

Procurement Strategy that Integrates Diversity & Inclusion

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OVERVIEW

YVR developed a procurement strategy that aligns with their organizational values of diversity and inclusion. Their procurement strategy gives preference to vendors who practice corporate social responsibility in a variety of areas that are important to YVR including accessibility, this is known as the Sustainable Supply Management Plan.

OBJECTIVES

YVR's objectives in developing this plan included:

- Embedding sustainability into purchasing decisions to ensure meaningful consideration of social and environmental criteria when selecting suppliers, products and services
- Using value-based principles to guide business decisions
- Partnering with other businesses with similar values
- Inspiring the organizations they work with to be more socially responsible
- Exploring opportunities and reviewing lessons learned

APPROACH

YVR took the following approach in developing their Sustainable Supply Management Plan:

- Created a working group
- Developed guiding principles to approach procurement
- Sought to understand their current vendors and define an approach for each type of bid
- Communicated goals and changes to vendors

Creating the Working Group

It was important for YVR to have a working group to create and implement this new strategy. Critical to the working group is cross-departmental representation and involvement of senior leaders in the organization who had influence to implement the initiative within their teams. The team consists of: Vice President Engineering, Vice



President People and Sustainability, Vice President Legal and Chief Governance Officer, Vice President and CFO, Vice President Marketing, Airline Business Development and Public Affairs, Director Environment, Director Marketing and Communications, collectively forming the Sustainability Working Group.

Other committees were developed based on the operation and business function in carrying out a sustainability plan. In this case, supply management is responsible for working in collaboration with suppliers. This approach often results in overall lower costs, while promoting diversity in the workplace and minimizing the airport's environmental impact. YVR follows leading governance practices by treating the supplier community in a fair equitable manner which reflects its responsibilities to the community. This will allow YVR to leverage all four pillars of sustainability: environment, social, economic and governance.

Guiding Principles

Sustainability is a corporate priority at YVR that is embedded in their strategic foundation. This approach to sustainability guides the organization to make financial, environmental and social choices that optimize environmental outcomes, create socio-economic benefit, spur innovation and enhance partnerships to enable them to build on their success and create lasting value.

In order to integrate part of the overarching corporate sustainability plan, the first task of the team was to build out a terms of reference to govern how they will partner with the supplier community to develop innovative ways to improve sustainability. This was used to ensure everyone was on the same page and identified key priorities in moving forward.

Knowing the Market Place

There are two streams in which YVR assesses their major partnerships:

1. A competitive bid process where YVR requests submissions from vendors based on an identified need. YVR includes a Code of Conduct in every Request for Proposal (RFP). Not only was it important to align corporate values with their sustainability goals, it was equally important to establish a standard for doing business with YVR.
As YVR was making changes to the RFP process, they consulted with other organizations so they could benchmark that what they were asking for was reasonable and consistent within the marketplace.
2. Unsolicited vendors coming to YVR with products or services. YVR identified four key groups: women, people with disabilities, visible minorities and indigenous peoples. Preference is given to organizations who are owned/operated by, or employ people from the four identified groups.

Before recommending changes to the RFP process, the working group assessed the vendors in their current database. This process allowed YVR to identify areas of opportunity within their current vendor base. They obtained this information through a survey of their vendors where they asked what Corporate Social Responsibility (CSR) looks like for their respective

organizations through a Leadership Questionnaire which probes for information about diversity and the requirements within it.

Diversity is one component out of a substantial list of criteria that is considered in the evaluation of all major service RFPs. YVR requests proponents explain if and how they incorporate diversity into their business practices. While this information is requested for complex, high value integrated service contracts for operational support (i.e. customer care support, janitorial services and security) the incorporation of diversity is not a requirement in doing business with YVR. By going through this process, they were also able to assess the mechanics of their current system – and how it captures CSR information.

Communication to Suppliers

Once the RFP was finalized, YVR initiated a communication plan with their current vendors. In the first year, they put clauses in their RFP as a notice to vendors that there were changes coming. In the second year, they rolled out the new RFP process and called attention to their updated process. YVR shared its purposeful and deliberate approach to aligning their strategic objectives with their suppliers. YVR seeks suppliers that share their values which includes diversity and inclusivity.

YVR invited questions from vendors during this process. By communicating with their vendors, it allowed YVR to display their values and encourage alignment with the businesses they work with.

OUTCOMES

YVR's vendors were very responsive to the new process and many of them shared that they have been asked similar questions by other organizations. Some of their vendors have disclosed that they have a desire to be more socially responsible, but are still on the journey to get there. YVR has utilized these opportunities to be a leader and help organizations progress towards being diverse and inclusive organizations.

As part of all major contractors with high value complex service agreements (multi-million dollar contracts) that provide integral support for YVR operations, vendors report annually on any changes or updates to their diversity plans to ensure that both organizations are in alignment throughout the contract term.

LESSONS LEARNED

There were many lessons learned in the process of developing and implementing of the RFP process including the need for resources, executive support, being patient and learning from other organizations. YVR is at the beginning stages of their newly refined process with major contracts and developing supplier outreach strategies based on their learnings. It is a journey and the process changes as they move forward.

It Takes Resources

Coordinating a working group that involves talent from around the organization, and coming up with a new organization-wide strategy takes resources – both time and financial investment. Developing the RFP process is a major part of the change, but the roll out and sustainment also takes time and dedicated resources.

Also, as part of the RFP roll out, there might be competing priorities as a vendor may have values that are aligned with YVR's business, but another vendor may be more cost-effective. It is important to understand how your organization wants to handle these conflicts.

Executive Buy-In is Crucial

YVR found that in order for an organization-wide process to be effective, there has to be buy-in from the most senior levels of the organization. Having the working group involve executives from different parts of the business was critical to the success of the roll out.

Learn from Other Organizations

Many airports within Canada are either developing or are at the beginning stages of integrating diversity programs. In the United States, airports are federally regulated to incorporate diversity into their operations. YVR is learning from other industry partners on how they incorporate diversity and inclusion into their procurement and contracting strategy to be more than a regulation but to drive innovation and value.

Patience is Key

The RFP process requires an organizational wide buy-in – not only on honouring the new process, but in thinking about partnerships in a different way. This change is foundational and takes time, so being patient with your organization is key to the success of this roll out.

NEXT STEPS

Keep the momentum going. YVR continually seeks ways to improve how they do business and remain flexible to refine the procurement process as the journey continues. The Sustainable Supply Management Plan will be updated in 3 years. The Supply Management Team at YVR regularly reviews and reports on key deliverables in the plan by working with partners and vendors. YVR also highlight's success stories within the organization and externally with the community and stakeholders.