



# **Australian Disability Enterprises: Building Better Business Opportunities REPORT**

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The Australian Department of  
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A full list of acknowledgements is provided at Appendix A.

## Abbreviations

<b>Abbreviation</b>	<b>Description</b>
<b>ADE</b>	Australian Disability Enterprises
<b>ATSI</b>	Aboriginal and Torres Strait Islander
<b>DEA</b>	Disability Employment Assistance
<b>DEEWR</b>	Department of Education, Employment and Workplace Relations
<b>FaHCSIA</b>	Department of Families, Housing, Community Services and Indigenous Affairs
<b>NDIS</b>	National Disability Insurance Scheme
<b>NDS</b>	National Disability Services
<b>NGO</b>	Non Government Organisation
<b>SROI</b>	Social Return on Investment

## Executive Summary

### Australian Disability Enterprises

The Australian Government funds Australian Disability Enterprises (ADEs) to provide supported employment for people with a disability through the provision of on-the-job support in a real workplace offering real work.

There are approximately 194 Organisations operating ADEs across Australia and between them they operate around 600 businesses and employ around 19,000 people with disability<sup>1</sup>. The ADE sector faces many challenges ahead. The winds of change are blowing across multiple fronts, with the global financial crisis, changes to regulatory conditions, the introduction of the National Disability Insurance Scheme (NDIS), tightening budgets and an ageing workforce. The commercial imperative has never been stronger, with commercial income vital to the future of the ADEs. In recognition of the challenges, over the last decade, ADEs have been working with the Australian Government to strengthen the supported employment sector to ensure it is progressive, viable and commercially sustainable into the future.

#### **Building Better Business Opportunities**

The Building Better Opportunities project is part of a process being undertaken by Disability Employment Assistance (DEA) and funded by FaHCSIA to implement the vision for supported employment in Australia. This Building Better Business Opportunities report focuses on the opportunities to increase the volume of business being transacted between Government, Big Business and ADEs, with a view to improving the viability and sustainability of these enterprises into the future.

This report and its accompanying training package have been informed by consultation with ADEs, business and Government<sup>2</sup>. Input was gathered through visits to a number of ADEs around Australia, the use of on-line survey tools and desktop reviews.

#### **About the Organisations that run ADEs**

Through this work we have been able to build a picture of the organisations that run ADEs. Just over half of these organisations have been in operation for over 40 years, 62% earn

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<sup>1</sup> [http://www.fahcsia.gov.au/sites/default/files/documents/06\\_2012/discussion\\_paper.pdf](http://www.fahcsia.gov.au/sites/default/files/documents/06_2012/discussion_paper.pdf)

<sup>2</sup> 'Government' is used through the report as a general reference to all Australian governments (Australian, State and Territory) and their departments and agencies. In some instances reference is made to a specific department or government.



less than \$10 million per annum and 46% run only one ADE. Almost half of the organisations have less than 50 supported employees working across their ADEs.

Using the data gathered, we estimate the total revenue ADEs earn from their commercial activities<sup>3</sup> to be \$734 million. Commercial income is greater than Government funding for the majority of ADEs<sup>4</sup>. We estimate that commercial income for ADEs is \$416 million and the income they derive from Government and Big Business (combined) is \$223 million.

### **These organisations are doing business with Government and Big Business.**

Government procurement is a \$42 billion market<sup>5</sup> and it is complex and multi-layered. There is little data available that tracks Government procurement from ADEs. At an organisational level, 70% report doing business with Government and 82% are doing business with Big Business. When drilled down to the ADE level, 39% are selling to Government. The data indicates the biggest market for the ADEs is the medium to small business segment.

Business is challenging. 63% of ADEs describe it as 'hard' to attract new customers and only 44% of ADEs are described as profitable. 62% of ADEs contribute less than 25% of the total income for their parent organisations.

ADEs are selling a wide range of goods and services to Government and Big Business, the top five categories being:

- Landscaping, gardening and horticulture
- Packaging and re-packaging
- Light manufacturing
- Cleaning and recycling
- Food and hospitality

The areas below have been identified as offering strong potential for ADEs in terms of opportunities into the future:

- Landscaping, gardening and horticulture and environmental management such as re-vegetation and coastline maintenance

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<sup>3</sup> That is, not including their Government funding

<sup>4</sup> 56.8% earn more than 50% of funding from commercial activities see Figure 1.

<sup>5</sup> Australian Government, Department of Finance & Deregulation, Procurement Latest News, <http://www.finance.gov.au/procurement/ProcurementNews.html>, viewed June 5, 2013

- Cleaning services
- Laundry
- Catering
- Warehousing and inventory/asset management
- Data entry, multi-media and IT, and
- A variety of others such as electrical testing and tagging, road signs and supplying to large scale construction projects.

### **Barriers**

There are many barriers that are getting in the way of Government and Big Business procurement from ADEs. In terms of procuring from Government, despite the availability of exemptions<sup>6</sup>, there remains a significant gap between commitment and action. Many levels of Government state a commitment to the principals of supporting ADEs, but in reality very little difference will be achieved without attention to addressing some core issues:

- Perception – there is little awareness of ADEs and a perception that sees them as small, low-price and low-quality options.
- System ‘norms’ – procurement is highly procedural. Pressure and accountability is high, budgets are tight and there is a low tolerance to any perceived risk. Exemptions require a change in the way things have most commonly been done.
- The concept of ‘value for money’ is frequently translated to ‘cheapest price’. Budgets are tight, the demand for efficiency high. Price sensitivity is making it very difficult to compete, particularly against competition from large corporate businesses with proven performance and ability to meet scale.
- The tender process is complex and demanding and ADEs often lack resources and sufficient lead times to adequately respond. They also frequently lack scale to fulfil the requirements. Lead times do not allow enough time to form strategic partnerships with other businesses in order to adequately address these issues.

From the ADE perspective, aside from the issues above, there is a lack of resources and skills to apply to marketing and developing the business and there are often issues with scale and capacity to meet large orders. Many ADEs are struggling to attract new business.

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<sup>6</sup> See Appendix B for exemption details

They find it difficult to cut through to the right people, both in Government and in Big Business. There are also issues with attracting the right sort of contracts. Longer-term contracts with some certainty and predictability allow for better planning and development opportunities and build confidence for the future.

### **Keys to success**

Despite these concerns, there are many very successful, quality-driven, customer-focused large-scale commercial operations amongst the ADEs.

In talking with many of these businesses, we have identified some critical keys to success:

- Place the needs of the customer at the core of the business – time and again successful ADEs emphasised how the needs of the customer drive the business.
- Be socially enterprising – operate on market principals. Have a clear business plan and measures of success.
- Be clear about what you offer. Be visible and be patient.
- Be credible, its about quality, price and reliability.
- Start small and build on success. Experiment, iterate and learn. Many large contracts begin with a small ‘test’ order. Only promise what you can deliver.
- Partner for success and scale.
- Network, build strong relationships.
- Ask questions, solve problems, be creative.
- Structure for success: your Board, your Management, and your staff. Ensure your Governance structure supports a culture of innovation.

The more successful ADEs are always exploring - looking for new opportunities, problem solving, taking reasonable risks and adding value, for their customers and for their staff. They understand change is inherent and competitive advantage transient<sup>7</sup>.

Indeed, they focus on adapting their models to suit ever-changing customer needs, always with an eye on creating sustainable, meaningful jobs for their supported employees. Whilst

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<sup>7</sup> Harvard Business Review, Strategy For Turbulent Times, June 2013.

this would appear to stretch businesses across too many diverse lines, it does provide a point of difference with competitors, something critical in price sensitive commercial markets.

We are in tough economic times and there are many challenges ahead for this sector. The ADEs understand these challenges well and understand the change imperative. They welcome training and support and have provided significant input into the development of the training package associated with this report.

However as highlighted in the Western Australian experience which we study in the report, training alone will not address the systemic and cultural issues that hold a lid on procurement with Government, nor will it sufficiently drive an increase in social procurement and awareness amongst big business.

What is needed is a greater awareness of ADEs and a range of multi-pronged systemic approaches such as the Western Australian initiative, that place a role within Government procurement and aligned role within the ADE sector that work together to drive change from within.

## Key Recommendations

In the preparation of this report a great deal of input has been received from ADEs, Big Business and Government. Through this generosity of spirit, we have shared in the report a great many insights, tips and best practice examples to guide the way forward through what is expected to be several years of intense challenge and opportunity.

There are 22 specific strategic recommendations contained in the report. Here we distil these down to highlight the key strategies for Government, Big Business and ADEs to consider:

### For Government

- Support further systemic reform to procurement practices to support ADEs. Provide funding for external evaluations of the Western Australian and NSW models of managing Government procurement from ADEs to formulate a best practice model for adoption across all levels of Government.
- Evidence, highlight and reward examples of best practice.
- Continue to support training and development for ADEs. Particular areas of focus would include:
  - Change Management

- Building Board and Management Capacity for the changing environment
- Mentoring – Business to ADE, ADE to ADE, Government to ADE, on-going
- Business Plan development and implementation
- Marketing Plan development and implementation
- Create a campaign to build awareness and credibility of ADEs across Big Business and Government.
- Explore certification or pre-qualification programs for ADEs.
- Review the ADE Portal/Website and consider the addition of applications to improve functionality and connectivity between Governments, Businesses and ADEs.
- Provide support from the top.

#### **For Big Business**

- Highlight and promote the benefits and best practice examples of doing business with ADEs. Implement and promote Corporate Social Procurement, Social Return on Investment and Corporate Social Responsibility strategies.
- Offer mentoring and support to ADEs.
- Provide support from the top.
- Offer opportunities to ADEs.

#### **For ADEs**

- Review the keys to success suggested within this report – operate on market principals, your customer is the core, be visible, be clear about your offering, be reliable, be adaptable and provide quality and value. Start small and build, partner for success and scale, network, plan and measure.
- Structure for success, have the right Board, Staff and Management in place to meet the challenges ahead.
- Continue to invest in training and development for Boards, Management and Staff (note training has been developed as part of this project).
- Be 'enterprising', experiment and explore!

## Introduction

The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) exists to support delivery of a broad range of social policy outcomes with the purpose of improving the lives of Australians by creating opportunities for economic and social participation by individuals, families and communities<sup>8,9</sup>.

FaHCSIA helps to support people with a disability through programs and services, benefits and payments and through the provision of grants and funding for organisations. Australian Disability Enterprises (ADEs) are among the programs and services that FaHCSIA delivers for people with a disability.

Disability Employment Assistance (DEA) is funded by FaHCSIA and is undertaking a number of major projects during 2012-2013, as part of the implementation of a new vision for supported employment in Australia. This vision, "Inclusive Employment 2012–2022 – A vision for supported employment" was released in 2012. It was developed following extensive consultations and sets out a clear path for change for ADE's<sup>10</sup>.

The Building Better Business Opportunities project is part of this process. Its focus is specifically on procurement and it seeks to:

- Analyse government and big business procurement needs
- Analyse the market for current ADE products
- Identify alignment opportunities between ADEs, Government and Big Business
- Develop a training program for ADEs to improve tendering, business development, pricing and costing of jobs

A detailed discussion of the range and nature of procurement policies and exemptions, as they pertain to ADEs, is not within the scope of this report. Nor is it within scope to explore the nature of, or provide commentary on, the future direction of funding provided by FaHCSIA for the employment of people with a disability in ADEs.

A critical element of this project was consultation with ADEs, business and Government to facilitate their opportunity to contribute directly to the project by informing both this report and the creation of a tailored, effective and practical training program.

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<sup>8</sup> <http://resources.fahcsia.gov.au/annualreport/2011/ch03.htm>, viewed March 25, 2013

<sup>9</sup> <http://www.fahcsia.gov.au/about-fahcsia/overview>, viewed March 25, 2013

<sup>10</sup> [http://www.fahcsia.gov.au/sites/default/files/files/disability-and-carers/policy\\_research/aust\\_govt\\_vision\\_inclusive\\_employment.pdf](http://www.fahcsia.gov.au/sites/default/files/files/disability-and-carers/policy_research/aust_govt_vision_inclusive_employment.pdf), viewed March 25, 2013

## About Australian Disability Enterprises

The National Disability Strategy 2010 -2020<sup>11</sup> committed all Australian Governments to a national approach to supporting people with a disability to maximise their potential and participate as equal citizens in Australian society.

The Australian Government funds ADEs to provide supported employment for people with a disability through the provision of on-the-job support in a real workplace offering real work.

Over the last decade, ADEs have worked with the Government to strengthen the supported employment sector to ensure it is progressive, viable and commercially sustainable into the future. There are approximately 194 organisations operating ADEs across Australia and between them, they operate around 600 businesses or enterprises and employ around 19,000 people with a disability<sup>12</sup>.

The ultimate goal of this project is to promote a better alignment and achieve an increase in the amount of business transacted between ADE's, Government and Big Business.

The achievement of this goal will strengthen the ADE sector economically while also enhancing the positive contribution that this sector makes to the community in providing meaningful employment opportunities for people with disabilities.

*“For people with a disability having a job provides more than a wage – it is a doorway to engagement in community life, enhanced feelings of self-worth and the promotion of citizenship.”*

*Government of Western Australia – Information for Government Buyers<sup>13</sup>*

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<sup>11</sup> The Australian Government, 2010-2020 National Disability Strategy Summary Document, Commonwealth of Australia. 2011.

<sup>12</sup> [http://www.fahcsia.gov.au/sites/default/files/documents/06\\_2012/discussion\\_paper.pdf](http://www.fahcsia.gov.au/sites/default/files/documents/06_2012/discussion_paper.pdf)

<sup>13</sup> Government of Western Australia, Information for Government Buyers, Australian Disability Enterprises, 2013.

## Our approach

The findings in this report are based on both quantitative and qualitative data from three key sources:

- **Stakeholder Consultations.** A total of 63 interviews were conducted during April and May 2013. Of these, 55 interviews were conducted face-to-face across Australia and the remainder by teleconference. Interviewees represented ADEs, Government and businesses across Australia in all States and Territories.

Interviews were conducted with a diverse range of 34 organisations that run ADEs. Interviews were also conducted with 19 Government departments or agencies and 10 with businesses.

- **On-line survey of Australian Disability Enterprises.** A survey was conducted with ADEs with the link distributed through FaHCSIA. 155 responses were received. Once results were filtered for completeness and removal of duplicates, the ADE survey returned 139 responses. At the time of this report, there were 194 separate organisations running ADEs across approximately 600 businesses around Australia. The sample size of 139 therefore represents 71% of these organisations.
- **On-line survey of Government and Big Business.** Distributed to parties identified in the process of stakeholder consultations. The survey received 12 responses.
- **Desktop review of key documents and literature** including reports, marketing materials, suggested websites, management reports provided by ADEs and various other material gathered during our face-to-face visits.



## Results and Analysis

### About the organisations behind Australian Disability Enterprises

There are a significant variety of organisations that run ADEs. Some organisations run a range of community services in addition to ADEs and others have been created specifically to run as an ADE.

Based on the data collected, we can build a picture of the organisations that run ADEs:

- Most of the organisations running ADEs have been operating for at least 20 years, and just over half more than 40 years.
- 62% earn less than \$10 million in income and 33% less than \$2 million.
- 46% of organisations run only one ADE, 88% run less than 5 and 12% of organisations run more than 5 ADEs. Each organisation runs an average of 2.7 ADEs.
- There are an average of 100 supported employees in each organisation<sup>14</sup> and an average of 30 other staff<sup>15</sup> (an average mix of 77% supported employees and 23% other employees).
- 44% of organisations have less than 50 supported employees in total across their disability enterprises. 75% have less than 100 supported employees<sup>16</sup>.

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<sup>14</sup> Based on 11,400 staff across 113 responses to Q7

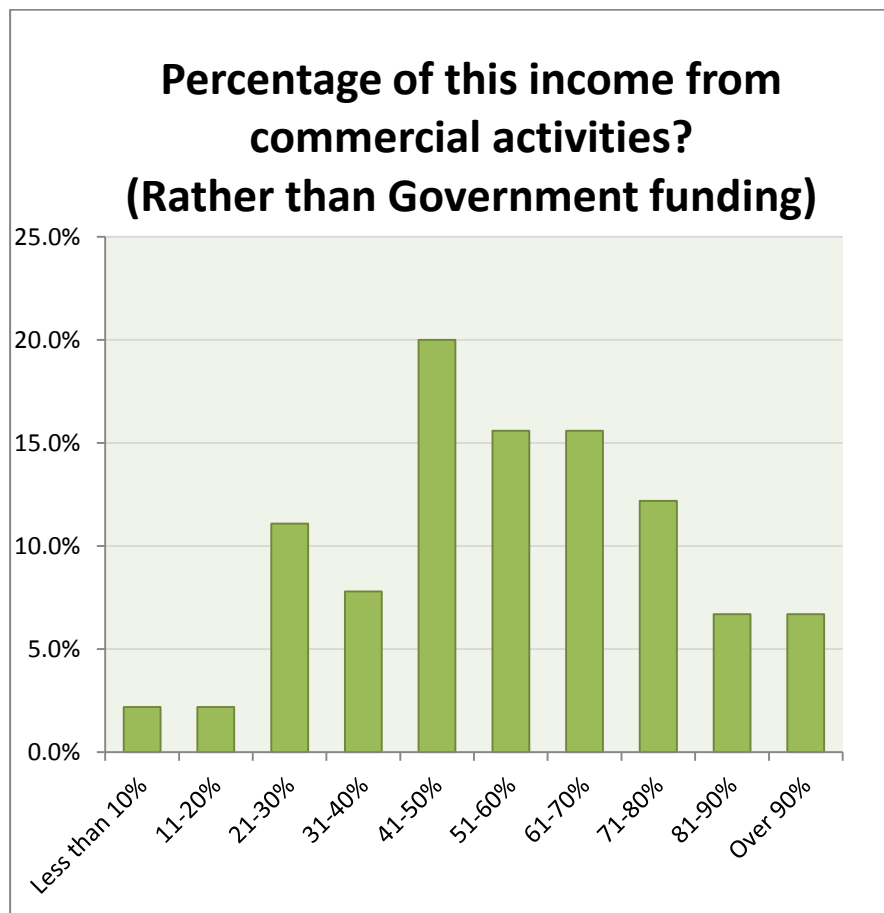
<sup>15</sup> Based on 3,248 staff over 109 responses to Q8

<sup>16</sup> Based on Q7 data for 113 organisations

## About the Australian Disability Enterprises

The data gives us the following picture of ADEs:

- The total income for the ADEs is approximately \$733.9 million.<sup>17</sup>
- Most of these ADEs earn between 40% and 70% of their total income from commercial activities (as opposed to Government funding see Figure 1 below).



**Figure 1: Income from commercial activities as percentage of total income**

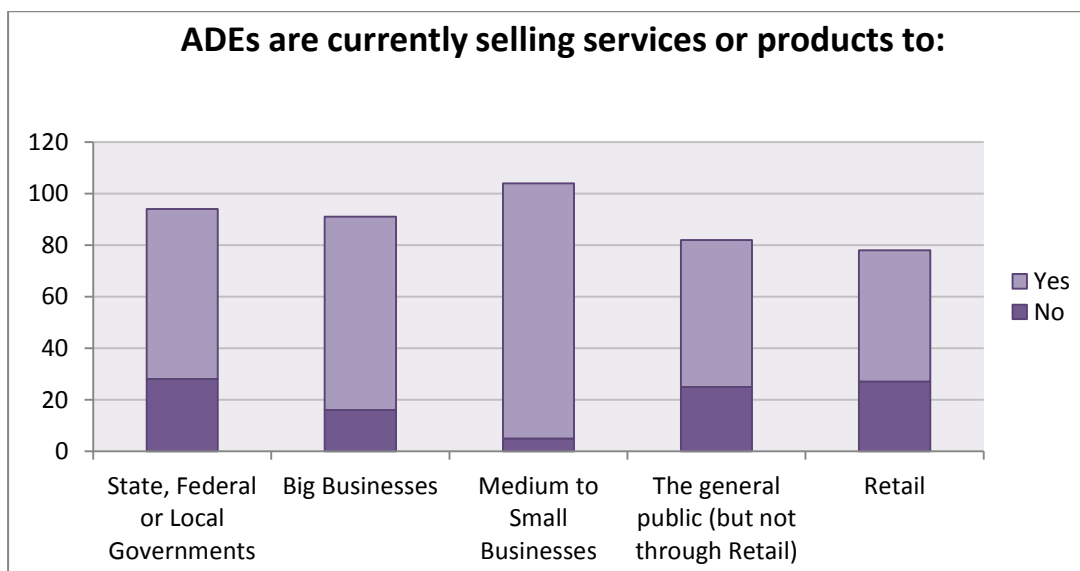
<sup>17</sup> Average ADE income over 101 Organisations is \$380.128 million which would equate to \$733.91 million for 195 Organisations funded by FaHCSIA to deliver supported employment in ADEs

At an organisational level, as we can see from Table 1 below, 39% of organisations with ADEs sell goods or services to Governments and 56% to Big Businesses<sup>18</sup>.

	Organisational level:	Organisational level	Individual ADE level:	Individual ADE level:
Table 1:	Yes	No	Yes	No
Doing business with Government?	70%	30%	39.3%	60.7%
Doing business with Big Business?	82%	18%	56.4%	43.6%

**Table 1: Doing business with Government or Big Business**

Further analysing the above data, we can get a more detailed picture of where the individual ADEs are selling their goods and services:

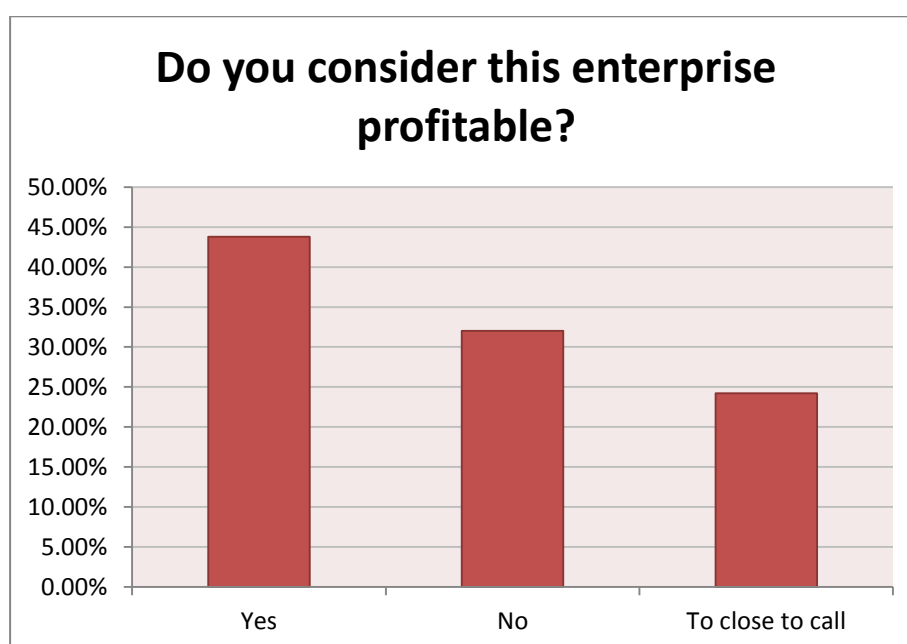


**Figure 2: Whom ADEs are selling to**

<sup>18</sup> Based on 295 business enterprises in responses to Q13 and 110 organisational responses to Q12

ADEs often contract to deliver goods and services, and there is an even spread of contract durations across the 291 businesses sampled. 28% of the ADEs describe their contracts as short: less than one-year in duration; and 24% do not appear to operate under contract. 26% have medium-term contracts; and 22% long-term contracts.

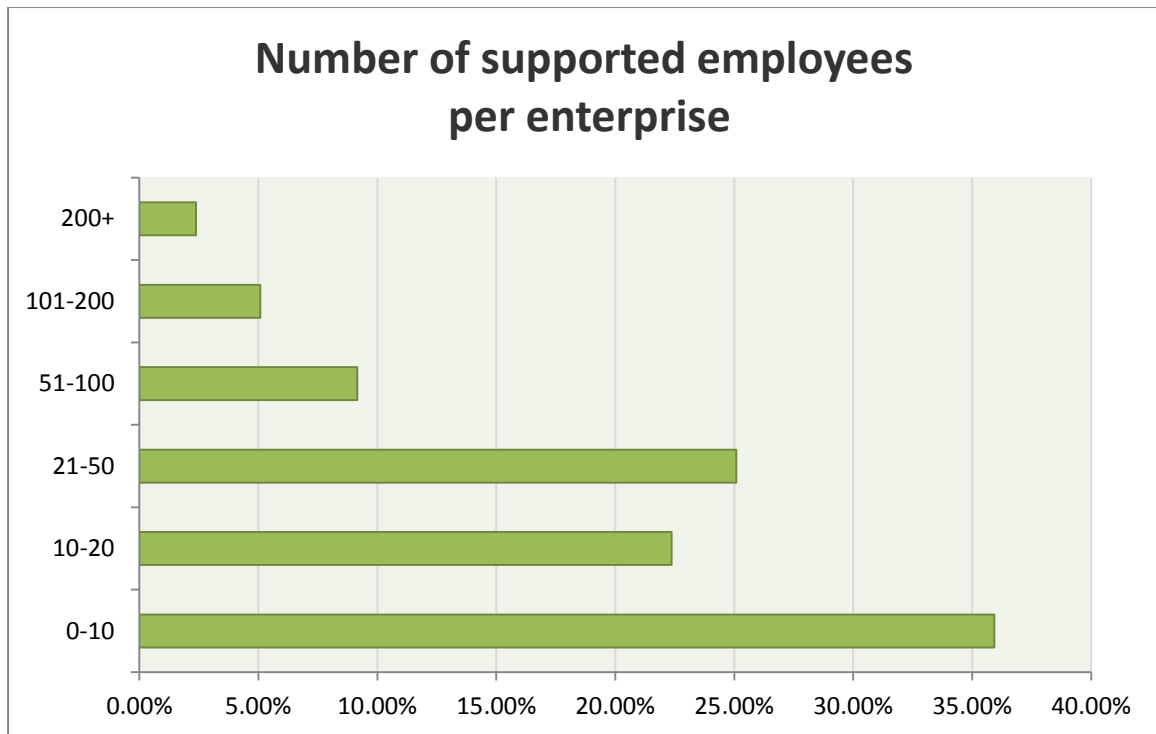
- 63% of enterprises describe it as hard or very hard to attract new business.
- 44% of enterprises are described as profitable, 32% unprofitable and 24% as 'too close to call' ( See Figure 3).



**Figure 3: Enterprise profitability**

- As described, many organisations operate more than one business. 62% of these ADEs are contributing less than 25%<sup>19</sup> of the total combined income for each organisation. This tends to show many ADEs are small scale both in terms of their contribution to organisational enterprise income and in terms of their staff numbers (as per figure 2 below) .
- Most supported employees' work in ADEs that have less than 50 staff – 83% of ADEs. 36% of ADEs that have less that 10 staff.

<sup>19</sup> Based on data from 290 business enterprises in response to Q13



**Figure 4: Supported employees per enterprise**

## Scale

It is difficult to accurately measure the current scale of business that is taking place with ADEs, and even more the amount of business transacted between ADEs and Government, or between ADEs and Big Business.

The data shows that 39% of ADEs sell goods or services to Government<sup>20</sup>.

Procurement from the Government is a \$42 billion market<sup>21</sup>. Government procurement takes place across multiple levels of Federal, State and Local Governments. Added to these layers, many government departments contract larger volumes out to one organisation, which then subcontracts down to a range of providers. A number of ADEs are currently subcontracting to the large commercial providers in these situations.

Very little data is available that tracks procurement specifically from ADEs by Government, either through exemption clauses, social procurement strategies, panels or through traditional tender processes. There is however some change occurring in this area, as the Western Australian Government for example, now records contracting with ADEs.

<sup>20</sup> Based on sample of 295 business enterprises

<sup>21</sup> Australian Government, Department of Finance & Deregulation, Procurement Latest News, <http://www.finance.gov.au/procurement/ProcurementNews.html>, viewed June 5, 2013

Similarly there is no collection of data we are aware of, which accurately collects information on procurement from ADEs by Big Business. Our survey indicates 56% of these ADEs sell goods or services to Big Business<sup>22</sup>. Given these limitations, we have attempted to quantify the market from the other direction, through surveying ADEs.

In this process, we have taken sample data from the organisations that responded to the ADE survey and applied it to the total number of organisations currently running ADEs. Of course, given the significant variety of ADEs and the fact that the figures in the survey were not given as exact, the following data should be interpreted as a guide only.

Through data collected, we can make a rough estimate of the total commercial income for the ADEs as approximately \$733.9 million<sup>23</sup>.

- Commercial income of ADEs can be estimated at \$416 million<sup>24</sup>; and
- Income derived from Government and Big Business by ADEs can be estimated at approximately \$223 million<sup>25</sup>.

## Products and Services offered by Australian Disability Enterprises

ADEs offer a wide range of goods and services. These can broadly be categorised into 14 different types<sup>26</sup>, the top five<sup>27</sup> of which are:

- Landscaping, gardening and horticultural
- Packaging and repackaging
- Light manufacturing
- Cleaning and recycling
- Food and hospitality

Together these account for 67% of the product and service types offered (Figure 4).

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<sup>22</sup> Based on sample of 295 business enterprises

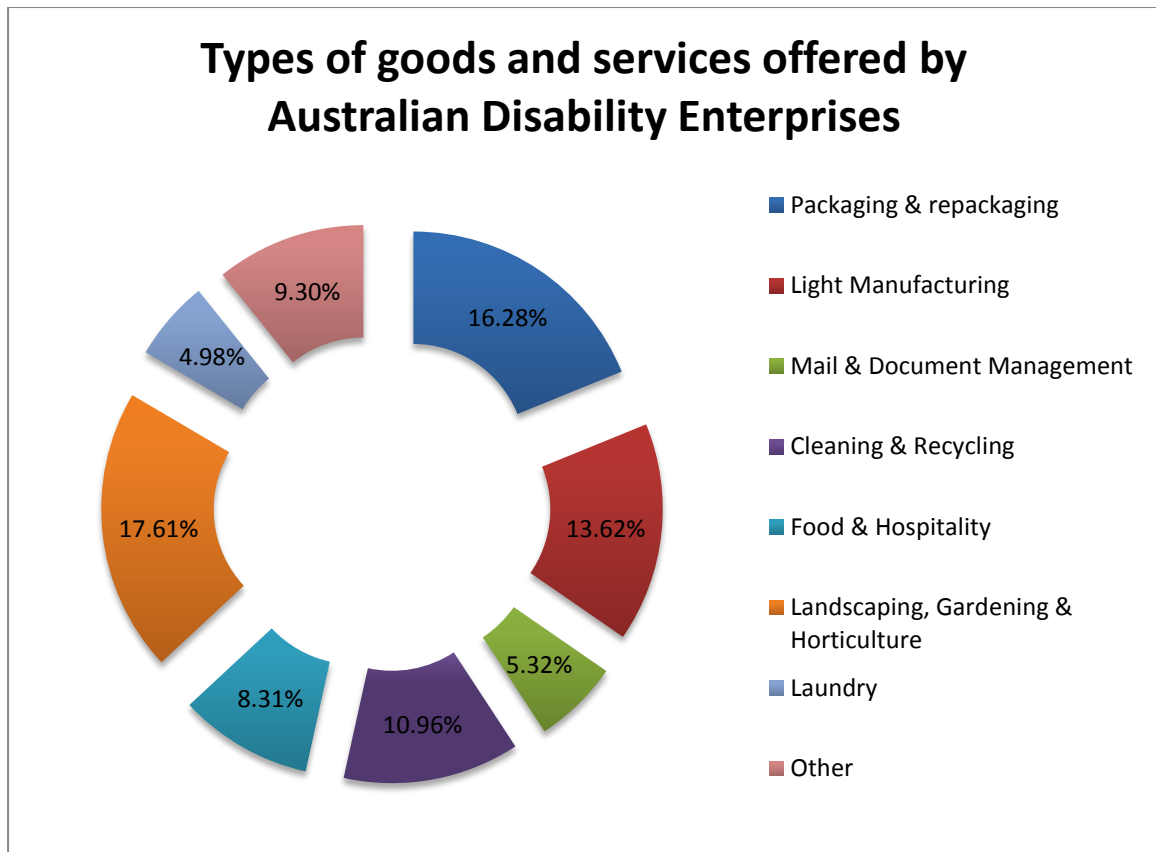
<sup>23</sup> Average ADE income over 101 Organisations is \$3.8 million which would equate to \$733.9 million for 195 Organisations funded by FaCHSIA to deliver supported employment

<sup>24</sup> Based on a sample of 84 organisations with a total estimated commercial income of \$179.412m (an average of \$2.135m per organisation) applied to a total of 195 ADEs in Australia

<sup>25</sup> Based on a sample of 39 organisations who reported Gov/Business income of a total of \$44.531m applied to a total of 195 ADEs in Australia

<sup>26</sup> Based on the Australian Disability Enterprises website search tool - <http://www.australiandisabilityenterprises.com.au/>, viewed April 20, 2013

<sup>27</sup> Based on a sample of 301 business enterprises



**Figure 5: Types of goods and services offered by ADEs**

There is an enormous variety of goods and services offered by ADEs including; commercial scale warehousing and fulfilment solutions, providing commercial laundry facilities to hotels and hospitals, growing fresh produce for sale, screen printing fabric, making aprons, speciality papers, staffing cafeterias and school canteens, delivering flowers, washing fleet cars, selling firewood, making wooden pallets, manufacturing and assembling components, running corporate mail houses, data entry, packaging and assembly, design and printing of invitations, clean room packaging of medical equipment and vitamins, bicycle recycling at a University Campus, testing and tagging of electrical equipment, labour provision to retail outlets, pruning of forests, manufacturing brush ware, retailing of cosmetics and beauty products, building and construction, and library book recycling and sales.

### **What Government and Big Business are buying from Australian Disability Enterprises**

There is a large variety in the range of goods and services ADEs currently sell to Government and Big Business. From our visits and through the surveys, we can highlight a number of examples:

## **Laundry**

- A mobile home holiday rental company, which hires the vans with linen which is subsequently cleaned by an ADE
- Full service commercial laundry which cleans linens for hospitals and hotels
- Government departments
- A range of community services provided by government  
Hospitals

## **Ground Maintenance, Landscaping, Forestry and Horticulture**

- Weekly mowing and garden maintenance services delivered to individuals, privately operated commercial sites and local municipalities including councils and Telstra
- Pruning for the Forestry Services
- Litter Collection, from parks and gardens and kerbsides

## **Mail Sorting and Distribution**

- Scanning mail and sorting for distribution within a large government department
- Collecting mail from mail boxes and delivering to businesses

## **Invoice distribution**

- Folding invoices and placing these in envelopes for subsequent mailing to government clients and/or providers

## **Cleaning services**

- Construction sites in Canberra are utilising the services of an ADE to clean facilities that are provided on site. These facilities include offices, lunchrooms and ablutions.
- Commercial cleaning of offices for Government and for NGOs and sale of consumables
- Builders cleans
- Sanitary Services
- 14 storey Telstra Office building in Melbourne and numerous telephone exchanges across Australia

## **Tourism**

- Operate the CBD merry-go-round which is a key attraction in the Canberra CBD

## **Printing Services**

- Preparation of goods for printing including graphic design, printing and packaging of resources



### **Packaging and Repackaging**

- Weighing and packaging food – for example a range of herbs and spices and gourmet food for distribution to restaurants and other food outlets
- Sorting pallets of tinned food for distribution to large supermarkets
- Labelling plastic containers that are subsequently filled with fresh fruit salad for distribution in large supermarkets
- Manually filling bottles with hair product that are distributed to hair salons
- Packaging food for wineries in South Australia
- Packaging e-Sale Products
- Making boxes, folding and placing items into bags and boxes
- Clean room packaging and re-packaging of medical supplies

### **Lanyard and Name Tags**

- Producing name tag badges, desk plates and lanyards for a large public service department.

### **Special occasion products**

- Production and sale of goods to coincide with special events during the year, for example cards, jam and bath bombs for Mothers Day, and Rocky Road Chocolate for Valentine's Day.

### **Conference packs**

- Pack material that is distributed to conference participants and organise graphic design work associated with packaging.

### **Furniture**

- Make flat pack kitchen furniture that is sold to Bunning's nationally

### **Garden Stakes**

- Make timber garden stakes that are sold to local councils and Bunning's

### **Recycling**

- Sort and recycle clothes, IT equipment such as computers, laptops and mobile phones

### **Hospitality, Catering and Food**

- Operate a catering business that caters for functions
- Operate cafes that provide services to the public e.g. in Devonport Bass Strait Marine Centre
- School canteens

## **Case Study - Clean Force Property Services**

### **Creating stable employment for people who have a mental illness through social enterprise**

Clean Force Property Services (Clean Force) <http://www.cleanforce.com.au>, operating since 2001, is a commercial contract cleaning social enterprise of WISE Employment Ltd <http://www.wiseemployment.com.au>. WISE Employment, is a stable and growing not-for-profit employment services organisation established in 1992 with operations spanning four states in Australia and the UK.

Clean Force employs 84 people with and without disabilities. Of these people, 50% have diagnosed persistent and/or severe mental illness of which 54% have psychotic conditions such as schizophrenia. Additionally, 19% of the workforce is from Culturally and Linguistically Diverse (CALD) backgrounds.

As a not-for-profit social enterprise, Clean Force's approach is guided by its vision of "enriching the community – empowerment through employment" and mission in guiding and inspiring people to realise their potential and achieve fulfilling vocational goals. These underpin Clean Force's devotion to its workforce to optimise their self-determination, and career progression for an improved quality of life towards self-sufficiency.

Clean Force managers Jim Dinuccio and Paul Fraser started Clean Force in 2001, and, from humble beginnings that included a mop, a bucket and one cleaner, have built a successful social enterprise that delivers significant employment benefits for people with mental illness and other disadvantaged members of society. The social enterprise has delivered over \$6.6 million in commercial cleaning contracts since inception, and has empowered over 200 workers towards independent living, inclusion and integration into all aspects of community. For the last 3.5 years, Clean Force has delivered a monthly average of \$149,000 in commercial cleaning contracts, with only 2 of the last 42 months unprofitable. "We don't want charity – just an opportunity to provide a high quality cleaning service to you" is Clean Force's motto.

Year to date over 86% of Clean Force's revenue is generated through commercial sales from a customer base of 60 including not-for-profit organisations such as AMES, Lort Smith Animal Hospital, Dallas Brooks Hall, Berry Street, Active Housing, and corporate customers such as Telstra.

The quality of Clean Force's work has changed perceptions amongst customers regarding the abilities of people with mental illness and generated more contracts. Through continuous quality activities, Clean Force has enhanced its knowledge of pricing, and customer and staff support and development. Clean Force Manager Paul Fraser points out that due to the impact of stigma on employment opportunities for people with mental disorder, Clean Force also seeks to educate employers and their staff on mental disorders and showcase how to support someone with mental disorder in the workplace.

Clean Force is a finalist in the 2013 Australian Social Enterprise Awards.

## Case Study – BlueLine Laundry

[BlueLine Laundry Inc.](#) - Hobart's most experienced commercial laundry<sup>1</sup> has been operating since 1893. It is a commercial enterprise staffed by valued, experienced and skilled employees, committed to providing a quality service to customers and the community.

BlueLine is a recognised high performer; both in terms of its commercial success and also in terms of achievements with its supported employees. They are in the top 5 across Australia in terms of the percentage of work hours per supported employee, with 80% of staff working 4-5 days a week. Their facility is purpose-built and is commercially sustainable and able to stand alone. The key success factors described by BlueLine Services Coordinator Ron DiFelice are:

- Sells based on quality - it offers a quality product
- Has quality tender writers
- Provides excellent customer service
- The marketing approach is to sell the quality business first, rather than focus on it as an ADE
- Is quality accredited to both DSS and ISO 9001:2000 and to Australian Standard AS4146
- Is reliable and has long-term contacts
- Loyal staff and a fully integrated workforce
- Strong and skilled administration and great governance
- Places the right people in the right jobs
- Meets budgets and works as a team

BlueLine is growing and has doubled the amount of laundry it processes over the past 6-7 years, and has increased its capacity by acquiring new machinery. Further, it provides on the job training and has a Framework for Sustainable Operations, which aims, "To provide caring community leadership for change towards sustainable development and to promote the role of eco-efficiency, innovation and shared responsibility of both social and corporate life."<sup>1</sup>

## Barriers and challenges to doing business with Government

There are many barriers and challenges confronting ADEs in doing business with Government. Some of these are related to the ADE itself and some are system issues with how Governments procure and particularly in how they utilise (or do not utilise) exemptions from tendering processes that are available for ADEs. The key issues raised and qualitative feedback from interviews are summarised both in Table 2 below and in the following points.

**Table 2: Key barriers to selling to Government**

Key barriers to selling to Government		
Answer Options	Response Percentage	Response Count
The process is too complicated	46.8%	36
The process required to tender is too time consuming - we do not have enough time to write tenders	44.2%	34
We have not been successful in winning tenders for Government Business in the past	37.7%	29
The jobs on offer are too big for us to manage	36.4%	28
We lack staff with the skills required for completing tenders	35.1%	27
Our product or service is not relevant to Governments	31.2%	24
We do not know enough about the tender process and opportunities	26.0%	20
Past experience has put us off	18.2%	14
We do not feel we can compete	13.0%	10
We choose not to tender for Government business	6.5%	5
Other (please specify)		45
	<i>answered question</i>	<b>77</b>
	<i>skipped question</i>	<b>62</b>

**Barriers on the Government side:**

**1. Understanding about existing procurement arrangements and exemptions**

A consistent issue raised during interviews was the existing provisions at a state, territory and federal level, which allow exemptions to be applied in the procurement of services, which are applicable to ADEs and social enterprises. It appears that these exemptions are applied infrequently. Many people raised that the existence of exemptions is not well known or understood and that they are seen as difficult to apply.

The summary, provided under Appendix B, of a number of jurisdictions procurement policies and exemptions show that there are standard procedures set out in procurement policies and are readily applicable. Further,

- There is not a universal understanding that the existing Australian Government procurement arrangements allow departments and agencies to directly source services and products from organisations that employ people with a disability, providing they demonstrate value for money. As a result, the occurrence of direct

sourcing from ADEs is minimal. For further information about Government procurement and exemptions please see Appendix B.

- The notion of “value for money” is often translated to mean the “cheapest price”, which results in ADEs in some circumstances being unsuccessful in their bids. There is a need to more fully explore the concept of “value for money” to also include consideration of social inclusion and participation outcomes.

## **2. The tendering process**

- Tender process is expensive to undertake and requires specialist tender writing they do not have nor can afford within their organisation.
- Tender processes can be very demanding – can have 30 plus bidders for a small \$30,000 contract. Big effort for small probability of reward. Often not worth the opportunity cost of pursuing other opportunities.
- Scale is an issue; many of the Government tenders are for projects, which are too large for the ADE to manage.
- Competing in the open market by tender is very difficult especially when the competition is from large multinational companies and or local organisations that have existing strategic and or past professional working relationships with senior government officials.

*“We undertake public Tenders and must win on merit. It is a very competitive industry.”*

## **3. Government procurement: Lack of awareness of ADEs, attitudes and perception issues**

### **Attitudes:**

- Resistance to stepping outside the traditional tender process, risk adversity. Apply the premise that the ‘buck stops here’. Emphasised how important documentation and streamlined processes are and how they need to adjust to doing it differently outside traditional culture - A systemic and cultural shift is required. Public support from the top is also required.

### **Procurement:**

- Procurement processes involve significant red tape and are tightly managed to reduce risk. It is therefore difficult to encourage procurement staff to step outside these boundaries and processes and engage with ADEs through the available exemptions. It is to some extent challenging and seen as a riskier option.
- Some departments are already using procurement to meet other social expectations such as the employment of Indigenous people and the spouses of service men and

women. Hence the increased need to address employment of people with disability, creates an added complexity to the procurement process.

- Turnover of staff in Government procurement means awareness of ADEs and exemptions needs to be continually refreshed.
- While there is a willingness to expand the engagement to services offered by ADEs, there is uncertainty in some departments as to how to achieve this outcome.

Intention: Whilst there is no doubt that intention has been set with various exemptions across Australia for procurement from ADEs by Government, the reality is there is not a great deal of business being transacted through these. Likewise, the move towards Social Procurement policies across various Government departments, some Local Government Areas (LGAs) and Big Businesses is only slowly gathering momentum.

*“Almost impossible to obtain contracts with State or Federal departments due to procurement red tape”.*

### **Awareness and Perceptions**

- There is a limited awareness of existing ADE Services and Products.
- Unfortunately a perception still exists of ADEs as ‘sheltered workshops’, unreliable and not capable of quality results. There is also a concern that the products and services provided do not demonstrate value for money. Hence engagement of these organisations is overlooked to avoid perceived potential risk.
- There is a concern that some ADEs do not operate from the premise of needing to be commercially viable and as a result are not suitable for doing business with government.
- There is not a strong understanding of the range of services that are or could potentially be offered by ADEs.
- There is a misconception amongst some public servants that the quality of work provided by ADEs is substandard.

*“Often current supplier relationships are entrenched and staff with purchasing responsibilities are loath to take risks with ADEs as a supplier. Having said that, once they see the quality of service provided they become strong advocates.”*

*“In my view because we are an ADE employing individuals with a range of disabilities there is a perception from Government and Councils that we should charge less for our services because we receive funding from the Commonwealth.”*

*“Local councils in our area are more than happy to support us as they feel it adds to community service to give us opportunities for our workers to be involved in their local areas.”*

#### **4. Inefficient or ineffective distribution of Government funds**

- Comments were made that some Government capital investment funding is distributed to smaller ADEs that do not have the capacity to fully utilise the equipment, while larger ADEs that do have the capacity to make full use of the equipment are not provided with this funding. The key message underpinning this feedback was ensuring the maximum outcomes for every funded dollar and achievement of sustainable outcomes.

#### **5. Cost cutting measures within Government**

- Due to cost saving measures within Government departments, a range of low skill jobs that are currently conducted by people with disability are under review as these tasks could be automated and or many of these tasks are already automated. For example, emailing invoices and electronic bank transfers have already significantly reduced the need for manual associated tasks that are completed by a group of workers with a disability from an ADE.

#### **6. Understanding of social procurement within Government**

- There isn't a strong awareness of social procurement and what it does within government agencies.
- 'Champions' are needed within Government to drive awareness of the importance of social procurement and drive the change needed.
- Federal model procurement guidelines don't acknowledge social outcomes.
- Departments operate in silos and finance departments believe procurement should be based solely on value for money and not also about social outcomes. See anything other than costs as an externality.
- Procurement training doesn't include anything on social procurement and considering social factors.

Further comments on barriers to Government procurement from the survey responses are included in Appendix E. Further comments about dealing with Big Business are found in Appendix F.

## **Barriers on the ADE side:**

### **1. Lack of available resources to apply to marketing**

- The time required to network and promote ADEs services is especially difficult in smaller ADEs, which requires their senior managers to be very involved with daily operational matters due to the size of their operation.

### **2. Scale – capacity to deliver**

- Large government departments often require the services of organisations that can fulfil very large contracts.

### **3. Internal capability of ADEs**

- ADEs need to know both how to build a business plan and how to deliver it.
- Workforce development for ADEs needed – some staff will have the skills to work in a social enterprise and others won't.
- Selling and marketing are unique skill sets. Some ADEs can't afford staff with these skillsets and rely on an ADE manager or coordinator to be 'jack of all trades'.



## Additional barriers and challenges to doing business with Big Business

35.7% of ADEs find it hard to attract interest from Big Business. 42.9% feel the contracts on offer are too large and 33.9% simply do not know where to start. The barriers expressed for ADEs in doing business with Big Business replicate many of those expressed for doing business with Government. In addition the following were also raised:

### 1. Commercial approach and frameworks

Some ADEs lack a commercial framework to guide their service offerings and many also lack business and marketing understanding and expertise. Comments include:

*“We cannot rely on our ADE status to win business; it is essential that we present business proposals that are compelling and competitive. We win business only when we offer a competitive solution and only then will Government choose us.”*

*“Big business wants the same as everyone else. Quality products and services at competitive prices. If we can provide these we are “in the game”. Being an ADE won't in itself win us jobs but is generally looked upon favourably and we can leverage off this in our marketing. However, ultimately it's a competitive environment and we need to ensure excellence for repeat business.*

*“We have to be very competitive with pricing and meet the high expectations (demands) that large companies require. We have dealt with large companies and rely on their continuous support.”*

*“Selling to Big Business is a competitive process, but once the opportunity is provided often a very successful experience. Some big businesses are reasonably philanthropic (understanding and supportive) as long as the costing is reasonable.”*

*“Bigger business is harder to sell to but we have found once you gain their confidence they are happy to enter into longer-term relationships. We found attaining ISO 9001 accreditation gave us the credibility to achieve this.*

*“We have had to move away from saying, ‘we are a worthy cause’ therefore use us, but move towards, ‘our product is competitive and excellent’ so use us.”*

### 2. Concerns about financial viability

- Many ADEs are struggling to break even. This makes it even harder to take risks in a commercial environment and tends to push some ADEs to lowering prices to generate business and cash flow. This is not only to their own detriment, but also works against the sector in general, as it serves to reinforce perceptions of low price/low quality and encourages commercial ‘bottom feeders’ seeking to exploit the ADEs.
- It is difficult to make the transition from small to medium then to large-scale business.

- It is difficult to cover the cost of production and remain competitive with pricing for the market.

## **Case Study – Big Business Breaking down the barriers**

### **Changing lives with Telstra’s Supported Workforce Program**

Telstra’s Supported Workforce Program was the winner in the 2012 National Disability Awards Excellence in Improving Employment opportunities Award Category

“In recognition of its commitment to employ and support people with disability, providing meaningful work and comparable pay and conditions, to investing in local communities and for continuing to expand its expanding workforce program and partnerships to employ people with disability.”

The program was the initiative of Michael Marrett, National Contract Specialist in Service Delivery Group Operations. When seeking maintenance contractors Michael realised local organisation Minda (which supports people with varying degrees of intellectual and physical disabilities) performed the types of work Telstra was seeking.

Since trialling the program in 2010, the program now employs (via contract arrangements) over 300 people from 14 different organisations to carry out work at over 700 exchanges and 3,600 Telstra Network sites around Australia.

Michael writes,

“Having had a long association with people who work in the disability sector I am always amazed at how passionate these people are about their work. The people who support those with a disability to achieve their goals do an amazing job and I have a huge amount of respect for the good work they do. On behalf of Telstra I would like to thank them all for partnering with us and not only making improvements to our Network Sites but to the lives of the people they support as well.”

More information can be found at <http://exchange.telstra.com.au/?p=23603>  
And <http://exchange.telstra.com.au/2012/10/25/changing-lives/comment-page-1/#comment-203098>

## What works: Keys to success

There are many ADEs that are doing business successfully with both Government and Big Business, running successful and highly professional, commercial operations.

These organisations have been generous in sharing with us many insights into what works and these findings are summarised below:

### **Place the needs of the customer at the core**

- Adopt a service delivery culture.
- The focus should be on the needs of the customer.
- Earn their respect and trust through offering a great product or service, be irresistible.
- Commercial decisions are often not based on the notion of doing 'social good'. It's all about what you can provide, how reliable you are and the cost.

### **Have a clear business plan with financial indicators**

- Ensure that key strategies are identified and associated financial imperatives are articulated.
- Be clear on all expenditure and income to determine the viability of service offerings.

### **Be clear about your offering**

- Outline current and potential service and product offerings and how these align with the needs of Government and Big Businesses and with relevant procurement policies.
- What problem can you solve for them?

### **Be credible and visible**

- Demonstrate credibility as a commercially viable business that is sustainable and can maximise return and provide value for money.
- Quality, quality, quality – offer quality products and services. Have quality systems in place, systematise quality control.
- Be consistent, be reliable and be trustworthy. Reputation is important, particularly in regional areas. Local knowledge is also important.
- Employ the right staff for the right job.
- Do not spread yourself too thin. Be 'consciously diverse'.

### **Start Small.**

- "Only promise what you know you can deliver".
- Find the 'sweet spot' between supply and demand – identify areas of business and opportunities the ADE is capable of doing.

- Start small and build on success. This helps to establish trust and confidence in the ADEs ability to deliver.
- Try 'lean start-up' principals, experiment and build on the learning's as you go along. Many of the most successful ADEs have done this.
- Small work trials have proven successful. A number of ADEs have established long-standing successful contract in this way.
- Ultimately, long-term contracts give predictability in income streams and smooth out the 'bumps and dips' associated with taking on short-term jobs. Predictability in income streams facilitates longer term planning and development.

### **Be patient,**

- it will take time to build credibility and establish relationships

### **Partnering for success and scale**

- Consider partnerships with private organisations who can provide the added capacity to fulfil larger opportunities.
- The answer doesn't always lie with Government and Big Business. Approaches to 'like minded' businesses can work. Some ADEs are doing good business selling goods and services to other Community Organisations and non-commercial businesses.

### **Things will change**

- Operate with an assumption that things will change and so will your enterprise

### **Networking for success - Scan your area for opportunities**

- Network with key government procurement staff to facilitate a better understanding of ADE service offerings.
- Take meetings, get out and about and talk to people. Keep knocking on doors. Join Chambers of Commerce. Meet with your local council. Attend events and conferences. Meet with the Local, State and Federal Government agencies in your area. Scan the environment in your area - Who are the largest businesses? What do they need? What problems can you solve for them? Conversations can seed many new connections.

### **Foundations. Structuring the organisation for success**

- Have a Board with diverse expertise and perspectives. Assess your Board's approach to risk. Willingness to take risks goes hand in hand with the ability to innovate, grow and provide new products and services. The key is to take reasonable, sensible risks, or an approach sometimes described as a 'safe to fail' approach. This allows for small-scale experiments that try new angles or ideas in a contained fashion, allowing for the concept to be tested and adapted as it goes along.

- Good governance and good stewardship are a must.
- Develop your strategy to develop the business. You must know which direction to ‘steer the ship’. You must know ‘where the wind is blowing’. ‘Sailing into the wind is much easier than sailing against it’. Strategy becomes the filter by which you screen opportunities. Without it the ADE is wandering around in the dark.
- Support your ADE with the right management and staffing structure for success. There is a strong tension between running lean and developing for success. Do not be afraid to try fresh approaches. Hiring new staff with appropriate commercial backgrounds and experience can make an enormous difference and provide mentoring and support for existing staff and management, raising the skill levels (and restoring enthusiasm) across the ADE. Appropriate timelines and goals need to be established to support these initiatives.
- As with the above point, keeping staffing and management structures lean to contain costs can be counter-productive. Despite the very best of intentions, this often results in Managers and Coordinators who are stretched across many diverse tasks, unable to concentrate sufficient time on development and marketing.
- Sales people can be critical to success. – they need to be able to sell the virtues of the product and the social benefit of doing work with your ADE.
- One ADE made the investment decision to hire a consultant to provide a model or matrix to assist the decision making process, in terms of whether a business opportunity would fit with a mix of social and financial issues.
- Increased use of technology to streamline business procedures and enable more timely completion of administrative tasks.
- Full Supply Chain – explore ability to provide broader supply chain of services and products, including through partnerships with other suppliers. This will enhance attractiveness to businesses who are seeking a supplier that is a “one stop shop”
- Be aware that of the nature of doing business with Governments, including processes for payment of invoices.

Further keys to success are provided in Appendix E

### **Some quotes**

(See Appendix E for further success tips from ADEs):

*“We have excellent relations with LGA in WA. WA has its own project, which acts as a ‘middleman’ with State government. This initiative has really assisted WA ADE's attract*

*government contracts. Has also enabled all WA ADE's to look at 'sharing' some contracts."*

*"With NDS involvement, it has been easier than trying to sell directly to Govt."*

*"We work closely with NDS in NSW and this has proven to be a valuable partnership for us. We identify Gov. procurement (esp. State) as a major growth opportunity."*

*"For organisations to succeed they need to have perseverance to meet the many requirements of Govt. and show they have the capacity at all levels of the organisation to get the job done. Also, Gov. decisions are/ often appear irrational, so the difference between success and failure can be quite idiosyncratic, and best not overanalysed."*

*"The key success factors are understanding exactly what you are tendering for and not under quoting just to win the contract. Make sure the quote reflects what it is worth to you."*

## Discussion

There is a perception that persists that ADEs as a group are not successful, commercially focused businesses. However, our experience offers a contrary view. There are many examples of strong, professional, commercial businesses amongst ADEs across Australia. Some are small scale and not yet sustainable. They are very far removed from the 'sheltered workshops' of old. All of the ADEs we visited had a strong awareness of the financial and social challenges of running their ADEs and their respective strengths and weaknesses.

ADEs appear to understand well the need to prepare for changes in the environment that lay ahead, with the launch of DisabilityCare Australia and uncertainty around future funding models for supported employment. Many have already begun this journey. As it is for any business, financial viability will continue to be a major concern for most of them. They are however, open to suggestions and welcome opportunities for training and development. There is a good awareness of where they have come from and how it impacts on their ability to position their ADE into the future.

Many ADEs are run by organisations that have traditionally been operating in a non-commercial environment. Their business models have been built on Government funding and subsidies. It is not that they have a particular objection to operating a business under commercial imperatives, it is simply that they do not have this driver as their key priority and they often do not have the frameworks and staffing in place that support this shift. Coupled with this, many Boards have a risk profile that has a high level of adversity to risk and are not well suited to a more commercial, entrepreneurial approach; a model often described as a social enterprise model.

## Literature Review - The social enterprise model

Disability employment is often seen by those not involved directly in the sector as a charitable activity - providing people with a disability with a place to gather and work, where they could earn a nominal income often while relieving the pressure on families who would have been required to provide alternative care during that time.

Whilst recognising that people with a disability have the right to work in a safe, supported environment, the new vision for supported employment underpins the development of a social enterprise model, one where commercial principles are applied to the development, marketing and supply of goods and services.

Without applying any strict interpretation of what exactly constitutes a 'Social Enterprise', delivering improved outcomes for ADEs by developing a model based on applying a market

value to the provision of products and services and the creation of business partnerships, is supported by research and global experience.

Nic Francis, MBE, states in his book, *The End of Charity- Time for Social Enterprise* <sup>(1)</sup>,

*“How do we create a market for positive social change? For a start, we have to price the things we want to achieve according to their value and the cost of not having them. ...*

*Providers of goods and service need to formulate a more complete value proposition – one that includes the benefits and cost of their product ...”, and*

*“Social business is about using market values: identifying a problem, understanding the costs and benefits of both the problem and the solution, and selling the benefits at a greater value than the costs. If you get the mix right, and there is a profit margin, entrepreneurs will come in and fill the market gap. When entrepreneurs or businesses use market forces to deliver goals of social or environmental change, which is social business.*

*“If fundamental and lasting change is to occur in the areas traditionally occupied by charities it will be done within the structure and dynamics of markets.”*

Creation of value can ultimately result in higher employment levels, increased pay scales, and opportunities for training and skills extension for people engaged by an ADE.

For the worker with a disability, a chance to contribute and grow in such an environment can only lead to greater satisfaction, self-worth and a heightened sense of contribution to the community, their customers and the business overall. These benefits then flow on to families and society as a whole.

### **Are we there yet?**

For the purposes of this report, we do not apply a formula in determining whether or not a particular ADE can be considered a ‘social enterprise’. There is no doubt that many of the ADEs we visited are ‘socially enterprising’. They are skilfully combining social purpose with commercial imperatives and many of them are doing this well. They understand and find the optimal balance between market sensitivity and mission focus.

In his book, ‘*Social Entrepreneurship – The art of mission based venture development*’<sup>28</sup>, Peter Brinckerhoff applies a broad definition to what constitutes social entrepreneurship: it is about trying new things, serving people in new ways, constant learning and striving for excellence. Social entrepreneurs are described as having the following characteristics:

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<sup>28</sup> Peter C. Brinckerhoff, *Social Entrepreneurship, the art of mission based venture development*, John Wiley & Sons, Inc, New York, 2000.



- They constantly search for new ways to serve their constituencies and add value to existing services.
- They are willing to take reasonable risk on behalf of the people they serve.
- They understand the difference between needs and wants.
- They are good stewards who weigh up the social and financial returns of their decisions.
- They put mission first at the same time as understanding that without money...there is no mission.

How does social entrepreneurship add value? Through innovation, partnerships, commitment, knowledge and skills and quality.

### **The change imperative**

Recognising that growth in the social enterprise sector is reliant on applying market principals is a large part of the solution. During our visits across a variety of ADEs, we found that the majority understand and appreciate this. Indeed many of these enterprises are now operating on a very commercial footing. For others however, whilst they acknowledge the need to move towards this approach, transition will not be easy, and some of them do not see themselves as a commercial entity. Changing one's mindset from a purely "social good" model to one that is more profit based can be a challenging journey, with many competing constraints. As such we recognise the importance of applying change management principals when moving forward from here.

It is evident that transformation will be required; in culture, partnerships, processes, people, systems and policies.

### **The importance of partnerships**

The vision outlined by FaHCSIA recognises that growth of social enterprises is not a function of putting a product or service out into the market and hoping that a business entity will buy it because of the "good citizenship aura" such an action exhibits.

Partnerships are crucial to building a sustainable business model – partnerships that provide measureable value to all, that all stakeholders can take pride in for both economic and social benefit reasons.

A successful social partnership is far more than a charity, and has far more reaching benefits for all involved.

## **Business Development**

The premise behind business development is to grow your mission capacity and capability with *reasonable risk*<sup>29</sup>. Business development techniques help to assess the risks and benefits of new projects and activities such as:

- Starting a new service or developing a new product
- Expanding an existing product or service
- Developing a new market for an existing activity
- Expanding an existing activity into a new region
- Purchasing a new business
- Merging or partnering with another organisation or business

Gaining an understanding of customer expectations (e.g. cost, quality, timeliness, service levels) is also crucial to the success of the social enterprise sustainability model. In time this approach to placing the customer at the core, will filter throughout the organisation and ultimately improve the quality of everything that the organisation does.

### **Challenging the status quo, some contrasting opinions on diversifying the business**

Many ADEs have grown organically, starting as small projects within an existing community organisation and gradually scaling up over time. Sometimes enterprises kicked off with a small council or philanthropic grant to seed a trial project. Sometimes these projects gain solid traction and create real value over time, however others are continued well beyond where they should. An issue common in the Non-Profit Sector is that such projects over time gather significant emotional traction within an organisation and it can be challenging to cease those projects that may well be past delivering useful benefit to either the organisation or to the participants.

It is clear that many ADEs are spread across a large variety of different business types. Many see this adaptability and flexibility as crucial to their survival. Indeed, in the Harvard Business Review article, "Strategy for Turbulent Times"<sup>30</sup>, it is argued that achieving a sustainable competitive advantage is nearly impossible these days. It comments, "To stay ahead, they need to constantly start new strategic initiatives, building and exploiting many transient competitive advantages at once." Stability in business is no longer the norm.

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<sup>29</sup> Peter C. Brinckerhoff, *Social Entrepreneurship, the art of mission based venture development*, John Wiley & Sons, Inc, New York, 2000.

<sup>30</sup> Harvard Business review, *Strategy For Turbulent Times*, June 2013.

Contrast this with an alternative view on the risks of non-profits spreading themselves too thinly. Would it be better to concentrate effort on doing the best possible job in fewer areas?

Jerr Boschee describes a process known as 'Organisation Abandonment' as one critical to the on-going sustainability and viability of organisations. "It is not possible to be all things to all people."<sup>31</sup> He has found, "Non-profit entrepreneurs have discovered reducing the number of programs they offer has actually enabled them to serve more people, and to serve them better – because they have the time and resources to expand their efforts."

There is however, an important proviso to this. Where a program is making a loss but it is meeting a critical need, the challenge is to find *other* ways to subsidise it. This issue lays at the core of the challenge for ADEs.

### **Continuing the Journey**

Our findings indicate there is willingness by ADEs to continue the journey many have already begun to become more socially enterprising. There is also a genuine desire on the part of Governments and businesses to increase the engagement of ADEs to fulfil Government and business requirements. What is needed now is a platform of reform and development to bring these into closer alignment with the aim of increasing the amount of business transacted between Governments, Big Businesses and ADEs. The hope is that this will improve the long-term viability and sustainability of ADEs and at the same time increase the opportunities for people with a disability.

*"For these people, having a job provides more than a wage – it is a doorway to engagement in community life, enhanced feelings of self-worth and the promotion of citizenship"*<sup>32</sup>

### **National policy**

It is worth noting that the National Areas of Cooperation discussed in the National Disability Strategy 2010-2012 includes as a stated outcome, "Outcome 3: Economic security – People with disability, their families and carers have economic security, enabling them to plan for the future and exercise choice and control over their lives", with policy direction under this outcome being:

- Increase access to employment opportunities as a key to improving economic security and personal wellbeing for people with disability, their families and carers.

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<sup>31</sup> Jerr Boschee, Entrepreneurial strategic planning and the 'organised abandonment' process, The Institute for Social Entrepreneurs, 2002, <http://www.socialent.org/pdfs/StrategicPlanning.pdf>, viewed June 3, 2013.

<sup>32</sup> WA State Government, Press Release, The Hon Simon O'Brien MLC Minister for Finance; Commerce; Small Business, October 2012

- Income support and tax systems to provide an adequate standard of living for people with disability, their families and carers, while fostering personal financial independence and employment.
- Improve access to housing options that are affordable and provide security of tenure.<sup>33</sup>

Therefore the policy direction to drive support of ADEs exists at a national level and in discussions between the Federal, state and territory Governments. The Report to the Council of Australian Governments (COAG) includes under this outcome a range of examples of actions that are taking place in state and territory disability plans and programs.

Statistics are also included in this the report on the outcome from the 2009 Survey of Disability, Ageing and Carers which found that the labour force participation rate for people with disability aged 15-64 years was 54.3% and the unemployment rate 7.8%, and that people with a disability are less likely to be employed than people without a disability. It also showed that the main source of income for 42.6% of people with a disability in the previous mentioned age group was through income support<sup>34</sup>. This highlights the significant potential in facilitating the development of ADEs and social enterprise to provide increased employment to people with a disability, which then has flow on affects for social inclusion and overall participation in the community.

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<sup>33</sup> National Disability Strategy 2012-2020, Report to the Council of Australian Governments 2012

<sup>34</sup> National Disability Strategy 2012-2020, Report to the Council of Australian Governments 2012

## Opportunities for better alignment of ADEs and Government and Big Business procurement

In consideration of the input from stakeholders and the results of the desktop review, we can make the following suggestions for strengthening the alignment between ADEs, Government and Big Business:

### Develop Mutual Understanding

- Think Tanks – bring ADEs and Government procurement together to discuss services and products, current and future needs, and opportunities for ADEs to meet these needs.
- Identify the range of services and the opportunities that are likely to present in the future so that ADEs can position themselves to be ahead of the market in relation to meeting demands. The Western Australian model is a good example of how this is done. (See Case Study further into this report).
- Establish ongoing networking opportunities for ADEs, Big Business and Government to increase understanding of one another's' needs and service offerings.

### Procurement

- In line with the many comments received from the ADEs (refer Appendix E), **streamline the burden** of tender applications to reduce the impost of these on ADEs – more direct sourcing would overcome these – need to overcome the comment “I don't even look at opportunities to do business with Government – I cannot compete”.
- **Review existing procurement arrangements**, consider requiring Governments to contract certain services to social enterprises and consider more broad introduction of mandatory procurement KPI's.
- **Introduce social clauses into contracts and tenders** – include in open tenders a strong requirement for social outcomes that have to be met. This might also drive commercial enterprises to introduce social enterprise elements to their business.
- When considering large contracts/tenders, consider **requiring the chosen contractor has to sub-contract** out a portion **to a social enterprise/ADE**.
- Consult with executives in Government and Big Business to **outline the value of purchasing services from ADEs**.
- Provide **support for initiatives such the Western Australian ADE Procurement Strategy** to be scaled out across Australia. Encourage external evaluation of this approach to provide the evidence base.
- Existing Government procurement arrangements have been revised to oblige the successful tenderer to engage and employ people with a disability, youth, indigenous and mental illness and to offer these individuals access to formal training and

apprenticeships, where appropriate. In one instance, it was identified that these individuals were managed by a supervisor who had been provided with the opportunity to develop a broad range of skills to better understand the barriers experienced by those individuals who were targeted for employment. The ACT Housing contract with Spotless demonstrates this approach.

- Department of Communities and Social Inclusion South Australia (SA) encourages the procurement of services and products that are less than \$11 000, that can be sourced from an ADE to be directly sourced from these services. There is no need to go to market. This same department requires all procurement to the value of \$11 000 - \$80 000 to include a quote from one ADE and the scoring process for awarded contracts includes demonstration of social responsibilities.

### **Define Value for Money**

- For the purposes of taking advantage of exemption clauses, **clearly articulate and promote the concept of ‘value for money’**, i.e. that it is not solely determined on price but also social responsibility, stakeholder satisfaction, staff satisfaction and quality.

### **Compliance and Reporting**

- **Collect Data.** Not all Government departments are required to report on the number of contracts and the total dollar value of work that is contracted or subcontracted to ADE services. Ensuring this data is collected establishes a base line for evaluating the success or otherwise of future change initiatives.

### **Amalgamation**

- **Encourage and facilitate amalgamation** of smaller ADEs where this would improve their overall viability, sustainability, and service and product offerings. Merger resource kits such as the *‘Partnership and merger resource kit developed for the Victorian Office of Housing funded community organisations’* are a useful resource<sup>35</sup>.

### **Partnerships with other businesses**

- **Encourage** ADEs to establish **partnerships** with other businesses with whom they can jointly partner for government and business contracts. These organisations could be mutually beneficial as business will be better able to demonstrate their social responsibility and ADEs will increase the profile and capacity of their organisation.

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<sup>35</sup> Department of Human Services 2008, Jean Roberts of Roberts Management Concepts Pty Ltd, Government of Victoria, Office of Housing, 2008

## Partnerships with other ADEs

- **Encourage** ADEs to establish **partnerships with other businesses** with whom they can jointly partner for government and business contracts.

These organisations could maintain their organisation's identity, however they share the cost of "back room services" such as marketing, training, finance and HR. During this project we came across a number of examples where ADEs had created partnerships in pursuit of opportunities. Some of these are specifically for a particular tender or contract and others have an arrangement where one ADE sub-contracts to another. Some ADEs have formed strategic, long-term alliances with a view to working together as a group for mutual benefit. The Alliance 1 partnership is an example of this approach and is outlined in more detail in the case study below.

### Partnering Case Study

#### Alliance 1

#### **'Collectively we are stronger than the sum of our parts'**

Alliance 1 is a partnership between four ADEs based in the Sydney NSW that formed with the aim of increasing capacity and diversity of services by pooling collective resources. This alliance between Packforce, Ozanam Industries, Thorndale, Catholic Care and New Horizons focuses on delivering high quality packaging and assembly outsourcing solutions across 6 sites in Sydney and with other partners around the country. Between them the partners employ over 400 supported employees and support staff.

Partners in this alliance confidently outsource overflow work to each other, "*Safe in the knowledge that the work will be done professionally and that our existing relationships with our customers will be maintained*". This enables them to better manage peak periods.

The group has produced some marketing materials and is working to raise the profile of ADEs in general, in addition to increasing the alliance partner's output and sustainability. The alliance is guided by the following principles:

- They can outsource to one another safely and securely
- The partnership aims to benefit all people with a disability working in ADEs
- Job prices are to be set at realistic levels
- Internal transactions should be transparent

The following are some examples of how the partnership has worked.

#### **Case Study 1: 100,000 showbags (300 pallets) - 20 different types of showbags with up to 48 inserts per bag for the Royal Easter Show 2011.**

Ozanam Industries had been talking to a showbag supplier for three years. In 2011, problems with the previous supplier gave rise to an opportunity and Ozanam was 'given a go'. Whilst this was good news for Ozanam Industries, the timelines and the volume of product (300 pallets) were going to be a problem. Rod from Ozanam explained the Alliance1

partnership to the customer and asked if he would entertain two organizations assembling the bags. He agreed and a meeting with Gary from partner organisation New Horizons followed. The customer inspected both operational sites and once satisfied with the logistics, timing, security and Quality Assurance procedures etc. the go ahead was given. The project was so successful the customer returned with further orders in 2012 and 2013.

### **Case Study 2: Damaged Jackets – 100 pallets**

Packforce received a call from an ADE (not an Alliance1 partner) whose customer wanted work done that they could not do within the time period allocated by the customer. The ADE trusted Packforce, an Alliance1 partner to complete the work correctly and not try and muscle in on their customer. The scope of work involved sorting and repackaging 100 pallets of jackets. The work was shared out across four alliance sites according to the available capacity at each site. The job was completed professionally and on time; making it a win, win for everyone.

### **Brokering**

- Create an overarching body that channels work to and between ADEs.

Features of this model are informed by the experience in Western Australia and the model in operation by National Disability Services (NDS), which is based in NSW. It is clear that for such a model to succeed it needs to have a two pronged approach – with one side working with the ADEs and the other side embedded within central procurement. This model shows great promise for the future as it works to address the system reform required to streamline access to and utilisation of ADE services.

In smaller regions and within larger businesses this model could be adapted with a position description, which would be annexed to an existing internal procurement officer position with the region or business.

An external evaluation of the Western Australian program would be beneficial in gathering the learning's to inform future development.

### **NDIS – DisabilityCare Australia**

- Identify opportunities that are likely to come out of DisabilityCare Australia and develop and market business opportunities designed to meet these needs, for example provision of day respite services, and registered training provision.
- Assess the impact of DisabilityCare Australia on ADEs and provide opportunities for the sector to work collectively to develop strategies for the future.



## Exploring other models

### Supply Nation

Supply Nation, formally known as the Australian Minority Supplier Council (AIMSC), is a not-for-profit membership body and is funded by the Australian Government Department of Education, Employment and Workplace Relations (DEEWR).

In the Case Study to follow, we explore the Supply Nation model for improving procurement with Government.

A Price Waterhouse Coopers post-implementation evaluation of the AIMSC model highlights issues which are similar to those faced by ADEs, and also recommendations which would be applicable to ADEs<sup>1</sup>. It identified factors for the future success of the AIMSC framework; the evaluation states the following, which is directly relevant to the success of ADEs:

It is also important to recognise, that achieving the long-term success set out in the framework described above is not a task AIMSC can achieve on its own. A vibrant, sustainable and prosperous Indigenous business sector depends on a range of factors, such as government policy, community aspirations, the availability of seed funding, access to capital and the extent of entrepreneurship across Indigenous Australia.

In addition, a critical element in achieving success is 'capability building' which can support suppliers to move from the opportunity stage to the actual transaction stage.<sup>36</sup>

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<sup>36</sup> Ibid

## **OTHER MODELS Case Study Supply Nation**

During the interviews, a suggested model that could be applied to Australian Disability Enterprises (ADEs) and/or social ventures was Supply Nation.

Supply Nation, formally known as the Australian Minority Supplier Council (AIMSC), is a not-for-profit membership body and is funded by the Australian Government Department of Education, Employment and Workplace Relations (DEEWR). It provides the following functions:

- Provides a direct business-to-business link between companies and Government agencies who want to purchase goods and services from Indigenous businesses.
- Certifies Indigenous business suppliers as majority Indigenous owned, managed and controlled, creating a qualified database of Indigenous suppliers.
- Offers education and training to members on topics such as embedding a successful diversity program in organisations and engaging with Indigenous business.
- Hosts the country's largest supplier diversity trade show, and members can attend other networking events.<sup>1</sup>

AIMSC was originally established as a three year pilot in 2009, but before the end of its second year, had exceeded many of the performance indicators in the funding agreement with DEEWR.

A Price Waterhouse Coopers post-implementation evaluation of the AIMSC model<sup>1</sup> found AIMSC to be a successful model that had achieved significant business success, including recruiting more than 100 corporate and government members, certifying more than 80 Indigenous businesses, and facilitating transactions worth \$6.4 million between members and certified suppliers. Demand had increased with the introduction of the Indigenous Opportunities Policy and changes to Commonwealth Procurement Guidelines, which created incentives for companies to engage Indigenous Australians in training and employment, and made it easier for Australian Government Departments to procure from Indigenous SMEs<sup>1</sup>. The evaluation identified operations-strategy, people, systems and processes as areas for improvement, and some of the recommendations included:

- Implement strategies that target growth in the supplier base by industry, size and location.
- Comprehensive and targeted communications strategy including the publications of success stories.
- Develop strategic partnerships that will ensure more suppliers can access capability building assistance.
- To embed businesses in the supply chains of large organisations, support suppliers to 'move up the procurement value chain', including by having partnerships for more complex contracts.
- Establishing a presence in states and territories by partnering with established local organisations.

Each of the above recommendations reflects areas that were identified as requiring improvement for ADEs in order for them to develop and grow. The development of Indigenous businesses reflects many of the challenges that ADEs face, and a model like Supply Nation would benefit the development and success of ADEs.

**OTHER MODELS Case Study**  
**National Disability Services**  
**Disability Enterprise Procurement Program (DEP)**

- The purpose of the National Disability Services DEP is to reduce the high rates of unemployment and underemployment of people with disability through Public Sector Procurement opportunities.
- **Background**
- In mid 2010, the NSW Government enacted legislation, which enabled its agencies to procure goods and services directly from disability employment organisations (ADEs).
- The 2010 legislation was explained in the Premier's Memorandum 2010-6, relating to policy background and expected outcomes.
- The original legislation was further amended with the update of the **Public Sector Employment and Management Regulation 2009**. Clause 21B eliminates the need for NSW Government agencies to conduct open, competitive tenders, when engaging ADEs.
- In addition, NSW Government agencies can engage ADEs who supply goods and services listed in State Contracts without reference to State Contracts.
- Since late 2010, NDS (National Disability Services) has been engaged by the Department of Family and Community Services Ageing, Disability and Home Care (ADHC) to provide advice and support to NSW Government agencies who wish to procure goods and services from ADEs.
- To assist in this process, NDS offers a contract management service for a small fee. The NDS contract management service assists NSW Government agencies to find the appropriate ADE (or ADEs) for their specific project. If requested, NDS can also manage the ongoing contract.
- ADHC has also engaged NDS to keep a list of eligible ADEs for the purposes of the Clause 21B legislation. There are over 160 ADEs in NSW, which could potentially benefit from this program.
- **Results to Date**
- By November 2012, NDS had assisted over 35 ADEs to commence projects, valued at \$4.5m (with a further potential of \$2m contract extensions). Over 330 people with disability have been engaged on the project, in either a part time or full time capacity. More than 65 projects were underway throughout NSW. Most projects are managed directly by NDS, on behalf of many NSW Government agencies.
- Successfully contracted work includes, printing, cleaning, grounds maintenance, horticulture, scanning and digitisation, secure document destruction, packaging, mail services and catering.
- There are a number of case studies presented on the NDS website that detail the benefits and learnings from the program so far, for example, RichmondPRA Enterprises has a contract with Sydney Catchment Authority which commenced in August 2011. This 2 year contract provides work for 21 supported employees, many of which have now been trained in Horticulture Cert. 2:
- *“The significant issue that has emerged from this particular case study is that people with disability have skills – and can deliver goods and services to the NSW Government standards...Structures and barriers to employment of people with a disability can be broken down and managed.”*

## Extended Case Study – “It’s the right thing to do”

### Improving Access By Australian (WA) Disability Enterprises To Government Contracts

The Western Australian State Government recognises the value of meaningful employment to all people, particularly those with a disability. In late 2009 the Premier announced a change to Western Australian Government procurement policy enabling Australian Disability Enterprises (ADEs) to directly engage with government agencies to obtain Government contracts without the need to follow a competitive quotation or tender process, on the proviso that the standard criteria of fair value and quality standards were met. The objective was to use government contracts to increase the overall level of employment of people with disability. However, despite the obvious goodwill, the following two years saw little growth in Government contracts.

Workpower, on behalf of an alliance of the seven Western Australian ADEs<sup>37</sup>, applied for and obtained a Social Innovations Grant to appoint a Project Manager to investigate why this was the case and to bring about such changes as were necessary for success. The seven (7) ADEs appointed a former Chief Executive Officer of the Disability Services Commission to undertake the project. Government contact and support would be critical.

#### Two issues became evident:

1. There was no system in place within Government Procurement or the ADEs to enable success. There was no one within the system with the responsibility to drive the process; and
2. Any system put in place would need to address not only the gaining of contracts but also the capacity of ADEs to meet the terms of those contracts. Early advice of opportunity was critical to planning.

#### The approach:

The Department of Finance’s Government Procurement division is responsible for leading a whole of government approach to procurement. The Department accepted very early that a position should be established within the Government Procurement division to identify potential up-coming contracts and to work with the Project Manager and ADEs to coordinate the capacities of ADEs with identified opportunities. For their part, ADEs recognised the need to provide detailed information of their capacities in a readily accessible form for procurement officers within the Department of Finance and contract managers within government departments.

A document “It’s the right thing to do” was produced and incorporated on a new ADE website [www.wade.org.au](http://www.wade.org.au). The document sets out the array of goods and services provided by ADEs, identifies which organisation does what and provides contact information. The Finance Department’s Director, Client Procurement Services, Alex Taylor (who championed the project within the Department of Finance) and Project Manager (Haydn Lowe) visited Government Departmental Directors General and Corporate Services Directors, carrying a

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<sup>37</sup>Activ, Good Samaritan Industries, Goodwill Engineering (The Centre for Cerebral Palsy), Intework, Paraquad (Spine and Limb Foundation), Westcare, Workpower

letter of commitment from the Premier and Minister for Finance and the ADE Brochure “It’s the Right thing to do”. This was to gain commitment from the top.

In addition, the Specialist Senior Procurement Manager (initially, Bindy Syminton, now Lil Paskos), and Assistant Procurement Directors from the Department of Finance’s Government Procurement division, have visited departmental procurement offices and contract managers to promote the project through each department; workshops were held to ensure all were informed.

Subsequently, Government determined that the full potential of these procurement changes would not be realised without a consistent, proactive approach over a three to four year period. It would be a marathon, not a sprint. The approach would need to be a balanced one, addressing the issues from both the Government and ADE sides. It recognised there were three degrees of coordination required:

- Between the ADEs;
- Within the Department of Finance; and
- Between the ADEs and the Department of Finance (and thereby other Government Departments).

The Government announced that funding for the specialist disability Senior Procurement Manager position<sup>38</sup> within the Department of Finance would be ongoing. It would also fund a Contract Manager position within the ADEs to assist them in their development and to coordinate activity between the ADEs and between the ADEs and the Department of Finance, a one-to-one relationship with the specialist procurement officer.

There are 7 ADEs with over 50 worksites undertaking a wide variety of contracts in Western Australia from Geraldton to Esperance. Over two thousand West Australians with disabilities provide the bulk of the workforce in these ADEs.

As Western Australia has only 7 ADEs (although with multiple business lines) it offers less complexity than the more populous states, which have multiple ADEs with multiple business lines. It was thus possible to explore and capture:

- The present capacities of the ADEs and what they *are* doing now
- What they *could* do if opportunity arose *within* present resources
- What they would like to do with *additional capacity* and what would be required to increase capacity?

By establishing the Senior Procurement Manager position within the Department of Finance, the Government has embedded the lever for systemic reform and assigned responsibility to seek out opportunities that may be suitable for ADEs, to educate and encourage procurement officers within the Department of Finance and government agencies, and to support and negotiate directly with the ADEs.

The ADE Contract Manager position across the ADEs establishes a single referral point. For any procurement officer seeking information on ADE capacity or with a potential contract on offer, this represents a one-stop-shop.

The website, [www.wade.org.au](http://www.wade.org.au) provides up to date information on the goods and services provided by ADEs. Marketing materials<sup>39</sup> have also been developed and provided to over 300 procurement officers and senior managers, including an easy to read ready-reckoner of the range of goods and services on offer from the ADEs.

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<sup>38</sup>This position is currently held by Lil Paskos

<sup>39</sup>Booklet titled, “It’s the right thing to do” designed and printed by Westcare.

### **Working together:**

The ADEs in Western Australia have signed a Memorandum of Understanding as to how they will work together to enhance opportunities and maximise cooperation.

### **Support from the top:**

The two key Ministers in Government, namely the Ministers for Finance and Disability, have both signed off in support of the project and both have provided financial backing, as well as the original commitment to relax procurement rules for ADEs. The Minister for Finance has written to his Ministerial colleagues to urge their agencies to embrace the project.

The Department of Finance has given its commitment to the project and is also enabling simpler access for the ADEs to supply goods or services under its Common Use Arrangements<sup>40</sup> (CUA). It also provides advice to Government buyers on its procurement website<sup>41</sup>.

### **Early Success**

It is acknowledged that this is a marathon rather than a sprint and that it will take time to build success. Measures are in place to track progress and the early indications are extremely positive. The Specialist Senior Procurement Managers, (Bindy Syminton and now Lil Paskos) have been proactive in identifying up-coming contracts and working between ADEs and government agencies. This has already resulted in the awarding of a number of contracts through the exemption process, competitive tendering processes and/or ad-hoc purchasing arrangements with State Government departments. Total contract price values range from \$6,800 to \$3.4million for the provision of services including car cleaning, printing, metal plate fabrication, collation and packaging, warehousing, cleaning, marketing materials and distribution, environmental management, up-keep of parks and gardens and general maintenance.

The following figures demonstrate the progress:

- For the 2010 and 2011 calendar years, 8 contracts were awarded with an estimated total contract value of \$685,000; and
- For the 2012 and 2013 calendar years, 12 contracts were awarded (not including ad hoc arrangements) with an estimated total contract value of \$6,65m.

### **Conclusion:**

Despite the presence of exemptions, there was a gap between commitment and result.

Exploration of Government Procurement and of the ADEs showed there were multiple barriers to improving the quality and quantity of work available to ADEs. As such a holistic approach was implemented that recognised and addressed the need to tackle the issues from both sides and in particular address and support systemic reform by embedding positions (designated responsibility) within procurement and across ADEs.

It is worthy of note that the ADEs have now engaged with the Western Australian Local Government Association (WALGA) to undertake a similar process. WALGA and the ADEs have developed a working party, chaired by WALGA, to improve ADE procurement opportunities from Local Government. WALGA has adopted a positive, proactive approach which it is hoped will be as successful.

**A copy of the project operational flowchart can be found at Appendix C**

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<sup>40</sup> The majority of CUA's are panel contracts and mandatory in the Perth Metropolitan area

<sup>41</sup> Western Australian Government, Department of Finance, Government Procurement, I'm a Buyer, <http://www.finance.wa.gov.au/cms/content.aspx?id=12609>, viewed June 13, 2013

## Common features of a successful procurement model

In reviewing the above case studies we can highlight the key success factors of a successful programmatic approach to increasing Government procurement from ADEs. Such an approach would ideally:

- Provide a point of contact embedded in Government and one that sits across ADEs to facilitate business between the two – establishes a single point of contact for each
- Have support from the top of Government
- Create a pre-qualified database of ADEs and their offerings
- Offer specific training and support specifically for doing business with Government
- Have a communications strategy and resources to market the initiative
- Offer partnership development activities and support
- Offer capacity building initiatives
- Run trade shows or expos
- Offer contract management services at an additional cost

## Recommendations and Strategic Solutions

### Pilots and Evaluation

1. Provide funding for a formal external evaluation of the Western Australian Government ADE procurement initiative to inform a possible national project aimed at embedding systemic support for procurement from ADEs within Government.
2. Evidence best practice. Identify and support the implementation and evaluation of pilots to use as examples to demonstrate effective ADE engagement strategies, commercial, social, education and employment outcomes. Using action research methods and a program logic approach, can ensure that opportunities for improvement are implemented during the life of the contract and that all contextual issues are considered and long-term outcomes as well as outputs are identified.
3. Highlight examples of best practice. For example best practice use of media by an ADE. An awards program or the ADE website could be used to highlight and showcase these examples.

### Support ADE Board Capacity

4. Encourage and support ADEs to build the capacity of their Boards or Management committees to best position themselves for the changes ahead and strengthen strategic positioning, business viability and governance.
5. Run a campaign to increase the interest of private business and senior government officials to volunteer their services as active participants on ADE boards and or to mentor ADE staff.

### Mentoring

6. Support ADEs with successful business models to mentor other ADEs so they can benefit from their experience – funding could be provided to the successful ADE to do this<sup>42</sup>.

### Funding

7. Explore the provision of micro-credit loans for start-up costs for new business opportunities by ADEs.

### Pre-qualified panels and/or certification

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<sup>42</sup> Note Social Ventures Australia currently partner people with the business sector – mentor support and effective governance are essential for social enterprises



8. Explore the establishment of a pre-qualified panel of ADEs or social enterprises – which have in place best practice processes around quality, risk management, insurance, training, supervision etc.
9. Provide funding to support the achievement of formal certification of ADEs to achieve compliance with quality standards.

### **Social Return on Investment (SROI)**

10. Provide workshops for government on SROI.

### **Engage and reward Big Business**

11. Gather the support of Chief Executive Officers. Demonstrate to Big Business CEOs the value of doing business with ADEs and other vulnerable individuals and garner their support to raise the expectation that internal procurement practices should provide greater opportunities to do business ADEs.
12. Highlight good examples of Corporate Social Procurement – consider an awards program. Highlight case studies and provide templates for social procurement policies and procedures.
13. Establish a mentoring and sponsorship program – could be providing financial support or in-kind support to ADEs, for example for pro-bono business advice/services.

### **Business Plan Development and Use**

14. Provide further in-depth training on developing and using business plans. Training needs to be very practical, hands-on and individualised, and step people/organisations through the steps involved. It should also provide follow-up (and possibly mentoring) over time and not just be a one-off workshop/session.

### **Mapping and applications**

15. Undertake a detailed mapping project of what social enterprises exist and what service they provide – explore developing an application that achieves this with user generated data input (thereby increasing engagement and reducing on-going data management costs) – i.e. allows ADEs to register their own enterprise details on-line and Governments and Businesses to upload ‘opportunities’ which registered ADEs can then respond to. The application should be optimised for both desktop and mobile devices.

There are already many such applications in existence for commercial utilisations, such as The Builder App<sup>43</sup>.

16. Explore the creation of an Enterprise Social Network to facilitate peer-to-peer discussions and network development – a place to share common issues and provide regular discussions on relevant issues. E.g. Social Enterprise Sydney website.

### **Government**

17. Gather appropriate support for systemic reform through initiatives such as that demonstrated in Western Australia. Engage procurement ‘champions’ within Government departments and agencies that will drive change to procurement habits to increase the utilisation of procurement policies and drive increased contracting of services and products from ADEs. Create the ‘support from the top’.
18. Educate elected members of parliament on the value of doing business with ADEs and the scope and quality of work that is currently provided by ADEs.

### **Raise the Profile of ADEs, marketing opportunities**

19. Develop and implement a marketing campaign about social enterprises to demonstrate what they do and what services are available. Investigate the opportunity to promote ADEs on television via the community announcement segments that are free.
20. Host or provide funding to facilitate ADE information lunches, trade shows or expos that to showcase their range of services, road test their future plans, and to gather feedback on their proposed strategic direction and current quality of provided goods and services.
21. Re-develop the ADE universal web site to increase its functionality and explore integration with an application as suggested above. Provide functionality on the site for ADEs to register their details and to upload videos and other promotional material.
22. Support the development of marketing strategies for individual ADEs – through the provision of templates, advice services and one-off funding for marketing plans.

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<sup>43</sup> <http://thebuilderapp.com.au/about#about>, viewed June 6, 2013

## Expressed training needs

Our visits and the ADE survey data indicate strong interest in a broad range of training to support an increase in the amount of procurement from ADEs by Government and Big Business, with a view to improving the viability and sustainability of ADEs and hence continuing to secure employment opportunities for people with a disability.

### Identified interest areas

Through the survey ADEs identified the following training as ‘most interesting to us’ (in order of preference):

1. Identifying opportunities
2. Doing more with less – marketing, branding and building your business with limited resources
3. Laying the foundations for doing business with Governments
4. The keys to marketing your ADE
5. Laying the foundations for doing business with Big Business
6. Attracting success – creating your own opportunities
7. Websites, social media and your enterprise
8. Building the right relationships
9. Contract and negotiation
10. Where to start – a fresh look at your brand
11. Evaluating opportunities

### Future opportunities for development and training – within ADEs and Government and Big Business

- Train ADEs in more depth on how to effectively utilise the AUSTender site to better understand procurement plans, how to access relevant documents, ways to track contracts and identify potential business opportunities and partners. This type of ‘deeper dive’ training could be run periodically, potentially by:
  - Business support departments in State Governments (e.g. [www.business.tas.gov.au](http://www.business.tas.gov.au))
  - The project officer/procurement position in the two-pronged model outline previously

- Undertake cultural change programs within government to assist public servants to better understand the quality of service offerings from ADEs, to address and resolve existing prejudices relating to doing business with ADEs, and to outline how procurement guidelines can be used to increase the engagement of ADEs.
- Develop cultural change programs for ADE stakeholders, Boards, staff and parents/carers of people working in ADEs to assist them to better understand and appreciate the need to be more commercially viable.
- Establish support for effective partnership development between ADEs and other service providers who are likely to provide services to supported employees – wrap round service provision.

## Outline of Building Better Business Opportunities Training

As part of this Building Better Business Opportunities Project, ConNetica has developed a training program for ADEs to improve tendering, business development, pricing and costing of jobs.

### Training Approach:

- The course is self-paced and can be returned to at any time
- Information and references are provided for the participant to consider and use as required
- Several exercises are included to build templates, prompt consideration of business status and actions and build collateral
- The course would require approximately 2 days to complete from start to finish, however it can be done in smaller 'bite sized' pieces as time allows.

### Overview

This course discusses and introduces:

- The social enterprise model
- Marketing
- The Building Better Business Opportunities Model, and
- Techniques and tools to support the tendering process.

The training program is available on-line via the FaHCSIA website.

## Further Reading

- Strategic Market Management, Seventh Edition, David A. Aaker, John Wiley & Sons, Inc. 2005 USA. Excellent strategy reference, particularly for strategic analysis.
- Migrating from innovation to entrepreneurship – How non-profits are moving toward sustainability and self-sufficiency – Jerr Boschee, Encore Press, Minneapolis, Minnesota, 2006. This essay looks at the challenges faced by non-profits as they move into commercial markets. It looks at the lessons learned over 30 years by non-profits in the United States.
- Competing for the Future, Gary Hamel, C.K. Prahalad, Harvard Business School Press, Boston, Massachusetts, 1994.
- The Networked Nonprofit, Connecting with Social Media to drive change, Beth Kanter, Alison Fine, John Wiley & Sons, USA, 2010 – Very good reference for understanding the winds of change that are blowing across the sector and the importance of building a transparent – connected organisation
- Measuring the Networked Nonprofit, Using data to change the world, Beth Kanter, Kate Delahaye Paine, John Wiley & Sons, 2012. – Companion book to the reference above.
- Innovation and Entrepreneurship, Practice and Principles, Peter F. Drucker, HarperBusiness, New York, 1985 – Seminal text on entrepreneurship as a *practice*.
- Social Entrepreneurship – The Art of Mission-Based Venture Development, Peter C. Brinckerhoff, John Wiley & Sons, USA, 2000.
- Entrepreneurship Strategies and Resources, Marc J. Dollinger, Person Education Inc., New Jersey, 2003.

## Other resources and ideas

There is a huge amount of information and resources available and these are constantly changing. We do not hope to offer you the comprehensive ‘must have’ list here, but we can suggest an approach of staying tuned to key Internet and social media resources to keep up to date with the latest information and strategy relevant to your ADE. You can do this through:

- Creating bookmarks of your key internet sources (explore social bookmarking tools such as ‘Delicious<sup>44</sup>’ for this – it keeps all your organisational bookmarks in one place and organised and it is ‘cloud’ based, meaning it travels with you)

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<sup>44</sup> <https://delicious.com/>

- Within Facebook 'like' those organisations or pages that stand out for you as thought leaders or mentors for your organisation/ADE. This way you can be updated on what is happening in their world
- Likewise on Twitter, 'follow' thought leaders and change agents in your sphere. Create searches on relevant hash tags too. Hash tags bring pull tweets on topics together
- On LinkedIn scan for groups that are relevant to your organisation/ADE and join these. Get involved in relevant conversations and discussions
- YouTube is a useful resource to problem solve, dip into training and resources and problem solve. Try a YouTube search for your favourite strategic leaders and business strategies. E.g. try searches on the concepts of Shared Value (Mark Kramer), Beth Kanter and Alison Fine (Networked Non-Profits), David Armano on transforming organisations and 'connectiveness', Collective Impact, Blue Ocean Strategy, Lean Start-up Methodology, Dr Kai Riemer on Enterprise Social Networks, Transformational Design principals, Jerr Boschee on Social Enterprise and Heather Mansfield on the mobile web.
- Look up the TED Talks for inspiration and challenge – for example try Dan Pallotta on social innovation and social entrepreneurship: The way we think about charity is dead wrong and Malcolm Gladwell: Choice, happiness and spaghetti sauce. Ted Talks are at [www.ted.com](http://www.ted.com)
- Explore podcasts and journals such as Stanford Social Innovation Review.
- Explore the free courses at [/www.coursera.org](http://www.coursera.org) (390 courses from 83 partners)

## Appendix A – Schedule of Interviews conducted

Organisation	Name	Position
Abilityworks Australia	Bert Ferro	Chief Executive
Access Employment	Jenny Heenan	Executive Manager Enterprise and Innovation
	Peter McCabe	Commercial Services Manager
Achieve Australia	Duncan Macgregor	General Manager- Commercial Enterprises
	Martine Porret	General Manager Employment Options
ACT Government	Lisa Salerno	ACT Housing and Disability
	Rex O'Rourke	
ACT Government	Michelle Frost	Manager Social and Sustainable Procurement
ACT Social Enterprise Hub- Social Ventures	Rashi Kumar	Manager, ACT Social Enterprise Hub
ADE Alliance WA	Haydn Lowe	Project Manager ADE Procurement
Adelaide City Council	Damien White	Strategic Procurement Business Partner
Australian Public Service Commission	Peter Pullicino	Disability Employment Team, Australian Public Service Commission
Bedford Group Incorporated	Damien White	Chief Operating Officer
Blue-line Laundry	Ron DiFelice	Services Co-ordinator
Cerebral Palsy Alliance	Alex Kane	ADE Manager
Connect GV	Bruce Giovanetti	CEO
Corio Bay Innovators- dal Gourmet Café and Catering	Cheryl Lambert	Business Manager
DEEWR	Maria Griffin	Priority Area Employment Manager- Logan and Ipswich
DEEWR	David Puckeridge	Local Employment Coordinator, Canterbury Bankstown and South



Organisation	Name	Position
		West Sydney Priority Employment Area
Defence Dept.	Liz Weeks	Procurement
Delando	Deb	Manager
Department for Communities and Social Inclusion	Caroline Lock	Manager, Procurement and Grants
Department of Economic Development, Tourism and the Arts- Tasmania	Bridget Hiller	Senior Program Manager- Social Enterprise
Dept. Human Services	Phil Lindenmayer	National Manager Procurement & Contract Manager
Dept. Parliamentary Services	Peter Manwaring	Procurement
Devonfield Enterprises	Tanya Kingshott	Manager Business Services
Eurella	Alex Avenarius	Operations Manager
	John Sim	General Manager
FaHCSIA – NSW and ACT	Catherine Burn	Assistant Section Manager, Disability Carers and Mental Health, NSW/ACT Office
FaHCSIA - Vic	Steve Whittle	
	Adrian Dyke	
	Angela Tidmarsh	
	Maria Martello	
FaHCSIA TAS	Karen Fisher	
	Tammy Sutcliffe	
	Angela Patmore	
FaHCSIA- Qld	Kath Fry	Assistant Section Manager
	Mel Tarbuck	Contract Manager
FaHCSIA- SA	Helen Macilwain	Ag Manager Disability & Carers
	Jehan Tabet	Section Manager, Ag Deputy State Manger

Organisation	Name	Position
	Mira Zivkovic	Senior Project Officer
Gateway Industries	Alex Neitz	CEO
Government of WA, Department of Finance, Government Procurement	Lil Paskos	A/Senior Procurement Manager, Client Procurement Services
Government of WA, Department of Finance, Government Procurement	Alex Taylor	Director, Client Procurement Services
Hands on SA	Claire McAlary	Deputy CEO
Horizon Foundation Inc.	Trevor Hulbert	General manager
	Joe Gamblin	CEO
House with no Steps	John Piper	General Manager Hunter Business Group
HPA Incorporated	Peter Joyce	CEO
Jack Mail	Sally Richards	Founder and Owner
Jewish Care	Elena Tsetlin	Manager Print 35
Koomarri	Miranda Garnett	CEO
Launceston City Council	Leanne Hurst	Manager- Community, Tourism and Events, Launceston City Council
Launceston Travel & Information Centre	Sandy Avens	Team Leader Launceston Travel & Information Centre
LEAD Contracting	Wayne Herbert	Resource Team- Social Development Advisor
Mach 1 Australia Inc.	Steven Steel	CEO
National Disability Recruitment Coordinator	Lucy Macali	Manager
National Disability Services (NDS)	Scott Holz	State Manager NSW
New Horizons	Gary Pearce	Head of Enterprise Services
Newleaf Communities	Peter Williamson	General Manager

Organisation	Name	Position
Northern Occupational Support Services Inc. (NOSS)	Helen Payne	Office Manager
Pathways - Clearwater Enterprises	Mark Rosser	Program Development Manager
Product Action Group	James Wood	Manager Director
Queensland Government Chief Procurement Office	Craig Humrich	Procurement Manager
Radius Disability Services	Mandy Williams, Kerri Carr	Joint CEO's
	Daryl Hedlam	Coordinator Enterprises
Samaritans	Mark Addison, Kevin Paton, Rob Dawson	Area Coordinator Community Services, Manager Client Services Newcastle/lake Macquarie, Director of Development
Scope	Tom Baxter	General Manager, Scope Business Services
Shared Services	Dave Purser	Director Goods and Services and Procurement
Six Seeds	Kim Bool	Director Admin
	Jo Cochrane	Director Disability
Social Traders	Mark Daniels	Manager Policy and Development
Social Ventures Australia	Louise Caseley	
	Justine Little	
	Annalise	
SoFa	Caroline Crosse and Dea Morgain	CEO, Manager of the Workplace Supports Program
St Vincent De Paul	Rod Silber	Business Development Manager
Sunnyfield	Belinda Gannon	Commercial Manager
Tadpac	Maira Flaherty	Business Manager

Organisation	Name	Position
	Sue Hallam	Finance Officer
Telstra	Steve Jones	National Contract Specialist
	Michael Marrett	National Contract Specialist; Service Delivery unit, Telstra Operations
	Bert Ciavarra	Manager- Disability Programs
WCIG	Peter Couch	Manager
	Geoff Stokes	Coordinator
WISE	Jim Dinnuccio	State Manager
	Mathew Lambelle	Wise Social Enterprises

## Appendix B: Procurement exemptions

Procurement across Governments, State, Territory and Local is complex, multi-faceted and multi-layered. There are existing provisions at a state, territory and federal level, which allow exemptions to be applied in the procurement of services, which are applicable to ADEs and social enterprises. Many people raised that these are not well known or frequently applied.

It is beyond the scope of this project to review the full range and nature of these exemptions, but we provide the summary below as a general overview of a number of jurisdictions procurement policies and exemptions, to show that they are standard procedures set out in procurement policies and are readily applicable.

### *Commonwealth*

There is a regulatory framework designed to assist the Australian Public Service to procure from socially inclusive businesses. It consists of two exemptions:

- A 2008 amendment to the Commonwealth Procurement Rules(CPR) that allow the APS to directly procure from ADEs and
- A further CPR exemption extended to Small to Medium Enterprises (SMEs) so that procurement practices must be applied in way that does not unfairly discriminate against SMEs and provide appropriate opportunities for them to compete.

Also, under the FMA Act the Australian Government is committed to sourcing at least 10% of procurement from SMEs. One of the grounds for a procurement being exempt from certain rules includes procurement of goods and services from a business that primarily exists to provide the services of persons with a disability. The process is still to take into account value for money<sup>45</sup>.

Procurement at the Commonwealth level has also been assisted by provision by the NDS of a central coordinator and a Procedures Manual advising Commonwealth procurement officers of ADEs and what they can do. A list is provided of all Australian ADEs under general headings of Commonwealth purchasing requirements; for example, printing. There are so many ADEs, run by many organisations, in so many localities, under each of these headings there is almost too much information for the officers.

### *Victoria*

The Victorian Government Procurement website lists the conditions under which there can be exemptions from seeking multiple quotes, and conducting open or selective tendering (limited tendering). Under a list of exemption factors (Schedule 2), it includes: Purchases

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<sup>45</sup> Department of Finance and Deregulation, Commonwealth Procurement Rules, Achieving Value for Money, 1 July 2012, Commonwealth of Australia: 2012.

from Australian disability enterprises and other businesses that primarily exist to provide services to people with a disability, philanthropic or not for profit institutions. It notes that internal audit processes would need to be satisfied<sup>46</sup>.

#### *ACT*

The ACT Government Procurement Regulation 200, made under the Government Procurement Act 2001 states that there can be an exemption from quotation and tender processes where the responsible Chief Executive Officer of a directorate (or territory entity) is satisfied that the benefit of exemption outweighs the benefit of compliance. An example of where an exemption may be given includes where a secondary objective of the procurement is to achieve an appreciable social or community benefit<sup>47</sup>.

#### *Northern Territory*

Under Northern Territory (NT) procurement processes, there is a list of supplies exempted from public quotation/tender requirements. Exemption (J) is Partnership Agreement with Charles Darwin University which states that the partnerships agreement's objective is that the economic, social and environmental development of the Northern Territory is supported by a robust and resilient University working in partnership with government agencies and the wider community<sup>48</sup>.

#### *Western Australia*

The Government of Western Australia (WA) maintains an Agency Exemption Register, which is a register of all approved exemptions from State Supply Commission, which sets requirements for the purchase of goods and services, policies. Included in these exemptions are: any form of preference to benefit small to medium enterprises and relating to the goods and services of handicapped persons, or philanthropic or not for profit institutions, or of prison labour<sup>49</sup>.

#### *Tasmania*

In Tasmania, Treasurer's Instruction No. 1127 Procurement from businesses that provide employment to persons with disabilities: goods and services sets out the process for directly

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<sup>46</sup> Victorian Government Procurement, Exemption from Seeking Multiple Quotes, Open and Selective Tendering (Limited Tendering) and ICT IP Default Position Policy, [http://www.procurement.vic.gov.au/CA2575BA0001417C/pages/procurement-practitioners-stage-2---bid-process-and-contract-award-step-4---preparation-of-bid-documents-\(rfqs---rfts\)-exemption-from-seeking-multiple-quotes,-open-or-selective-tendering-\(limited-tendering\)-and-ict-ip-default-position-policy](http://www.procurement.vic.gov.au/CA2575BA0001417C/pages/procurement-practitioners-stage-2---bid-process-and-contract-award-step-4---preparation-of-bid-documents-(rfqs---rfts)-exemption-from-seeking-multiple-quotes,-open-or-selective-tendering-(limited-tendering)-and-ict-ip-default-position-policy), Viewed 6 June 2013.

<sup>47</sup> Australian Capital Territory *Government Procurement Regulation 2007 SL2007-29, made under the Government Procurement Act 2001*, Republication No 4, Effective: 1 July 2012.

<sup>48</sup> Northern Territory Government, Procurement Process for Supplies Under Standing Exemptions, Procurement Direction PR8, Process Series, Effective 20 March 2013.

<sup>49</sup> Department of Finance, Government of Western Australia, Agency Procurement Delegation and Exemption Matrices – including Exemption Registers, <http://www.finance.wa.gov.au/cms/content.aspx?id=2145>, Viewed 6 June 2013.

purchasing goods and services from disability enterprises. At the Head of an Agency's discretion, agencies may directly procure goods and services from businesses that 'predominantly exist to provide the services of persons with a disability' without needing to undertake a full quotation or tender process. Where more than one disability enterprise can provide the goods or services, then agencies need to seek quotes to show value for money<sup>50</sup>.

#### *New South Wales*

The Public Sector Employment and management (Goods and Services) Regulation 2009 provides provisions on the purchasing of goods and services by directly engaging disability employment organisations without an open tender and outside of standing offer contracts under the former State Contracts Control Board. Value for money must still be demonstrated. ADEs are included in a register made through an order of the Minister for Disability Services and is maintained by National Disability Services<sup>51</sup>.

#### *Queensland*

The Queensland State Procurement Policy lists Australia specific exclusions which includes any form of preference to benefit small to medium enterprises and exceptions which include measures relating to the goods or services of handicapped persons, philanthropic or not for profit institutions, or of prison labour<sup>52</sup>.

[http://www.finance.gov.au/procurement/procurement-policy-and-guidance/selling/docs/A\\_guide\\_for\\_busines](http://www.finance.gov.au/procurement/procurement-policy-and-guidance/selling/docs/A_guide_for_busines)

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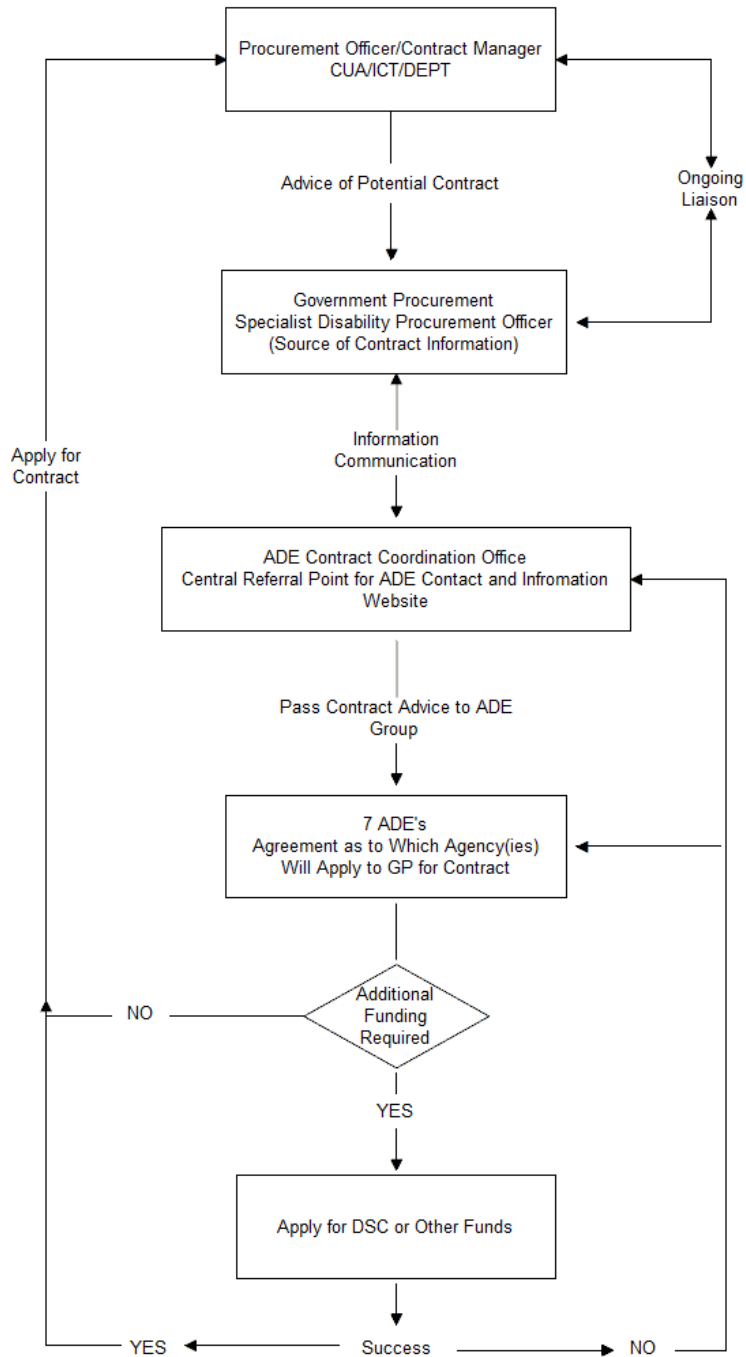
<sup>50</sup> Department of Treasury and Finance, Tasmanian Government, TI.1127 – Procurement from businesses that provide employment to persons with disabilities: goods and services, Viewed 6 June 2013.

<sup>51</sup> ProcurePoint, NSW Government, Australian Disability Enterprises, <https://www.procurepoint.nsw.gov.au/policies/australian-disability-enterprises>, Viewed 6 June 2013.

<sup>52</sup> Department of Housing and Public Works, State Procurement Policy, Better procurement, better outcomes, Queensland Government, June 2012.

# Appendix C - WA Procurement Case Study Flow Chart

Dept. Finance and ADE Procurement interface DRAFT





## Appendix D: De-identified survey comments on experiences with Governments

### Q14: Experiences in selling products or services to Governments or Local Councils?

#### “Very hard for small organisations to compete”

- **A very complicated process.** No preference is given to our type of organisation that employs PWD, the process is usually price driven as distinct from service and quality.
- Variable, but more difficult as time passes. Work for dole and similar programs impact on grounds maintenance tenders on offer. Perceived savings from large scale purchasing of manufactured goods, are often compromised by freight and distribution costs. Undercut by other contractors who then provide lower quality or no service. No commitment to Australian Manufacturing, or social value in supporting ADEs, price often the deciding factor.
- Extremely difficult to establish long term profitable relationships. Barriers due to **inability to undertake volume work**, geography, bureaucracy Work such as small scale catering is an exception.
- Heavily dependent on the individual Council or Government Department mindset to be prepared to change suppliers and (in their view) take on the risks associated with using persons with disability to supply goods or services. Often current supplier relationships are **entrenched** and staff with purchasing responsibilities are loath to take risks with ADEs as a supplier. Having said that, once they see the quality of service provided they become strong advocates.
- Local council have given us opportunity to quote on certain projects, although their budgets seem to prevent them from going ahead. Government tenders seem to be more around capital city & coastal work, which does not suit us in central NSW.
- We sell hospitality food to local councils and they are very supportive of our service offering.
- We do not do 'cold calling" and therefore "selling" is not that accurate. Responding to enquiries is a bit hit and miss as the Scope of Work is sometimes ill defined and prices are irrational.
- "Ad hoc" best describes our experience. We tend to source individual jobs rather than contracts from government. These are usually from our standard marketing initiatives.
- We have in the past tendered for Government lawn maintenance contracts and our service was successful in gaining contracts. Over time tendering for Government contracts became **too competitive** and our service lost its contracts and the lawn mowing service we ran was closed down.
- **Difficult because of the procurement policies.** We have recently achieved some leeway in this area and it is considered to be an area of further opportunity.
- Been successful with Local Government.
- Very little, I have over the years had contact with several local and state government departments. The contract was either already in place or the department made the first contact. I have not attempted to tender government.

- It is very difficult to deal with any bureaucracy as target people are difficult to get access to and our niche product is not easily marketed electronically.

### “Extremely hard to access the Government market”.

- Application process complicated.
- We undertake public Tenders and must win on merit. It is a very competitive industry. We need to retender every two to three years.
- Hard procurement officers generally have been schooled to see tenders or they will face an ICAC enquiry. **No support given.**
- Local Council is supportive but could do more. Currently discussing new job.
- **Not positive, too much red tape and high expectations.**
- We have worked on and off with surrounding local councils and this has generally been a positive experience. Minimal (if any) dealings with other levels of government.
- Very Limited, very rarely if any get enquiries from Government.
- Apart from one major government contract, most government departments still don't seem that interested in buying goods and services from Disability Enterprises.
- With the new tendering processes our existing Lawns and Garden contracts (over 10 years ongoing) need to now go through the competitive tendering process of the local Council, which may mean that the ADE does not win the contract and the Supported Employees are out of a job as they are a key part of the weekly paid work. Councils have been forthcoming in granting FWS 3x 3 or 5 x5yr leases for salvage yards at a reduced rate, but have still expected the ADE's to provide labour for recycling services over a 7 day a week operation with the associated loadings for weekends that have a severe impact on our profitability. They want to get as much cheap labour as possible, so **ADE's need to constantly negotiate hard to make the business more profitable by reducing hours and labour needs on weekends.**
- Depending on the area and competition in that area. We put in a lot of tenders that require a lot of time and detail and don't receive hardly any of the contracts.
- Business X has had no success in selling services to State or Federal Government, they have longstanding supplier relationships and processes that make it very difficult if not impossible to be even considered. Local Councils are great supporters of X and have become a great supporter of our organisation and the ADE industry.
- Getting better, biggest problem with all government is they want 1 contractor to provide all services and products. **The tendering process is long and slow.**

### “Go local”

- Local councils in our area are more than happy to support us as they feel it adds to community service to give us opportunities for our workers to be involved in their local areas.

- Most of the time it is **hard to get to the person who has the authority** to make the decision in using our services to get their required work done.

### **Regional challenges...**

- State & Federal Gov. procurement is virtually impossible to obtain from Tasmania. Federal Government contracts are not geared to supply from a remote state that has issues of having to transport products over the Bass Strait. The Tasmanian Government prefers to purchase from Asia or the mainland than support ADEs. Local Government is more supportive.
- **Generally our products are not targeted at Government** but rather small business and in the case of our Horticultural operation exclusively to fruit growers throughout Australia. Some Centrelink contracts in our mail house operation have been short lived and a State Government contract to manage tourism brochures was also not ongoing. We find that rather than competition government contracts are lost due to policy changes within government.
- Business Y supplied a number of State Gov. Depts. with knitwear for over 20 years. With increased budget cuts, Gov. Depts. are now sourcing their knitwear from cheaper overseas imports. Business Y has tendered for a number of knitwear tenders with State Gov. Depts. in recent years. ALL have been awarded to local importers who bring in the garments from overseas at reduced prices.
- Very small number of sales to government or local council.
- Minimal success with Federal or State Government, some contracts with local councils on competitive tender basis.
- Small country town that supports local industry and community services.
- Very little experience with contracts and tendering for government work through our recycling operations we have experience with processing and sorting household recyclables.

### **“Connecting to the right people is very difficult”.**

- Very little experience.
- Very good long-term relationship with local council. Almost impossible to obtain contracts with State or Federal departments due to procurement red tape.

### **“Government and councils not interested”**

- Very hard, Governments and Councils not very interested in NFP no matter how professional we are.
- Unsuccessful.
- Previously has contracts with Schools and Police Stations, but we were unable to support due size and travel commitment required.
- Good. We have excellent relations with LGA in WA. WA has its own project, which acts as a 'middleman' with State government. This initiative has really assisted WA ADE's attract government contracts. Has also enabled all WA ADE's to look at 'sharing' some contracts.
- We have been unsuccessful in securing services with Government Departments due to the large volume involved.

## Brokers help...

- **With NDS involvement, it has been easier** than trying to sell directly to Govt.
- We were fortunate to have gained the assistance of National Disability Services in Canberra to market our name badges to Government Agency X. The most difficult part of marketing our products and services to Government agencies was finding out the most appropriate person to talk to in re selling our goods and services. Acquiring a contract to provide name badges gave us a foot in the door and we were then able to acquire another contract to assemble manuals.
- **We sell products and services to local and municipal councils.** The products we sell are wood products, light manufacture, and special made orders. Our experience in conducting this business has proved difficult with the main hurdle encountered being contacts and getting that contact. In our experience it is difficult to enter into a contract with government agencies one factor being they tend to look more favourably with larger organisations.
- We work closely with NDS in NSW and this has proven to be a valuable partnership for us. We identify Gov. procurement (esp. State) as a major growth opportunity.
- Local Councils need to wake up to themselves. Their approach in NSW is very poor, even in recycling where they have a clear financial advantage in using the services our sector offers.
- Government Departments are difficult to win, and usually have preferred suppliers. When an order is occasionally won it is usually a token order, and nothing of substance.
- Food items, cold, hot drinks and catering services to local council as requested.
- Very few dealings undertaken. Councils tend to want to deal with current suppliers and limit the number of suppliers they deal with.
- We grow berries and manufacture speciality jams.
- Very difficult to get Local Government to buy locally as they buy through brokers in Melbourne.

## Finding the decision maker...

- Very difficult to find decision maker and very onerous process, for low success rate.
- Very small periodic contracts.
- As a catering company we also have run the catering at the local cemetery for Council Y. We also cater for other areas of council as required. We also cater for many LGA organizations as required E.g. National Parks, Local Government Building, ADHC, Aboriginal Affairs, SESIAHS, local members, Rural Fire Service and many others.
- Variable, and that is probably the greatest frustration. Identical departments on different sides of the border have vastly different processes for purchasing items. I would suggest local councils CCT process is the most difficult to deal with.
- Long term 30+ years contract with NSW government Roads and Traffic area - excellent relationship.

- Local Council - hopeless  
State Gov.- gardening services only through support of NDS.  
Really want and need Laundry Hospital contracts with State Gov. but not forthcoming.
- Field maintenance contracts were won through a tendering process.  
Cleaning contracts were awarded because of our ADE status and the entities being good corporate citizens.

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**“Difficult to meet council requirements”**

- More difficult to deal with and meet Council requirements, get contracts signed, invoicing etc. Same with the tender process we have engaged with through NDS although this process was aided by good support.
- Our Nursery is a joint venture with City Council J so selling to them is rather easy. We do sell to other Councils, but this is much more difficult.
- N/A as we don't sell to these market segments yet.
- We had department of housing contract for 13 years and Big Business X took over management of Gardening contract and priced us out of contract. We have RMS contacts and great connections with local council but not a lot of work.
- Local Council have been supportive of some of our products and services.  
Government tenders have not been successful.
- Business D currently supplies a small service in our landscaping division to the State Government.
- Local government have not been interested and say they need to go to tender as does the local university.
- Very difficult - the need to cut costs over-rides social capital building drivers.
- We have continuing contracts with local council and land care groups. The council contracts account for approximately 70% of that enterprises income.
- Provide scanning support services to government departments. Provide a number of work crews to support the horticulture and landscaping works of local governments. Assist with other short-term projects such as assembling gas taps etc.
- Our Local Council purchase our hardwood pegs. We also do grounds maintenance for Local Council for their priority buildings (no contracts).
- Contract for Recycling with local council.
- In general there is **too much compliance and red tape** and most of the tenders are not suitable for an ADE to submit and win a tender.
- Kerbside recycling Services.
- Difficult, usually the tender process is both expensive and time consuming, competition from other NFP organisations is very fierce.
- **Difficult to access procurement officers at the local/decision making level.**  
Lack of government procurement preference given to ADEs (or other locally owned and operated businesses).
- Laundry B is required to tender for Govt. contracts.

- Positive experience. Going well.
- Selling to both local and state government relied on tender until a recent project undertaken by Workpower working in collaboration with the seven WA ADE's to increase state government procurement.  
The project has been very successful and we now have State Government agencies directly approaching ADE's looking to provide contracts. We have other agencies in discussion for fire equipment servicing, Laundry, grounds maintenance, and Cleaning.  
We now have a very simple process when an agency wants to step out of the tender process where the ADE completes the usual RFT document and submits to demonstrate capability; then the agency compares to other recent or similar tenders to look at value for money. Not all agencies embrace this process as much as others so we still have to tender for some work. The hard part is proving capability when no pre-existing relationship is in place.
- Difficult to engage for ongoing contract. We have not been successful in cracking this market yet. As we provide catering and conference rooms as a service, with many government department funding cuts, their catering budget was significantly reduced.
- As we are in regional Queensland it is very hard to get governments or local councils to buy products.
- We **cannot rely on our ADE status to win business**; it is essential that we present business proposals that are compelling and competitive. We win business only when we offer a competitive solution and only then will Government choose us.
- They contact us and we manufacture and supply or we tender against normal business in a competitive manner.
- Do not provide any services to government.

**“Frustrating. Red tape, too many levels/processes.”**

- Regardless of any government charters to use disability enterprises, Business K has not had much success with government departments at any level. Why? Usually, it requires disability enterprises to enter into a competitive tender process with big, medium and small companies. Mostly, private/profit driven companies. Usually, smaller disability enterprises do not have the resources at their disposal to have a staff member or an external consultant employed to complete these tenders for us. Most of the companies we compete have access to these resources. However, I know that the large disability enterprises (that have over 1000 funded places) have better luck in working with government departments. Again, this is because they have the resources, knowledge and network contacts to support their applications.
- **A closed Shop.** The Government Procurements Panels have no genuine interest in seeking services or products for ADE in my experience. ADE's have suggested that Government Procurement Panels should be legislated to achieve measurable KPI's for their contracts through ADE's; in other words a percentage of contracts MUST go to ADE's. No real support for this has occurred in SA. State Governments could support and fund a Business Development Manager to specifically target local State and Local Council Procurement panels to attract contracts and build relationships between ADE's.
- Normally only want to purchase a total package that includes in our case fitting. Have a set way of doing business and are not that flexible to change.

- State purchasing is now moving towards using ADE as part of state funded position within finance to assist ADE gain contracts.
- **The tender process at a state level is not consistent between departments.**
- In my view because we are an ADE employing individuals with a range of disabilities there is a perception from Government and Councils that we should charge less for our services because we receive funding from the Commonwealth.
- Difficult to get through to real decision makers. Contracts/tenders/orders are often grouped together making it difficult to sell a specific product and service. Decision makers don't have real ownership of their role and so can easily blame policy, other management or inability to segment products and services.

## Appendix E: De-identified survey responses - Success Tips

### For dealing with Governments:

#### Promise only what you can deliver...

- Compliance with WH&S. Dealing with time delays. Lack of continuity of funding. Annual funding cycle.
- Deliver on your promises and don't promise what you cannot deliver. Maintain quality, consistency and adhere to schedules and deadlines. Maintain contact and respond promptly to enquiries. Obtain clear job/product specifications/parameters if uncertain.
- Know the process and understanding our own limitations.
- Understand what the rules of engagement really are so the product or service offered not only meets their needs but the other (often unknown) criteria are included in the offer.  
Key success factors are price and quality competitiveness and a Government department CEO who is committed to giving ADEs a go so his/her staff follows that ethos.

#### Know your local area...

- To know your local area and what government contracts are in your area. To have a competitive price in tendering.
- Being kept abreast of tender opportunities. Who the key contacts are within the various Government departments so that our service offering is reaching the target market.
- Knowing who and how to approach.
- Who to talk to. What types of services they need and how to work with them (almost embedded) to identify what aspects of the services they need can be effectively undertaken by ADE's.
- Government buyers are like any other customer and should be treated accordingly. Get to know your customers, what motivates their decision-making etc.
- Being able to tender.

#### Get to right people...

- The most important element in having success in this area is knowing who to contact.
- Government needs to look at corporate culture and what we are trying to do. Often there is cheaper competition - but we offer employment to a vulnerable group and provide a quality and safe service. This means that sometimes our overheads are higher - we are constantly training or retraining our supported employees.
- Get to the right decision maker this is hard because they won't give you a business card and it is hard to get to the right person - you need to be able to build relationships as many Gov. officials can place orders outside the tender process but are frightened to do so or they have an existing relationship with a supplier.



- What your costs are and what each parties expectations are and is profitable.
- Be persistent, reliable, informed, accurate and patient.
- Know the limitations of the agency. Ensure that the Government contract pays deposit and full amount with specified times. Government has a terrible reputation for not paying with agreed terms.
- The key contact person and the size and relevance of the job. Also the actual tender activity or service must be viable (dollar value) and within the limitations of our workforce.

### **Know your information...**

- To know your information well and be good at writing up tenders.
- Having a relationship with the head of a department or knowing someone that may have some influence in a department.
- To be able to work within government guide lines and quality controls.  
To give a competitive price for both parties.
- In my opinion it would be that any work that is undertaken by our enterprises will provide employment for over 45 Australian that have a disability, however many skills that they are able to utilise.
- Are Governments genuine in purchasing from ADEs?
- What are the needs, which need to be met.  
Is it an open tender or just one to "go through the motions" and then award to a competitor.
- Price.
- Quality Assurance, Customer Service, prompt delivery of goods.
- Where to find information about opportunities and who to approach.
- Quality on time service/product delivery.

### **Provide a good service...**

- - Knowledge of when appropriate tenders are being offered.
- - Whether the tender could be directly negotiated and offered to an ADE under current procurement procedures.
- - Having a capacity / capability statement.
- - Skilled government tendering staff.
- - Time to prepare the complex applications for tender.
- Yet to really discover that...
- Who to deal with and what is required.
- Offer value for money service.
- Good tender documents and don't tell them you employ people with a disability.

- When/what contracts are available.
- Accountability, Outcomes.
- Success is having someone who understands Government, their processes etc. and 'spreading the word' about what ADE's can do. Cut down on the red tape (RTQ rather than full on tender process) State backing. WA Liberal Gov. committed \$\$ to a permanent position within Dept. of Finance to assist ADE procurement. Good education by Gov. on the tender process and how to tender (run by WA Dept. of finance).
- We employ people with disabilities.
- Get to know the point of contact within the Department you are dealing with, either directly or through NDS support.
- What goods and services are required by Government Departments and who is the most appropriate person to contact?
- Contacts in the RIGHT AREA / DEPARTMENT. Networking, constant progress evaluation and the right price and quality.
- For organisations to succeed they need to have perseverance to meet the many requirements of Govt. and show they have the capacity at all levels of the organisation to get the job done. Also, Gov. decisions are/ often appear irrational, so the difference between success and failure can be quite idiosyncratic, and best not overanalysed.

### **Knowing and meeting the success criteria...**

- To offer the right service for the right population where is needed the most.
- Who makes the decision? What opportunities are on offer for jobs? What are the decision factors - price, quality, and service level, expectations? Are they genuine about seeking alternative suppliers?
- Tendering process.
- Communication and Clarity.
- Price.
- Once you commence build a strong relationship.
- Understanding of the tender process. Following the exact guidelines in submitting the tender and submitting on time. The key success factors are understanding exactly what you are tendering for and not under quoting just to win the contract. Make sure the quote reflects what it is worth to you.
- Knowing the government legislation requirements, each tender process is different, it would help if documents across government agencies were standardised, also the short time you have to complete tenders is an issue when supporting evidence needs to be compiled.
- Relevance of service provision and price.

- What tenders are available that are relevant to your products/services. Experience in writing tenders for Government. Current expected market prices Government expects to pay. Other factors that will make your tender successful-what are they looking for when assessing the successful tenderer.
- What contacts to approach, how the system works, how to open the right doors to promote our business.
- The right channels to go through and the contact people. Key success factors deliver what you say you can.
- A number of government (including semi government and local government) have a range of "politics" sitting behind them. Understanding this is a key. Best value for dollar does not always win - its often "cheapest value" that is the driver.

### **Ensure OH&S compliance is in place...**

- Timeliness.  
High quality product.  
Understanding one another's business constraints.
- What is available, knowledge of what is out there.
- Localisation of tenders.
- Know your limitations and costs, assess if you have key personnel to complete requirements of tender.
- History, Price, Access to capital.
- Contact details for procurement officers.
- Deliver a quality product at all times, meet delivery schedules, communication, backup machinery when there is a break down, upgrade linen constantly to ensure quality,  
ref. to our website.
- Contact with staff within the organisations, personal relationships.
- Prove capability - learn how to write tenders for government and sell capability  
Deliver on the contract commitments.

### **Need to be competitive in pricing...**

- Who to contact in departments, what services they are looking for etc.
- To make sure there is a contract between the parties.
- It is essential to know what tenders are upcoming as well as to know the key people and decision-making process within Government.  
The details and requirements of the tenders are generally clear and it is also important that a competitive and commercially compelling case is constructed to win the tender.

### **Ensure your company and products are known to Govt. Departments...**

- Lowest price generally wins.

- Ensure that you have a senior management team with good network contacts within different government departments (such as procurement agencies etc). Regardless of the fact that each level of government claims that a fair and reasonable process is always applied, I know for fact that a lot of business with government is still done on the basis of who you know (be it a politician or a bureaucrat). But this is not a bad thing, this is simply how business is done and some simply do it better than others.
- The decision makers, those within the procurement panel at all levels of Government, especially local Governments.
- That commissioning our services that are helping to change local disadvantaged people.
- a) Information and awareness of opportunities,  
b) The key factor in successful tendering is price. In my experience little or no emphasis is placed on the social benefits that the local community get from an ADE.
- Get through to real decision makers and building relationships. The issues for ADEs are the same as any small to medium sized business.

## Keys to success in dealing with Big Businesses:

### **CONTACTS and time to develop...**

- Good marketing material.  
Public profile.
- Approach business on a commercial basis and deliver quality, price competitive products and services.
- Matching our products and services to meet their needs-- not simply offering what we have.  
Price competitiveness.  
Service excellence.  
The "value add" of dealing with a community based NFP organisation and the benefits that brings them.
- Developing a multi level relationship with Big Business. So that they see the benefits of supporting a disability org as well as providing them good quality food for their functions/ meetings etc.

### **Create a partnership so that they feel we are helping each other...**

- Excellent service. Price (sometimes value for money) fast turnaround and no mistakes
- We are a reliable workforce and get the work down. All Enclaves have been in operation for at least 15 years.
- Scale, professional service standards, quality processes.
- Good contacts, competitive pricing, quality product.

### **Professionalism...**

- Providing a quality product/service at a competitive price!!
- Being totally reliable and continually engaging with them so that we develop strong ongoing relationships. This can suffer if people move on.
- Commercial approach, Quality, DIFOT, Customer Service, responsiveness, understanding their markets and customers.
- Keeping up with demand/deadlines with the current structure of our business.
- Relationships - reliability - capability and capacity.
- Know what they want.
- Big business is more accepting of ADE concept and is willing to pay for services, communication and service is key to success.
- Being competitive and informing them of the social enterprise factor.
- That you have good product to sell the business and that you deliver on time a good quality product.
- Being cost competitive and meeting their supply requirements. This generally requires mechanisation to improve productivity (and bring prices down), which results in the necessity to find more work for supported employees, as mechanisation requires less workers and higher skilled workers.  
Also to have the capacity to supply on a national level.
- Developing networks with key individuals within Big Business who understand about our workforce strengths and limitations and will work with us to gain an acceptable outcome for both parties.

### **Quality. Service. Professionalism. Pride...**

- The ability for a high qualified and experienced Business Development Manager.
- Availability of products when required, price and discounts on all sales to meet their sales forecasts.
- Quality and the ability to meet deadlines.
- Talking with key people. Being able to get in front of them with our product.
- Having big business in your locality to start with (perhaps with the exception of IT related contracts)  
Big business understanding what ADE's have to offer.  
ADE understands what big business wants.
- Work with them, provide a good product, don't be their slave although do your best to accommodate their needs.
- Maintain a competitive price and always ensure that quality standards are met.
- Consistency in work scheduling.  
Excellent product priced competitively.
- Finding someone who understands the social benefits of the business and the advantages a partnership can bring.

- Offer competitive prices.
- Better profit margins and professional management systems.
- Knowing what/when contracts are available.
- No experience to enable an answer.
- You will always have a buyer of your product.  
Continuity of contracts.
- Communication both of parties.
- Getting to the right person who can make decisions.
- Having accredited Quality Management Systems in place. Making your ADE known to businesses in your region. Getting to know the movers and shakers in large companies. Networking through business breakfasts, briefings etc.
- Right place right time. Geography plays a big part in the success of dealing with Big Businesses.  
Have to be able to talk the talk and walk the walk. You have to be experienced and have a sales person/tender writer who is allocated to the specific role.  
You have to be competitive in price and have quality measures.  
You have a big selection of product to interest the customer.
- Perseverance, good product knowledge and capacity to invest in product development.
- Providing relevant services. Proving that you are a commercially pertinent provider.
- Relationships. Regular meetings. Full understanding of their business requirements.
- Providing a quality service that is seamless in delivery.
- Being competitive and negotiation skills.
- Communication and Clarity.

### **Quality communication, service and outcomes...**

- Again get a contract, deliver and build the relationship.
- Provide an open, honest and transparent approach.
- Personal contact, more willing to visit the site and see the opportunities and benefits from our joint engagements, also we look for opportunities to engage big business in functions and engagements we hold on the property. Big business is more geographically better positioned to access our premises.
- Provision of high quality service at a good price.  
Openness.  
Reliability.  
Flexibility in meeting requirements.
- On time delivery, attractive pricing, flexibility, quality, adherence to various compliance standards.

- Communicating your message and price for service.
- Service, distribution, quality, on time, product marketing.
- Be open and honest about what we do and what we can or cannot deliver. Keep them well informed and have a direct line of contact between the two parties.

### **Knowing your product, selling it to businesses and delivering on product...**

- Professional sales team.  
Consistent quality including on-time performance.
- Being closer.
- Supply and demand at competitive prices.
- Marketing directly to big business and able to demonstrate a successful record, also being compliant with tender/business requirements and flexible in service delivery. Must have an OHS system in place and able to produce site plan and compliance.
- Competitive pricing, timeliness, quality.
- Understanding the pricing structure and having sufficient margin to accommodate rebates etc.
- Communication, quality assurance program, meet their requirements, work out of hours, after hours phone service.
- Relationship building.  
Web important needs refreshed to keep current and present. Needs more work.
- Solid management systems that prove good people and process management and give assurance those contracts will be managed well.  
Crawl, walk, run... start in a market and slowly prove capability by growing contract values and gaining experience and capability.  
Employ industry experts to manage industry based enterprises.  
Train employees to a high level to ensure quality.
- Quality of the product and services.  
Meeting the deadlines.
- Having the products they want and making sure you are very clear with your contracts.
- Need to educate the client in their buying decision.
- Compelling and competitive business proposals and also being pro-active in chasing new business from big business.
- More business more margins.

### **Establishing relationships at the right levels...**

- Contacts and them understanding what we are and what we do.
- Building strong relationships with the decision makers of the firms and building strong network base.

- Honesty, Service and Relationships.
- It gives them the opportunity to market that they support local social enterprises while receiving quality service.
- Developing alliances with other businesses that may be tendering for contracts.
- Having good Sales Personnel and a healthy advertising budget.



## Appendix F: Survey responses on experience with Big Business, key challenges and considerations

### Experiences in selling products or services to Big Business:

#### Failure to deliver is not acceptable...

- It is hard for small ADEs as we don't have dedicated marketing or Bus Dev. staff
- Generally good. Issues can be tight delivery times, large product runs, slow payment can be an issue particularly if working with fragmented company structures.
- Need to build a relationship with the purchasing officer and start small and build trust.

Geography is an issue with purchasing centralised in capital cities.

- Not really much different to selling to Big Business as if you are a normal commercial business.

Needs reputation built on quality of service and product and strong mutual relationships working for benefit of both parties. It also often needs a CEO or owner who is committed to that organisation supporting ADEs. That applies in business to business relationships

- Not many big businesses in our area.

They are as supportive as the SMEs.

They tend to provide hospitality in-house.

- We have a small division of wood pallet manufacturing that sells to a couple of mining businesses. It is always competitive and we do not hold contracts for these, which means it is not a constant regular job.
- Big business wants the same as everyone else. Quality products and services at competitive prices. If we can provide these we are "in the game". Being an ADE won't in itself win us jobs but is generally looked upon favourably and we can leverage off this in our marketing. However, ultimately it's a competitive environment and we need to ensure excellence for repeat business. If we target our market successfully we stand every chance of winning jobs. Economies of scale dictates that we won't generally do very large contracts for big business so we generally target portions of their business or smaller businesses.

- Difficult. That tends to go through agencies. Conditions of contract are draconian.

A perception of untrustworthy and will drop you at the first commercial opportunity

- We have three Enclaves which is a group of supported Employees with an able bodied supervisor these groups work on a subcontract basis for a host employer.
- Have to understand how they do procurement and who to speak to.
- Sometimes big business has contacted me to do work and this generally works out well.
- We have to be very competitive with pricing and meet the high expectations (demands) that large companies require. We have dealt with large companies such as A, V, W and P and rely on their continuous support.
- We market through local Business Chambers, cold calling, and referral from satisfied customers and through other services.
- We have been moving in the direction of building stronger long-term relationships with larger accounts that have also involved diversification of our revenue base.

- Good, it is about relationships - service quality and a competitive price - Big business is will to pay more for service and quality where Gov. on buy on price, price, and price.
  - Only work with one local big business in partnership.
  - Not Positive. Too much time and effort for too little return.
  - Excellent, usually pay on time are usually willing to assist or refer product to other agencies.
  - Selling to Big Business is a competitive process, but once the opportunity is provided often a very successful experience. Some big businesses are reasonably philanthropic (understanding and supportive) as long as the costing is reasonable. The current difficult economic conditions and the small number of Big Businesses in Adelaide makes it difficult to sell more services. Best one can do often is replace markets that have moved to the eastern seaboard or overseas.
- In regional South Australia there is generally no Big Business to sell to.
- Waste Authorities normally are after the best price and so the process is very competitive so ADE's need to ensure that our costing's are accurate otherwise we are working at a loss.
  - We generally only do work for large commercial companies.

### **Find the right person...**

- **Often is the barrier to get through to the right person.**
  - We have been supplying the large hardware chains for many years and competing with overseas is our biggest concern. Most of these businesses link everything to 'cheaper is better' and have not or do not follow the social responsibility.
  - Bigger business is harder to sell to but we have found once you gain their confidence they are happy to enter into longer-term relationships. We found attaining ISO 9001 accreditation gave us the creditability to achieve this.
  - Define Big Business???
- We have a great relationship with Z (potting mix) and K (paper recycling)
- We have no experience with "big" business, there are no "big" business head offices in Tasmania.
  - We deal mostly with smaller local business. Big business provides very little opportunity for us to quote. Also, due to the size of our enterprise, we are limited in the number of items, which we can produce.
  - Good success with several well known companies - providing good quality, on time services/product delivery on commercial basis and meeting customer needs/expectations has been cornerstone of approach.
  - We are price receivers - they set the price and we have no option but to accept unless a smaller business can compete with them.
  - We have good relationships with all of our large customers, however, the length of the relationship is not that important to them these days - it is all about price.

- We have had to move away from saying, 'we are a worthy cause' therefore use us, but move towards, 'our product is competitive and excellent' so use us...

### **Go long term...**

- Long-term arrangements in place.
- Much better than governments. Big companies can be very receptive to NFP, maybe adds to their triple bottom line of community connectivity.
- Unsuccessful
- They can at times have a big brother approach towards contracts.

Payments for services can be late forthcoming.

Contracts can be manipulative.

- Good. Telstra - Very supportive of ADE's.
- It is difficult to get to the right person, but once established, relationships can be grown, with difficulty, they wish one stop shops where possible, want immediate service and a long payment conditions and they can go broke....risk and we have been bitten!
- We have imported products for sale under a major supermarket's home brands. This took many years before finally succeeding, but the investment has been recouped. While the venture is profitable, we operate under the knowledge the contract can be terminated at any time.
- Big business focus more on the outcome and the benefits to their business as a result of their interaction with us. Goodwill is also built up after successful completion of projects.
- They know what they want. They are price and quality conscience, but also genuinely want to assist community organisations (as long as price and quality markers are met). They understand business operations and are more realistic about expectations. Once a relationship is established, it can be built upon and issues can be discussed openly and honestly and solutions found. We can work with business to the benefit of both parties.
- Professional companies are much easier to deal with and generally make decisions in a timely manner.

### **Be competitive...**

- **Tendering is very competitive**
- We cater for many large businesses within the area. Again catering is as required.
- Business generally has more experienced people running their tender processes and are very receptive to the community service offered by ADEs. We believe that most like to find something ethical in the way they procure products.
- We have demonstrated that our disability service can provide as good as if not a better result than most able bodied service providers.
- Dealing directly with the person responsible for making decisions, makes the process quicker and easier also they are very clear as to what they are looking for. More

flexible in their process. And not so ridged and more willing to negotiate suitable contact conditions that suit the service.

- Currently our major customers are K, L and G. These relationships are all longstanding. Customers come to us through referral. We have no "sales' staff.
- Over 20 years experience in customer relationship building, negotiating contracts and having to compete on price.
- We have a number of large business contracts for lawn services and meet their individual requirements and communicate well with them.
- Long lead times. High expectations in regards quality and service which they are often not prepared to pay for. Rebates that reduce margin.

Orders are generally large across many stores, which offsets some of the reduced margin through efficiency gains.

Accounts systems are often inflexible and absorb staff administration time.

- As a rural community we don't have many big businesses but we do some work for most of them (though not enough) we cannot compete with companies such as Cleanaway, JR Richards as we don't have the money for vehicles etc.
- Challenging but possible.
- **We offer a great service, professional and experienced.**
- We have good experience in selling to big business, as they seem to be able to deal directly with ADE and have more expertise and knowledge about the required product or service.
- Varying.
- We have for some years supplied products to a Big Australia-wide Business. Pressure for price reductions, commissions and freight cost eventually made the business unviable

### **Meet the customers needs...**

- Adapt to meet customer needs, ensure schedule delivery meets their requirements, back up stock to ensure orders are achieved at all times, communication.
- Don't have to share it around, feel free to procure from whomever they want. Got to build relationships to keep phone ringing.
- We have been dealing with big business since the establishment of our wholesale native plant nursery and land management enterprise. In the past years we have entered the fire suppression equipment servicing industry and added other big business customers.

One of the challenges is proving capability. The other is meeting ESH prequalification requirements to work in the civil and mining sectors. We have evolved ESH systems over many years to be able to meet the needs of many big businesses...

- They try and get the best possible price - not a lot of profit in these jobs. However they are supported of our business model.

- As all our products are handmade, the price does not always compete with items purchased from supermarkets.

We believe there is a greater push these days for social consciousness re supporting social enterprises, but we have not seen this translate into business for the service.

- Excellent - We have a contract with BB to do washing of overall, shirts etc
- Our major clients are hospitals and nursing homes who demand a high quality linen service which offers value for money.

### **Commercial considerations first: Quality, Price, Service, and Reliability...**

- Only when we are competitive in this area will big business see the benefits of supporting ADE and their CSR responsibilities.
- Know your customers and their needs.
- Generally smoother. Relationship driven, along with price and quality.
- We have dealt with a range of businesses and by far the resources sector is the most difficult due to the way they tender. This is normally based on a much larger contract they includes a wide range of services and equipment.

The other businesses we deal with normally have a simple approach to dealing with us as a business-to-business approach.

- Most are responsive to working with ADE's from a corporate social responsibility perspective. However, it still comes back to the economic bottom line and what is more cost effective for big business. This is usually where ADE's dip out. The focus is to sell yourself simply as a company that provides a product or service. The fact that you have disabled employees is a side matter and a bonus. Building corporate partnerships is the key for non-profits to do business with big corporations.
- Supporting our vision.  
As a customer of the ADE, you are providing secure employment opportunities for people who are blind or vision impaired. Our people are our focus and our greatest asset. They are fully equipped with the skills and capabilities to carry out your job with the degree of professionalism and expertise that you would expect for your business.  
Specialising in short runs.

### **Be quality assured...**

- Quality assurance.  
Our services are supported by a quality system that is accredited to the International Standards AS/NZS and Hazard Analysis Critical Control Points (HACCP) Food Safety Management.
- Some are positive towards using an ADE.  
Some see it as a disadvantage as they assume that the work will not be to their expectations due to the nature of our employees.
- Big Business tend to purchase centrally and their purchasing Depts. are based in Melbourne or Sydney. Our product is a consumable and would be just one item on the list of consumables they use. As we are unable to supply the other consumable items on the list items were are unable to tender.
- Getting through to real decision makers. The cost of good Sales Personnel and Advertising

## The key challenges, the important things to know or consider when dealing with Big Business:

### It's all about relationships...

- Keeping relationships and keeping on their radar.  
Overcoming the dominance of the big ADEs or big NFPs
- Industry knowledge, know our capacity to produce and deliver, deal with the right person.
- Lack of infrastructure and available capital to purchase plant and equipment  
lack of specific business skilled staff  
Solid Business networks
- Capacity to deliver products on time every time with equipment and processes and employees that are often not able to meet their requirements.  
Lack of capability to create new products and exploit new markets,  
insufficient critical mass to have low unit costs.  
Big business can have senior management come and go with different mindsets as regards engaging with ADEs -- That is a risk we need to consider.  
Big business often means low margins and late payment in exchange for surety of business and higher volume.
- Our position and freight charges that need to be addressed.  
Big business is a professional tightly run business and need to be competitive in procurement.
- Don't expect charity. Aim for excellence in all aspects of your business. Leverage off your ADE profile but don't rely on it
- The ability of the workforce. Inherent risks in the tasks required (e.g. working with chemicals)  
Flexibility in being able to provide the service. (e.g. huge increase in volumes at peak times)  
Conditions of the Contract  
cash flow  
The % of total work they will represent.
- What they want, how we fit into those requirements
- You need to take time to find out what they need and their purchasing process works

### Be competitive...

- Offering a competitive deal.
- Understanding their business and their markets as well as existing competitors and suppliers
- To be able to get to the right person
- Make sure that you can complete service delivery and know what your costs are
- They want the best price.
- Their deadlines. Their quality control standards. The fact that they expect delivery on time not a flexible approach to the product or delivery

- Big Business is now competing on a global stage, often decisions are made on eastern seaboard or overseas - getting to the decision makers is difficult.
- Secondly they need their suppliers to be cost competitive (otherwise they will import).
- Thirdly they need smaller numbers of suppliers and those that are able to provide them with huge volumes. This requires significant infrastructure that ADE's cannot afford also ADE's can't afford to employ National Sales Managers to source work from where they are located.
- Fourth, mechanisation is critical to produce large competitive volumes. Entering the service industry is an option, but higher skilled employees are required, this discounts up to 70-80% of employees (generally the Level 3 & 4 employees).
- Finally, some areas like recycling have become a popular social enterprise for ADE's. However, the market cannot support all the ADE's that are currently attempting to enter this market. Many will recognise this over the next 3-4 years.
- What the bottom dollar is and can we afford to actually tender and have a viable workplace given the dynamics of our workforce's abilities. In the past we have under quoted to gain the job rather than have limited work for our clients to do at work.
- Competitive pricing.
- The quality and reliability that we as a service can offer.
- The person who makes the purchasing decisions  
Getting the dollar lower than current
- Ability to supply product and demand peaks.
- Understand customers and their needs, talk their language- challenge/s = high Aus. dollar and concentration of head offices of commercial companies on eastern seaboard
- They don't own you, but may be your best option.
- Key challenge is competing with other customers who are willing to "buy" jobs and virtually do the job for nothing. The only winner here is big business.
- That we must approach our clients/customers as a business, not a charity...
- Resolving misconceptions surrounding quality control  
That we are an actual business
- How to get to decision makers

### **Be professional in your approach and documentation...**

- Must be very professional with approach and documentation, must have skilled staff with good knowledge of the industry.
- What contracts are available
- Not applicable
- Don't be intimidated by large business.  
To know your market.

- As above, getting to the decision maker

### **Know your market...**

- Know your break-even point when trying to sell your goods and/or services. Recognise when it isn't worth taking on work.
- How to write tenders and to develop and interpret contracts  
Being too small does not help  
Finding a niche for big business
- BB can usually choose from a multitude of competing offers for any product or service they need. It takes time for an organisation to develop the confidence and skills required to play in this space.
- Geographically disparate services. An ability to service nationally based contract opportunities.
- Their business requirements. Future levels of business activity.
- You need to provide the solution to their issue which at times means offering additional services that may not be your core business
- Provide excellence in service delivery
- They require minimum fuss transactions, high quality products and prompt service
- In a downturn, price is the key factor. ADEs competing with commercial operations have limited room to move on price generally.
- Safety, deadlines and quality assurance.
- Breaking preconceived image of the disability service
- Big Business makes big demands, which you must be prepared to meet.  
The 'service' aspect of an ADE should be kept in the background.
- Their poor payment terms  
Their need for quality as they are not concerned whether its a supported or unsupported workforce
- Marketing, national network of suppliers, understanding their systems of administration, rebates, product requirements and their image
- Understand their full requirements and deadlines, keep them well informed as to the progress of their products
- The set up cost to service big business
- Increase cost's (freight) due to rural and remote location
- Communication. Compliance, flexibility, costs
- It takes a lot longer to build relationships
- Economy and competition



- Up skilling and increasing resources quickly to meet contract demands is important and a challenge in our sector. Provide solutions not problems.
- We need to allow extra time when quoting for a job as working with disabilities can sometimes add another dimension to the work place
- Product, accounts, service
- Be professional, look professional and sell on the quality and service not employment of people with a disability.
- Getting in front of the key decision makers to have the chance to quote and also finding out which pieces of business are available to outsource

### **Meet their needs...**

- Treat them with a friendly approach and meet their every need
- Getting to the people that make the decision or have the influence
- Whilst they claim they're all about triple bottom line and would love to do business with an ADE for CSR reasons, the reality is something different. It is a naive, academic view to suggest that for big business the prime core focus is value maximization for the firm/ shareholders and not social or environmental matters for that much. However, I must admit that it is getting better. ADE's should use this as part of their strategy.
- High Australian dollar impacting manufacturing in SA, reducing potential markets
- Perception of using a Social Enterprise
- a) Competitive price;
- b) Quality Product;
- c) Reliability of delivery/service.
- Have something worth selling, sell the quality of products and services before selling the social purpose of the organisation