



## The Office of Small and Medium Enterprises

The Office of Small and Medium Enterprises (OSME) is a new initiative supporting the Government of Canada's commitments to ensure that government procurement is both...

- **Accountable:** OSME supports the Federal Accountability Action Plan (see [www.faa-lfi.gc.ca](http://www.faa-lfi.gc.ca) for more details) ensuring that procurement is open, transparent and fair; and,
- **Cost effective:** the Government is also working to make government-wide procurement more strategic, efficient and less costly to administer.

### *OSME contributions to Government commitments*

The OSME will ensure that small and medium enterprises (SMEs) play a part in helping the government meet these commitments as suppliers of competitive goods and services.

The starting point for procurement accountability is openness and fairness, ensured by a minimum of barriers to competition. The OSME is working to identify and reduce any such barriers in order to permit equal access for small firms. This work will make government procurement more accountable and ensure that it is less costly to administer.

Since smaller firms are often highly competitive in their respective industries, SMEs will be key players in achieving a more cost-effective procurement system that delivers best value for Canadians. The OSME is charting new procurement strategies to ensure that the competitiveness of smaller suppliers is fully harnessed.

### *The importance of small suppliers*

This approach makes good sense for two additional reasons.

1. The government relies on smaller suppliers: smaller businesses are already significant suppliers of goods and services to the Federal Government. SMEs have historically accounted for almost half of the value of government purchases and a majority of government contracts.

#### ***What is a Small and Medium Enterprise (SME)?***

SMEs are defined as for-profit enterprises with fewer than 500 employees. SME firms range from one-person consulting shops to publicly traded companies. Small goods producing firms have less than 100 employees; small service providers have less than 50 employees. SMEs are present in every industrial sector. Canada is home to more than 2 million SMEs.

2. SMEs are critical to the Canadian economy: the success of SMEs affects the well-being of the Canadian economy and society as engines of job creation, economic growth and innovation. SMEs account for 45% of the GDP, much of the economy's growth, 60% of all jobs in the economy, and 75% of net employment growth.

### *OSME support for smaller and regionally based suppliers*

The OSME performs five key activities to support smaller and regional suppliers:

1. Ensuring procurement accountability by identifying and removing barriers to competition;
2. Making the procurement system easier to understand by delivering training, assistance, information and support directly to current and prospective suppliers across the country;
3. Reporting on and analyzing the broader socio-economic impacts of Public Works and Government Services Canada (PWGSC) procurement activities and policies;
4. Consulting with suppliers on concerns they may have with the government's procurement; and,
5. Proposing changes to procurement policy and systems that harness the competitiveness of smaller suppliers in order to reduce the cost of procurement.

### *Action to date*

PWGSC has announced its intention to take a number of steps to respond directly to supplier concerns through the proposed *Federal Accountability Act*. These include:

- The creation of six regional OSME offices across the country;
  - A commitment to ongoing consultations with the supplier community;
  - The creation of a Procurement Auditor to perform an ongoing and independent audit of government procurement;
  - The development of a Code of Conduct for procurement;
  - An independent review of a new procurement policy; and
  - The provision of accreditation and training for procurement officers.
- In addition, the OSME and PWGSC have taken action in several other areas:
- Created Business Access Canada (BAC) to train and assist individual suppliers trying to navigate the procurement system;
  - Introduced the Professional Services Online (PSO) supply tool nationally to provide increased access for SMEs providing professional services;

- Re-competed the regional master standing offers (RMSOs) for office supplies in January 2006, to allow SMEs across the country an opportunity to qualify;
- Removed possible access barriers to joint ventures;
- Created a SME supplier web portal to reduce the complexity of dealing with various government departments by providing a single point of contact for SMEs: [www.pwgsc.gc.ca/sme](http://www.pwgsc.gc.ca/sme);
- Simplified the language in bid solicitations and contracts; and
- Eliminated the fees on MERX to access documents on all Federal opportunities.

### *More information*

You may obtain additional information, including a comprehensive "frequently asked questions" package on the OSME by visiting [www.pwgsc.gc.ca/sme](http://www.pwgsc.gc.ca/sme). You may also obtain more information by e-mailing questions to [osme@pwgsc.gc.ca](mailto:osme@pwgsc.gc.ca) or calling 1 (800) 811-1148.