

Realising the Possibilities of Social Procurement: DM Roads Best Practice Feature

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Responsible for maintaining more than 1100km of road and 1300 bridge structures across metro Melbourne, [DM Roads](#) is one of the largest road maintenance operators in Victoria.

The business recently engaged its 11th social enterprise supplier, as part its Metropolitan Road Assets Maintenance Services (MRAMS) contract with the Victorian Department of Transport. The services these 11 social enterprises supply are diverse – from road and traffic sign manufacture, catering and hazard reduction expertise, to specialised maintenance equipment, and many more.

Equally, the social impact delivered through these contracts has been significant – more than 30 new jobs created and a host of new skills training provided, while emissions and waste reduction, capital investments and other community benefits have all been some of the positive outcomes.

This contract has helped DM Roads realise the possibilities of social procurement – and the results are encouraging the broader organisation to embrace the concept. But it wasn't so long ago that DM Roads had no social procurement exposure at all.

Winning the MRAMS contract required social enterprise engagement – and this is where Contracts Manager, Martin Kinski, says the journey started.

“We became aware of the social procurement movement during the tender process for the Government MRAMS contract, but there was no internal resource or guidance. We were very much starting from scratch,” Martin said.

“We did a few things at this point that hadn’t been done in our business before – we engaged with Social Traders, including buying a Social Traders membership. That immediately raised the profile of social procurement within the business.

“We then assessed the spend opportunity, from smallest to greatest, and considered where there were opportunities to engage with social enterprise.

“Those opportunities were not immediately obvious. But by breaking down our spend and discussing with Social Traders we were able to identify a few that we hadn’t initially considered.

“It’s pleasing to say that we have acted on a few of those early ideas and a few more are in the works. That demonstrates the value of having the right conversations, engaging with experts and persisting beyond the obvious opportunities.

“Social Traders networking events were really valuable in identifying opportunities and making some key introductions. Exploring social enterprise capability was important – rather than just considering needs from our perspective.

“We had a few commercial relationships in place that could have met our needs but we considered the broader impact beyond competitive price – this is also something we would not have done before.”

So how do social procurement contracts evolve?

Flexibility

“One of our first contracts arose from safety concerns – part of our role is to inspect footpaths next to freeways. It’s a more practical to do this using a bike rather than a utility vehicle – we engaged with Good Cycles to possibly meet this need,” Martin said.

“We had a really open discussion about our pricing model. We came up with a day rate that worked for both parties, and they came up with a bespoke product that allows us to carry out the task using all the equipment and materials we need.

“The impact was threefold – social, safety and environmental.

Patience and persistence

“What we learned very quickly is that to identify opportunities that can really make a difference the key is to be patient and persist – it can take time as both buyer and social enterprise often need to make adjustments,” Martin said.

“Buyers also need to be open to engaging with prospective suppliers in order to fully explore possibilities and look beyond immediate and obvious needs.

“For example, we engaged Knoxbrooke Outsource to help with our spill kits. The primary ingredient of that is sawdust – they had an abundance of that which was a waste product. Though at Social Traders networking session we got to discussing our needs and this opportunity arose.

“If it wasn’t for that discussion, we’d have never been buying sawdust from them. They also had to make a few changes at their end to make it work – but they did.”

Educate peers

Martin has become an advocate for social enterprise within the business, by telling stories and showcasing what social enterprise has to offer. A good example as to the value of championing social enterprise internally is La Trobe Valley Enterprises.

“We engaged La Trobe Valley Enterprises to provide all our signs, once we identified that they could meet our needs. We started with a 50% spend with them and it’s now transitioned to 100%.

“We were able to tell this story internally and other contracts from around the business are also engaging with them for signage and other products.

“I also recommend getting to as many Social Traders networking events as possible and more importantly take colleagues with you – bring them on the journey with you.

“As part of a business improvement forum we made social procurement a focus and pitched the idea to all national contract managers. Word began to spread quickly and organically internally.

“We’re looking at national social procurement agreements and we’ve developed a social procurement charter.

Take initiative

“There also needs to be a real driver within the business. Don’t wait until you have corporate systems support or a dedicated resource – just get started within your remit.

“Some of the decisions we made were fairly organic but that set the tone. We reported to the Executive, even when it wasn’t required, as to what we were doing and the results we generated. The message began to spread at high levels.

“This “bottom-up” approach was effective and the results speak for themselves.

Get teams involved with social enterprises – make it tangible

“I think it’s critical to visit social enterprises and get to know them and what they do.

“Moon Rabbit is another social enterprise that provided us with catering for a leadership meeting on site. Through this meeting other team members and leaders got to witness what exactly social procurement looked like.

“They can also meet with people whose lives are changed by social enterprises – this makes it real in a very tangible way.”

“This kind of approach broadened the horizons of the team to consider social procurement opportunities when possible, and they started to do that instinctively.”

DM Roads have no intention of stopping at 11 social enterprise partners. Martin suggests more opportunities are in the pipeline within his team and also the wider business.

Overall, Martin’s view is that it’s a question of the right attitude – seeing social procurement as an boundless opportunity, rather than a contractual requirement.

Impact Snapshot

LA TROBE VALLEY ENTERPRISES (LVE)

LVE is a regional Victorian manufacturer and maintenance service provider than employs more than 80 people living with disability. Through a Social Traders networking event, DM Roads gained an insight to LVE’s capabilities and awarded them a 5-year contract to provide signage for their roads maintenance programs as part of MRAMS.

This agreement provided the catalyst for LVE to commit to a \$1m capital investment in new equipment for the business. The contract enabled the creation of 14 new places for people living with disability while the increased capacity and scale opened up a series of new business opportunities.

Since signing the DM Roads contract, LVE’s revenue has grown more than 70% over the 2020 financial year.

KNOXBROOKE OUTSOURCING

An integrated social enterprise based in Melbourne's eastern suburbs, Knoxbrooke runs a packaging and assembly facility that provides employment for more than 40 people living with disability.

The workshop packages commercial quantities of kindling – a by-product of which is sawdust. Abundant sawdust. Long seen as a waste product, the sawdust eventually became a lucrative business opportunity when workshop Manager, Ron Barbaroux, met Martin from DM Roads at a Social Traders networking event.

An organic discussion about their different businesses identified an opportunity – DM Roads needed sawdust as for its spill-kits and hazard reduction equipment used on road projects. Knoxbrooke could supply it in commercial quantities at highly competitive prices – and a social procurement deal was done.

It's the beginning of what is set to be a major expansion step for Knoxbrooke and again reflects how powerful innovative thinking and the right conversations can be.

GOOD CYCLES

A social enterprise tackling youth unemployment, Good Cycles provides supported employment that prepares vulnerable young people to access better futures and quality jobs.

Through Social Traders, Good Cycles and DM Roads met and identified a way that a partnership could improve the overall safety of Shared User Pathways (SUPs) in Melbourne's North-West, while also providing meaningful employment for a young person.

Work began in November 2019, with supported employer, Nathan, learning how to inspect and grout these SUPs to ensure they were safe for all users. Being a keen cyclist himself, he took great pride in contributing to ensuring the SUPs were safe for cyclists.

The environmental impact is also notable, as nearly 500kms of travel on these tracks has been replaced with an e-cargo bike, rather than a car. So while it's safer for cyclists and pedestrians, the damage to the paths and vegetation is also reduced. This partnership means a young person has meaningful work and these SUPs can be safely used for a long time to come.

Find out more about how we work with businesses and government to generate successful social enterprise procurement outcomes.

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