HQ AFMC
MARKET RESEARCH PROCESS GUIDE

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MARKET RESEARCH PROCESS

This process guide was developed for Air Force Materiel Command (AFMC) to provide acquisition personnel assistance in developing market research strategies and activities for their acquisition programs consistent with the recommendations of the Market Research Standardization Document Five (SD-5). The guide provides implementation instructions for Federal Acquisition Regulation Part 10, which prescribes policies and procedures for conducting Market Research to arrive at the most suitable approach to acquiring, distributing and supporting supplies and services. Additional Market Research policies directed by FAR Part 7 and FAR Part 11 are also addressed in this process guide.

1. Introduction.

1.1. Scope.   Personnel supporting the acquisition of goods and services must conduct Market Research (MR) before developing new requirements documents and soliciting offerors for all acquisitions in excess of the simplified acquisition threshold as defined by FAR Part 2. This process guide provides recommended roles and responsibilities for the project manager as well as other key members which may comprise an acquisition team.

1.1.1 Exception. For acquisitions below the simplified acquisition threshold, MR should only be conducted when adequate information is not available and circumstances justify its cost as stated in FAR Part 10. The project manager or team leader assigned to the acquisition should be responsible for determining if market research is necessary for contracts below the simplified acquisition threshold. When the determination is made that market research is not required, no documentation should be required for the contract file.

1.2. Purpose. MR gathers current data on existing market sectors to identify potential sources of supply, commercial product characteristics, market characteristics, commercial item standards and best practices, emerging technologies, vendor capabilities, non-developmental item solutions, and government leverage opportunities so that informed acquisition strategy decisions can be accomplished. MR is a source development process used to identify potential sources in the marketplace and is not a source selection process. Personnel conducting MR activities are free to engage potential sources one-on-one to gather information on the goods and services offered in the marketplace*. It should be made clear to potential sources during this data gathering process that MR personnel are not obligating government resources or giving the impression that a contract award should be issued in response to the market survey activities.*

1.3. Overview. MR consists of two parts:

1.3.1. Market Surveillance is an ongoing process and includes activities the acquisition team performs continuously to keep themselves abreast of changes in the marketplace such as technological advances, process improvements, and available sources of supply. The purpose of market surveillance is to maintain a current knowledge base of the depth, breadth and dynamics of the market sector.

1.3.2. Market Investigation is a comprehensive MR survey conducted in response to a specific acquisition or need. The purpose of market investigation is to collect supporting data and documentation on which to base an appropriate acquisition strategy.

1.4. Benefits. MR activities are beneficial in:

1.4.1. Engaging existing commercial logistics and maintenance support infrastructures to decrease total life cycle support costs.

1.4.2. Identifying potential sources of supply in the market sector.

1.4.3. Optimizing best value acquisitions through competitive market pressures.

1.4.4. Evaluating the government's leverage in the market sector in terms of how extensively the government's requirements influence the available business opportunities and market trends in that sector.

1.4.5. Assessing the impacts of emerging technologies to enhance war fighter capabilities and potential system performance or reliability improvements.

1.4.6. Identifying small business opportunities.

1.4.7. Proactively addressing diminishing manufacturing sources and obsolete parts issues.

1.4.8. Determining the best practices of firms engaged in producing, distributing, and supporting commercial items and services. These practices may include warranty agreements, buyer financing options, customer service technical support, maintenance service agreements, delivery services, packaging and marking.

1.4.9. Developing data to support the acquisition strategy decision process.

1.4.10 Determining if bundling is justified & necessary.

2. Roles and Responsibilities. All members of the acquisition team (i.e. technical staff, program office, contracting officer, and user representative, etc.) are responsible for conducting some type of MR activities in support of the overall MR strategy.

2.1. Project Manager/Team Leader. The project manager is the team leader who assigns and prioritizes program tasks, monitors schedule and is ultimately responsible for overall team performance. The project manager should assign the necessary roles and responsibilities for conducting market research to the respective acquisition team members. The project manager should review the MR report with the appropriate team members to ensure the report is complete and includes all pertinent information. The project manager should also provide input to the MR report as necessary to support data gathering efforts related to program background information, previous acquisition strategy, schedule, and delivery requirements. The project manager should lead the team in developing an acquisition strategy consistent with the MR findings.   For acquisitions involving support services to the program office, the project manager should be responsible for conducting the majority of the market research activities.

2.2. Technical Members. Every acquisition program should have technical representatives associated with the weapon system, product, or service they support or will use. Depending on the size, complexity, and "jointness" of the acquisition, this team may be comprised of discipline engineers, systems engineers, test managers/engineers, laboratory scientists/specialists, computer/software engineers/specialists, configuration managers, logisticians, maintainers, quality assurance specialists, and equipment specialists. These individuals often possess keen industry knowledge through active participation and networking with industry representatives at technical symposia. Technical members are typically the primary personnel responsible for developing and owning the requirement and therefore, conducting market research activities and documenting the findings.

2.3. Procurement Contracting Officer. The contracting officer should assist the technical team in conducting market research tasks and providing inputs to the market research report. The contracting officer's responsibilities should typically include conducting market research activities to specifically evaluate contract terms and conditions, commercial item determinations, warranty options, pricing arrangements, and prevalent market sector business practices. The contracting officer should ensure this information is included in the market research report. The contracting officer should not proceed with any acquisition over the simplified acquisition threshold, unless adequate market research has been accomplished by the acquisition team and a MR report has been forwarded with the purchase request to demonstrate compliance with FAR Part 10. The contracting officer should be the determining authority in deciding the quality and thoroughness of the market research activities conducted by the acquisition team. The contracting officer should file a record copy of the MR report in the contract file.

2.4. Small Business Development Specialist. The Small Business Development Specialists, located at each center in the SB office, should assist teams as requested in developing small business opportunities and conducting formal market surveys. Acquisition teams are encouraged to involve SB early in their MR strategy development process.

3. MR Six Step Process.

3.1. Define the Requirement. A key element in any successful MR program is clear communication of requirements among Government and Industry personnel involved in acquisition planning. Clear and concise performance-based statements of the requirements should describe the user's needs. The logistics officer and technical team should work directly with the using community to ensure requirements are realistic and definable.

3.2. Request Technical Support. Once the users' needs have been clearly defined, the project manager or team leader should submit a request to the technical office to initiate a MR program. ***It is important to note that you do not have to have a funded requirement in order to conduct a MR program.*** It is critical that the project manager or team leader consider MR programs as part of their over all acquisition planning and allow adequate time in the schedule for the acquisition team to conduct their market survey activities.

3.3. Gather Historical Information. If the product or service being procured is related to a follow-on acquisition, review the historical acquisition files and databases to gather relevant information pertinent to a specific MR program. If historical data has identified a previous MR report, the information from that report should be updated and used when developing a MR strategy to effectively streamline follow-on MR activities.

3.4. Develop MR Strategy.   Once the requirements have been clearly stated and the past acquisition history of the product or service has been gathered, the technical staff should work directly with the rest of the acquisition team to develop the team's MR strategy. This strategy should include clearly defined roles and responsibilities for the market research activities and a determination of what market research tools and techniques should be employed to gather qualitative data for the specific acquisition. When adequate historical data does not exist, then the acquisition team may decide that a thorough MR survey using the Sources Sought Synopsis process may be required to develop data for the acquisition team to consider in their acquisition strategy decision making process.

3.5 Conduct MR Activities. As part of developing a MR strategy, the acquisition team needs to decide exactly what MR activities and available tools should be used to conduct the market survey and document the results accordingly in the MR report. These activities can include a formal survey of the market sector through a Sources Sought Synopsis, a detailed search of the commercial marketplace through Internet search queries, or networking with other professionals and societies involved in a specific market sector. A list of MR tools and resources available to assist personnel in conducting MR activities is in paragraph 5.

3.6. Prepare MR Report. The MR Report provides current market data to support the acquisition team's acquisition strategy decision making process. The technical staff should document the MR activities conducted and resultant findings in a MR report. Documenting MR findings enables the sharing of information across product centers, eliminates or minimizes duplication of effort, facilitates organization of research results, preserves the historical record, maintains an official file for statutory compliance, and provides the basis for the acquisition strategy and commerciality decisions. The MR report must clearly show

that the MR activities conducted are adequate to reasonably support the acquisition strategy developed by the acquisition team. Also refer to the [Product/Service Market Research Report Template](#) and/or [Market Research Report Guide for Improving the Tradecraft in Services Acquisition](#) for further guidance. The MR report should include as applicable:

3.6.1. An explanation of the acquisition's background including its purpose and any special features unique to the acquisition.

3.6.2. An identification of the MR team members.

3.6.3. A description of the agency's minimum needs, in terms of performance based task descriptions, system performance requirements, and/or essential physical characteristics. This information may also be in the form of part number specifications or drawings.

3.6.4. Identification of the desired or required schedule for the delivery of the end items.

3.6.5. A summary of the industry sources that were contacted and their related capabilities information. The information should include enough detail to assess opportunities for small business set asides, commercial item/service determinations, and competitive award strategies. If multiple sources can not be found, clearly identify constraints which limit competition or preclude further source development activities. Refer to paragraph 4 for more information.

3.6.6. A summary of the standard commercial terms, provisions, and conditions, including business standard practices for payment, freight delivery, acceptance, buyer financing, maintenance support, packaging, marking, warranty coverage and customer support.

3.6.7. Identification of the price ranges discovered, possible reasons for variations, and the potential for determining a fair and reasonable market price.

3.6.8. A description of the MR tools and techniques utilized to conduct the market sector survey.

3.6.9. A list of websites visited and a brief summary of search query results if the Internet search engines tools were utilized for MR activities.

3.6.10. A description of activities performed to identify small business opportunities. If the results indicate that no small business opportunities exist, provide supporting rationale to justify why not. Refer to paragraph 4 for more information.

3.6.11. A determination as to whether the item or service meets the definition of a commercial or non-developmental item as specified by FAR Part 2.

3.6.12. A summary of results and recommendations for determining appropriate acquisition strategies.

3.6.13. A signature block for the program manager and contracting officer to coordinate on the market research report content.

3.7. Review MR Findings. Once the technical staff has developed the MR report, the acquisition team should review the results and recommendations to determine if enough information is available to help support the acquisition strategy determination process. The MR report should be attached to the purchase request to ensure that everyone in the coordination cycle is aware of how the market research activities were conducted and what findings were determined.

3.8. Archive The MR Report. The MR report should be stored in the contract file. This document can be used to defend the acquisition strategy when protests or audits are executed against a specific contract and provides evidence of compliance to the statutory requirements of FAR Part 10.

4. What Constitutes A Good MR Program. A good MR program must provide credible data to defend the program team's acquisition strategy. As a minimum, an acceptable MR program must implement activities:

4.1. To identify capable sources of supply to promote competitive best value acquisitions. These activities may include a formal survey of the marketplace using the Sources Sought Synopsis process or a detailed Internet search using one of the recommended search engines. The System for Award Management (SAM) (previously Central Contractor Registration now consolidated under SAM), Thomas Register and GSA Advantage websites all have excellent databases for MR specific search queries. If the acquisition team has determined that a sole source or limited competition award is justified, the market research report should contain an assessment as to how that acquisition strategy is supported by your market research activities.

4.2. To assess small business capabilities and potential set aside opportunities. It is recommended that MR personnel utilize the Dynamic Small Business Search engine to determine small business opportunities in the marketplace. This database and the SAM website tag vendors with North American Industry Classification System codes, which group vendors by specific market sectors allowing MR personnel quick and efficient search queries. Small business opportunities may also be addressed as part of a formal market survey using the Sources Sought Synopsis process. If two or more small businesses are considered potential sources that can perform the work at a fair market price then the acquisition strategy should proceed as a small business set aside opportunity. This same "Rule of 2" applies to Section 8(a), HUBzone, Service-Disabled-Veteran Owned, and Women-Owned small business set asides subject to FAR Part 19. If the acquisition team has determined that a small business set aside strategy is not justified, the market research report should contain an assessment as to what market research techniques and queries were used to survey the market sector and why a set aside strategy could not be supported.

4.3. To evaluate the possible inclusion of commercial and non-developmental items into our war fighter mission requirements. For definitions of commercial and non-development items

refer to FAR Part 2.1. Commercial items and non-developmental items are typically procured under FAR Part 12 procedures using firm-fixed-price type pricing arrangements.

4.4. To identify commercial terms and conditions in the marketplace. MR personnel, especially contracting officers, are required to gather information relative to commercial terms and conditions in the marketplace to ensure government entities are offered the same opportunities as commercial businesses. This information may be comprised of warranty guarantees, pricing terms, financing practices, packaging, marking, delivery and shipment options, service agreements and other offers and options available to commercial customers. Pricing data represents an excellent resource for helping contract negotiators establish a fair and reasonable price for an acquisition program.

5. Tools for Conducting MR.

5.1. Sources Sought Synopsis. The Sources Sought Synopsis is a formal process to survey a specific market sector for gathering information relative to a particular acquisition. As part of the Sources Sought Synopsis, the technical staff should prepare a requirements description of the product or service they are trying to acquire along with a brief survey questionnaire to determine vendor capabilities within that market sector. The team should electronically forward a copy of their requirements description and the list of survey questions to their respective PCO. The PCO should review the survey questions for appropriateness to established MR goals and when adequate, post the Sources Sought Survey with instructions for replying to the PCO only. The timeframe necessary to allow interested vendors sufficient time to respond is dependent on the urgency and technical aspects of the acquisition. Once posted the PCO should notify the acquisition team to the exact website address of where the survey is posted. The acquisition team is encouraged to notify known potential sources of supply that the announcement is posted and ask those sources to respond to the survey. Upon receipt of survey responses, the PCO should forward the responses to the acquisition team.

5.2. MR Internet Search Activities. Internet search queries are a part of a good MR program. Please note that Internet resources are not static. Current databases are updated regularly and new ones frequently enter the market. At the same time, older databases combine with other sources, or as items and services change, are deleted from the marketplace.. Internet search queries can identify points of contact for potential vendors. Teams are encouraged to refine their search activities by contacting companies directly to gather specific information concerning products or services offered in the marketplace. The key to developing a good Internet search strategy is to execute search queries that are broad enough to identify potential sources in the marketplace and do not unfairly restrict source development because of a very limited keyword search.

5.3. Virtual Networking. The Virtual Networking tool contains website addresses for professional associations and media contacts to enable acquisition teams to develop information relative to standard commercial business practices and emerging technologies.

5.4. MR Report Templates. The MR Templates (see para 3.6) provide the acquisition teams a sample format for a MR report. Some of the headers in the template may not apply to a specific acquisition.

5.5. Market Research Report Database. Check with your local Acquisition Center of Excellence (ACE) office to see if it maintains an on-line repository of market research reports. This repository should serve as a central repository to store and retrieve MR Reports.

5.6. MR Training and References. The ACE may also provide on-line tools to assist teams with MR awareness training and resources for additional market research information. Additionally, market research resources can be found on the Defense Procurement and Acquisition Policy (DPAP) Market Research/Market Intelligence website and training can be found on the Air Force Contracting Learning Center.

6. Emergency/Urgent/Surge Requirements. When acquisition teams are faced with the emergency processing of acquisition requirements that have valid PR/MIPR Priority Codes of A, B, C, or D, market research should be limited to searches necessary only to provide a level of confidence that no other qualified sources and/or alternate items exist that can satisfy the Government's urgent need. The limited research should consider review of historical data, known qualified sources of supply, internet searches, and any other tools necessary to adequately determine and document commerciality, substitute item availability, and existence of alternate sources of supply.