



## CASE STUDY

# MICROSOFT'S IMPACT SOURCING JOURNEY

## How technology can increase social impact

Procurement teams of global organizations have long held the responsibility for delivering multiple sourcing objectives, including faster, more cost effective, more reliable, and more sustainable business services. The introduction of Impact Sourcing has enabled procurement professionals to achieve all of these objectives plus have a tangible social impact through their choice of suppliers. As a global purchaser, Microsoft is one company that has harnessed the power of procurement to have a positive social impact.

Impact Sourcing is a business practice where a company prioritizes suppliers that intentionally hire and provide career development opportunities to people who otherwise have limited prospects for formal employment. These include people who are long-term unemployed or living under the national poverty line. Through Impact Sourcing, impact workers take their first step onto a career ladder that leads to economic self-sufficiency through income, skills development and professional advancement.

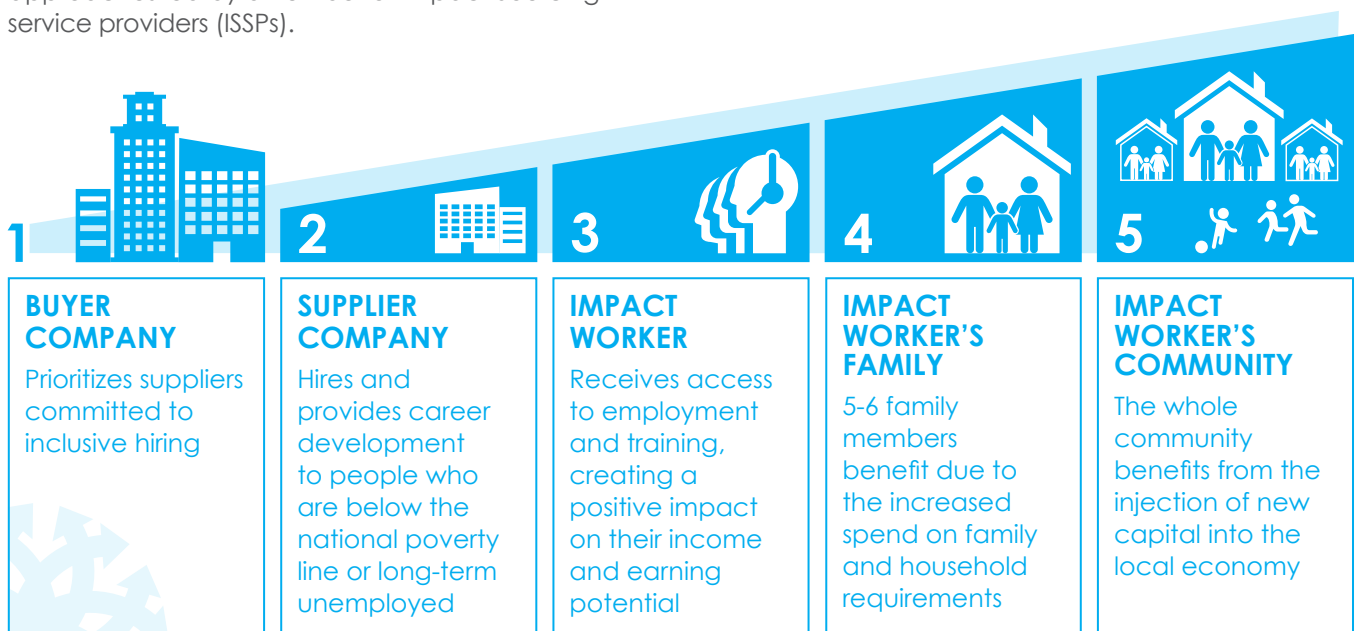
Microsoft's procurement team first learned about Impact Sourcing at a 2010 conference sponsored by The Rockefeller Foundation, including the different approaches led by a number of Impact Sourcing service providers (ISSPs).

After the conference, Tim Hopper, Microsoft's Manager of Responsible Sourcing Initiatives, realized that the company was already working with four or five of the suppliers featured at the conference.



**WHAT REALLY CHANGED AFTER THAT CONFERENCE WAS SEEING HOW THE SUPPLIERS PERFORMED WELL IN THE USUAL BUSINESS DRIVERS SUCH AS COST, QUALITY AND RISK BUT ON TOP OF THAT HAD A REALLY COOL SOCIAL IMPACT. WE DECIDED THAT WE WANTED TO BE MORE INTENTIONAL ABOUT IMPACT SOURCING AND WIDENING THE SOCIAL IMPACT WE COULD HAVE.**

TIM HOPPER, MANAGER OF RESPONSIBLE SOURCING INITIATIVES AT MICROSOFT



## EMBEDDING IMPACT SOURCING IN THE BUSINESS

For Microsoft, the next step was to engage more with the ISSPs, sharing their models and best practices with other suppliers. Microsoft invited about 20 companies, including ISSPs and other suppliers in the business process outsourcing (BPO) industry, to take part in a project to define and measure Impact Sourcing. Together, they spent more than a year identifying metrics and indicators. These were incorporated into the Global Impact Investing Network and used to track progress.

However, there was still work to be done to advance Impact Sourcing. In 2016, Microsoft joined the Global Impact Sourcing Coalition (GISC), a network managed by BSR and supported by The Rockefeller Foundation that connects businesses creating jobs for those most in need through the power of procurement and global supply chains. In 2018, the GISC launched the world's first Impact Sourcing Standard, designed to increase the adoption of Impact Sourcing by setting out uniform criteria.

From a small start of four or five suppliers, Microsoft now has over 100 suppliers involved in Impact Sourcing. These are mainly suppliers of BPO services with the type of work ranging from generic accounting and call centers to digital work including image-tagging and data input. Microsoft also extends Impact Sourcing into real estate facilities and other areas.

## MICROSOFT'S BENEFITS OF IMPACT SOURCING



### SUPPLIER PERFORMANCE

"People do Impact Sourcing because these companies can deliver business value," said Hopper. "The employees are passionate and driven because they come from all walks of life. They are highly skilled and motivated to do good work."



### CORPORATE CITIZENSHIP

"As a company, Microsoft has a great mission to help people achieve more. With Impact Sourcing we are connecting our sourcing very concretely to the mission," Hopper explained. "We're helping our suppliers' employees achieve more by doing impact work. So it is mission aligned with us and it's just the right thing to do."



### SOCIAL IMPACT

"The social impact is a benefit on top of doing the good business work," said Hopper. "I can't think of anything more rewarding than to focus on the topic and have a social impact."



**WE HAVE A PROGRAM WITH OUR SUPPLIERS LOOKING AFTER OUR REAL ESTATE FACILITIES IN WHICH 10%-15% OF THE PEOPLE HIRED ARE PEOPLE WITH DISABILITIES.**

**WE'VE ALSO CHOSEN TO WORK WITH SUPPLIERS THAT EITHER EXCLUSIVELY HIRE PEOPLE WITH DISABILITIES OR HAVE ADDED THOSE TO THE CURRENT BUSINESS ENGAGEMENT IN AREAS LIKE APPLICATION DEVELOPMENT, CODING, TESTING AND MARKETING SERVICES.**

**WE THINK THE CONCEPT OF IMPACT SOURCING IS REALLY ABOUT INTENTIONALLY BRINGING PEOPLE WHO HAVE BEEN MARGINALIZED FROM THE WORKFORCE INTO THE WORKFORCE SO THAT EXTENDS THOSE OPPORTUNITIES BEYOND BPO SERVICES.**

TIM HOPPER, MANAGER OF RESPONSIBLE SOURCING INITIATIVES AT MICROSOFT



## WHY BUYERS VALUE IMPACT SOURCING

### SUPPLIER PERFORMANCE

Access suppliers with responsible hiring that compete on quality, service and price



### STABLE SUPPLIER WORKFORCE

Lower attrition and higher motivation



### SUPPLIER INCLUSION

Meet supplier inclusion and diversity goals



### CORPORATE CITIZENSHIP

Promote responsible supply chains, social equality and diverse workforces



### SOCIAL IMPACT

Create positive impacts for impact workers, their families and communities



## CONNECTIONS ENABLING SOCIAL IMPACT

Through Impact Sourcing, procurement professionals can make buying choices that are not only good for their company but also benefit people who need jobs.

Hopper reflected, "What's changed in recent years is having the awareness that in our modern, connected world we can make decisions that affect people all over the planet. As we go about our business we can now do it in a quality way where the people we touch are better off, the environment is better off, and the planet is better off."

Employees at Microsoft are able to see that the suppliers they are working with are having a positive social or environmental impact. Impact Sourcing suppliers share stories of how impact workers lives have been changed for the better which is rewarding for the purchasing teams to hear.

## TIPS FROM MICROSOFT'S IMPACT SOURCING JOURNEY:



### IDENTIFY SUPPLIERS

Identify which of your suppliers are already Impact Sourcing service providers (ISSPs) or offer Impact Sourcing.



### JOIN GISC

Join GISC to collaborate with other companies, find Impact Sourcing suppliers and use the Impact Sourcing Standard to explain minimum requirements.



### DEFINE OPPORTUNITIES

Identify which BPO and other processes Impact Sourcing could apply to.



### COMMUNICATE SOCIAL IMPACT

Tell purchasing employees about the social impact they are having on impact workers around the world by their purchasing decisions.

## SOCIAL IMPACT AT ONE OF MICROSOFT'S SUPPLIERS: SUTHERLAND GLOBAL SERVICES

Sutherland Global Services operates BPO services across Jamaica and has grown from 24 employees in 2012 to 5,000 employees in 2018 through inclusive employment initiatives.

Through the Sutherland Community Technology Center's (CTC) three day Microsoft Digital Literacy course, people can become certified in the use of Microsoft products. Sutherland Jamaica has made a commitment to directly hire or find employment for at least 10 percent of graduates from its CTC programs.

Through these programs, and psychometric testing to assess aptitude, Sutherland identifies and hires employees who have previously been long term unemployed.

Adrian Michael Knight, a Microsoft Xbox consultant at Sutherland Jamaica, helps customers who call in with queries about their Xbox or their account. After leaving high school, Knight was unemployed for three years. He then completed a course in electrical maintenance. Despite applying to numerous electrical companies, he wasn't offered a job and describes being at home and depressed.



**AT THE TIME, I WAS UNEMPLOYED AND I SAW AN AD ON SOCIAL MEDIA FOR THE THREE DAY CTC COURSE. ONCE YOU HAD COMPLETED THE COURSE, YOU COULD APPLY FOR A JOB AT SUTHERLAND. I THOUGHT IT WAS A GREAT IDEA AND SO I WENT FOR IT.**

ADRIAN MICHAEL KNIGHT, MICROSOFT XBOX CONSULTANT AT SUTHERLAND



After Knight completed the course, he was successful in getting a job and now receives recognition from his manager for his work. In five years he hopes to be managing a portfolio on the Xbox program as a team manager. Adrian recommends programs like this for unemployed youth. "It gives unemployed youth a chance of securing your first job and it also gives you an opportunity to be who you are," he said.



### A BSR Collaboration

BSR provides executive leadership and secretariat support for GISC. GISC's activities are overseen by the GISC Steering Committee, with active participation of the GISC membership. BSR is a global nonprofit business network and consultancy dedicated to sustainability. BSR Collaborations bring together more than 400 companies, spanning multiple sectors and geographies, to strengthen company performance, improve markets and industries, and contribute to systemic change for a more just and sustainable world. Visit [www.bsr.org](http://www.bsr.org) to learn more.

