



Foreign, Commonwealth
& Development Office

Small to Medium Sized Enterprise Action Plan

January 2022

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Forewords



I am delighted to have taken on the role of FCDO's Ministerial Champion for Small and Medium Sized Enterprises.

There are over 5.7 million Small to Medium Enterprises in the UK. They are the engine of growth in our economy, driving innovation and greater productivity, finding solutions and creating jobs.

SMEs also play a vital role in delivering UK aid to millions of poor and vulnerable people and supporting our network throughout the world.

FCDO has long recognised the importance of SMEs and we are keen to build on the work of our legacy departments to continue to improve access to our contracts to SMEs. In the last two years, we have introduced a range of reforms to make it easier for SMEs to work with us as suppliers, or as sub-contractors in our supply chains.

But we can and will do more. This SME Action Plan sets out how we will continue to draw on the skills, energy and expertise of small businesses – both in the UK and in our partner countries – to help us deliver effective and good value contracts in the UK national interest.

Lord (Tariq) Ahmad of Wimbledon

Minister of State for South Asia, UN and the Commonwealth



In my role as the Crown Representative for SMEs, I am very keen to work with all government departments to share best practice and to promote the benefits of working with our smaller businesses.

Having worked closely with DFID and FCO, I am looking forward to supporting FCDO making renewed progress with SMEs and seeing them increase the amount of business they do with SMEs.

As a department, FCDO are clearly demonstrating both their commitment and drive to do more business with our smaller companies. This action plan builds on those achievements and will help FCDO to deliver the next phase. I very much look forward to working with colleagues at the department to help support them in achieving their ambitious targets.

Martin Traynor

Small Business Crown Representative,
Cabinet Office



I am proud of the work FCDO has done to date supporting the governments SME agenda. There are still areas that can be improved, and the department strives to be a government leader.

SMEs are a vital part of our supply network and account for an increasing proportion of our spend. I would like to see this trend continue to grow in the coming years and this SME Action plan will help us deliver that vision.

We recognise that SMEs still face challenges when it comes to working with FCDO and other government departments. However, the department will continue to focus on new initiatives and processes to reduce these barriers and make our funding opportunities more accessible for both UK SMEs and local in-country businesses, growing and improving markets both in the UK and around the world.

With this SME action plan and FCDO's commitment to continuously improve our practices, the department is on track to increase spend with SMEs.

Gareth Nugent
Chief Commercial Offer, FCDO

About the FCDO

The Foreign Commonwealth and Development Office (FCDO) pursue our national interests and project the UK as a positive world leader, working with our partners to tackle the key challenges of our age. We promote the interests of British citizens, strengthen the UK's security, defend our values, and are a world leader in development, delivering humanitarian support to those in need.

We unite development and diplomacy in one new department. We employ around 17,300 staff in our diplomatic and development offices worldwide, including in 280 overseas embassies and high commissions.

How does FCDO support SMEs?

The UK Government has launched extensive initiatives to improve and increase opportunities for small to medium enterprises (SMEs). FCDO supports the Government's support to SMEs through implementing our SME Action Plan in our procurements and commits to paying them on time.

What are SMEs?

An SME is any organisation that has fewer than 250 employees and a turnover of less than €50m or a balance sheet total less than €43m. A breakdown of the different organisation sizes is in the below table.

Table – Defining an SME

Turnover or balance sheet total	Headcount	Business size
≤ €50 million or ≤ €43 million	<250	Medium sized
≤ €10 million or ≤ €10 million	<50	Small
≤ €2 million or ≤ €2 million	<10	Micro

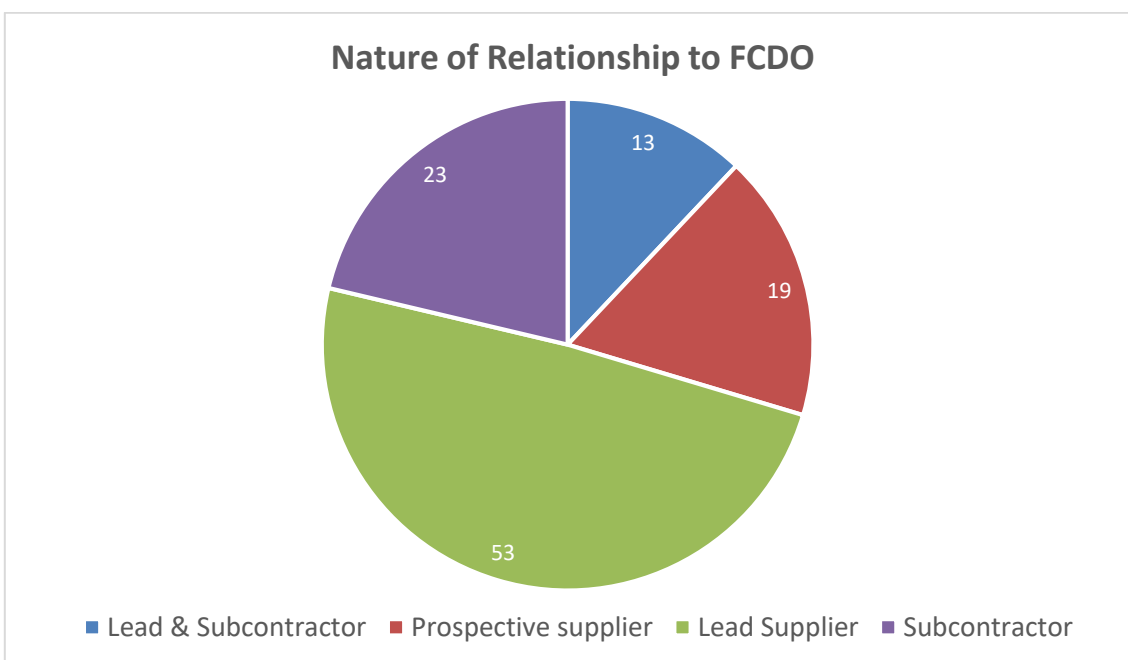
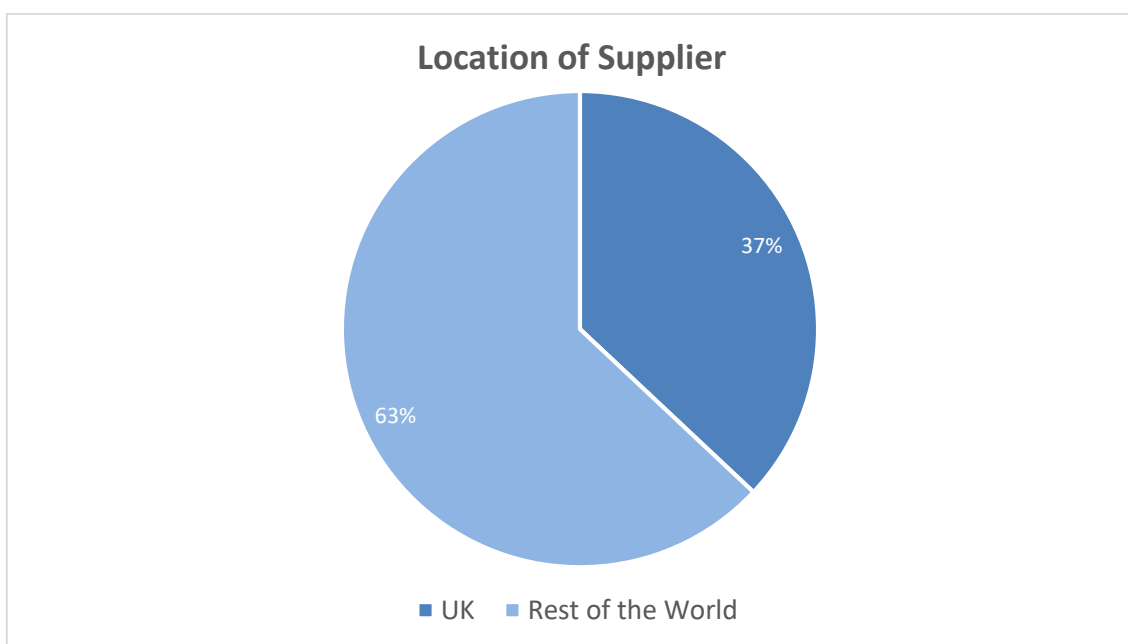
FCDO has already implemented a range of measures designed to increase SME participation and support economic growth. We are committed to continuously improving on the opportunities available to SMEs and supporting the government target. FCDO is keen to be a government leader and ensure best practice with our work with SMEs.

Feedback from SMEs

We work with SMEs across the globe to maintain our estate, security and deliver our united development and diplomacy objectives. Across our supply chain, we asked SMEs for feedback on what it is like to work with FCDO today and what additional measures we can take to support them further.

Overall, 108 SMEs took the opportunity to give feedback, with 77 agreeing to discuss their responses further with FCDO. The response to this survey shows there is a significant level of interest from our SME suppliers to maintain an open dialogue with FCDO.

Summary of Responses



Barriers to working with FCDO

A critical question in our survey was around the barriers they face to doing business with FCDO. Responses were detailed and we have identified the key themes from this feedback below:

- Local SMEs (in-country) do not know where to look for opportunities
- Lack of commercial pipeline for all spend areas, particularly in development programmes
- They don't know how to tender for FCDO contracts, and our requirements put opportunities out of reach for SMEs
- Identifying like-minded organisations to form consortiums is harder now that Early Market Engagements are digital
- Frameworks lock out new entrants from becoming lead suppliers for the duration of the agreement and lead suppliers can be reluctant to bring on new subcontractors
- It is expensive to do work with FCDO and the financial requirements limit SMEs ability to lead a contract
- There is inconsistency in how lead suppliers flow down terms and conditions to subcontractors

What improvements do SMEs want to see?

In addition to the barriers, we asked SMEs to tell us what they would like to see improved in the future. We have summarised the key themes below and we have used this to help shape the outcomes in the SME Action Plan.

- Training from FCDO on how to bid on contracts
- Review commercial assessment criteria to incentivise performance rather than withholding a % of funds until specific milestones are met
- Increase visibility of FCDO opportunities and publish a complete commercial pipeline
- Make it easier for SMEs to get onto FCDO frameworks and channel more work through channels specifically targeted at SMEs
- Hold SME specific workshops highlighting future opportunities and allow networking between SMEs

Commercial Pipeline

FCDO's commercial pipeline is available to view on the FCDO gov.uk website (link included 'Useful links' page).

Our pipeline is a live forward look at all upcoming potential commercial activity and is updated on a quarterly basis.

A pipeline is of benefit to all organisations that may bid for FCDO contracts, especially SMEs as it allows them greater time to prepare and there are no surprises when we approach the market to procure.

Benefits of a Commercial Pipeline:

- It makes the market aware of future opportunities, ensuring a competitive market
- It allows organisations to plan their resources better to ensure they can respond to tenders on time
- Increased competition by improving the information we give the market about future opportunities
- Outlines when the required services are intended to be procured
- Ensures transparency when going to market

Pipeline Example

Transparency data

FCDO commercial pipeline: August 2021 to August 2024

Published 4 August 2021
[Download CSV 17.9KB](#)

Reference Number	Business Area	Short Description	Contract Title	Commercial Strategy	Existing Contract End Date	Next Business Case Stage
ecm_253	Africa Directorate	Provision Of Monitoring & Evaluation Services For The Conflict, Security & Stability Fund Programme In East Africa	Provision of Monitoring & Evaluation Services For The Conflict, Security & Stability Fund Programme In East Africa	Not Known	31/03/2022	Outlin Busin Case
ecm_254	Africa Directorate	Monitoring, Evaluation And	Monitoring, Evaluation and Learning Services	Not Known	29/09/2021	Outlin Busin

Please note: The pipeline is subject to revision by FCDO and entries may change or be removed without notice

Our SME Action Plan

Our Commitment

The FCDO brings together the best of Britain's international efforts to pursue our national interests and project the UK as a positive world leader, working with our partners to tackle the key challenges of our age. We work in some of the most challenging places around the world and have a strong network of suppliers supporting our global mission.

SMEs are a vital part of our supply chain supporting FCDO to deliver our objectives, giving us access to specialist skills and experience either from the UK or across the globe. That could be through the unique skills SMEs have supporting Education and Health programmes across Africa or helping us upgrade our embassy network in Bangladesh, Egypt, Mexico, or Thailand.

We remain committed to encouraging and supporting SMEs to work with FCDO as a lead supplier and/or subcontractor. This SME Action Plan covers all FCDO procurement spend, whether that is a development (ODA) or corporate contracts managed by our teams in the UK and across the globe.

Value for money remains at the forefront of FCDO's commercial agenda, continually striving to ensure the best value for UK taxpayers. Through this action plan we aim to increase the volume of SMEs working with us, increasing bidding levels and deliver wider benefits across FCDO's portfolio.

Using your feedback, FCDO has identified three key areas of focus to encourage greater SME participation:

1. Visibility of Opportunities
2. Doing Business with FCDO
3. SME Relationships with each other **and** Larger Organisations

Within each key focus area, we have made a commitment we will deliver and target actions to help us reach that goal. We aim to deliver across all these outcomes by the end of March 2024. This Action Plan will be reviewed and updated by the Commercial team and our new SME Advisory Panel on an annual basis.

Visibility of Opportunities

Outcome 1: Visibility

Our Commitment:

- **From April 2022:** FCDO will publish an updated Commercial Pipeline every quarter on gov.uk and inform the market via @FCDOProcurement Twitter feed.
- **By July 2022:** Early Market Engagement events will be advertised via the procurement portal and @FCDOProcurement twitter

Targeted Actions:

- FCDO will monitor and review registrations and enquiries to ensure our process is successful.
- We will also share adverts from other government departments for relevant opportunities and vice versa, to increase opportunities for our supply base.

Outcome 2: Accessibility

Our Commitment:

- **From February 2022:** FCDO will ensure ALL Early Market Engagements (EMEs) are accessible to all suppliers who wish to join, regardless of their location.
- **By Sept 2022:** FCDO will test new ways to improve networking between suppliers before or after our planned EMEs
- **By April 2023:** FCDO will implement improved networking measures for suppliers participating in digital EMEs.

Targeted Actions:

- EMEs will be held online by default to remove barriers to participation.
- Digital tools to improve engagement during EMEs will be used to facilitate effective two-way communication.
- Investigate, test and implement new ways to support suppliers networking to help build relationships across the supply base and allow SMEs to form consortia's where required.

Outcome 3: Communication

Our Commitment:

- **Ongoing:** FCDO will support SMEs to engage with us directly by maintaining open communications channels.

Targeted Actions:

- The [Supplier Engagement](#) and [SME engagement](#) mailboxes have been set up to offer suppliers another channel to access information. These mailboxes are tracked and monitored, and we aim to respond to all queries within 4 working days. This ensures our supply base can contact FCDO regarding any procurement queries.
- Develop regular SME focused events to allow SMEs to engage with FCDO directly on key issues and concerns.

Doing Business with FCDO

Outcome 1: Getting to know FCDO

Our Commitment:

- **From November 2022:** FCDO has set high, but achievable standards across our supply base with clear Terms and Conditions. These can be daunting for SMEs, who are new to working with FCDO, leaving them unsure how to meet these standards. FCDO will openly engage with SMEs to address concerns.

Targeted Action:

- Develop and run regular “Getting to know the FCDO” sessions to help prospective SMEs engage with FCDO and navigate the procurement process and the high standards we expect from our supply chain.

Outcome 2: SME Advisory Forum

Our Commitment:

- **By February 2023:** FCDO will develop an SME Advisory Forum that will invite participation from SMEs as a consultative industry-focussed body advising FCDO on the Small Business agenda.
- The forum will consist of a range of micro, small and medium business leaders across our supply chain. The group will work collaboratively with FCDO and the Crown Representative for Small Business to help FCDO get the best value from smaller businesses.
- **By April 2023:** Membership of the SME Advisory Forum will be voluntary and reviewed annually.
- **From May 2023:** Regular, bi-annual meetings of the SME Advisory forum are in place

Targeted Action:

- FCDO will develop a Terms of Reference for the SME Advisory Forum and select SME suppliers to participate from volunteers identified in the SME survey.
- Initial SME Advisory Forum meeting to be held to determine full scope of the panel and how it can contribute to the SME agenda for FCDO

Outcome 3: Defining Opportunities

Our Commitment:

- **Ongoing:** FCDO is committed to making our opportunities available to all organisations, including SMEs. We continue to use different contracting methods, including adding ‘lots’ where appropriate to our contracts to encourage increased opportunities for SMEs and micro-SMEs.
- **Ongoing:** All OJEU contract opportunities are published on Contracts Finder and you can be alerted to opportunities if you are registered on the FCDO Supplier Portal
- **Ongoing:** All sub-contract opportunities (>£25k post award) will be advertised on Contracts Finder by the lead (prime) supplier

Targeted Action:

- Early review of pipeline opportunities to identify the most appropriate route to market and contractual structure. Through this process we will ensure appropriate opportunities are structured in a way that reduced barriers to SME participation

SME Relationships with each other & Large Organisations

Outcome 1: Large Business Collaboration

Our Commitment:

- **By March 2023:** Working with our Strategic Relationship Management programme (which focuses on our largest, most strategic suppliers), we will test ways to strengthen dialogue between these organisations and SMEs to maximise SME participation in the supply chain.
- **From March 2023:** Working with our Strategic Relationship Management programme (which focuses on our largest, most strategic suppliers), we will implement identified measures to improve SME participation in large suppliers' supply chains.
- **From April 2022:** Large lead suppliers will be asked to report on the value of FCDO spend they subcontract to SMEs annually.

Targeted Action:

- Improve networking opportunities for large suppliers to meet SMEs and build new business relationships.
- Strengthening our strategic dialogue with primes to ensure they are taking all necessary action to encourage SME participation in the supply chain and flow down our terms and conditions consistently.
- Strengthening our dialogue with SMEs across different tiers of the supply chain to identify barriers to working with FCDO lead suppliers.

Outcome 2: SME Networking

Our Commitment:

- **By November 2022:** Trial opportunities for SMEs to come together to discuss FCDO requirements and how they could potentially work together on these.
- **By November 2023:** Implement regular process for SMEs to come together to discuss FCDO requirements how they can work together on these. These opportunities will be framed around specific FCDO requirements, allowing for targeted engagement.

Targeted Action:

- Test SME networking at future EMEs to determine what kind of approach would work for different categories of spend.

Useful Links

[FCDO Website](#)

[Procurement at FCDO](#)

[Commercial Pipeline](#)

[Contracts Finder](#)

[Social Media](#)

[Email: supplierengagement@fcdo.gov.uk](mailto:supplierengagement@fcdo.gov.uk) or SMEengagement@fcdo.gov.uk