

How to write and present effective tenders

Delegate Pack

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Introduction

For many suppliers tendering processes can seem complicated and the terminology and jargon used (EOI, RFI, PQQ, VfM, ITT) can be difficult to understand.

Today's workshop is designed to equip you with the necessary knowledge and skills to successfully tender for contracts.

Purchasing process overview

The formality of a purchasing process depends upon the value and perceived risks of a contract. Below we have included an example of the 'stepped procurement process' from Ashfield District Council.

Spend limits	Procedure
Under £1,000	Verbal quotation where possible from the Council's list of suppliers
£1,000 - £10,000	Verbal quotes from at least three potential suppliers on the Council's supplier list
£10,000 - £50,000	Written quote from a minimum of five potential suppliers where possible, from the Council's list of suppliers
£50,000 - EU Threshold	Tender from a minimum of five suppliers, where possible, from the Council's list of suppliers
Above EU Threshold	EU Procurement Directives apply Supplies and Services: £139,893/Works: £3,497,313.

All of the thresholds up to 'EU Tender' level are set locally and can differ between organizations, however, the common pattern ranges from quotes and proposals for lower value commissions and formal tenders for high value/risk contracts.

Many of the purchases made below EU Thresholds do not have to be advertised therefore 'Relationship Marketing' is a must. Public sector procurers will often prefer to use a supplier who they have either used in the past, or who has been recommended by a colleague or has built up a relationship with them. To find out who to contact in your local council or any other public sector body try looking on their website. Often you can obtain contact details of the procurement department and there may be advice on what products and services they purchase and the best way to market yourself, i.e. by phone, post or e-mail.

Higher value contracts

Public bodies all across the EU are subject to the EU Procurement directives. The UK legislation therefore reflects this and prescribes a series of procedures to be followed for contracts above a particular value. Contract types are categorised as follows:

- **Supplies** - The purchase, hire, lease or hire-purchase of goods
- **Services** - The procurement of a wide range of services, professional (audit, market research, consultancy, architecture) and practical (waste disposal, cleaning)
- **Works** - The procurement of civil engineering and building works, PFI, PPP
- **Utilities** - Covers 'Supplies, Services and Works' contracts for operators in the energy, water, transport and postal service sectors

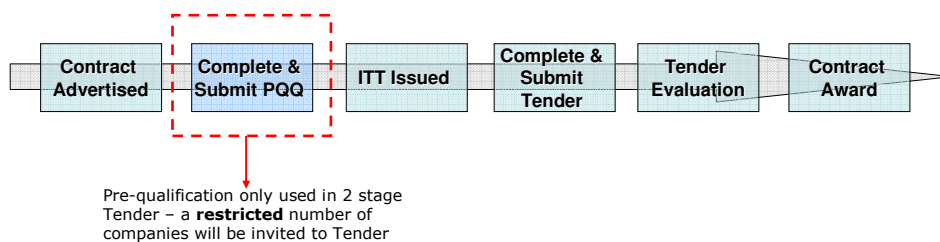
A key requirement of the legislation is that all opportunities are advertised in the Official Journal of the European Union (OJEU) – this is accessed by suppliers via the Tenders Electronic Daily (TED) website: <http://ted.europa.eu>.

Tender procedures

There is a variety of possible tender procedures, the two most common are:

- **Open:** Everyone who responds submits a full priced tender
- **Restricted:** The contracting authority use a “pre-selection” process and invites a limited number of respondents to tender.

Overview of the Tender Process



Tendering formats

Electronic procurement

e-Procurement automates the internal and external processes associated with purchasing. One of the key drivers for the use of e-Procurement is the potential to create operational efficiencies and cost savings. Common e-Procurement tools are:

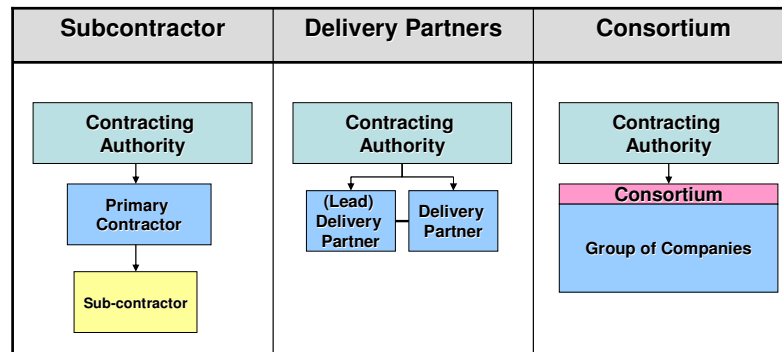
- **e-Tendering** - Advertising a requirement for goods or services, registering interest and issuing tender documents via the internet
- **e-Auctions** - System whereby suppliers can place bids for contracts via the internet. Suppliers have the opportunity to propose a more competitive tender price and respond to other bids in 'real time'.
- **e-Marketplaces** - An internet site where suppliers can post their catalogues from which purchasers can select orders.

There are a range of online portals and databases:



Collaborative bidding

Collaborating with other companies is often suggested as a way for small businesses to overcome capacity issues and therefore achieve greater success in formal tenders. There are a variety of ways in which you can collaborate on bids ranging from subcontractor arrangements to consortium bids.



There are pros and cons to each approach and you must think carefully about exchanging commercially sensitive information with other organisations. Key advantages and disadvantages of each approach are set out in the table below:

	Subcontracting	Partner Bids	Consortia Bidding
Advantages	<ul style="list-style-type: none"> Minimal input into tender Be part of contract opportunities otherwise unavailable to you Build up track record Private sector keen to partner with to help with CSR objectives 	<ul style="list-style-type: none"> Joint bid or Delivery partner? Shared input into tender Brand recognition Be part of contract opportunities otherwise unavailable to you Build up track record Private sector keen to partner with to help with CSR objectives 	<ul style="list-style-type: none"> Share relevant skills and expertise Be part of contract opportunities otherwise unavailable to you Increase scope of opportunities without stretching your own resources Shared development and delivery costs
Disadvantages	<ul style="list-style-type: none"> Cash flow difficulties Clauses which prevent you from trading directly with contracting authority Clauses which prevent you trading with competitors of primary contractor No brand recognition Friction between you and contractor 	<ul style="list-style-type: none"> Mindset of procurers – risk averse Liability issues – Joint/several liability? Protecting Intellectual Property 	<ul style="list-style-type: none"> Mindset of procurers – risk averse Time and effort to set up consortia properly May need legal advice Liability issues – Joint/several liability?

Administering the tender process

The Invitation to Tender

The Invitation to Tender (ITT) usually consists of a series of documents including:

- A letter of invitation to tender
- Instructions to Tenderers
- Background information
- Evaluation guidance
- Instructions for submission
- Specification
- Standard conditions of contract
- Pricing schedule
- Form of tender
- Non-collusive tendering certificate

Make sure you read and understand each document. There will be important information in the instructions, evaluation guidance and specification that you must take into account when developing your response.

Compliant bids

Many bids are rejected simply due to failure to follow instructions or not using the label or envelope provided. Remember when you return your tender the envelopes/packages should be plain and bear no reference to the tender's name; franking machines, which automatically print the company name, should not be used.

Managing the process

Once you have received the ITT pack, plan backwards from the specified submission date to ensure you have adequate time to gather all necessary information, and prepare your response. A range of activities may be required from conducting background research and planning the delivery approach and method, through to printing and binding the document and booking a courier.

A key first step is to read the specification and determine whether you think your company can deliver the required product and/or service. You should look carefully at the evaluation criteria and consider what you think your competitive advantage is. Think about:

- Do we have the skills to deliver this project (or can we get them)?
- Do we have the capacity/resource to deliver it at the right time?
- Can we price it at a level that is attractive?
- Can we demonstrate that we are the best choice?
- Can we respond in time?

Once you have decided to proceed with the tender you should appoint a single point of contact to act as coordinator.

Writing the bid

Interpreting the specification

A common reason for scoring poorly in a tender is a failure to understand the requirements of the specification. It is important to demonstrate your understanding, this can be done by:

- Playing it back, paraphrasing and commenting upon it to show you have understood
- Extrapolating outcomes, explaining how you intend to add value
- Relating your proposal to the specification and to the implicit (or explicit) evaluation factors set out in it.

Competitive positioning

Your bid should demonstrate two things very clearly:

- Why choose your approach?
- Why choose you to deliver it?

Once you have drafted your response, go back and review your selling points, are they:

- Relevant?
- Realistic?

Your method, approach and Unique Selling Points (USPs) should be built around the requirements of the bid and the evaluation criteria. ***Be very clear about what makes your business the best choice for this particular opportunity.*** All of your USPs should have clear advantages/benefits attached to them.

The Importance of Value

All public sector organisations are subject to the 'Value for Money' (VfM) principle.

'The optimum combination of whole-life cost and quality (or fitness for purpose) to meet user's requirements. This is rarely synonymous with price'.

This principle which underpins purchasing decision making embraces the concept of the "price-quality" relationship. This means that public sector organisations will not automatically select suppliers based on lowest price but instead may consider a variety of elements including innovation, ability to deliver, references and environmental and social considerations.

Bid writing skills

A range of skills are required in order to write the bid including:

- The ability to write long documents in plain English
- Understanding of what is required and how your organisation will deliver it
- Full knowledge of using Word and its helpful features.

Some general rules to effective writing are:

- Avoid lengthy sentences (15-20 words max)
- Use active forms of verbs instead of passive
- Say “we” and “you”
- Avoid jargon and unexplained abbreviations.

Tender evaluation

Tenders are usually evaluated by a panel and the process is rigorously controlled to ensure objectivity and a level playing field. Typically, evaluation is based on a mixture of ‘must have’ requirements and added value factors:

- Minimum requirements - mandatory e.g. insurance levels and quality standards
- Desirable or variable - different methods = different scores
- Non-price evaluation criteria e.g. innovation, community benefit etc

Scores are often weighted and this will be reflected in the evaluation criteria that is set out in both the contract notice and tender documentation. Below we have set out two example criteria listings from OJEU contract notices:

Award criteria:

The most economically advantageous tender in terms of the criteria stated below:

1. Price. Weighting: 70%.
2. Quality. Weighting: 30%.

Award criteria:

The most economically advantageous tender in terms of the criteria stated below:

1. Price - value for money. Weighting: 20.
2. Adherence to quality. Weighting: 15.
3. Local technical support. Weighting: 25.
4. Adherence to specification. Weighting: 20.
5. After sales service. Weighting: 20.

Remember that according to value for money principles there are many non-price related factors that can form part of the evaluation criteria.

Presenting your tender

Tender presentations are an opportunity for the contracting authority to meet with you and assess cultural fit therefore making the right first impression is crucial.

Presentations will commonly follow a prescribed format in which you present your bid followed by a question and answer session. There may be little opportunity to proactively engage with the audience and little positive feedback on the day.

Focus on ensuring your presentation is clear and keep information relevant (to the opportunity you are pursuing).

Standing out from the crowd

Do not simply repeat the information provided in the tender documents, try and tell the panel something new about your company. Make sure you:

- Demonstrate a clear understanding of the requirement (and how your organisation will deliver it)
- Include examples of how you intend to add value
- Explain clearly “why choose us?”

Follow these top tips for success:

Top Tips:

1. *Prepare very thoroughly*
2. *Develop a “party line” on USPs*
3. *Take someone who is articulate and friendly even under stress*
4. *Take someone who has detailed knowledge of how this bid would work in practice*
5. *Practice using media and equipment*
6. *Arrive in good time*
7. *Look like you have made an effort*
8. *Do not use jargon or technical terms*
9. *Be pleasant, professional, friendly*
10. *Summarise in the last slide*

Contract award

Once the contracting authority has decided on the winning bid a formal contract will be issued. If you have any concerns or queries regarding the decision you have the right to appeal.

For higher value contracts (above EU threshold) a Contract Award Notice will be placed in the OJEU and so will appear in Tenders Electronic Daily.

If you are unsuccessful you will be notified by the contracting authority. Getting feedback on which areas you scored well and poorly on is key in order to understand what you could do differently next time.

Top Tips:

- 1. Explain why you need the feedback**
- 2. Ask at the right time**
- 3. Give them a chance to prepare a helpful answer**
- 4. Be specific in what you want to learn**
- 5. Don't forget to ask in successful bids too!**

Next steps

Now that you have attended the workshop and reviewed your notes consider the following:

- ***Which parts of the public sector are of interest to my business?***
- ***What do I have to offer?***
- ***How would I persuade them to choose my organisation over the competition?***
- ***How do I shape up in terms of challenges and barriers?***
- ***Where do I fit into the supply chain?***

Appendix A - Finding opportunities

Contract opportunities are advertised in a multitude of places.

- Council website business pages
- Local press including the public notices section
- Contrax weekly; a national publication for contract opportunities.
- Trade publications
- The Official Journal of the European Union (OJEU) – Tenders Electronic Daily
- National Opportunities Portal - Supply2gov.uk

For works contracts bidders can be selected from Constructionline and CHAS (Contractors Health & Safety Assessment Scheme) (excludes contracts over European Procurement Directives)

- Constructionline www.constructionline.co.uk
- CHAS www.chas.gov.uk

Also don't forget:

- Regional Portals e.g. www.sourceeastmidlands.co.uk
- Meet the Buyer Events www.meetthebuyers.com
- Phoning and Asking: Relationship Marketing/Finding the right contact

There are however three key sites where suppliers can access public sector opportunities - Supply2Gov.uk, CompeteFor and Tenders Electronics Daily.

	Lower Value Contracts	Higher Value Contracts	Supplier Profile Required?	Tender alerts Available?	Charges Apply?
Supply2Gov.uk	✓		✓	✓	✓*
TED		✓		✓	No
CompeteFor	✓		✓	✓	No

*Supply2Gov.uk is free of charge for basic registration, service upgrade charges apply.

Local opportunities

Opportunities in the **East Midlands** can be accessed from a variety of regional websites and portals including:

- Source East Midlands – website providing information about new contract opportunities in the region **www.sourceeastmidlands.co.uk**
- East Midlands Development Agency - website provides guidance to suppliers wishing to tender for East Midlands Development Agency contract opportunities **<http://www.emda.org.uk/procurement/tenders/default.asp>**
- Re:Source Procurement Hub – Collaborative procurement hub -provides access to NHS related Opportunities in the East Midlands **<http://www.resource-cph.nhs.uk>**