

BEST PRACTICE REPORT



Market engagement

Market Engagement Best Practice Report

March 2018

Publisher: ICLEI – Local Governments for Sustainability, European Secretariat

Author: John Watt, ICLEI European Secretariat

Contributions and acknowledgements: Laurence Cesbron (RGO), Caroline Chandler, Simon Clement (ICLEI European Secretariat), David Morgan (Cornwall Council), Bettina Schaefer, Helena Estevan (Ecoinstitut), Andrew Douglas (University of the West of England)

Photos: All pictures from pixabay.com under Creative Commons CC0

Copyright: © SPP Regions (Sustainable Public Procurement Regions) Project Consortium, 2018

About SPP Regions: SPP Regions promotes the creation and expansion of 7 European regional networks of municipalities working together on sustainable public procurement (SPP) and public procurement of innovation (PPI). The regional networks are collaborating directly on tendering for eco-innovative solutions, whilst building capacities and transferring skills and knowledge through their SPP and PPI activities. The 42 tenders within the project will achieve 54.3 GWh/year primary energy savings and trigger 45 GWh/year renewable energy. More information: www.sppregions.eu Email: info@sppregions.eu

Disclaimer: This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 649718. The sole responsibility for any error or omissions lies with the editor. The content does not necessarily reflect the opinion of the European Commission. The European Commission is also not responsible for any use that may be made of the information contained herein.



Contents

What is market engagement?	1
Why engage with the market?	1
What are the first steps?	2
How much time does market engagement take?	3
When can I engage with the market?	4
How do I engage with the market?	5
Pre-procurement stage	5
During a Tender	13
Post-tender.....	15
What information can I ask for?.....	16
What are the risks?.....	18
References and resources	20

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.

This report explores and outlines some practical steps to support market engagement, using examples of successful processes and actions to show how it can work.



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

The supply side

The key benefits of market engagement for suppliers are:

- Market-focused requirements (perhaps shaped or influenced by suppliers) are conducive to greater participation in tender procedures
- The chance to raise issues and queries about the public authority’s requirements at an early stage which can subsequently lead to a reduction in the level of efforts needed at a later stage to resolve any tender inaccuracies
- The opportunity to gain a valuable insight into the public authority’s wider programme, requirements and priorities

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 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?



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.
- Embrace your lack of knowledge: focus instead on controlling the engagement process and taking advantage of industry expertise and “let the dialogue make you smarter” (Forum for Sustainable Procurement).
- 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 you want out of the engagement process and prepare your questions for the market.

COPENHAGEN MUNICIPALITY: ONLINE DIALOGUE SAVES TIME

Copenhagen Municipality undertook market engagement for plumbing services. Online dialogue took place through a portal, with a limited number of questions laid out to be answered anonymously. Knowledge of this was spread through social media, the municipal website, and by encouraging the various industry bodies to send it out to their members. Within a relatively limited time, the City of Copenhagen received 19 replies. Online dialogue was shown to be worthwhile in relation to how little time it takes to set in motion. The online dialogue was followed by interviews and meetings.

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.

Table 1 shows the different stages of procurement and when and how market engagement could happen at different stages of the procurement process. The opportunities and different methods available to engage are greater at the early pre-procurement phase. This is also the phase in which the greatest value can be obtained from supplier and market engagement.

Table 1: Engaging the market at different procurement phases

PRE-PROCUREMENT	DURING TENDER	POST TENDER
<ul style="list-style-type: none"> ■ Publish a forward procurement plan (e.g. Annual Procurement Plan) ■ Attend trade shows ■ Attend a 'Meet the Buyer' event for interested suppliers ■ Issue a Request for Information ■ Call a 'show-and-tell' to allow suppliers to explain their proposed solutions ■ Meet with industry bodies ■ Meet with a group of key suppliers or a range of suppliers individually ■ Sound out the market ■ Provide a pre-tender briefing to suppliers who are interested in a contract opportunity ■ Industry workshops 	<ul style="list-style-type: none"> ■ Brief suppliers who have submitted a response ■ Brief short listed suppliers ■ Hold a question and answer session – or send a list of all questions and their answers to all suppliers. 	<ul style="list-style-type: none"> ■ Let suppliers know who has been successful, including a contract award notice ■ Debrief suppliers, and ask questions about how the process worked for them. ■ Contract and supplier management ■ Strategic supplier management ■ Maintain market awareness and competitor offerings

Source: New Zealand Government, 2013

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

Desktop research and analysis of the particular market

Simply exploring the market using online tools and sources can be a good place to start. A solution you thought did not exist might already be available, or suppliers could have new products they did not think to inform you of.

ANALYSING MARKET POSSIBILITIES IN BULGARIA

When Gabrovo Municipality undertook the renovation of St. Cyril and Methodius school, they engaged with the market throughout the procurement process. First, numerous informal meetings between energy auditors, municipal experts and support organisation EcoEnergy took place. As part of the research into what was possible for the procurement, two companies participated in a meeting of the Bulgarian SPP network, clarifying the benefits of building automation. In addition, individual meetings with four different companies involved in building automation systems were held during the development of the tender specifications.

Based on the market dialogue, innovative measures for Bulgaria were considered possible, i.e. applying the European Standard EN 15232 (Energy performance of buildings - Impact of Building Automation, Controls and Building Management); limiting the water flow of the taps; and implementing mechanical ventilation with high efficient recuperation in the sports halls and the kitchen.

The end result was the first call for tender in Bulgaria to specify achievement of a minimum energy class, and included design and construction works in one contract. The procurement will result in a more energy efficient building and a healthier environment for school children.

Read the [full case study](#).

Consulting with colleagues in other public authorities

Using your networks is a good way to find out what others are purchasing to solve the same problems. Talk to colleagues from other public authorities, find out their lessons learnt, and visit their sites and services to see how the innovative solution can work.

This is also a good way to get decision-makers and the more risk averse in your organisation on board with an innovative approach to the procurement. If they see something working in a similar organisation, they can realise that engaging the market to find a fresh solution does not carry the risk they thought it might.

Supplier and market sounding questionnaires

Questionnaires are a useful and comparatively low time-consuming method for getting information quickly, and for gauging the level of interest and capacity of suppliers and/or the wider market to deliver a solution to your need. The Questionnaires should be advertised as widely as possible, in the expectation of gaining maximum supplier participation.

Analysis of the responses received should help to develop the scope and next steps of the procurement strategy and process. Although be mindful of using the data to give direct or indirect advantage to any potential supplier, even if unintentionally. The transparent avoidance of such advantage should actually be an objective of this approach.



Expression of interest

Whilst typically used for the pre-registration of suppliers for a specific work, product or service, an expression of interest can also be used to assess market capability and provide market input to the preparation of a subsequent market engagement.

This can be done through a Prior Information Notice (PIN), which is a method for providing the market with early notification of intent to award a contract/framework and can lead to early supplier discussions which may help inform the development of your specification. A PIN is published in the OJEU and sets out a contracting authority's purchasing intentions.

Forward procurement plan

Forward procurement plans give suppliers advance notice of what contract opportunities will be coming up. It allows them time to adequately plan and prepare to submit good quality responses. It is good practice to publish a rolling list of forecast procurements. This can be supported by market position statements for each category, which provide more specific information for suppliers on the future direction and intentions of the purchasing authority. Market position statements can also be used to encourage dialogue with suppliers, spark new ideas and to welcome any proposal of new product or service approaches.

MARKET DIALOGUE FOR INNOVATION PARTNERSHIPS IN FREDERIKSBERG

The Municipality of Frederiksberg is trialling innovation partnerships to find climate protection solutions that are not immediately available on the market. Much of the work on finding innovative solutions has been through dialogue with a wide range of potential bidders. The municipality has learned that, through market dialogue, future floods could not only be avoided, but could also create added value for the citizens of the municipality.

The municipality completed a market dialogue that resulted in 118 different innovative climate protection ideas. Suppliers and manufacturers saw potential opportunities to test new ideas, which in the long term might have potential for commercialisation. Market dialogue demonstrated to Frederiksberg Municipality that climate protection solutions were partly out there; they just had to be linked in another way or tested underneath other conditions.

The market dialogue has resulted in innovation partnership procurement where 1-3 consortia will be selected to help identify the best solutions. The hope is that the innovative solutions of the consortia in the future can become standard models that suit different circumstances in Frederiksberg.

Frederiksberg realised that the biggest barrier to innovation partnerships is the fear of trying new ways to do things and overcame this by establishing an internal group across administrations. Through regular project updates, the entire municipality was involved and felt ownership of the project. Political backing and supportive, motivated management were crucial factors too.

ADVERTISING YOUR INTENTIONS IN THE UK

Eastern Shires Purchasing Organisation (ESPO) undertook a market engagement process for LED lighting. In order to gauge interest in an lighting project and to provide the project team with an understanding of the supply market of LED lighting technology they placed an advert on a local government association website, formal adverts on Contracts Finder website, ESPO's website and Contrax Weekly. Prior to this ESPO placed a PIN for "Energy efficient products/equipment based on innovative low carbon emission technologies and integrated solutions". This PIN put the three technologies in focus, the first of which provided details on LED's. Companies that responded were invited to tender, and took part in a supplier open day. Early market engagement provided a better knowledge for the procurement team of what is available on the market. When this was combined with using an open tender route, the contracting authority was able to acquire a solution quickly and with reduced procurement timescales.

Trade shows

A trade show (or trade fair or exhibition or expo) is an event that allows suppliers in a specific industry to showcase and demonstrate their latest products, service and examine recent market trends and opportunities. Consider attending trade shows that are specific to your agency's needs, particularly to raise awareness of potential opportunities.

INFORMING THE MARKET: SUPPLIER/BUYERS SEMINAR IN PORTUGAL

In order to bring together suppliers and buyers, The Municipal Council of Cascais, the Cascais Energy Agency and the National Laboratory for Energy and Geology (LNEG) organised an energy efficient lighting seminar. The focus was on LED technology for public lighting, with an aim to:

- Convey to potential suppliers information on purchasing intentions and the generic initial requirements.
- Increase buyer knowledge on energy-efficient lighting and LED public lighting through the various suppliers presenting their products, followed by a moderated debate.

The suppliers also displayed their products.

Meet the Buyer / Meet the Supplier

This is an event where a range of potential buyers get to meet with a range of potential suppliers. It is not about doing a deal or getting a contract. It is an opportunity where:

- buyers can discuss their needs;
- suppliers can provide information about their products and services.



Buying organisations have traditionally held 'Meet the Buyer' events, where suppliers are invited to attend an open day and given the opportunity to meet the people responsible for the purchase of specific goods and services. Suppliers are therefore able to find out more information about contract opportunities and develop a better understanding of the buying organisation's procurement policies and procedures.

These events can take different forms:

- One to many – the purchasing authority (or authorities, if meeting suppliers as part of a regional network) meets with several suppliers at once, usually in the form of an open day or meeting.
- Panel to one – the purchasing authority(s) meet with suppliers individually. This can be preferred by suppliers, particularly in the case of innovation procurement and new technology. Care must be taken to allow each supplier the same conditions and time. This approach can also prove time consuming for the purchasing authority.

MEET THE BUYER EVENTS IN SCOTLAND

The Scottish Parliament has organised meet the buyer events and has developed a flexible presentation / workshop format that allows the Parliament Procurement Services to provide an informative, interactive experience to suppliers. This was after learning that previous one-to-one meetings were too short and did not benefit the supplier or the purchaser in the way that was hoped for.

The Scottish Parliament learned that meet the buyer events:

- Provide suppliers with a useful insight into the public procurement competitive bidding process – for both simple quotations and more complex tenders – and afterwards suppliers felt more confident about the public contract bidding process.
- Promote the purchasing body's reputation as being open, transparent and fair to all suppliers, with purchasers being approachable and happy to answer any questions on the procurement process.
- Encourage suppliers to request de-briefs following a quotation / tender submission to benefit from the 'lessons learned'.

Read the [full case study](#).

RÉSEAU GRAND OUEST NETWORK MEETS SUPPLIERS TOGETHER

The public authorities that form the Réseau Grand Ouest (RGO) regional network meet suppliers together as part of specific working groups for different product and service sectors. These include energy, cleaning products and construction. Meeting the suppliers is an opportunity for RGO to show suppliers their interest in sustainable products and promote innovation. The suppliers that RGO meets then receive a questionnaire. The communication between both parties is a major factor for the success of the tenders. The suppliers meet individually with the RGO group for a conversation of around one hour. They introduce their company and answer questions from the public authorities.

"It's very important to hear what suppliers have to say, and hear about their difficulties in response to calls for tender. If public entities want to integrate sustainable criteria, they have to be sure that the supply exists and is available, otherwise the risk of an unsuccessful contract is increased." Laurence Cesbron, RGO

Solutions 'Show-and-Tell'

Where an agency has an idea of what it wants to buy, it can hold a 'show-and-tell' to allow potential suppliers to present their solutions. Suppliers can be asked to give their views on the agency's requirements, including whether or not they are feasible and how they might be delivered.

Meeting with industry bodies

Meeting with industry bodies and representative groups enables an agency to discuss its needs and allows representatives of that industry to explain how the industry works, present possible solutions and provide contacts for relevant suppliers.

ENGAGING THE EUROPEAN MARKET FOR SOLUTIONS IN ITALY

CIDIU Servizi S.p.A (Italy) launched the process for supply contract of 8 electric vehicles for urban waste collection. In collaboration with [NEV Mobility Europe](#) (European Association of electric vehicles for proximity mobility in cities and the development of local economy), the availability of neighbourhood electric vehicles on the European market was explored.

In June 2017, CIDIU organised an event with the collaboration of NEV Mobility Europe to promote the use of electric proximity vehicles, and to present its environmental policy and intentions to purchase new electric vehicles. In September 2017 CIDIU held a second event to promote sustainable mobility and to present the electric and hybrid vehicles that the company has put in place.

The procurement of 8 vehicles will lead to an estimated 66% reduction of CO₂ emissions in relation to fuel use (17 tons of CO₂ avoided). In energy terms, the use of these vehicles leads to a primary energy saving of 33%, equal to 27.5 MWh/year.

Read the [full case study](#).

PROCUREMENT OF SUSTAINABLE WORK WEAR (BARCELONA CITY COUNCIL AND CATALAN GOVERNMENT, DEPARTMENT OF INTERIOR AFFAIRS)

The aim of the market engagement process was the inclusion of social (Barcelona City Council) and environmental (Catalan Government) criteria in the tenders, and to see the market readiness. Market engagement was based on individual face-to-face meetings with potential suppliers. Given the specific structure of textile production, consultation rounds of the potential providers with their supply chain had to be included, as well as specific consultations with certifying institutions (like oeko-tex or others). Read the [full case study](#).

Meeting with groups of key suppliers

Meet with groups of potential key suppliers. This allows you to discuss your needs and enables the suppliers to ask questions and present possible solutions in response. You can also meet with these suppliers individually; although care should be taken that you remain fair and transparent when doing so.



MEETING WITH GROUPS OF KEY SUPPLIERS IN PORTUGAL (LIPOR)

LIPOR employed a restricted procedure by pre-qualification to contract for cleaning services. During the preparatory stage (prior to launching the procurement), several actions were carried out with potential suppliers to inform them of LIPOR's objectives and to assess their response capacity, namely via:

- Meetings to assess suppliers' ability to fulfil sustainability criteria;
- Communicating the benefits and implications of LIPOR's sustainable public procurement (SPP) policy;
- Developing a monitoring plan to assess contract execution; and
- Deciding on how LIPOR would work with suppliers who did not initially respond to requirements.

Involving and establishing a dialogue with suppliers right from the start was considered extremely important, not only to know to what extent suppliers are prepared to respond and compete for increasingly demanding and complex procedures, but also to find out about the availability of alternative solutions on the market.

RGO MEETS WITH CLEANING SUPPLIERS

Participants in RGO (Réseau Grand Ouest), a regional network in France, formed a working group to meet with suppliers of cleaning products and services. The meetings provided the opportunity to discuss the issues and problems regarding sustainable cleaning products, providing public procurers with a better knowledge of the market and information that enables them to define sustainable requirements in open and competitive tendering.

The meetings allowed suppliers to provide feedback on how the tendering process can help them to provide more sustainable products and services. Suggestions included: the division of products into lots to allow better assessment of the ecological criteria and product impacts; the use of product samples and questionnaires to assess ecological products; and the inclusion of training in technical specifications, in order to ensure the correct use of innovative ecological cleaning products.

Twenty one of RGO's participant authorities have used the supplier meetings to design new tenders for more sustainable cleaning products and services.

"The most important point is to identify needs upstream. In each working group we stress that the definition of needs is really important." Laurence Cesbron, RGO

Supplier information days

Just before publishing a Notice of Procurement an agency can hold a pre-tender briefing for suppliers, often known as a supplier information day. This is intended to give advance notice and promote the contract opportunity. It allows suppliers to ask questions and better understand your needs.

USING MARKET ENGAGEMENT TO SUPPORT DEMAND DRIVEN INNOVATION

The [HAPPI project](#) took a very different approach to market engagement. Rather than starting with a specification, a variety of innovative solutions were considered on the condition that they assisted in healthy ageing. Through the use of an online platform, the project consortium sought input from suppliers and procurers to understand the range of solutions the market could offer. The online platform was promoted at a series of market information days that were held across Europe.

Over 500 people participated in the market information days, with 150 innovative solutions submitted on the online platform across a four month period (September 2013 to end January 2014). These submissions were central to deciding on the procurement route, structure, Lots and specifications.

Promote supplier networking

For some contracts, it can be worthwhile setting up or encouraging meetings between potential suppliers allowing them to network with one another. This allows them to explore joint bids, partnering arrangements or subcontracting opportunities (subject to the Commerce Commission rules). These can be combined with other face to face events.

AGORA FORUM OFFERS SPACE FOR SUPPLIER NETWORKING

The "Agora Forum" was launched by the Barcelona City Council with the aim to increase public-private partnerships in those areas where the City Council identified potential areas for improvement, and where Universities or pioneer private sector enterprises might offer innovative solutions. The Agora Forum is perceived as an open discussion space and chance for knowledge exchange. Two thematic forums have been held, one focusing on electric vehicles and one focusing on street pavements.

During a Tender

Supplier briefing during tender

Having published a Notice of Procurement an agency can hold briefings with:

- suppliers who are interested in submitting a response;
- suppliers who have submitted a registration of interest or expression of interest; or
- short listed suppliers.

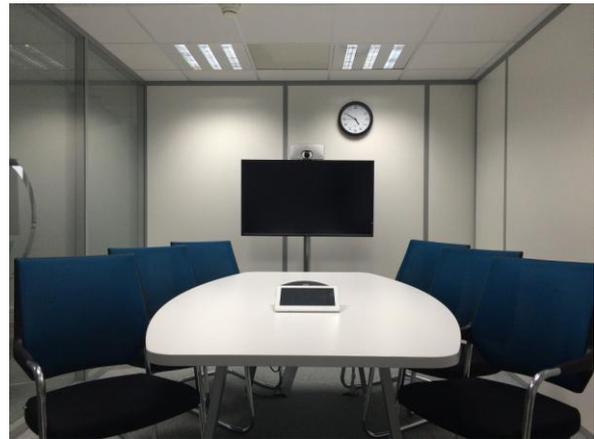
It is advisable to carry this out in a group, with all interested suppliers involved where possible. The briefings should better explain the agency's needs and requirements. They allow suppliers to ask questions and seek clarification. Answers to questions should be documented and published online after the event, in order to ensure fairness and transparency in the bidding process.

Following these briefings suppliers should be able to decide if they wish to participate, and fine-tune their submissions to best meet the agency's needs.

Managed engagement

If you are looking at innovation procurement and are asking suppliers to talk about their new ideas, which are commercially sensitive, you must carefully plan how to engage with stakeholders throughout the managed dialogue process.

You might consider competitive dialogue procedures for this. These can be used by public authorities for purchases which require an element of adaptation of existing solutions such as design or innovation. These procedures can introduce elements of flexibility not available in the open and restricted procedures and may allow for the effect of sustainability and innovation requirements on cost to be better understood and controlled. However, the procedure requires some level of skill and experience in engaging with suppliers if the best results are to be achieved.¹



COMPETITIVE DIALOGUE FOR AN ELECTRIC FERRY IN NORWAY

The Norwegian Directorate of Public Roads wished to procure a new ferry that was 15 - 20% more energy efficient than the one in operation. As part of a two-stage procurement procedure the Directorate entered into a competitive dialogue to explore innovative solutions for energy efficient ferries. An advisory group was established and tender documentation and evaluation criteria developed. The tender did not require any specific technologies.

The winning tender, produced in partnership with ferry operators, engineering firms and building yards, was an electrically powered ferry. The new ferry came into operation in 2015, bringing a 70% reduction in fuel costs and 89% reduction in CO2 emissions per year. Read the [full case study](#).

“Competitive dialogue allowed us to engage with suppliers and create innovative and low carbon solutions in partnership.” Edvard Thonstad Sandvik, The Norwegian Directorate of Public Roads

Remember that all information that you provide to suppliers must be given to all suppliers at the same time. If one supplier asks a question, and if the answer would give them a competitive advantage over the other suppliers, you must provide that information to all of them. You must also protect suppliers’ innovative ideas, commercially sensitive information and intellectual property. Explain this to the suppliers early in the process. Ask them to clearly identify the elements of their proposal that are commercially sensitive.

¹ For the conditions under which these procedures may be used, please refer to Articles 26(4) of Directive 2014/24/EU. Contracting entities within the meaning of Directive 2014/25/EU may use the negotiated or competitive dialogue procedures generally.

After these briefings suppliers should be able to fine tune their proposals to custom fit the needs of the agency.

Supply Chain Networking

You can hold meetings to create networking opportunities for potential suppliers to meet one another and establish relationships. This could help them to explore joint bids and work towards partnering arrangements or sub-contracting opportunities.

REGION OF SOUTHERN DENMARK: ENGAGING SUPPLIERS DURING AND AFTER THE TENDER PROCESS

The Region of Southern Denmark has formulated a strategy for procurement process: *dialogue and supply wheels*. Market Dialogue is included in all phases of the wheel, because it offers the opportunity to gain a deeper insight into market opportunities and limitations. Through supplier briefings, and question and answer sessions, the focus is on writing tenders that are sharp and relevant. After the award of the contract all bidders receive detailed written feedback on their offer and why the contract was awarded as it was. This ensures ongoing good relations with the market, while procurement practitioners become better equipped to write future offers. Read the [full case study](#).

Post-tender

Supplier debrief

Arranging to debrief suppliers following a tender is an important part of your engagement with the market. You should let suppliers know the reason/s their proposal was unsuccessful and explain how it performed against the criteria. Take time to address any concerns the supplier has. Use this as an opportunity to ask for feedback on your process. An often-forgotten process is a 'win-review' with the successful supplier, so they also get to hear the strengths and weaknesses of their proposal.



This is also a good opportunity to remind all suppliers that going beyond any sustainability requirements and specifications within their bid is encouraged and welcomed.

ENGAGING SUPPLIERS THROUGHOUT THE WHOLE PROCUREMENT PROCESS IN BREST MÉTROPOLE

When Brest Métropole launched a call for tender for sustainable office supplies, it was based on prior market research and a good definition of needs. Brest Métropole conducted market research through:

- In-depth research of manufacturer, distributor and European eco-label websites
- Factory and logistics system visits
- Regular meetings with suppliers
- Testing of products
- Technical feasibility study (example: sustainability of recycled paper).

Consideration was given to circularity and recyclability of products and creation of recycling chain, choice of materials and raw materials, sustainable production methods. This was translated into the tender by the integration of different provisions:

- An accurate guide of the purchasing via a unit price list (unit price slip) indicating minimum non-discriminating sustainable development characteristics
- An "Environmental Performance" analysis criterion with a questionnaire addressed to the candidates on the aspects of packing, transport and waste management
- A Progress Clause, which indicates to the successful bidder the obligation to support the public authority to reduce its ecological footprint through environmentally friendly products and operating conditions.

The tender resulted in 99.7% of the paper purchased and consumed by the public authority from 100% recycled fibres; and 100% of shaped products (notebooks, office blocks, sticky notes, etc.) eco-labelled or with recognized environmental value.

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.

SUPPLIERS FORUMS IN THE BASQUE COUNTRY (IHOBE)

The aim was the definition of common joint GPP criteria for tenders for all kind of public authorities in the Basque Country with different levels of ambition, related to the market readiness. A strategic goal was the promotion of the supply side and the uptake of "green" products and services offered by the regional market, using Public Procurement as strategic instrument.

For that reason, for each priority product group (like cleaning services, vehicles, maintenance of parks and gardens, office supplies, catering services etc.), a list of existing suppliers (for all main public authorities in the Basque Country, at regional and local level) and potential suppliers was elaborated.

Thematic discussion forums were held with potential suppliers in order to see the actual level of compliance of the proposed criteria (based on the EU GPP criteria), and criteria were allocated to 3 levels based on suppliers response: basic, advanced and excellence.

Based on the results of the market engagement, a common set of criteria for GPP in the Basque Country were published. Read the [full case study](#).

ENGAGING THE MARKET FOR INNOVATIVE FIRE SERVICE VEHICLES

What will fire engines and support vehicles look like in 2050? To answer this question London Fire Brigade (LFB) and Fire Brigade of Ghent (FBG) needed to engage with suppliers in the vehicles sector and beyond. The two fire brigades used PINs, market sounding questionnaires and open days to engage the vehicles and telematics suppliers.

During an initial scoping session, requirements for the new second-line fire fighting vehicles were defined as:

- Multifunctional - several functions combined into one vehicle to comply with the specifications
- Ecological - producing lower emissions by aiming for the EURO VI standard, using materials which can be recycled or reused, and through lower fuel consumption
- Economical - lower running costs for the whole fleet (e.g. do more with the same fleet, or do the same amount with fewer vehicles)

Before launching their tender, Ghent issued a 'prior information notice' (PIN) and organised a market consultation in February 2014 which allowed procurers and potential suppliers to meet and to exchange information on the technological options and related risks.

As a result of this process, the City of Ghent and the Ghent Fire Brigade have established a framework contract for a multifunctional second-line fire vehicle which will be more efficient and have a smaller environmental footprint for daily logistics transport. Read the [full case study](#).

After publishing a Notice of Procurement

Once you enter into a formal tender process you must ensure that your engagement with suppliers is well planned and properly managed and fully recorded. There are increased risks because you are now in a formal process. The steps outlined in the Managing the Risks section, still apply. At this stage you may want to engage with suppliers to:

- explain in detail your needs and specification of requirements;

- describe the results you want to achieve and what success looks like;
- allow suppliers to ask questions;
- encourage suppliers to identify improved efficiencies in the design of the product or delivery of the service;
- seek opportunities for suppliers to develop innovative solutions;
- give suppliers an opportunity to fine tune their solution to best meet your needs.

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;
- performing inadequately, creating an atmosphere of mistrust and putting suppliers off working with government on procurement.



THE CHALLENGE OF ATTRACTING SUPPLIERS IN DENMARK

When the Danish EPA and the Capital Region of Denmark discussed the idea of a workshop about market engagement with the clean technology sector, a key industry cluster organisation stated that it would be very difficult to attract participants from the market (possible suppliers) for events that are not linked to specific procurements, preferably of a certain contract size matching the specific competences of the invited suppliers. This is due to the cost and resources used on the side of the supplier for engaging in such events.

The network found that many of the public procurers might not yet be ready for such a committed market engagement event and so instead arranged a series of capacity building events focused on preparing the public procurers for more market engagement in the future.

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;
- work with other public authorities to share advice and knowledge – for example in the fire engine case above, access to London Fire Brigade’s experience was an essential factor in ensuring the success of Ghent’s procurement process.

There is also a risk when carrying out innovation procurement that a process might need to be abandoned due to lack of competition. Engaging with the market and recording knowledge built over several years of procurements can result in producing realistic but innovative specifications which will attract competition.

It is good to consider the balance between time spent on the market engagement and other procurement activities. For example, the Ghent Fire Brigade (see example box above) realised with hindsight that too much time was spent on market engagement and procurement, and not enough time on piloting the technologies –real testing may be needed when you are not implementing an established, off-the-shelf solution.

Engaging with the market to procure innovation can feel like a leap into the dark and public bodies are naturally risk-averse, but the gains can be significant if the process can shape the market to deliver new solutions which truly meet the needs of users.

References and resources

European Commission (2016), *Buying green! A handbook on green public procurement*, 3rd Ed., available at <http://ec.europa.eu/environment/gpp/pdf/Buying-Green-Handbook-3rd-Edition.pdf>

Forum for Sustainable Procurement, *Market Dialogue - A guidance and inspiration catalogue*, available at <https://di.dk/SiteCollectionDocuments/Milj%C3%B8/Nyheder/Asker%20-%20Nyheder/Markedsdialog.pdf> (in Danish)

Glover, J. (2014), *The challenge of pre-market engagement in procurement*, available at cloud-collaboration.kahootz.com/the-challenge-of-pre-market-engagement-in-procurement

New Zealand Government (2013), *Constructive Market Engagement - A guide to engaging effectively with suppliers*, available at www.sustainable-procurement.org/fileadmin/templates/sp_platform/lib/sp_platform_resources//tools/push_resource_file.php?uid=f4a98f97

Practical Law Public Sector blog, *Pre-procurement supplier engagement: everyone knows the “why” but what about the “how”?*, available at publicsectorblog.practicallaw.com/pre-procurement-supplier-engagement-everyone-knows-the-why-but-what-about-the-how/

Royal Holloway, University of London (2016), *Procurement Policy and Procedures*, available at www.royalholloway.ac.uk/finance/purchasing/home.aspx

Semple, A. (2015), *Three tips: Pre-market engagement*, Supply Management, available at <https://www.cips.org/supply-management/analysis/2015/june/three-tips-pre-market-engagement/>

Smart SPP, *Supplier dialogue templates*, available at <http://www.smart-spp.eu/index.php?id=8128>

Smart SPP Website, Guidance, tools and case studies www.smart-spp.eu

UK Department for Business Innovation and Skills (2011), *Forward Commitment Procurement – Practical Pathways to Buying Innovative Solutions*, available at www.gov.uk/government/uploads/system/uploads/attachment_data/file/32446/11-1054-forward-commitment-procurement-buying-innovative-solutions.pdf

Whyles, G. (2014), *Market Engagement: Experience and Learning from Innovation Procurement Projects*, available at http://www.ecoprocura.eu/fileadmin/editor_files/images/EcoProcura_2014_-_Gaynor_Whyles_JERA_Consulting.pdf

Wiese, K. (2012), *Basic Guidelines for interviews with companies about the compliance with the Core Labour Standards of the International Labour Organisation along the supply chain*, available at http://www.landmark-project.eu/fileadmin/files/en/2013-03-05_Basic_guidelines_for_interviews.pdf

Zero Waste Scotland (2013), *Sustainable Procurement in Scotland - a Collection of Case Studies*, available at www.gov.scot/Topics/Government/Procurement/policy/corporate-responsibility/CSR/examples/ZWS

About SPP Regions

SPP Regions is promoting the creation and expansion of 7 European regional networks of municipalities working together on sustainable public procurement (SPP) and public procurement of innovation (PPI).

The regional networks are collaborating directly on tendering for eco-innovative solutions, whilst building capacities and transferring skills and knowledge through their SPP and PPI activities. The 42 tenders within the project will achieve 54.3 GWh/year primary energy savings and trigger 45 GWh/year renewable energy.

SPP REGIONS PARTNERS



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 649718. The sole responsibility for any error or omissions lies with the editor. The content does not necessarily reflect the opinion of the European Commission. The European Commission is also not responsible for any use that may be made of the information contained herein.