



BUY LOCAL STEP BY STEP



TABLE OF CONTENTS

WHO'S AT THE TABLE 4

**GET STARTED: MAP YOUR INSTITUTIONAL
PROCUREMENT PROCESSES AND OBSTACLES 5**

IDENTIFY WHAT LOCAL MEANS TO YOUR ORGANIZATION 6

PUT THE DATA TO WORK 7

CREATE A COHERENT AND ACCESSIBLE PROCESS FOR LOCAL VENDORS 8

IMPLEMENT INTENTIONAL VENDOR RELATIONSHIP BUILDING 9

PLAN FOR EVALUATING AND REPORTING 10



WHO'S AT THE TABLE

TARGET FUNCTIONS

ROUTINE INSTITUTIONAL
PURCHASING OF GOODS
AND SERVICES

GOAL

INCREASE INSTITUTIONAL
PURCHASING FROM LOCAL
AND DIVERSITY VENDORS

INTERNAL STAFF

- Top-level leadership, including the CFO
- Leadership in the procurement and purchasing division
- **Implementation staff:** somebody who understands institutional purchasing operations inside and out, including how RFP and contract processes work, as well as any electronic procurement systems
- **Implementation staff:** somebody who can handle procurement data analysis

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 that new vendors must navigate in order to do business with your institution.

REVIEW VENDOR INSURANCE REQUIREMENTS

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

REVIEW HOW VENDOR PAYMENT TERMS WORK

Many of the local vendors your institution will want to establish business with are going to be small businesses whose limited size and capacity makes them vulnerable to revenue disruptions. A 90-day payment stipulation in vendor 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 vendor payment rhythms in your procurement system so that you are able to communicate realistic expectations for vendors, 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 vendors 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 vendors on issues like this is part of the process.

ENGAGE WITH THE LOCAL BUSINESS ASSOCIATION

You'll want to learn what the small businesses in the area say about doing business with your organization, and the local or regional business association can help. Is it easy? Impossible? Frustrating? Risky? Difficult to overcome capacity issues? The business association can help focus any work that needs to be done with vendor 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.

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 vendors 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 diversity data is established: can new vendors opt in to identifying themselves as minority-owned or local companies 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 vendor registration information – so that vendors understand that there is a benefit to them in disclosing whether they are local vendor or fit into WBE, MBE, or veteran-owned categories.

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 vendors for those categories.

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

Strengthening business volume with local vendors 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 vendors they do business with.

IDENTIFY YOUR BENCHMARKS

What are the performance measures you are aspiring to? Most, if not all, large cities have established diversity spend goals for their own purchasing and contracting; these may provide a useful benchmark to adopt, as your institution aligns with other public goals.

RUN YOUR TOTALS

TOTAL MBE SPEND
TOTAL WBE SPEND
TOTAL NEIGHBORHOOD/LOCAL/
REGIONAL SPEND
COUNT OF NEW MBE VENDORS
COUNT OF NEW WBE VENDORS
COUNT OF NEW NEIGHBORHOOD/
LOCAL/REGIONAL VENDORS

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

ANALYZE

FLAG VENDORS 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 MBE, WBE, AND LOCAL
VENDORS THAT REGISTER THROUGH YOUR
ONLINE SYSTEM, AND REMEMBER TO ENGAGE
THEM EARLY.

BREAK IT DOWN

LOOK AT MBE, WBE, AND LOCAL SPEND BY
ACADEMIC AND ADMINISTRATIVE UNIT

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

CREATE A COHERENT AND ACCESSIBLE PROCESS FOR LOCAL VENDORS

YOUR VENDOR INFORMATION MUST BE TRANSPARENT AND ACCURATE

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

Know and be clear about what types of vendors the institution is prepared to direct business to. Does your website information list the types of products the institution is looking to purchase? A "come one, come all" call for vendors can be unhelpful, as it may attract vendors 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 vendors 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 vendor pool. Use local economic development capacity-building partners to disseminate RFPs to a broader network of local businesses.

CONSIDER STRATEGIC VENDOR PARTNERSHIPS WITH NEW VENDORS

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.

At Drexel we facilitated a formal relationship between Telrose, a local distribution firm, and Office Depot, a national office supply company, to create a Tier 1 Small Business Administration certified diversity partnership that meets federal grant and contract diversity requirements. Telrose is the sole-source supplier for office supplies at Drexel, and our resulting purchasing volume enables substantial reductions in the overall cost of office supplies. Our procurement office meets quarterly with Telrose to review the account purchase activity, adjust contract pricing in response to new product availability and shifting purchase patterns, and maintain competitive pricing structures.

IMPLEMENT INTENTIONAL VENDOR RELATIONSHIP BUILDING

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

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

GENERATE SUCCESSES ONE VENDOR AT A TIME

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

EXPLORE LIMITED CONTRACTING WITH LOCAL VENDORS TO SUPPORT THEIR VOLUME

Smaller businesses are sometimes caught between needing capital to do the expansion they need to serve a large institution, and not having a guaranteed volume that would be required to secure the necessary loans. Try a limited-contract option with a new vendor – without making promises – as an introductory period. If the vendor performs well, consider broader institution-wide contracting. Progressively stepping up levels of contracting can allow a vendor to build their internal capacity such that they can adequately meet the institution's needs as well as integrate into electronic purchasing systems. Vendor contracting has the added advantage of competitive volume pricing and substantial savings to the institution.



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 vendors. Avoid bringing new vendors on board for a particular type of goods or services well ahead of when existing purchase contracts have expired; this prevents a new vendor from gaining a foothold. Use the timing of expiring contracts to build new vendor relationships.

A stack of three notebooks is shown in the top left corner. The top notebook is white with horizontal lines. Below it is a brown notebook with a grid pattern. The bottom notebook is light pink with a spiral binding. To the right of the notebooks, two pens are visible: a pink one and a white one with gold accents.

PLAN FOR EVALUATING AND REPORTING

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