How Are Buying Strategies Chosen?

Idea In Short

Choose a buying strategy by comparing the outcome required with the organization's capability, supplier market, risk, and whole-life cost. Start from a validated need, then decide whether to buy, build, adapt, partner, or combine delivery models. Use market research to test how many capable suppliers exist and what approaches they can support. Select packaging, competition, evaluation, contract type, and timetable as connected choices, not isolated defaults. Explain trade-offs and identify assumptions that could change the recommendation. A strategy is fit for purpose when it gives the organization a feasible route to value and a way to manage the risks that remain.

A buying strategy describes how an organization will move from a validated need to a solution it can implement and manage. It includes more than a choice of procurement procedure. The delivery model, market approach, packaging, evaluation, contract terms, timetable, and allocation of risk all interact. A weakness in one choice can undermine the rest: a bundled requirement may restrict competition, a pricing model may conflict with risk allocation, or a fast schedule may leave too little time to test market capability. Strategy selection requires an integrated view.

Anchor decisions in the outcome

The strategy should begin with a clear outcome and the constraints that shape it. Identify users, service requirements, timing, affordability, quality, dependencies, and the consequences of delay. Separate essential outcomes from preferences. If stakeholders prescribe a product or supplier before explaining the need, the organization may exclude workable alternatives and lose the chance to improve the solution.

Compare delivery models first. The organization may deliver internally, purchase from the market, adapt an existing arrangement, collaborate with another buyer, or combine internal and external elements. Assess capability, transition effort, control, resilience, cost, and

access to expertise. A choice to outsource should reflect a considered comparison rather than a default assumption that the market is always more efficient. The Sourcing Playbook describes delivery model assessment and whole-life costing as early planning tools; those analyses help expose the consequences of each route.1

Use market analysis to design the route

Market research tests whether suppliers can meet the need and how the market is organized. Examine the number of potential providers, their capacity, substitute solutions, price drivers, technology maturity, entry barriers, supply chain dependencies, and likely interest. Consider both direct suppliers and critical subcontractors or platform providers. Market analysis can show that the requirement is too broad, too narrow, or timed for a period when capacity is constrained.

Use that evidence to select how to approach the market. A standard, well-defined need may be suited to a straightforward competition. A complex or innovative requirement may need staged dialogue, a pilot, or an outcome-based specification. If competition is limited, examine whether dividing the requirement, changing the timetable, revising requirements, or developing additional sources could improve access. The European Commission’s public procurement guidance notes that early market dialogue can reveal solutions and test achievability, which informs strategy before solicitation design.2

Decide how to package requirements

Packaging determines whether the organization purchases one combined solution, several lots, or separate contracts. Combining can reduce coordination costs, enable integration, or attract suppliers that can manage a complete service. It can also create a large barrier to entry, reduce competition, and make switching difficult. Splitting can broaden participation and allow specialist providers to compete, but may create interface and governance burdens.

Compare packages against the actual outcomes. Identify the dependencies between components and the capability required to manage interfaces. Estimate the benefits of scale rather than assuming them. Consider whether lots can be awarded to multiple suppliers, whether contract boundaries should align with operational responsibilities, and how the organization would coordinate performance. The World Bank’s PPSD guidance treats

procurement arrangements as part of a context-specific strategy shaped by market and project conditions.3

Align evaluation and contract design

Evaluation criteria should distinguish the factors that matter to the outcome. Price may be important, but so may delivery approach, technical fit, service quality, transition, resilience, security, and supplier capability. Weight criteria based on their contribution to success, define how reviewers will assess them, and test whether they reward evidence rather than polished presentation. Suppliers should be able to understand the basis on which their proposals will be compared.

Contract design should reinforce the selected strategy. A fixed price may be suitable when scope is stable and risks can be estimated, while variable or milestone-based structures may fit different conditions. Define performance measures that teams can observe and suppliers can influence. Address changes, data, intellectual property, service continuity, transition, and exit. The OECD’s Recommendation on Public Procurement links balance, efficiency, risk management, stakeholder participation, and accountability across the procurement cycle; these considerations help ensure that evaluation and contract choices support the intended value.4

Allocate risk to the party able to manage it

Identify which party can control each risk, influence its likelihood, or absorb its impact at reasonable cost. Retain risks that depend on the organization’s own decisions or assets. Suppliers can often manage delivery methods, staffing, or quality processes, but may not control buyer-caused delays, regulatory changes, or volatile input prices. A contract that transfers every risk can raise bids, deter capable suppliers, or create disputes when the risk materializes.

Match risk allocation to pricing and performance incentives. If a supplier assumes a risk, its obligation and the evidence of performance should be clear. If the organization retains a risk, assign an internal owner and contingency. Explain residual risks in the approval record. The Asian Development Bank’s strategic procurement planning guidance promotes fit-for-purpose planning that connects objectives and implementation approaches; risk allocation should likewise fit the specific activity rather than follow a generic template.5

Consider capability and implementation

The selected route must be one the organization can manage. Assess skills for requirements development, evaluation, negotiation, transition, contract management, data analysis, and supplier performance. A strategy that relies on capabilities the organization lacks should include a plan to obtain them. Consider whether external support is available and how knowledge will transfer to internal teams.

Plan the transition and the end state together. Identify systems, data, assets, staff, and processes that must move or change. Define how continuity will be maintained, how users will adopt the solution, and what happens when the contract ends. The United Nations Commission on International Trade Law's Model Law on Public Procurement supports competition, transparency, fairness, and integrity in procurement systems; the strategy should translate those principles into workable implementation and oversight for the organization.6

Document the recommendation and revisit it

The strategy recommendation should state the chosen approach, the options considered, the evidence, the trade-offs, and the assumptions that could change the decision. It should show the approval route, budget basis, schedule, risks, and success measures. Keep analysis proportionate: a small, routine purchase does not need the same depth as a complex, long-term service, but both need clear accountability.

Revisit the strategy when market evidence, scope, budget, capability, timing, or risks change. A changed assumption may require new analysis rather than an automatic continuation. The strategy is not a fixed ceremony; it is a decision framework that allows the organization to adapt while preserving a clear rationale.

- 1The Sourcing Playbook
- 2Public Procurement Guidance
- 3Project Procurement Strategy for Development Guidance
- 4OECD Recommendation on Public Procurement
- 5Strategic Procurement Planning
- 6UNCITRAL Model Law on Public Procurement

Summary

A buying strategy is a set of connected decisions about how an organization will obtain and manage a solution. It should reflect the desired outcome and the realities of the market, internal capability, affordability, and risk. Review it when evidence changes, and keep its choices consistent with the evaluation and contract design. The strategy should help decision-makers explain why the selected route makes sense and give delivery teams a clear basis for action.