



PROCUREMENT





Message from Premier Gordon Campbell

British Columbia has exceptional people, rich resources and the best location anywhere: We're Number 1 in Canada in job creation. Our economy is growing again. Industries like construction, oil and gas and resort development are booming.

As the 2010 Olympic and Paralympic Winter Games approach, those opportunities will grow. We want to ensure that communities, businesses and families all across British Columbia are ready to benefit from the opportunities that are being created.

The following paper is one of four development strategies, outlining opportunities in tourism, procurement, labour supply and trade and investment.

Each of these builds on the steps the province has already taken to unleash the Spirit of 2010, including \$1 billion in tax relief, 90,000 regulations eliminated, \$1.3 billion of transportation investments, 25,000 post-secondary spaces by 2010, new international marketing campaigns and reforms to open up every sector of our economy.

I invite you to use this resource, and give us your input for additional steps we can take. Together, we'll keep working to build a future full of promise for us all.

Gordon Campbell

Premier of British Columbia

Message from Minister John Les

Our prosperity as British Columbians is closely tied to how successfully we seize the opportunities and rise to the competitive challenges of the global economy. I believe firmly that we have what it takes to be consistent winners in the international marketplace.

Our Pacific Gateway location, untapped natural resource potential, unrivalled quality of life, and above all, the tremendous skills and creativity of British Columbians themselves, provide almost limitless economic opportunities.

As host to the 2010 Olympic and Paralympic Games, we also have an unparalleled opportunity to accelerate economic development throughout the province, and to market our advantages and business capabilities to the world. The Government is committed to maximizing the economic benefits of this truly unique opportunity for all British Columbians.

Our government's strategy of economic renewal has laid the foundation for a globally competitive economy. The 2010 Commerce Centre provides the framework for Government's initiatives going forward to raise British Columbia's global profile as a competitive supplier of goods and services, and as an unbeatable business location, tourism destination, and place to live and work.

As Minister responsible for the 2010 Olympic and Paralympic Winter Games, I look forward to working in partnership with the private sector and other stakeholders to help realize the vision for a prosperous and vibrant economy that we all share.

John Les

Minister, Small Business and Economic Development and
Minister responsible for the 2010 Olympic and Paralympic Winter Games

TABLE OF CONTENTS

Minister’s Message	i
Overview	1
Introduction	2
Procurement Context	
The Opportunities	4
Sponsorship and Licensing	
Core Procurement Objectives	6
Sustainability Principles	7
Economic Objectives	
Environmental Objectives	
Social Objectives	
Key Steps in the Procurement Process	8
Procurement Tools	10
2010 Commerce Centre	11
Conclusion	12
Appendix I -- Online Tools	13

OVERVIEW

- ▶ On July 2, 2003, Vancouver was selected by the International Olympic Committee as Host City for the 2010 Olympic and Paralympic Winter Games. At that moment, British Columbia earned one of the biggest catalysts in the world to accelerate its economic growth.
- ▶ One of the key opportunities resulting from the successful bid to host the 2010 Games is the significant procurement requirements associated with staging the games.
- ▶ The Vancouver Organizing Committee (VANOC) will spend almost \$2 billion on goods and services during the planning and staging of the Games.
- ▶ A further \$2 billion in indirect and related spending is expected by Games suppliers, sponsors and licensees, as well as visiting tourists, athletics teams and official delegations.
- ▶ To capitalize on these opportunities, B.C. companies need timely access to accurate and up-to-date information on procurement policies, principles and procedures, and anticipated Olympic procurement needs.
- ▶ VANOC is developing a procurement strategy, which will include a fair and open tendering process and will reflect best practices and sustainability considerations.
- ▶ To make all this accessible to British Columbia businesses, the Province will open a one-stop 2010 Commerce Centre, which will offer information, services and support to B.C. companies pursuing Olympic-related business opportunities.

INTRODUCTION

On July 2, 2003, Vancouver was selected by the International Olympic Committee (IOC) as the Host City for the 2010 Olympic and Paralympic Games. At that moment, British Columbia earned one of the biggest opportunities in the world to accelerate its economic growth.

International exposure from the 2010 Games will create a once-in-a-lifetime opportunity for British Columbia business and communities to profile their products and services on the ‘Olympic world stage’, to attract new investment, to expand export-import markets, and to build new business partnerships around the world.

The Games also offer considerable economic opportunities for suppliers of goods and services. It is estimated the Vancouver Organizing Committee (VANOC) – through a combination of cash and ‘value in kind’ – will spend almost \$2 billion on goods

and services during the planning and staging of the Games.

British Columbia business and communities are keen to take advantage of these opportunities.

Their success in winning procurement contracts

will depend on their ability to successfully convey to VANOC a compelling combination of quality, service, value, certainty of delivery, while also honouring one or more of the sustainability objectives to be established by VANOC. This ability can be enhanced by receiving timely, accurate and up-to-date information on Olympic procurement policies, procedures and requirements. With access to information, B.C. companies

will be more competitive in the tendering process and the end result will be the successful supply of goods and services by British Columbia-based businesses, partnerships and joint ventures.

“The 2010 Games are generating enormous opportunities across B.C. Already over 80 communities have appointed 2010 committee chairs to plan for the games, and over 50,000 British Columbians have signed up as volunteers. We’re going to continue working together to maximize those opportunities for everyone,”

Premier Gordon Campbell

PROCUREMENT CONTEXT

As part of the Vancouver 2010 Bid, the Vancouver 2010 Bid Corporation and the British Columbia government developed a framework entitled: “Integrating Vancouver 2010 Sustainability Principles and Policies into the Games Procurement Process: Best Practices and Conceptual Strategies for OCOG and Vancouver 2010”.¹

The basis of the framework was the Olympic movement’s Agenda 21, which serves as a reference tool for the international sports community in the protection of the environment and sustainable development. Sustainability includes elements of environmental, social and economic development.

Now that Vancouver has been named Host City of the 2010 Olympic and Paralympic Winter Games, VANOC will develop a procurement strategy leading to 2010 and will be directly responsible for its implementation. The strategy, which is expected to include a sustainability framework, will outline VANOC’s overall approach to managing the purchase of goods and services for the 2010 Games. It will be fair, open, transparent and will reflect best practices.

The procurement process allows VANOC to specify its operational requirements as well as its sustainability objectives. Purchasing decisions will directly impact and effect strategies to deliver outstanding Games on time and on budget while advancing sustainability objectives.

The British Columbia government is engaging with VANOC as it develops the procurement process. VANOC’s goal is to deliver successful Games within the limitations of its budget. The Province’s goal is to ensure that companies from across B.C. can maximize their direct business opportunities from VANOC’s capital and operational budgets by:

- 1. Winning contracts through an open and transparent process;**
- 2. Working in joint ventures, consortiums or partnerships to win contracts through a public tender process; and**
- 3. Working in a sub-contracting capacity with companies that have won contracts tendered by VANOC.**

¹ OCOG, the Organizing Committee for the Olympic Games, has evolved into VANOC.

THE OPPORTUNITIES

British Columbia's successful bid to host the 2010 Olympic and Paralympic Winter Games will result in lasting economic, sport, cultural and environmental legacies that benefit communities throughout the province. It also creates an economic environment in which all sizes of businesses, in many different sectors, can compete for procurement opportunities.

For suppliers, the three primary categories of procurement opportunities are "direct", "indirect" and "related".

Direct opportunities

- ▶ Where an organization is a direct supplier of goods and services, is involved in a partnership, consortium or joint venture supplying goods and services, or is a sub-contractor to a direct supplier
- ▶ Largely controlled by VANOC.

Indirect opportunities

- ▶ Where an organization is a direct supplier to a 2010 Games sponsor, broadcaster or a Member Partner on associated infrastructure (e.g. Richmond-Airport-Vancouver line, Vancouver Convention and Exhibition Centre) or other Games-related projects and programs
- ▶ Largely controlled by Member Partner programs and strategies, as well as VANOC programs and sponsors.

Related opportunities

- ▶ Where an organization is able to 'showcase' its goods, services or technologies as part of business development, trade and investment activities not explicitly linked to Olympic sport or the Winter Games event
- ▶ Largely controlled by Member Partner programs and strategies.

VANOC's venue and operational budgets are estimated at about \$1.9 billion. Opportunities will range from general Olympic and Olympic-related procurement to the athletes villages and Olympic construction.

VANOC will require a wide range of goods and services, including:

- ▶ Office and administrative services
- ▶ Marketing and promotion
- ▶ Technology Support
- ▶ Construction and fabrication
- ▶ Events planning and staging
- ▶ Transportation and accommodation services

An additional \$2 billion in indirect and related spending is expected by Games suppliers, sponsors and licensees, as well as visiting tourists, athletics teams and official delegations.

To meet these projected needs, certain business sectors will be called upon to respond to procurement opportunities, in particular:



- ▶ Technology and communication
- ▶ Construction and manufacturing
- ▶ Wholesale/retail suppliers
- ▶ Food and accommodation
- ▶ Education and training
- ▶ Professional and other services

Sponsorship and Licensing

Sponsorship and licensing are responsibilities that are a unique aspect of Olympic procurement. They are handled directly by VANOC in conjunction with the Canadian Olympic Committee (COC) and IOC.

Sponsors are organizations that provide cash, goods or services to the VANOC in return for marketing rights associated with the Olympic and Paralympic Winter Games and the Canadian Olympic teams. VANOC is planning its marketing program in conjunction with the

IOC. Any organization interested in a sponsorship relationship with the VANOC should monitor the activities of the VANOC and make contact late in 2004. Active marketing of sponsorships will begin in 2005.

Licensees are organizations that are licensed to use Olympic marks (including the Olympic rings and logos) on products created for sale. Businesses who want to learn more about Olympic marketing can refer to the web sites of the IOC (www.olympic.org) or the COC (www.olympic.ca).

With the exception of a very limited number of product categories, the licensed product program is unlikely to commence until at least 2006. It is expected that the licensed merchandise program will be established using a public request for proposal (RFP) process. Companies interested in participating in the program are encouraged to monitor the VANOC web site at www.vancouver2010.com on the Internet.

CORE PROCUREMENT OBJECTIVES

VANOC's key responsibility is to plan, organize, finance and stage the 2010 Winter Olympic and Paralympic Games. Within that context, VANOC must operate under a strict regime in terms of budget, deliverables and project schedule. It must also adhere to widely accepted elements of a sound procurement program for an organization its size: fiscal, operational and reputation priorities are key considerations within the procurement process and will dictate the specifications for purchase of goods and services.

The VANOC core procurement objectives can be summarized this way:

Product effectiveness, efficiency and affordability.

Goods and services must meet the specified performance standards for their particular function and be delivered on time, within budget and with minimal risk.

Transparency and accountability.

The procurement process will be transparent, fair and respectful of vendors through open bidding and equitable opportunities. The integrity of the process will be supported by clear accountabilities and authorities that are regularly monitored. Consequences for abuse need to be clearly articulated and applied if necessary.

Legal compliance.

Meeting all applicable regulatory and trade requirements is mandatory, as is adhering with the Host City Agreement, agreements governing

use of COC licensees, and other applicable IOC or Member Partner requirements. Agreements that should be considered include:

- ▶ International & Interprovincial Trade Agreements
- ▶ International & National Olympic Sponsorship Agreements
- ▶ Multi-party Agreement of VANOC, Government of Canada, Province of BC, City of Vancouver, Resort Municipality of Whistler, Canadian Olympic Committee, Canadian Paralympic Committee
- ▶ Host City Contract
- ▶ Marketing Plan Agreement

Ethical sourcing.

Products and services delivered through the supply chain should be manufactured and distributed ethically and with regard for international standards on human and labour rights.

'Value in Kind' (VIK).

The high profile of the Olympic Games allows for opportunities to seek required goods and services from the business sector in exchange for marketing rights. Where possible, VANOC will acquire goods and services without the expenditure of cash, through utilization of corporate sponsorships. This means most or all significant purchase requisitions will be evaluated for potential VIK acquisition.

SUSTAINABILITY PRINCIPLES

The Sustainability Framework and sustainability policies developed during the Bid serve as a guide for planning and hosting an Olympic Games that will leave sustainable legacies for athletes and communities.

In addition to the core objectives previously described, the procurement process may also be used to achieve one or more complementary objectives. These objectives can be generally categorized as either environmental, social or economic:

Economic Objectives:

Stimulating Canadian and BC-based businesses – by creating capacity and opportunities for Canadian and BC-based businesses to thrive and prosper by providing goods and services to VANOC, Member Partners and other organizations and through their association with the Games.

Partnering with First Nations – by involving First Nations in both facility operation and the delivery of goods and services to the Games

Environmental Objectives:

Ensuring environmental protection – goods and services should not degrade the environment, but instead should contribute to the advancement of resource conservation and habitat restoration wherever possible.

Showcasing leading environmental products and services – maximize environmental benefits wherever possible and stimulate demand for environmental products and services

by demonstrating their capabilities within an Olympic project.

Social Objectives:

Assisting Inner-City groups and social enterprises – particularly those enterprises that are mission-based and are contributing to the revitalization of the community.

Supporting corporate social responsibility – create minimum standards and positive incentives and reward programs for companies and organizations that demonstrate a high degree of social and environmental responsibility and leadership in the production, delivery and provision of their goods and services.

Developing women and youth business capacity – create capacity and opportunities for women and youth to participate in the economic success associated with the Games.

Committing to ethical sourcing – ensure that policies, codes of conduct and international standards are applied throughout the supply chain so the Games do not contribute to human or labour rights abuse, as well as give preference to Fair Trade goods and services.

Promoting accessibility – create opportunities for businesses that contribute to accessibility and use products and services that consider the needs of people of all abilities.

Athlete and sport development – continually strive to leverage opportunities that contribute to athlete and sport development and lasting sport legacies for Canadians.

KEY STEPS IN THE PROCUREMENT PROCESS

VANOC will apply a ‘best practices’ approach to procurement for major projects, using the basic elements of procurement process common to most organizations.

Any modifications made to this process relate to the unique nature and needs of an Olympic project and other requirements dictated by the IOC, Member Partners or other stakeholders. When completed, the procurement strategy will guide the overall procurement process.

Key steps within the envisioned procurement process include:

STEP 1: Workplans.

Development and approval of workplans activate a project or program, which creates the need for goods and services.

STEP 2: Resources requirements.

Workplans will identify milestones and deliverables that, in turn, inform specifications for goods and services relating to the implementation of a project or program.

STEP 3: Criteria.

Defined product and service criteria are developed that specifically define VANOC requirements, performance expectations and set out expectations around supplier relationships. These specifications include both core objectives and complementary sustainability objectives that are appropriate to the particular opportunity.

STEP 4: Purchase requisitions.

Business units complete purchase requisitions to provide guidance to the centralized procurement team to execute orders for goods and services.

STEP 5: ‘Value in Kind’.

Prior to initiating the formal purchasing process, most opportunities need to be assessed to determine if the good or service required could be provided as part of a sponsorship or ‘value in kind’ opportunity, and the degree to which it supports sustainability objectives.

STEP 6: Pricing and Proposals.

Purchasing acts on information contained in purchase requisitions to obtain bids and prices from appropriate vendors and suppliers.

STEP 7: Evaluation process.

Purchasing, in partnership with business units and using in-house sustainability expertise as required, evaluates prices and bids against specified criteria using a weighted evaluation scheme.

STEP 8: Approvals.

Business units approve bids and prices that best meet specifications and provide guidelines for negotiation if required (in consultation with key organizational stakeholders, as required).

STEP 9: Negotiation.

Purchasing, in conjunction with business units as required, negotiates a final agreement for goods and services.



STEP 10: Contracts.

Purchasing and suppliers complete contracts that document the terms and conditions for the provision of goods and services.

STEP 11: Receipt of Goods.

Business units receive goods and services and document that they meet specifications and contractual terms and conditions.

STEP 12: Contract management.

Business units and the purchasing team ensure that terms, conditions and milestones identified in contracts are actively applied and met.

STEP 13: Payment.

Payments are released to vendors according to terms outlined in contracts.

STEP 14: Evaluation.

A basic evaluation of product and vendor performance, including alignment to sustainability objectives, is conducted to provide guidance to future purchasing decisions.

STEP 15: Records management.

Contracts and other process documentation are maintained according to financial policies and procedures ensuring transparency and to ensure ease of overall contract administration. This supports the process of a sustainability audit that can be used to measure the positive social and environmental impacts of Vancouver 2010 procurement.

PROCUREMENT TOOLS

The goals and interests that drive the procurement strategy will define the tools that allow businesses to access up-to-the-minute procurement opportunity information. In addition, tool development will be based on best practices from other jurisdictions.

Procurement tools for businesses are expected to include:

Advance Product and Service Information.

Advance details of products and services required to help companies be competitive in bidding. This may lead to new partnerships, joint ventures, inventory sharing, production changes and product matching. Advance notice would also allow companies to develop business plans. Another benefit is the ability to match anticipated demand with local supply. This information would be collected from VANOC workplans and master plans.

Criteria.

Develop clearly defined product and service criteria that specifically detail VANOC requirements, performance expectations and set out expectations around supplier relationships. These specifications include both core objectives and complementary sustainability objectives that are appropriate to the particular opportunity.

Procurement Procedures and Evaluation Guide.

Prepare a glossary, roles and responsibilities, and procedures guide for submitting bids and containing information on evaluation.

Vendor Education and Capacity-Building.

Deliver workshops to assist businesses in understanding the procurement process and timing of opportunities. VANOC sustainability objectives would be a key component of these sessions.

Tender Structure.

Bundle products and services offerings to be compatible with business capacity and product availability.

Procurement Database.

Maintain a VANOC database of all companies, products and services provided, with contact information. This information may also be passed on to the Ministry of Small Business and Economic Development annually so that companies could be included in broader trade development activities.

Vendor Pre-Qualification Program.

Pre-qualifying and pre-registering prospective vendors based on established criteria.

Process Transparency, Evaluation and Refinement.

Regular review of the procurement process to allow for refinement as necessary.

2010 COMMERCE CENTRE

British Columbia businesses and communities are poised to take advantage of opportunities resulting from the 2010 opportunities. Their success will depend on receiving accurate and timely information on the wide-array of business opportunities resulting from the Games. Timely access to information will give British Columbia companies a competitive edge in the tendering process. It will also allow them to form partnerships, joint ventures and other successful business relationships to take advantage of business opportunities flowing from the 2010 VANOC budget.

At present, there is no organization to provide current information on all 2010 procurement and business opportunities to interested parties across the province. This gap will be filled by forming a 2010 Commerce Centre – developed in collaboration with VANOC and key private sector groups – which utilizes existing business connections and the latest in information system technologies.

Other Olympic jurisdictions have developed similar approaches, with Australia having the most success. Australian companies won over 80 per cent of Olympic contracts for the 2000 Sydney Games. This was a direct result of market proximity and because their Olympic Commerce Centre was very effective at facilitating local business involvement.

It is anticipated that 2010 Commerce Centre functions will be phased in as the demand for information on 2010 opportunities increases closer to the Games. Key functions will include:

- ▶ Providing advance notice of procurement opportunities via a web-based information system
- ▶ Delivering regional business and opportunities workshops
- ▶ Developing programs and materials for vendor education and capacity building, including a guide to procurement procedures and evaluation
- ▶ Developing on-line handbooks, resource materials, seminars and workshops
- ▶ Creating a platform for a virtual business club to facilitate business connections
- ▶ Providing detailed information on sponsorship, merchandizing, use of logos and word marks
- ▶ Developing a database of B.C. suppliers to the 2010 Games and other Games
- ▶ Providing a forum for Olympic Product trade fairs and showcasing activities
- ▶ Delivering activities related to the 2010 Provincial Trade and Investment Strategy
- ▶ Delivering a host program for visiting businesses, buyers and investors, and related materials
- ▶ Delivering a visiting journalists program and related materials
- ▶ Overseeing a speakers bureau and developing supporting material

CONCLUSION

British Columbia's successful bid to host the 2010 Olympic and Paralympic Winter Games will result in lasting economic, sport, cultural and environmental legacies that benefit communities throughout the province. It also creates an economic environment in which all sizes of businesses, in many different sectors, can compete for procurement opportunities.

The 2010 Commerce Centre will ensure that every community, every region, and every sector of the BC economy gets the most from this once-in-a-lifetime opportunity. These are exciting initiatives, and this is an exciting time. It's full of opportunity – and we need to seize it.

APPENDIX I

Online Tools

BC Bid – E-Procurement in B.C.

www.bcbid.gov.bc.ca

Vancouver 2010 Organizing Committee Web Site

www.vancouver2010.com

SourceCAN – Industry Canada

www.sourcecan.com

International Olympic Committee

www.olympic.org

Canadian Olympic Committee

www.olympic.ca

