The Tendering Process
What it is and how to prepare
Introduction

The tendering process is a means for businesses to put their services forward to fulfil advertised contracts and projects. Winning tenders can prove to be profitable for businesses but the process can seem demanding – every application is time-consuming and requires a level of detail companies new to the system may not have expected.

However, with proper preparation and understanding, any business can perfect its approach to a tender and be successful. This White Paper takes a closer look at the tendering process, covering the following:

What a tender is...

• How to identify opportunities
  – in the public and private sector
• How to prepare for a bid
• Factors to consider
• Checking credit rating
• The tender process – including the PQQ document
• The tender document
• Qualification documentation
• Tender scoring
• Tender feedback

What is a tender?

A tender is the process whereby organisations require support for a project or large piece of work and invite businesses to bid to win a contract for that work. An example would be a local government council inviting construction companies to tender for building work.

Submitting a tender is common practice for a business acting as a supplier in terms of services of products to another business, or, within the public sector. On a more basic level, a tender may be simply providing a quote and following up with confirmation in writing. But for more significant projects, over a longer period of time or on a large scale, the tender process is far more detailed and demanding. Public sector work, especially, has specific tendering processes.

These processes may seem complicated to any businesses being involved for the first time, but they are designed to be structured, well-defined, fair and transparent. It has been said that the first tender a business is involved in will usually be the toughest, because the process will be an unfamiliar one. But once practised, each tender will inevitably feel less daunting.

It is certainly worth perfecting the tender process, for the opportunity available through the public sector is potentially very lucrative – and not just for larger companies either. The UK Government has declared itself ‘open for business’ and committed to a target of working with smaller businesses across the country:

‘Small and medium-sized enterprises (SMEs) are the lifeblood of the economy. By 2020, the government plans to spend one third of its goods and services budget with SMEs, either directly or through the supply chain.’

“This is such an amazing opportunity for the country’s diverse and innovative small businesses and I urge them to get stuck in. From computers to uniforms, there are so many opportunities for small businesses to work with us, and I want to see more of them providing value for money for the taxpayer and benefiting from our spending.”

— Matt Hancock, who was then minister for the Cabinet Office

With this in mind, the Government is making the application process to become a supplier quicker and easier by listening to feedback from SMEs. It is has also made a guarantee that all valid invoices will be paid within 30 days or less to help SMEs with payment and cashflow.

In conclusion, the opportunity for businesses to get involved is clear. Throughout this White Paper we’ll look at how to find those opportunities, what to consider before tendering, and how to put together a tender.

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Identifying Tender Opportunities

When finding tender opportunities which may suit your business, there are generally two different processes. Let’s look at finding out about private sector and public sector contracts.

Public sector contracts

Opportunities to tender for public sector and government business can be found on Contracts Finder and Tenders Electronic Daily (TED). Contracts Finder allows businesses to research information about contracts worth over the value of £10,000 with the Government and its agencies. Contracts Finder can be used to search for contract opportunities in different sectors – both upcoming and in the future – and view details of previous tenders and contract awards to get a clearer idea of the kind of work that has been made available.

To make it easier to keep track of such opportunities, a business can set up an account to receive email updates.

Wales, Scotland and Northern Ireland have their own public sector procurement websites for contract opportunities within each respective country, which are:

- **Wales:** [Sell2Wales](#)
- **Scotland:** [Public Contracts Scotland](#)
- **Ireland:** [eSourcingNI](#)

Tenders Electronic Daily (TED) is the online version of the supplement to the Official Journal of the European Union (OJEU). It publishes around 460,000 calls for tenders ever year, with a combined value of approximately 420 billion euros. Businesses can browse, search and sort procurement notices by country, region and business sector, and information about every procurement document is published in the EU’s 24 official languages.

There are other ways of identifying public sector tender opportunities, too. Some local authorities publish contract details on their websites. Public sector procurement events can be useful to attend as a means of networking, training, and learning more about finding and sourcing opportunities.

Some public sector bodies – county councils, for example – require suppliers to be on a database of registered suppliers to be considered for tender. This is typically straightforward and free to do via an online portal.

Private sector contracts

Finding private sector contracts is a different proposition – instead of opportunities being listed on just one or two main websites, a business may have to look further and deeper to identify potential work.

Proactive steps a business can take include building contacts with potential customers by marketing at events; becoming thought leaders by publishing blogs and articles within your industry; advertising in local and national trade and professional magazines; network and attend relevant events; read trade publications and news to identify companies expanding and looking to sub contract out work or a large contract. Businesses could also maximise social media to promote themselves and their work.

A final tip – don’t chase everything. The tender process is intensive and you should think carefully about how your expertise and experience, and ability to deliver, matches up to an opportunity.
Who will write the bid for tender? Do you have in-house experience or will you need to use a consultant to advise?

If you are satisfied that you fit all the criteria, you should be in a strong position to proceed with the tender.

**Evaluating Your Credit Score**

However, there is another factor to consider which may prove critical in the fate of any tender bid. Do not overlook the importance of the credit score of the business.

Credit score is a hugely important part of any tendering process, as public sector organisations and private sector businesses can and will check the credit information of businesses that have applied for tender. A poor credit score can often be a reason that many companies lose out or get rejected, for obvious reasons – it damages trust and creates doubt that a business is financially sound and reliable.

With this in mind, it pays to conduct a health check on your business’ credit score. Experian’s My Business, Profile service helps thousands of business owners, operating in a range of industries, to check their credit score. It also advises on which areas need to be improved on before the business applies for tender, which can resolve any potential problems before they arise during the evaluation process.

In addition, the same tool can calculate the reputation score of a business’ online reputation, which is calculated through a combination of online customer reviews and overall online presence. It can reveal how well a business appears in search engine results and how accurately it is listed on major websites – this is important because prospective buyers will certainly take the time to research your business to find out more reputation, standing and trust.

**The Tender Process**

Preparation work completed, the tender process comes next. In some cases though, there is a stage before the official tender.

There are usually two main types of tender process:

**Open tendering**

This is a one stage process where interested parties respond to a tender opportunity. Purchasers may send out a RFP (Request for Proposal) or Invitation to Tender (ITT).

**Restricted tendering**

This is a two stage process where interested parties are invited to complete a Pre-Qualification Questionnaire – PQQ. After successful completion, those who meet the criteria will be invited to tender.

There is sometimes a third. Negotiated tendering is a contract made directly between a client and a contractor without a competitive bidding process. This is used predominantly to procure services in specialised areas.

**What is a PQQ?**

A Pre-Qualification Questionnaire – PQQ – is a questionnaire that suppliers and contractors may be asked to complete before bidding for work. It’s used when large numbers of applications for tender are received, and designed to reduce that number of potential suppliers and assist with the creation of a shortlist. The suppliers on that shortlist will then be asked to tender for the contract in question.
It may appear in the format of a questionnaire and be relatively simple to complete but it’s also an opportunity to market your business and promote your suitability to be involved in the tender process, as well as creating a good impression. Usually, a PQQ will ask questions about, and expect further information on, the following areas:

- **Corporate Information** – Full name of company, area of activity, names and details of directors.
- **Financial standing** – Copies of audited annual reports and accounts, details of company’s insurance cover.
- **Experience** – Details of contracts awarded for similar services.
- **Ability and capacity** – Number of permanent employees, staff turnover, qualifications of key personnel expected to work on the contract.
- **Quality standards** – Whether an organisation is quality assured to an accredited body, or has an environmental policy.

**The tender document**

Either after successfully passing the PQQ or being invited directly, your business will receive an invitation to tender. Whereas the PQQ asked for an outline of what it is you do and how your business is structured, the tender document will ask for a deeper level of information – most critically, how you propose to meet the needs of the customer and the contract. This is a competitive process, remember, so a complete and thorough demonstration of the capabilities, skill and value you will offer is required. It is an opportunity to sell the very best of the business.

Any proposal will be dictated and driven by the tender document, so you must meet all requirements. There is usually a chance to ask questions of the buyer to clarify any points you may be unsure of. For transparency and fairness, the answers may sometimes be shared with all parties involved in the tender to ensure no-one has an advantage.

Writing a tender is a real skill – winning a tender does not come down to luck. You should provide informative and clear information, and provide evidence to support your bid wherever possible. Every question – which have all been included for a reason – needs to be answered.

If you are preparing for your first tender, it may be worth consulting a company which can advise on best practice and even recruit a specialist bid writer to assist with the process. Again, these are pricing factors which need to be taken into consideration before applying for tender – is the investment in external support worth it, in the long run?

The critical areas most tender documents will require answers to include:

- An explanation of how you would manage the contract
- A demonstration of your experience, expertise and skills
- Your pricing – a quote for the work
- An outline of a schedule for the work

**What is a quality statement?**

A quality statement is a document that details the expertise and experience a business can bring to a project. *Marketing Donut* states: ‘You may already have a quality standard for general use in your business or you can create one as part of your response to a tender. It should help to convince the buyer that you are the right supplier for their needs. A quality statement lays out your firm’s working practices and commitment to providing a good service. It should explain how effective and efficient your methods of carrying out the project will be.’

**Supporting documentation – ISO certification**

Some tenders may request details of ISO Certification – and increasingly, this is seen as an essential not a luxury when it comes to the tender process. ISO stands for International Standards Organisation and if your business holds ISO Certification it confirms that you...
manage processes and services to an agreed standard; that the business has been verified. As such, tendering bodies place significant weight on a company holding ISO Certification. While being without it does not automatically mean a business will lose a tender, it certainly increases the chances of it being rejected – perhaps even at the PQQ stage. If every other business applying for tender holds ISO Certification, you will be at a disadvantage.

**Popular standards include:**
- ISO 9000 – Quality Management
- ISO 14000 – Environmental Management
- ISO 45001 – Occupational Health and Safety
- ISO 27001 – Information Security
- ISO 26000 – Social Responsibility
- ISO 50001 – Energy Management

The tender document will state the deadline for submissions of all documents. Be aware that this is a hard deadline and must be met at all costs to be considered valid. There is no room for manoeuvre and often there may be a stated time, too – which may not be the end of the working day. You must ensure your document is received before then, so it may be worth despatching a day or two earlier to be sure.

**Tender Scoring**
When all tenders have been received, there will be an evaluation process to look at all bids and complete tender scoring. The ITT – Invitation to Tender – document will specify the scoring system so all bidders are aware of how their application will be judged.

Commonly, it is split between two main areas – Price and Quality. Some procurers may start with a 60% weight on Price and 40% weight on Quality but this may be different from procurer to procurer. A frequently used system is known as Most Economically Advantageous Tender (MEAT).

An example of Tender Evaluation Methodology can be viewed here by Staffordshire County Council.

The scoring and evaluation exercise is to select the tender which provides the best value for money at best overall cost – an overall conclusion drawn from analysing quality, cost, delivery, risk and performance.

The evaluation team or board will then make its recommendations as to which bidder has made the strongest tender, and inform all parties about its decision.

**After The Tender**
No business will ever win every tender, and rejection and disappointment is a natural part of the process. For any business which is unsuccessful, it’s critical that feedback is received, as this information will help to inform and guide for any future tender. This is the right of the business to request and public sector bodies must provide feedback within 15 days of any such request.

It’s important to remain positive in the face of being unsuccessful and focus instead on what was not quite right about the tender and which areas need focus ahead of the next bid. Advice from Tenders UK is to ask the following questions:

- Did you meet all the requirements for eligibility?
- Did your document provide everything as requested?
- Did you hit all the deadlines required?
- Did you provide all the necessary information relating to pricing, your strategy and company background?
- What was it that led to your bid being rejected?
- What could you do differently, next time, to secure a positive response?

Gain as much information as possible, and use it to inform the next tender the business is involved in. With experience, knowledge, persistence and no little skill, you can perfect the tender process and win lucrative contracts.

Good luck!

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Further Reading & Useful Contacts
- Marketing Donut – Tendering for Contracts
- Experian
- GOV.UK
- Sell2Wales
- Public Contracts Scotland
- eSourcingNI
- Tenders UK
- Knowhow Nonprofit
- Crown Commercial Service

Sources:
http://www.marketingdonut.co.uk/marketing/sales/tendering-contracts
http://www.marketingdonut.co.uk/marketing/sales/tendering-for-contracts/ten-ways-to-win-public-sector-contracts
https://knowhownonprofit.org/funding/service/tendering/tendering
https://www.gov.uk/contracts-finder
http://www.slideshare.net/TenderProcess/tender-process-27847746
http://www.executivemc.co.uk/resources/bid-writing/how-to-tender-basics/
https://www.gov.uk/tendering-for-public-sector-contracts
http://www.investopedia.com/terms/t/tender.asp
https://www.gov.uk/become-a-supplier
http://www.br british-assessment.co.uk/guides/guide-to-pqqs/
http://www.royalgreenwich.gov.uk/downloads/file/240/pre-qualification_questionnaire_sample
http://www.iso.org/iso/home/standards.htm
Experian My Business Profile

Access your business credit score & unlock new opportunities for your business

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