Market Research: the Key to Your Next RFP's Success

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Imagine your payroll department is finally ready to replace their decade-old payroll software and comes to you for help writing RFP specifications. But the only experience you have with payroll software comes from using the existing system, and you have no idea what features a different software has to offer. Now you're expected to write specifications based on your limited experience with an outdated system.

Or you're about to re-issue an RFP for family home visiting services. The previous program didn't accomplish many of the outcomes stated in the RFP, but you aren't sure whether a different service would fare any better. It feels risky to significantly alter the scope of work without a clear alternative in mind, and the department responsible for the program doesn't know of any groundbreaking service models.

Has this ever happened to you? It's hard to write a solicitation when you feel like you're in the dark on the subject matter! This lack of new information can lead governments to reuse procurement documents year after year without considering changes to their priorities, advancements in the marketplace, or opportunities for new solutions. Tight timelines, complex programs, and limited staff resources can make it difficult for governments to systematically reassess needs, gather strategic input in designing new solutions, or engage with providers to help them understand the departments goals and priorities. But these recycled or minimally-revised solicitations often fail to generate innovative responses or increase competition with new vendors, which can contribute to higher costs, stagnant results, or disappointing client outcomes.

If this rinse-and-repeat cycle sounds familiar, you will likely benefit from conducting market research ahead of your next solicitation. New solutions and unrecognized challenges can be uncovered by seeking ideas and feedback from service recipients, front-line staff, national experts, vendors in the community, and other stakeholders – such as through hands-on user research, issuing a Request for Information (RFI), or examining solutions in other jurisdictions.

The Procurement Excellence Network has identified twelve strategies for gathering constructive input that will strengthen your solicitation. These activities can help governments achieve three important tasks ahead of releasing their solicitation:

1. Scoping the government's needs and goals to be addressed by the contracted good or service

2. Exploring potential solutions to the identified need(s), including new approaches that may not have been previously considered by the government

3. Engaging the vendor community to prepare the marketplace to respond with bids that best meet the agency's goals.

The following tables organize the twelve market research strategies by whether they use internal or external sources of information and note which of the three tasks the strategy supports:

Strategies that use internal sources of information:

Strategy	Scope Needs	Explore Solutions	Prepare Vendors	Examples from the Field
1. Analyze prior program delivery data and outcomes, such as complaint lines, waitlists, and client results How-to resource: Using Data to Improve Procurement Operations and Outcomes	X			Massachusetts' analysis of client waitlists for adult basic education and English for speakers of other languages classes informed its design of new programs to meet the needs of this population Pay for Success Contracting for Adult Basic Education – Service Providers RFR

Strategy	Scope Needs	Explore Solutions	Prepare Vendors	Examples from the Field
2. Collect input from frontline staff about challenges in existing programs	X	X		In procuring for new discharge planning services for individuals re-entering from incarceration, Rhode Island's Department of Corrections included an extensive analysis of the existing operational challenges that made improving results difficult Regional Discharge Planning Services to Improve Outcomes for Individuals Leaving Incarceration RFP
3. Process map existing programs to find potential efficiencies How-to resources: Process Mapping 101: How to Map Your Procurement Process to Reduce Cycle Times Using Process Mapping to Save Time & Money	X	X		The City of Denver developed an in-house PEAK academy to train government staff on lean and process mapping practices. City staff have implemented dozens of projects to increase efficiency, including one that saved $5 million on fleet management by process mapping to identify opportunities for improvement. Denver PEAK Academy
4. Hold "assumption-busting" sessions with agency staff to test planned solutions How-to resource: Busting Your RFP Assumptions: Group Exercise and Facilitation Guide	X	X		

Strategies that use external sources of information:

Strategy	Scope Needs	Explore Solutions	Prepare Vendors	Examples from the Field
5. Issue a Request for Information (RFI) How-to resources: How to Write an RFI that Vendors Want to Respond To Request for Information Template	X	X	X	The Louisville Department of Metro Corrections released an RFI seeking information from substance abuse treatment providers interested in providing services to returning citizens released from city jails Pay for Success Performance Contracting for Substance Abuse Treatment Services RFI
6. Conduct research with end-users, such as focus groups with service recipient How-to resource: Fostering Equitable Contract Outcomes Part 1: Equity in Service Planning	X			In procuring a new regional bike share operator, the City of Boston and its neighboring municipalities of Brookline, Cambridge, and Somerville revamped performance metrics to better capture the user experience at high-traffic times and locations Boston, MA Procurement for Bike Share Operator
7. Convene vendor town halls, webinars, industry days, or information sessions		X	X	The City of Long Beach has flipped the script for government contracting through Pitch Long Beach!, an initiative that invites vendors to propose innovative new project ideas. As of October 2022 the City has received more than 70 pitches, paving the way for innovative new projects ideas Pitch Long Beach!

Strategy	Scope Needs	Explore Solutions	Prepare Vendors	Examples from the Field
8. Survey industry participants How-to resource: Surveying Your Vendor Community to Assess Satisfaction and Identify Pain Points			X	Example: The City of Saint Paul surveyed street construction vendors to assess their experiences with the City and inform changes to increase competition on RFPs
9. Invite vendors to competitively prototype solutions		X	X	Example: City of Boston held a "Hackathon" with permitting application prototypes to test ideas about what the city needed to procure prior to releasing an RFP HubHacks: Boston's Civic Hackathon
10. Conduct a formal feasibility assessment	X	X		Example: The South Carolina Department of Health and Human Services supported a feasibility study to determine instruments for scaling nurse home visiting program for first-time, low-income mothers and their children Social Impact Bond RFI

Strategy	Scope Needs	Explore Solutions	Prepare Vendors	Examples from the Field
11. Explore academic research literature and conduct expert interviews	X	X		Example: Illinois combined national and local research to explore common challenges and possible for programs to improve outcomes for youth dually-involved in the foster care and juvenile justice systems RFP to Provide Professional Services Relating to Illinois' Social Impact Bonds Program
12. Seek examples from other jurisdictions		X	X	Visit the Procurement Excellence Network Member Portal to connect with other jurisdictions to learn about their experiences

We hope you find these strategies and tools helpful as you conduct market research before launching your next solicitation.

The **Procurement Excellence Network** is an initiative of the Government Performance Lab designed to help public sector leaders use government procurement as a tool to improve resident outcomes and advance equity. The **Government Performance Lab**, housed at the Taubman Center for State and Local Government at the Harvard Kennedy School, conducts research on how governments can improve the results they achieve for their citizens. An important part of this research model involves providing hands-on technical assistance to state and local governments. Through this involvement, we gain insights into the barriers that governments face and the solutions that can overcome these barriers. By engaging current students and recent graduates in this effort, we are able to provide experiential learning as well.

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