

BUSINESS RISKS

01

STRATEGIC RISK

Risks that relate to events or decisions that could stop a company reaching its strategic objectives. It also refers to the danger that corporate level strategic choices are incorrect, or of leaders not responding effectively to changing environments.

02

COMPLIANCE RISK

Risks related to the failure to meet the requirements of the laws, regulations, codes of conduct, or organisational standards of practice of the state or country the business is operating in.

03

OPERATIONAL RISK

Risks that occur when day-to-day operations inside the company fail. They can be caused by internal or external events.

04

REPUTATIONAL RISK

Anything that could cause customers to view the organisation in a negative way.

05

FINANCIAL RISK

Anything that relates to the possibility that the business will lose money.

WHY IS SOCIAL VALUE CREATING BUSINESS RISK?

01

ADOPTED WITHOUT THE NEED FOR LEGISLATION

The UK Government's introduction of Procurement Policy Note 06/20 (PPNo6) in September 2019 meant that virtually overnight (or so it seemed to some people) £300 billion (approximate figure) a year of UK Government public spending decisions became subject to social value considerations.

Traditionally when the Government wants to implement a change of this magnitude, it does so via legislation which comes with lots of consultation; white papers, reading of bills and debate in both chambers of parliament. In short: you get plenty of notice which gives businesses time to prepare. With PPNo6 that didn't happen.

02

IT'S A PRIORITY FOR PUBLIC SECTOR POLICYMAKERS AND PROCURERS WHICH MEANS IT'S BEING EMBRACED AT SPEED AND IS WORTH AN INCREASINGLY LARGE PERCENTAGE OF OVERALL SCORES

Risks related to the failure to meet the requirements of the laws, regulations, codes of conduct, or organisational standards of practice of the state or country the business is operating in.

WHY IS SOCIAL VALUE CREATING BUSINESS RISK?

03

LACK OF EXPERTISE

Companies don't have enough staff who know what social value is and how to deliver it, which means they're learning 'on the job' (and making mistakes). Individual staff are doing their best to respond to social value questions; with an increase of questions in tenders, they don't have the resources or the specialist knowledge and experience to do social value properly. Substantial risk when hundreds of millions of pounds of contracts are at stake.

04

LACK OF COORDINATION AND CONTROL

Proper processes and systems not being in place to manage social value means the chances of social value-related risks occurring are highly likely. The ideas bid writers come up with to put in their proposals are only one part of delivering social value. Other questions to ask yourself include how are commitments costed? What controls are in place governing what bid writers can offer? Does your social value offer match your corporate initiatives and rhetoric? How (if your bid is successful) will you deliver the commitments and reporting of outcomes to the client? Multiply that activity over multiple contracts and factor in financial penalties for non-compliance, and you'll begin to see the issue.

SIX THINGS YOU CAN DO TO MITIGATE SOCIAL VALUE RELATED RISK

01

DESIGNATE SOMEONE TO TAKE RESPONSIBILITY FOR SOCIAL VALUE

Make social value someone's job. Now too many people are doing it in addition to all their other responsibilities. Create a new position but make sure it has social value in the title so that everyone in the organisation knows who to go to when they have a social value question.

02

GET SOCIAL VALUE RISKS ADDED TO THE RISK REGISTER

Set up a meeting between business assurance and the people responsible for social value to explain some of the challenges the business is experiencing. A key outcome would be social value related risks added to the risk register. That will help raise awareness of the issue and make social value a priority and get the senior-level buy-in and resources you need to do it properly.

SIX THINGS YOU CAN DO TO MITIGATE SOCIAL VALUE RELATED RISK

03

PRODUCE A SOCIAL VALUE PROPOSALS LIBRARY

Work with internal stakeholders to define your social value offer, and get it costed and signed off. Create a library containing a standard series of answers mapped to the questions in the Social Value Model. That bid writers can use as a basis for their social value answers. Bear in mind that each social value answer must be specific to suit the specifications of each tender. The library is only a guide; but at least everyone will know your core social value offer and what they can include.

04

CREATE A SOCIAL VALUE COMMITMENTS REGISTER

When you work in a complex organisation with multiple bid teams and hundreds of tenders for public sector customers. Creating a social value commitments register is a way to track and monitor your exposure to social value commitments. As well as ensuring that commitments made are tracked and delivered if you win the contract. Trust us - in the rush of implementation, it's easy to lose track of the social value commitments you made at the tender stage. You will be glad you made a record, along with the bid library, but it's also a resource that bid teams can use to see offers made on other bids and get ideas.

SIX THINGS YOU CAN DO TO MITIGATE SOCIAL VALUE RELATED RISK

05

CREATE SOCIAL VALUE POLICIES AND PROCEDURES

This one takes a bit of time. But by doing it will mean you provide guidance to staff, answer questions, solve ambiguities, detail best practices, and help manage risk to the business associated with social value activities.

06

START TREATING SOCIAL VALUE AS YOU WOULD ANY OTHER CONTRACTUAL REQUIREMENT WORTH 10% OF THE TOTAL MARKS

If there's one thing you can do today that would make a difference, it's this. Keep it simple: use the same internal processes to get other commitments you make designed, costed, approved, tracked and delivered. This will go a long way to significantly mitigate a lot of the risk we're seeing.

FOLLOWING THESE STEPS WILL HELP MITIGATE SOCIAL VALUE BUSINESS RISKS AND IMPROVE YOUR CHANCES OF WINNING CENTRAL GOVERNMENT CONTRACTS. AS WELL AS BOOSTING YOUR REPUTATION. A SOPHISTICATED APPROACH TO SOCIAL VALUE WILL ALSO GIVE YOU THE EDGE OVER COMPETITORS.