



St. Joseph's Group Purchasing Organisation makes local food an integral part of buying strategy

Who they are and what they do

St. Joseph's Health System-Group Purchasing Organisation (SJHS-GPO) was founded 1992 by five hospitals from the Sisters of St. Joseph's network in Hamilton, Ontario. At the time, the five hospitals were working together to determine how they could maximize the value of their amalgamated food purchases. Over the years, SJHS-GPO became a membership-based, national not-for-profit organisation focused on capital purchases, food and nutrition. The Capital Group at SJHS-GPO now has over 170 members across Canada, while the Food and Nutrition group has remained regional, with all of its 28 member facilities in Southern Ontario.

A GPO's primary purpose is to maximize the value of a facility's purchases by amalgamating their purchase volumes with other facilities. Using economies of scale is one way that health care facilities can stretch their budgets. For a sector with tight food budgets, every penny counts.

Why they do it

SJHS-GPO is a member-driven organisation, and it was a series of requests from its members that first prompted SJHS-GPO to look into local and sustainable food. For SJHS-GPO, supporting local food is a win-win. They knew it was important to their membership, but they also recognised that it helps support the local agricultural community and ensures public health care dollars are spent for the public's good.

SJHS-GPO wants to ensure the way they do business is fair for everyone in the health care food system. In their opinion, being fair means local food growers should be given the opportunity to take advantage of the large and stable market for food that health care provides.



SJHS-GPO started exploring local food issues in 2010 when the Canadian Coalition for Green Health Care (the Coalition) hosted a webinar that discussed the results of a study on how Ontario hospitals were supporting local food. Candice Bester, Manager of the Nutrition Group at SJHS-GPO, attended the webinar in hopes of learning how SJHS-GPO might source local food for their members. However, at the time of the study, there were not many local food initiatives to be found in health care.

It appeared that health care facilities needed help to overcome the barriers that prevent them from buying local foods. Candice and the Coalition continued to have discussions on the topic and eventually partnered with My Sustainable Canada forming a local food sourcing pilot project.

How they went about it

The goal for the project team and SJHS-GPO was to increase their member's procurement of local, Ontario food by 5%-10%. Although only modest targets, the



purchasing power in health care means even small changes can have big impacts. Wendy Smith, the Materials Management Analyst at SJHS-GPO, notes *“It’s a big journey and to get from point A to point B will take time. We agreed that baby steps definitely was the way to go because that would allow for buy-in from the hospitals.”*

Before trying to increase procurement of local food, it was important to first gain an understanding of how much local food was already being purchased. This was done through a food origin audit process developed for the project, where the origin was determined for 900 different foods items contracted by SJHS-GPO.

The food origin audit provided the project team with baselines of local food purchases, against which changes in procurement were measured. Complete details on the audit are provided in *Text Box 1*. A full guide to the audit process can be found on the Coalition’s website at www.greenhealthcare.ca/projects/foods.

Five Steps to Conducting a Food Origin Audit

Step 1: Set a Goal

- Why are you doing the audit, and what would you like to know?

Step 2: Define Scope and Priorities

- Define “local”, and decide what food categories you want to audit.
- Measure local food purchases by dollars and number of products.

Step 3: Prepare for the Audit

- Collect information for the foods you want to audit: prices, SKUs, volumes, and contact information for the manufacturers.
- Organise foods by manufacturer in a database.
- Prepare as much information as possible before contacting manufacturers: questions, forms, description of the project, etc...

Step 4: Conduct the Audit

- Contact manufacturers and inquire about food origin. Assure them that results will be kept confidential.
- Manufacturers will need time to collect the necessary information. Schedule a follow-up interview with the proper personnel.

Step 5: Organise and Analyze Data

- Once the audit is complete, and all information has been entered into a database, determine which products meet your definition of local food. Use this data to determine your facility’s baseline of local food purchases.

Go to www.greenhealthcare.ca/projects/foods for complete details, tools and resources on the food origin audit process.

Text Box 1: Five Steps to Conducting a Food Origin Audit

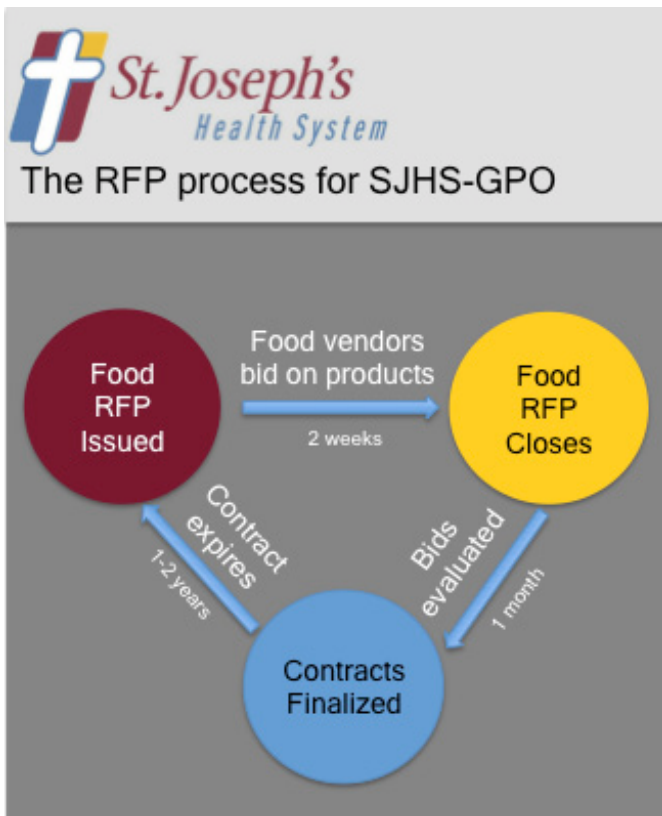


Figure 1: St. Joseph's Health System's RFP process

With baseline values in hand, the project team turned their attention to their goal of increasing the amount of local food purchased by the members of SJHS-GPO for five contracts: eggs, cheese, dairy, meats, and produce. SJHS-GPO approached this goal through a two step process, involving their RFPs and the local food value chain.

The first step was to revise their RFPs to include local food language. After the revisions, RFPs included a request for vendors to disclose whether or not their food was from the province of Ontario. This allowed SJHS-GPO to track and evaluate which foods being quoted were local.

Step two was to actively engage the local food value chain in the institutional procurement process. For the most part, large, international food companies control the market for food in health care. Smaller, local food providers do not often quote on RFPs. As a result, they are missing out on opportunities to contribute to the over 115 million meals per year served within Ontario's health care sector, representing tens of millions of dollars in lost revenue.

To address this issue, local food vendors, with products suitable for health care, were actively identified and notified anytime one of SJHS-GPO's contracts went to tender. See *Figure 1*.

This two-step process of adding local food language to RFPs, combined with efforts to encourage small and medium sized local food producers to participate in the procurement process, had some remarkable impacts.

SJHS-GPO exceeded their goal and reached an average 15% increase in local food purchases for eggs, cheese, dairy, meats, and produce, resulting in more than \$670,000 health care dollars per year, and more than \$1.3 million over the two-year terms of the contracts, being reinvested into Ontario's agricultural communities.

Even more encouraging was that all of the newly-sourced local food was cost neutral. This is extremely noteworthy because it addresses a commonly held misconception that local food is more expensive.

In addition to efforts to increase procurement of local food, SJHS-GPO and the project team held two workshops geared towards increasing collaboration and communication within the local food value chain and the health care food value chain.

Workshops were innovative and groundbreaking because they took stakeholders who do not typically interact, and sat them together to discuss issues affecting local food procurement in public institutions. These events were important milestones both because of the insights gained from the discussions they generated, and because it signaled to the food value chain that the health care sector was truly interested in supporting local.



Local food part of buying strategy for SJHS-GPO

An interesting secondary impact also resulted in that the food companies which dealt with SJHS-GPO started to change their sales pitches. Before the project, local was never a topic that food companies discussed with the members of SJHS-GPO. Now it is an integral part of the conversation.

As Wendy Smith observes, “Manufacturers are now sitting down with our members and saying ‘this is what we’ve got and, by the way, this is local, this is where this product is from, this is what we’re doing to ensure that it stays a local product.’ ”

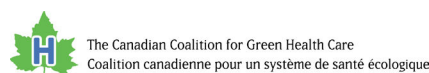
These discussions may represent only minor changes, but they indicate efforts by SJHS-GPO are starting to have a ripple effect in the food value chain and they are not going unnoticed.

Recognition for a job well done

In 2012, the Friends of the Greenbelt Foundation named SJHS-GPO and My Sustainable Canada *Ontario Local Food Champions* for their work in getting more local food into the health care sector.

SJHS-GPO wants to ensure they can continue to source high quality, local foods for their membership and to ensure they can do this, they are working on a new RFP template that will make local food an evaluation criterion for all new contracts. They are also striving to increase the transparency and fairness of the RFP process by outlining how new contracts are awarded. This will include a matrix outlining how products will be evaluated, with points awarded for criteria such as price, food quality, and most importantly, whether or not the food is local!

These revisions to the RFP structure will make local foods more competitive in the health care arena, and help ensure SJHS-GPO can continue to source more local food. This is extremely important to them because supporting local food has become a valuable part of their day-to-day business.



As national not-for-profit organisations, My Sustainable Canada and the Canadian Coalition for Green Health Care are committed to increasing the sustainability and resilience of our food systems through collaborative partnerships.



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Figure 1 graphic courtesy Brendan Wylie-Toal

