

Procurement Planning

Acquisition Planning | Market Research | Exchanges with Industry

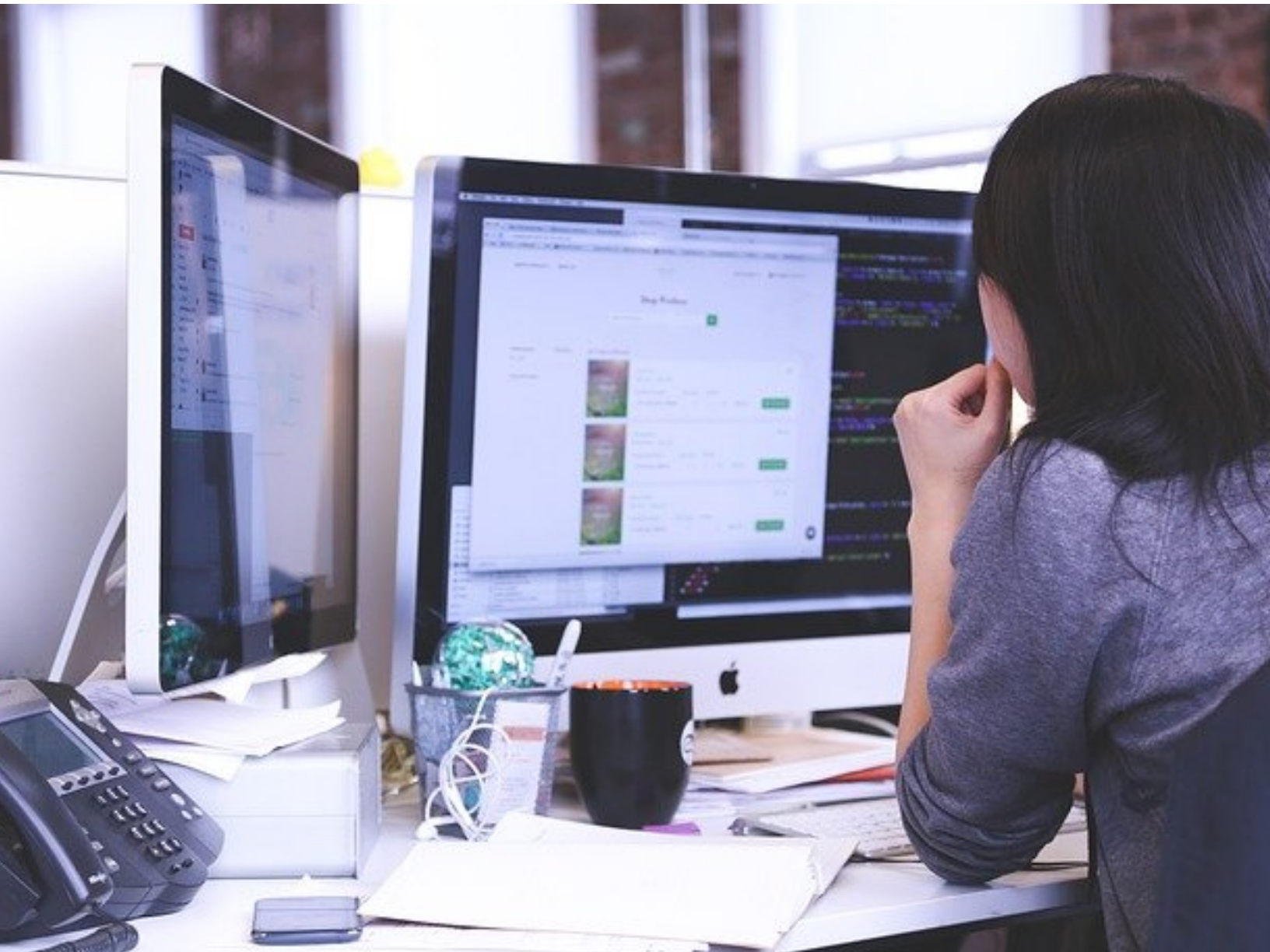


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| What is Strategy?

Procurement strategy is understanding the environment and making choices about what needs to be done. A good strategy works as a blueprint to accomplishing a specific procurement. It must take into consideration the various procurement principles; primarily economy and efficiency. Procurement strategy is developed in conjunction with and during the planning phase and is a key factor in determining the most appropriate procurement method given the complexity and monetary value of the requirement and the market availability.

Procurement strategy is different from procurement planning.



A strategy is very flexible and open for adaptation and change when needed. It is largely intended to focus on the big picture.



A plan is concrete and doesn't allow for deviation. It is an arrangement, pattern, or scheme of actions intended for a specific purpose.

A good procurement strategy should consist of the why, how, what, and where of the project. Consider the following:



Why does the agency need this?



How many sources are available and where can the item be sourced?



What is the best procurement method?



What are the risks involved?



What is the timeline?



How many potential vendors are available?

Procurement Planning

Planning is making choices about how to use the resources you have. It is thinking in advance about the future actions that were developed per your strategy. Procurement planning consists of three phases: acquisitions planning, market research, and exchanges with industry before receipt of proposal. During this the planning process, the procurement method is assigned and the expectations for the fulfillment of the procurement requirements are determined.

A **procurement plan** is a document which specifically describes how products or services will be acquired and how vendors will be managed during the project in order to increase efficiency, effectiveness and transparency of the procurement process. It includes information such as the types of contracts that will be used, the planned delivery or implementation dates for the contracted products or services, the types of metrics that will be used to evaluate the vendor's performance and an explanation of how the procurement process will be performed.



A good procurement plan:

- helps avoid potential procurement failures and identifies potential issues with the procurement
- helps decide what to buy, when, and from what sources
- helps determine if end-user expectations are realistic
- helps assess the need for technical expertise in order to develop specifications and/or scope of work
- helps develop the procurement strategy for each individual requirement that will be included in the procurement
- helps all stakeholders including the requesting entity, end users, procurement department, subject matter and technical experts, and vendors discuss and agree on the particular procurement's requirements

Regulation 19-445.2017

SC Regulation 19-445.2017 outlines the best practices for pre-solicitation activities in the acquisition of supplies, services, or information planning, including acquisition planning, market research, and exchanges with industry. The regulation states that:

- All using agencies must conduct planning for supplies, services, or information technology procurements, except those made following the small purchase procedures.
- Planning must be certified in writing
- Documentation must be in sufficient detail to satisfy an audit.
- Written documentation must be kept in the procurement file at the agency.
- If the using agency lacks the authority to conduct the procurement, it must allow a procurement officer from the Division of Procurement Services to participate in all pre-solicitation procedures.
- The Chief Procurement Officer may require the using agency to conduct further market research or provide additional documentation of planning and research activities.

Regulations to the South Carolina Procurement Code 19-445.2017 Pre-solicitation procedures

A. General.

(1) This regulation prescribes best practices for pre-solicitation activities in acquisitions of supplies, services, or information technology, including acquisition planning, market research, and exchanges with industry. Nothing in section A, B, or C of this regulation shall provide an independent basis for administrative review pursuant to Article 17.

(2) Using agencies shall perform acquisition planning and conduct market research for all acquisitions of supplies, services, or information technology. The extent of planning and research will vary, depending on such factors as estimated dollar value, complexity, and past experience, as well as the nature of the supplies, services or information technology to be acquired.

(3) Except for procurements conducted pursuant to Section 11-35-1550, no solicitation for offers shall proceed until the using agency has certified in writing that it has complied with this regulation. If the using agency lacks authority to conduct the procurement, the using agency shall provide the responsible procurement officer the opportunity to fully participate in all aspects of any pre-solicitation activities conducted by the using agency.

(4) The using agency must document its acquisition planning and market research in sufficient detail to satisfy the requirements of an audit. This documentation shall be made a part of the procurement file.

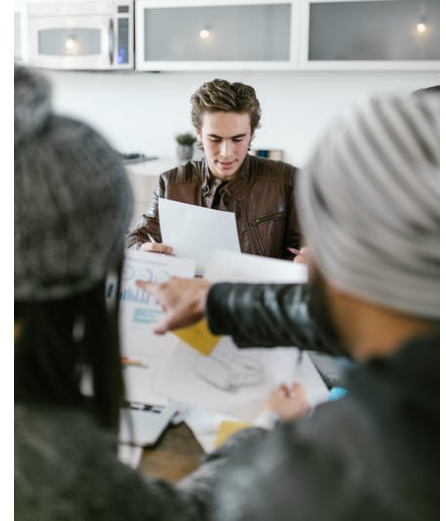
(5) The appropriate chief procurement officer or his designee may require the using agency to conduct additional market research or provide additional documentation of the using agency's planning and research activities.

(6) The chief procurement officers shall provide guidance which shall be followed by all agencies conducting acquisition planning and market research, including considerations pertinent to determining the adequacy of planning and research activities.

Acquisition Planning

Acquisition planning is done before the specifications are formed, but after the agency identifies a need. It helps to meet the agency's needs in the most effective, economical and timely manner while using the most open competition method possible. Acquisition planning helps:

- clarify and define the agency's needs
- determine the appropriate source selection method
- determine the appropriate contract type
- determine if a good is a commercially available off-the-shelf item
- determine if the request can be fulfilled through use of the statewide contracts



Regulation 19-445.2017

B. Acquisition Planning.

(1) The purpose of acquisition planning is to ensure that the using agency meets its needs in the most effective, economical, and timely manner. The planning should promote and provide for:

- (a) Clearly defining the agency's needs;
- (b) Acquisition of commercially available items to the maximum extent practicable;
- (c) Full and open competition to the maximum extent practicable, with due regard to the nature of the supplies, services, or information technology to be acquired;
- (d) Selection of appropriate source selection method and contract type; and
- (e) Appropriate consideration of the use of term contracts to fulfill the requirement, before awarding new contracts.

(2) Acquisition planning should begin as soon as the agency need is identified, preferably well in advance of when contract award or order placement is necessary. Agency staff should avoid issuing requirements on an urgent basis or with unrealistic delivery or performance schedules, since it generally impedes advantageous outcomes, restricts competition, and increases prices.

(3) Acquisition planning shall integrate the efforts of all personnel responsible for significant aspects of the acquisition. If and as commensurate with the value and complexity of the acquisition, the agency shall form a team consisting of all those who will be responsible for significant aspects of the acquisition, such as procurement, fiscal, legal, and technical personnel. If contract performance is to be in a designated operational area, the agency should also consider including operations staff or "end users," as appropriate.

Market Research

Market research is a process for gathering and analyzing data on industries, markets, and suppliers on key factors such as quality, delivery, cost, and other key performance indicators. This data allows for a clearer understanding of market forces, which allows a procurement professional to make the most appropriate decision regarding the procurement. Market research is completed while planning for a new acquisition, before searching for new vendors, and before an annual contract cycle is renewed.

There are two types of market research:

Primary market research - research that is gathered and whose results are analyzed directly

- Request for information
- Surveys
- Focus groups

Secondary market research - research whose results have been analyzed and published by external parties

- Government and trade associations
- Chamber of Commerce information
- Professional organizations (ICN, NASPO, NCMA, NIGP, etc.)

Regulation 19-445.2017

C. Market Research.

(1) Acquisitions begin with a description of the agency's needs stated in terms sufficient to allow conduct of market research. Using agencies shall conduct market research appropriate to the circumstances to arrive at the most suitable approach to acquiring supplies, services, and information technology. Agencies should conduct market research when planning a new acquisition, or for a new type of supplies, services, or information technology; before requisitioning an acquisition, or requesting delegated authority to conduct an acquisition in excess of the agency's certification; and on an ongoing basis (to the maximum extent practicable), to effectively identify the capabilities of small businesses, new entrants into government contracting, and new commercially available items, for meeting the agency's requirements.

(2) Agencies should use the results of market research to determine if sources capable of satisfying the agency's requirements exist; determine if commercially available items exist that meet the agency's requirements; and determine the practices of firms engaged in producing, distributing, and supporting the supplies, services or information technology to be acquired, such as type of contract, type and relationship of businesses involved in such contracts (e.g., subcontractors, suppliers, distributors, integrators), and common industry contract terms or specifications, including without limitation, terms for contract duration, payment, warranties, maintenance and packaging, marking, and any other contract terms relevant to the proposed acquisition.

Exchanges with Industry Before Receipt of Proposals



Early exchanges with industry are communications which occur between any and all potentially interested parties prior to a solicitation being created and published. These parties can include:

- Potential vendors/offers
- End users
- The acquiring agency and supporting personnel
- others who may be involved in the contract or acquisition

Exchanges with industry before the receipt of proposals are encouraged. These exchanges help an agency better understand its requirements, while allowing vendors to judge whether they can satisfy the State's requirements. These exchanges can be accomplished in a wide variety of ways including:

- Industry/small business conferences
- One-on-one meetings with vendors (in accordance with Chapter 13 Title 8 of the SC Code of Ethics)
- Public hearings
- Market research
- One-on-one meetings with potential offerors (anyone who would be substantially involved with the contract terms and conditions. This should include the contracting officer)
- Pre-solicitation notices
- Draft RFPs
- RFIs
- Site Visits

To encourage industry response, a using agency may publish notice of its plans to conduct pre-solicitation exchanges in South Carolina Business Opportunities (SCBO) and any other publications likely to reach potential offerors. All materials distributed at a pre-solicitation exchange should be made available to all potential offerors, upon request. Any specific information about a proposed acquisition that would be necessary or advantageous for the preparation of proposals that is disclosed to one or more potential offerors must be made available to the public as soon as practicable, but no later than the next general release of information in order to avoid creating an unfair competitive advantage.

Read what R19-445.2017 says about exchanges with industry before receipt of proposals on the next page.

Exchanges with Industry

Regulation 19-445.2017

D. Exchanges with industry before receipt of proposals.

(1) Exchanges of information among all interested parties, from the earliest identification of a requirement through receipt of proposals, are encouraged. Any exchange of information must be consistent with Regulation 19-445.2010, Disclosure of Procurement Information. Interested parties include potential offerors, end users, agency acquisition and supporting personnel, and others involved in the conduct or outcome of the acquisition. The purpose of exchanging information is to improve the understanding of agency requirements and industry capabilities, thereby allowing potential offerors to judge whether or how they can satisfy the State's requirements, and enhancing the State's ability to obtain quality supplies, services, information technology, and construction, at reasonable prices, and increase efficiency in proposal preparation, proposal evaluation, negotiation, and contract award.

(2) Agencies are encouraged to promote early exchanges of information about future acquisitions. An early exchange of information among industry and the program manager, responsible procurement officer, and other participants in the acquisition process can identify and resolve concerns regarding the acquisition strategy, including proposed contract type, terms and conditions, and acquisition planning schedules; the feasibility of the requirement, including performance requirements, statements of work, and data requirements; the suitability of the proposal instructions and evaluation criteria; the availability of reference documents; and any other industry concerns or questions.

(3) Techniques to promote early exchanges of information include industry conferences; public hearings; market research, as described in section C above; presolicitation notices; draft RFPs; requests for information (RFIs); presolicitation conferences; and site visits. They may also include one-on-one meetings with potential offerors. In conducting exchanges, agencies should take measures to comply with Chapter 13, Title 8 of the South Carolina Code (Ethics, Government Accountability and Campaign Reform Act); R.19-445.2010 (Disclosure of Procurement Information); R.19-445.2127 (Organizational Conflicts of Interest); and R.19-445.2165 (Gifts). However, any such meetings that are substantially involved with potential specifications or contract terms and conditions must comply with the restrictions on disclosure of information in subsection D(6) below.

(4) To encourage industry response, a using agency may publish notice of its plans to conduct presolicitation exchanges in South Carolina Business Opportunities and other publications likely to reach potential offerors.

(5) RFIs may be used when the agency does not presently intend to award a contract, but wants to obtain price, delivery, other market information, or capabilities for planning purposes. Responses to these notices are not offers and cannot be accepted by the agency to form a binding contract. There is no required format for RFIs.

(6) General information about agency mission needs and future requirements may be disclosed at any time. In addition to the controls in R.19-445.2010, the responsible procurement officer must control any exchange with potential offerors after release of the solicitation. When specific information about a proposed acquisition that would be necessary or advantageous for the preparation of proposals is disclosed to one or more potential offerors, that information must be made available to the public as soon as practicable, but no later than the next general release of information, in order to avoid creating an unfair competitive advantage. When conducting a presolicitation conference, materials distributed at the conference should be made available to all potential offerors, upon request.