



The Power of Purchasing

The Economic Impacts of Local Procurement

by Anthony Pringle

May 2013

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May 2013

@Columbia Institute, LOCO BC, and ISIS Research Centre at the Sauder School of Business.

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Foreword

The strength of local and regional economies is integral to the well-being of citizens, communities and society as a whole. Institutional purchasers and businesses can have a major impact on our local economies. Increasingly, these purchasers are looking beyond simply cost and are incorporating the sustainability attributes of their purchases into their decisions. However, even as they sometimes include the environmental and social implications, the economic impacts of their purchasing decisions are often ignored.

This report brings the economic pillar of sustainability into focus by quantifying the benefit of purchasing from local businesses. If we are deeply committed to sustainability, we must grow our understanding of the economic benefits of local businesses and enable them to strengthen our economy.

Local businesses employ and are owned by friends and neighbours, who are heavily invested in the strength of our communities and our quality of life. They create good, local jobs, buy more goods and services from other local businesses, give more to local charities, recirculate more money in our economy and strengthen our social fabric. They also face many barriers to success, among them a lack of resources, limited access to capital, capacity constraints, and a lack of awareness of the economic benefits that they, as local businesses, bring to our communities and economy.

This study came about as a partnership between LOCO BC, the Columbia Institute and the ISIS Research

Centre at the Sauder School of Business, UBC. By working together, we have been able to quantify the economic impact of a local supplier on the local economy. Through this partnership we were able to build local capacity to complete research on the impact of local ownership and local purchasing. Our study was launched with the hope that sustainability leadership in B.C. will incorporate local economic development and support for local businesses as an emerging area of focus. Our goals with the project are to show the power of local institutional purchasing and the value local suppliers have to support social and economic benefits in our communities.

This is a pivotal time, where a strong foundation of support for local food has the opportunity to deepen into a larger support for local business across our communities. Twenty years from now, we will look back on this time as the period when a critical shift in practice and policy started to move us toward more sustainable and resilient local economies. Those organizations who first make commitments to create change will be seen as pioneers in a movement to increase the power of purchasing to build greater resilience for the families, communities and economy of B.C.

— Amy Robinson is Executive Director and founder of LOCO BC, Charley Beresford is Executive Director of the Columbia Institute, and Joanna Buczkowska is Managing Director at the ISIS Research Centre, Sauder School of Business.

Executive summary

The Power of Purchasing The Economic Impacts of Local Procurement

Procurement by private and public sector institutions, is a major force in the economy. British Columbia local governments and school districts alone spend more than \$6.7 billion annually on procurement. How – and where – procurement dollars are spent can have important economic, employment, social, and environmental impacts. However, few studies have measured the difference in local economic impact presented by procurement.

This report uses the example of office supplies to investigate whether there is a difference in economic impact from buying local and if so, to what degree. Office supplies are a common requirement of public and private sector procurement. This is the first study to examine the economic impacts of institutional procurement in a Canadian context.

The results of the study show that the locally owned B.C. office supply company examined, Mills Basics, recirculates 33.1 per cent of its revenue directly to residents and businesses in B.C., compared to between 16.6 and 18.7 per cent for

their multinational counterparts. This presents a 77 to 100 per cent economic advantage for B.C. from buying local. Using provincial multipliers to translate this into jobs shows that this leads to a 80 to 100 per cent increase in jobs per million dollars spent.

This increased impact occurs because wholly local companies hire more local labour, give more money to local charities, distribute more of the profits from their operation locally, and buy more goods and services from local suppliers.

While OfficeMax and Staples, the multinational companies examined, do have sales, warehousing and delivery staff located in B.C., Mills Basics also bases its management, customer service, purchasing, marketing, and administration operations in the province. Because Mills Basics is locally owned, its profits earned also remain in B.C. OfficeMax and Staples, on the other hand, are publicly traded companies that distribute profits worldwide, often to large institutional owners and investors. In charitable donations, Mills Basics gave five

This report, the first to examine the economic impacts of institutional procurement in the Canadian context, uses the example of office supplies to investigate whether there is a difference in economic impact from buying local.

Increased local economic activity and jobs lead to greater tax revenue and a stronger economic base to support other businesses and anchor institutions. This study demonstrates that there is a real economic advantage to purchasing from local suppliers.

times as much money to charity as a percentage of revenue compared to OfficeMax and Staples. Finally, all of the companies purchase some goods and services from other businesses in the province, such as fuel, cleaning services, maintenance and other operational expenses. Mills Basics, however, purchases more from companies in B.C., including legal, accounting, IT, and banking services. The fact that Mills Basics procures many of its goods from wholly local B.C. companies means that its suppliers also have a larger impact on the local economy, for the same reasons listed above.

Increased local economic activity and jobs lead to greater tax revenue and a stronger economic base to support other businesses and anchor institutions. Non-local companies and imports are, of course, key components of any modern economy, but empowering and enabling local companies to capture a bigger share of their local and regional markets can provide significant benefits to the local and provincial economies.

Cities and regions spend millions of dollars on economic development. Private sector institutions similarly make investments in their communities as part of their overall business strategies. Both spend billions of dollars on the purchase of goods and services. Yet, these goals are rarely aligned. The

potential exists for greater engagement and utilization of the local economy to the mutual benefit of the public sector, businesses and the wider community.

The conventional wisdom governing procurement is that it should be unbiased toward potential suppliers and provide the best value for money, with value often defined narrowly in terms of the lowest price or bid for a contract.

In recent years, however, institutional values such as environmental and social goals have begun to be integrated into procurement through supplier environmental and social requirements. Local economic development is not only strategically beneficial to public and private institutions, it is also in line with many social and environmental goals promoted by governments, socially responsible businesses, and the non-profit sector. As procurement processes change and evolve, greater incorporation of local economic impacts could be considered.

This study demonstrates that there is a real economic advantage to purchasing from local suppliers. There are numerous examples in Canada and elsewhere where local purchasing is being addressed and incorporated to a greater degree. Many opportunities for greater inclusion are still available.

Introduction: Why local?

Institutional procurement is an enormously important force in the economy. In British Columbia, local governments and school districts alone spend over \$6.7 billion annually on the purchase of goods and services.¹ As a result, public and private sector spending is coming increasingly into focus because of the buy local movement.

Traditionally, purchasing professionals have had the sole aim of evaluating potential suppliers fairly and objectively while achieving the greatest value for money. Many public and private institutions have begun to incorporate other organizational values in addition to cost efficiency, such as sustainability and ethical purchasing goals. It is very commonplace to include requirements in procurement for standard certifications like Fair Trade coffee and FSC® certified paper. Organizations often require suppliers to provide environmental and social credentials that factor into their procurement decisions.

Few consider the effects of purchasing on the local economy—on the ability of spending to increase wealth and jobs in local communities and regions (often referred to as the local multiplier). As a result, a major strategic tool at the disposal of both public and private bodies often goes unused. For example, governments at various levels spend millions on economic and business development, and tens or hundreds of millions on procurement, yet these efforts are rarely coordinated to meet the same end.

The wider economic impacts of purchasing are rarely taken into account, partly because there is a lack of awareness and data regarding the different economic impacts of local and non-local businesses. This study uses the example of office supplies, a common requirement of public and private sector procurement, to investigate whether there is a difference in economic impact from buying local and if so, to what degree.

Governments at various levels spend millions on economic and business development, and tens or hundreds of millions on procurement, yet these efforts are rarely coordinated to meet the same end.

¹ Statistics Canada, CANSIM Table 183-0002, Public sector employment, wages and salaries, seasonally unadjusted and adjusted, <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=1830002&paSer=&pattern=&stByVal=1&p1=1&p2=-1&tabMode=dataTable&csid=>; Statistics Canada, Provincial and Territorial Economic Accounts, Table 9, “Local government revenue and expenditure, British Columbia,” www.statcan.gc.ca/pub/13-018-x/2011001/t/tab0959-eng.htm; Denis Audet, Government Procurement: A Synthesis Report (OECD *Journal on Budgeting* 2(3) (2002): 159, www.oecd.org/governance/budgetingandpublicexpenditures/43506020.pdf

> The Economics of Local

Local companies spend a greater portion of the revenue they receive back in the local economy. They circulate more to local labour, suppliers, owners and charities. In turn, these employees, suppliers and owners spend that money on goods and services they need, some of which come from locally owned businesses as well.

Proponents of local purchasing as a means for increased economic impact argue that local companies spend a greater portion of the revenue they receive back in the local economy. They circulate more to local labour, suppliers, owners, and charities. In turn, these employees, suppliers and owners spend that money on goods and services they need, some of which comes from locally owned businesses as well. This is the essence of an economic multiplier, which measures how much money injected into an economy is re-circulated within that economy.

An analogy often used to exemplify this is a leaky bucket. The bucket represents a local economy where money flows into the economy through exports and investment. Money leaks out by acquiring goods and services from outside the local economy. This openness is absolutely essential for a healthy economy and not under dispute. The more outflows that can be plugged, by producing goods and services locally, the slower money leaves the economy, resulting in more local jobs, income, and community wealth.

Local economies do compete with each other for jobs, income and tax revenue. Rather than supporting existing or new local businesses, economic developers sometimes offer incentives to large, non-local corporations to attract them into the local economy. Yet, studies published in the Harvard Business Review and Journal of Urban Economics showed that developing small local businesses is more effective at creating employment than this so-called “smokestack chasing.”²

The economic argument for encouraging local purchasing is not only that it creates local jobs and wealth, but that it can be more effective than other economic development methods if existing local capacity can be empowered. Additionally, there are a number of other benefits linked with increased activity in local small businesses, such as greater community and political participation, smarter growth, greater public health, improved tourism attraction, and a stronger culture of entrepreneurship.³

2 Edward Glaeser, William Kerr and Giacomo Ponzetto, “Clusters of Entrepreneurship,” *Journal of Urban Economics* 67 (2010): 150–168; Edward Glaeser and William Kerr, “The Secret to Job Growth: Think Small,” *Harvard Business Review* July-Aug 2010.

3 Troy Blanchard, Charles Tolbert and Charles Mencken, “The Health and Wealth of US Counties: How the Small Business Environment Impacts Alternative Measures of Development,” *Cambridge Journal of Regions Economy and Society* 6 (Dec. 2011), doi:10.1093/cjres/rsr034; S. Goetz and A. Rupasingha, “Walmart and Social Capital,” *American Journal of Agricultural Economics* 88(5) (Dec. 2006): 1304-1310; C. M. Tolbert, “Minding Our Own Business: Local Retail Establishments and the Future of Southern Civic Community,” *Social Forces* 83(4) (2005): 1309-1328; T. A. Lyson, “Big Business and Community Welfare,” *American Journal of Economics and Sociology* 65 (2006): 1001–1023, doi: 10.1111/j.1536-7150.2006.00489.x.

> Previous Studies

In the past decade, studies conducted in the United States and England have demonstrated the increased economic impact local businesses have compared to their national and multinational competitors. Civic Economics is a leader in this field, conducting numerous studies in the United States, and recently in British Columbia. A 2013 Civic Economics study focused on B.C. retail stores and restaurants found that local businesses distributed an average of 2.6 times the amount of money locally compared to chains.⁴

This was the first study in Canada to measure the difference in local versus non-local purchasing. Most of the studies by Civic Economics focus on the relative economic impacts of retail stores and restaurants; however, one study is directed toward larger scale procurement. It found that an Arizona-based office supply company re-circulated 22.6 per cent of revenues in the state compared to 12.9 per cent at its national public competitor. When the indirect impact, or the further re-circulation of that money by the local company's suppliers was incorporated, the difference was increased to 33.7 per cent versus 12.9 per cent.⁵ A number of other independent studies can be found through the Institute for Local Self Reliance (ISLR) in the U.S. and the Centre for Local Economic Strategies (CLES) in the UK. This office supplies study, however, represents the first of its kind to examine the variation in local economic impacts that procurement may present in a Canadian context.

4 Civic Economics and CUPE-BC, *Independent BC: Small Businesses and the British Columbia Economy* (Feb. 2013), www.civiceconomics.com/library/.

5 Civic Economics, *Procurement Still Matters: An updated Look at the Economic Impact of Local Suppliers* (March 2012), www.civiceconomics.com/library/.

> Office Supplies

Office supply contractors were chosen as the basis for this study for a number of reasons:

- Office supplies are a commonly procured set of goods by public and private institutions;
- The industry contains a variety of company sizes and types, making it a great example of procurement with viable local and non-local options; and
- Mills Basics, a BC-based office supply company, agreed to provide access to its private financial records so the local economic impact could be assessed. This information is sensitive in a competitive environment and is therefore kept confidential except in the aggregate analysis.

The study compares Mills Basics to OfficeMax (Grand and Toy) and Staples. Both Staples and OfficeMax are multinational, publicly traded companies that have relatively strong local presences with sales and distribution in British Columbia. For comparison, Office Depot, a company that supplies to Canada, but has no local presence, was also included.

A 2013 Civic Economics study on B.C. retail stores and restaurants found that local businesses distributed an average of 2.6 times the amount of money locally compared to chains.

Measuring Local Economic Impact

For the purposes of this study, local business refers to any business that is privately held and where the owner or the majority of the owners are B.C. residents and live within the province.

> What is 'Local'?

This study focuses on a relatively wide scope that included economic impacts for the entire province of British Columbia. Although some studies have explored impacts on a smaller scale, studies focusing on procurement have tended to have a wider geographic scope. This allows for a fair comparison between companies that supply to a large area.

For the purposes of this study, local business refers to any business that is privately held and where the owner or the majority of the owners are B.C. residents and live within the province. This includes employee and cooperatively owned businesses, as well as nonprofits, but not government units. The business must be registered in B.C. with no corporate headquarters outside of the province.

There are, however, degrees of locality. Full local ownership, with all business functions contained within a local economy would be wholly local, but a business that is not locally owned may have a strong local presence if it has a large portion of its operations based locally. This is an important point to note, because the greater the local presence of non-local companies providing goods and services to a local area, the greater the local economic impacts are likely to be.

> Economic Impact Determination

To identify the economic impacts of various office suppliers in B.C., the proportion of revenue that is re-circulated in the local economy needs to be determined. To accomplish this, revenue is broken down for each company into:

- Cost of goods sold;
- Net profit;
- Charitable giving;
- Labour; and
- Procurement.

The last two categories are further broken down based on the industry into:

- Labour – executive management, administration, marketing, purchasing, sales, customer service, warehousing, distribution, and printing; and
- Procurement – professional services, operational services, equipment and operational costs, rent, utilities, and other.

Mills Basics agreed to provide access to its finances and records, allowing a breakdown of revenue and the proportion of local spending.

Total revenue at Mills Basics was broken down by the categories listed above. Each of these categories was further divided into:

- Money that went to a locally owned and operated company, supplier, person or cause;
- Money that went to a national or multinational company with a local presence; and
- Money that left the local area to a recipient with no local presence.

Since OfficeMax (Grand and Toy), Staples and Office Depot are publicly traded companies, a great deal of information regarding their finances and operations is publicly available. In their annual reports, the companies' finances are broken down into contract and retail divisions, allowing a direct comparison to Mills Basics. For Grand and Toy, the Canadian retail stores are included in the OfficeMax contract department. These were removed by making the assumption that Grand and Toy's retail operations were on average the same as OfficeMax's other retail operations, and removing that portion from the contract segment. A standard

breakdown of the public companies' contract services was achievable using publicly available information, such as income statements, executive compensation, charitable giving, and other annual report and SEC filing information. Industry reports and Mills Basics detailed financial information were also used as supplementary and proxy data. The operations for each company in B.C. was identified using company reports, websites, information from industry employees, and other tools such as LinkedIn to identify the staffing positions located in the province. With the degree of local operations known, it was possible to estimate the percentage of revenue that remains in the province for each of the categories identified above.

This direct recirculation is the largest factor in determining a local economic multiplier. Wages spent by employees locally within a local economy is induced impact and the money spent by suppliers that remains locally is the indirect impact. Each successive round recalculates a smaller fraction than the previous round. The more local suppliers and employees a company has, the greater the overall multiplier will be.

Office Supplies Companies

MILLS BASICS is a Vancouver-based office supplies company established in 1949. Currently the company has three offices in B.C., in Vancouver, Penticton and Kamloops. Mills Basics employs 106 people in B.C. and is part of the national Basics purchasing group. Basics is a network of locally owned and operated dealers across Canada that work together to provide national buying power, yet local ownership.

OFFICEMAX (GRAND AND TOY): Grand and Toy was established in 1883 in Toronto and gradually became a nationwide brand and provider of office supplies. In 1996, Grand and Toy was purchased by Boise Cascade Office Products, a publicly traded U.S. company that became OfficeMax in 2004. Grand and Toy has two sales centres in B.C. and two retail stores, as well as a distribution centre that opened in 2009.

STAPLES is a multinational corporation with a local presence in B.C. Its Canadian operations are headquartered in Toronto. It has five satellite sales offices throughout the province, a distribution and sales centre in Richmond and a smaller distribution centre in Vancouver. Staples is the largest North American office supplier and has the largest market share.

OFFICE DEPOT is a large office supplies contractor that operates in Canada and has a separate Canadian website. While Office Depot used to have retail locations and a distribution centre in Canada, it now operates entirely online in Canada. At the time this report was released, Office Depot had merged with OfficeMax, but was still included to show the impact of a company with no local presence.

The Local Economic Advantage

> Following the Money

Labour is where the greatest difference in local economic impact comes into play. Mills Basics' entire payroll is made up of B.C. residents.

Ownership and Profits

The greater economic impacts attributed to local companies can be better explained by taking a deeper look at specific revenue categories. Profits that a locally owned company earns are allocated directly to local owners. This is the case with Mills Basics. Some portion of this is then recirculated through induced impacts of consumer spending by the company owners. There is a strong likelihood that some B.C. residents do own some shares in Staples and OfficeMax, but the percentage of owners that are B.C. residents would be relatively so small that the proportion of any revenue re-circulated back to them would be a negligible percentage.

Charitable Giving

All three companies have good track records of corporate citizenship and all give money to causes in British Columbia. With regards to charitable giving as a percentage of total revenue, however, Mills Basics gives back the largest amount. Even assuming that B.C. receives a proportional amount of all the charitable giving Staples and OfficeMax donate as a percentage of revenue, Mills Basics still gives back more than five times more of its revenue. Much of this giving is provided to purely local charities and causes.

Cost of Goods Sold

For all of the companies, the cost of goods sold (COGS) takes up a large proportion of total revenue. The vast majority of this revenue is not spent locally, but rather goes to large distributors in the U.S. and overseas to the manufacturing places of origin. As a result, a large portion of revenue from all of the companies examined does not remain in B.C. Very small portions of the goods sold may come from B.C., such as tissue paper manufactured in the province. This is, however, too small a portion to have an impact on overall revenue breakdown and local re-circulation.

Labour

Labour is where the greatest difference in local economic impact comes into play. Mills Basics' entire payroll is made up of B.C. residents. This includes all of Mills' company management, sales executives and sales staff, marketing team, administration, purchasing team, customer service team, internal support roles such as IT and accounting, warehousing staff, delivery staff and printing staff. Staples and OfficeMax both have local distribution centres in the province. Both companies also have sales and delivery teams and some sales management positions. The majority of both companies' other operations are based in Toronto and the United States, where both companies'

corporate headquarters are located. This is where the purchasing, executive management, human resources, marketing, advertising, administration, and other business functions are located for the most part. Labour is where the majority of local economic recirculation comes from for office supply companies and is where the greatest difference exists between the local and non-local companies. OfficeMax has a unionized warehouse workforce, which makes these wages higher than the other companies.

The distinction between differing degrees of locality is especially important to highlight here. As the largest aspect of local re-circulation in this case is wages and benefits, then the more operations that are local, the larger the impact. A wholly local company will generate the largest economic impact per dollar spent. As more business functions, such as management, administration, marketing and customer service are removed from the local area, the amount of income re-circulated and the number of local jobs supported decreases. This is why there is virtually no local multiplier when purchasing from companies like Office Depot, which has no local presence. As more business operations are located in the local area, the economic multiplier increases. Cities will often track whether a business has a local address, but this reveals only one layer of local. Knowing to what degree business operations are local is essential to determining local impact.

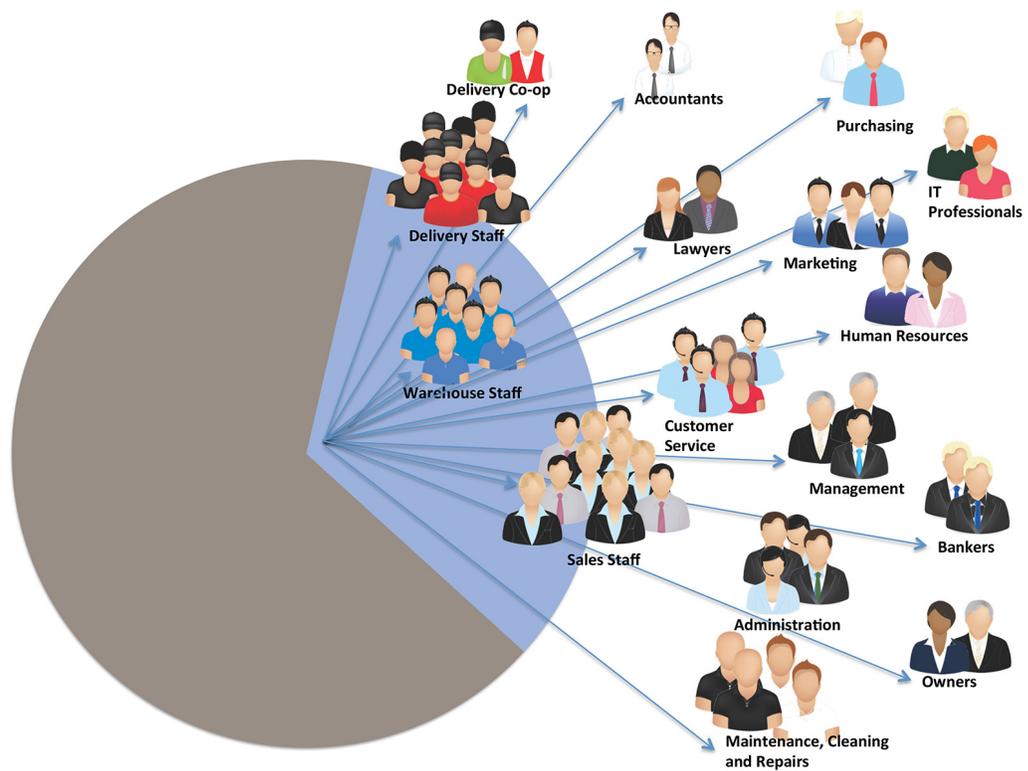
Procurement

In addition to increased local profits, charitable giving, and labour, Mills Basics also procures more local goods and services. As a result, other B.C. businesses and professionals also receive a proportion of revenue received by Mills Basics. This includes legal fees, company banking at a local branch, IT management, and marketing services. Mills Basics even utilizes a local cooperative to deliver its products, fossil-fuel free, to clients in downtown Vancouver. There are some goods and services that all companies with any local operations need to procure. These include cleaning services, maintenance contracts, fuel, rent or property tax, and utilities. A company like Office Depot with no local presence would not have any local procurement, with the exception of some small fuel costs and final delivery.

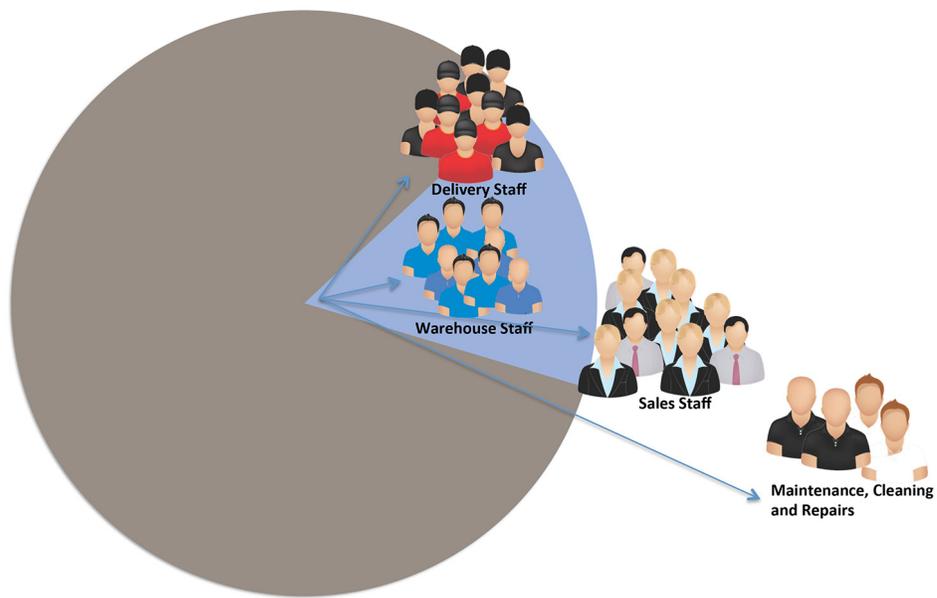
Figures 1 and 2 on the following page display visually the allocation of revenue to B.C. residents.

Mills Basics also procures more local goods and services. As a result, other B.C. businesses and professionals also receive a proportion of revenue received by Mills Basics.

> Figure 1: Visual Representation of Mills Basics Contribution to Local Jobs



> Figure 2: Visual Representation of Staples or OfficeMax Contribution to Local Jobs

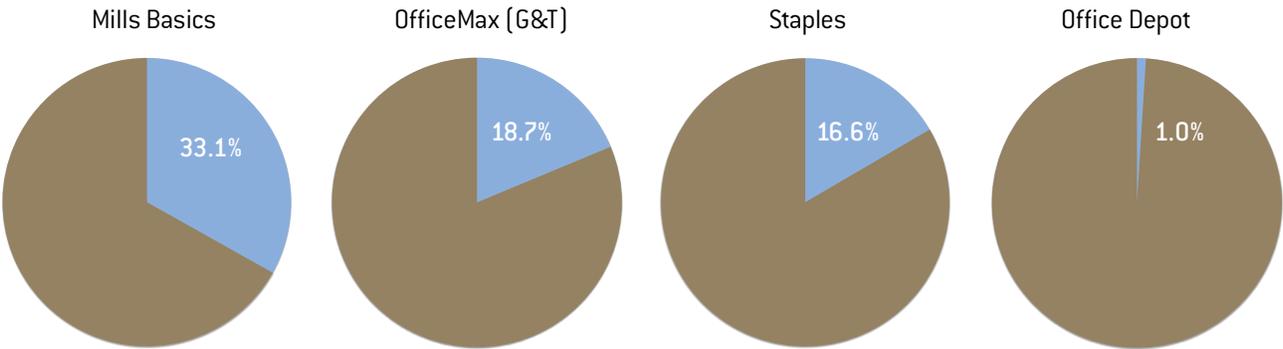


> The Local Difference

Mills Basics, the wholly local company, was found to directly re-circulate 33.14 per cent of revenue locally. This is almost twice as much as the multinational companies with some local presence: Staples, with 16.57 per cent re-circulation and OfficeMax (Grand and Toy), with 18.72 per cent. The difference between Staples

and OfficeMax is due primarily to OfficeMax having higher-wage unionized warehousing operations, although the two companies have very similar overall local operations. Office Depot, on the other hand, was found to recirculate less than 1 per cent locally due to its complete lack of local presence.

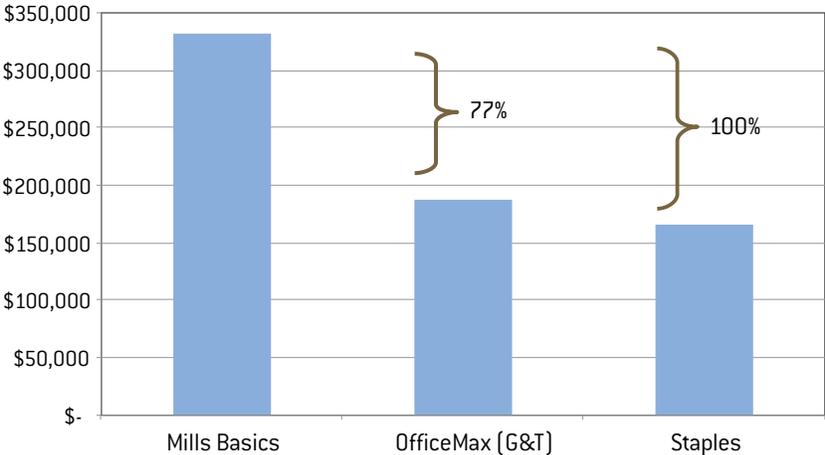
> Figure 3: Direct Recirculation of Revenue Breakdown Back to the Local Economy



Applying numbers to these breakdowns helps to understand the total impact. For a hypothetical \$1 million contract, Mills Basics would recirculate \$331,000 back into the B.C. economy. This is 77 per cent more

than OfficeMax (Grand and Toy) at \$187,000, 100 per cent more than Staples at \$166,000 and more than 3,200 per cent more than Office Depot, which has no local presence.

> Figure 4: Direct Local Recirculation from a \$1 Million Procurement Contract



Implications

The results of this study demonstrate the increased impact of a local office supply company on the local economy. The local office supply company showed between 77 and 100 per cent increases in local economic activity per dollar of revenue when compared to multinational brands. Output, wealth and job creation are all increased by supporting local businesses.

This direct recirculation, which is almost twice as much for the local company, is the largest factor in an overall economic multiplier. If we include further indirect and induced impacts of employees and suppliers spending locally, the initial local advantage is even greater. The initial difference in recirculation is magnified because a greater number of employees and suppliers recirculate their wages and income. This is the case without even considering the fact that wholly local companies like Mills Basics often use wholly local suppliers, who, like them, have higher local recirculation rates than non-local and partly local companies.

Existing provincial multipliers can be used to estimate the difference in employment generated by the local company. Applying the difference in income redistribution to provincial employment multipliers shows that for a one million dollar contract, the wholly local company would create 3.6 jobs compared to 1.8 to 2.0 for the multinationals. This represents an 80 to 100 per cent increase in local employment generated by the local company. The employment figures generated by Mills Basics are in fact even larger than the provincial multipliers indicate.⁶

⁶ The actual figures from Mills Basics indicate this gap is even greater; however, it would not be possible to cite the figure without divulging private information about Mills Basics financials.

This study clearly demonstrates that a local company creates more local income and employment than non-local companies, even when those companies have local operations.

Public institutions benefit from increased local economic wealth through greater property, income, and sales taxes. Private companies and other anchor institutions like universities also benefit from increased local wealth and employment as it means more money stays in the local economy to buy local goods and services. As a result, public institutions like municipal and provincial governments, schools, universities, and hospitals, as well as private companies, could benefit from making an effort to purchase from local suppliers where possible. In addition, many argue that local small businesses also bring along a number of other benefits, such as increased civic unity, political participation, public health, entrepreneurial growth and tourism, which have not been incorporated into this report.⁷

In the U.S., local purchasing preferences are commonly used to increase local procurement; in Canada this is not a common practice. Canadian examples of value-oriented purchasing are more frequent, such as sustainable and ethical procurement. Barriers to implementing local purchasing goals include trade agreements, a lack of momentum, and support. Trade agreements can make a local purchasing preference challenging for public sector organizations. Lack of drive to address local purchasing is shifting as more people get involved, but more support is needed to spur meaningful change.

⁷ *Supra* note 3.

Conclusions

Purchasing by private and public sector institutions is a major force in the economy. Institutional procurement presents a large opportunity for local economic development. By purchasing goods and services from local suppliers, public and private institutions could increase local jobs and economic wealth.

There are, however, only a few studies that have measured this increased impact. This study examined office supply companies in British Columbia to provide a Canadian procurement example of the increased impact from buying local. Mills Basics, the local office supply company, was found to provide between 77 and 100 per cent greater benefit to the local economy. This was due to the fact that Mills Basics recirculated 33.1 per cent of its revenue locally compared with 16.6 to 18.7 per cent for its multinational counterparts. In jobs, this was shown to lead to almost twice as many jobs created in the B.C. economy per dollar of revenue.

Buying local has the power to greatly influence economic development and vitality through greater use and expansion of local resources and capabilities. Public and private organizations can benefit significantly from exploring and implementing practices that improve opportunities for local companies, while maintaining the core principals of fairness and transparency.

Knowing the degree to which suppliers and their operations are local is a place where organizations can start. Institutions can also reach out to identify whether local companies have the capabilities to compete with other suppliers while offering greater economic benefits, and potentially social and environmental benefits as well.

In other efforts to incorporate social and environmental values into institutional purchasing practices, the first step has been to establish commitment and the will to move forward. There are organizations and champions that are encouraging and supporting this movement in British Columbia and elsewhere in Canada. Many institutions in different parts of the world, including Canada, are beginning to move forward on using purchasing as a tool for economic development. More organizations and institutions can now take charge in this area so that the benefits of a diverse and vibrant local economy can be recognized.

Buying local has the power to greatly influence economic development and vitality through greater use and expansion of local resources and capabilities.



The Columbia Institute fosters individual and organizational leadership for inclusive, sustainable communities. This work is rooted in our belief that communities who value social justice, the environment, and their local economy are healthier, happier places to live. We also nurture strong local leadership, and support community leaders with cutting-edge research on emerging issues through our Centre for Civic Governance.

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LOCO BC is an alliance of local companies working to strengthen our communities, grow the local economy and build strong, sustainable businesses. LOCO promotes, connects and supports local businesses through its supplier directory, business networking events, buy local campaign, advocacy, and group business programs for health care and small business sustainability.

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ISIS at the Sauder School of Business is focused on leveraging business tools to advance social innovation and sustainability, through research, incubation, and application. ISIS core focuses of programmatic work and research fall into three areas: low carbon economy, social economy, and economic development with First Nations.

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