

Reverse Auction

Ten Commandments

Commandment (Defined) – 1: the act or power of commanding 2: something that is commanded; *sepcif* : one of the biblical Ten Commandments (Webster's New Collegiate Dictionary)

Here are Ten Commandments for Reverse Actions:

1. Link reverse auction strategy to acquisition strategy. When developing the acquisition strategy ask, "Could reverse auctioning apply to this requirement?"
2. Follow the Federal Acquisition Regulation. These guiding principles still apply.
3. Choose a solid performing enabler. (Enablers are firms that perform reverse auctions.) With the troubles currently being experienced in the digital economy, a few enablers may not be around in the future and could present risks.
4. Educate suppliers in advance of conducting a reverse auction. Full service enablers provide this service in their fees.
5. Be prepared for publicity: and use it to your advantage. Publicity happens because reverse auctions are relatively new and the media, trade associations, senior government officials and others are all carefully watching the government's entry into this new way of doing business. Enablers are also aggressively publicizing their activities.
6. Begin with simple requirements and move gradually to more complex ones. The more experience an organization has with conducting auctions, the more complex requirements they can put out for bid.
7. Establish the rules of the reverse auction up front. Some examples of these rules are the bid increments to be used, time extensions, logistics and other considerations.
8. Conduct a mock auction. The adage "practice makes perfect" is very appropriate here.
9. Consider conducting an auction where bidders bid to provide a quantity of a commodity, as opposed to price based bidding. For example, reverse auctions are being conducted where the buyer has a set amount they want to spend, say \$1 million for PCs, and is not focused on the unit cost. In these auctions, bidders base their bids on the number of PCs that they will provide for the \$1 million.
10. The Contracting Officer is in control of the reverse auction event at all times.

For more information on reverse auctions, please contact:

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