

Market engagement: How SCM can help

The [Supply Chain Management \(SCM\)](#) team is on hand as a subject matter expert to lead market engagement activity for high-value, strategic HS2 procurements (c. £50m+ in value), and provide guidance and support for other, lower-value procurements.

- ❑ Direct activity – SCM directs the approach in collaboration with internal procurement teams, collating feedback and documenting key findings (*for major packages of work*).
 - ❑ Advisory – SCM can help formulate an engagement plan and act as a ‘sounding board’ for advice on a proposed approach.
 - ❑ Initiate dialogue – SCM can initiate conversations with trade associations, business network or other parties, on internal procurement clients’ behalf.
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- Early engagement with SCM is preferable to determining the optimal approach and in ensuring sufficient time and resource is available.
 - The extent of our involvement can be flexed to suit differing needs.
 - The current emphasis is on assisting projects of particular strategic importance.
 - Please be encouraged to open up a conversation should you have any questions relating to this document, or wish to receive further information – email scc@hs2.org.uk
 - Enclosed is a ‘market engagement options menu’ to guide decision making on the optimal approach.

Market engagement options menu

<u>Activity</u>	<u>Preparation / input required</u>	<u>Expected outcomes / benefits</u>	<u>Timeframes & Cost</u>
<p>Engage umbrella organisations and/or trade associations: <i>A useful route to engagement across multiple suppliers.</i></p>	<ul style="list-style-type: none"> - An outline procurement or category scope. - A clear steer on what we're trying to achieve. - Available timeframe. 	<ul style="list-style-type: none"> - Impartial intelligence on supplier lists (e.g. for market soundings). - Coordinate supplier responses. - Industry information to help develop category strategies. - Advertise opportunities to a broad and relevant supplier base. 	<ul style="list-style-type: none"> - Activity can last between 3-6 months. - Takes place up to 12 months before any formal procurement activity. - No direct cost
<p>Industry / supplier event: <i>Engages a wider audience to outline the objectives for a forthcoming opportunity, early in the process.</i></p>	<ul style="list-style-type: none"> - Outline procurement route, timetable, scope. - Agreed event materials and speakers; clear idea of the vision and details of the opportunity. - A confirmed attendee list (reflecting both targeted suppliers and their representatives). - Confirmation of date and venue hire. 	<ul style="list-style-type: none"> - Garner interest; inform the market. - Deliver a consistent message. - Foster supplier networking. - Set expectations. - Early gauge of appetite. - Inform procurement / category strategy. 	<ul style="list-style-type: none"> - Event usually lasts between 2 hours and half a day. - Takes place anywhere from 6-18 months before any formal procurement activity. - Cost implication for venue hire and catering.
<p>Appetite test: <i>Quickly tests appetite for a specific opportunity, amongst a targeted list of suppliers.</i></p>	<ul style="list-style-type: none"> - A 'light' procurement scope, detailing intended lot structure, programme, procurement route. - A pre-determined supplier list. 	<ul style="list-style-type: none"> - Instantly ascertain supplier appetite, providing a view on market capacity. - Understand exactly who is preparing to bid, who isn't, and why that may be. 	<ul style="list-style-type: none"> - Completed within 4-6 weeks. - Takes places 3-6 months before formal procurement. - No direct cost.

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<p>Market sounding: <i>Formally tests the commercial elements of the proposed procurement strategy, amongst a targeted list of suppliers.</i></p>	<ul style="list-style-type: none"> - Agree the focus of the sounding. - A 'light' procurement scope, detailing intended lot structure, programme, procurement route, interface risk, etc. - An agreed sounding questionnaire. - A pre-determined supplier list (often with aid of trade associations for impartiality). 	<ul style="list-style-type: none"> - Provide objective evidence to add credence, or inform adjustments, to the proposed procurement strategy. - Determine likely supplier appetite against each lot / package. - Determine supplier opinion on a range of scenarios, such as commercial model, partnering, subcontracting, key perceived risks and opportunities. - Inform / 'warm-up' the market. 	<ul style="list-style-type: none"> - Completed within 4-8 weeks. - Takes place between 3-12 months before formal procurement. - No direct cost.
<p>One-to-one supplier meeting: <i>Focused sessions to clarify emerging issues in greater depth, with individual suppliers.</i></p>	<ul style="list-style-type: none"> - A pre-determined plan/script and set of questions (to set boundaries of the conversation and ensure consistency). - A pre-determined supplier list, set of dates, and confirmation of attendance (preferably from suppliers' BD, Commercial and Ops directors). - Confirmed internal resource to run the sessions, take minutes etc. 	<ul style="list-style-type: none"> - Further understand supplier attitudes/motivations to the emerging issues; follow up on key themes arising from earlier engagement. - Opportunity to ask salient questions of the supply base and communicate further information as the strategy evolves. - Maintain and enhance supplier appetite; understand which parties are genuinely interested. 	<ul style="list-style-type: none"> - Completed within 4-8 weeks, depending on availability of personnel. - Takes place between 3-9 months before formal procurement. - No direct cost unless offsite venue.

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<p>Meet the Buyer: <i>An event usually arranged by third parties, to which HS2 would be invited.</i></p>	<ul style="list-style-type: none"> - A clearly defined set of objectives. - A list of targeted suppliers. 	<ul style="list-style-type: none"> - Provide key information for the client on market trends and innovation in key industry sub-sectors. - Opportunity for HS2 to advertise forthcoming opportunities. - Opportunity for client/supplier networking and idea share. 	<ul style="list-style-type: none"> - Event usually lasts for a day / half-day. - Can be anytime prior to formal procurement, often covers a range of opportunities. - No direct cost.
<p>Meet the Contractor: <i>An event which allows awarded tier 1 suppliers to communicate their opportunities to prospective tier 2 and 3 suppliers.</i></p>	<ul style="list-style-type: none"> - HS2 organise event for a range of tier 1 suppliers to ensure greatest value, including venue hire, catering, participants. - HS2 assist with supplier 'match-making', engaging industry bodies to provide tier 1's with a targeted list of <i>relevant</i> suppliers. 	<ul style="list-style-type: none"> - Communicate supply chain opportunities to a broad audience of potential tier 2 and 3 suppliers, including SMEs. - Influence the make-up of the supply chain; ensure the client retains a presence and is visible. - Communicate the priorities and vision for the project. 	<ul style="list-style-type: none"> - Event usually lasts for a day / half-day. - Takes place in the months following tier 1 award. - Cost implication for venue hire, equipment and catering.

Depending factors

- ❑ Magnitude (value) and complexity of the contract / category opportunity
- ❑ Maturity of thinking / approach to the procurement in question
- ❑ Available timescales and timing in the procurement cycle
- ❑ Nature of contract opportunity (e.g. non-repeatable contract)
- ❑ Extent of market knowledge in HS2
- ❑ Level of uncertainty over requirements and strategic approach
- ❑ Nature of market (e.g. known capacity concerns)
- ❑ Available resource
- ❑ Political / technological / economic circumstances