



BUY LOCAL STEP BY STEP





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WHO'S AT THE TABLE

TARGET FUNCTIONS

ROUTINE INSTITUTIONAL
PURCHASING OF GOODS
AND SERVICES

GOAL

INCREASE INSTITUTIONAL
PURCHASING FROM LOCAL
AND DIVERSITY SUPPLIERS

INTERNAL STAFF

- Top-level leadership, including the CFO
- Leadership in the procurement and purchasing division
- **Implementation staff:** a dedicated staff member who understands institutional purchasing operations inside and out, including the RFP and contract processes, supplier relationship management, the local supplier landscape, and electronic procurement systems
- **Implementation staff:** a data specialist who is immersed in your institution's procurement data and can support data integrity

EXTERNAL PARTNERS

- A representative from the local department of commerce, or from a relevant local economic development and business capacity-building agency, to bring knowledge of the local business landscape
- The local or regional business association may offer feedback on how challenging the institution has been to work with historically for small businesses

GET STARTED: MAP YOUR INSTITUTIONAL PROCUREMENT PROCESSES AND OBSTACLES

This planning stage is going to offer your team a set of filters through which to view your procurement data, and helps you understand the procedural landscape and onboarding process that new suppliers must navigate in order to do business with your institution.

REVIEW VENDOR INSURANCE REQUIREMENTS

It is likely that every supplier – big or small, local or not, no matter what they are selling – must demonstrate to your procurement office that they are carrying the same type and level of insurance coverages. Your local-procurement implementation team should review these requirements and identify where they may act as obstacles to small businesses, what the non-negotiable requirements are, and where there are possibilities for some flexibility.

REVIEW HOW SUPPLIER PAYMENT TERMS WORK

Many of the local suppliers your institution will want to establish a relationship with are going to be small businesses whose limited size and capacity make them vulnerable to revenue disruptions. A 90-day payment stipulation in supplier contract terms can sink a small business that cannot afford to wait that long for payment from your institution. Review the payment procedures and consider an audit to understand the real supplier payment rhythms in your procurement system so that you are able to communicate realistic expectations to suppliers, and to identify ways of tightening the process to achieve shorter payment terms.

KNOW YOUR INSTITUTION'S E-PURCHASING EXPECTATIONS

University procurement has gone online, and approved suppliers in any such system must be able to provide web-based access to their catalogs and payment mechanisms. This is another possible barrier to a small locally-owned business which may sell things that your institution can purchase, but which doesn't presently have the capacity to put these functions online. Many small-scale and local businesses do not have fully developed e-purchasing platforms, and it may take a few initial orders to provide them with the revenue that they need to further build it out. If your institution is committed to local purchasing, taking time to work with suppliers on issues like this is part of the process.

ENGAGE WITH SUPPLIERS TO UNDERSTAND YOUR INSTITUTION'S REPUTATION

You'll want to learn what the small businesses in the area say about doing business with your organization. Is it easy? Impossible? Frustrating? Risky? Difficult to overcome capacity issues? Talking directly with area suppliers either one-on-one or in focus groups can help uncover any work that needs to be done with supplier communication and onboarding.

IDENTIFY WHAT LOCAL MEANS TO YOUR ORGANIZATION

Chances are good that your institution is purchasing goods and services from all over the world, and certainly from all over the U.S. Part of the work in creating a focused local purchasing strategy is to identify what “local” will mean for your institution and collaborating community. Local may be defined as a large, low-density region of a state in proximity to a rural branch of a state university, it may be everything inside the boundaries of a specific city or county, or it may be a set of zip codes surrounding an urban university in a large city.

Connect your decision about your desired local purchasing footprint to any local-engagement strategic vision that your institution may already have outlined; there may already be work in progress to partner with specific local communities in other realms like the academic mission and volunteerism.

When you begin to articulate your local purchasing footprint, you’ll consider the density of businesses and potential suppliers near your campus as well as the place of your institutional spend in the scope of the local economy. A smaller geographic range may mean a smaller pool of potential local suppliers is available, and you’ll need to balance that factor against what your institution’s leadership views as a desired footprint. Consider how the presence of other large institutions can shape your local purchasing map, as you may find it possible in the future to coordinate multi-anchor purchasing strategies to amplify local impact.



PUT THE DATA TO WORK

UNDERSTAND WHAT YOUR DATA IS MADE OF

Consider how your procurement diversity data is established: can new suppliers opt in to identifying themselves as minority-owned or as local as part of the supplier registration process? Having these as required fields in your system is important, as is including a statement about your institution's inclusion goals in the supplier registration information – so that suppliers understand that your institution values connecting with diversity suppliers. Make sure that your supplier information system allows suppliers to choose more than one diversity classification for themselves rather than locking them into a single option.

ANALYZE THE FISCAL-YEAR INSTITUTIONAL SPEND DATA, IDENTIFYING THE CATEGORIES OF GOODS AND SERVICES THAT ARE PURCHASED

These may include categories like office supplies, HVAC repairs, limousine services, custodial services, office furniture, and marketing and communications services. Look at the purchase volume of each category, and from whom the goods and services are purchased; this reveals diversity gaps and opportunities to identify new local and diversity suppliers for those categories.

LOOK FOR WHERE GOODS AND SERVICES ARE PURCHASED FROM TO IDENTIFY OPPORTUNITIES TO CONNECT WITH CURRENT SUPPLIERS WHO ARE LOCAL

Strengthening business volume with local suppliers you are already working with is low-hanging fruit, but it has the advantage of providing some early strategic wins that can bolster ongoing institutional and community support for this work.

UNDERSTAND THE LOCAL BUSINESS LANDSCAPE TO IDENTIFY WHICH TYPES OF GOODS AND SERVICES ARE ALREADY AVAILABLE LOCALLY

The regional small business association or business-focused community development corporation is a valuable partner in learning what is being produced and sold in your institution's geographic footprint. You can also connect with other local anchor institutions to learn about local suppliers they do business with.

IDENTIFY YOUR BENCHMARKS

What are the performance measures you are aspiring to? Most large city governments have established diversity spend goals for their own purchasing and contracting; these may provide a useful benchmark to adopt. You might also reach out to other anchor institutions in the area to understand their metrics.

RUN YOUR TOTALS

TOTAL DIVERSITY SPEND
TOTAL NEIGHBORHOOD/LOCAL/
REGIONAL SPEND
DIVERSITY SPEND AS PERCENTAGE OF
TOTAL
COUNT OF NEW DIVERSITY SUPPLIERS
COUNT OF NEW NEIGHBORHOOD/
LOCAL/REGIONAL SUPPLIERS

YOUR OWN LIST OF METRICS CAN
BE MORE OR LESS COMPLEX THAN THIS,
DEPENDING ON YOUR INSTITUTIONAL
GOALS.

ANALYZE

FLAG SUPPLIERS WITH LARGE INCREASES
OR DECREASES IN ANNUAL SPEND.
CALCULATE THE RATE OF CHANGE FROM
PREVIOUS FISCAL YEARS FOR LOCAL AND
DIVERSE SPEND FIGURES. TRACK NEW
DIVERSITY SUPPLIERS WHO REGISTER
THROUGH YOUR ONLINE SYSTEM, AND
REMEMBER TO ENGAGE THEM EARLY.

BREAK IT DOWN

LOOK AT DIVERSITY AND LOCAL SPEND BY
ACADEMIC AND ADMINISTRATIVE UNIT

LOOK AT DIVERSITY AND LOCAL SPEND BY
SPEND CATEGORY (PRINTING, MARKETING,
ARCHITECTURAL FIRMS, ETC.)

CREATE A COHERENT AND ACCESSIBLE PROCESS FOR LOCAL SUPPLIERS

YOUR SUPPLIER INFORMATION MUST BE TRANSPARENT AND ACCURATE

Examine your institution's outward-facing information for suppliers. What information does your website give a potential new supplier who may be a local or small business owner? Is the information about supplier requirements comprehensive and transparent? Perform the necessary website updates as soon as there is an internal agreement that the information will accurately describe what suppliers can expect and how to engage with your institution.

Know and be clear about what types of suppliers the institution is prepared to direct business to. Does your website list the types of products the institution is looking to purchase? A **“come one, come all” call for suppliers can be unhelpful**, as it may attract businesses who are selling goods and services the institution does not ever purchase.

COORDINATE WITH PARTNERS FOR INFORMATION DISSEMINATION AND COLLECTION

Share your data with the local economic development and capacity-building agency. Economic development and in many cases organizations that oversee special service or business districts can help identify local suppliers who can supply for particular spend categories.

Look at your procurement RFP process. How does information about new RFPs get disseminated? If new RFPs only get announced through the existing vendor database, it will be difficult to diversify the supplier pool. Use local economic development capacity-building partners to disseminate RFPs to a broader network of local businesses.

CONSIDER STRATEGIC SUPPLIER PARTNERSHIPS WITH NEW SUPPLIERS

Oftentimes a local business may be well on its way to having the capacity to work with a major anchor, but still lacks one or two of the business requirements needed to establish a contract.

In cases like this, it can be useful to introduce that business to a larger, perhaps national, firm that is also interested in establishing a business relationship with your institution. By pairing the two enterprises in a collaborative support model, the local business may get the technical support that they require and the larger firm can serve as a mentor while generating revenue of its own. In other cases, the local firm may have something needed by the larger company, such as the ability to provide timely delivery or local sales and customer support, creating a mutually beneficial partnership.

STAY ENGAGED WITH ENTITIES THAT SPECIALIZE IN CAPITAL FUNDING

Suppliers often reach stages in their business development where obtaining capital is a key factor for them to improve their scale and capacity. Although your institution may not itself be able to assist in financing business growth, introducing suppliers to entities that specialize in capital funding is an important best practice. Suppliers may not be aware of resources like community set-asides, low interest financing, tax abatements, and grant opportunities.

IMPLEMENT INTENTIONAL SUPPLIER RELATIONSHIP BUILDING

UNDERSTAND THE PURCHASING AND PROCUREMENT DEPARTMENT'S CAPACITY FOR SUPPLIER SUPPORT AND RELATIONSHIPS

How long does it take for the purchasing department to respond to new supplier inquiries? How long does it take for a small business to get paid? Both the process and the published information around supplier onboarding should be transparent, with reasonable expectations that a small business can meet and live with.

MAKE RFP AND RFQ DOCUMENT REQUISITIONS PUBLIC FOR LOWER SPEND THRESHOLD OPPORTUNITY

Keep low-spend commodities and services transparent to local and diverse suppliers. This will create equal and open procurement opportunity to areas where suppliers typically would not have access to. It will also provide suppliers the chance to work with your organization in a smaller capacity, thus allowing them the chance to prove their value for future and potentially larger RFPs and RFQs.

GENERATE SUCCESSES ONE VENDOR AT A TIME

When there is a match between a purchasing need and a local or diversity supplier, take the time to introduce that supplier to all relevant staff and departments in your institution to encourage them to work with that supplier for their purchasing.

STAY ON TOP OF SEASONALITY

Understanding commodity seasonal trends of high and low activity can help boost local and diverse participation. Most types of businesses have busy seasons during which they may not have the bandwidth



to respond to an RFP. Staying conscious of these trends means you can release RFPs and RFQs when businesses in a particular commodity or service realm are more likely to have the time to put together proposals.

BE AWARE OF HOW CONTRACT TERMS WORK IN YOUR INSTITUTION AND BE SURE TO HAVE A CONTRACT MANAGEMENT SYSTEM IN PLACE

Such a system can alert you to expiring contracts that represent opportunities for local suppliers to step in. Avoid bringing new suppliers on board for particular types of goods or services well ahead of when existing purchase contracts have expired; this can get in the way of a new supplier's opportunity to get established with your institution. Use the timing of expiring contracts to build new supplier relationships.

DEBRIEF SUPPLIERS WHEN THEY LOSE A BID

Explaining why a proposal was not selected is a way for your organization to help local and diverse suppliers improve their business acumen, service offerings, and overall competitive strategy. When a supplier understands why they were not selected, they can make changes and improvements based on your feedback, and this may boost their subsequent competitiveness with your organization as well as with others.



PLAN FOR EVALUATING AND REPORTING

CONSISTENCY

Set up practices to report and analyze consistently-defined metrics.

KNOW WHO YOUR STAKEHOLDERS ARE

The people who will care about local purchase performance include your institution's leadership in its administrative areas, any board of trustees committee overseeing this aspect of operations, local community leaders, and local government.

ESTABLISH AND SHARE A DASHBOARD

Create an accessible and widely available institutional dashboard for tracking efforts in local economic impact. Such a dashboard shows data on your achievements to date along with your performance goals for the upcoming fiscal year: what has been accomplished, and what you want to accomplish next. Plan for quarterly and annual updates, reporting performance to the key stakeholders. Transmit the information from the dashboard in an easily consumable format to illustrate how your institution is living up to its local purchase goals.







THE ANNIE E. CASEY FOUNDATION