



Purchasing Pathways: How Social Procurement Supports Growth

*How Can Strategic Purchasing Fuel the
Growth of Nonprofit Enterprises?*

CASE STUDY 07

An Undertapped Market

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This case was written solely to provide material for learning. It does not illustrate either effective or ineffective handling of a managerial situation. Certain names and identifying details are fictionalized.

Quick Facts

- 25+ nonprofits participated in the Business Model Enhancement Program (BMEP) exploring various pathways to social finance
- 1:1 coaching proved critically valuable in helping nonprofits gain confidence and ideas

Industry Facts

- 80% of [Government of Canada's procurement spend](#) flows through Public Services and Procurement Canada (PSPC), pointing to the huge opportunity for using this expenditure to advance social objectives.
- There is strong social sector supplier potential within Alberta. Alberta's nonprofit sector contributes 6.2B to provincial GDP, employs roughly 90,000 residents, and comprises 27,000 organizations, creating a large, diverse supplier pool for public and private buyers.
- 2% of the City of Toronto's [\\$1.8 billion spend](#) on procurement of goods and services goes to Toronto's economically disadvantaged communities, leaving a lot of opportunity to direct this expenditure for social causes
- Globally, more than 10 million social enterprises generate an estimated 2 Trillion USD in annual revenue, demonstrating that purpose-driven suppliers can compete at commercial scale.
- Demand for nonprofit services is rising, but only 24 percent of nonprofits report increased capacity. Procurement contracts can create stable, long-term revenue to offset grant volatility.
- Companies and institutions are increasingly diversifying their supplier base to include social enterprises, nonprofits, Indigenous businesses, and equity-deserving groups to meet ESG and community-benefit goals.

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Introduction

Social procurement is gaining unprecedented traction across Canada. Annual [government procurement spending](#) on goods and services is nearly \$40 billion, and [major institutions](#) like universities and city departments are also realizing the importance of aligning their purchasing with community and sustainability goals.

This shift matters because Canada's nonprofit and charitable sector represents more than 216B in economic activity and 8.2 percent of national GDP, employing 2.8M people. In Alberta alone, nonprofits contribute more than 6.2B to the provincial economy and employ over 90,000 people, positioning the sector as a major under-utilized supplier market.

There is growing recognition in both the public and private sectors that community wealth-building requires market access. Yet, nonprofits serving populations who face barriers to employment remain largely unprepared to respond to this market opportunity. They often struggle to find the government or commercial contracts they need to run sustainable employment programs. Lessons from high-potential social ventures demonstrate what becomes possible when aligned purchasing and social missions meet commercial readiness.

“The impact of social procurement is both direct in what the product or service is trying to do—like employing people—but it’s also cultural. It drives systems change.”

— Founder of local social enterprise and Coach with Innovate Calgary

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Challenge: Helping nonprofits overcome barriers to social procurement

A local founder had already seen this social enterprise model work. From 2016 to 2020, his venture proved that nonprofits could win commercial contracts that helped create employment. Their venture grew from pilot contracts to serving over 100 restaurants while employing people who were unhoused. The founder knew purpose-driven procurement could change a lot of lives.

When COVID-19 forced their social venture to close, the founder transitioned into coaching and consulting for startups and nonprofits. They began noticing a troubling pattern: despite growing social procurement opportunities, most nonprofits attempting to enter commercial markets were struggling.

"My general experience with nonprofits looking at social procurement is that they're ill-equipped to make it work," says the founder.

Most nonprofits rely on traditional grant funding, which creates short-term program cycles but rarely builds ongoing revenue streams that lead to economic sustainability. While nonprofits excelled at program delivery and social support, they sometimes lacked the business skills to compete for commercial contracts. Many struggled with pricing strategies, understanding profit margins, managing cash flow and translating social mission into commercial value propositions.

You need entrepreneurial minds to do that," says the founder and coach. "Making a business work has to be somewhat removed from the social cause so that it can actually achieve the social cause."

In addition, resource constraints often meant that the organizations most in need of sustainable revenue streams also lacked the capital and time needed to build expertise and readiness. Organizations were also up against systemic barriers. The founder's experience showed that social procurement operated at the intersection of market economies designed for efficiency, and social missions focused on equity. The additional cost of employing populations facing barriers like housing, including extra training and support, had to be absorbed by the social enterprise without passing it onto customers.

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"If we raised our prices at all to reflect the nature of our business, we wouldn't get the contract," they shared. "We had to stay competitive so that companies would use our services." Further, government policies often lacked the mechanisms and incentives to prioritize social value over cost. For example, their social venture had been unable to win government contracts because of rigid operational requirements.

To bridge the gap between good intentions and market execution, nonprofits needed structured support. That's where Innovate Calgary came into the picture.

Innovation: Coaching, frameworks, and partnerships to effectively pursue social procurement

Through the Business Model Enhancement Program (BMEP), Innovate Calgary provided nonprofits with frameworks and guidance to build the commercial readiness needed to seize procurement opportunities while staying true to their social impact mission.

This local founder was among the coaches. Having navigated both the promises and pitfalls of social procurement with their venture, they were able to translate and teach both "languages" of social impact and commercial value that nonprofits needed to learn from.

"I was floating between the nonprofits helping them with their plans and their thoughts," says the founder and coach.

He and the other coaches helped to validate good ideas, challenge weak ideas, and offer practical alternatives. Peer cohort sessions focused on pricing, demand validation, and customer targeting. Templates and facilitation tools for revenue forecasting and strategic partnerships helped nonprofits identify viable opportunities and rule out options to avoid costly mistakes.

With the support of the program and coaches, participating nonprofits built connections with procurement and funding ecosystem leaders, while developing strategies to scale earned revenue streams rooted in local needs.

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Outcomes: Confidence and clear roadmaps for strategic procurement models

The most immediate and widespread outcome of BMEP's coaching was a fundamental shift in organizational confidence. Nonprofits that had entered the program uncertain about their ability to compete commercially emerged with a better understanding of their capabilities and market positioning.

"People gained a lot of confidence," says the founder.

The confidence came from organizations developing realistic assessments of their strengths and market opportunities. Through frameworks and tools, nonprofits were able to assess the feasibility of potential social enterprise ventures. They were equipped with tools for conducting market research, understanding competitive landscapes, and calculating realistic costs. All of this helped the nonprofits evaluate the commercial viability of their ideas alongside impact potential.

Organizations focused on women's empowerment were able to create employment programs through service contracts. A youth focused nonprofit built a five-year plan focused on youth culinary arts, aligning the program with long-term sustainability goals and expanding employment opportunities.

Participating in BMEP put nonprofits in an ecosystem that allowed them to create beneficial long-term relationships. Not only did the coaches facilitate connections with procurement and funding ecosystem leaders, but peer relationships allowed for ongoing support in problem solving, strategic thinking, and partnerships. The ecosystem approach ensured that nonprofits weren't just business-ready, but market-connected.

Nonprofits with committed buyers saw increased participant retention and faster revenue generation. Peer networks continued after the program, providing strategic support.

Ultimately, BMEP helped participating nonprofits learn to think like entrepreneurs while staying grounded in their mission. Commercial success and social impact were no longer competing goals, but dual objectives for sustainable social enterprises that drive lasting change.

As more public institutions and private companies prioritize social value and supplier diversity, nonprofits that understand procurement requirements can secure stable, long-term revenue and deepen community impact.

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Top 5 tips for procurement-ready social enterprises

Learn the business from the inside

Before launching a social enterprise, spend time working in the industry you want to enter. You can only truly understand operations, costs, and day-to-day realities from an inside perspective.

Translate mission into market value

Public and private buyers need to see not only how their purchasing can create impact, but also how your services meet commercial standards of price, quality, and reliability. Learn to speak both the language of impact and the language of business.

Build partnerships, not just business

Success in social procurement requires ecosystem support. Connect with procurement leaders, funders and buyers who value social outcomes and position yourself where alignment already exists.

Start with realistic definitions of success

Progress doesn't have to mean rapid scaling or immediate profitability. Small milestones like securing pilot contracts or improving retention build long-term sustainability.

Consider buying instead of building

Instead of starting from scratch, explore acquiring an existing business in your sector. Purchasing gives you established systems, customers, and staff making it easier to adapt the business for social impact.

"Nonprofits would be dramatically more successful and waste less money by buying an existing business that matches their profile," says the founder and coach. "So if you want social employment in a cleaning company, buy a cleaning company and let the people running the company continue to run it. But add in stipulations about who they'll hire going forward to support populations facing barriers."

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Discussion Questions

1) In your community, where do strategic purchasing opportunities exist that could be met through social enterprises?

2) Can acquiring existing businesses help nonprofits strengthen their role in social procurement? If so, how?

3) How can funders and ecosystem partners better support nonprofits in navigating both social and commercial objectives?