

Tendering essentials guide

Your guide to preparing
contract-winning bids

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In this guide, we explain the tendering process and how you can write successful bids.

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What is tendering?

Tendering is the process by which a buyer invites suppliers to submit a bid (tender) to provide goods or services.

This invitation is formally called a 'Request for Tender (RFT)', although may also be referred to as a:

- Request for Quote (RFQ)
- Request for Proposal (RFP)
- Request for Information (RFI)
- Invitation to Tender (ITT)
- Invitation to Offer (ITO)
- Invitation to Respond (ITR)
- Expression of Interest (EOI)

However, an RFT is very often referred to as a 'tender', the same term used to describe a supplier's tender (bid).

A supplier's bid can also be referred to as a 'proposal', 'submission', or 'offer'.

When a buyer publishes a tender, they may be asking for pricing, a formal contract, or just information on what can be supplied. Each tender can differ in terms of the information and documents required and the outcome of the request.

Who tenders?

Different forms of tendering are used in many types of organisations and industries, across all sectors (public, private and non-profit).

Tendering is particularly common for governments, councils and non-profit organisations. In most cases these entities are legally required to use the public tendering process for contracts over a defined value threshold, to ensure that the process is fair and unbiased.

Tendering is also common in industries like construction, engineering, information technology, and business consulting. The tendering process is frequently used any time the dollar value of the contract is high, or there is significant risk.

Why do people tender?

Buyers may decide to put a project 'out to tender' for a number of reasons, some of which are:

- To get the best value for money through healthy competition
- To ensure valuable contracts are awarded in a way that is fair and unbiased
- To minimise risk by using a rigorous screening process

Similarly, there are a lot of reasons suppliers tender, including:

- To build a pipeline of work in advance, to gain long-term financial stability
- To grow revenue – tendering is a lucrative industry, worth about \$60 billion annually
- To expand their business by building long-term relationships with buyers

Finding tenders

There are a number of ways you can find tender opportunities.



Monitoring sources yourself

The upside of monitoring sources yourself is that you can register to a lot of buyer websites and [e-tendering portals](#) for free, and receive email updates when new tenders are released.

However, this will require you to pay your staff to search for tenders when you could be paying them to write tender responses, provide your goods and services to customers, or deliver another important business function.

You'll also have to spend time [finding tender sources](#) in your industry. If you've registered to receive emails about new tenders from multiple sources, it will take you time to manage all of these emails and sift through each one to find any relevant opportunities.

This will involve keeping track of all the different tender sources, including login details, when certain sources need to be manually checked for new tenders etc.

Managing emails from a lot of different sources can quickly clog up your inbox, as you have to sift through a lot of irrelevant tenders to find ones you're interested in because most free options don't allow you to narrow down your search further than a broad industry category (e.g. 'cleaning').



Public notices

These are easy sources of new opportunities but will require you to read newspapers, trade publications and relevant websites to find them. But remember, in many industries only a small number of opportunities are actually publicly advertised.



Private invitations

In many cases, an opportunity won't be publicly advertised if it is below a certain dollar value. However, some buyers may always do business with a small group of preferred suppliers.

It is important you find out who the major buyers are in your industry and find out how they conduct most of their procurement. For many buyers the vast majority of tenders are issued via private invitation.



Tender notification services

Illion TenderLink's notification service informs you of public tender opportunities within your specialist industry area. This saves you the time and cost involved in finding this information yourself and, due to their high capture rates, provides you with the confidence that you are not going to miss opportunities. In addition to the thousands of external sources monitored, Illion TenderLink also provides e-Procurement websites for around 600 buyers across Australasia. As a notification subscriber, you will receive public tender opportunities originating from these websites.



03 Is this tender for me?

NOTICE EXAMPLE

[NAME] Council is seeking tender submissions from suitably qualified and experienced suppliers for the supply, delivery, installation, commissioning/certification, training and maintenance of explosive detection system (EDS) capable CBS X-ray equipment at [NAME] Airport.

The notice above is a typical summary notice you will either receive through the illion TenderLink e-notification service, or via a newspaper advertisement. Before you can decide whether it is worth obtaining the documents for this tender, you should identify the buyer's requirements from the summary. In the case above it is "...suitably qualified and experienced suppliers for the delivery, installation, commissioning/certification, training and maintenance of explosion detection system [EDS] capable X-ray equipment at [NAME] airport."

There are two key parts to this tender. Firstly, the supply of the equipment itself and, secondly its installation and maintenance. If you could do either one of these it may be worthwhile submitting a response, as long as you can partner with other organisations to subcontract or, alternatively, submit a joint tender response.

The notice also gives you a hint of other criteria that might be important: "suitably qualified and experienced" – this should alert you to the need to supply references and examples of similar work you have successfully completed. Most buyers will use a weighting system to determine the successful tenderer, so don't underestimate the importance of a statement like the last one, which in this case might be the most important deciding factor.

Having identified the criteria, you then need to determine what you can do yourself and if there are any gaps that can be filled profitably. For example, will subcontracting part of the works still enable you to submit a competitive bid and make a profit?

If the answer is 'yes', then download or request the documents.



04 Identifying the buyer's requirements

Before you start preparing your submission, break down the buyer's requirements into separate components. Using the example noted at the beginning of step two, these are:

- Supply
- Delivery
- Installation
- Commissioning
- Certification
- Training
- Maintenance

Each of those categories might also consist of separate sub-components. This is particularly important to understand, because you need to request prices from subcontractors for various elements. At this point, you should also make notes of anything you are unsure about.

Even with something as simple as a contract for earth moving, you can break down the work into components that document the process you go through, and then demonstrate ways in which you are superior to your competitors. For example:

- Site assessment
- Briefing meeting
- Earth moving
- Disposal
- Clean-up
- Make good
- Handover



TOP TIP

Structuring the requirements into separate components means you are better able to address the questions in the tender documents and also ensure your answers cover all the necessary parts of the tender.

Identifying the buyer's evaluation criteria

Buyers will use certain criteria to evaluate your bid. Common criteria include:



Cost efficiency

This does not necessarily mean the cheapest price. Buyers will often consider the total cost of ownership, rather than just the initial purchase price.



Bid compliance

Non-compliant bids won't pass the first evaluation stage gate. You must ensure you have signed and completed all the relevant forms and addressed all the evaluation/selection criteria, including pricing, insurance requirements, disclosure, reporting, intellectual property, warranties and OH&S.



Your viability

Buyers will also want to ensure that you are financially viable and have the resources available to complete the works. In some cases, there will be retentions in the contract for a period of time. Sometimes this amount could equal your whole profit on the job!



Your experience

Are you able to supply references for similar work you have successfully completed?



Added-value offerings

Do you have an alternative method of completing the work? In many cases, a buyer is looking for cost-efficient alternatives. If they don't specifically ask for them, always make sure you find out whether they will accept an alternative tender.



TOP TIP

Of course, not all the criteria will carry the same weight in some cases, the weighting will be specified in the project documentation; but if it isn't you will need to look at the RFT carefully for clues and also look at other information sources (e.g. the internet) to give you a better sense of the things that might be important to the buyer.

Determining the required skills and resources

At this point, you have identified the various components of the job and how your proposal to deliver these will be measured or evaluated.

Next, you must determine what it will take to address each component by listing all the skills and resources necessary to complete the work and identifying who (in the case of internal staff) and/or where (in the case of works requiring subcontractors) they will come from.

Also consider ways in which you think the work could be done better. If you can show that you can exceed minimum requirements and still provide a cost-effective solution, it will generally be very attractive to a buyer.

What skills/resources do you have available within your company?

What skills/resources do you need to acquire?

Who can you source them from?



TOP TIP

Once you have a list of requirements, you need to prepare your own requests for information and prices etc. Don't leave it until the last minute, as subcontractors will need time to prepare their submissions to you.

07 Supporting documents and clarification

Sometimes, a buyer will request specific documents be attached to the tender (e.g. reference or example). Make sure you comply with these requests, but also consider what other documents you could add that would support your case.

ShapeA word of warning: Don't just throw in a bunch of brochures and general information that isn't specific to the opportunity. Buyers are looking for people who meet their criteria. If you make it too hard for them to do this by having them wade through piles of irrelevant information – your submission may be passed over.

It is worth developing a set of standard information that is asked for in most tenders, for example:

- Company Structure - including list of directors
- Insurances - policy numbers and coverage
- Policies - OH&S, quality, environmental
- Accreditations
- Financial statements



TOP TIP

Remember, no matter what information you provide, it should be customised to answer a question or show how you meet the requirements of the evaluation criteria.

It is important to clarify things you are unsure of. If the purchaser has general briefings, make sure you attend or ask for a meeting (if it's appropriate). Purchasers who use illion TenderLink's e-tendering system often use online Q&A forums that you can participate in.

By not following up on things you are unsure about, you run the risk of making costly mistakes in your submission. Asking questions is also an opportunity to make your presence known to the purchaser.

Writing your bid

Buyers are looking for a supplier who stands out from the competition.

They are looking for companies who are customer-focused and innovative. Before you start writing, have a copy of the evaluation measures listed in the document in front of you. Then:

- Address each criterion as a heading in your response (or use a template, if it is supplied).
- Use clear, simple English to aid understanding.
- If the document uses certain keywords, reflect these in your response. For example, if the words 'cost-effective' are repeatedly used, make sure you use them wherever it is relevant. So, if you are discussing your management systems, part of the value from the client's perspective could be the fact that your systems enable you to be more cost effective.
- Give examples of how you have previously met the same criteria in similar jobs you have successfully completed - this is your opportunity to sell yourself. Written references from satisfied customers will add weight to this.
- Make sure you emphasise areas within your response where you have particular expertise.
- Never just say 'yes' in answer to a question - provide supporting information.
- If you can't do something, offer an alternative and explain why this is better. However, seek permission from the buyer if you are going to submit an alternative solution. In such cases most buyers will require you to submit a conforming tender as well.
- If you are including supporting documents, make sure you refer to them in your submission, otherwise they might seem irrelevant.
- Be careful not to overpromise. A buyer will 'blacklist' you if they find you cannot perform as promised.
- Don't use 'boilerplate' text. Customise your response to make sure it clearly addresses the relevant criteria.
- Before you submit your response have it proofread by someone other than yourself.
- Lastly, have someone critique your response. Is everything clear? Can it be improved? This is particularly important with your Executive Summary, which is your opportunity to sell yourself.



TOP TIP

Writing persuasively is a skill you can learn - it just takes a bit of practice and, above all else, a good understanding of the target audience for your communication.

Bid checklist

Have you addressed all the key criteria?

Use your checklist and tick off each item.

- ☐ Is your response in the required format?
If a format has been specified, make sure you follow it.
- ☐ Have you completed the relevant schedules?
Often schedules and other content are separated and reviewed by different people. If you have included the schedule information in the body of your response but not completed the schedule, your tender could be discarded.
- ☐ Have there been any amendments to the original request?
If so, have you addressed these in your submission?
- ☐ Have you included all the required supporting documents?
Sometimes you may be asked to name the submission files in a certain way. Make sure you understand what documents are required and how they are to be presented.
- ☐ Have you clearly demonstrated your ability to do the work?
Just saying you can do it is not enough. You must provide supporting evidence.
- ☐ Have you double-checked all your pricing and expressed it in the format requested?
- ☐ Have you contacted any referees to make sure they are happy to answer questions if they are approached?
- ☐ Are you offering an alternative bid?
If so, have you sought permission and determined whether you must also submit a conforming one?
- ☐ Have you proofread your submission and had someone else review it for you?



10 Bid submission

The global trend is toward electronic response submission. Some buyers allow multiple submission methods, while others allow only one. Make sure you comply with the stated method.

There are three main ways to submit a bid response.



- 1) By hard copy to a physical tender box.
- 2) By email.
- 3) By uploading your response files over the internet into an electronic tender box.



TOP TIP

Irrespective of the required submission method, one golden rule applies:

Give yourself enough time.

If it has to be delivered to a physical tender box, make sure you allow enough time for you (or a courier) to get there. Allow extra time for traffic congestion and other unforeseen delays (e.g. flight cancellation).

If you are submitting electronically, be aware of the time it will take to upload your documents. This time will vary dramatically depending on your technical ability, the speed of your connection, the size of your files and the current load on the system you are trying to submit to. You can't afford to be late, so give yourself enough time.

Outcome - review and refine

If you were the successful bidder, congratulations! But if you weren't, you shouldn't view it as a failure.

Now is the time to critically review the process you have been through.

- What did you learn that could help you with future submissions?
- What contacts have you made?
- Have you built credibility with the buyer so that you get included in future select tender opportunities?

Make sure you review your internal processes as well as request feedback from the buyer after each submission. Some buyers will be more forthcoming than others about commenting on unsuccessful bids. But, at the very least, you will have shown a keen intention to improve and you will have made another connection to add to your network.

The process of reviewing and refining is a way to close the loop and to ensure that you get better with each submission. If your process stops at the tender box, then you've missed the opportunity to learn how to become more successful.

You need to have systems in place to ensure that future submissions don't repeat the same mistakes.



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Notes

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