



AF Life Cycle Management Center

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Effective Market Research: The Key to Successful Acquisitions

Alexis Fullard
Small Business Professional
(937) 904-7154



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Overview



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- **Why Conduct Market Research?**
- **Market Research Definition**
- **Market Research in the Acquisition Process**
- **Role of the Small Business Office**
- **Conducting the Right Market Research**
 - **Requirements Analysis**
 - **NAICS Codes**
 - **RFI/Sources Sought**
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 - **SB Set Aside OR Full and Open**
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- **Market Research Tools**
- **Conclusion**



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Why Conduct Market Research (MR)?



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- **It's the Law!**
- **Explore better options available to satisfy the Government's requirement**
- **Identify potential problems & reduce risk**
- **To answer important questions:**
 - **Can the government's needs be met by a product or service available in the commercial market place?**
 - **Are there qualified small businesses capable of meeting the product or service requirement by the government either as a Prime or Sub?**
 - **SB Prime: Rule of Two (SB set-aside)**
 - **Break-out Opportunities**
 - **SB Subcontracting Opportunities**

Bottom line: MR should provide insights into Cost/Schedule/Performance efficiency opportunities



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Market Research Definition



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- **Market Research (FAR 2.101):** Market Research is the process of collecting and analyzing information about capabilities within the market to satisfy agency needs.
- **2 Types of Market Research**
 - **Market Investigation:** A comprehensive survey of the market place to gather information in response to a specific contract requirement
 - **Market Surveillance/Intelligence:** Ongoing data collection to remain updated on new developments and improvements in their area of expertise



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Market Research in the Acquisition Process



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Role of the Small Business Office



- **Maximize Opportunities for Small Businesses**
 - Execute comprehensive subcontracting strategy when small business as prime is not feasible
 - Connect with Industry
 - Small & Large Businesses
 - NFP & Universities

- **Deliver Innovative Technology & Solutions to Meet Warfighter Needs**
 - Provide training on Market Research to Acquisition Professionals
 - Connect with Customers
 - PEOs / Directorates
 - PMs/COs
 - Align with Higher HQ
 - SAF/SB
 - AFMC/SB

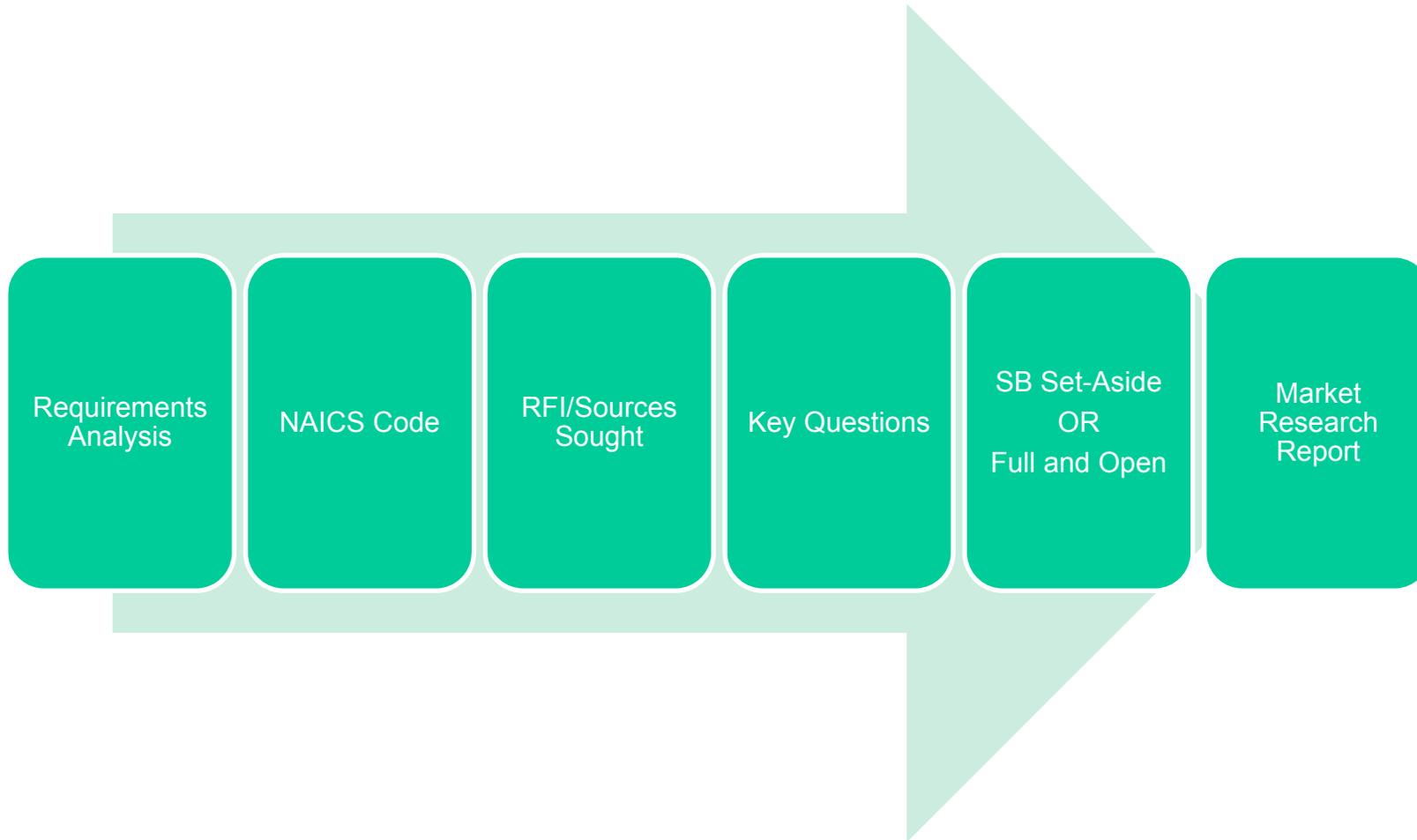


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Conducting the Right Market Research



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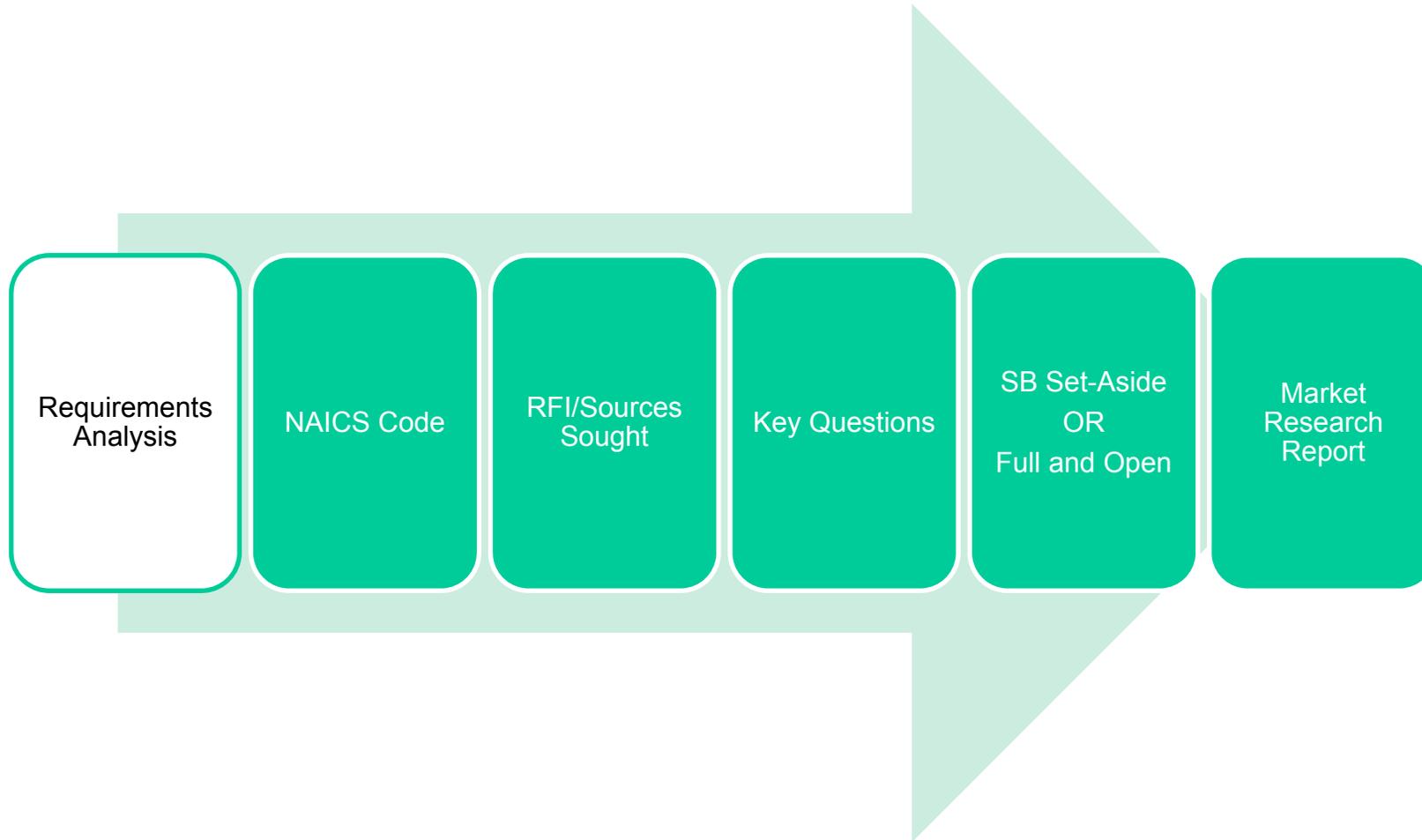


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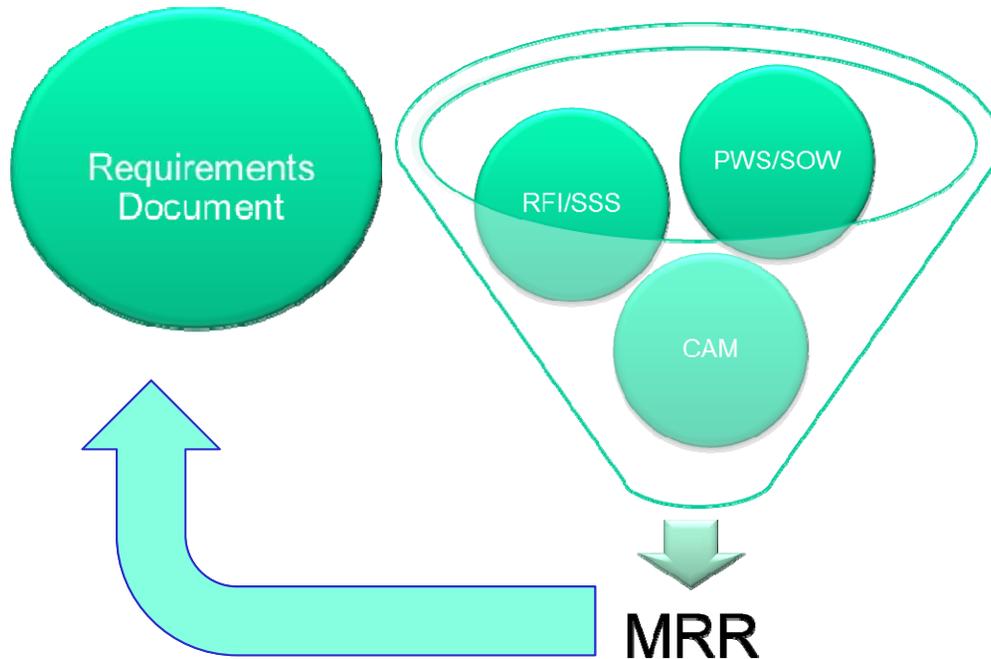
Conducting the Right Market Research



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- **Clear Communication of Requirements**



- Market Research Report (MRR) data should tie back to the Requirements Document
- Requirements Document connects to the Performance Work Statement (PWS) or Statement of Work (SOW)
- PWS or SOW connects to the Sources Sought Synopsis (SSS)/Request for Information (RFI)
- SSS/RFI connects to the Capability Assessment Matrix
- Capability Assessment Matrix connects to the MRR

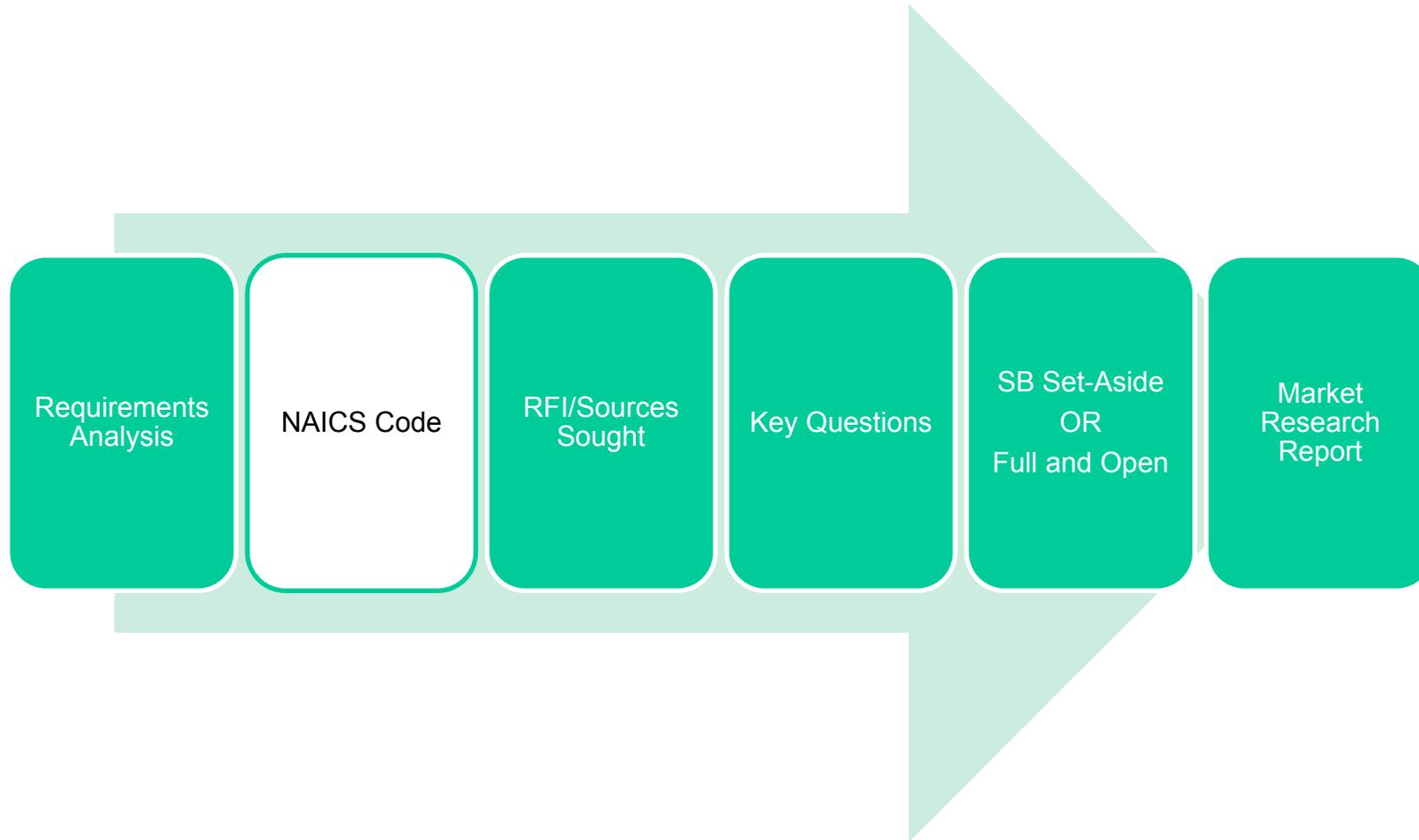


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Conducting the Right Market Research – NAICS Code



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- **NAICS Code determination sets your Acq Foundation**
 - **NAICS code size standards define whether a business entity is small or large**
- **What's a NAICS?**
 - **North American Industry Classification System - industry-by-industry basis**
 - **The size standard assigned to a NAICS code is the maximum number of employees or annual receipts by which a business may be classified as small**
 - **Determines eligibility to compete for acquisitions set-aside for small business**
 - **Includes possible set-aside for small business socio-economic groups (WOSB, 8(a), SDVOSB, etc.)**



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Conducting the Right Market Research – NAICS Code



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- **How are NAICS Codes Assigned?**
 - **Contracting Officer makes final determination based on:**
 - **Acquisition documentation (PWS, SOW, etc.)**
 - **Communication with customer/user for better technical understanding of requirement**
 - **Assign NAICS code that best describes the principal purpose of the product or service being acquired (preponderance of the work)**
 - **If more than one SB NAICS code applies, NAICS with larger SB size standard preferred – provides an opportunity for larger pool of capable SBs**



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Conducting the Right Market Research – NAICS Code



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- **Contact Small Business Office and/or SBA Procurement Center Representative (PCR) for NAICS Code Assistance**
- **Prior to performing market research and/or posting sources sought synopsis on FedBizOpps (FBO)**
 - **Avoid having to perform market research more than once**
 - **Provide sound rationale for NAICS determination**



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Conducting the Right Market Research – NAICS Code

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NAICS Manual

U.S. Census NAICS code or Keyword Search

SBA Table of Small Business Size Standards



Size Standards Table (SBA website)



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Size_Standards_Table [Protected View] - Excel

PROTECTED VIEW Be careful—files from the Internet can contain viruses. Unless you need to edit, it's safer to stay in Protected View. Enable Editing

B925 : Other Aircraft Parts and Auxiliary Equipment

	A	B	C	D	E	F	G	H
	NAICS Codes	NAICS Industry Description	Size Standards in millions of dollars	Size standards in number of employees	Footnotes			
		Sector 22 – Utilities						
		Subsector 221 – Utilities						
106								
107								
108	221111	Hydroelectric Power Generation		500				
109	221112	Fossil Fuel Electric Power Generation		750				
110	221113	Nuclear Electric Power Generation		750				
111	221114	Solar Electric Power Generation		250				
112	221115	Wind Electric Power Generation		250				
113	221116	Geothermal Electric Power Generation		250				
114	221117	Biomass Electric Power Generation		250				
115	221118	Other Electric Power Generation		250				
116	221121	Electric Bulk Power Transmission and Control		500				
117	221122	Electric Power Distribution		1,000				
118	221210	Natural Gas Distribution		1,000				
119	221310	Water Supply and Irrigation Systems	\$ 27.5					
120	221320	Sewage Treatment Facilities	\$ 20.5					
121	221330	Steam and Air-Conditioning Supply	\$ 15.0					
122		Sector 23 – Construction						
123		Subsector 236 – Construction of Buildings						
124	236115	New Single-family Housing Construction (Except For-Sale Builders)	\$ 36.5					
125	236116	New Multifamily Housing Construction (except For-Sale Builders)	\$ 36.5					
126	236117	New Housing For-Sale Builders	\$ 36.5					
127	236118	Residential Remodelers	\$ 36.5					
128	236210	Industrial Building Construction	\$ 36.5					
129	236220	Commercial and Institutional Building Construction	\$ 36.5					
130		Subsector 237 – Heavy and Civil Engineering Construction						
131	237110	Water and Sewer Line and Related Structures Construction	\$ 36.5					
132	237120	Oil and Gas Pipeline and Related Structures Construction	\$ 36.5					
133	237130	Power and Communication Line and Related Structures Construction	\$ 36.5					
134	237210	Land Subdivision	\$ 27.5					
135	237310	Highway, Street, and Bridge Construction	\$ 36.5					
136	237990	Other Heavy and Civil Engineering Construction	\$ 36.5					

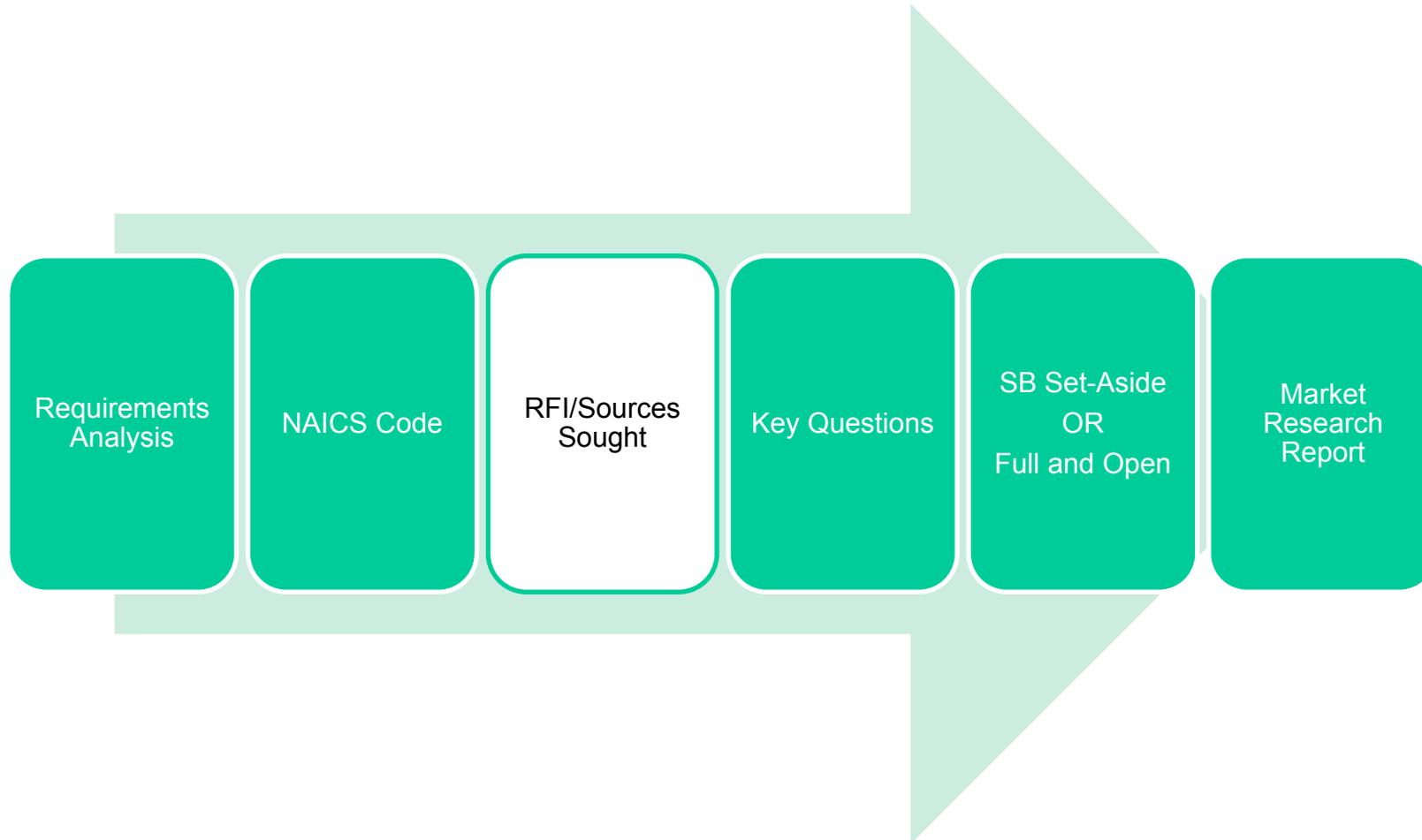


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Conducting the Right Market Research – RFI /Sources Sought

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- There are many Market Research Tools available
 - SSS/RFI recommended to be reviewed and coordinated by SB Office
 - Request companies state if large or small, including any socio-economic categories
 - Request companies provide inputs of realistic breakout opportunities
- Include well defined discriminating criteria from technical requirements
 - FAR 10.001(b): Do not request more than the minimum information necessary

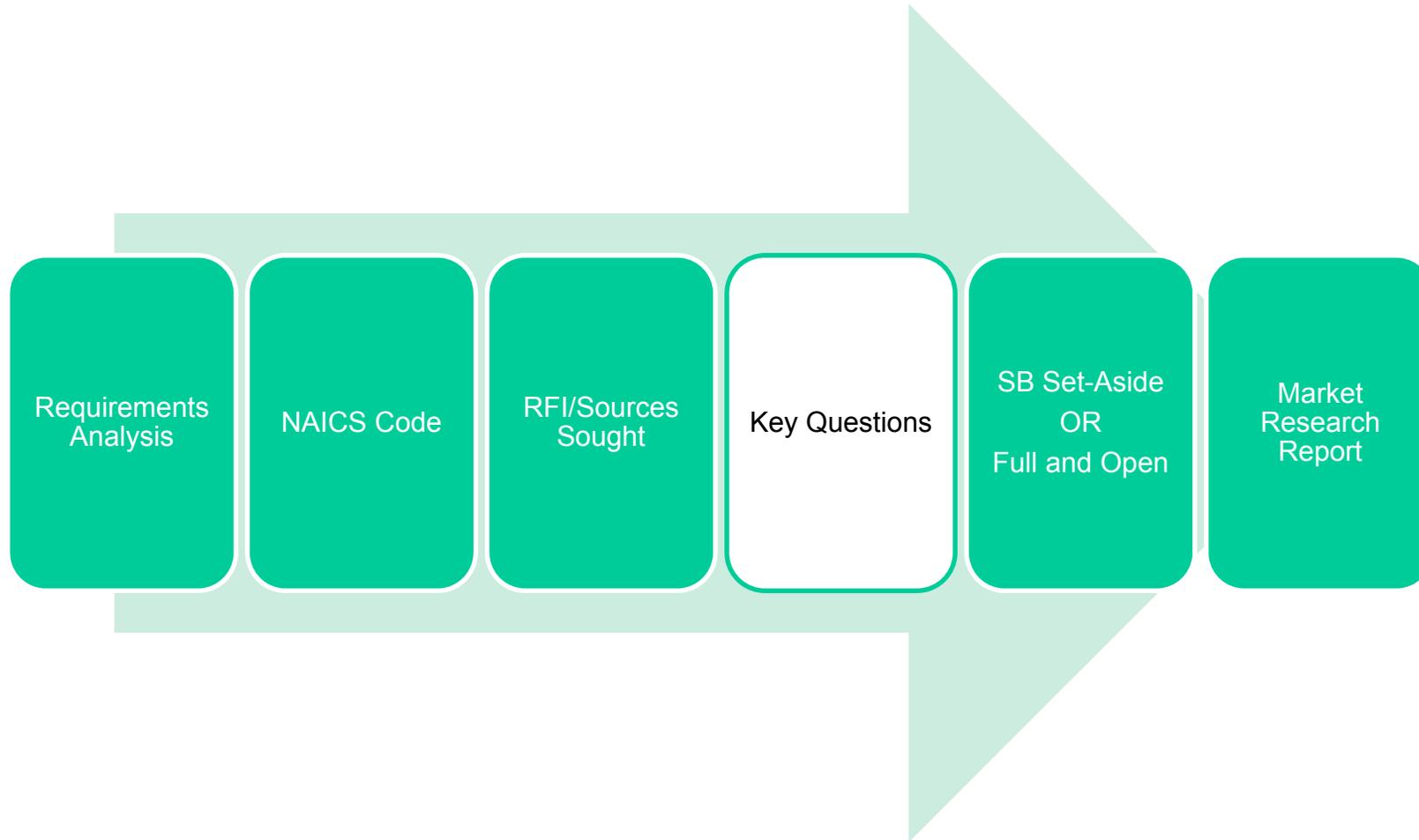


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Conducting the Right Market Research – Key Questions

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- **What are the capabilities within industry?**
- **Who can meet the requirement?**
 - Large or Small Business?
 - If proprietary data rights issues exist, can a piece be carved out to compete ?
- **If not a SB Set-Aside, specifically request inputs regarding SB subcontracting utilization**



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Conducting the Right Market Research- Key Questions



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- **Are there any clear discriminators? What do you REALLY NEED?**
 - **Quality Assurance Standards (ex. ISO-9000)**
 - **Certification Requirements (ex. CMMI Level 2-compliant)**
 - **Secret Facility Clearance**
 - **Approved DCAA cost accounting system**
 - **Insured/Bonded/Licensed**
 - **Cyber Security Requirements**
- **Not too many**
 - **We start with a Request for INFORMATION (RFI), not an RFP**
 - **Gaining capability insights versus full-up proposals**

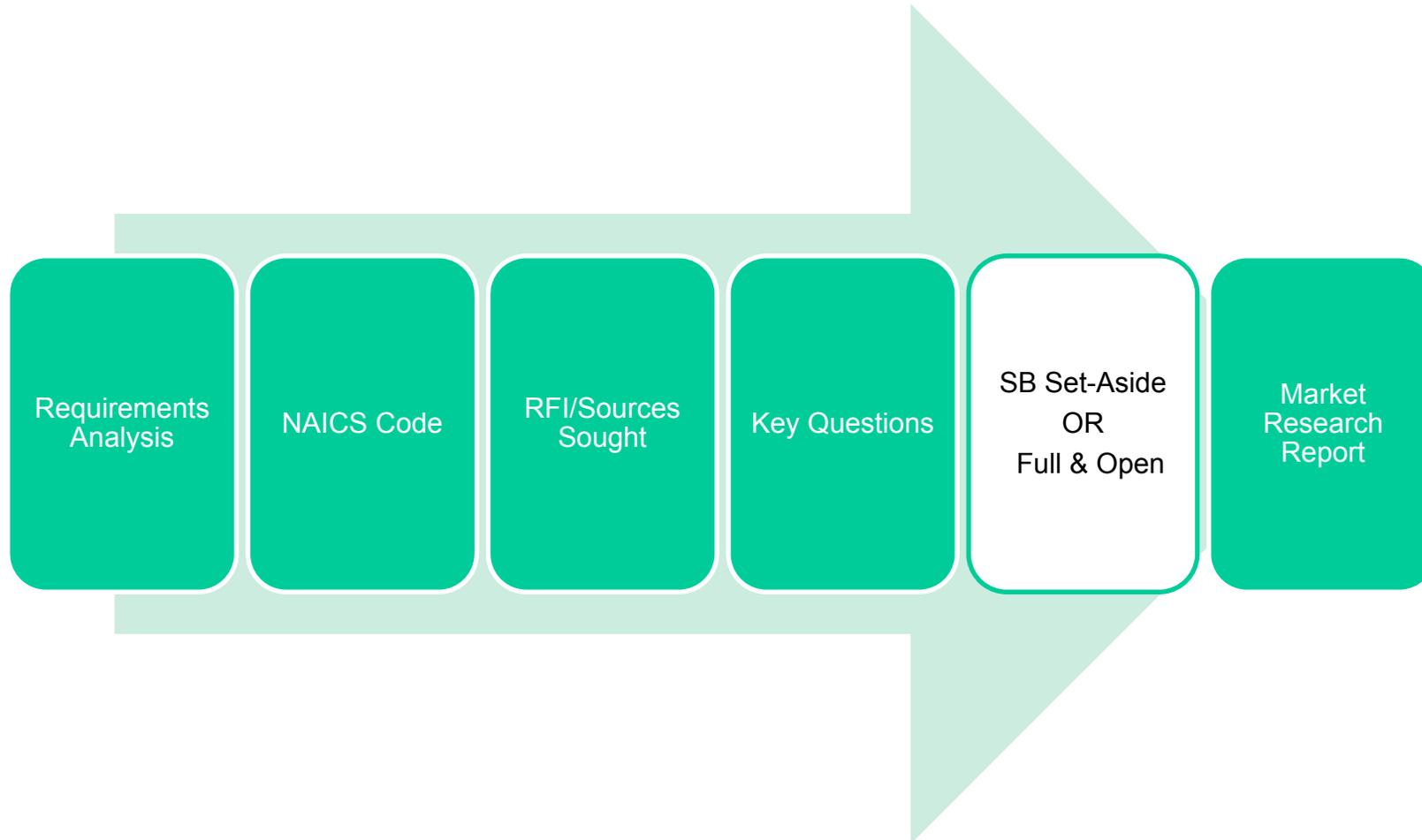


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Conducting the Right Market Research – SB Set-Aside



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- **FAR 19.5**
- **Are there two or more SB's technically capable?**
- **If so, can the acquisition be further broken down into socio-economic groups (WOSB, VOSB, 8a, etc.) ?**
- **Is the SB prime capable of performing at least 50% of the effort? (compliance with the Limitations of Subcontracting)**
- **Are teaming arrangements realistic?**
- **Are there affiliation and ostensible risks?**
 - **Who's really doing the work?**



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Conducting the Right Market Research – Full & Open

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- **If acquisition is NOT set-aside for SB:**
 - FAR 19.702 requires that all negotiated and sealed bid acquisitions that are expected to exceed \$700,000 (\$1.5 million for construction) and that has subcontracting possibilities, **shall require the apparently successful offeror/ bidder selected for award to submit an acceptable subcontracting plan** (see FAR 19.702(b) for exceptions).
 - Effective 1 May 2016: DoD Source Selection Mandatory Procedures requires evaluation of SB participation
 - Market research identifies SB subcontracting opportunities

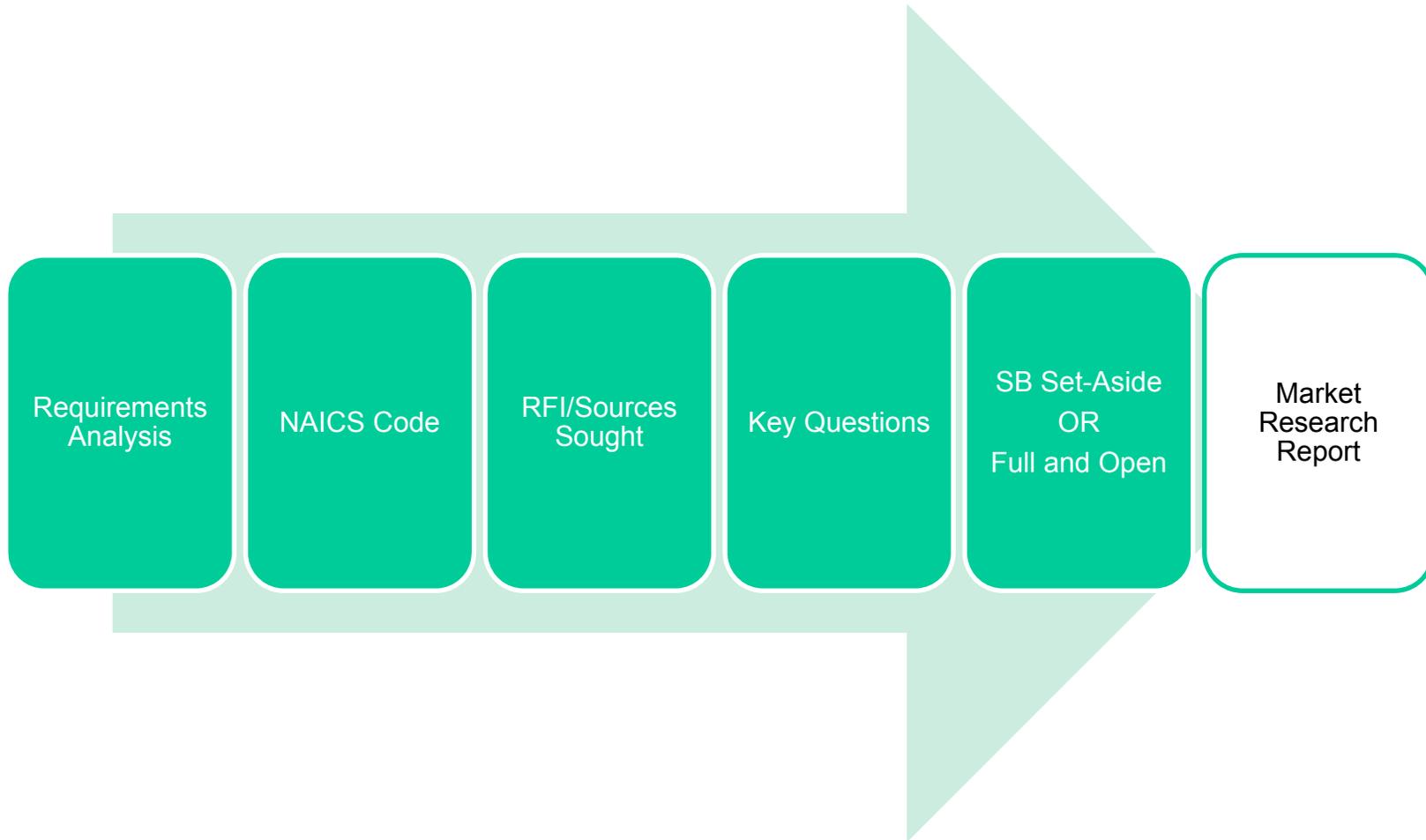


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Conducting the Right Market Research – Market Research Report



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- **The Market Research Report (MRR) needs to:**
 - **Explain all market research methods used**
 - **Detail what firms responded and if large or small and socioeconomic group, if applicable**
 - **Align with and detail Capability Assessment Matrix results**
 - **Provide rationale for LB and SB firms considered capable**
 - **Provide rationale for LB and SB firms considered not capable**
 - **Identify SB subcontracting opportunities**
- **Great MRR qualities:**
 - **Clear & Concise**
 - **Definitive**
 - **Decisive**



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Best Practices



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- **Have Solid Requirements!**
- **Start Early -- Communicate Often**
 - Industry
 - Office of Small Business
 - SBA PCR
- **NAICS Code Selection is key**
- **Identify clear discriminators- not too many!**
- **Consider value of potential SB set-aside for C/S/P**
 - Even if proprietary data, there are possible breakout opportunities
 - Be sensitive to overly restrictive requirements
 - If effort cannot be a SB set-aside – identify the **REALISTIC** opportunities for subcontracting utilization



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Market Research Templates



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SSS Guide

1. Sources Sought Synopsis (SSS) Guide

Credit: Warner Robins



SS and Sugg.
Language

2. Sources Sought Considerations and Suggested Language



SS-RFI Response
Summary

3. SS-RFI Response Summary Sample-Template

Credit: Marcia Hall



SubK
Considerations for LB

4. Subcontracting Considerations for Large Businesses



MR Report
Template

5. Market Research Report Template

Credit: Marcia Hall



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Market Research Tools



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- Office of Small Business and SBA
- Request for Information (RFI)/ Sources Sought Synopsis (SSS)
- Program Team
- [System for Award Management \(SAM\)](#)
- [Dynamic Small Business Search \(DSBS\)](#)
- Industry Representatives/Industry Days
- Internet
- Conferences and Trade Shows
- Historical Information



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Conclusion



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- **Market Research is as easy as ABC & D**
 - **A – Ask the right questions up front**
 - Small Business set aside
 - **B – Breakout opportunities**
 - Can a piece of the pie be broken out for SB?
 - **C – Communicate**
 - Involve SBO early and discuss with industry
 - **D – Document**
 - MRR is a large part of your documentation history
 - Protest armor to defend your acquisition decisions!



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QUESTIONS?



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BACKUP



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Market Research Policy



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- **FAR 7.102:** Requires market research for all acquisitions; promotes and provides for acquisition of commercial items/services and full and open competition
- **FAR 7.105:** Requires Acquisition Plans to address extent, results, and impact of market research
- **FAR 7.107:** Requires market research to determine necessity and justification for bundling (“measurably substantial benefits”)
- **FAR 10:** Requires Market Research be conducted
- **FAR 19.202:** Small Business Utilization (Prime or Sub)

