

# UNIT 2: MARKET RESEARCH

September 2004

## UNIT CERTIFICATION

### *Statement of Completion*

\_\_\_\_\_ has satisfactorily completed training in the duty of this Unit under the conditions described below and in accordance with the overall standard(s) for this Unit.

<b>Duty</b>	Collect and analyze relevant market information from Government and non-government sources, including prospective offerors.
<b>Conditions</b>	Given forecast requirements, written or unwritten acquisition plans, documents related to Procurement Request preparation, and access to various sources of market information.
<b>Overall Standard</b>	Accurately gather available market information from relevant sources in and outside the contracting activity including information obtained through exchanges with the prospective offerors prior to issuing soliciting offers.

### **Part A: Market Investigation**

<b>Sub-Duty</b>	Collect relevant market information from Government and non-government sources.
<b>Sub-Duty Standard</b>	Accurately gather available market information from relevant sources in and outside the contracting activity to support: <ul style="list-style-type: none"><li>• Requirement document analysis and improvement;</li><li>• Efforts to increase competition;</li><li>• Source selection planning;</li><li>• Selecting solicitation provisions and contract clauses;</li><li>• Offer evaluation;</li><li>• Contract award; and</li><li>• Contract administration.</li></ul>

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## Part B: Exchanges Prior to Soliciting

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**Sub-Duty** Determine whether and how to initiate exchanges of information with prospective offerors prior to soliciting.

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**Additional** Given the results of the market investigation completed in Part A.

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### Conditions

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**Sub-Duty** Correctly identify the method(s) of exchange that best fits the requirement, in terms of improving the Government's ability to obtain quality supplies and services at reasonable prices, and/or increased efficiency in proposal preparation, proposal evaluation, negotiation, and contract award without giving the appearance of favoring one prospective offeror over another.

**Standard**

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Evaluator	
_____	Name
_____	Title
_____	Date

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Insert documentation to support completed training.

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## Policies

<i>FAR</i>	<i>Agency Suppl.</i>	<i>Subject</i>
2.101		Definitions "Market research." "Micro-purchase threshold" means \$2,500, except it means- ... (2) \$15,000 for acquisitions of supplies or services that, as determined by the head of the agency, are to be used to support a contingency operation or to facilitate defense against or recovery from nuclear, biological, chemical, or radiological attack.
4.8		Government contract files.
5.204		Presolicitation notices.
5.205(a)-(b)		Special synopsis situations.
5.405		Exchanges of acquisition information with other agencies.
6.303-2(a)(8)		Market research content for other than full and open competition.
7.102		Policy on conducting market research as part of acquisition planning.
7.103(l)		Responsibility to review acquisition histories and descriptions.
7.103 (q) 7.103 (r)		Responsibility to use information gained from prior acquisitions to refine requirements and acquisition strategies.
7.107		Additional requirements for acquisitions involving bundling of contract requirements.
7.2		Planning for the purchase of supplies in economic quantities.
7.403		General Services Administration (GSA) assistance.
10		Market Research.
10.001		Policy, Operation or Defense Against Attack (2) Conduct market research appropriate to the circumstances- ... (v) Agencies shall conduct market research on an ongoing basis, and take advantage to the maximum extent practicable of commercially available market research methods, to identify effectively the capabilities, including the capabilities of small businesses and new entrants into Federal contracting, that are available in the marketplace for meeting the requirements of the agency in furtherance of a contingency operation or defense against or recovery from nuclear, biological, chemical, or radiological attack.

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<i>FAR</i>	<i>Agency Suppl.</i>	<i>Subject</i>
11.002		Policy on specifying needs using market research.
12.101(a)		Policy on market research to determine whether commercial or non-developmental items are available.
12.102		Applicability (f)(1) Contracting officers may treat any acquisition of supplies or services that, as determined by the head of the agency, are to be used to facilitate defense against or recovery from nuclear, biological, chemical, or radiological attack, as an acquisition of commercial items.
13.201		<p>Actions At or Below the Micro-Purchase Threshold, General</p> <p>(g)</p> <p>(1) For acquisitions of supplies or services that, as determined by the head of the agency, are to be used to support a contingency operation or to facilitate defense against or recovery from nuclear, biological, chemical, or radiological attack, the micro-purchase threshold is \$15,000.</p> <p>(2) Purchases using this authority must have a clear and direct relationship to the support of a contingency operation or the defense against or recovery from nuclear, biological, chemical, or radiological attack.</p>
14.205-1(d) 14.206 [Reserved]		Solicitation mailing list applications.
15.201		Exchanges with industry before receipt of proposals.
15.202		Advisory multi-step process.
19.202-2		Locating small business sources.
19.903		<p>Applicability</p> <p>(a) The Very Small Business Pilot Program applies to acquisitions, including construction acquisitions, with an estimated value exceeding \$2,500 but not greater than \$50,000, when- ...</p> <p>(3) Acquisitions of \$15,000 or less for acquisitions of supplies or services that, as determined by the head of the agency, are to be used to support a contingency operation or to facilitate defense against or recovery from nuclear, biological, chemical, or radiological attack.</p>
25.003		Foreign Acquisitions, Definitions "Construction material" means an article, material, or

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<i>FAR</i>	<i>Agency Suppl.</i>	<i>Subject</i>
		supply brought to the construction site by a contractor or subcontractor for incorporation into the building or work.
25.401		Foreign Acquisition Exceptions. (a) This subpart does not apply to- (1) Acquisitions set aside for small businesses; (2) Acquisitions of arms, ammunition, or war materials, or purchases indispensable for national security or for national defense purposes, including all services purchased in support of military forces located overseas.
35.004		Publicizing requirements and expanding R&D sources.
39.101(b)		Market research to assess changing nature of information technology.
47.205		Availability of GSA and DoD term contracts and basic ordering agreements for transportation services.
52.215-3		Requests for Information or Solicitations for Planning Purposes.

## Other KSAs

1. Knowledge of market research and sources of data on markets, including the definition of "market research" at FAR 2.101, "collecting and analyzing information about capabilities within the market to satisfy agency needs."
2. Knowledge of business goals and strategies, market environments, market measurement and forecasting, market segments and product differentiation, product life cycles and market evolution, market prices, market channels/middlemen, physical distribution, industrial markets, and source selection factors and procedures in industrial and public markets.
3. Knowledge of business trends, cycles, and forecasting.
4. Knowledge of the fundamentals of supply and demand, derived demand, and the determination of factor-prices.
5. Knowledge of on-line and other information resources.
6. Knowledge of sources of financial information on markets and individual firms.
7. Skill in identifying market data relevant to Government business decisions.
8. Skill in market analysis.
9. Skill in using all available research media, including electronic resources.
10. Ability to make decisions related to market analysis.
11. Ability to identify unique requirement elements that limit the number of prospective suppliers capable of meeting a particular requirement.
12. Ability to honestly differentiate between the actual needs of the Government and unnecessarily restrictive requirements.

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13. Ability to apply past experience to analysis of current requirements.
  14. Ability to take a customer service approach in identifying market alternatives for stated Government requirements.
  15. Ability to maintain the honesty and integrity of the acquisition process.
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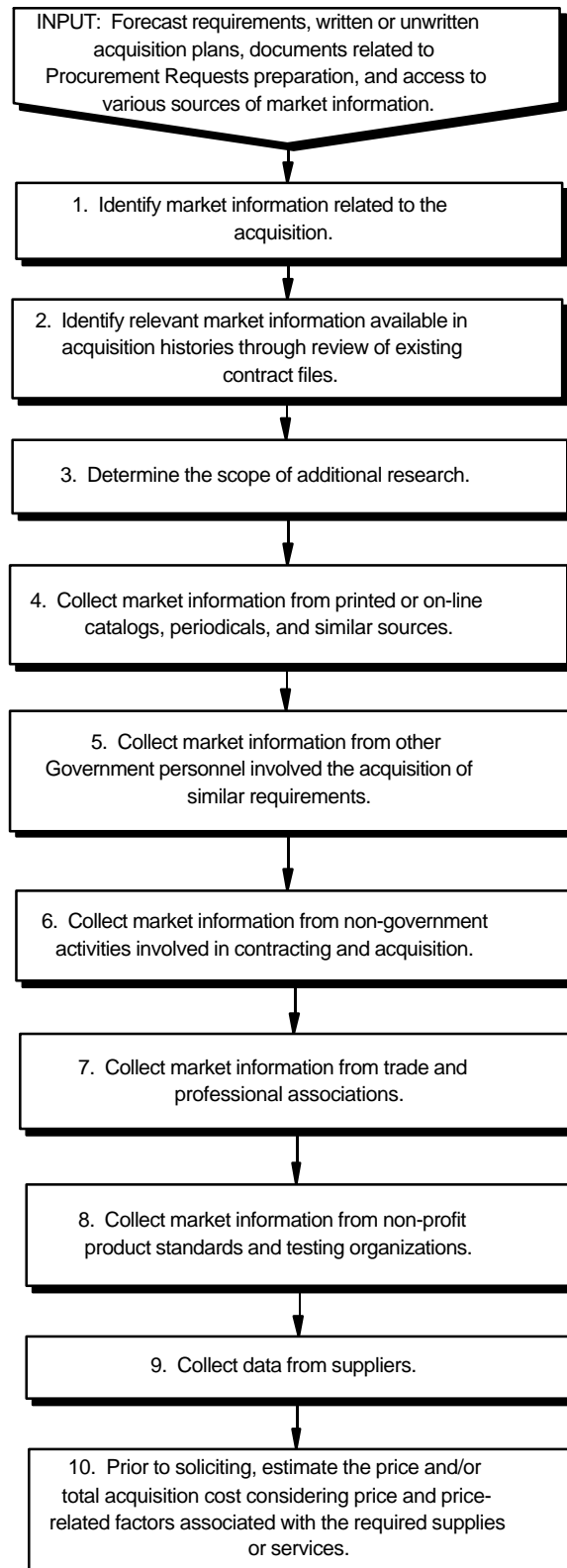
**Other Policies and References (Annotate As Necessary):**

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## Part A: Market Investigation

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# UNIT 2: MARKET RESEARCH

## Part A: Market Investigation

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Tasks	Related Standards
<p>1. Identify market information related to the acquisition, including:</p> <ul style="list-style-type: none"> <li>• Available sources;</li> <li>• Availability of commercial or nondevelopmental items;</li> <li>• Extent to which commercial items or nondevelopmental items could be incorporated at the component level;</li> <li>• Practices of firms engaged in producing, distributing, and supporting commercial items;</li> <li>• Availability of recovered materials; and</li> <li>• The likely affect of bundling on quality, price, and availability.</li> </ul>	<p>Correctly identify the types of market information needed, such as the following:</p> <ul style="list-style-type: none"> <li>• Sources:               <ul style="list-style-type: none"> <li>- Status (e.g., small business concerns);</li> <li>- Past performance;</li> <li>- Market shares and niches;</li> <li>- Market/corporate strategies;</li> <li>- Production capability;</li> <li>- Distribution and support capabilities;</li> <li>- Technical strengths and weaknesses;</li> <li>- Managerial strengths and weaknesses; and</li> <li>- Patent and data rights.</li> </ul> </li> <li>• Available items:               <ul style="list-style-type: none"> <li>- Salient characteristics;</li> <li>- Prices;</li> <li>- Price/feature tradeoffs;</li> <li>- Support services;</li> <li>- Reliability and maintainability;</li> <li>- Typical commercial customizing or tailoring;</li> <li>- Potential cost of modifying the item to meet current needs.</li> </ul> </li> <li>• Available components:               <ul style="list-style-type: none"> <li>- Salient characteristics;</li> <li>- Prices;</li> <li>- Price/feature tradeoffs; and</li> <li>- Reliability and history.</li> </ul> </li> <li>• Industry practices and trends:               <ul style="list-style-type: none"> <li>- Industry specifications and standards;</li> <li>- Customary terms and conditions (e.g., discounts, warranties, and buyer financing);</li> <li>- Relevant laws and regulations;</li> <li>- Production and delivery lead-times;</li> <li>- Forecast product/technology changes;</li> <li>- Trends in market prices;</li> <li>- Trends in supply/demand; and</li> <li>- Factors that affect market prices.</li> </ul> </li> <li>• Available items/components made of</li> </ul>

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## Part A: Market Investigation

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Tasks	Related Standards
	<p>recovered materials and the related:</p> <ul style="list-style-type: none"><li>- Prices; and</li><li>- Performance capabilities.</li></ul> <ul style="list-style-type: none"><li>• Bundling:<ul style="list-style-type: none"><li>- Practices in the industry; and</li><li>- Potential affect on quality, price, and availability.</li></ul></li></ul>
2. Identify relevant market information available in acquisition histories through review of existing contract files.	<p>As a minimum, identify information that can be used to:</p> <ul style="list-style-type: none"><li>• Improve the requirements documents (e.g., pictures, drawings, diagrams, or other graphic representations).</li><li>• Identify requirements that have been identified in the past as factors that have unnecessarily limited competition or increased price.</li></ul>
3. Determine the scope of additional research.	<p>For each requirement, consider:</p> <ul style="list-style-type: none"><li>• The information already available;</li><li>• The probable benefit from additional research (e.g., improved performance or lower prices); and</li><li>• The probable cost of additional research (e.g., lead time, available staff hours, or other resources).</li></ul> <p>Include such sources as:</p> <ul style="list-style-type: none"><li>• Printed or on-line catalogs, periodicals, and similar sources;</li><li>• Government buyers, commodity specialists, technical experts, and other market researchers;</li><li>• Trade and professional associations;</li><li>• Non-profit product standards and testing organizations; and</li><li>• Suppliers.</li></ul>

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Tasks	Related Standards
4. Collect market information from printed or on-line catalogs, periodicals, and similar sources.	Correctly identify potentially useful published or on-line sources of market information and the types of information typically available from each, including sources such as: <ul style="list-style-type: none"><li>• Consumer Reports;</li><li>• Yellow pages;</li><li>• Commercial and Government catalogs;</li><li>• Thomas Register;</li><li>• Vendor files;</li><li>• Trade journals;</li><li>• Public news media;</li><li>• Procurement directories;</li><li>• Product brochures and promotional literature;</li><li>• Commodity indices; and</li><li>• Other data collected or compiled for the contracting office.</li></ul>
5. Collect market information from other Government personnel involved the acquisition of similar requirements.	Correctly identify potentially useful Government sources of market information and the types of data typically available from each, including sources such as: <ul style="list-style-type: none"><li>• Other Government buyers;</li><li>• Technical experts; and</li><li>• Market researchers.</li></ul> <p>Collect information using personal contacts or surveys.</p>
6. Collect market information from non-government activities involved in contracting and acquisition.	Correctly identify other potentially useful sources of market information and the types of data typically available from each, including sources such as: <ul style="list-style-type: none"><li>• Industry buyers;</li><li>• State and local government buyers; and</li><li>• Other non-Federal buyers.</li></ul> <p>Collect information using personal contacts or surveys.</p>

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## Part A: Market Investigation

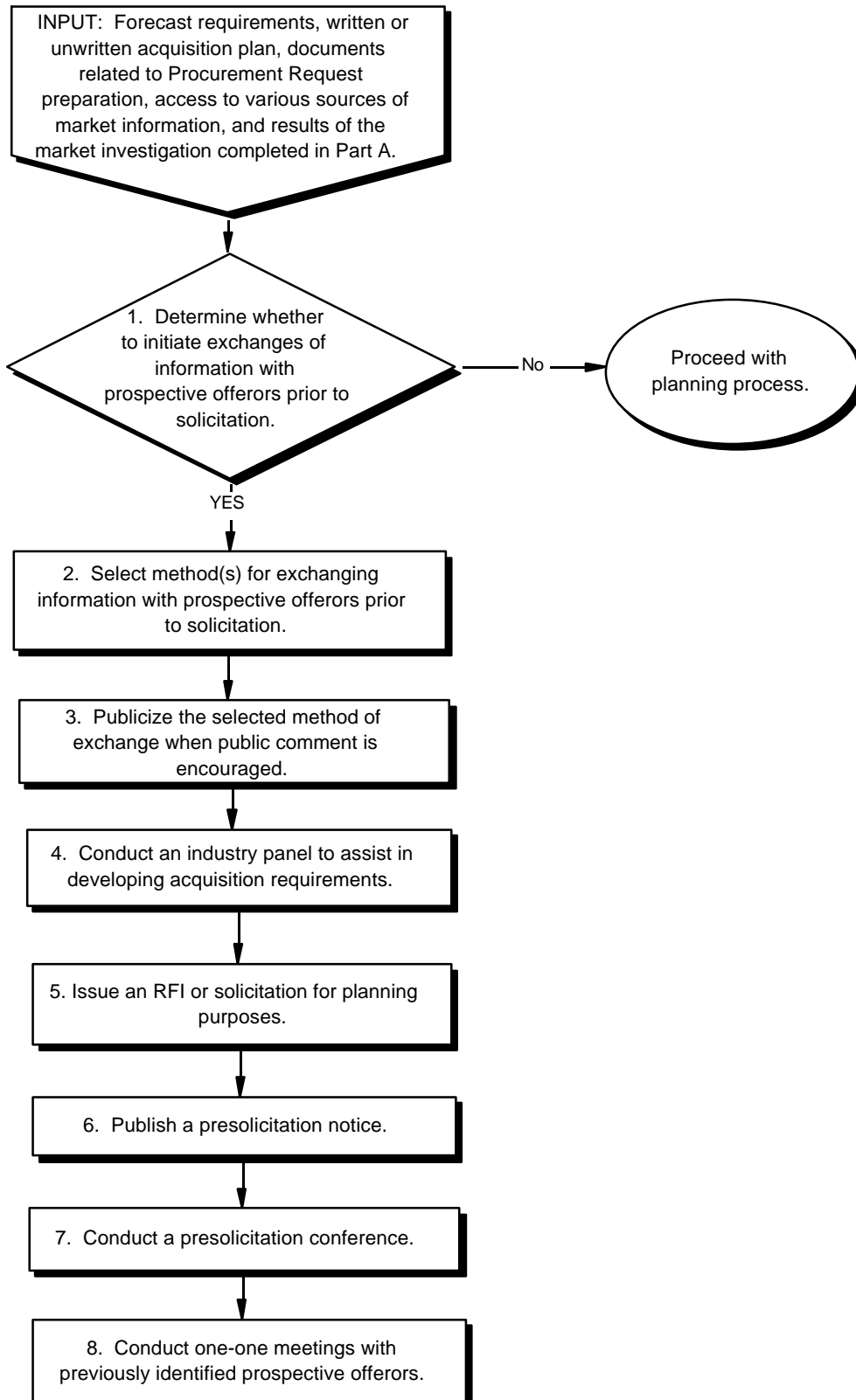
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Tasks	Related Standards
7. Collect market information from trade and professional associations.	Correctly identify trade and professional associations that may be useful sources of market information and the types of data typically available from each, including sources such as: <ul style="list-style-type: none"><li>• Better Business Bureau;</li><li>• Chamber of Commerce;</li><li>• State and local government watchdog agencies;</li><li>• Institute of Supply Management; and</li><li>• National Contract Management Association.</li></ul>
8. Collect market information from non-profit product standards and testing organizations.	Correctly identify organizations that may be useful sources of information and the types of data typically available from each.
9. Collect data from suppliers.	Correctly identify prospective suppliers and the types of data typically available from each, including information available from: <ul style="list-style-type: none"><li>• Solicitation Mailing List Applications;</li><li>• Sources sought synopses;</li><li>• Responses and comments related to previous acquisitions for similar requirements;</li><li>• Exchanges prior to solicitation (See Part B).</li></ul>
10. Prior to soliciting, estimate the price and/or total acquisition cost considering price and price-related factors associated with the required supplies or services.	Correctly estimate the probable range of prices or acquisition cost that will be offered and the key cost drivers.

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## Part B: Exchanges Prior To Soliciting

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## Part B: Exchanges Prior To Soliciting

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Tasks	Related Standards
1. Determine whether to initiate exchanges of information with prospective offerors prior to solicitation.	For each requirement, consider: <ul style="list-style-type: none"><li>• The information already available;</li><li>• The probable benefit from additional research (e.g., improved performance or lower prices); and</li><li>• The probable cost of additional research (e.g., lead time, available staff hours, or other resources).</li></ul>
2. Select method(s) for exchanging information with prospective offerors prior to solicitation.	Correctly select the exchange method(s) (if any) that best fit the acquisition from the following: <ul style="list-style-type: none"><li>• Industry panels;</li><li>• Request for Information (RFI) or solicitation for planning purposes;</li><li>• Presolicitation notice;</li><li>• Presolicitation conferences;</li><li>• One-on-one meetings with previously identified prospective offerors; or</li><li>• Public hearings.</li></ul> The method(s) selected should reflect the complexity and associated risks. For instance: <ul style="list-style-type: none"><li>• A public hearing would not be required for a simple, straightforward requirement.</li><li>• An industry panel is ordinarily held prior to drafting requirements documents to obtain preliminary information.</li><li>• A request for Information (RFI) is usually most appropriate for relatively complex requirements that are difficult to explain in a Commerce Business Daily (CBD) synopsis. RFIs allow the Government to explain their needs at length and support the submission of relatively voluminous data from potential offerors.</li></ul>
3. Publicize the selected method of exchange when public comment is encouraged.	Advertise opportunities for early industry involvement using one or more of the following: <ul style="list-style-type: none"><li>• Placing a notice in the CBD (FAR</li></ul>

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	<p>5.205(c), 5.207);</p> <ul style="list-style-type: none"> <li>• Posting a notice in the contracting office;</li> <li>• Posting a notice on related electronic public bulletin boards;</li> <li>• Posting a notice on the agency/contracting activity web page;</li> <li>• Or in other places likely to attract attention from interested parties.</li> </ul> <p>Do not favor or give the appearance of favoring one potential offeror over another. Ensure that comparable access to Government officials is granted to all prospective offerors.</p> <p>One-on-one contacts with previously identified prospective offerors are normally not advertised.</p>
<p>4. Conduct an industry panel to assist in developing acquisition requirements.</p>	<p>Conduct panels in a manner that will collect appropriate market information while not favoring or give the appearance of favoring one potential offeror over another. For example:</p> <ul style="list-style-type: none"> <li>• The panel should include a representative sample of suppliers.</li> <li>• Panel meetings should be open to the public.</li> <li>• Meetings should concentrate on identifying successful commercial approaches.</li> <li>• All information provided to the panel, along with complete transcripts of the panel sessions, should be available to other interested parties, along with all comments and recommendations from the panel.</li> </ul>
<p>5. Issue an RFI or solicitation for planning purposes.</p>	<p>Issue an RFI or a solicitation for planning purposes when the Government does not presently intend to award a contract, but wants to obtain price, delivery, other market information, or capabilities for planning</p>

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Tasks	Related Standards
	<p>purposes. There is no required format, but assure that the each one includes:</p> <ul style="list-style-type: none"> <li>• The provision at 52.215-3, Request for Information or Solicitation for Planning Purposes; and</li> <li>• A statement on its face that it is for information or planning purposes.</li> </ul>
<p>6. Publish a presolicitation notice.</p> <p>Note: A presolicitation notice should not be used in a multi-step acquisition where offerors would be required to submit identical information in response to the notice and in response to the initial step of the acquisition.</p>	<p>A presolicitation notice (FAR 5.204) invites potential offerors to submit information that allows the Government to advise the respondents about their potential to be viable competitors. Each notice:</p> <ul style="list-style-type: none"> <li>• Must contain sufficient information to permit a potential offeror to make an informed decision about whether to participate in the acquisition.</li> <li>• Should provide a general description of the scope or purpose of the acquisition;</li> <li>• Should identify information that must be submitted and the criteria that will be used in making the initial evaluation. The information required should be limited to a statement of qualifications and other appropriate information (e.g., proposed technical concept, past performance, and limited pricing information).</li> <li>• Should invite prospective offerors to any anticipated presolicitation conference.</li> </ul>
<p>7. Conduct a presolicitation conference.</p>	<p>Use a presolicitation conference to exchange information and concerns with prospective offerors. Do not use a presolicitation conference to qualify offerors. Normally the exchange process will be enhanced by the following:</p> <ul style="list-style-type: none"> <li>• Selection of appropriate Government participants (e.g., technical and legal experts);</li> <li>• Preparation of Government participants on the role each will perform during the conference;</li> <li>• Synopsis of the conference and</li> </ul>



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Tasks	Related Standards
	<p>presolicitation notices to attract interested participants;</p> <ul style="list-style-type: none"> <li>• Clear conference presentation on the proposed requirement;</li> <li>• Structured conference question and answer session to obtain verbal feedback on the Government requirement and industry capabilities;</li> <li>• An opportunity for an on-site visit (when applicable) so that potential offerors can observe the site and any current operations.</li> <li>• An accurate record of the proceedings and any materials presented for the participants and other interested parties as prescribed by FAR 15.201(f).</li> </ul>
<p>8. Conduct one-on-one meetings with previously identified prospective offerors.</p>	<p>Use one-on-one meetings to exchange information and concerns with previously identified prospective offerors. Invite all prospective offerors known at the time of the meeting. Normally the exchange process will be enhanced by the following:</p> <ul style="list-style-type: none"> <li>• Selection of appropriate Government participants (e.g., technical and legal experts);</li> <li>• Preparation of Government participants on the role each will perform during the conference;</li> <li>• Clear presentation of the proposed requirement;</li> <li>• Structured question and answer session to obtain verbal feedback on the Government requirement and industry capabilities;</li> <li>• An opportunity for an on-site visit (when applicable) so that potential offerors can observe the site and any current operations; and</li> <li>• An accurate record of the proceedings and any materials presented for the participants and other interested parties</li> </ul>

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Tasks	Related Standards
	as prescribed by FAR 15.201(f).  Do not disclose information if doing so would reveal the potential offeror's confidential business strategy, and would be protected under FAR 3.104 or Subpart 24.2.