

Procurement Procedure Response Rate Project ILO Forum

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Project Brief and Objectives

Step 1: Analyse data

- Analyse response rates across all procurement procedures
- Categorise reasons why firms are declining to participate

Step 2: Identify Trends

- Review responses by procurement code, department/group
- Deep dives and feedback with key stakeholders

Step 3: Propose Solutions

- Propose recommendations on actionable changes to our procedures and practices

Step 4: Implement changes

- Implement sourcing policy, update the procurement procedures and best practices
- Identify strategies to improve responses from firms

Step 5: Ongoing monitoring

- When firms decline they must select pre-determined categories and reasons for declining our procedures.

Step 1: Data Analysis

Data Definition and Categorisation

Generic Decline

- Capacity / Resources
- Competitiveness
- Location
- Language
- Supply Chain
- Not interested in working with CERN
- No details given

Procedural Decline

- Timescales
- Commercial conditions
- Tendering process complexity
- Country of Origin
- Adjudication
- Subcontracting restrictions
- Qualification requirements

Technical Decline

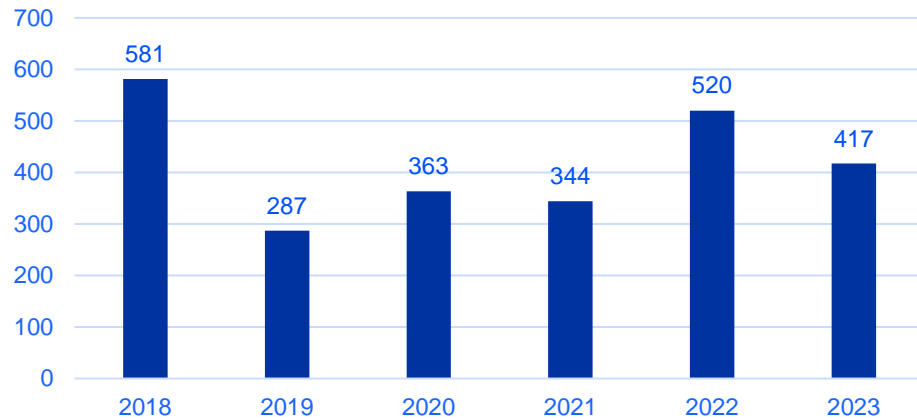
- Technical requirements
- Delivery schedule
- Location of the work (FR/CH)
- Quantities/Volume
- Out of scope of services/supplies

Data source: CDS data on responses and declines 2018-2023; Qualiatic for procurement codes per procedure

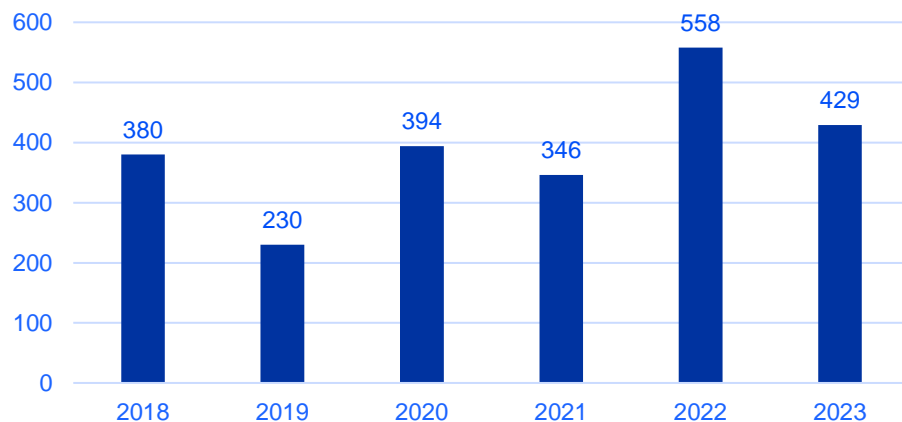
Step 1: Data Analysis

Initial Findings – Price Enquiries

of Declined



of No reply

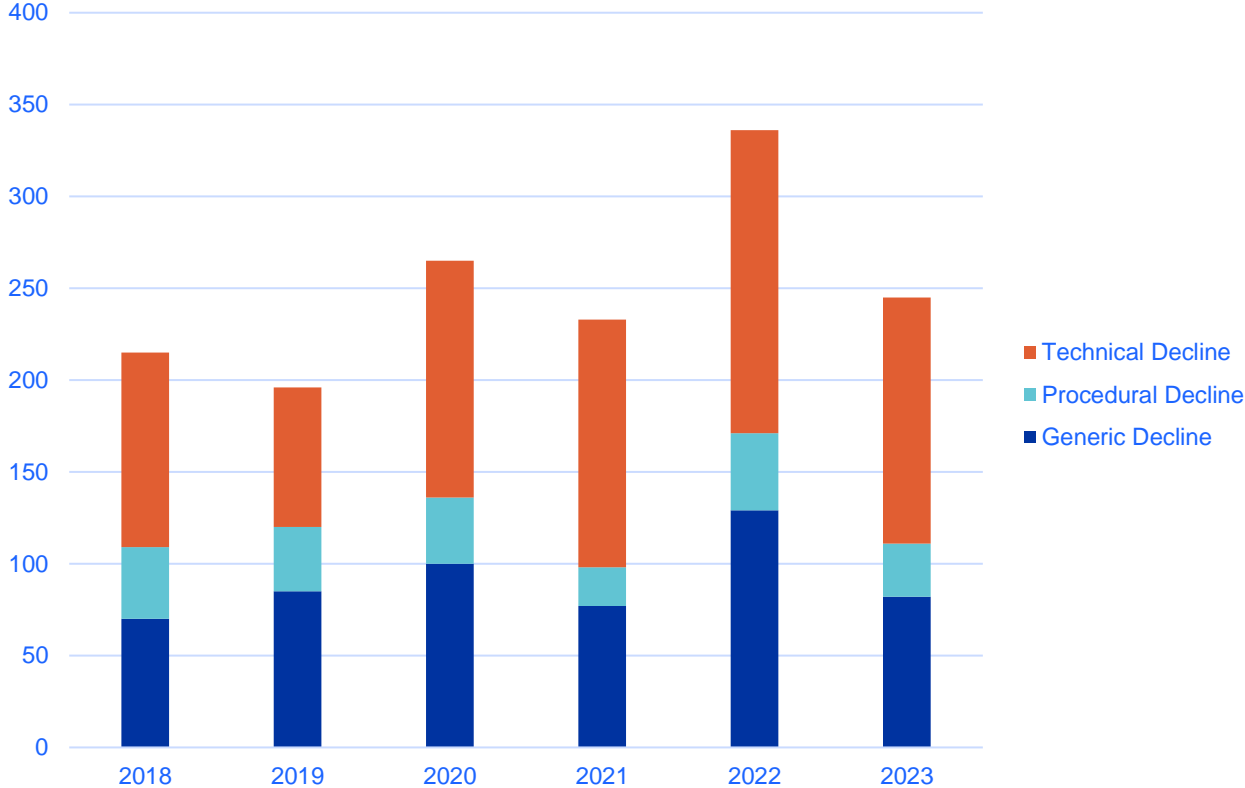
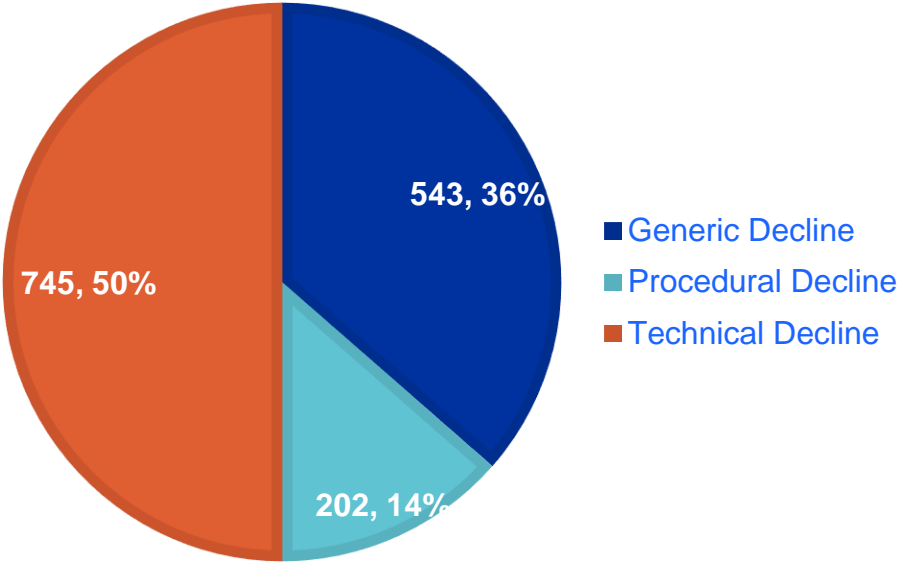


| Years | Count of Procedure | Sum of Total Firms invited | Sum of Decline Number | Sum of Percentage Declined | Sum of No Reply Number | Sum of Percentage No Reply |
|--------------------|--------------------|----------------------------|-----------------------|----------------------------|------------------------|----------------------------|
| 2018 | 180 | 1635 | 581 | 35.5% | 380 | 23.2% |
| 2019 | 98 | 886 | 287 | 32.4% | 230 | 26.0% |
| 2020 | 114 | 1242 | 363 | 29.2% | 394 | 31.7% |
| 2021 | 190 | 999 | 344 | 34.4% | 346 | 34.6% |
| 2022 | 151 | 1572 | 520 | 33.1% | 558 | 35.5% |
| 2023 | 135 | 1331 | 417 | 31.3% | 429 | 32.2% |
| Grand Total | 768 | 7665 | 2512 | 32.8% | 2337 | 30.5% |

Step 1: Data Analysis

Initial Findings – Price Enquiries

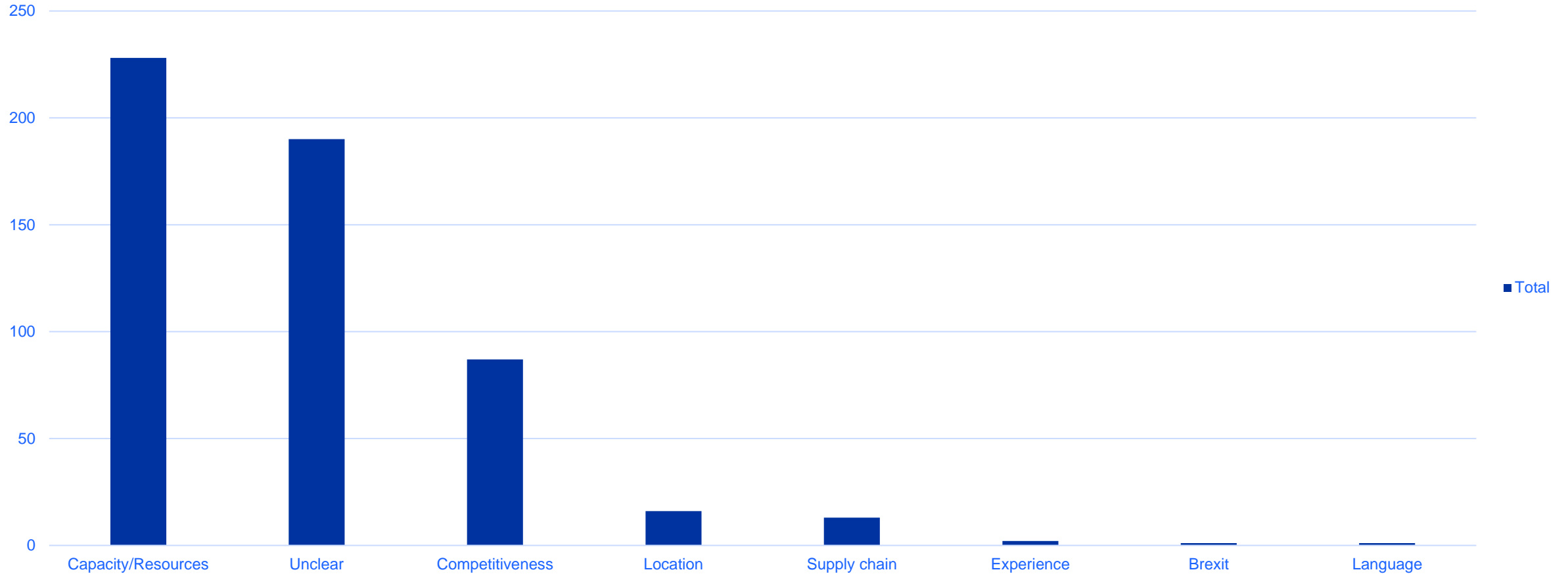
PRICE ENQUIRY DECLINES



Step 1: Data Analysis

Initial Findings – Price Enquiries

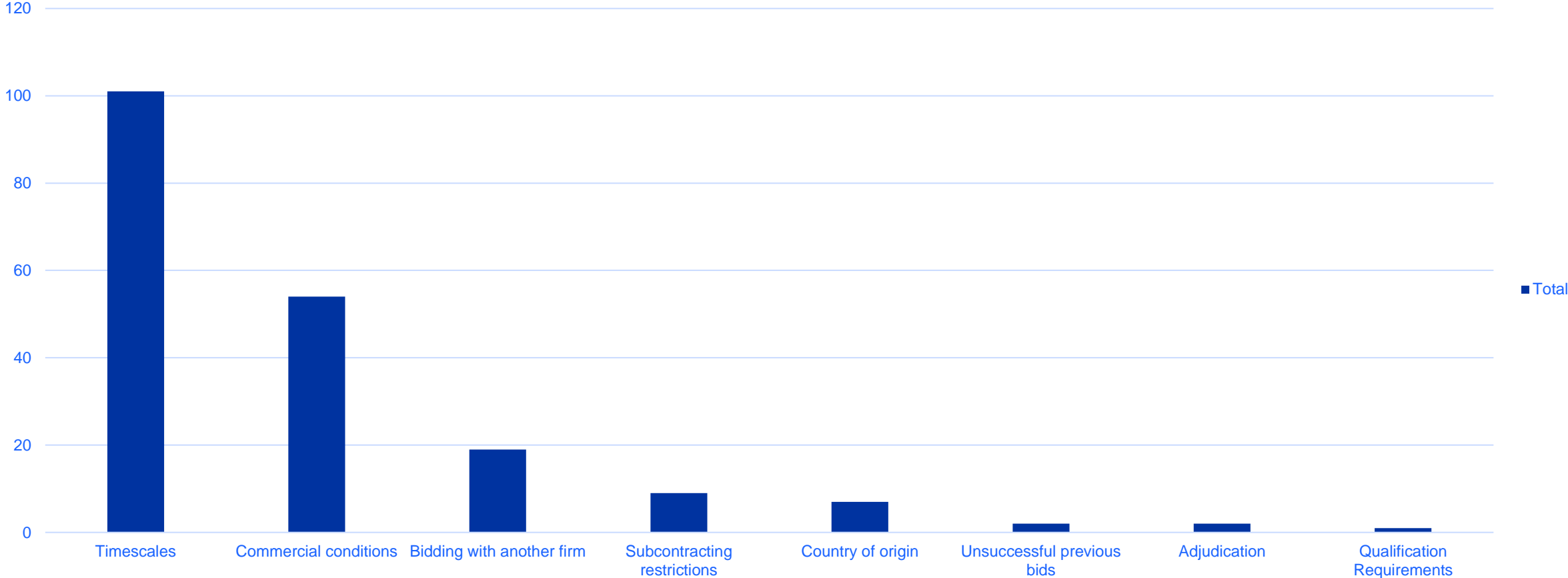
Generic Decline - Reasons



Step 1: Data Analysis

Initial Findings – Price Enquiries

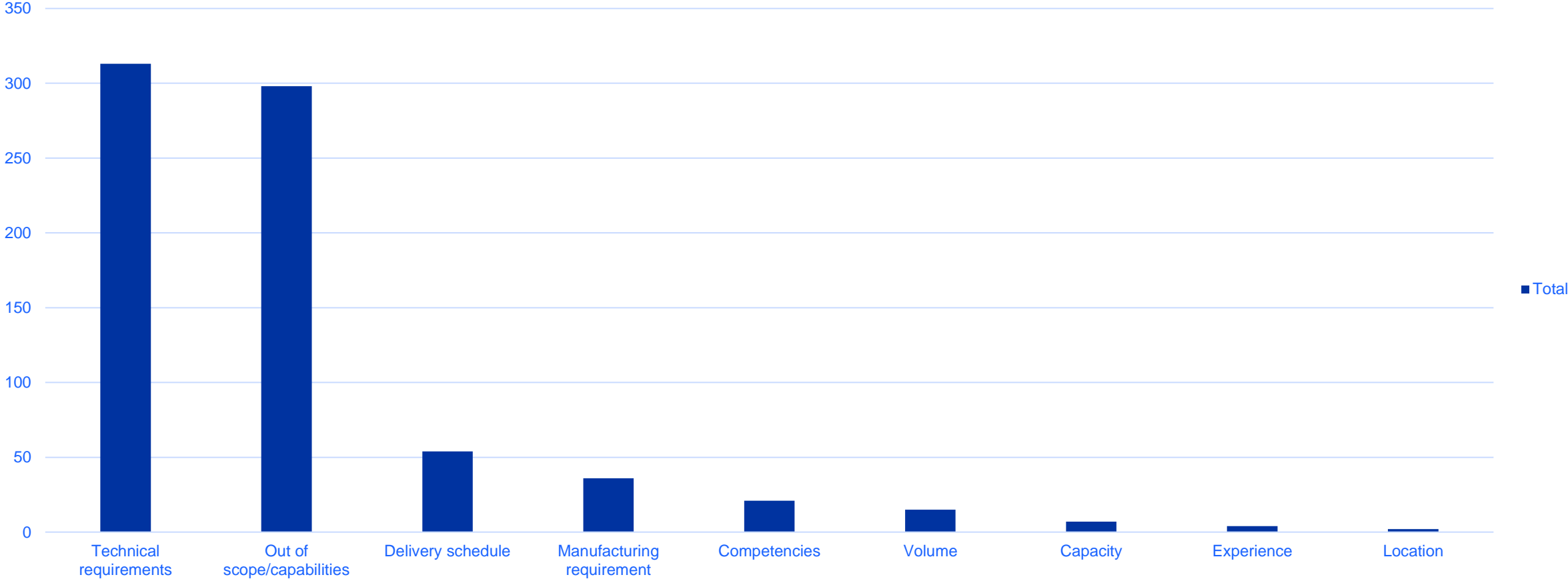
Procedural Decline - Reasons



Step 1: Data Analysis

Initial Findings – Price Enquiries

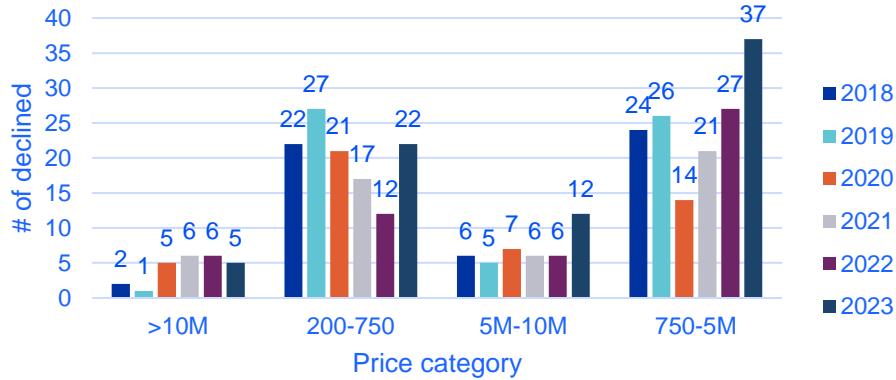
Technical Decline - Reasons



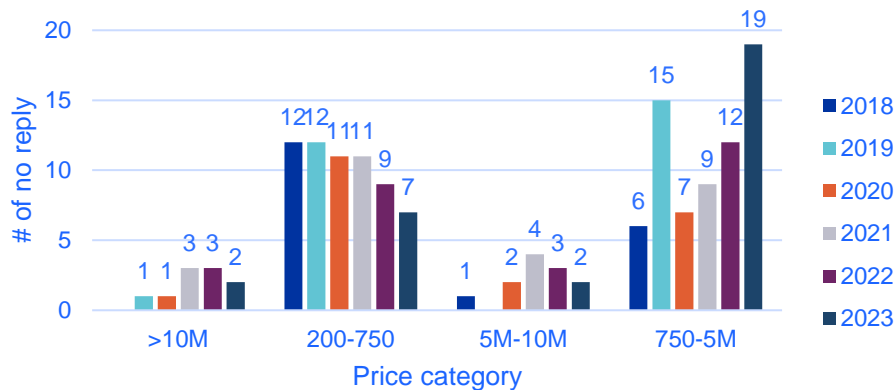
Step 1: Data Analysis

Initial Findings – Market Survey

Declined



No reply

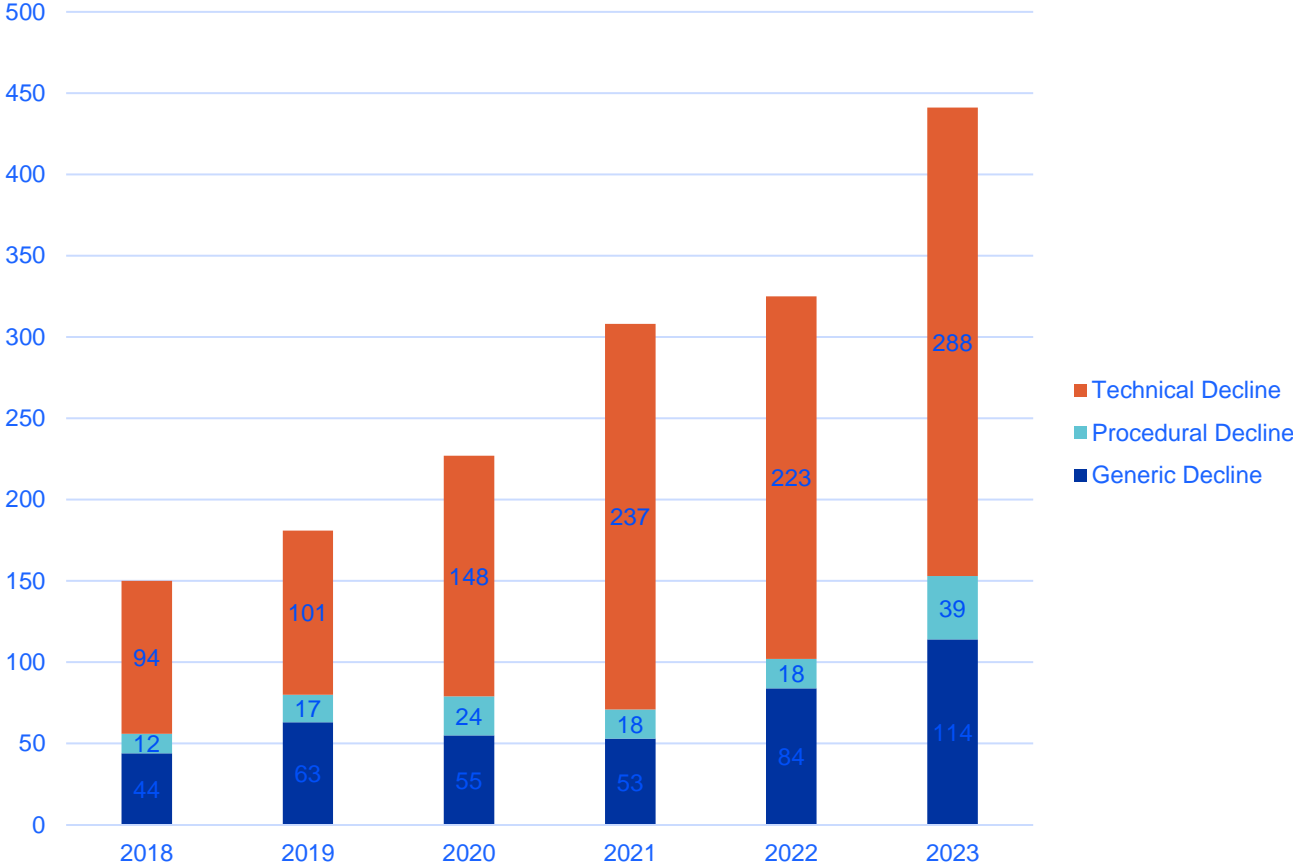
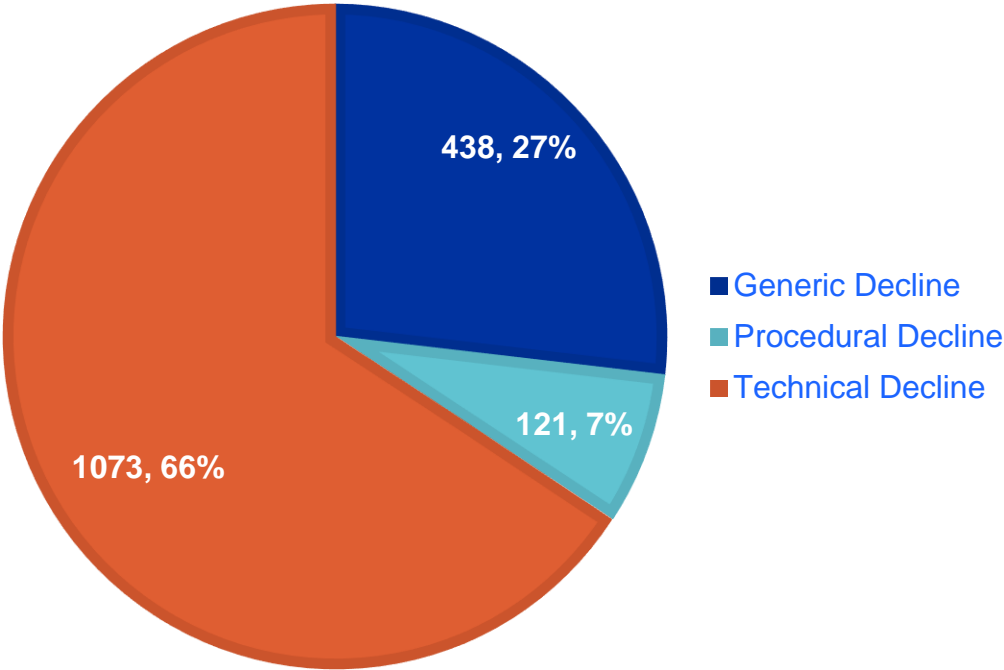


| Price Category/Year | Count of Procedure | Sum of Total Firms invited | Sum of Decline Number | Sum of Percentage Declined | Sum of No Reply Number | Sum of Percentage No Reply |
|---------------------|--------------------|----------------------------|-----------------------|----------------------------|------------------------|----------------------------|
| 200-750K | 131 | 4574 | 489 | 10.7% | 2853 | 62.4% |
| 2018 | 23 | 624 | 82 | 13.1% | 312 | 50.0% |
| 2019 | 20 | 589 | 69 | 11.7% | 340 | 57.7% |
| 2020 | 15 | 410 | 49 | 12.0% | 224 | 54.6% |
| 2021 | 28 | 1156 | 120 | 10.4% | 765 | 66.2% |
| 2022 | 15 | 678 | 67 | 9.9% | 482 | 71.1% |
| 2023 | 30 | 1117 | 102 | 9.1% | 730 | 65.4% |
| 750K-5M | 174 | 7172 | 772 | 10.8% | 4631 | 64.6% |
| 2018 | 36 | 923 | 115 | 12.5% | 515 | 55.8% |
| 2019 | 17 | 559 | 58 | 10.4% | 344 | 61.5% |
| 2020 | 28 | 1299 | 136 | 10.5% | 873 | 67.2% |
| 2021 | 23 | 970 | 95 | 9.8% | 628 | 64.7% |
| 2022 | 33 | 1740 | 189 | 10.9% | 1187 | 68.2% |
| 2023 | 37 | 1681 | 179 | 10.6% | 1084 | 64.5% |
| 5M-10M | 37 | 1905 | 162 | 8.5% | 1093 | 57.4% |
| 2018 | 6 | 160 | 13 | 8.1% | 75 | 46.9% |
| 2019 | 3 | 157 | 7 | 4.5% | 83 | 52.9% |
| 2020 | 5 | 245 | 35 | 14.3% | 127 | 51.8% |
| 2021 | 3 | 253 | 22 | 8.7% | 144 | 56.9% |
| 2022 | 8 | 448 | 40 | 8.9% | 249 | 55.6% |
| 2023 | 12 | 642 | 45 | 7.0% | 415 | 64.6% |
| >10M | 33 | 1680 | 178 | 10.6% | 943 | 56.1% |
| 2018 | 3 | 111 | 4 | 3.6% | 55 | 49.5% |
| 2019 | 4 | 227 | 30 | 13.2% | 123 | 54.2% |
| 2020 | 7 | 332 | 45 | 13.6% | 157 | 47.3% |
| 2021 | 6 | 269 | 29 | 10.8% | 151 | 56.1% |
| 2022 | 6 | 365 | 35 | 9.6% | 229 | 62.7% |
| 2023 | 7 | 376 | 35 | 9.3% | 228 | 60.6% |

Step 1: Data Analysis

Initial Findings – Market Surveys

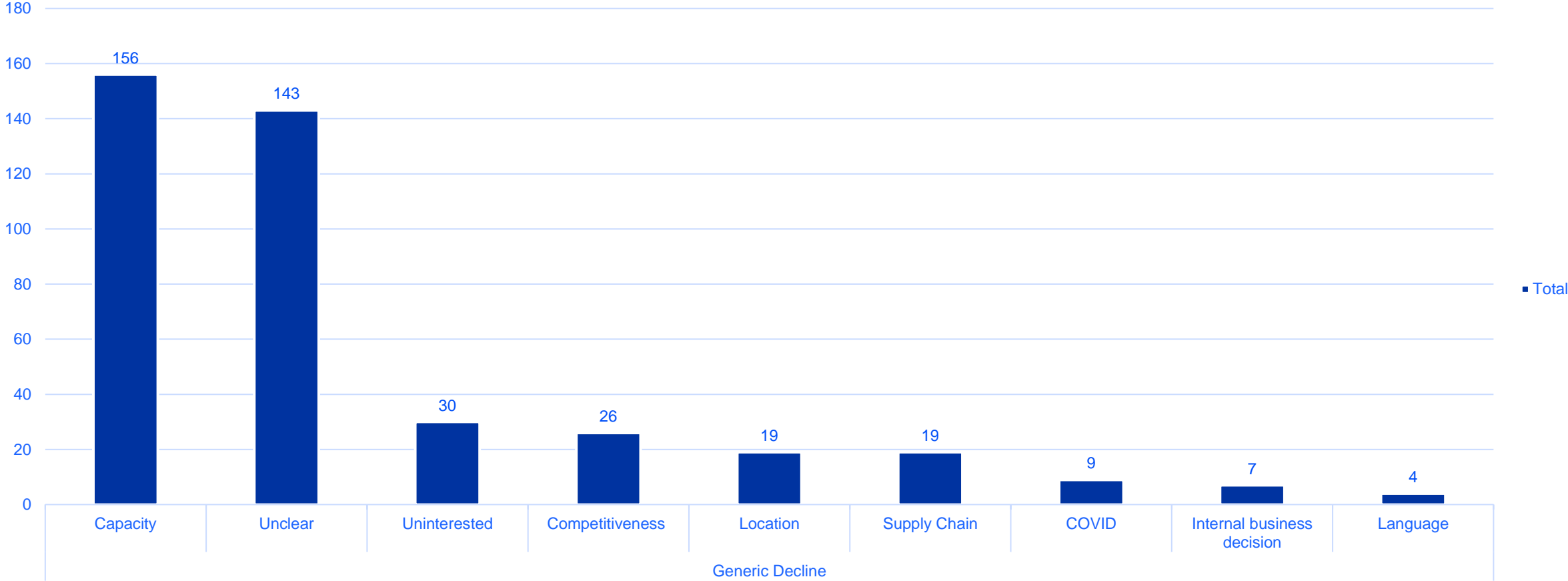
MARKET SURVEY DECLINES



Step 1: Data Analysis

Initial Findings – Market Surveys

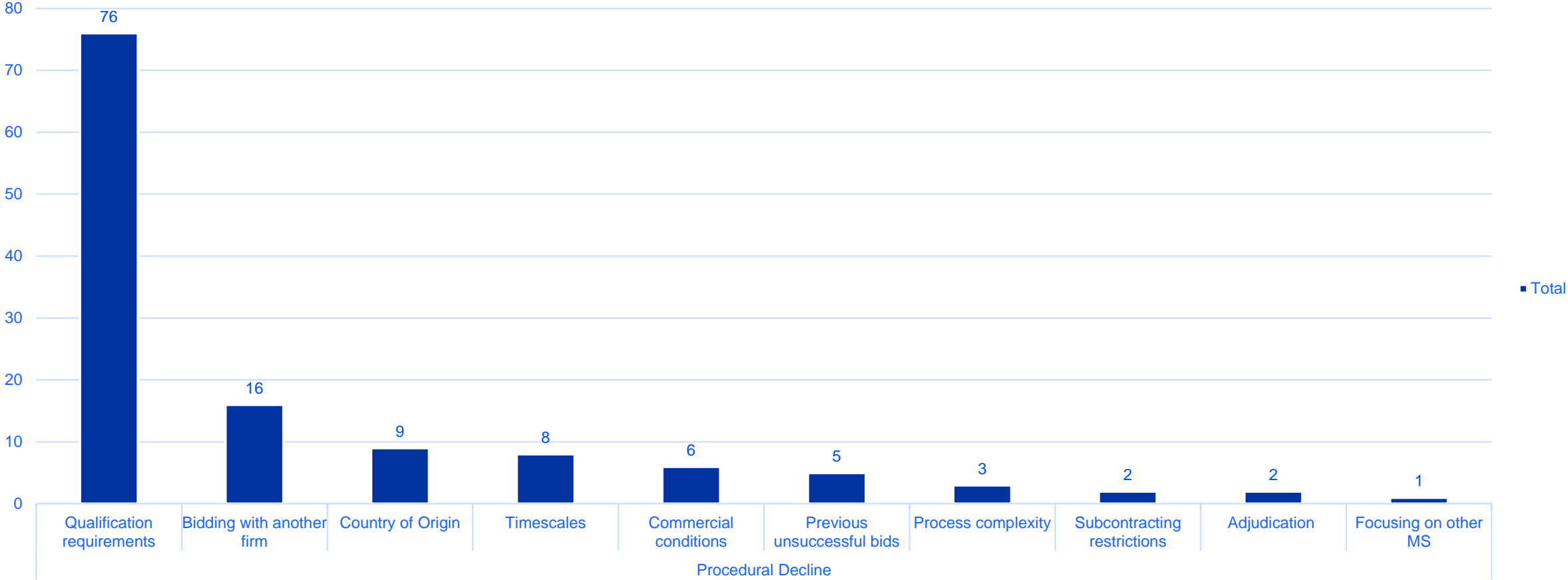
Generic Declines by Reason



Step 1: Data Analysis

Initial Findings – Market Surveys

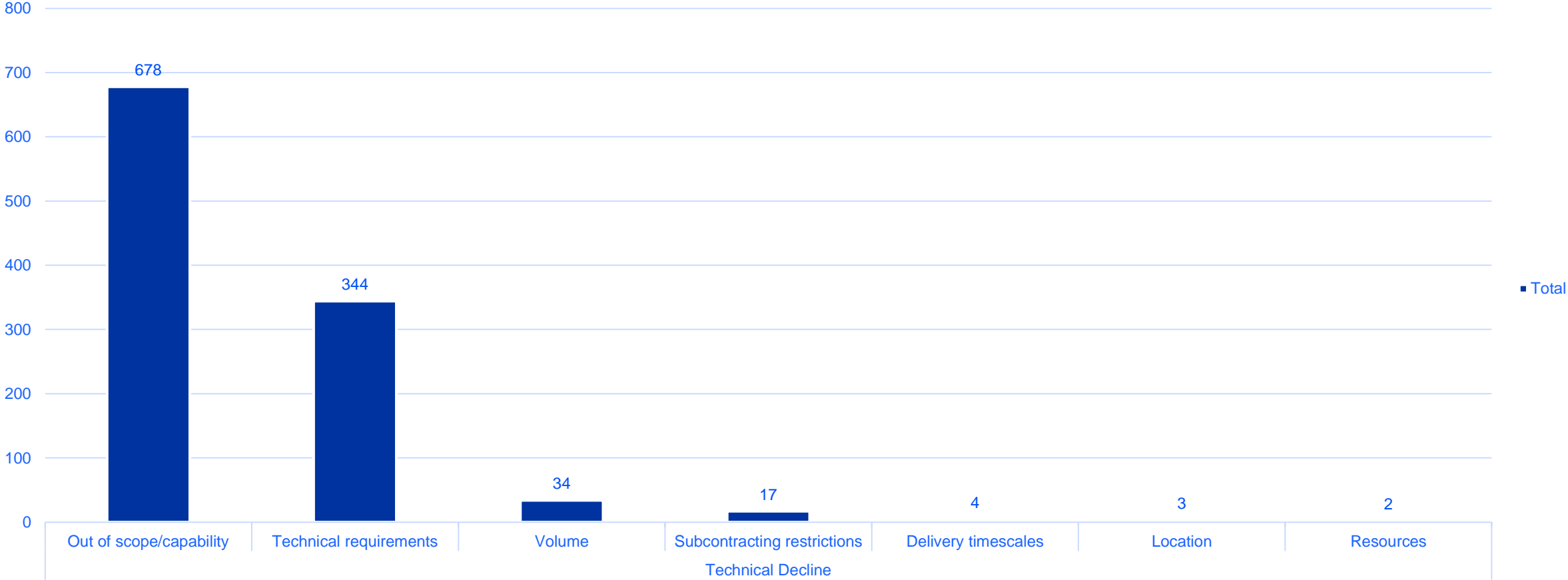
Procedural Declines by Reason



Step 1: Data Analysis

Initial Findings – Market Surveys

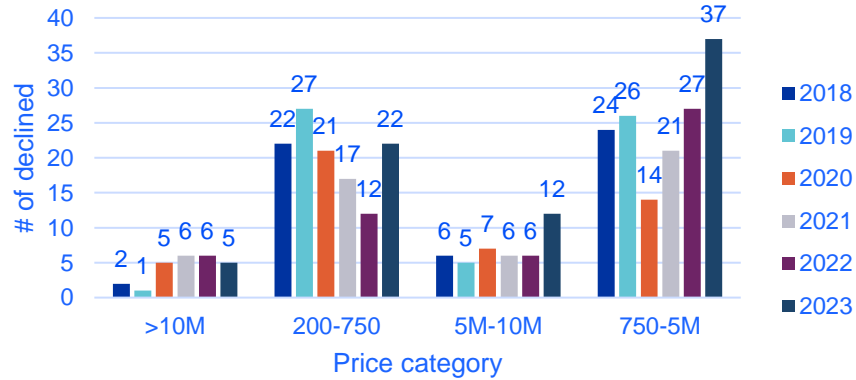
Technical Declines by Reason



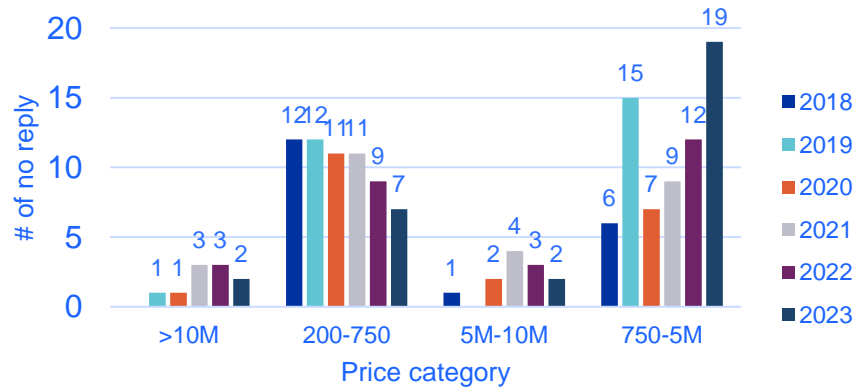
Step 1: Data Analysis

Initial Findings – Invitation to Tender

Declined



No reply

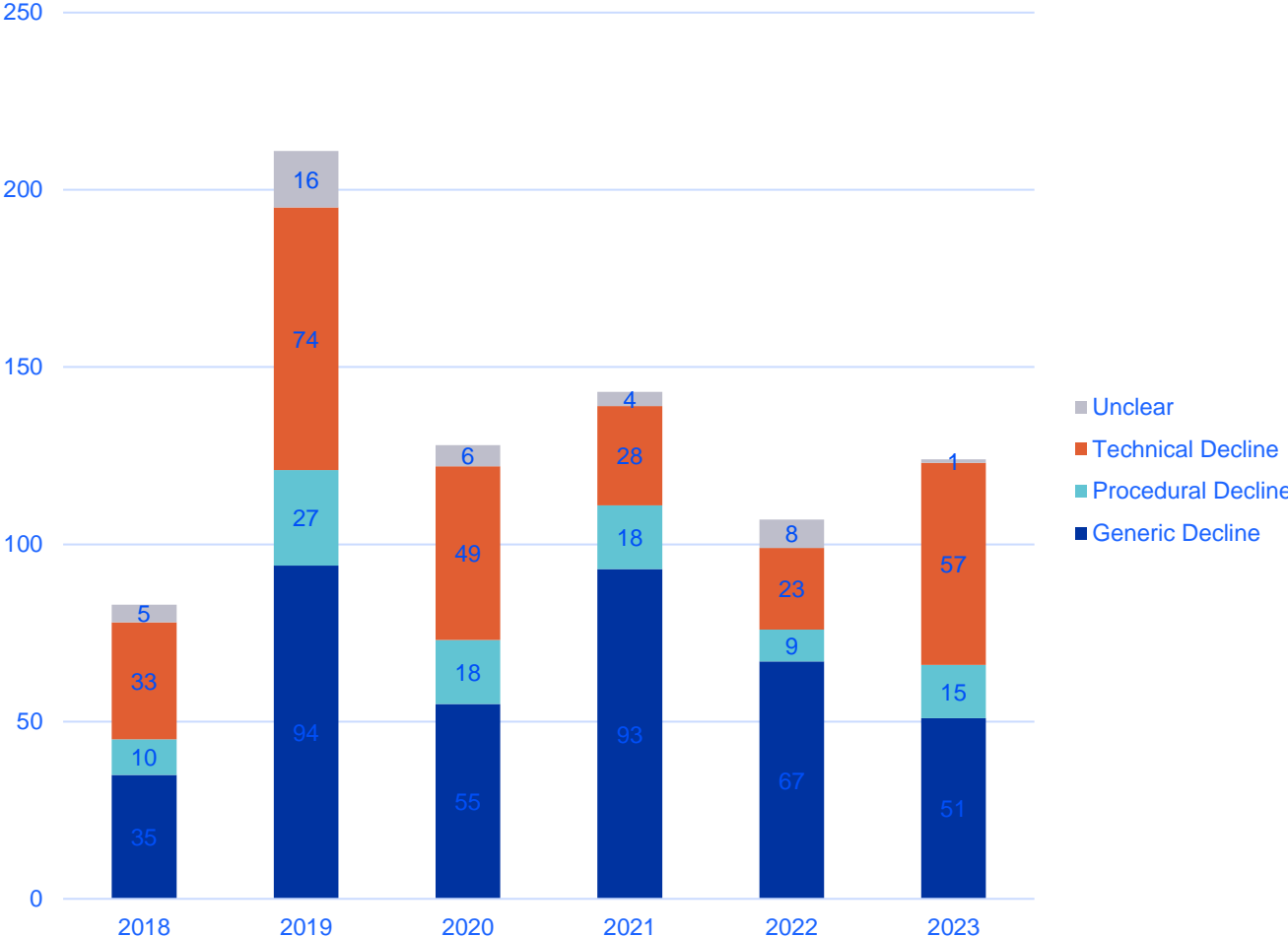
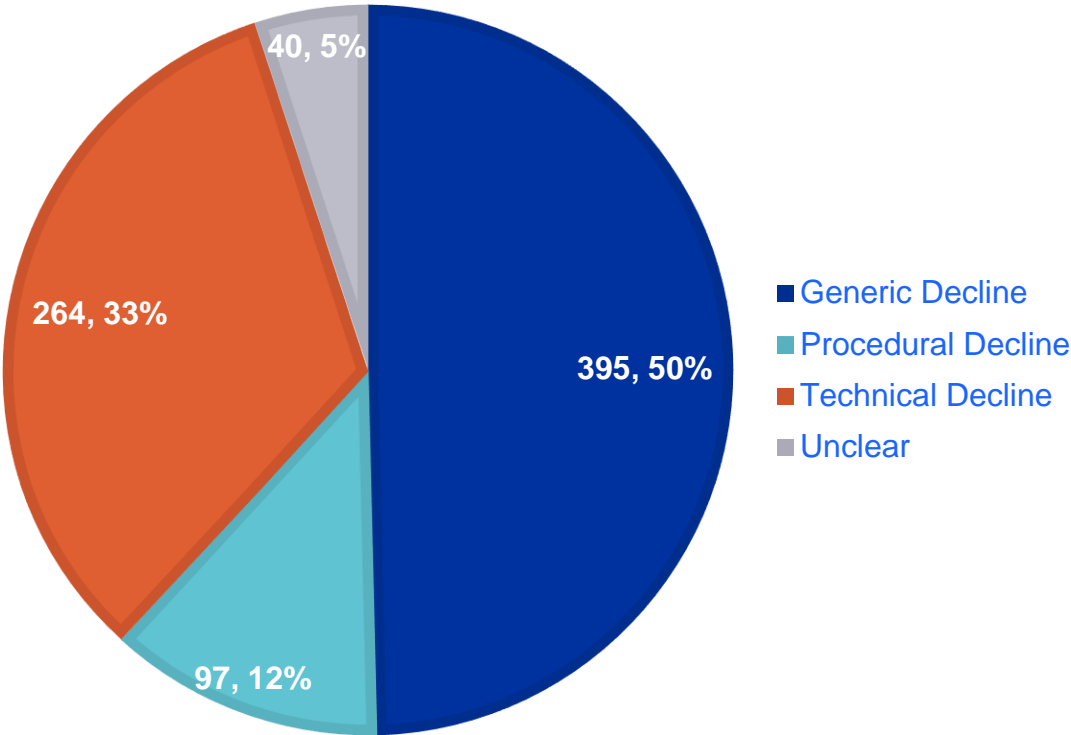


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|--------------------------|-----------------------|-------------------------------|--------------------------|-------------------------------|---------------------------|-------------------------------|
| 200-750K | 170 | 1149 | 367 | 31.9% | 142 | 12.4% |
| 2018 | 29 | 232 | 78 | 33.6% | 29 | 12.5% |
| 2019 | 36 | 298 | 115 | 38.6% | 33 | 11.1% |
| 2020 | 25 | 188 | 52 | 27.7% | 26 | 13.8% |
| 2021 | 26 | 134 | 32 | 23.9% | 21 | 15.7% |
| 2022 | 22 | 128 | 29 | 22.7% | 19 | 14.8% |
| 2023 | 32 | 169 | 61 | 36.1% | 14 | 8.3% |
| 750K-5M | 213 | 1482 | 524 | 35.4% | 146 | 9.9% |
| 2018 | 42 | 210 | 70 | 33.3% | 7 | 3.3% |
| 2019 | 36 | 346 | 152 | 43.9% | 47 | 13.6% |
| 2020 | 19 | 118 | 37 | 31.4% | 9 | 7.6% |
| 2021 | 24 | 223 | 80 | 35.9% | 27 | 12.1% |
| 2022 | 34 | 232 | 77 | 33.2% | 23 | 9.9% |
| 2023 | 58 | 353 | 108 | 30.6% | 33 | 9.3% |
| 5M-10M | 47 | 455 | 176 | 38.7% | 28 | 6.2% |
| 2018 | 6 | 66 | 38 | 57.6% | 3 | 4.5% |
| 2019 | 5 | 48 | 25 | 52.1% | 0 | 0.0% |
| 2020 | 7 | 106 | 40 | 37.7% | 2 | 1.9% |
| 2021 | 8 | 73 | 26 | 35.6% | 10 | 13.7% |
| 2022 | 8 | 70 | 19 | 27.1% | 9 | 12.9% |
| 2023 | 13 | 92 | 28 | 30.4% | 4 | 4.3% |
| >10M | 34 | 250 | 76 | 30.4% | 28 | 11.2% |
| 2018 | 3 | 12 | 3 | 25.0% | 0 | 0.0% |
| 2019 | 4 | 26 | 6 | 23.1% | 4 | 15.4% |
| 2020 | 5 | 49 | 16 | 32.7% | 2 | 4.1% |
| 2021 | 8 | 85 | 27 | 31.8% | 11 | 12.9% |
| 2022 | 7 | 47 | 14 | 29.8% | 7 | 14.9% |
| 2023 | 7 | 31 | 10 | 32.3% | 4 | 12.9% |

Step 1: Data Analysis

Initial Findings – Invitations to Tender

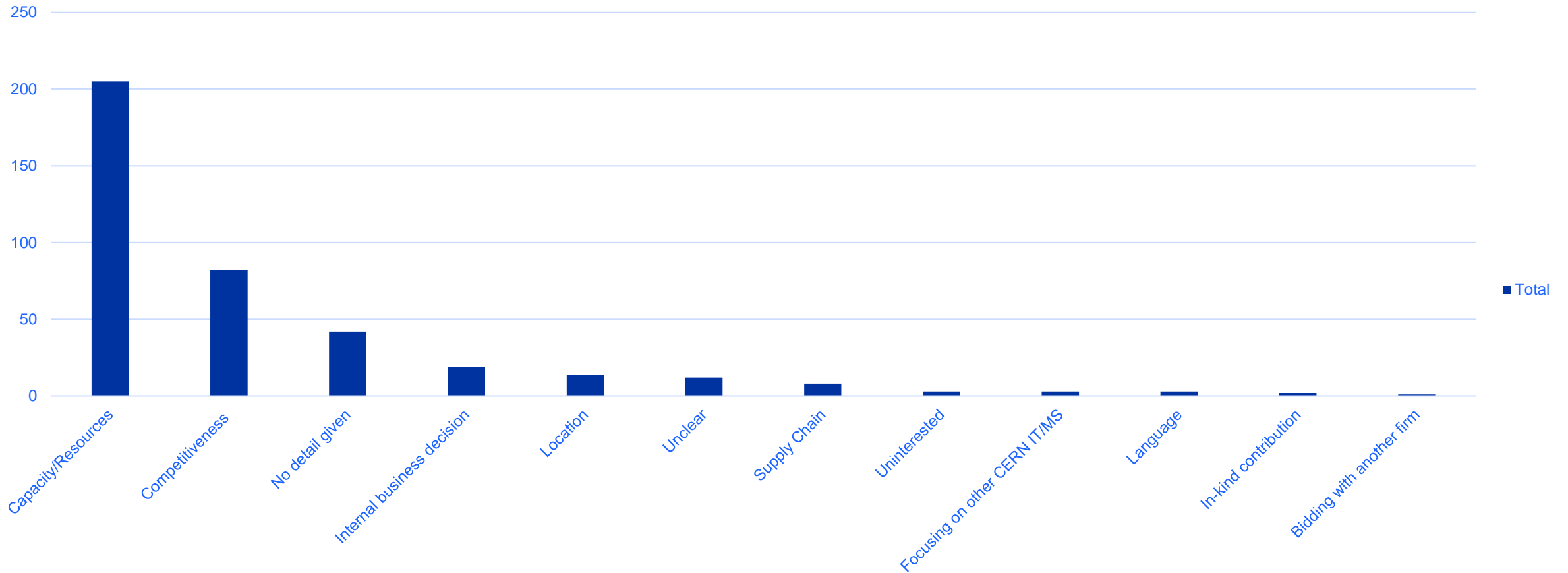
INVITATION TO TENDER DECLINES



Step 1: Data Analysis

Initial Findings – Invitations to Tender

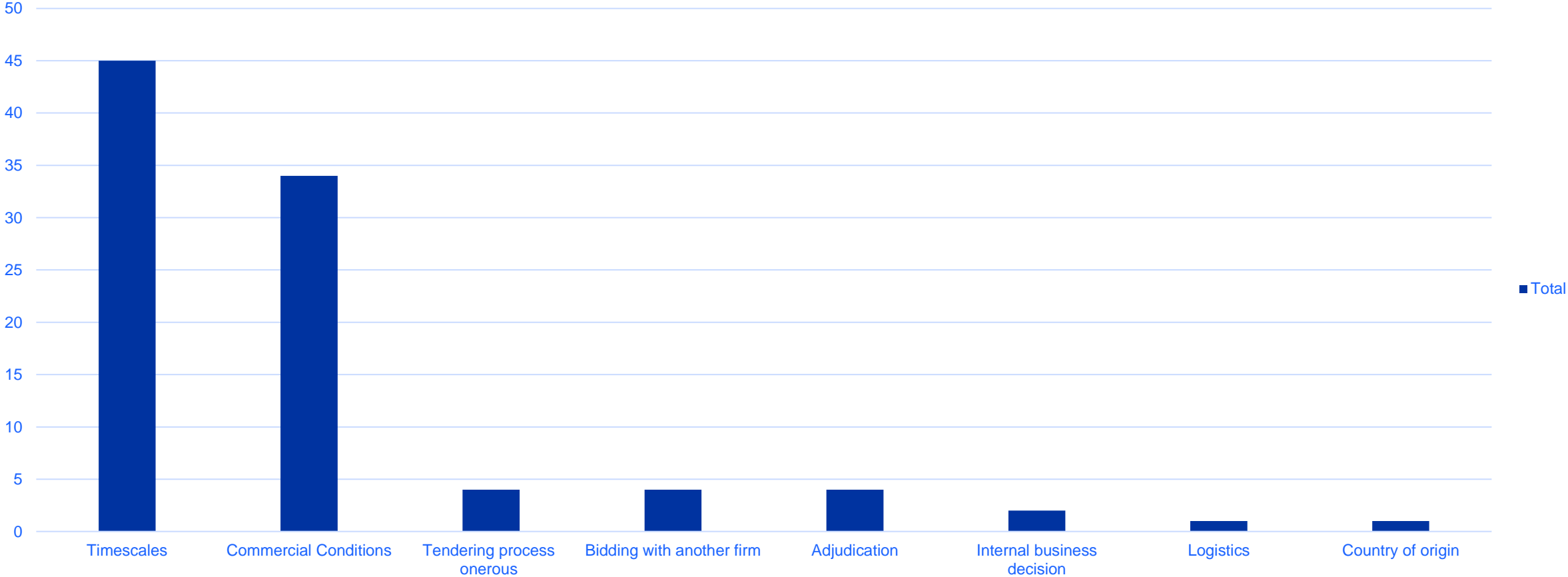
Generic Decline - Reasons



Step 1: Data Analysis

Initial Findings – Invitations to Tender

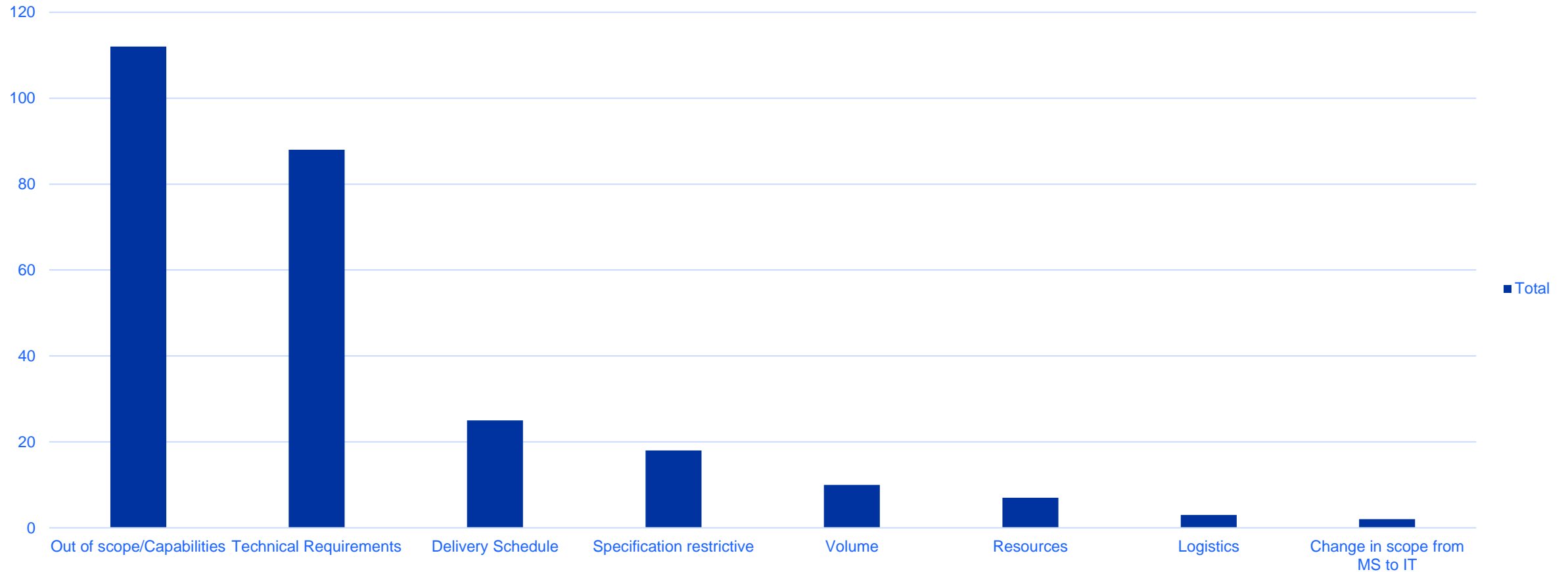
Procedural Decline - Reasons



Step 1: Data Analysis

Initial Findings – Invitations to Tender

Technical Decline - Reasons



Step 2: Identify Trends

Stakeholder Feedback and Discussion

Information Sharing

- Direct feedback received by technical teams from bidders;
- Technical teams' perception of supplier participation rates;
- Supplier selection strategies used by technical teams;
- Criticality of subcontracting restrictions

Improvements – Brainstorming

- What changes can we implement to become a more attractive customer to suppliers?
- What sourcing strategies should we use to increase participation?
- Can we make the process easier for bidders?

Step 2: Technical Stakeholder Feedback

CERN Attractiveness

- Low volumes, technically demanding client
- Research organizations not a core market for many industries

Planning & Market Conditions

- Many firms at capacity / order booked out 6-12 months in advance
- Project delivery schedules
- Commercial risk for small companies

Process

- Time investment for firms and technical teams to prepare a tender
- Timescales

Step 2: ILO Feedback

ILO Survey sent on August 13th

- ILO perspective on firm's deciding to decline or not respond to procurement procedures
- Suggestions to improve our processes to improve overall response rates
- Insight into spend categories and subjects for upcoming thematic events

Thank you to those of you who responded and took the time to send your insights separately via email

Step 2: ILO Feedback

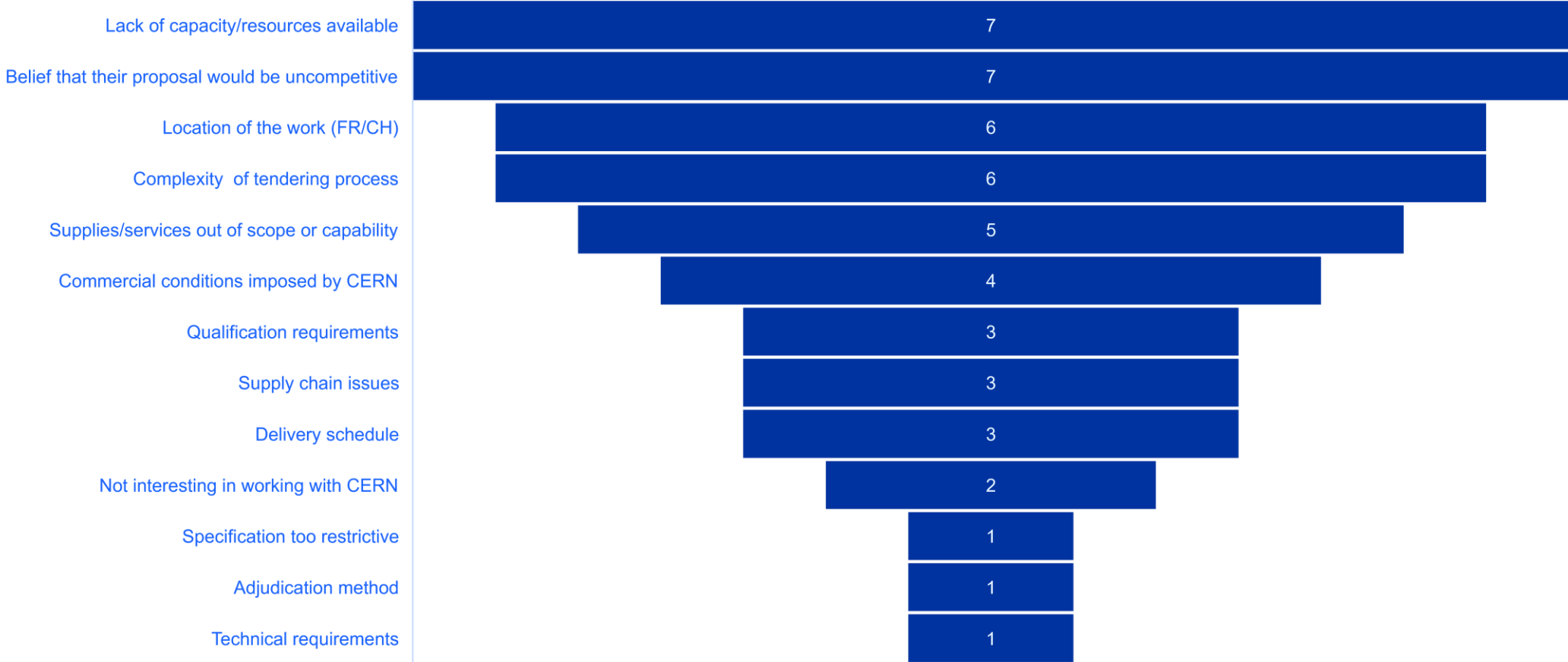
Reasons for a 'No Response'

- **Capacity of the sales office or resource availability**
- **Sent to a generic email addresses or wrong contact within the firm**
- **Uninterested working with CERN**
- **Firms may 'self-disqualify' after reviewing the requirements**
- **First point of contact is the procedural invitation with no prior notice or information about the requirements or CERN in general**

Step 2: ILO Feedback

Reasons firms decline

Decline Reasons



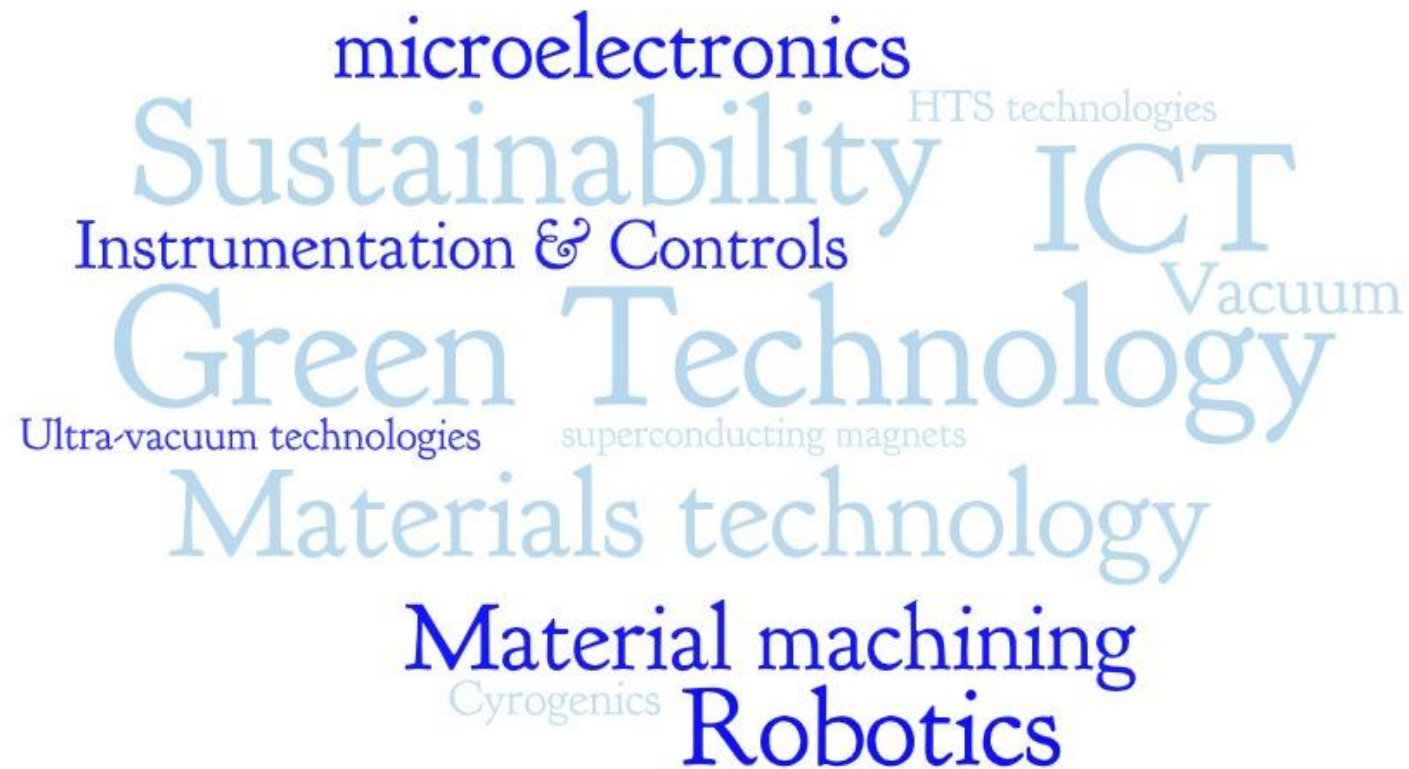
Step 2: ILO Feedback

Proposals for consideration

- **Supplier database clean up**
 - With ILO support
 - Annual confirmation of contacts
 - Removal of firms that do not respond to multiple procedures
- **Procedural and commercial condition flexibility**
 - Provide longer timescales to complete and/or grant extensions
 - Provide some flexibility on commercial conditions if appropriate
- **Procedural status dashboard**
 - Creation of a place where firms could check the status of the procedure they have submitted a bid or registered interest
- **Focus on areas with low levels of responses/participation**
- **Increase the use of BVFM adjudications and increase overall transparency in the adjudication process**

Step 2: ILO Feedback

Request thematic events



**Areas where we have low levels of participation and areas where we expect to award a high number of contracts*

***1 response stating these thematic events are not relevant unless there is a large project (HL-LHC) otherwise the annual industry webinars are sufficient*

Step 3: Proposed Preliminary Actions

Category-specific strategies

- Increase utilization of framework blanket order contracts for low volume individual orders, standardized and frequently purchases items/goods.
- Understand technical barriers to entry and analyse solutions to increase market competition
- Increase scrutiny on technical ‘must haves’ versus ‘nice to haves’

Sourcing & Planning

- Assess procurement codes where participation is the lowest and reasons why.
- Review and determine appropriate sourcing strategies

Communication, Feedback & Outreach

- More communication on upcoming opportunities and explanation of CERN procurement processes with industry/firms ahead of tenders (e.g. LinkedIn, industry webinars)
- Increase frequency of check ins and communication with bidders ahead procedure publication
- Require firms to respond with more detail when they decline a procedure → use data to review ‘lessons learned’ with procurement and technical teams

Next steps

- Continue analysing data by procurement codes
- Establish a sourcing policy including category specific sourcing plans
- Follow up in March ILO forum on the actions taken and continuous improvement

Thank you for your continued support in identifying and proposing new firms to participate in our procurement procedures.