

COMMERCIAL ITEM MARKET RESEARCH

For Supplies and Simple Services



Bureau of Indian Affairs
Acquisition Division
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Purpose

- Provide a user friendly tool to the contracting officer's representative (COR) to understand and conduct market research
- Identify who is involved in market research
- What is market research?
- Identify the importance of market research



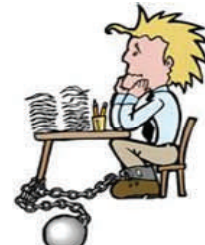
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The purpose of this presentation is to provide a user friendly resource and general guidance to the program office contracting officer's representatives who compile the necessary elements of a purchase request package. This information is targeted primarily towards CORs and technical experts who seek supplies and simple services. This presentation highlights what market research is, who does it, how to conduct it and practices to avoid.

Before we identify the elements of market research, let's first review who the players are and what their responsibilities are in this process

The Players: Contracting Officer

- A person with the delegated authority to enter into, administer, and terminate contracts and make related determinations and findings (FAR 1.602-1)
- The person who requests and considers the advice of specialists, technical experts and others yet is granted wide latitude to exercise business judgment to *independently decide whom to award the contract*.



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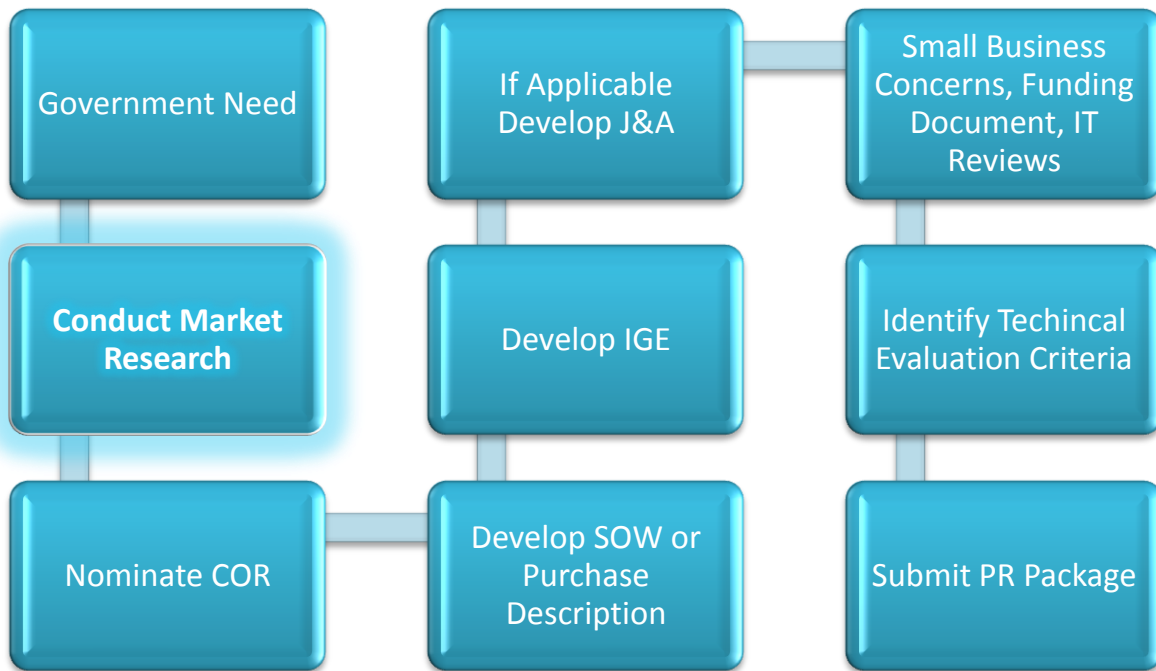
The Players: COR

- Program personnel responsible for synthesizing and submitting all elements of the purchase request package and working with the CO. *The COR has no authority to determine who the contractor will be.*
- COR responsibilities (to the contract) are delegated in writing by the contracting officer (FAR 1.604).



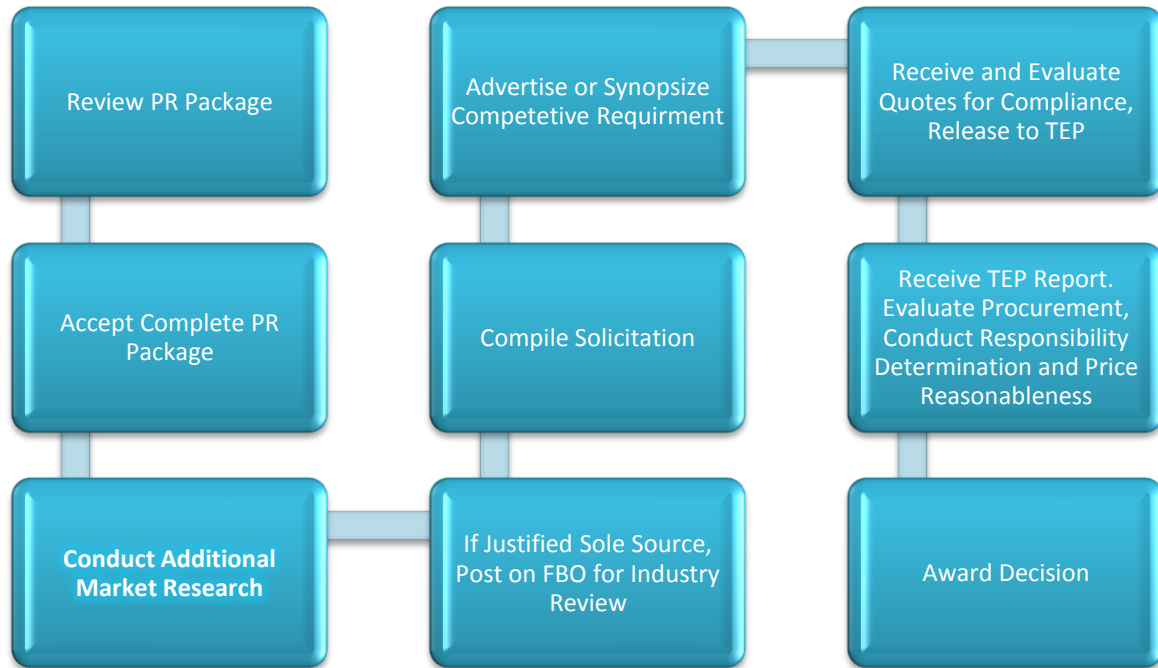
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Purchase Request Process (COR)



Although this briefing will not cover the procurement process itself, an overview of the major steps are included for both the COR and the CO in the procurement process. Please note where the tactical market research starts and where and when the award decision is made. Keep in mind the immediate objective of market research is *not* to select an item or items to meet the requirement; it is to identify what is available in the marketplace.

Simplified Procurement (CO)



Spending Taxpayer Dollars

- Difference between spending personal money and spending taxpayer dollars.
- The value of good business decisions.
- Meeting socio-economic commitments
- Change and regulation.
- Avoiding surprises can be approached through market research.



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We all know how to spend our own money. For instance some of us may have the luxury to buy the hottest brand name cell phone or gadget from whichever supplier we choose without balancing our checkbook or consulting a domestic partner for input. Fortunately, that is our individual choice. *However* this individual choice and mindset does not translate well into the collective responsibility we bear when spending appropriated funds. As many of you know spending taxpayer dollars comes with a host of policies, rules and regulations.

Without understanding the procurement process, it can seem time consuming and perhaps confusing or frustrating to adhere to the policies, rules and regulations. Yet this process is created to enhance our critical thinking, sound business practices and accountability to the American taxpayer. The point being the federal government has many interests to consider when it is making a purchase. And one of the sound business practices the government uses is market research.

Market Research



What is it?

- A continuous process for gathering data on product or service characteristics, suppliers' capabilities and market business practices (COR with CO support)
- Strategic and Tactical
- Plus the analysis of that data to make smart acquisition decisions. (CO with COR support)

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What is market research? Market research is a continuous process designed to gather data on products and services, market capabilities, and the business practices associated with them. Essentially this means: what is available in the market? Market research is done at both a strategic and tactical level.

Strategically the research is continuous market surveillance. The researcher's goal is to develop a knowledge base and broad understanding of markets, technologies, business developments, *and* the products or services of interest. Strategic market research is an ongoing process and is usually not focused on a single acquisition.

Tactically the research builds on the results of ongoing strategic market research, using those findings to help identify targets for more in-depth research. Tactical market research is conducted during the procurement process to answer specific questions about the market, suppliers, products, services, in order to shape the acquisition strategy. The market research identified in the diagrams of the procurement process for the COR and CO are snapshot moments of market research and do not show visually that market research is continuing long before and after the procurement process.



Benefits of Market Research

- Sharpens requirements definition
- Identifies market tested performance issues
- Helps government understand options available
- Speeds up procurement process
- Minimizes risk of doing business, for both the Government and the contractor
- Identifies mandated and additional sources

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Informal simplified market research has many benefits. First off we have a clear definition of our requirement prior to starting market research and after conducting market research we have sharpened any of our fuzzy images. We now know who offers the product, if there have been any performance issues with the product and we know if it can fit the government's need (systems compatibility, etc).

From the perspective of the COR who understands the supply or service in the context of the current market place this is indeed valued knowledge to meeting agency mission. In addition, market research helps the government identify mandated socio-economic programs as well as Indian owned businesses or economic enterprises. The government cannot guarantee or imply any work will be coming to any company, but we can do our best to advertise our requirement to additional sources we may not have been aware of when we first knew of the government requirement. Market research ensures fair opportunity to the small business community and best value in price and performance to the government.

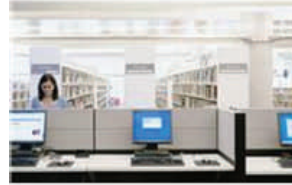
Conducting Market Research

Suggested Resources for Researching the Market

- GSA *Advantage!*
- CCR (Known suppliers)
- In house Colleagues and Peers
- External Colleagues and Peers

www.usaspending.gov

- Web search
- Demos



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Where to start? First off, it is a good idea to understand that like the differences between the individual American buying power and the government buying power, the government has special terms and conditions it adheres to which the individual may not. At times, this does limit who the government can do business with.

There is no need to reinvent the wheel so sometimes the best place to start is studying other agencies procurable products and services. For that reason it is often wise to review GSA.



Market Research Guidance

To avoid conflicts of interest and maintain procurement integrity use the statement:

“I am a government employee; I am conducting market research on _____. I have no authority to bind the government and I am reaching out to you today *for information purposes only.*”

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CORS and technical personnel are advised to conduct market research by opening and closing the dialogue with a statement similar to:

“I am a government employee; I am conducting market research on _____. I have no authority to bind the government and I am reaching out to you today *for information purposes only.*”

Market researchers are advised to request *no more* than the minimum information needed. When we do not identify we are contacting industry for information purposes only, the contractors may believe the government has a large upcoming requirement when the situation may be more like many people within the government contacted industry for the same small requirement.

While conducting market research, technical personnel must be careful not to disclose specific information that would give a contractor a "competitive advantage." Information made available to one competing contractor must be made available to all. A contracting officer is the proper individual to release such information. The intent of this rule is to preserve the integrity of the Federal procurement system by ensuring that all potential contractors are treated equally to the best of our ability. To give a contractor advance or exclusive procurement details may discriminate against competing contractors. This could result in a sustainable protest, which would block purchase order award.

Market Research Example

Supply: CONFERENCE MEETING SPACE

- What is available?
- Does it meet government needs?
- GSA-Planning Tool for Groups and Meetings

Service: PROFESSIONAL DEVELOPMENT TRAINING

- What is available?
- What are common commercial practices?
- Does it meet government needs?

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Let's walk through an example of market research for a supply and a service. Let's imagine the government has a need for conference space. The COR is advised to follow Federal, Department and Bureau travel and meeting space procedures when defining the need. Once that need is defined, let's say a meeting space to accommodate 200 people. At this point the market researcher would begin to investigate the market. Using a search engine on the internet, the researcher may find at least 3 venues that can provide the space in the selected city. The researcher should then document the information found (such as hotel names; AV equipment provided; availability dates; size of businesses, etc.) during market research as well as any published price lists. This can be all the market research that a COR does; however it is often best to learn from the experience of other agencies. In fact, GSA provides a guidance fact sheet called Planning Tool for Groups and Meetings which further simplifies this process. There is always more than one way to conduct market research.

Now let's imagine the government has a need for an onsite 3 day project management course for 30 individuals. When I searched GSA Advantage many items are on Schedules. Some training sessions were for 2 days, some for 3 and some for 4 or more. Some courses had a maximum of 25, some had minimums and most included all training materials in the price. This is a good example of the necessity of market research. We can plan accordingly when we know we have a need for 30 to be trained but commercial practice may limit class size to 25.



Summary

Market Research :

- Is a sound business practice
- Ensures our needs can be met by the commercial marketplace
- Reduces surprises
- Minimizes risks

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There are many benefits in conducting market research. Through adequate market research the Bureau of Indian Affairs has used a sound business practice, ensured the marketplace can fill our need, corresponding information will reduce surprises and minimize risks for both the government and the contractor. Consequently the BIA is more successfully able to define its needs; create a higher quality supplies or services contract; and establish appropriate business relationships and communication with our partners.

QUESTIONS

Please contact your local acquisition professional for any questions.



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If you have any questions regarding market research or the procurement process, please kindly contact your local acquisition professional.