

Guide to Pre Market Engagement and Pre Bid Meetings

Pre Market Engagement

1. What is market engagement?

Market engagement is a process which takes place prior, during and after procurement. It aims to:

- Identify potential bidders and/or solutions
- Build capacity in the market to meet the requirement(s)
- Inform the design of the procurement and contract
- Help suppliers to submit strong bids
- Feed back to and debrief suppliers after the process

Market engagement can be extensive and complex or simple and light touch. It can range from simply looking to inform the market of your intentions through a communication or advert, through to full dialogue and exchange with suppliers to work on a solution together.

2. Why engage with the market?

Change and improve the way you plan and manage procurement

- Discuss the outcomes needed and get feedback on your requirements - this can inform the development of your final specification
- Split the work into different lots to get the best value for money or better outcomes
- Inform the optimal approach-to-market strategy
- Flag potential issues or problems with the contract
- Identify gaps in current provision where innovation could be stimulated through public procurement.

Improve your understanding of the market and help you to become a more intelligent buyer

- Gather information on how the market is structured and how it operates
- Discuss how your requirements may be presented in order to make them more attractive to the market
- Become better informed of any risks and issues
- Get to know and benchmark pricing structures in the market

Increase your trust and credibility with suppliers and become a buyer of choice

- Allow the market to better understand your business and your needs
- Generate interest in your agency as a buyer
- Improve relationships with suppliers

Create the market conditions needed to deliver sustainable and innovative solutions

Help identify potential solutions to maximise positive sustainability impacts of the goods or services procured

- Test the feasibility of your needs against what is available in the market, i.e. whether or not a new approach is necessary

- Stimulate competition and innovation and explore new innovative or alternative ways of meeting the requirements
- Allow suppliers time to plan and prepare to respond to a contract opportunity, and be ready to meet your demands
- Confirm through market reaction, that the scope and objectives of the procurement provisions are sound and achievable

3. What are the first steps?

Determine what is required

As with every procurement process, the first steps should be to assess your needs and consider what the performance and function of the contract should be. Initial research should identify area(s) of focus and specific user needs, as well as the potential solutions that could meet them.

Although you may not have all of the information necessary to assess the sustainability impact of the contract at this stage, it is important to make this consideration at the earliest possible opportunity.

Market consultation carried out prior to procurement can help identify potential solutions to maximise the positive sustainability impact of the contract.

Carry out an initial market analysis

Analyse the market to find out more about how suppliers could meet your needs for the product, service or work that is being considered. Some questions to consider relate to:

- Maturity: is the market ready to deliver what's required? Is it evolving or diversifying with suppliers entering or exiting the market?
- Feasibility: will the market be technically capable of meeting your requirement?
- Technical/product innovation: are any technological advancements or product/service developments expected and how can the contract requirement be 'future proofed' to take advantage of these?
- Competition: how many suppliers provide what is required? Will there be effective competition?
- Capacity: are there enough suppliers, with sufficient capacity, to meet our requirement?
- E Commerce: is the market ready to make use of electronic procurement solutions that are increasingly used by the public sector (such as e-tendering, electronic ordering and invoicing, BACs transfer, consolidated invoicing)?
- Working together: will the requirement bring suppliers from different subsectors together in a new way? How would this work?
- Geographical: do suppliers operate differently or provide different goods or services in different geographical areas e.g. in another country?
- Traditions and prevailing attitudes: why are suppliers in this market? How will the traditions and culture of the market affect the project?
- Sustainability: can suppliers provide solutions to sustainability issues?

4. How much time does market engagement take?

Market engagement does require some time set aside at the start of the procurement process. It is advised to allow 3-6 months for the process, with larger contracts or processes that involve co-design of goods or services requiring up to 12 months. This can save time in later stages by resulting in fewer supplier clarifications and a more suitable contract for all parties because suppliers have been able to adapt to your needs.

Some good practices and preparations aimed at making the process more time efficient include:

- Consider if market engagement is right for the particular procurement. You should take into account innovation needs, the complexity of the contract, the contract size and resources needed (within your own organisation and from the supplier side).
- Start early and add a date for the beginning of market engagement to your supply schedule.
- Find the type of engagement or dialogue that fits your supply.
- Involve colleagues with sustainability expertise in the market engagement, so that the right questions are asked, and expectations set, for SPP.
- Tap into the knowledge of others and engaging relevant networks.
- Be focused, concrete and clear about what

5. When can I engage with the market?

You can engage with the market at any time, from the early pre-procurement phase, during a tender and at any other time during a procurement process. There is no limitation on when you can engage, as long as you:

- are fair, open and transparent;
- record discussions;
- take steps to ensure your integrity, for example, giving the same information to all suppliers; and
- Give equal access to all suppliers and treat all suppliers the same.

6. How do I engage with the market?

There are a number of strategies and methods for engaging with the market. How you do this will depend upon the stage of the procurement, the time you have to explore your options for innovation and type of information you want to discover.

Pre-procurement stage

7. What information can I ask for?

The type of information you collect through your engagement will depend on when and why you want to talk to suppliers.

Pre-procurement

At the pre-procurement stage you will likely be undertaking basic market research and analysis. This may be informal, but should still be planned. You may want to find out:

- the number of suppliers and the total size of the market;
- key suppliers and their market shares (supply);
- the number of buyers and their influence on the market (demand);
- the degree of competition;
- current prices, pricing methods and other factors influencing price;
- market trends and regional differences;
- the availability of alternative goods and services (product differentiation);
- any current or potential technological developments in the market;
- the nature and quality of the supply chain(s);
- Supplier positioning – the level of vulnerability you would have if a particular supplier was to fail.

8. What are the risks?

Early engagement with potential suppliers can be critical to success and it is vital to understand the key issues before starting any procurement. It must be undertaken with care and in such a way as does not distort competition (for example, you must seek the same information from all of the suppliers you contact as part of the process).

It is also important to understand the risks associated with market engagement, so that you can minimise them. These include:

- unfairly advantaging one supplier;
- accusations of favouritism from unsuccessful suppliers;
- locking in a particular solution too early;
- directly reproducing parts of various suppliers' proposals in your solution, without express permission;
- failing to protect a supplier's intellectual property rights or commercially sensitive information;
- engaging in a way that disadvantages a group of suppliers e.g. Small and Medium Sized Enterprises (SMEs);
- shaping your specification or requirement in favour of one potential supplier or solution;

9. Managing the risks

There are some simple steps that you can take to help you manage the risks involved in market engagement:

- always act responsibly and with integrity – be fair, open and transparent and remain impartial;
- Plan how and when you will engage with the market;
- make the process clear to all suppliers and manage their expectations;
- treat all suppliers the same – do not discriminate;
- do not favour one supplier over others;
- share the same information with all suppliers, for example, by briefing them together;
- be open to new players, new ideas and new solutions and do not get 'sold' on one solution;
- ask suppliers to identify any aspect of their offerings which they deem to be commercially sensitive – then ensure that you do not disclose this information or use it without that;
- seek supplier's written consent;
- keep records of your meetings;
- try to include at least one neutral observer;
- be clear with suppliers as to what will and will not be shared as part of the market engagement process;
- Before conducting any pre market engagement it is a good idea to be really clear with what you are going to do with the information you receive. Ensure this is made available to other bidders and make sure the suppliers participating in the pre market engagement know this is the case. Consider including the information as part of the procurement documents or holding a bidder day to bring everyone up to speed. It may be prudent to talk to the suppliers about the possibility of having a 'Chinese wall' between those involved in the pre market engagement and those involved in the subsequent tender process.
- In respect of incumbent suppliers avoid any discussion that could influence the procurement process or the new contract. Keep a record of any contract management meetings leading up to the commencement of the new procurement process.

10. How is market engagement meetings conducted?

- An agenda should be prepared to arrange how the pre-bid meeting will be carried out. An indicative pre-bid meeting schedule follows:
- Opening remarks and introduction
- Presentation on the procurement aspect of the requirement
- Questions and answers on the procurement aspects
- Presentation on the technical aspects of the requirement

- Question and answers on the technical aspects
- Closing remarks
- A representative of the procurement should be present
- A summary of each section should be given and bidders allowed to ask questions.
- The technical aspect of the requirement should also be discussed, giving bidders the technical details of the requirement, and they should be allowed to ask questions.
- Questions and answers could also be left until the end of both the procurement and the technical presentation.
- There should also be someone in charge of capturing all questions and answers so they can be put into the minutes of the pre-bid meeting, which is sent to all bidders that attended and those that requested or obtained the solicitation documents. Although it may not be possible to answer all questions raised at the meeting, a written response addressing all questions, must be sent to all bidders

Guide to Pre-Bid meetings

1. What are pre-bid meetings?

Pre-bid meetings are gatherings scheduled after an invitation for Tenders or request for Quotations is advertised. They are called pre-bid meetings because they are pertinent to procurement of goods, non-consultant services and works. When they are scheduled for consulting services, they are called pre-proposal meetings. These meetings, also called conferences, are scheduled during the preparation of the solicitation documents (invitation for Tenders or request for Quotations) and the date, time and venue are mentioned in these documents so that all prospective bidders and consultants can become aware of them.

2. What is the purpose of pre-bid meetings?

The objective of pre-bid meetings is to explain the details of the solicitation documents to interested bidders. Prospective bidders are permitted to request clarifications on the invitation for Tenders or request for Quotations by a stipulated date, and the pre-bid meeting is held within that period.

3. Why are pre-bid meetings held?

When preparing solicitation documents, especially the terms of reference, technical specifications and scope of work, it's important to determine if there is need for a pre-bid meeting. The complexity of these documents should be taken into consideration and a decision made in consultation with the departments involved in contributing to the preparation of the solicitation documents.

Pre-bid meetings are held to clarify the technical and procurement aspects of the solicitation documents. They are arranged for more complex procurements in order to discuss the technical and procurement requirements with prospective bidders, listen to their concerns, and take them into consideration in order to improve the solicitation documents. The intent is to give bidders sufficient information to help them submit a bid or proposal that responds to the requirement.

4. Who conducts pre-bid meetings?

Pre-bid meetings are organized and held by the procuring entity at a venue agreed together with the requesting entity. The procuring entity, with the participation of the technical team that contributed to the preparation of the terms of reference or technical specifications and scope of work, prepares the agenda for this meeting. While

attendance should not be mandatory, prospective bidders should be encouraged to attend.

5. When are pre-bid meetings held?

Pre-bid meetings should be held one week or more after the initial announcement of the invitation for Tenders or request for Quotations. The reason for this is to allow prospective bidders enough time to get, read and study the solicitation documents, and prepare a request for clarification, if any.

It is also better to hold the pre-bid and respond to request for clarifications about two weeks before the bid or proposal submission date. This is to allow the procuring entity to prepare and send responses to bidders request for clarification after concluding the pre-bid meeting, and give bidders enough time to take the responses into consideration when preparing their Tenders or Quotations.

6. Where are pre-bid meetings held?

The venue of the pre-bid meeting should be easily accessible to the target market. It could be a rented venue or a government provided facility. Although bidders will assume the cost of attending a pre-bid meeting, effort must be made to keep the cost as low as possible because it is logical to assume all cost incurred by bidders will be reflected in the Tenders or Quotations submitted. So holding the pre-bid nearest to where target bidders are located would help to reduce the overall cost of the bidding process

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- Presentation on the procurement aspect of the requirement
- Questions and answers on the procurement aspects
- Presentation on the technical aspects of the requirement
- Question and answers on the technical aspects
- Closing remarks

A representative of the procuring entity should be present and should discuss the entire solicitation document. A summary of each section should be given and bidders allowed to ask questions.

The technical aspect of the requirement should also be discussed, giving bidders the technical details of the requirement, and they should be allowed to ask questions. Questions and answers could also be left until the end of both the procurement and the technical presentation.

There should also be someone at the pre-bid in charge of capturing all questions and answers so they can be put into the minutes of the pre-bid meeting, which is sent to all bidders that attended and those that requested or obtained the solicitation documents. Although it may not be possible to answer all questions raised at the pre-bid meeting, a written response addressing all questions, must be sent to all bidders by the date stipulated in the solicitation documents