



INTRODUCTION TO MARKET RESEARCH for Small Business

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OBJECTIVES

After completion of this training class, you will be able to:

- Identify the two types of market research.
- Be aware of the who, what, where, when, why and how of market research.
- Know how market research ties into the acquisition strategy process for each project and how you fit in.
- Have basic knowledge about how to do market research to identify to whom you need to market your company



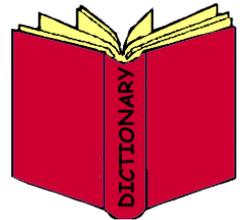
References

- Federal Acquisition Regulation (FAR) / Defense FAR Supplement (DFARS)/
- Army FAR (AFARS) Supplement PART 10 Market Research
- FAR/DFARS/AFARS/EFARS Part 7 Acquisition Planning



WHAT IS MARKET RESEARCH?

➤ Definition: The process of collecting , organizing, maintaining, analyzing, and presenting data that enables activities to achieve the best value acquisition of products, services (to include construction) and technology.



- Continuous process of gathering data on the market's capabilities, business practices, and identifying “who's buying what.”
- As project complexity increases, your market research complexity increases as well.



WHAT IS MARKET RESEARCH?, cont'd

- Involves analyzing the data collected in a way that it facilitates marketing decisions.



Two Types:

- **Tactical** – For the “instant” requirement. Early in the process. Used to identify potential prime contractors, sources of supplies & materials, and to make decisions for marketing strategy. Don't wait until after the bid closes to market to prime contractors



WHAT IS MARKET RESEARCH?, cont'd

Tactical, cont'd

- Some types of tactical market research:
 - ✓ **Sources sought synopses** – ALWAYS respond if the project is in your direct business line
 - ✓ **Draft Solicitations for comment** – ALWAYS respond – this is your chance to shape the acquisition, as questions, bring up conflicting points
 - ✓ **Surveys of the marketplace** – Find out prime contractors that are doing the actual work – this can lead to teaming opportunities in the future.



WHAT IS MARKET RESEARCH?, cont'd

Tactical, cont'd

- Some more types of tactical market research:

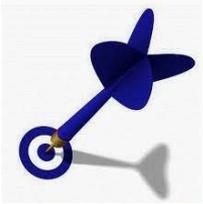


✓ **Face-to-Face contact with contractors** – *Attend agency expos and matchmaking events to find teaming partners. Go and network, but pick your events wisely!*

✓ **Interface with other companies** – *Contact your competitors -having like skills may allow you to combine your efforts.*



WHAT IS MARKET RESEARCH?, cont'd



- **Strategic** – For the “Long Term View.” Helps to develop general knowledge and understanding of the government marketplace in general that is relevant to your business lines – being “in tune.”
- It is iterative, on-going, and not aimed at any specific procurement action.
- It is the building of a knowledge base that becomes the foundation for more focused tactical research.



WHAT IS MARKET RESEARCH?, *cont'd*

Strategic, *cont'd*

- Government often uses even *before* the requirement is formalized to craft requirements – you can use it to find alternatives for new innovation in your business lines, etc.
- Some types of strategic market research –
 - Reviewing trade journals and articles
 - Newspaper articles – business pages
 - Trade association conferences
 - Electronic forums & webinars





WHO DOES MARKET RESEARCH?

EVERYONE!!



Government –

- **Requirements Personnel** (incl. PM's) and contracting work together as a team to gather market research data needed to make decisions about what they are buying.
- **Technical Personnel** provide input to the Project Delivery Team to focus the MR towards the correct data.
- **Contracting** works with PDT and Small Business Specialist to analyze the data and form a logical recommendation for acquisition strategy.



Market Research is the responsibility of everyone!

➤ **GOVERNMENT** - Small Business Specialist (SBS) works with all members of the PDT to analyze the data found, and to locate small business firms for set-aside recommendation.



- *The market research performed should find YOU! If it doesn't, you are not "out there" with enough information for the SBS to find you.*
- *The Rule of 2 needs to be met – if you are the only one out there that clearly is a good fit, setting aside a procurement can be risky for the Government – AND for the taxpayer.*



WHO DOES MARKET RESEARCH? Con'd

➤ **Small Businesses** –



- **Marketing Personnel and Sales** work together as a team to gather market research data needed to make decisions about their sales strategy.
- **Technical Personnel** provide input to the Sales staff to advise on the firm's capabilities in a given business line.
- **Proposal Writers** work with Marketing and Technical to analyze the data and form a logical recommendation for the pricing strategy – how sharp can they make their “pencil?”
- **Who else?** (Accounting, Purchasing, and so on...)₂



Market Research is the responsibility of everyone!

➤ **Small Business – Business Development** works with all members of their company to analyze the data found, and to locate government agencies with matching needs and to formulate your strategy.

- *The market research performed should find agencies buying what you sell! If it doesn't, you are not looking effectively to see what kinds of contracts are being let and to decide whether you can do work for the agency.*



WHEN SHOULD WE DO MARKET RESEARCH?

- **GOVERNMENT** - Required on every acquisition, to the extent appropriate to the project –
 - Before developing NEW requirements documents (Statements of Work, Statements of Objectives, Purchase Descriptions)
 - Before soliciting offers/bids exceeding the SAT (\$150k) (*required by FAR*)
 - Before soliciting offers/bids under the SAT if adequate information is not available and the circumstances justify.
 - Before soliciting for an acquisition that could lead to a bundled or consolidated contract. (see next slide)



WHEN SHOULD WE DO MARKET RESEARCH? Cont'd

If Bundling/Consolidating is necessary & justified

- If Bundling is considered, the SBA Procurement Center Representative should be consulted prior to the acquisition strategy being finalized.
- Any incumbent contractor(s) must be notified least 30 days before the release of the solicitation that the government intends to bundle the requirement.



WHEN SHOULD WE DO MARKET RESEARCH? Cont'd

Just what *is* “Bundling” and “Consolidating” anyway?



- Bundling is the practice of combining 2 or more unrelated requirements being performed by separate small businesses into one larger contract

(ex. Combining facility maintenance, mailroom support, security service and cafeteria operations for one or more locations into one LARGE contract)

- Consolidation is the practice of combining like work for a specified location or region into one requirement

(ex. Combining all janitorial service requirements for facilities in close proximity to each other into one regional or area contract instead of awarding many small ones.)



WHEN SHOULD WE DO MARKET RESEARCH? Cont'd

➤ **SMALL BUSINESSES** - Every acquisition to which you are responding, to the extent appropriate

- *When the Pre-Solicitation Notice is published – is this something you want to go after? What did previous contracts look like? Was it “out of your league?”*
- Before responding to solicitations to ensure adequate subcontractor base, skill sets, equipment and materials, etc.
- Before deciding on forming a Teaming Arrangement or Joint Venture - what's their track record?



WHY

DO MARKET RESEARCH?

- **GOVERNMENT** – Uses MR to determine –
 - If sufficient sources exist to satisfy agency's requirement, to include sources within small business and other socio-economic groups.
 - If commercial item is available (commodities & services) and what is common in the commercial marketplace (delivery terms, financing & payment, etc).
 - Maximum practicable use of recovered materials, technology, energy conservation, other innovative ideas – find out what's out there.



WHY DO MARKET RESEARCH? Cont'd

➤ **SMALL BUSINESS** – Uses MR to determine –

- For marketing strategy and to locate business opportunities. For a set aside to occur, there must be at least 2 small businesses that can do the work and would be expected to provide a fair market price. If we can't find you, we can't set it aside.
- To position the company competitively within the marketplace. Your complete capabilities should be easily seen by any potential customer. If we can't find you, we can't set it aside.
- To make strategic decisions for future growth and investments in the company.



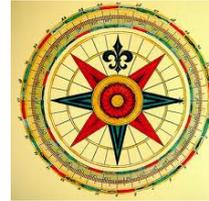
▪ ***BLUF... (Bottom Line Up Front)***

Businesses need to know who is buying what they sell, who their competitors are and whether they are keeping up with innovations in technology so they can be proactive instead of reactive.

The government must assess the potential of the marketplace to meet its mission, mission support and system performance requirements, for the current requirement and into the future.



WHERE DO WE GO TO CONDUCT MARKET RESEARCH?



- **Internet** – search engines (Google, etc) company web sites, trade groups forums, ebiz newsletters, government sites (FBO, FPDS, etc) on-line bulletin boards.
- **Print media** – Business Times, newspapers, trade journals, catalogs & line cards directly from contractors & suppliers, business cards, yellow pages, source lists.
- **Small Business Administration**



WHERE DO WE GO TO CONDUCT MARKET RESEARCH? Cont'd

- **Verbal** – phone conversations with industry and/or Small Business Specialists at Federal agencies; conversations with small business development center representatives, etc.
- **Networking** – trade fairs & expos, networking luncheons, professional organizations (like S.A.M.E., Waterways Ass'n of Pittsburgh, etc), pre-bid meetings.





WHERE DO WE GO TO CONDUCT MARKET RESEARCH?

Cont'd

- Procurement Technical Assistance Centers (PTAC) and Small Business Development Centers (SBDC) set up by SBA and DOD to help small businesses.
- Other civilian business associations for assorted socioeconomic groups, like the WPMBE (Western PA Minority Business Enterprise) who sponsor outreaches for their member businesses.



HOW OFTEN SHOULD WE DO MARKET RESEARCH?

Market Research is a continuous process.



Buyer and seller risks must be balanced to a mutual advantage. Market research helps to identify those risks for both parties. You can't merely duplicate what has worked on a previous acquisition.



HOW OFTEN SHOULD WE DO MARKET RESEARCH? Cont'd

➤ For **Tactical Market Research**, it is generally considered “current” if done within 12 months. If not, it should be re-done.

➤ For **Strategic Market Research**, 12 months maybe too long! Industry and information technology drives a fast-paced environment! You determine the right interval to keep up with your business line.



HOW DO WE DO MARKET RESEARCH?

- Start with a subject or description. What targeted information are you looking for?
- Decide how complex the research needs to be based on factors such as: URGENCY, TECHNOLOGY, AVAILABILITY, COMPLEXITY OF THE MARKET, and so on...
- NOTE: When Agencies conduct MR thru a sources-sought announcement, they must not request more information from potential sources than absolutely necessary to gather the data needed on which to make acquisition decisions.



HOW DO WE DO MARKET RESEARCH? Cont'd

➤ **Review** the results of recent market research accomplished

Remember – Rule of Thumb says 12 months is considered “current.”

➤ **Review** Federal Business Opportunities (FBO) website and business publications to locate formal requests for information or Draft RFP's.

- Always respond with relevant information in the format required – no more, no less
- Your chance to shape the procurement
- These announcements give you a head's up as to what the potential requirement will be – get a jump on it!



HOW DO WE DO MARKET RESEARCH? Cont'd

- *Review FedBizOpps to locate informal and formal “Sources Sought” announcements. Your Tactical MR should already tell you whether you can compete successfully. If so, reply.*
- *Attend pre-solicitation meetings to find out about specific projects early in the acquisition process and make those contacts for subcontracting opportunities.*
- *Review catalogs, literature, and capability statements published by manufacturers and contractors – get a feel for capabilities in your area, availability of materials, etc.*



HOW DO WE DO MARKET RESEARCH? Cont'd

➤ Query Government-wide databases of contracts and other procurement instruments –

✓ ***Federal Procurement Data System Next Generation (FPDS-NG) to find actual contract awards by agency – use FBO to read contract requirements from the archives***

✓ ***Agency Forecasts & Contract Vehicle Lists***

✓ ***Agency websites – find out about what they do – see if you fit with their mission***



HOW DO WE DO MARKET RESEARCH? Cont'd

➤ **Government Systems - How are they useful?**

- **Federal Procurement Data System Next Generation (FPDS-NG)** Repository of federally-awarded procurements across all agencies.



- ✓ *Generic search (non-user) produces records having 90-day lag time for DOD contracts due to security requirements. Doesn't get archived like FBO.*

- ✓ *Data results are dependent upon how contracting “describes” the award in their contract writing system – can be vague or misleading.*



HOW DO WE DO MARKET RESEARCH? Cont'd

Government Systems - How are they useful? Cont'd

➤ ***Federal Procurement Data System Next Generation (FPDS-NG)***

- *Records produced are a “shell” of statistical data-no descriptive info. Also contains modifications and other contract action data. Need FBO to read actual solicitation requirements*
- *Ad hoc reports are difficult to configure to get info you are looking for.*
- *“Google”-type search is user-friendly – once you have contract number you can go to FBO to look up the procurement*



HOW DO WE DO MARKET RESEARCH? Cont'd

Government Systems - How are they useful? Cont'd

★ FEDBIZOPPS.GOV

➤ ***Federal Business Opportunities (www.fbo.gov)***

- *All Federal agencies required to post anything over \$25K here.*
- *Use to look up individual contract requirements once you have found an award in FPDS-NG you might want to see.*
- *Find out about what's been bought in the past & what's in the pipeline for current requirements*
- *Keyword search is user-friendly – many ways to conduct a “search”*



HOW DO WE DO MARKET RESEARCH? Cont'd

➤ ***Searches in Federal Business Opportunities Website (www.fbo.gov)***

- *Use most efficient means – generic searches by NAICS produces MANY records – not efficient*
- *Use more specific keywords to narrow it down. Can use a combination of keywords. More efficient.*
- *Use Agency Buying Activity Codes to target just one office location – usually 1st 4-6 characters of a solicitation or contract number. Use “*” after so that you get everything they published. Most efficient.*
- *Can also let system “select” the Agency by drilling down – search by agency button.*



WE DID THE MARKET RESEARCH, NOW WHAT DO WE DO WITH IT?

➤ GOVERNMENT

- *Once completed, market research results are analyzed. Source lists compiled from the research results are compared directly to the online information for each vendor that asserts that their capabilities are compatible with the government's needs.*



➤ SMALL BUSINESS

- *Make sure your firm's public information matches your actual **EXPERIENCE** and **CAPABILITIES**. If you haven't done it, don't include it. Include any subcontracts that you've handled and what piece of the prime it pertained to. Ex. Don't say you build bridges when all you do is excavation for the foundations.*



WE DID THE MARKET RESEARCH, NOW WHAT DO WE DO WITH IT? Cont'd

➤ GOVERNMENT

- ***Companies list as many buzz words that they can so that they are included in as many keyword searches as possible. It's not always an accurate picture of their capabilities. Comparison is key.***



➤ SMALL BUSINESS

- ***Don't be a "jack of all trades" – No one company can excel at everything!***



WE DID THE MARKET RESEARCH, NOW WHAT DO WE DO WITH IT? Cont'd

➤ GOVERNMENT

- ***Don't ignore past performance information – this can make or break an acquisition strategy (set aside) decision.***

➤ SMALL BUSINESS

- ***Include a “Past Performance” area on your website where you can list previous contracts, a brief description, points of contact, whether you were a prime or sub and dollar value.***



WE DID THE MARKET RESEARCH, NOW WHAT DO WE DO WITH IT?, cont'd



- ***BOTTOM LINE: The analysis should give a picture of the current marketplace, who's doing business successfully within it, and with whom.***
- ***This allows you to align yourself with the right government agencies that buy what you sell.***



U.S. ARMY

US Army Corps of Engineers



QUESTIONS?