

Why have tendering standards?

by Col Lange, March 2016

Introduction

At Lange Consulting & Software, much of our work is focused on helping organizations improve the way they manage procurement via the tendering process. This means we initially look at our clients' procurement policy, procedures and template documentation. When we do this, we're looking for how well the clients' documentation matches or aligns with standards we believe underpin well-managed tendering projects. This paper describes our thinking about tendering standards, and why we think they're important.

The Supplier's perspective

From the Supplier's perspective a request for tender (RFT) is a sales opportunity, a chance to increase turnover, employ more staff, increase profits, and stay afloat! A clearly written RFT setting out the Client's objective / outputs (on behalf of the Community/Shareholders), selection criteria & their relative importance, delivery schedule and other expectations (e.g. performance measures and targets) makes it easier and faster for Suppliers to decide whether to tender or not.

Easier and faster means lower costs and increased competition:

- Lower costs, so long as delivery quality and timing are not sacrificed, means the Community / Shareholders benefits (eventually) unless Suppliers are able, over time, to obtain excessive profit. So long as a competitive environment is maintained the opportunity for excessive profit is diminished.

- An increased likelihood for competition by Suppliers who would otherwise decide not to compete where the request for tender is confusing and expensive to respond to.

The Client's perspective

Issuing well prepared, best-practice RFTs are easier and cheaper for Suppliers to respond to and they instill confidence in the marketplace. Clients will find tenders in response to well-prepared RFTs are easier to evaluate. 'Good' RFTs demonstrate to Suppliers that Clients 'know what they are doing'.

Well managed companies succeeding in a competitive environment are often dismissive of unclear and/or unduly complicated RFTs – they see them as a risk.

These Suppliers construe that if the RFT is unclear and/or unduly complicated there is a fair chance the tender evaluation process may be unclear and/or unduly complicated as well.

If Suppliers cannot confidently rely upon a Client to issue a clear, accurate, easy-to-read RFT, they may decide not to make the often considerable investment of time and effort to submit a tender, i.e. **the best Supplier's solution to the tender requirement may not compete**. Nobody wins.

The Project Manager/Evaluation Team's perspective

Attempting to evaluate tenders submitted in response to a poorly prepared RFT, usually to a tight evaluation deadline and with few resources, is frustrating and stressful. The direct result of poorly prepared RFTs often results in Project Managers and Evaluation Teams working under excessive pressure in a confused state to evaluate 'poor' tenders.

In these circumstances it is unlikely Evaluation Teams will conduct an evaluation with full consideration of the merits and weakness of competing tenders; mistakes could be made. And the Project Manager will be hard-pressed to produce a well-researched and supportable recommendation in favour of a tender reflecting best value-for-money.

This could result in:

- the expenditure Delegate being unable to make a decision (not having sufficient confidence);
- repeating the evaluation process (at a higher standard);
- scrapping the tender altogether (to the horror of the Community and Suppliers); and/or
- impacts upon responsible staff.

If the expenditure Delegate was (unknowingly) to make a decision based on information produced as a result of evaluating tenders submitted in response to a poorly prepared RFT:

- it could be subject to court action by Suppliers who felt the tender evaluation process was unfair; and/or
- the Community may react and place the expenditure Delegate in jeopardy.

What are these standards we look for?

- Well described procurement narrative, context and objectives
- A tendering timeline, glossary of terms and contact email address
- Relevant evaluation criteria distinguishing between scored and unscored criteria
- Weighting assigned to scored criteria such that the prospect of clearly differentiating between tenders becomes more likely
- Succinct description of the tender evaluation process
- A summary then a clear description of the statement of work or requirements without any bias towards any possible 'solution' to the client's requirements
- Easily understood tender response schedules which:
 - are not overly demanding, and
 - are straightforward and quick to complete
- An increased reliance upon the provisions of the Electronic Transactions Act (rather than always mandating hard-copy and wet signature declarations).

About us

Col Lange is from Lange Consulting & Software, a Canberra-based, independent consulting company with considerable experience since 1997 providing procurement consulting and training services. We also design, build, support and supply software applications to manage procurement and contracts.

We provide services in all facets of complex procurement including business case development, request for tender preparation, project planning, evaluation strategies and systems, training, tender evaluations and contract negotiation.

We specialise in facilitating tender evaluations to achieve successful outcomes.

Contact Col at: Phone: +61 (0) 418 481 494
clange@langeconsulting.com.au

Contact David at: Phone: +61 (0) 412 237 695
dwilliams@langeconsulting.com.au