


SME friendly criteria

The overall purpose of this tool is to change how Government procures, forever: so that SMEs make up a bigger proportion of the businesses helping Government to achieve sustainable outcomes. Specifically, this tool has been designed to:

- Describe what SME friendly procurement looks like
- Help measure progress towards the aspirational goals of the Government to boost SME provision (especially opening up to new SME providers)
- Incentivise and support improvement by allowing Departments to benchmark against and learn from each other

				
Procurement development strategy				
1. Results	Departments can demonstrate that they are getting optimal value for the contracts they are awarding by harnessing a fully diverse supply base, including SMEs, individually and in consortia (and VCS)	Department can demonstrate significant growth of SME business and have evaluated no bids and listened to their feedback	Plans in place are showing early signs of improvement	SMEs make up too small a proportion of businesses providing products and services to the Department
2. Engagement & communication	With active leadership by the SRO, Department arranges, communicates and documents significant and regular engagement activities with suppliers to exchange ideas about future requirements	Proactive early market engagement takes place accessibly and regularly. SRO provides updates against planned activities on website with a designated procurement team contact	Senior Responsible Owner (SRO) has been identified and named on department website with a central mail box for SMEs to contact. Some planned engagement activities published	Nobody is named as source of information. Confusing list of contact points or none. Everything is kept secret until last possible moment with no early engagement
3. Transparency	Data is openly available on departmental progress on SME procurement, in a reusable format, so that anyone can interrogate, extract and identify trends	Department publishes evidence of improvement, including its own 'SME friendly star rating'	Department has declared how it will increase business opportunities for SMEs, through its SME Action Plan, and publishes plans	Information about SME plans and results are not published in an accessible form or not at all
4. Supply Chain Value Optimisation	Department's procurement approach ensures that tier 2 and 3 suppliers are fairly treated and integrated to support the overall goals	Results evident that the lengths of supply chains are optimally balanced to prevent 'margin creep' and increase visibility and involvement of SMEs	Department ensures that large suppliers pay their SME subcontractors within 30 days and treat them fairly	What's a supply chain?
5. Risk Aversion	Actively explores opportunities to flex the process to make it more SME friendly	Allows innovation in the tender process and procures based on outcomes	Very prescriptive tender notices	Processes are set and totally inflexible

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6. Innovation and confidentiality (pre and post bidding)	Finds the balance between transparency and reasonable confidentiality so that questions and ideas can be put forward by innovating companies securely	Pre bid communication to allow innovative companies to offer suggestions on the bidding process	Provides a mechanism whereby commercially sensitive information can be discussed securely	Have not thought about how innovation and confidentiality interacts with the bidding process
7. Voice of the end user	End users and suppliers are encouraged to meet and share ideas before requirements are specified and finalised	Active involvement of end users in the specification of the requirements	Regular consultation with end users (those using the service or product) in the shaping of requirements	Who?
8. Evaluation and learning	Robust and transparent methods are installed in the procurement processes to check for any inherent biases, actively searches for ways to engage new suppliers	There is active monitoring of all those who express an interest, with follow up surveying of those who chose not to bid	Bidding processes are regularly reviewed and suppliers are given helpful feedback on their bid	No evaluation of the processes and / or no feedback
Everyday procurement practice				
9. Support and clear procedures	Regularly reviewed Step by Step guide to procedures based on feedback from SMEs is provided with details of wider issues facing department	Department provides contact details to support SMEs wishing to engage with them and procedures are easy to follow	Have clearly defined procedures for working with SMEs and guidance is published on Department website	No supporting guidance available and / or poorly defined procedures
10. Responsiveness during procurement	Responds to enquiries to department within 1 working day and provides a central channel to contact	Responds to enquiries within 2 working days	Responds to enquiries within 5 working days	Responds slowly and unhelpfully or not at all (more than a week)
11. Excessive or inappropriate requirements	Shapes any bid requirements in such a way as to encourage bids from organisations of all sizes	Reviews qualification procedures to reduce the list of requirements progressively and uses the open procurement procedure	Reviews use all qualification requirements for proportionality & follows Government policy	Insists on excessive insurances and other assurances (e.g. numerous policies & company plans)
12. Unit of procurement	Contract units being procured (chunks) are competitive, but sized and time scaled so that SMEs (alone or in consortia) can bid easily	Procurement chunks (and bid time scales) allow large companies, consortia of SMEs or single SMEs to bid (depending on size of project)	Consideration is given as to the optimum size of the chunks to procure with reference to SMEs	Such large chunks and short timescales as to make it only possible for very large companies to bid
13. IPR (including materials and knowledge)	All past information is made accessible as part of the bidding process (in a summary but usable form) so that all bidders will work on a level playing field	Process is specifically designed to ensure that new entrants are not discriminated against by not having access to past information and / or materials	Process acknowledges that IPR or additional costs (e.g. extra design costs) could be a hurdle to new entrants	Have not thought about IPR barriers for SMEs or additional costs for new bidders
14. Harnessing experience	Identifies a method so that experience of all kinds can be included in the bid (e.g. associated work is recognised)	Includes in the bidding process a method for validating the claims made by suppliers	Asks for details of past public or private sector experience (of providing the outcome) that allows new entrants and SMEs in general not to be discriminated against	Have not considered how requirements for past experience might discriminate against SMEs