



Public Works and
Government Services
Canada

Travaux publics et
Services gouvernementaux
Canada

Canada



Integral to the Economy, Integral to Procurement

2012 Study of Participation of Small and Medium Enterprises in Federal Procurement

January 2013

*Office of Small and Medium Enterprises and Strategic Engagement
Acquisitions*



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Background

Context

Small and medium enterprises (SMEs) are defined as business with less than 500 employees. Over 99% of Canadian businesses are small and medium enterprises. These companies are an integral part of Canada's economy, accounting for 45% of GDP, 64% of all jobs in the economy, and 53% of net employment growth. Within the range of SMEs, small companies are defined as companies that produce goods and have less than 100 employees, or that provide services and have less than 50 employees. Further, over 87% of all Canadian businesses have fewer than 20 employees, accounting for over 2 million jobs.¹ SMEs matter to Canada.

SMEs are equally important to Government of Canada procurement. Each year, Public Works and Government Services Canada (PWGSC), on behalf of government, awards more than \$16 billion in contracts for goods and services. On average, approximately 40% of the **value**, and 76% of the **number**, of contracts with Canadian companies goes to SMEs. For contracts worth less than \$1M, these percentages rise to 75% and 80% respectively.² These figures represent businesses in all parts of Canada that help the government benefit and serve Canadians. SMEs matter to procurement.

As part of its overall mandate, Public Works and Government Services Canada (PWGSC) continuously seeks to investigate and develop services for increasing the efficiency and economy of the federal public administration and for enhancing integrity and efficiency in the contracting process. The Office of Small and Medium Enterprises and Strategic Engagement (OSME-SE) was first created in 2005, with a mandate to help SMEs do business with the government. It helps SMEs understand how to do business with the government, and helps the government understand, and respond to, the needs of SMEs.

One of the first things OSME-SE did was to consult small and medium businesses across Canada to find out what issues mattered to them.


Since then, additional studies both within and outside government, and discussions with suppliers in the course of doing business have provided more information on those issues, and OSME-SE has helped over 200,000 individuals and suppliers across Canada in doing business with the Government of Canada, through a variety of service offerings, including seminars on how to do business with the federal government, presentations to industry associations, webinars, supplier meetings, telephone advisory services and through participation at tradeshow and conferences.

In 2012, OSME-SE conducted a study to see which issues are most important to SMEs now, and to see whether the services it offers can be refined. This study sought to:

- better understand barriers to participation in federal procurement;
- assess the gap between services offered and those required;
- increase awareness of existing services; and
- facilitate comparison with other jurisdictions.

¹ http://www.ic.gc.ca/eic/site/061.nsf/eng/h_02711.html

² PWGSC Acquisitions Information System (AIS) Data, 2012



The study was open to companies of all sizes in all industries. PWGSC sought input through notices posted on www.buyandsell.gc.ca. OSME-SE also sent emails to suppliers and industry associations notifying them of the opportunity to participate.

Scope and Limitations

The scope of the study was limited to fact-based questions related to respondents' experience with federal public procurement.

In conducting the study, OSME-SE, specifically sought input from two groups of stakeholders who had not traditionally been represented in information on federal procurement: companies who have generally worked as subcontractors and companies who have not done business with the government. Both of these groups can provide valuable information on the experience of trying to enter the government marketplace and insight that has not previously been available. Questions were also asked about the profile of the companies to provide information not currently available from other sources.

Respondents could choose whether or not to participate at all, and whether to answer specific questions. Therefore, results may or may not be representative of all suppliers, especially specific groups of suppliers. Also, responses from one question can be examined in light of responses to other questions, but cannot establish that one point causes another except where specifically asked.

Structure of the Study

The study was based on an online questionnaire open from June-September 2012, and had a total of 42 questions. Respondents were not asked to answer all 42 questions, since some questions relevant to companies who had done business to the government were not relevant for companies who had not, and vice versa.

350 respondents participated in this study. Some questions offered the option of choosing more than one possible answer, meaning that the number of possible responses varies by question.

The majority of respondents indicated they became aware of the opportunity to participate by receiving a direct invitation e-mail from OSME-SE or by being informed by an industry association.

Purpose of the Report

This report is designed to summarize findings of interest to most stakeholders and to outline the steps that will be taken to respond to the findings.

For readers interested in more in-depth analysis of results, additional information is available on request. Please contact OSME-SE via osmepd.bpmedp@tpsgc-pwgsc.gc.ca.

Results and Next Steps

Key Findings

Underscoring the reality of small firms

84% of respondents indicated that they have less than one person dedicated full-time to finding government business. Taken with the fact that more than 87% of businesses in Canada have fewer than 20 employees, this result is probably the most significant finding of this study. For suppliers, it helps focus attention on some of the results that may help them be more successful. For government, it sheds new light on the importance of making procurement as simple and clear as possible.

Top priorities for barrier reduction

The reasons companies choose not to participate in government procurement align very closely with the sources of irritation for companies who are supplying to government, and with the areas respondents felt were most important for government to change. These are:

- Volume of paperwork
- Contracts awarded based on lowest price rather than overall best value
- Difficulty finding opportunities not on the Government Electronic Tendering Service (GETS)/MERX™
- Cost of bidding
- Clarity of solicitation documents

Confirmation of anecdotal evidence

The study supports what has been heard anecdotally from suppliers. This helps confirm which areas of procurement to focus on, and helps understand the potential relationships between various issues.

Entry into government market

35% of respondents have been supplying to government for less than 5 years. For suppliers who are interested in selling to government, this can help provide reassurance that it is possible to enter the government market. For the government, it can help provide reassurance that it is getting access to new suppliers, keeping competition open and fresh.

Alignment of expectations and reality

The reasons respondents gave as being most important to their decision to bid align well with the aspects of procurement they most chose as being positive. This seems to imply that respondents' expectations of procurement are being met.

Next Steps

PWGSC will take a number of steps to respond to the results of this study. They include:

- Further efforts to address key areas for improvement identified by respondents;
- Enhance government-supplier communication and engagement initiatives;
- Refine services offered by OSME-SE; and
- Further examine how procurement is managed.

Specific examples of how PWGSC will work to achieve these steps include, but are not necessarily limited to:

- Focus efforts on addressing the following key areas for improvement, both within PWGSC and with colleagues across government:
 - Decrease the volume of paperwork
 - Focus on awarding contracts based on best overall value
 - Make it easier to find opportunities not on the Government Electronic Tendering Service (GETS)/MERXTM
 - Reduce the cost of bidding, including time, effort and money
 - Clarify solicitation documents
- Make the Government Electronic Tendering Service (GETS) more user-friendly with a specific focus on making opportunities easier to find.
- Continue to strengthen supplier outreach and engagement.
- Help suppliers understand how to obtain information on the reasons their bids were unsuccessful, and clarify guidance to contracting authorities on how to provide this information.
- Work with colleagues across government to promote timely payment of invoices.
- Enhance the capacity for government-supplier engagement through social media and email.
- Compare results with other jurisdictions to further understand supplier experience with government procurement.
- Conduct similar studies on a regular basis to monitor and understand change.

Respondents

The study asked for general information about the companies who chose to respond, to help understand the context for responses to other questions, and how factors may be experienced differently by different companies.

Representation across broad industry sectors

The percent of respondents who provide services and are in the construction industry aligns well with the percent of known suppliers in these areas, however the percent of respondents who provide goods was smaller than the percent of known goods suppliers.

Location

For this question and others, the number of **responses** exceeds the number of **respondents** who participated in the study, because respondents could select all applicable answer choices.

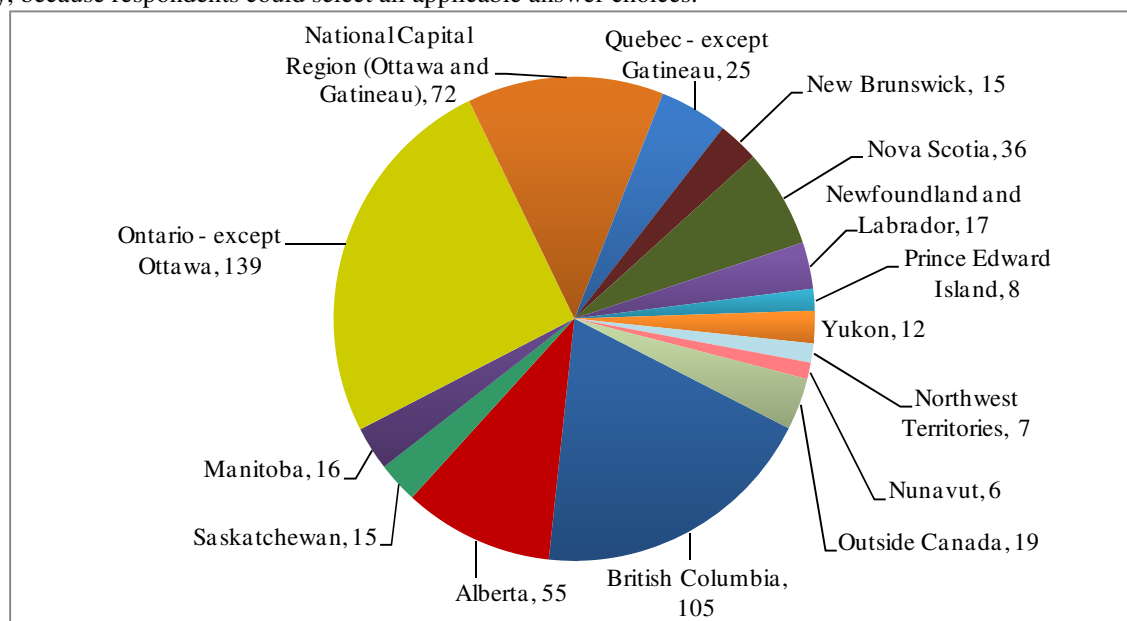


Figure 1: Respondent Regional Business Location(s)/Representation

With the exception of Quebec, the regional representation of respondents generally aligns with supplier regional representation in government procurement. The percent of respondents is less than the percent of suppliers from Quebec, although the study was conducted in both official languages, and the OSME regional office in Quebec supplemented national awareness effort with regionally focussed notification.

Ownership Profile

Over one third of respondents identified as having ownership profiles associated with employment equity categories: Aboriginal-owned (4%), Woman-owned (19%), Minority-owned (10%), and Owned by a person or persons with a disability (1%). This is the first time PWGSC has information about broader ownership profiles linked to procurement and will help OSME-SE identify service refinements for these groups.

Size of Business

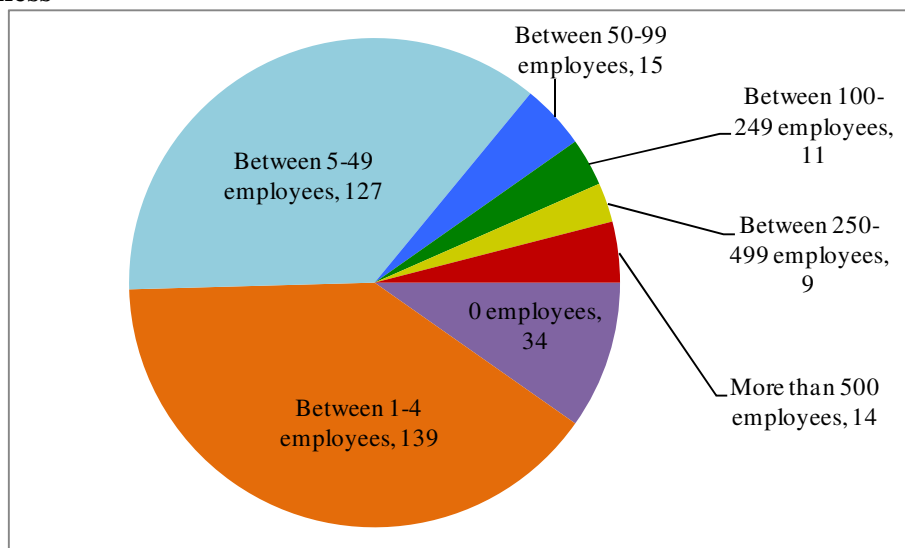


Figure 2: Size of business

These numbers are generally consistent with Industry Canada's July 2012 *Key Small Business Statistics Report*, which found that over 99% of all business in Canada are small and medium businesses, and over 80% of all businesses have fewer than 20 employees.

Years in business

The majority of respondents were either relatively new businesses (28% in business for 1-5 years) or very experienced (38% in business for 20+ years).

Participation in Federal Procurement in the Last Five Years

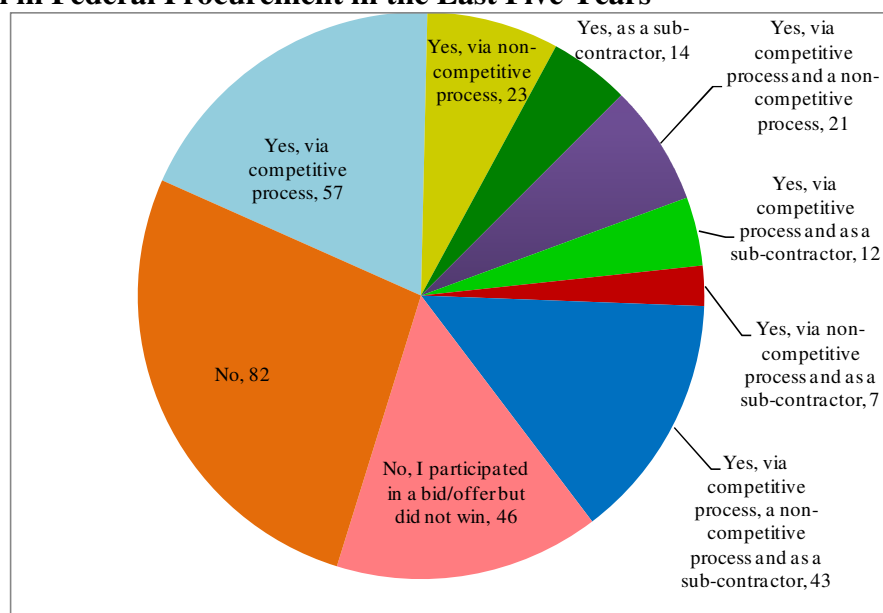


Figure 3: Participation in federal procurement

The fact that over one-quarter of all respondents have not participated in federal procurement in the last five years provides OSME-SE with unprecedented insight into the full range of respondent experience with government procurement.

Role in supplying to government

60% of respondents indicated that they usually participated in government procurement as prime contractors. 25% indicated that usually participated as subcontractors. 15% primarily participated in a partnership/joint bid/consortia role.

The vast majority of respondents who acted as subcontractors were small businesses, although some large firms also served as subcontractors.

Length of time selling to government

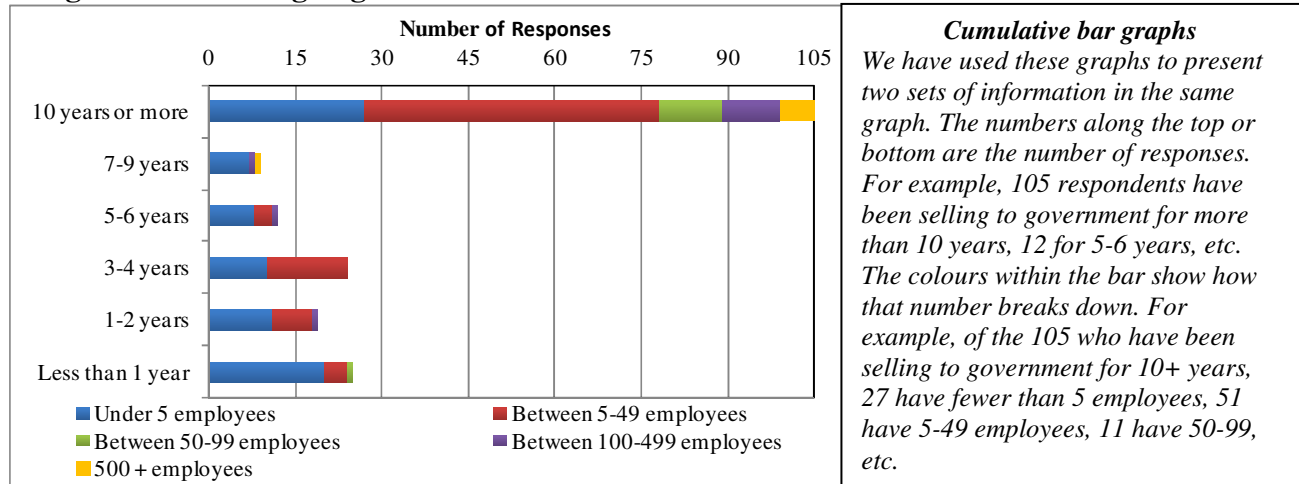


Figure 4: Length of time selling to government by size of business

When the responses for length of time selling to government are also compared to the responses for the number of years respondents have been in business, it is clear that the new entrants to the government procurement marketplace include relatively new companies.

Bidding and Business

The study explored several aspects of the respondents' involvement in federal procurement, from the reasons why companies bid, to ways they searched for business, costs associated with bidding, and bidding history. For respondents who have done business with government, the study also explored the extent of that business.

Motivations for bidding

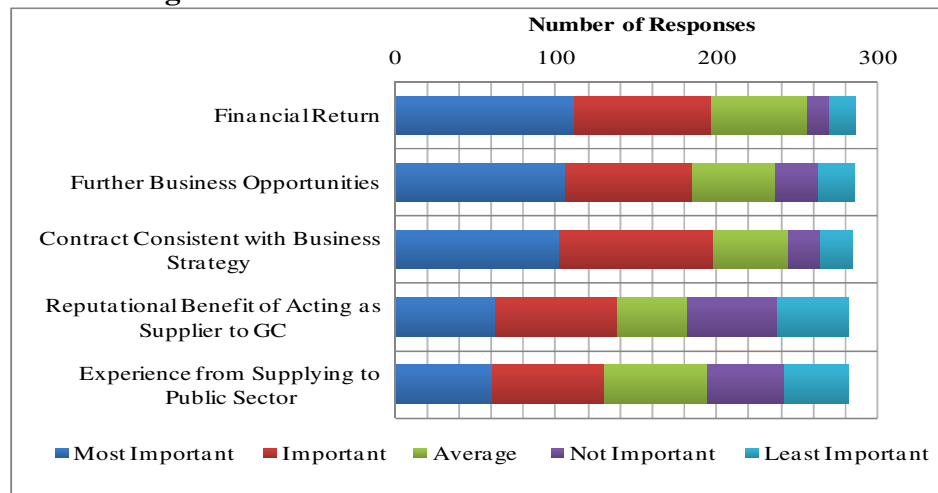


Figure 5: Motivations for bidding

As expected, while the revenue from a specific contract is one reason respondents bid on government contracts, finding further business opportunities and the contract aligning with the company's business strategy are equally important. More clearly understanding the reasons companies might choose to participate in federal procurement is important to understanding the possible economic leverage of public procurement, and helping both suppliers and government frame and manage expectations for procurement.

Competitive advantage in marketing to government

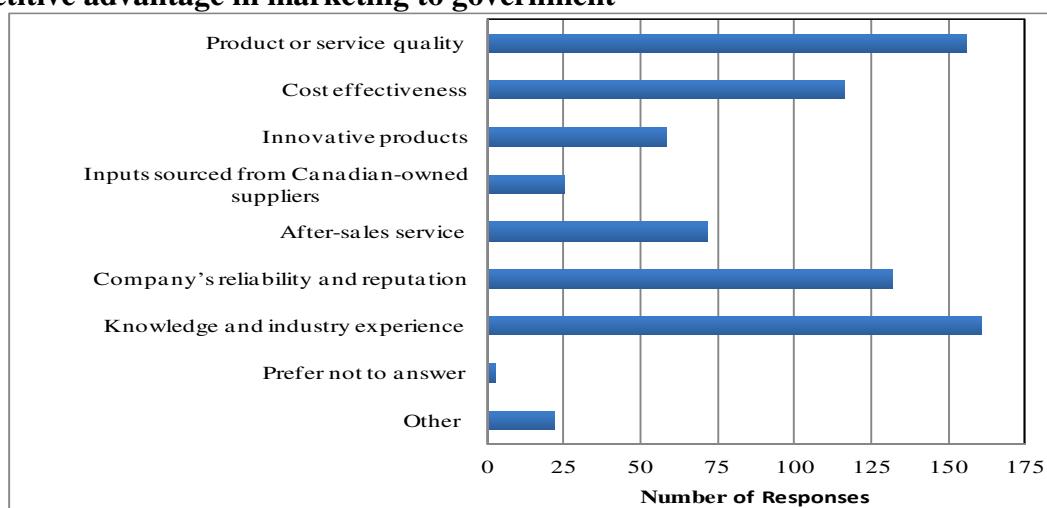


Figure 6: Competitive advantage of firms

These findings confirm that although offering the lowest price may not be the primary driver for determining a company's competitive advantage, it remains a key consideration, reinforcing the point that quality is not necessarily sacrificed for price.

Finding government business opportunities

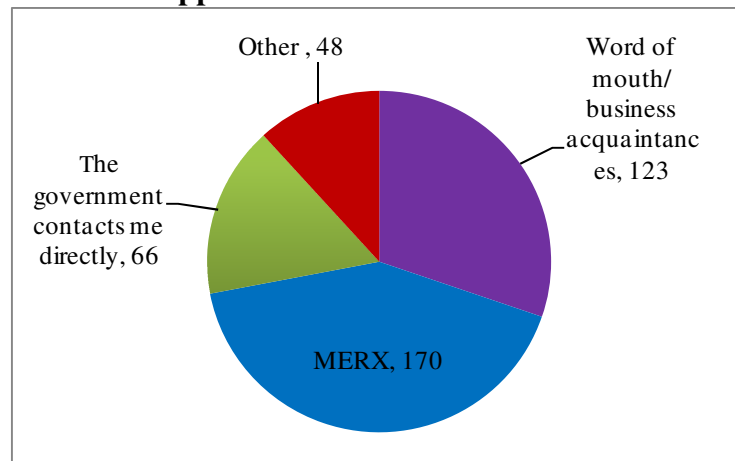


Figure 7: Finding federal procurement opportunities

Other ways respondents became aware of procurement opportunities included:

- Procurement opportunity websites, including Biddingo, Link2Build and RFP.ca;
- Provincial governments' procurement portals, including Alberta Purchasing Connector, SaskTenders and BC Bid;
- Industry associations, including the Ontario Public Buyers Association (OPBA) and Provincial Land Surveyors Associations; and
- Social media.

No correlation was apparent between how respondents found procurement opportunities and business size. However, respondents who had been in business for longer periods of time or had been doing business with government for longer periods of time, or both, were more likely to be contacted by the government directly. This is not surprising, because companies that have been in business longer have had longer to promote themselves, thereby increasing client awareness of the goods or services the company provides.

The Government Electronic Tendering Service, currently provided by Mediagrif as MERX™, and word of mouth were the most common means of becoming aware of procurement opportunities regardless of size, time in business, time selling to the government, or resources dedicated to finding business with the government.

Cost of Bidding

There are three key elements associated with the cost of bidding: money, time and resources.

Cost of bidding as a percentage of contract value

While OSME-SE has heard anecdotally, and substantiated through preliminary research, that the cost of bidding generally starts at a minimum of \$5,000, and grows in proportion to the contract value, the responses to this question did not provide definitive results. There was no clear correlation between contract value and the cost of bidding, either overall or for goods or services. Inexplicably, over half of respondents from the construction sector indicated they allocated 0% of contract value to bidding. Additional research will be necessary to understand the financial cost of bidding.

Cost of bidding in working days

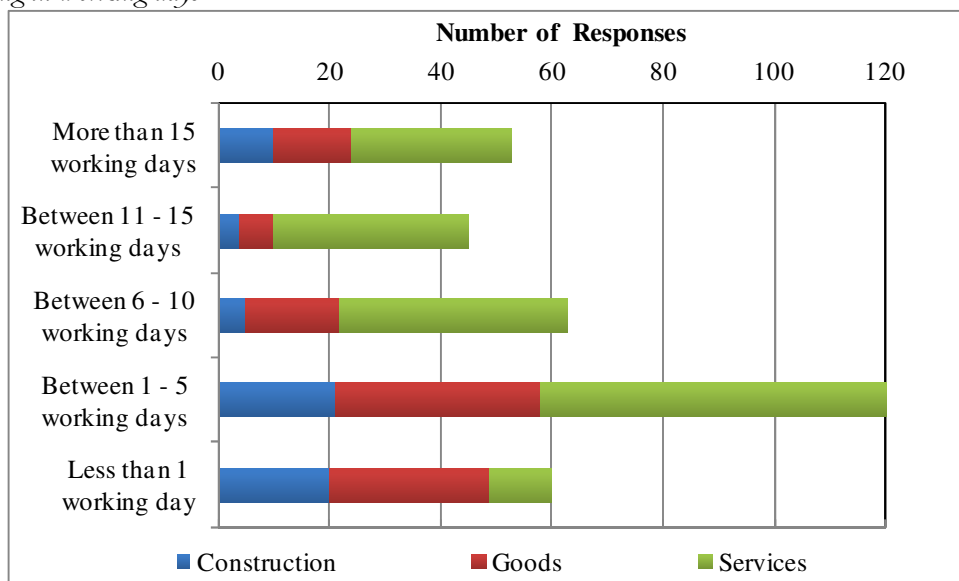


Figure 8: Cost of bidding as number of working days

OSME-SE was interested to see whether there was any correlation between the amount of time allocated to preparing a bid submission and a respondents' length of time in business, the amount of time they had been selling to the government, or contract award success rate. However, no correlation was found between these four criteria.

Cost of Bidding in Internal Resources

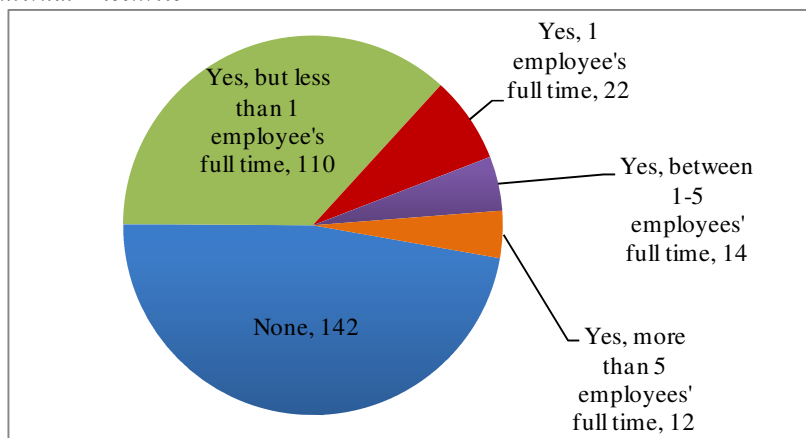


Figure 9: Resources dedicated to finding government business

84% of all respondents had **less than one full time employee** dedicated to finding federal government business. OSME-SE expected that large firms would have more resources dedicated to finding government business, however even some respondents from large firms had less than one full time employee dedicated to finding government opportunities. This means that business of all sizes need the bidding process to be as simple and straight-forward as possible.

Bidding Frequency (Number of times bid on a federal contract during the last 5 years)

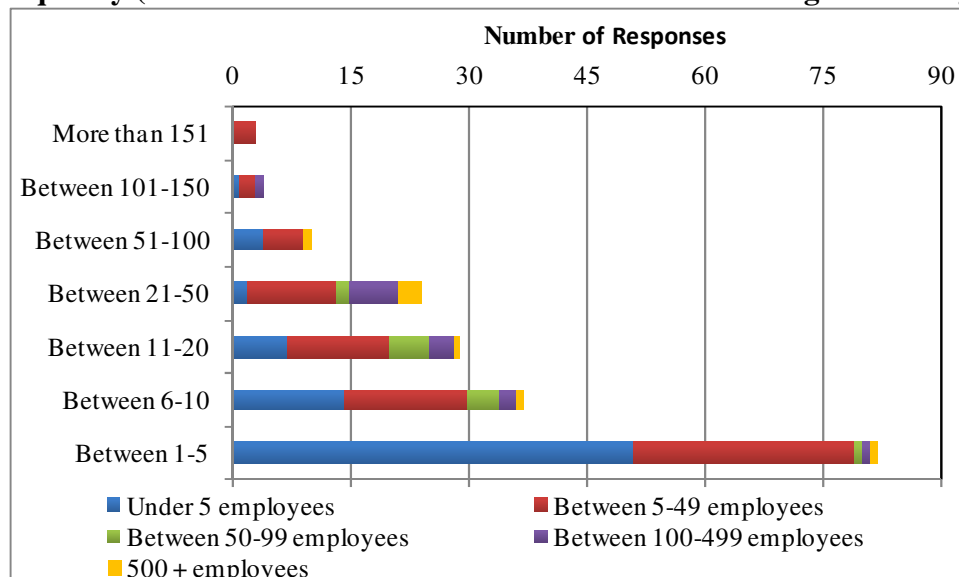


Figure 10: Bidding frequency by business size

Data also showed that respondents who had been in business for longer periods of time bid more often. However, there was no correlation between businesses that had been **selling** to the government for longer periods of time and bid frequency. This could be explained in two ways. More experienced respondents may feel more confident about bidding on more opportunities once they have developed some experience with government procurement, or as companies become more experienced, they may become more selective about the opportunities they choose to bid on.

Percentage of sales with the government

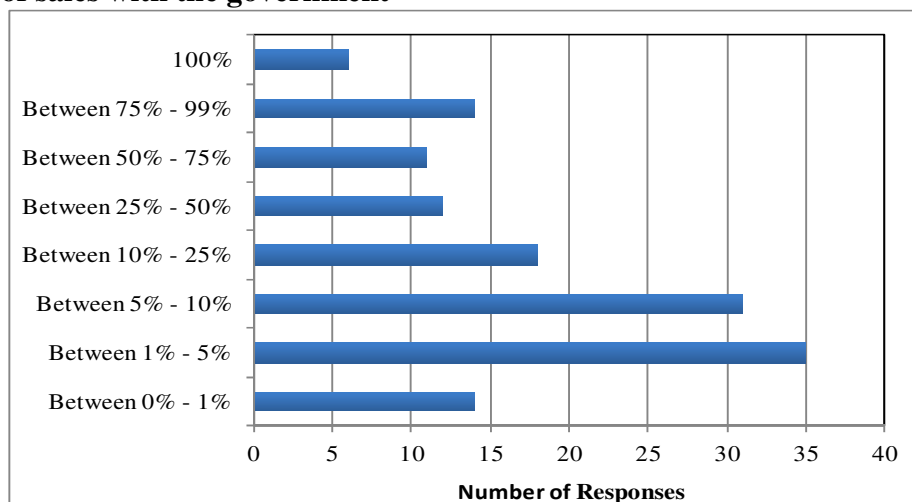



Figure 11: Percentage of sales with the government

70% of respondents had less than one-quarter of their total dollar sales with the government, while 14% of respondents had over 75% of the value of their sales with the government.

Respondents who indicated that 25% or more of their total sales were with the government were asked to specify how many government departments they sold to. Of these, 54% sold to no more



than three departments while 13% sold to ten or more departments. This **may** point to a potential vulnerability for certain respondents. Relying on a very small number of government departments as the primary source of business revenue may make it harder for such respondents to adapt to changes in the procurement needs or fiscal climate of the specific departments they sell to and the Government of Canada as a whole.

Change over the past 5 years

13% of all respondents indicated that their percentage of total dollar sales with the government had increased over the past five years. 55% of respondents indicated that their percentage of total dollar sales with the government had remained constant over the last five years, while 32% indicated that their percentage had decreased. These rates were relatively consistent, both overall and when examining responses for goods, services and construction separately.

The information gathered does not indicate whether changes are a result of changes by government, or changes by the supplier.

Challenges

A key part of OSME-SE's mandate is to work to mitigate barriers to supplier participation in federal procurement. The study explored which issues are most important to SMEs now, regardless of whether they have or have not yet done business with the government.

Current Barriers to participation and involvement

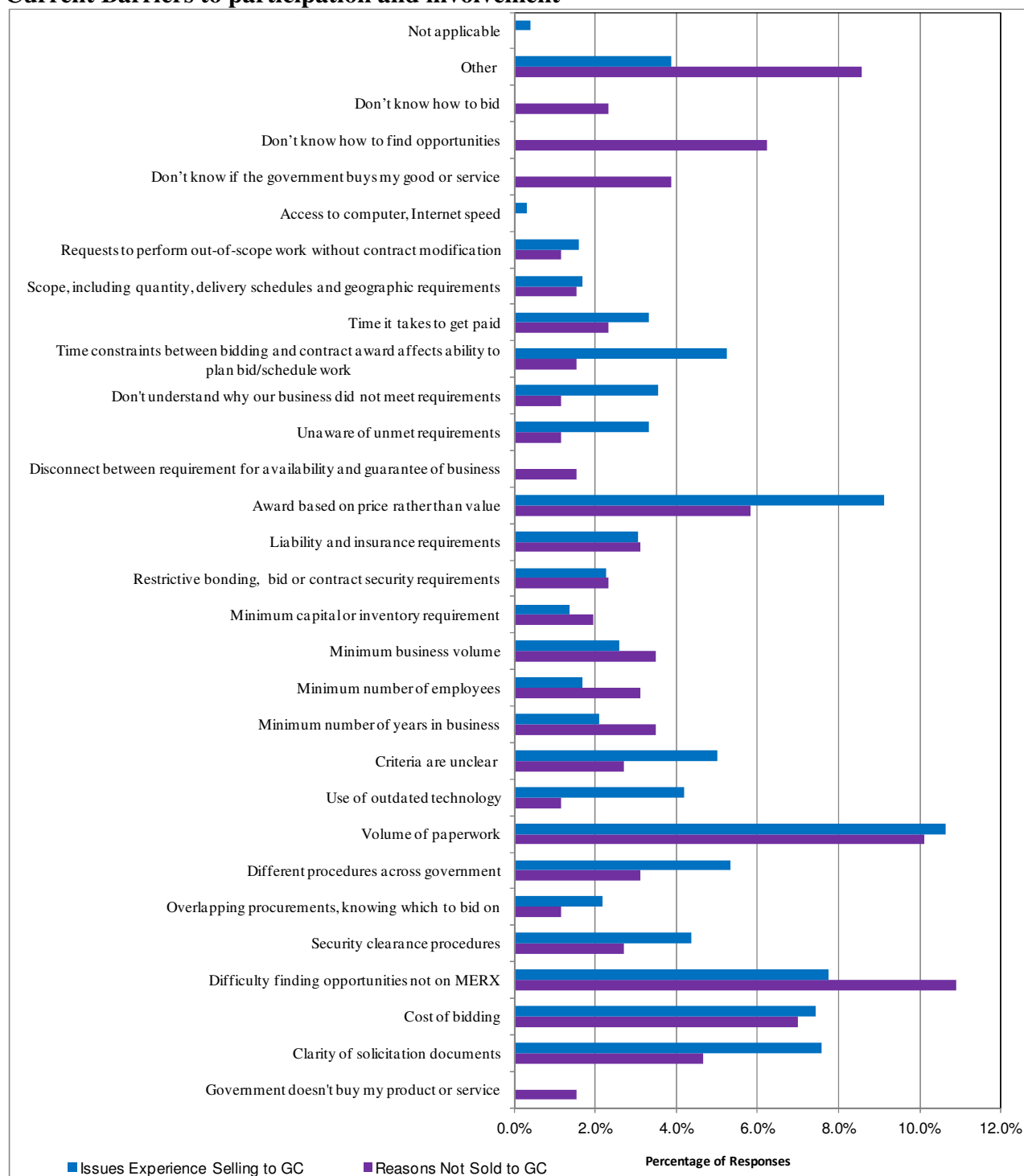



Figure 12: Barriers to participation and involvement in procurement

Percentages shown are percentages of total responses from the respective group of respondents.



Barriers raised by both respondents who had, and had not, sold to the government in the last five years were very similar. The top five barriers/issues identified by all respondents were:

1. Volume of paperwork
2. Contracts awarded based on lowest price rather than overall best value
3. Difficulty finding opportunities not on the Government Electronic Tendering Service (GETS)/MERXTM
4. Cost of bidding
5. Clarity of solicitation documents

These top barriers were consistent across all business sizes. It is important to remember that results do not mean the items selected less often are not barriers. This is especially true for items that may apply only to certain groups of respondents or suppliers.

Respondents were also asked to identify changes the government could make to increase their ability to do business with the government in the future. Not surprisingly, the changes identified as being most important were the same as the top five barriers above. Respondents indicated that they would like the government to:

- Decrease the volume of paperwork;
- Focus on awarding contracts based on best overall value;
- Make it easier to find opportunities not on the Government Electronic Tendering Service (GETS)/ MERXTM;
- Reduce the cost of bidding; and
- Clarify solicitation documents.

Reasons for not winning

27% indicated that ‘price’ played a major factor in losing the competition, while 10% selected ‘technical requirements’ as the reason why they lost the competition. 20% of respondents indicated ‘other’ reasons for not winning, and were asked to elaborate. Of these, the most common reason related to security clearances; either due to respondents being uncertain of requirements, or not receiving required clearance in time.

43% of respondents indicated that they were unaware of the reason their bid was not successful. These were evenly split between those who did not know how to obtain feedback and those who had concerns with the feedback system.

Length of time to be paid

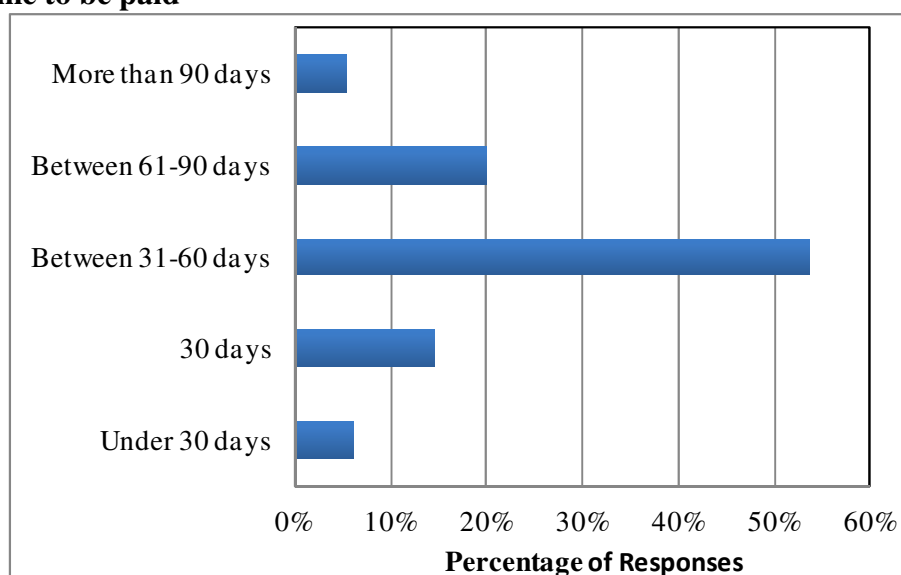


Figure 13: Length of time to be paid

Overall, these findings confirm what has been heard anecdotally from suppliers with respect to payment time in relation to the 30 day timeline stipulated by the Treasury Board of Canada. What is not clear from the data is the extent to which payment after 30 days was within one or two days – and possibly related to postal delivery, or closer to 60; and for respondents who are both prime contractors to government and subcontractors to other firms supplying to government, whether their responses reflect payment by the government, the prime contractor, or both.

Some delays may be addressed through increased use of existing payment options such as direct deposit and credit cards. In addition, proposed changes to financial systems may further help in the future.

Government responsiveness to the needs of business

13% of respondents who had been selling to the government for five years or more found that the government had become more responsive to the needs of business. This rate was higher when respondents were asked about specific initiatives introduced by PWGSC over the past five years to respond to needs of suppliers, such as: National Goods and Services Procurement Strategies; the Canadian Innovation Commercialization Program; and the buyandsell.gc.ca website, including improvements to the Standard Acquisitions Clauses and Conditions.

Internal changes

A minority of respondents indicated they could make internal changes to increase their ability to conduct business with the government.

For respondents who did identify potential internal changes, the most common changes related the number of resources and skills dedicated to finding government business. Other possibilities included: security clearances; increased networking; increased specialization and general business experience.

Tools and Services

The Government of Canada has a number of procurement tools, services and programs available to suppliers. The study explored how widely they are known and used.

Tools and Services	Aware	Used
GETS/MERX™	230	224
Office of Small and Medium Enterprises and Strategic Engagement	93	79
Office of Procurement Ombudsman	93	9
Canadian Innovation Commercialization Program	80	19
Canadian International Trade Tribunal	80	9
Pre-Qualified Supplier Data	73	22
Industrial and Regional Benefits	58	12
Department Dispute Resolution Offices	53	4
Claims/ ex Gratia Payments Policy	39	6

In all cases, the questionnaire included hyperlinks to the websites associated with these tools and services to provide respondents with the opportunity to obtain additional information.

For some key tools and services, additional questions explored further information about use and satisfaction.

Ease of use of GETS/MERX™

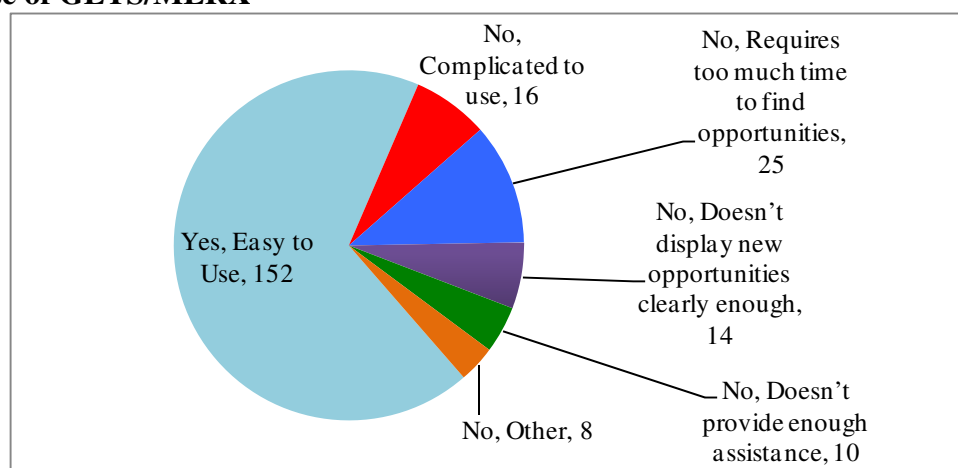


Figure 14: Ease of use of GETS/MERX™

Awareness and ease-of use responses were consistent across business size, time in business, length of time selling to the government, or resource dedicated or not dedicated to finding government business opportunities.

“Other” responses included: quality of the search function; industry categorization; and information on non-competitive contracting. With respect to the issue of non-competitive contracting, Advance Contract Award Notices are posted to alert the supplier community when a department or agency intends to award a non-competitive contract, and provides the opportunity to indicate an interest and capability to deliver the good or service.



Awareness of OSME-SE

38% of respondents indicated they were aware of the role OSME-SE plays in federal procurement. Businesses that started selling to the government since OSME-SE became fully operational were more likely to indicate awareness of OSME-SE than businesses that had been selling to the government prior to the creation of OSME-SE.

Small and medium enterprises were more likely to indicate an awareness of OSME-SE than larger firms. This is not surprising given the target market for the services of OSME-SE.

Respondents who indicated they were aware of OSME-SE were also asked to rate specific OSME-SE services. While just under half of respondents who had used OSME-SE communication channels such as telephone or email rated them as “very good” or “excellent” that rate increased to two-thirds or more for respondents who used specific, targeted services such as receiving general information regarding the procurement process, regarding how to bid and having questions answered in a timely manner.

Awareness and use of additional federal procurement related services and programs

The majority of respondents who had participated either successfully or unsuccessfully in the procurement process during the past five years had higher awareness and usage rates of the programs and services listed in the questionnaire than respondents who had not been involved in procurement.

The most used services and programs, aside from OSME-SE and MERXTM, by respondents who **had** successfully participated in federal procurement were: Canadian International Trade Tribunal; Industrial and Regional Benefits; and Department Dispute Resolution Offices.

Successes

The study also explored aspects of federal procurement that are working well.

Success Rate

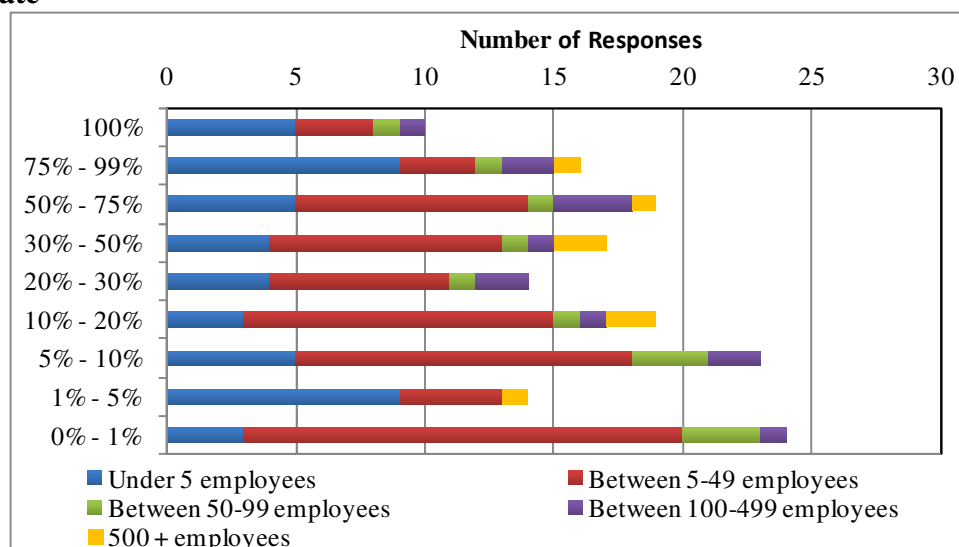


Figure 15: Success rate by business size

Research elsewhere suggests that having between 3 and 10 bids generates a sufficient degree of competitive pressure while reducing the degree of productivity associated with unsuccessful bids.³ Based on this, the corresponding success rate would be 10% - 30%.

Below a certain threshold, the cost of competition may not be cost-effective. Accordingly, for contracts below \$25,000, there is an exception to the requirement for competition, and departments may direct the contract to a specific supplier.⁴ For respondents who focus on contracts below this value, and are less likely to be competing for business, bid success rates would approach or equal 100%.

There seems to be a correlation between higher contract award success rates and businesses that have existed for longer periods of time, suggesting that these companies have either learned from experience, become more targeted in their efforts, or both.

In examining success rates and internal resources, there was no clear correlation. However it does seem as though a business with more than one full-time employee, is slightly more likely to have won one or more contracts than businesses with one full-time employee or less. 80% of companies with less than one employee have been awarded contracts, 82% for companies with one full-time employee, and 92% for companies with more than one.

The 2011 *Trends in Federal Contracting for Small Businesses* report produced by American Express regarding the American federal government procurement process, found that

³ Ruiz-Torres, A. J., Mahmoodi, F. (2007). The Optimal Number of Suppliers Considering the Costs of Individual Supplier Failures. *OMEGA*, 35, 104-115. AND Costantino, N., Falagario, M., Iacobellis, G. (2008). Reducing the Cost of Public Tenders: A Modest Proposal. 1-14.

⁴ <http://laws-lois.justice.gc.ca/eng/regulations/SOR-87-402/FullText.html>

respondents had to bid on average 4.4 times before being awarded their first contract.⁵ While OSME-SE's 2012 study did not seek this information, it provides potentially useful information to both suppliers and government, by suggesting a need to learn from experience on how to participate in public procurement.

In addition, PWGSC contracting data show that SMEs are successful in doing business with the government. On average, approximately 40% of the value, and 76% of the number, of government contracts with Canadian companies goes to SMEs. In looking closer at that data, it is clear that SMEs perform well on contracts below \$25,000, and on contracts of much higher values as well, including contracts of more than \$1million.⁶

The following two graphs of actual PWGSC contract data show the average breakdown of contracts to Canadian companies over the past five years by the value of the contract and the size of the company. The first graph shows the breakdown of the dollars (value); the second shows the number of contracts (volume).

Value (PWGSC Acquisition Information System (AIS) Data, 2012)

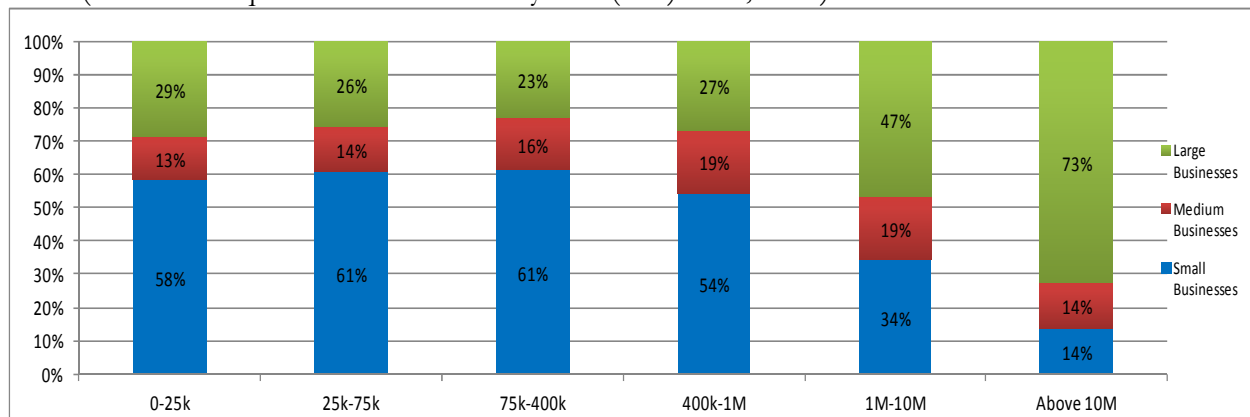


Figure 16: Distribution of all contract dollars by contract size and business size

Volume (PWGSC Acquisition Information System (AIS) Data, 2012)

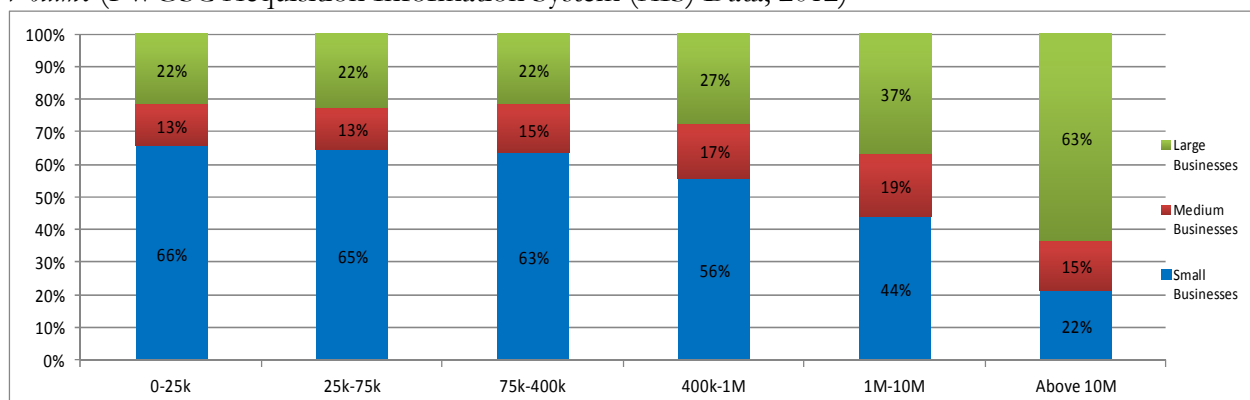


Figure 17: Distribution of all contracts by contract size and business size

⁵ https://c401345.ssl.cf1.rackcdn.com/pdf/VIPSurvey1_FINAL_4.3pdf.pdf page 6.

⁶ PWGSC Acquisitions Information System (AIS) Data, 2012

Positive aspects of federal procurement

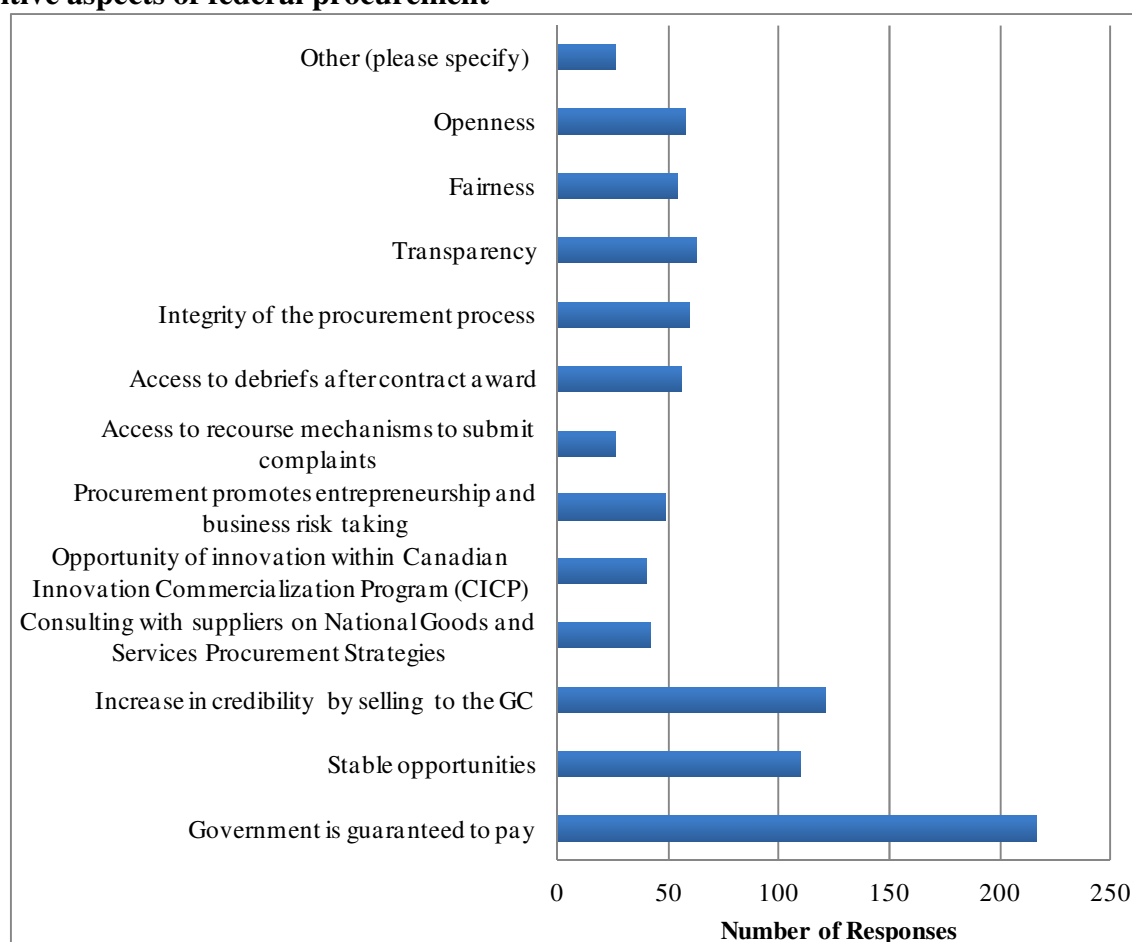


Figure 18: Positive aspects of federal procurement

To balance the questions in the section on challenges, the study also asked respondents about what is working well in procurement. The three aspects of procurement most chosen as working well are consistent with the top motivations for bidding. For ease of reference, respondents indicated that financial return, consistency with business strategy, and further business opportunities were the most important reasons they would bid on federal procurement. The fact that these aspects were also most selected as working well demonstrates alignment between expectation and reality.

It is important to note that a low number for any given response choice does not necessarily indicate that certain aspects of procurement are *not* working well. For example, half of the respondents did not know they can request information on why they did not win a contract. Not knowing this, a respondent would be unlikely to choose it as a positive aspect of procurement.

Similarly, the low number of responses related to openness, access, fairness, and integrity may suggest that respondents have concerns or that these aspects are inherent enough in federal procurement that they are less likely to attract comment. Although one respondent specifically indicated a concern over fairness when explaining their answer, other responses indicate this is not a general view.

Future Bidding Intentions

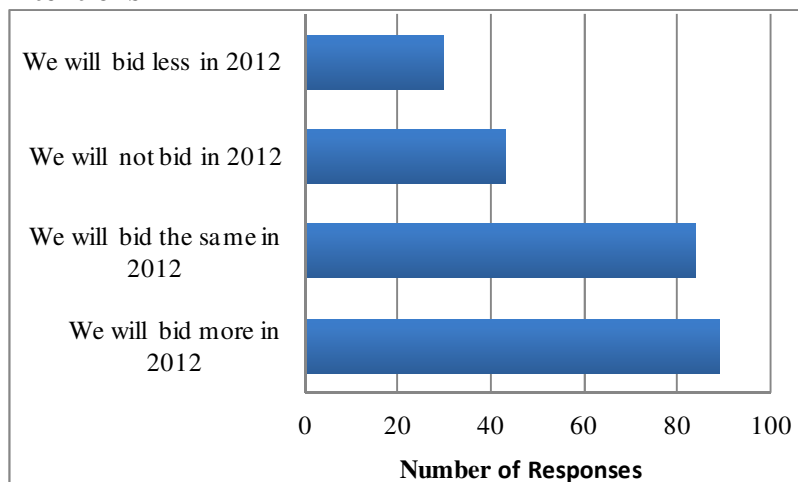


Figure 19: Future bidding intentions

Of respondents who bid **unsuccessfully** in the past, 25% indicated they would bid at similar rates, while 31% indicated they would bid more in the future.

Of respondents who bid **successfully**, 44% indicated they would bid at similar rates, while 32% indicated they would bid more in the future.

It is also encouraging to note that 49% who indicated that they had not bid in the last five years indicated that they did plan to bid in 2012.

Participation in other public procurement

	Provincial	US	Mexico	Elsewhere	Total
Bid on contracts	176	32	3	36	247
Been awarded contracts	127	21	2	30	180

The majority of respondents who had attempted to sell either successfully or unsuccessfully to the federal government were also involved in provincial procurement. Further, many respondents who participated in federal procurement had also received provincial contracts, and to a lesser extent, foreign contracts, implying that success in one jurisdiction correlates with success in other jurisdictions.

Conclusion

Overall, the objectives of this study were achieved in acquiring information for OSME-SE, PWGSC, and the Government of Canada as a whole, to better understand and validate the experience of small and medium enterprises (SMEs) in federal procurement.

Key findings from this study underscore the reality facing small firms; reinforce the top priorities for barrier reduction; confirm what has been heard anecdotally; confirm that new suppliers continue to enter the government marketplace; and indicate an alignment between respondents' expectations and the current federal procurement environment.

The study reinforces the fact that many SMEs *participate* in federal procurement, but it also highlights issues related to the *quality* of SME participation. Success involves both participation rates, and the degree to which the procurement process operates smoothly, efficiently and effectively. Challenges faced by companies of all sizes are felt more acutely by small businesses and are indicative of the need for continued improvement. Changes that streamline and simplify the experience for suppliers can improve participation, reduce costs throughout the system, benefit the government, and help serve Canadians.

The study provided important information which will be used by OSME-SE, in collaboration with PWGSC and other government departments, in its ongoing work to improve the procurement process for all suppliers. Next steps include:

- Further efforts to address key areas for improvement identified by respondents;
- Enhance government-supplier communication and engagement initiatives;
- Refine services offered by OSME-SE; and
- Further examine how procurement is managed.

On behalf of the Government of Canada and PWGSC, OSME-SE would like to thank all supplier and industry associations who informed their members of the opportunity to participate and all respondents who answered the questionnaire. OSME-SE is encouraged by the responses and hopes to undertake similar studies in the future. If you would like additional information regarding the study, please contact OSME-SE via email at osmepd.bpmedp@tpsgc-pwgsc.gc.ca.

For general information on OSME-SE, on how to do business with the government, or to register as a supplier,

- Call our InfoLine at 1-800-811-1148;
- Click to send us an email bpmeclient.osmeclient@tpsgc-pwgsc.gc.ca or visit us online at www.BuyandSell.gc.ca or <http://www.tpsgc-pwgsc.gc.ca/app-acq/pme-sme/index-eng.html>,
- Visit our offices in Halifax, Montreal, Gatineau, Toronto, Edmonton, or Vancouver (all contact information is provided at the website above)



Office of Small and Medium Enterprises and Strategic Engagement

Vision

Our vision is to foster and maintain trust and confidence in federal government procurement.

We do this to help procurement benefit and serve Canadians

Mandate

We work with clients, including suppliers and procurement specialists from other government departments to:

- provide and support excellent service;
- align the perspectives of supply and demand to develop sound solutions;
- share and analyze information and business intelligence consistent with the principle of open government;
- provide procurement related advisory and information services; and
- foster innovation in policy, program delivery and support tools and technology.

Values

The management and staff of OSME-SE are guided in our work by the following core values:

- Relationships of trust are the cornerstone of our operations, and need to be built through stewardship, service, and openness;
- Public procurement is an important profession based on the principles of both business and public service; and
- Recognizing and balancing the needs of all stakeholders is essential to delivering procurement in the best interest of the Government of Canada.

Engage, Understand, Influence