



BUYERS' IMPACT
SOURCING GUIDANCE

DEVELOP, IMPLEMENT, AND MANAGE A
SUCCESSFUL IMPACT SOURCING INITIATIVE





ACKNOWLEDGEMENTS

The Global Impact Sourcing Coalition (GISC) wishes to acknowledge the work of its Buyers' Impact Sourcing Working Group in the preparation of this document. The Buyers' Impact Sourcing Guidance builds on the experiences, lessons learned, and perspectives of leading buyer companies in the GISC. Thank you to all those who contributed with ideas, insights, and feedback.

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INTRODUCTION TO THE GLOBAL IMPACT SOURCING COALITION

The GISC is a global network of businesses creating jobs for those most in need through the power of procurement and global supply chains. Working with some of the world's leading companies on Impact Sourcing, the GISC connects buyers and Impact Sourcing providers¹, assesses suppliers against the Impact Sourcing Standard, and develops tools and guidance for companies to manage their Impact Sourcing programs.

Impact Sourcing is a business practice where a company prioritizes suppliers that intentionally hire and provide career development opportunities to people who otherwise have limited prospects for formal employment.

Impact Sourcing has been shown to provide many benefits for buyer companies including;

- **Supplier Performance:** Access suppliers with responsible hiring that compete on quality, service, and price.
- **Stable Supplier Workforce:** Lower attrition and higher motivation.
- **Supplier Inclusion:** Meet supplier inclusion and diversity goals.
- **Corporate Citizenship:** Promote responsible supply chains, social equality, and diverse workforces.
- **Social Impact:** Create positive impacts for impact workers, their families, and communities.

WHAT WE DO



CONNECT



ASSESS



SUPPORT



COMMUNICATE



EVALUATE

¹A provider of business products and services that commits to intentionally hire and provide career development opportunities to people who otherwise have limited prospects for formal employment, to deliver social and business outcomes.

INTRODUCTION TO THE BUYERS' IMPACT SOURCING GUIDANCE

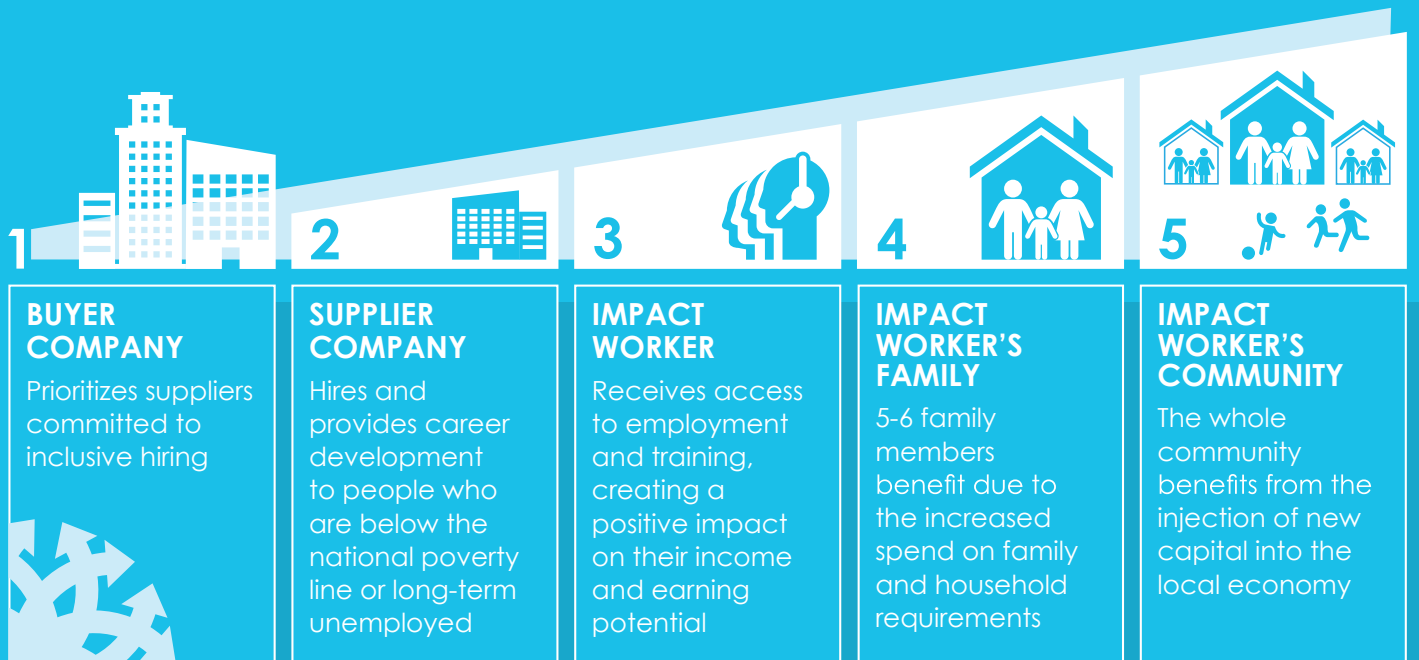
The Buyers' Impact Sourcing Guidance aims to guide buyer companies on their Impact Sourcing journey through offering practical guidance on how to develop, implement, and manage an Impact Sourcing program. As the business practice develops further, the guidance will be updated with additional guidance and case examples.

The Buyer companies within GISC aim to develop, implement, and manage their Impact Sourcing programs according to the guidance, which is structured around six key areas.

- I. [Develop an Impact Sourcing strategy](#)
- II. [Identify and develop Impact Sourcing opportunities](#)
- III. [Support Impact Sourcing providers](#)
- IV. [Embed Impact Sourcing in the organization](#)
- V. [Measure and report on Impact Sourcing initiatives](#)
- VI. [Collaborate with peers and other stakeholders](#)

WHAT IS IMPACT SOURCING?

Impact Sourcing is a business practice where a company prioritizes suppliers that intentionally hire and provide career development opportunities to people who otherwise have limited prospects for formal employment.



I.

DEVELOP AN IMPACT SOURCING STRATEGY

Rationale

When establishing an Impact Sourcing program, it is beneficial to develop a strategy that defines the objectives and benefits, as well as the overall approach of the program. The strategy should establish how Impact Sourcing connects with the company's overall strategy as well as procurement, supply chain, and sustainability strategies and efforts.

The strategy should be supported by senior management to build credibility internally and externally and ensure buy-in for effective implementation across the organization.

Core Elements

- Develop an Impact Sourcing strategy that defines:
 - Alignment with the company's overall strategic objectives including the procurement, supply chain, and sustainability strategy.
 - Goals, objectives, and benefits for the company and its stakeholders.
 - Company requirements for Impact Sourcing providers, including use of the Impact Sourcing Standard, which defines requirements for suppliers to demonstrate their commitment to inclusive employment.
 - The company's approach to identify and grow opportunities for Impact Sourcing providers.
 - Business processes and resources needed to implement the strategy.
- Secure commitment from internal teams that will be involved in supporting the Impact Sourcing strategy, potentially including senior management, procurement and sourcing teams, sustainability teams, and public relations and communications teams.

Key resources and best practices

- **Impact Sourcing Standard:** Defines minimum requirements and voluntary best practices for providers of business products and services to demonstrate their commitment to inclusive employment.
- **Why Buyers Value Impact Sourcing:** Defines the most commonly cited business benefits of Impact Sourcing for buyer organizations.
- **Buyer Impact Sourcing Case Studies:** Case studies from GISC buyer companies outlining their approach and experiences with Impact Sourcing.

II.

IDENTIFY AND DEVELOP IMPACT SOURCING OPPORTUNITIES

Rationale

Companies can leverage a range of strategies and tactics to identify and develop Impact Sourcing opportunities among existing and new Tier 1 and 2 suppliers.

Core Elements

Assess the market and impact potential

- Review current supply base and identify suppliers that may be committed to inclusive employment. Assess their potential to partner on advancing Impact Sourcing services.
- Review Impact Sourcing opportunities by spend category and identify procurement categories that are best suited for Impact Sourcing (GISC has initially focused on increasing the uptake of Impact Sourcing in the BPO sector, but will in 2018 start expanding into new sectors / procurement categories).
- Research supplier databases and outreach through business networks to identify potential Impact Sourcing providers for prioritized procurement categories (GISC members have access to the Impact Sourcing Supplier Directory).
- Integrate decisions on prioritized procurement categories and Impact Sourcing provider opportunities and targets into procurement category strategies.

Integrate Impact Sourcing into procurement policies

- Review current procurement policies (code of conduct, sustainable procurement policy, issue or category-specific policies etc.) and align them with the Impact Sourcing strategy including ensuring that any barriers for Impact Sourcing are removed at the policy level.

Integrate Impact Sourcing into supplier selection

- Identify contract(s) or portions(s) of a contract that can be competitively bid on by Impact Sourcing providers.
- Integrate Impact Sourcing criteria including adherence to the [Impact Sourcing Standard](#) into RFXs and/or market scan processes. And ensure to remove any barriers to Impact Sourcing in RFXs e.g. requirements on educational levels and work experience that are irrelevant to the requested services.

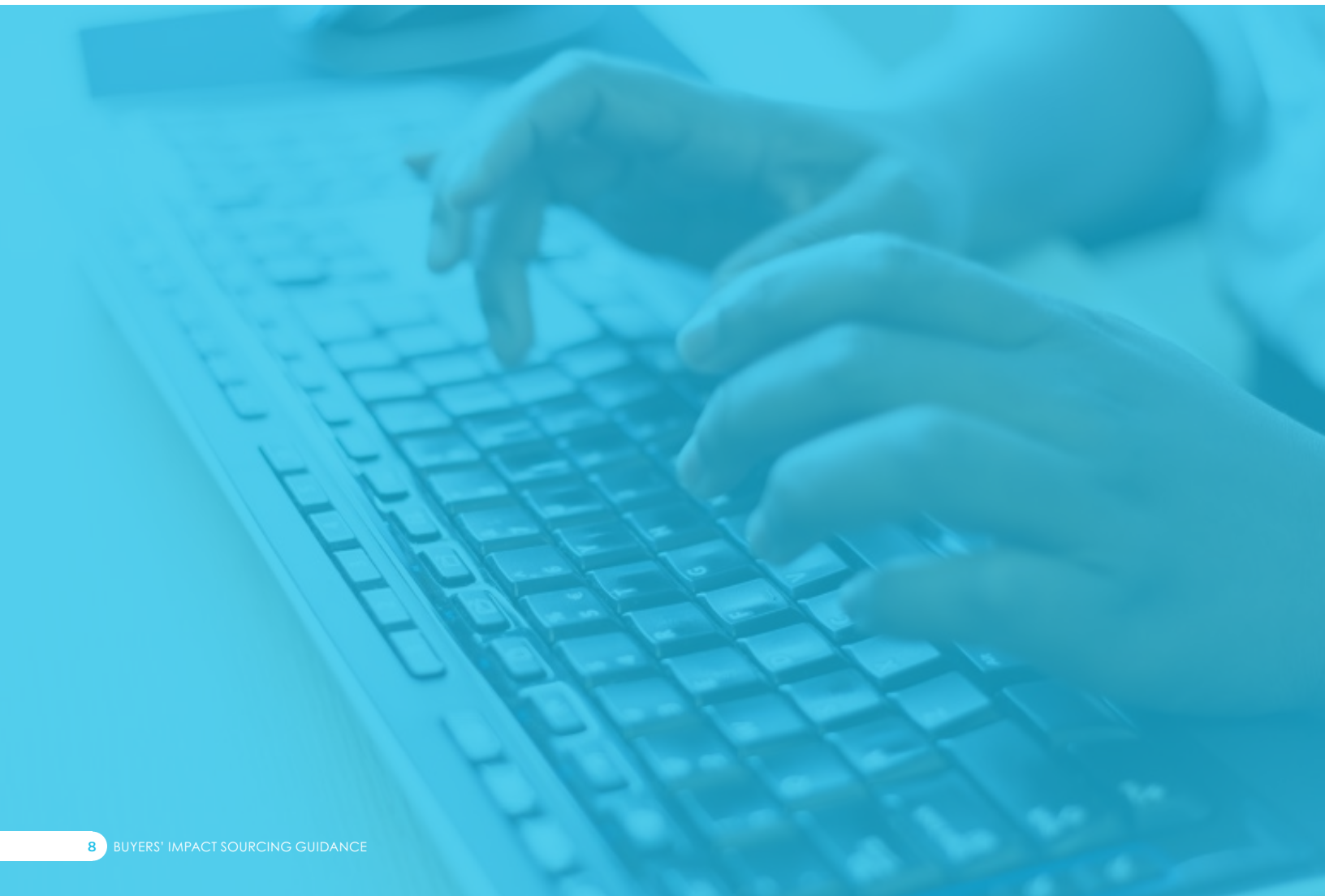
- Integrate Impact Sourcing criteria and goals into the supplier evaluation and selection process.
- Integrate Impact Sourcing requirements including adherence to the [Impact Sourcing Standard](#) into contracts when possible.

Engage suppliers

- Engage the company's current suppliers to provide Impact Sourcing services, through e.g.
 - Encouraging Tier 1 suppliers to establish or advance their internal inclusive employment practices in alignment with the Impact Sourcing Standard.
 - Encouraging Tier 1 suppliers to source from qualified Impact Sourcing providers.

Key resources and best practices

- **Impact Sourcing Supplier Directory:** GISC members-only directory of suppliers, committed to Impact Sourcing and inclusive employment. The database contains information about suppliers' services, Impact Sourcing capabilities, and their adherence to the Impact Sourcing Standard.



WHY BUYERS VALUE IMPACT SOURCING



SUPPLIER PERFORMANCE

Access suppliers with responsible hiring that compete on quality, service, and price



STABLE SUPPLIER WORKFORCE

Lower attrition and higher motivation



SUPPLIER INCLUSION

Meet supplier inclusion and diversity goals



CORPORATE CITIZENSHIP

Promote responsible supply chains, social equality, and diverse workforces



SOCIAL IMPACT

Create positive impacts for impact workers, their families, and communities

III.

SUPPORT IMPACT SOURCING PROVIDERS

Rationale

Developing the capacity of Impact Sourcing providers is an important part of a sustainable Impact Sourcing strategy, as it strengthens the suppliers' value proposition to the company and supports long-term growth of the Impact Sourcing market. Furthermore, supporting Impact Sourcing providers helps develop relationships, manage expectations, and improves efficiency in supply chains. It is for each company to establish appropriate levels of support, and a company can choose all or any of the below elements when supporting Impact Sourcing providers.

Core Elements

- Provide guidance to suppliers on how to fulfill the company's Impact Sourcing requirements.
- Develop effective feedback mechanisms for successful and unsuccessful proposals by Impact Sourcing providers.
- Develop supplier training and mentoring programs on how to do business with the company and be successful in bidding stages.
- Provide networking opportunities for aspiring Impact Sourcing providers.
- Offer supplier incentive programs for inclusive employment programs, such as prioritizing proposals with Impact Sourcing commitments, provision of financial incentives for successful/impactful programs, providing awards or public recognition, etc.

Key resources and best practices

- [Impact Sourcing Research Brief](#): This summary refers to business cases, tools, and other resources that have been developed to support supplier organizations in establishing, implementing, and managing effective Impact Sourcing and inclusive employment initiatives.

IV.

EMBED IMPACT SOURCING IN THE ORGANIZATION

Rationale

To secure a broader commitment to Impact Sourcing within the organization, it is important to demonstrate the business case, build capacity across teams, and develop further champions that recognize the value proposition to the company and its stakeholders.

Core Elements

- Share internally key parts of the Impact Sourcing strategy including how it is benefitting the company and key stakeholders.
- Create further internal resources that will answer basic questions on Impact Sourcing for various internal stakeholder audiences, such as “What is Impact Sourcing?,” “What are the benefits of Impact Sourcing for the company and its stakeholders?,” and “Why is Impact Sourcing important for us?”
- Train selected procurement and sourcing colleagues on Impact Sourcing and develop further champions to identify areas of improvement and promote Impact Sourcing across departments and teams.

Key resources and best practices

- [What is Impact Sourcing?](#) Provides a simple and illustrative definition of Impact Sourcing.
- [Why Buyers Value Impact Sourcing:](#) Defines a number of key business benefits of Impact Sourcing for buyer organizations.
- [Exploring the Value Proposition for Impact Sourcing – The Buyer’s Perspective:](#) Study examining the demand side of Impact Sourcing from the perspective of the buyers of outsourcing services.

WHAT IS THE IMPACT SOURCING STANDARD?

The Impact Sourcing Standard is the first globally recognized standard for the business practice of Impact Sourcing. The standard defines the minimum requirements and voluntary best practices for providers of business products and services to demonstrate their commitment to inclusive employment.

BUYERS

The Impact Sourcing Standard helps buyer companies incorporate Impact Sourcing into sourcing policies for suppliers and evaluate suppliers based on conformance with the Standard



STANDARD

1
ESTABLISH
BUSINESS
PRACTICE



2
COMMUNICATE
CONSISTENTLY



3
EVALUATE
SERVICE
PROVIDERS



4
INCREASE
ADOPTION



5
IMPROVE
LIVES



SUPPLIERS

The Impact Sourcing Standard helps supplier companies offer Impact Sourcing as a service to buyers and provide assurance of quality Impact Sourcing in line with the Standard



V.

MEASURE AND REPORT ON IMPACT SOURCING INITIATIVES

Rationale

As with any program, establishing objectives and goals are critical in assessing progress and setting expectations. Measuring and reporting will ensure accountability and help identify areas of improvement.

Core Elements

Assess the market and impact potential

- Establish metrics to measure progress against your Impact Sourcing objectives. Example of measurable key performance indicators include:
 - \$ and % of spend on Impact Sourcing providers in total.
 - \$ and % of spend on Impact Sourcing providers across prioritized procurement categories.
 - # of bids where Impact Sourcing providers have been invited.
 - # of contracts signed with Impact Sourcing providers.
 - # of impact worker supplier employees working on the company's account.
- Establish a baseline and set annual goals for your key performance indicators.
- Integrate Impact Sourcing metrics into supplier performance management systems, supplier scorecards, and other internal supplier measurement and reporting tools and processes.
- Encourage suppliers to measure and report on their inclusive employment practices. Suppliers can use the [GISC Reporting Template](#), that enables them to quantify the number of impact workers they have employed in their workforce, as well as on specific client accounts.
- Make a pledge to the Impact Sourcing Challenge demonstrating your commitment to Impact Sourcing and to the UN Sustainable Development Goals 1, 8, and 10. By taking part in the Challenge, companies will be able to make a direct contribution to SDG 1 to, "eradicate poverty in all its forms," SDG 8, to "promote inclusive and sustainable economic growth, employment and decent work for all," as well as SDG 10, to "reduce inequality within and among countries."
- Report externally on your overall performance on Impact Sourcing for example through your Annual Sustainability reporting.



Key resources and best practices

- **[Reporting Template](#)**: The Reporting Template is intended to be complementary to the GISC's Impact Sourcing Standard and Self-Assessment Tool allowing service providers that comply with the Impact Sourcing Standard to quantify the number of impact workers they have employed in their workforce, as well as on specific client accounts (when relevant).
- **[Global Impact Sourcing Challenge](#)**: GISC is through the Global Impact Sourcing Challenge calling on its members to hire 100,000 impact workers by the end of 2020. The Challenge is the first of its kind to specifically focus on escalating Impact Sourcing as a way to increase employment and career development opportunities for disadvantaged workers.

VI.

COLLABORATE WITH PEERS AND OTHER STAKEHOLDERS

Rationale

Growing Impact Sourcing initiatives requires collaboration between buyers, suppliers, and other key stakeholders especially in terms of raising awareness and creating a better market for Impact Sourcing and inclusive employment.

Core Elements

- Publicly communicate the impacts of the company's Impact Sourcing initiatives.
- Collaborate with peers and other stakeholders to raise awareness among peer companies, suppliers, business partners, investors, governments, and other stakeholders to create a better market for Impact Sourcing.
- Support the development of new research, resources, and tools to help companies launch, manage, and measure their Impact Sourcing programs.
- Attend events and conferences to learn from peers, meet suppliers, and promote Impact Sourcing further.

Key resources and best practices

- [Global Impact Sourcing Coalition](#): A global network of businesses creating jobs for those most in need through the power of procurement and global supply chains.



Join GISC

Organizations interested in joining GISC should contact us at gisc@bsr.org and visit www.gisc.bsr.org for more information.

Employees of Samasource Kenya



A BSR Collaboration

BSR provides executive leadership and secretariat support for GISC. GISC's activities are overseen by the GISC Steering Committee, with active participation of the GISC membership. BSR is a global nonprofit business network and consultancy dedicated to sustainability. BSR Collaborations bring together more than 400 companies, spanning multiple sectors and geographies, to strengthen company performance, improve markets and industries, and contribute to systemic change for a more just and sustainable world.

Visit www.bsr.org to learn more.