



NEW ZEALAND
GOVERNMENT PROCUREMENT

Market Engagement

Construction Procurement Guidelines

October 2019

v1.0



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI

Construction Procurement Guidelines

The purpose of the Construction Procurement Guidelines is to provide government agencies with guidance on the government's standards of good practice for the development of their construction procurement strategy. The Guidelines are intended to support government agencies to improve the quality and consistency of their construction procurement practices.

The Guidelines consist of a suite of sections, each covering a subject matter area. They are considered to be live documents which we may update and add to, from time to time, to ensure they remain current and relevant. You can download the latest version of each section, along with any accompanying tools and templates, from www.procurement.govt.nz.

To provide feedback on the Guidelines, email procurement@mbie.govt.nz.

Major infrastructure project guidance

Major infrastructure projects by their very nature are large scale and complex – they have bespoke issues, risks and challenges that may require more sophisticated project planning, management, procurement and governance approaches. The New Zealand Infrastructure Commission - Te Waihanga, publishes major infrastructure guidance for projects with a total cost of ownership of greater than \$50m.

For more information about major infrastructure project guidance and the support provided by the Infrastructure Commission, see www.infracom.govt.nz or contact the Infrastructure Commission at info@infracom.govt.nz.

Disclaimer

The information presented in this guideline is intended for general use only. It should not be construed as legal advice, and should be read in conjunction with any relevant policy, legislation and regulations. While every effort has been made to ensure the accuracy, currency and completeness of this guideline, the Ministry of Business, Innovation and Employment (MBIE) cannot accept any liability for the accuracy, currency or completeness of material contained herein. MBIE cannot be held responsible for, and makes no warranties as to: the suitability of the information in this guideline for your specific circumstances; or any actions taken by third parties as a result of you relying on information contained in this guideline.

Version 1.0 released October 2019

ISBN 978-1-99-000438-4 (Online)

New Zealand Government

New Zealand Government Procurement

PO Box 1473 | Wellington 6140 | New Zealand

www.procurement.govt.nz | procurement@mbie.govt.nz



Unless otherwise indicated for specific items or collections of content, this work is licenced under the Creative Commons Attribution 4.0 International License. In essence, you are free to copy, distribute and adapt the material, as long as you attribute it to Ministry of Business, Innovation and Employment and abide by the other terms of the licence.

The permission to reproduce material in this work does not extend to any material that is identified as being protected by copyright owned by a third party. This includes material on websites you may access via links from, or footnotes to, this work. We cannot grant permission to reproduce such material: you must obtain permission directly from the copyright owner(s).

Please note that this licence does not apply to any logos, emblems, trade marks, photography and imagery in this work. These specific items may not be re-used without express permission. If you wish to reproduce any images in this work, please contact us at info@mbie.govt.nz.

Market engagement

Overview

Market engagement refers to the range of activities through which agencies engage with suppliers before the procurement of a construction project. The purpose of market engagement is to improve the efficiency and quality of project procurement and delivery processes.

When done well, market engagement benefits both agencies and potential suppliers. The process allows your agency to get feedback from the market on a proposed project, including considering potential opportunities, risks and solutions associated with procuring and delivering. These will lead to improved contract outcomes. Market engagement can also stimulate market forces, which will improve the results of a competitive procurement process.

Market engagement can be done at any stage of a project, including pre-project, or at the strategic assessment stage, provided it is made clear that things may change or not go ahead at all, perhaps due to prioritisation of funding for other projects.

Objectives of market engagement

Market engagement is about facilitating a two-way conversation between your agency and potential suppliers.

Your market engagement objectives may be to:

- market the project to potential domestic and international suppliers
- test the robustness of your current thinking about the project with potential suppliers, including project objectives, scope, opportunities, risks, timeframes and/or processes
- learn more about market trends, and how they might affect your procurement approach
- gain insights into how procurement and project delivery can be structured to maximise market interest, public value and project outcomes.

The objectives of market engagement for potential suppliers may be to:

- understand how the project may contribute to the market pipeline, including the potential impact on market risk
- understand the project sufficiently to include it in their business pipeline, allocating enough lead-in time to develop their commercial proposition, resourcing, supply chain and partnering opportunities
- inform the structuring and scope of the project to improve delivery efficiency and encourage innovation
- understand the project's risks and uncertainties.

Each party's specific objectives will differ according to the phase of the project and the results sought, and these objectives should be considered part of developing a market engagement strategy.

Market engagement strategy

As no two projects are identical, there’s no “one size fits all” approach to planning and executing a market engagement process. Agencies should develop and document a market engagement strategy, reviewed and agreed on by internal parties and project partners, and signed off by the project governance board.



Agencies must develop and document a market engagement strategy appropriate to the project in their procurement strategy/plan.

When to develop a market engagement strategy

If your agency is making project decisions based on assumptions about market conditions, you should be engaging with the market.

Ideally, you will have some form of market engagement strategy before commencing informal market engagement for a project. It’s essential that you have developed and formalised your market engagement strategy before entering the structured market engagement phase.

During the life of a project there may be several opportunities to engage with the market depending on the size, complexity and nature of the project.

Early on in a project, when desired outcomes are still being established, holding a design workshop allows the participation of a wide range of stakeholders, including community representatives, suppliers and other interested parties. This helps to develop design concepts and work out practical issues, and also brings about early engagement with stakeholders, creating a strong foundation for project delivery.

As plans develop, consultation may focus on design issues relating to the output ie the physical project/building, as well as improving understanding of the best approach to market.

Scaling the market engagement strategy

The market engagement process should be scaled to meet the requirements of the project. The table below sets out key factors that inform the scale of a market engagement process.

Key factors influencing market engagement scale

Streamlined	Market engagement process	Extensive
Small	Scale of project	Large
Many	Existence of similar examples in local market	Few
Low	Degree of complexity and innovation	High
High	Certainty of market interest, capacity and competitiveness	Low
Unlikely	Requirement to form partnerships/consortia	Certain
High	Agency internal knowledge and experience	Low

Types of market engagement

There are several ways to do market engagement. A project may use one or more types of engagement, depending on its size and complexity.

Common types of market engagement

Type of engagement	Examples	Purpose
One-to-many	Market briefings, town halls, industry workshops	<ul style="list-style-type: none"> Useful for communicating key aspects of the project to a large number of suppliers Feedback from the market may be limited due to the open forum
Written	Questionnaires, requests for information	<ul style="list-style-type: none"> Useful for seeking feedback from a broad range of suppliers, although the number and quality of responses will vary Maximum value is typically achieved when paired with one-to-one sessions
One-to-one	Supplier meetings	<ul style="list-style-type: none"> The most effective way to get detailed and direct feedback from participants The process requires higher investment of resources from the agency.

Probity and confidentiality

Probity shouldn't be a barrier to effectively engaging with the market and having open conversations with potential suppliers. However, it's important that you consider probity throughout the development and execution of a market engagement strategy to make sure that:

- no potential supplier has, or is seen to have, exchanged information with your agency that offers them an unfair advantage in any procurement process
- all potential suppliers are treated fairly and equally to maintain a level playing field for future procurements
- agency advisors don't have undue influence on, or a vested interest in, the outcome.

Further guidance

For further guidance on market engagement, see:

- [MBIE's Constructive Market Engagement guide](#)
This guide aims to end the 'cone of silence' myth, that holds that government can not be seen to be talking to suppliers.