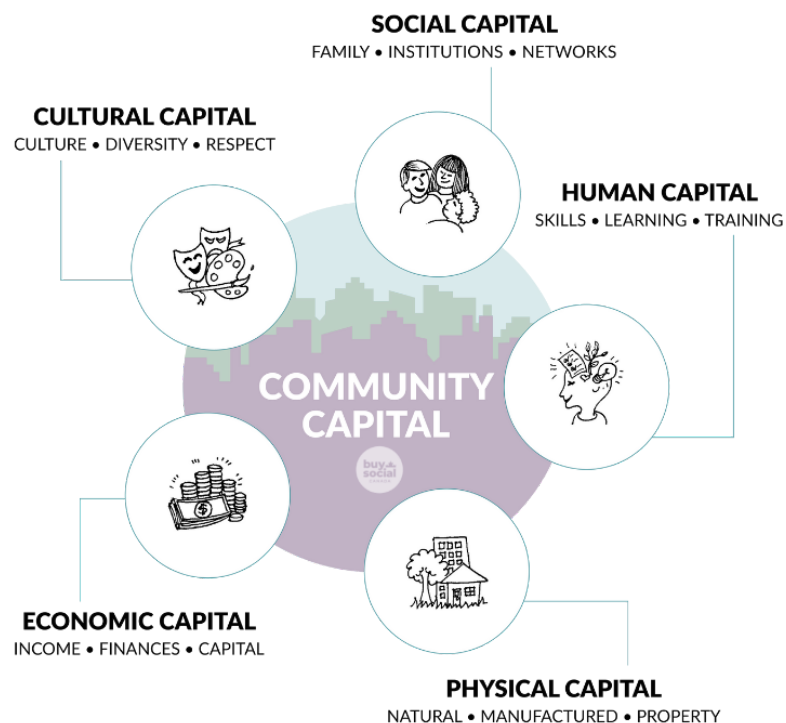


Figure 1. Community capital reflects the potential value creation of co-op to co-op purchasing.

Every purchase from a co-operative is much more than an economic transaction, it is a way to create community value.

[1] <https://www.ica.coop/en/cooperatives/cooperative-identity>



CASE STUDY

ASSINIBOINE CREDIT UNION



Assiniboine Credit Union (ACU) is a financial co-operative offering a full suite of personal and commercial banking products and services. With 19 branch locations, ACU puts community first throughout Manitoba. As a co-operative, they are owned collectively by over 139,000 Manitobans.

Social purchasing DNA

Social purchasing aligns with ACU's mission to create a "sustainable future for all."

At a governing level, ACU includes social purchasing as part of their Values-Based Banking Policy, a board-approved governing policy which has been in place for nearly a decade.

The policy says they will use their capability, including purchasing power, to choose suppliers that align with ACU's values.

"This is a lever we can draw on whenever there are points of tension over which suppliers to choose, and the board holds us accountable for this," says Brendan Reimer, Strategic Partner, Values Based Banking at ACU.

For the last seven years, ACU has been collecting data on their spending with co-operatives, non-profits, B Corps, fair trade/direct trade certified businesses, Indigenous businesses, local businesses, and businesses supporting environmental sustainability. The data is shared publicly in their annual reports.

Now, ACU is developing a management-level policy and creating tools, RFP templates, and decision-making frameworks to further support their commitment to buying from social and sustainable suppliers, including other co-operatives.

“We’re trying to build the co-op economy” – Brendan Reimer

Tangible community impacts

Reimer sees the power of purchasing in action at ACU. The credit union donates approximately \$500,000 each year, but that’s only a fraction of the \$23 million they spend as a company. “We’re always looking for one or two more places every year to shift” to co-ops and other social and sustainable suppliers, Reimer adds.

ACU frequently purchases goods and services from co-ops, including the Red River Co-op in Manitoba, where they purchased gifts to hand out in shelters during the COVID-19 pandemic.

They also work with local Indigenous businesses and social enterprises in Winnipeg. ACU purchases catering and Orange Shirt Day t-shirts from Indigenous-owned businesses, and contracts with Buy Social Canada Certified Social Enterprise Compost Winnipeg to provide composting services.

“We made a deliberate choice to support an enterprise [Compost Winnipeg] right from the idea stage, and then use our purchasing power to be their first contract to help them to scale up.” – Brendan Reimer

Advice for others

Purchasing “is a place to make a choice,” encourages Reimer. Too often, he says, businesses don’t look at their purchasing when trying to create positive impacts for people and planet. Reimer points to Co-op Principle 7, saying co-ops usually look at grants and volunteering, but that you also need to look at “where you are spending your money.”

“There’s an emerging opportunity to position your co-op as meaningfully different on values by showing how you intentionally purchase.” – Brendan Reimer



Figure 2. A concentric circle model is a good way to prioritize supplier outreach and purchasing.

STEP 1: START WITH A CLEAR PURCHASING POLICY OBJECTIVE

As a foundation of your process, it is critical to develop a clear and encouraging purchasing policy for your organization. Once you have a purchasing policy in place, you can integrate your goals and priorities.

If you don't have a purchasing policy or guidelines, then it's time to develop one. The policy can be simple for smaller co-ops, and more complex as your business grows.

Within your policy you should:

- Provide directives and guidance about your goals
- Identify who can purchase what
- Outline weighting criteria, and
- Define financial thresholds

Policies provide guidelines that help you balance priorities of quality, price and social value. You can use a concentric circle model to decide who to purchase from, putting co-ops in the centre as your highest priority. But if the product or service is not available from a co-op, consider purchasing from other social suppliers like a [social enterprise](#), diverse-owned business, local supplier, or B Corp.

SAMPLE PURCHASING POLICIES

Co-operatives and Mutuals Canada

1. Purpose

CMC is committed to obtaining the best value for money in the purchasing of goods and services. The purpose of this Procurement Policy is to:

- Establish principles and guidelines that support the procurement of goods and services of the right quality and quantity, whilst providing the best value for money;
- Define roles and responsibilities in the procurement process;
- Ensure vendor relationships are conducted ethically and without conflict of interest;
- Reduce exposure to risk and negative publicity; and

For comparable business goods or services, CMC will give preference to co-operative enterprises in its purchasing of goods and services. Further, when possible, CMC will favor purchases from co-operatives and enterprises that integrate positive social and environmental impact into their practices, products and services.



SAMPLE PURCHASING POLICIES

Canadian Worker Co-operative Federation

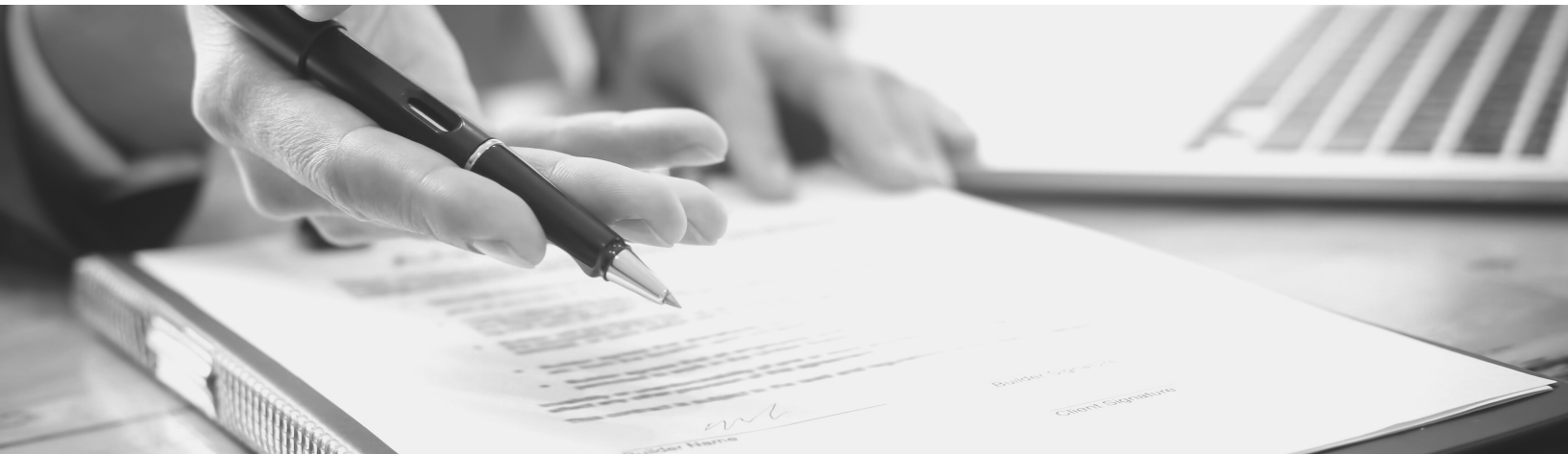
Co-operation among co-operatives (principle 6) is an important co-operative principle, in particular with regard to business exchange among co-operatives.

The potential for the reinforcement of the co-operative movement by means of business exchange among co-operatives has already been proven in different ways in various parts of the world, and it would be beneficial to strengthen this in the worker co-op sector.

With comparable business goods or services, CWCF will give preference to co-operative enterprises in its purchasing of goods and services.

There is a report to each CWCF AGM on the implementation of this policy.

CWCF encourages its members to adopt a similar practice of preferential co-op purchasing; including using tools which enable this, such as the Data Commons Co-operative.





CASE STUDY

JUST US! COFFEE



Founded in 1995, Just Us! is Canada's oldest fair trade and organic coffee roaster, and a Canadian-owned worker co-operative based in Nova Scotia. Through their work, they focus on social and environmental justice.

Social purchasing in policy and action

Just Us! has a detailed purchasing policy which includes the following criteria and weighting for supplier evaluation:

- 15% for environment, community and social impact
- 20% for local, co-operative, or fair trade businesses
- 15% for good employee rights and working environment

These three categories comprise 50 percent of the total weighting. Suppliers are also evaluated for alignment with Just Us! values of meaningful work, justice and equality.

“Every dollar is a vote for the world you want” – Joey Pittoello, General Manager

Purchasing from social value suppliers

Just Us! has a long history of purchasing from co-ops, social enterprises, and other social value suppliers.

Their health benefits and RRSPs are with The Co-operators, and their coffee and sugar are sourced from fair trade worker's co-operatives in South and Central America.

They've also contracted work for many services from Buy Social Canada Certified Social Enterprise Flower Cart Group for many years, including labeling and packaging services for the past 12-15 years. This contract provides employment and an ongoing source of revenue that the enterprise can depend on to run their non-profit programming for adults with intellectual disabilities.

Just Us! has also offered supportive co-working placements for Flower Cart Group employees to build skills and employment training in their cafés.

Other social value suppliers they've worked with include:

- Certified Social Enterprise Common Good Solutions for consulting services,
- Canadian Co-operative Investment Fund (CCIF) for consulting and financial support ,
- Local First Nations and the Valley African Nova Scotian Development Association for hiring new team members,
- Spearville Flour Mill, a co-op in New Brunswick, for purchasing organic and local grains.

Why purchase this way?

Joey Pittoello is succinct but clear in his answer: "Co-ops can demonstrate that it's possible to have a democratic workplace, and a democratic economy."



STEP 2: IMPLEMENT PURCHASING FROM CO-OPS

Find potential co-operative suppliers

If you don't know who the potential suppliers are that serve your purchasing needs, you will need to find them and let them know you're looking for them. One option is to send a Request for Information (RFI) to potential suppliers to learn about their services and business model. You could also host a reverse trade show or networking event to show suppliers what you purchase and see what they offer.

A key resource is the CMC [map](#) and database, which lists co-ops searchable by location and product.

Redirect small purchases

Small purchases add up quickly. Your catering, office supplies, local transport, gifts, and more can be purchased from co-ops. Create a list for your employees and members informing them of local co-ops to prioritize.

Use direct purchases from pre-qualified co-op suppliers

Have a policy for who can purchase what with guidance and thresholds. When you get to larger purchases you may have prepared a list of pre-qualified and preferred suppliers. Make sure you prioritize including co-ops on the list, and when going out for limited bids always include a co-op choice.

Issue a Competitive Request for Proposal (RFP)

Issue an RFP with Co-operative Supplier and Community Value Weighting. It is critical to have a purchasing policy that includes fair, open, and transparent processes. You can create a social purchasing value questionnaire that includes points for co-operative suppliers, along with appropriate evaluation weighting.

Get support to write RFPs and weighted questionnaires in the Buy Social Canada [Social Value Menu for Goods and Services](#).

Steps for purchasing:

1. Identify the product or service you need to purchase
2. Identify your budget
3. Check the [Co-op Map](#) for potential co-op suppliers
4. If you can't make a direct purchase from a co-op, issue an RFP with social value criteria and weighting
5. Select your supplier, giving preference for co-ops and other social businesses





CASE STUDY

THE CO-OPERATORS



Investing in your future. Together.™

The Co-operators is a national financial services co-operative offering insurance and investment products, services and advice. A group of farmers founded the co-op in 1945 when traditional insurers would not meet their needs. Today, The Co-operators has over 600 locations across the country with over 6,000 employees.

“Our business decisions are guided by our co-operative principles, so the need for profitability is balanced with the needs of our members and their communities.” – The Co-operators

Social purchasing in practice

Social and sustainable purchasing are a “critical part of our overall procurement strategy,” says Mary-Jane Jackson, VP of Enterprise Transformation at The Co-operators. They consider the social and environmental impacts of their purchasing, including carbon footprint, and prioritize purchasing from co-ops, social enterprises and other social suppliers.

Social and sustainable criteria are built into their RFPs, and they are working to become more measurement-driven in future.



STEP 3: MEASURE YOUR IMPACT

The initial steps to measure the outcomes as you increase your purchasing from co-ops are simple. You can track what you purchase and from whom to get an idea of what you are achieving, and any gaps you want to address.

What you buy and who you buy it from are records that you probably already keep, but now you can use these records as data to share co-op purchasing practices with your team and community.





WHAT'S NEXT?

If you haven't already, it's time to look at how you can achieve co-operative principles number 6 and 7, to create Co-operation among Co-operatives and act with Concern for Community, through your purchasing. Put co-ops at the centre of your purchasing priorities, and use the strategies outlined above to use your purchasing power to create healthy communities.

Are you looking for concrete tools and templates to implement social purchasing in your organization? Start with Buy Social Canada's [A Guide to Social Procurement](#).

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