



The BUILD to Win Guide to Winning Tenders

Building Locally Competing Globally

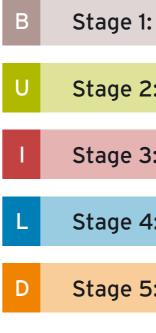
# **Contents**

Contents

Forewor

Introduc

Key Tips Tenderin



Summary

This publication has been prepared for Invest NI for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

PricewaterhouseCoopers LLP does not accept or assume any liability or duty of care for any other purpose for which this publication may be used or in relation to any other third party or other person(s) or organisation(s), who may read and / or rely on this publication, save where expressly agreed in writing with PricewaterhouseCoopers LLP.

The reader is therefore advised to seek their own professional advice before placing reliance upon the contents of this publication. Further this publication has been produced subject to important qualifications, reservations and assumptions and, without prejudice to that set out above, it should be read in the context of those qualifications, reservations and assumptions.

March 2009

S	1
d	3
ction	4
s for Good ng Practice	6
Believe	7
: Understand	11
: Investigate	13
: Leverage	17
: Delivery	20

ODA SUPPLY CHAIN COMMON MINIMUM STANDARDS WINNING 2012 GAMES TENDERS GOVERNMENT PROCUREMENT EXCELLENCE HINNER IN CONSTRUCTION CONSTRUCTION 

SKILLS BUSINESS COMMON MINIMUM COMMON MINIMUM STANDARDS STANDARDS 2012 GAMES COMMON MIN COMMON MINIMUM STANDARDS STANDARDS D12 GAMES

GOVERNMENT ) CUREMEN<sup>®</sup> PROCUREMENT EXCELLENCE WEINDERS ONSTRUCTIO CONSTRUCTION STRUCTION

COMMITMENTS MANAGEMENT MANAGEMENT REGULATIONS REGULATIONS CONSTRUCTION CONSTRUCTION SKILLS

CONSTRUCTION SKILLSBUSINESS COMMON MINIMUM STANDARDS 2012 GAMES COMMON MINIMUM STANDARDS VERNMENT PROCUREMENT CELLENCE ONSTRUCTION COMMITMENTS MANAGEMENT REGULATIONS CONSTRUCTION SKILLSE

ODA SUPPLY CHAIN COMMON MINIMUM **SKILLS**B 12 GAMES SKILL

GAMESTENDER FRNMFNT UREMENT CONSTRUCTION COMMON MINIMUM STANDARDS 2012 GAMES 2012 GAMES MMON MINIMUM FRNMFNT DCUREMENT MANAGEMENT **REGULATIONS** CONSTRUCTION

**GOVERNMEN** 

MANAGEMENT

REGULATIONS

TENDER

S

**D** 

5

GAM

012

Ň

OCUREMENT

SIG

لىا

#### П Dà ZQ αr ШΟ ທ≥ ر ک >0Ζ zυ Ο ОШ 0 00 **M** ΩΟΞΩΤΫ $\boldsymbol{\omega}$

# Foreword

Are there opportunities for your company to win contracts for the supply of products and services for the London 2012 Olympics? Northern Ireland companies have already won contracts on the construction phase of the project and the opportunities for further business will grow as we move towards 2012.

Invest NI is supporting local companies as they prepare to compete for 2012 business. We commissioned PricewaterhouseCoopers to work with client companies to help them bid successfully. As a result we've produced the 'BUILD to Win Guide to Winning Tenders' which is explained in this brochure. The "BUILD" approach will help you to bid for Olympics work, and will also help you take a professional approach when tendering for other projects.

Over the last couple of years, Invest NI has been highlighting opportunities for local companies relating to London 2012. For example, we launched the CompeteFor web portal for 2012 tenders in April 2008. To date some 700 local companies have registered on the portal and are bidding for contracts on a daily basis. Around 2,200 tenders

SKILLSBUSIN

COMMON MINI

REGULATIONS

SKILLS

SKILLS BU

**COMMON MINIMUM** STANDARDS 2012 GAMES 2012 GAMES **COMMON MINIMUM STANDARDS** WINNIN 2012 GAMESTENDERS GOVERNMENT PROCUREMENT **EXCELLENCE** IN CONSTRUCTION PROCUREMENT CONSTRUCTION COMMITMENTS MANAGEMENT COMMITMENTS 2012 GAMES REGULATIONS MANAGEMENT GOVERNMENT CONSTRUCTION CONSTRUCTION CONSTRUCTION **SKILLS** BUSINESS SKILL SB 

have been posted on CompeteFor with up to 8,000 more projected for the next two to three years. It is vitally important that your business gears up now to be able to bid for these tenders.

Invest NI's Trade team has been helping companies to identify contracts and to sharpen their capability. In October and November 2008, 96 companies received training on developing their approach to tendering for 2012 contracts.

To further support our clients, we've included Olympics related pages on our website www.investni.com/2012games. These web pages have information and guidance to assist companies to access tenders, find other relevant information, and to prepare professional bids.

We commend the 'BUILD' document to you. We're confident you will find it an invaluable support tool, and we would welcome your feedback and comments on it.



**ODA SUPPLY CHAIN COMMON MINIMUM** STANDARDS WINNI 2012 GAMES TENDE GOVERNMENT PROCUREMENT CONSTRUCTION EXCELLENCE CONSTRUCTION SKILLS BUSINESS COMMON MINIMUM STANDARDS 2012 GAMES 2012 GAMES COMMON MINIMUM PROCUREMEN STANDARDS WINNING MANAGEMENT REGULATIONS CONSTRUCTION IN CONSTRUCTION IN CONSTRUCTION USINESS CONSTRUCTION SKILLS ONSTRUCTION I UULS COMMITMENTS CONSTRUCTION TOOLS

SKILLS BUSINES STANDARDS 2012

SKILLS BUSH

MANAGEMENT MANAGEMENT CONSTRUCT REGULATIONS REGULATIONS CONSTRUCTION CONSTRUCTION CONSTRUCTION SKILLS BUS

SKILLSE COMMON MI 2012 GAMES IN CONSTRUC

3

# Introduction

# What is the BUILD to Win Guide to Winning Tenders and how should it be used?

BUILD to Win has been developed for Invest NI to support its trade development programme for the 2012 Olympic and Paralympic Games in London. Invest NI is actively promoting the opportunity for local businesses to tender for contracts procured under the main building programme at the Olympic Park site in Stratford, London. Invest NI aims to help local companies research and identify suitable tender opportunities, as well as helping them understand the typical procurement methods being adopted by the awarding organisations. As part of this support, BUILD to Win has been developed to provide local businesses with practical steps and guidance that can help them to adopt a professional and competitive approach to tendering for suitable opportunities under London 2012.

BUILD to Win has been designed to help your company to develop and select tender opportunities that are best suited to your individual strengths and service/product offering. By following the five stages outlined in the BUILD Model you should be in a stronger position to assess a tender opportunity and bid for only those opportunities that you BELIEVE you have the necessary track record and skills to win.

1	В	Believe: Understand your current position
2	U	<b>Understand:</b> Your operating environment & what impact it is having on your business
3	I.	<b>Investigate:</b> The opportunities in the market place to meet your current capabilities
4	L	Leverage: Your strengths to maximise the opportunities in the market place
5	D	Deliver: Know when you have performed well or need to

It is important for any company, large or small, experienced or inexperienced, to assess the feasibility of a tender and its ability to win that tender PRIOR to committing valuable resources to a formal tender process. This is particularly important if a company is targeting tender opportunities in new geographic markets, or with new clients and industry sectors. This might well be the case for your company when targeting opportunities under the London 2012 main build programme.

The information, tools and techniques outlined in

the 5 stages of BUILD to Win should be used for guidance and are not designed to be an exhaustive or prescriptive list of criteria. It is recommended that you carry out more detailed analysis around those points and issues that are most important or relevant to your business and a particular tender opportunity.

improve

BUILD to Win may also be useful as a template to identify potential areas for your own organisational development. This will ultimately help your business to become more competitive and therefore tender for work more successfully.

# **Overview of BUILD to Win**

The diagram below sets out the structure and objectives of BUILD to Win in more detail.

Stages 1, 2, 4 and 5 are recommended steps and should add value to the process of assessing tender feasibility, bidding competitively and managing contract delivery. However, they should not be considered as mandatory requirements to prepare a tender. Rather, they are there to promote best practice and to challenge you to consider how a particular tender opportunity supports your strategic objectives and what challenges you might

Stage	Your Focus	Stage Heading	
			This stage will he current position
Stage 1	Internal	Believe	The desired resu you can WIN!
			The focus at this capabilities withi
Stage 2	External	Understand	This stage will he within the wider compete against
Stage 3	Internal & External	Investigate	This stage will he opportunities by believe you can v
	Negotiation		This stage will he your strengths v
Stage 4	Strategy	Leverage	In terms of your which will weake
			This stage will he
Stage 5	Metrics & Improvement	Deliver	This should prom performance is b
			Showing a poten aid confidence a

BUILD to Win provides a structure and approach that should help you to understand your current situation, with a view to helping you to communicate your value to potential buyers, to develop an appropriate tender strategy and to carry out due diligence and planning to ensure that you are in a position to submit a strong face in tendering for this opportunity and delivering the contract if successful.

Stage 3, on the other hand, should be considered as a mandatory step for each tender opportunity, as it concentrates on the recommended activities and requirements needed to bid competitively, regardless of experience and familiarity with the client.

## Stage Overview & Objectives

help you to gain a strategic understanding of your company's h before you invest time or resources in a tender process.

ult should be that you select tenders which you firmly believe

is stage is to help you to understand your company's nin its operating environment.

help you to understand where your company is positioned r market and in relation to the companies that you will st.

nelp you to match your internal strengths to external y selecting and initiating tender processes which you firmly win (based on Stages 1 & 2).

help you to develop a negotiation strategy that makes use of versus your competitors' weaknesses.

r own weaknesses you should have identified action steps en the buyer's negotiation position.

help you to benchmark your performance.

mote a continuous improvement approach and aid action if below the required standard under the contract terms.

ntial buyer that you have performance metrics in place will and belief in your ability to deliver the contract.

bid for each tender opportunity.

The following information, tools and techniques contained in BUILD to Win are designed to help you address the core objectives for each of the five stages.

# Key Tips for Good Tendering Practice

Before you begin to work through BUILD to Win in detail, it is worth highlighting some of the fundamental steps that you need to consider once you have decided to enter a formal tender process. The following list provides an overview of good practice principles that you may wish to adopt to help with your tender submission. These principles should apply to most tender opportunities and not just those related to London 2012.

# Make sure that you familiarise yourself with the awarding organisation

For London 2012 there will be a range of awarding organisations, including the Olympic Delivery Authority (ODA), London Organising Committee for the Olympic and Paralympic Games (LOCOG), Tier 1 contractors (those contractors working directly for the ODA & LOCOG) and Tier 1 contractors' suppliers. Each organisation is likely to have different procurement needs, processes, procedures and policies. It is important that you understand and familiarise yourself with this information for the awarding organisation of a tender, so that you can tailor your submission appropriately. This type of information can normally be found on the organisation's website or appended to the tender documentation.

#### Make sure you know what process the tender will follow

Tender processes can vary, depending upon the type, value and complexity of the contract and also the type of awarding organisation i.e. public or private sector organisations tend to run different procurement processes. Stage 3 of BUILD to Win covers tender processes in more detail, however, it is essential for you to know if you are tendering under a restricted or open tender basis. An open tender basis will allow all interested parties to submit a tender, whereas a restricted process will run a pre-qualification process which will allow only a certain number of companies to tender. You need to know what type of tender process will be followed and what will be expected of you to take part before committing to the tender.

### **Pre-qualification Questionnaire** If required, make sure you complete the necessary pre-qualification process

If you are required to complete a pre-gualification process, which is normally based upon a pre-gualification guestionnaire (PQQ), you should make sure that you have received all the documentation required to complete the process. A PQQ will normally require you to complete a guestionnaire, providing the awarding organisation with information about your company's financial, legal, commercial and technical status/capabilities. You should complete all mandatory questions in the PQQ and it is good practice to provide additional information where requested as well. Ensure that all sections are completed concisely, using only relevant information and examples. It is not good practice to leave questions blank, as this may have a detrimental effect on your submission. The PQQ is normally evaluated by the awarding organisation using set criteria and scoring mechanisms. Information regarding how the PQQ will be scored and the criteria to be assessed should be available from the awarding organisation and you should ensure that you have reviewed this information, understood clearly what is required, how it will be evaluated and tailored your PQQ submission appropriately to score as highly as possible.

Information regarding the PQQ process for opportunities advertised on CompeteFor, the main business portal for London 2012, can be accessed on the website once you have published your business profile and registered your interest in a particular tender opportunity. Typical information requested at PQQ stage will include financial details (such as turnover, profit, audited accounts), insurance details, project examples and references, details of current/forecast workload, health and safety policy, quality management systems/policy, details of environmental and sustainability policies, details of your subcontractors and suppliers, organisation/management charts and method statements. Please note that this is not an exhaustive list and PQQs vary in length, content and detail depending upon specific client and project requirements.

You will need to complete the PQQ in full and on time to be considered for inclusion on the final tender list.

# Understand the invitation to tender (ITT) and tailor your submission

If you have been invited to tender, normally referred to as the ITT stage in a tender process, you should consider the following points before preparing your submission:

#### Information

a) Make sure you have all the information you require to prepare the tender in full - drawings, specifications, programmes, site plans, methodologies, awarding organisation's policies and requirements.

### Team

**b) Reconfirm** your tender team, programme and strategy. Make sure you have the resources and skills available to complete the ITT in full and on time.

#### Invitation to Tender

c) If you do not understand the ITT clearly, or appear to be missing information, **seek clarification** from the awarding organisation using the contact details provided. Request a site visit and/or the additional information you require. Note that information requested may not be available.

#### Tender Assessment

**d)** As with the PQQ process, your tender will be assessed using set criteria and scoring mechanisms. The ITT should contain information explaining what criteria will be used and how they will be scored to evaluate your tender submission. Make sure that you have reviewed this information, understood clearly what is required, how it will be evaluated and tailored your tender submission appropriately to score as highly as possible.

### **Commercial and Technical**

e) Most ITTs require commercial and technical information to be provided, as well as other information deemed necessary to evaluate your submission. Make sure you provide the requisite level of information for each section. As with the PQQ, it is not advisable to leave out specific tender requirements in your proposal as this will reduce the score your submission can achieve.

#### **Tender Submission**

**f) Make sure** the closing date for the ITT is feasible for your company and clarify how the tender will be submitted. If you are planning to tender for opportunities with the ODA and LOCOG, you will need to be familiar with submitting your tender electronically using the eTenders website. Whether you are submitting an electronic or paper copy of your tender, try not to leave it to the last minute. Tenders submitted after the deadline will not normally be considered; in the case of public sector contracts, late tenders will not be considered at all.

#### Request feedback from your PQQ and tender submissions

Whether you have been successful or not, it is good practice to request feedback from the awarding organisation regarding your PQQ and tender submissions. This will allow you to understand where you are performing well and where you need to focus your attention on improving for future tender opportunities. More understanding of your strengths and weaknesses will ultimately help you to perform better in the future.

All of the principles covered in this section will be reviewed and discussed in more detail later. Stage 3 in particular will provide more information on tendering processes and approach.

# Stage 1: Believe

#### COMMON MINIMUM STANDARDS 2012 GAMES

2012 GAMES COMMON MINIMUM STANDARDS WINNING 2012 GAMESTENDERS 2012 GOVERNMENT PROCUREMENT 2012 GA EXCELLENCE IN CONSTRUCTION PROCU CONSTRUCTION EXCELL

CONSTRUCTIOI Skillsbusines NT SKILL ENT COMM STANI TION 2012 TION COMM TION STANI NTS 2012

LUNS IRUCTION SKILLSBUSINESS COMMON MINIMUM TOOLS 2012 GAMES 2012 CONSTRUCTION SKILLSBUSINESS

SUNNING TENDERS 2012 GAMES ODA SUPPLY INNING TENDERS 2012 GAMES ODA SUPPLY OD GAMES 2012 GAMES 2012 GAMES 2012 GAMES 2012 GAMES CONSTRUCTION 2012 GAMES DESIGN 2012 GAMES

REGULATIONS

KEGULALIONS COMMON MINIMUM STANDARDS CONSTRUCTION CONSTRUCTION DESIGN 2012 64MES MANAGEMENT FROULATIONS GOVERNMENT PROCUREMENT EXCELLENCE IN CONSTRUCTION CONSTRUCTION

# Stage 1: Believe

# The Objective

The main objective of the BELIEVE Stage is to help you understand in more detail how your company is organised internally, with a view to identifying specific strengths and weaknesses which you should leverage or address.

# The Approach

There are two tools which have been adapted to suit

this section of the methodology and they are a SWOT Analysis and Porter's Value Chain Analysis.<sup>1</sup>

The following SWOT analysis table should be used as a starting point for you to assess your internal strengths and weaknesses, in addition to recognising external threats and opportunities that are likely to have an impact on your business and the specific tender opportunity.

SWOT ANALYSIS		
Internal		
Strengths	Weaknesses	
What are your company's unique selling points? Experience, reputation, resources, track record, innovative service/ product, value for money?	Perceived gaps in your capabilities? Experience, reputation, resources, track record, value for money?	
Do you have experience of this type, size and complexity of project? Backed up with references?	Do you require specific accreditations? Such as ISO, FSC (Forestry Stewardship Certified for timber products)	
Have you won industry awards for your service/product? Do you have relevant accreditations, such as ISO for Quality?	Do you have the financial standing to support the associated tender and contract delivery costs?	
Are you innovative? Do you have an innovative service or product that is market leading?	Your supply chain robustness? Are your suppliers able to stand up to scrutiny from your client? Will they deliver against the tender requirements?	
Do you have the best assets (people? production? knowledge?)	Do you have a poor credit history and/or credit rating?	
Ext	ernal	
Opportunities	Threats	
Are your competitors going bust? Opportunity to pick up business, break into new clients?	Are there any political issues impacting your buyer or project?	
Are global influences, such as sustainability, promoting demand for your service/product?	Do you need to have industry specific accreditations, trade licences or endorsements?	
Have you considered using partnerships, agencies, joint ventures as a route to market? Have you established client contacts that will support your bid and credibility?	Will a change in banking conditions impact upon your business? If debt interest payments increase is your cash flow strong enough to take on the project?	
Do the local suppliers/competitors offer poor quality and service?	Do global influences present a risk to your client and project? Such as recession?	

In addition to the SWOT analysis, you could use the following framework based upon Porter's Value Chain Analysis to make a more detailed assessment of your internal organisation and performance.

internal organisation and performance	e. activities of your bu	
What are you	r main activities and how do you n	nanage them?
Primary activities		
Inbound Logistics	Operations	Outbound Logistics
What are your supplier terms? Will your suppliers go back-to-back on the tender contract terms?	How do operations communicate with sales? Work scheduling, reporting, meetings?	What are your payment terms? Are they manageable and aligned with your supplier terms?
Do you store stock? Do you have significant working capital tied up in stock?	Do you own plant/machinery?	How are deliveries scheduled? Manual or electronic management?
How much stock do you hold?	Is this plant/machinery fully amortised? If not, what charges are left to depreciate?	How does a customer communicate deliveries to you?
Have you operated JIT (Just In Time) before? Can you minimise stock, release working capital, ease cash flow?	Is your plant/machinery market leading, up-to-date and in safe working condition?	How is good service measured? Can you provide evidence of what good service is? Customer feedback and references?
Do you use technology to schedule deliveries?	Do your staff need special training to operate the plant/machinery?	From delivery to invoice, how long does it take? Can this be speeded up via other means?
Is inbound different from outbound logistics?	Do you employ directly, sub-contract or outsource your labour?	
Do all goods delivered form part of the production process, or can you deliver some items directly to the customer?	How do you manage the quality of product/service delivery? Do you have a recognised Quality Management System?	
What performance measures have you in place? Percentage of deliveries on time and complete for example?		
Marketing & Sales	Service	
Who do your sales staff report to?	Do you have a customer service department, or team that handles customer queries?	
What is their performance measured on? For example, value of sales, sales margin or sales volume?	Who do they report to? How do you manage customer complaints?	
Do you incentivise your sales team? Do you offer a performance related bonus?	What is good customer service? Do you know what your customers perceive to be good and bad about your service?	
	Can you quantify the cost of bad service?	
	How do you compare against your competitors?	
	Do you provide service outside of office hours? Primary account/ relationship managers?	

The framework is divided into two sections - Primary business activities that focus on production/operations and Support activities which support the primary activities of your business.

their entirety or in relevance. However, it is a logical starting point to benchmark your performance against the competition and your market's expectations.

	Support Activities	
Firm Infrastructure	Technology Development	Human Resource Management
Do you have documented and clear organisation charts?	How do you manage your invoicing? Can you improve speed, accuracy and functionality?	Do you have any gaps in your current team?
Does each member of staff have a job description and defined role?	Are you capable of using e-banking, e-procurement, e-tendering?	Do you perform staff appraisals? Proactively manage staff performance?
Does your company have individual performance metrics?	Have you experience of handling different currencies?	Do you regularly train staff? What budget do you allocate and how are training needs identified?
How often are these reviewed?	Can you use technology to manage your supply chain partners and performance?	Do your staff have relevant professional memberships? Engineering, Health & Safety, industry unions or professional bodies?
How are decisions communicated to your staff?	Do all staff have email access on site?	
Do you have a public relations contact? Generate positive news and manage negative PR?	Do you have updated security on all PCs/laptops? Data and IP protection.	
	Do staff outside of the office have computer access?	
Procurement	Finance	
Who is responsible for buying goods? Centralised/site based?	What is your purchase to sale lead time?	
Who is responsible for buying services? Centralised/site based?	What is your ratio of debt to sales?	
Do you have a procurement and/or sourcing strategy?	Do you have an overdraft? How much?	
Are your procurement staff purely operational?	What are your fixed costs?	
Do you negotiate on cost or total value?	What costs vary with each job?	
What is the value of your total spend?	Have you a good credit history and current credit rating?	
Have you sourced internationally? Do you need new suppliers to deliver this project?	What is your relationship like with your bank?	
Do you source locally?	Who are your main shareholders?	

# **The Expected Outcome**

Once you have completed both of these exercises you should have a much clearer understanding of your organisation, including core production and operational activities and how they are managed. Through this level of understanding, you should be able to identify your strengths and where any gaps may exist in your current service/product offering for future improvement.

If you can articulate clearly your strengths, in addition to mitigating perceived weaknesses, you should be in a more informed position to select tender opportunities that you have the ability to win and deliver.

# Stage 2: Understand

COMMON MINIMUM STANDARDS 2012 GAMES STANDARDS 2012 GAMES

IN CONSTRUCTION PROCUREMENT CONSTRUCTION PROCUREMENT CONSTRUCTION EXCELLENCE INVESTIGATION OF A IN CONSTRUCTION EXCELLENCE INVESTIGATION OF A COMMITMENTS CONSTRUCTION COMMON MINIMUM P COMMITMENTS CONSTRUCTION STANDARDS WINNING F MANAGEMENT COMMITMENTS 2012 GAMES TO CONSTRUCTION MANAGEMENT COMMITMENTS CONSTRUCTION STANDARDS WINNING F REGULATIONS MANAGEMENT PROCUREMENT CO SKILLS BUSINESS SKILLS BUSINESS CONSTRUCTION OF A CONSTRUCTION FOR SCIENCE IN CONSTRUCTION OF A SKILLS BUSINESS SKILLS BUSINESS CONSTRUCTION SCIENCE IN CONSTRUCTION CONSTRUCTION OF A CONSTRUCTION CONSTRUCTION IN CONSTRUCTION CONSTRUCTION CONSTRUCTION OF A SKILLS BUSINESS SKILLS BUSINESS CONSTRUCTION SCIENCE IN CONSTRUCTION CONSTRUCT

zυ ОШ

G 

>0 OŨ OL 00 ๛๛๖๗๛

# Stage 2: Understand

# The Objective

The main objective of the UNDERSTAND Stage is to help you to understand better where and how your company fits in to its external operating environment. This phase in the model may also help to identify potential weaknesses or gaps within your company's current operating model, building on the work already undertaken in the BELIEVE Stage.

# The Approach

PESTEL<sup>2</sup> analysis is a simple and effective way for you to quickly assess your external operating environment, which will help to provide an insight into potential barriers to market entry, as well as opportunities and threats in relation to a tender opportunity.

When assessing your external operating environment, consider the following:		
Political	Economic	Social
Do you have any support from local or national government? For example, Invest NI?	Will an economic slowdown impact on your business's performance under this contract?	Do you have an emphasis on health and safety? Do you have recognised accreditations, records of training and adherence?
Will your business generate positive PR through this contract for you and other stakeholders?	If interest rates go up can your business afford its repayments? Will cash flow be an issue?	Will you be promoting local business? Be eligible for financial support?
Will it generate negative PR? Is the reward worth the risk? Can you mitigate the negative impact?	Will a weakening £ pound impact on your business? Promote export sales? Increase cost of production?	Are you creating a role model for other companies? Can you provide knock-on opportunities for other local companies?
Are there any trade restrictions on your product? Customs duties, embargoes?	How can you safeguard against rising price inflation of materials and labour? Price escalation options? Forward buy?	Will you be working in a different country or culture? Are you experienced in operating in this environment?
Do you have a culturally and religiously diverse workplace? Do you monitor the diversity of your workforce?		
Technological	Ecological	Legal
Are you using the best technology?	Does your product /service have an	Have you experience of contracts of
Can your business use e-solutions to tender, manage suppliers and monitor contract performance?	adverse impact on the environment? If so, how do you market/mitigate this to your clients and other stakeholders?	this size and complexity? Are the terms and conditions standard, recognised versions? (e.g. NEC)
tender, manage suppliers and monitor	so, how do you market/mitigate this to	and conditions standard, recognised
tender, manage suppliers and monitor contract performance? Do you own innovations that will be used in the first instance on this	so, how do you market/mitigate this to your clients and other stakeholders?	and conditions standard, recognised versions? (e.g. NEC) Do you know your obligations for sub-contracting staff under
tender, manage suppliers and monitor contract performance? Do you own innovations that will be used in the first instance on this project? Unique selling point? Are there any barriers to market entry?	so, how do you market/mitigate this to your clients and other stakeholders? Do you know your carbon footprint? Can your product /service reduce	and conditions standard, recognised versions? (e.g. NEC) Do you know your obligations for sub-contracting staff under employment law? Do you know your obligations for indemnity cover and insurance cover

# **The Expected Outcome**

The UNDERSTAND Stage should help you to develop more targeted tender and negotiation strategies based upon increased understanding of the market you are operating in and your client's requirements. These in turn should match your strengths and Unique Selling Points, identified in Stage 1.

The UNDERSTAND Stage should help you to assess the suitability of a particular market and/or tender opportunity. It may also highlight areas within your organisation that require development to satisfy external market and/or customer demands, such as the legal, ecological or technological forces listed here.

# Stage 3: Investigate



#### STANDARDS 2014 ODA SUPPLY CHAIN 2012 GAMES **COMMON MINIMUM** COMMON MINIMUM GOVERNMENT Common minimun PROCUREMENT CONSTRUCTION 2012 GAMES SKILLS COMMON MINIMUM STANDARDS2126445 2012 GAMES IN CONSTRUCTION CURFMFN CONSTRUCTION COMMITMENTS STANDARDS MANAGEMENT 012 GAMES GOVERNMENT IANAGEMENT

**COMMON MINIMUM** 

REGULATIONS CONSTRUCTION

**NMENT** CUREMENT SKILLS

G ທ ZS ОЦ ŪΔ

ะ Zับ Zั 

NS MM S S >0 OL OĽ 00

# Stage 3: Investigate

# The Objective

The main objective of the INVESTIGATE Stage is to promote a consistent and best practice approach for you to assess the feasibility of a particular tender opportunity PRIOR to committing valuable company resources to a bidding process. The information and analysis completed in Stages 1 and 2 should help you to understand how a tender opportunity meets your own business's goals and matches your strengths. The INVESTIGATE stage should take this process one step further and help you to assess the feasibility of a tender and make an informed Bid / No Bid decision.

Unlike Stages 1 and 2, which may not be necessary for all tender opportunities, we consider the tasks

and requirements of this stage to be fundamental to preparing a compliant and winning bid. It should be completed, therefore, for every tender opportunity that you intend to bid for.

# The Approach

The following tables outline some of the main points that you should consider PRIOR to engaging in a formal tender process. This is not an exhaustive list, but is designed to make you think about whether or not you have the correct level of understanding of the tender itself and the capability to bid competitively and ultimately win the contract.

Do you understand the Buyer's procurement approach?		
	What is the procurement process for this contract? Is it competitive, restrictive, single action, PPP/PFI?	
	How long will the procurement process last? Are the timeframes manageable?	
	What will the purchase decision be made on? Cost, quality, service, speed, track record? Can you differentiate, or at least satisfy these requirements?	
Procurement	Is there a detailed tender specification? Do you fully understand the tender and contract requirements?	
	Will the client use an evaluation matrix to evaluate your tender? If so, do you know the criteria, scores and weightings to be used?	
	Are there pre-qualifying criteria and/or processes? Are you able to satisfy these requirements? How much will pre-qualification cost?	
Supply Chain	Are there pre-defined delivery parameters? Restricted delivery times to the Olympic site, for example?	
	Do you need to be based on the client site? Site accommodation? Will your staff travel on a full time basis?	
	Do the project lead times look feasible for your company?	
	Will your business model need to change if it wins this contract?	

	How are you managing
	Do you need to comm
People	Have you currently th Will you need to recru
	Are they familiar with
	Time? Do you have th Can you deliver on tin
Resources	Money? Can you take complete the tender?
	Expertise? Will you re during the recession?
	Have you experience Can you provide tangi
Track Record	Do you have a track r
	Have you a relationsh that can support your
	What are the risks in

	What are the risks i
Legislation	What legislation doe regulatory bodies, p
	Has your business e
	Is this legislation like
	How much will it cos Can you afford to be
Financing	What is the potentia Can you demonstrat
	How long are the pa
	Do you have a good you from the tender
	What is the tord
	What is the tende
	a) Restricted tende
	What is it?

	What is it?
	Companies hav
ypes of tender process	Then based on to enter the ter
	b) Open tender proce
	All companies t will be invited t
	There are no pr prior to submis

### jing the tender?

mmit a team to preparing the tender?

y the required people to make it happen? ecruit?

with the tender process and requirements?

e the time to complete the tender correctly? n time?

ake resources away from today's work to er?

u release any key staff (or already have) on?

nce of delivering this type of project? angible examples, references and case studies?

ck record with the target client? Or similar clients, projects?

nship with anybody else involved with the target buyer your tender?

### in the tender?

pes this tender impact on? For example, industry public sector requirements?

experience of delivering to these criteria before?

ikely to change before completion of the contract?

ost to complete the tender? be unsuccessful?

ial value of this contract? ate capacity to take it on?

payment terms? Do they pose cash flow risk?

od credit rating? Poor credit history may exclude er process.

### der process?

### der process

have to complete a pre-qualification questionnaire.

on this response companies may be invited e tender process.

## ocess

ies that request the tender documentation ed to tender.

o pre-qualification criteria or short listing mission.

What is the tender process? (continued)	
	Only usually used when the known market place is limited or change is needed.
Types of tender process (continued)	c) Negotiated tender process
(continued)	Also uses a pre-qualification stage.
	The buyer negotiates the terms of the contract within strict guidelines.
	d) Competitive Dialogue
	Used for complex contracts, usually major PPP/PFI type procurement processes.

Have you all of the	information you need to make a bid / no bid decision?
	What is the contract term and what type of contract will you be required to work to (terms and conditions)?
	How long do you need to amortise fixed costs that you will incur if you win the project?
Can you answer all of these questions?	What are the project time scales?
	Are they realistic and achievable for your organisation?
	Are there any contract conditions that are unworkable, or pose significant risk?
	Is there a target price for the contract?
	Are there penalties? Such as liquidated damages?
	Is there a tender registration fee? Is there a tender bond? Can you manage these?
	Who are the key tender contacts within the buyer organisation?
	What are their phone numbers and email addresses?
	What are the stages of the tender and procurement process?
	Can you conduct a site inspection?
	Are drawings / plans provided in the tender documentation?
	What are the key deliverables? Cost/quality/speed? Do you know the tender specification, evaluation criteria and scoring approach of the buyer?
	Is there any currency exposure? Are you receiving payment in £'s and paying suppliers in \$'s?
	Are the payment terms workable?
	What location is the bid to be submitted to? What time and date is the bid to be submitted by?

# The Expected Outcome

By completing this stage in the methodology, you should be able to make an informed assessment as to the feasibility of a tender opportunity. In particular, you should review this stage in terms of your ability to bid successfully. Companies can often engage in a tender process which realistically they don't have a chance of winning. A targeted, selective approach

should result in your scarce company resources being allocated to those opportunities that you have the most chance of winning. This approach should help to improve your company's tender success rates and improve productivity of business development resources.

**COMMON MINIMUM** STANDARDS 2012 GAME 2012 GAMES COMMON MINIMUM

012 GAMES OVERNMENT COMMON MINIMU ROCUREMENT 12 GAMES SKILLS CFLI FNCF N CONSTRUCTION CONSTRUCTION COMMITMENTS MANAGEMENT REGULATIONS CONSTRUCTION SKILLS BUSINESS

16

# Stage 4: Leverage

CONSTRUCTION COMMON MINIMUM STANDARDS 2012 GAMES COMMON MINIMUM STANDARDS

GAMES

ONS. 45 <u>ШО</u> ິດ ່ທ NΟ ဝၕ 

# Stage 4: Leverage

# The Objective

The main objective of the LEVERAGE Stage is to understand what it is you wish, or need, to achieve from a tender for it to be feasible. By having some understanding of these requirements before tender submission, you have the opportunity to tailor your tender approach and post tender negotiation strategy to satisfy your needs.

# The Approach

The table below has been designed to make you think about what you need to achieve from the tender itself, in order for it to be deemed feasible and also establish what options you have to negotiate with the buyer throughout the remainder of the procurement process.

	The negotiation spectrum
	What is your breakeven point on this project?
Must haves (essential)	Will you need new cash flow arrangements with your bank? If yes, can you get them?
	Have you currently the key management staff to deliver this contract? If not, from where?
	Do you know your weaknesses? Have you mitigation plans in place?
	Do you understand your legal liabilities under this tender/contract? (penalties, insurance and indemnity exposure?)
	Do you understand clearly what is expected of your company?
	Will your standard operating practices satisfy the project's demands?
Wants (nice to have)	Do your current suppliers have operations near the target site? Can they deliver on this project?
	Have you delivered on this scale before?
	Can you dictate the contract/payment terms? Does the balance of power lie with you?
Luxuries (bonus)	Can you improve on your standard payment terms?
	Can you get a cash advance?
	Can you get complete indemnification for liabilities arising from your work?

Before you enter into any negotiation process, it is important for you, as the supplier, to try to understand the buyer's point of view. In particular, you should consider what value you will be adding to this project and how big an impact you will have on the buyer's potential profit. You should also consider how much bargaining power you might have with the buyer. Put simply, consider what alternatives the buyer has to your proposition and what demand there is in the market place for your services.

Your value to the buyer is normally judged on how much your product or service can contribute to the buyer's ability to generate profit from a contract. Therefore, if your product or service is capable of making a substantial difference to the client's performance under a contract, your value to them will be greater and you should have a stronger negotiation position.

For example, products or services that are comparatively high in value to the overall cost of the contract tend to offer the strongest negotiation position, as they have the potential to impact the buyer's profit margin significantly. Typical examples

# **The Expected Outcome**

By completing the thought process in this stage, you should understand the potential value of your service/product offering to the target buyer before tender submission and therefore try to leverage your position through adopting an appropriate tender and

18

of products and services in this category include design/consultancy services, concrete, steel and utilities.

Conversely, if your product or service is low in value to the buyer and is regarded as a commodity, then your negotiation position tends to be weaker. Your approach should then focus on maximising value for money, speed and ease of delivery for the buyer. A typical example of this would be office supplies, such as stationery, furniture and IT equipment.

Your value to the buyer can be measured in both financial and non financial attributes. If, for example, there are a limited number of suppliers in the market place offering an alternative to your product or service, then your value to the buyer is likely to increase due to a scarcity in supply. Buyers are more likely to perceive increased value where there is a shortage or restricted supplier base in the market for a particular product or service. If your company falls into this category, it is important to remain at arms length from buyers and negotiate hard for the 'Wants' and 'Luxury' items discussed in the table.

negotiation strategy. Understanding your value to a potential buyer is very important when preparing a winning tender, as it should allow you to make the actual submission tailored and buyer specific.



CONSTRUCTION ONSTRUCTION SUBJECTS SUBJE

EMENT STANDARDS MININE CENTRY GOVERNMENT E UCTION PROCIPEMENT EXCLEMENTS CONSTRUCTION MENTS CONSTRUCTION MENTS CONSTRUCTION MENTS CONSTRUCTION CONSTRUCTION CONSTRUCTION CONSTRUCTION CONSTRUCTION USINESS STULL SUBJECTIONS COMMON MINIMUM STANDARDS2012 GAMES 2012 GAMES

TANDARDS WINNING COLOR CAME TENERS SOVERNMENT PROCUREMENT CONSTRUCTION CONSTRUCTION

COMMON MINIMUM ETANDARDSMINING STANDARDSMINING COUZE GAMES ENDER C GOVERNMENT PROCUREMENT EXCELLENCEMENT CONSTRUCTION MANAGEMENT CONSTRUCTION MANAGEMENT CONSTRUCTION SKILLS BUSINESS SKILLS BUSINESS

STANDARDS WINN CONSTRUCTION SCALENCE INVER-GOVERNMENT ENCELLENCE INVER-CONSTRUCTION SCALLSEUSINES CONSTRUCTION STANDARDS WINN STANDARDS WINN STANDARDS WINN STANDARDS WINN STANDARDS WINN SCALENCE INVER-COMMON MINIMU STANDARDS WINN SCALENCE INVER-COMSTRUCTION SCALENCE INVER-SCALENCE INVER-SCALENCE

THE CONSTRUCT WITH CONSTRUCT SELECTION STANDARDST SELECTION STANDARDS SELECTION STANDARDST SELECTION STAN

19

# Stage 5: Delivery

# The Objective

The main objective of the DELIVERY Stage is to help your company, once you have been awarded the tender, to understand and measure its performance against internal (the company itself) and external (the client) contract requirements. The focus here is to improve service delivery, manage risk and seek to build a long term business relationship with the client.

## The Approach

It is important that following the successful award of a tender, you set up and agree performance metrics

**COMMON MINIMUM** 

)12 GAMES

GOVERNMENT COMMON MINIMUM EXCELLENCE INVESTIGATION OF CONSTRUCTION PROCUREMENT STANDARDS IN CONSTRUCTION CONS

PROCUREMENT 2012 GAMESTENDERS CONSTRUCTION COMMON MINIMUM EXCELLENCE WINNER GOVERNMENT SKILLS USINESS 2012 GAMES IN CONSTRUCTION PROCUREMENT COMMON MINIMUM STANDARDS WINNER CONSTRUCTION EXCELLENCE WINS STANDARDS WINNER COMMITMENTS CONSTRUCTION COMMON MINIMUM MANAGEMENT COMMITMENTS CONSTRUCTION REGULATIONS MANAGEMENT GOVERNMENT CONSTRUCTION REGULATIONS PROCUREMENT CONSTRUCTION REGULATIONS PROCUREMENT CONSTRUCTION REGULATIONS CONSTRUCTION SKILLS BUSINESS CONSTRUCTION CONSTRUCTION CONSTRUCTION SKILLS BUSINESS CONSTRUCTION CONSTRUCTION CONSTRUCTION SKILLS BUSINESS CONSTRUCTION SKILLS BUSINESS CONSTRUCTION CONSTRUCTION STANDARDS WINNER CONSTRUCTION CONSTRUCTION CONSTRUCTION SKILLS BUSINESS CONSTRUCTION SKILLS BUSINESS CONSTRUCTION CONSTRUCTION CONSTRUCTION SKILLS BUSINESS CONSTRUCTION SKILLS BUSINESS CONSTRUCTION CONSTRUCTION CONSTRUCTION SKILLS BUSINESS CONSTRUCTION CONSTRUCTION CONSTRUCTION SKILLS BUSINESS

NSTR SIGN ОШ

**LAGE** 

>0

20

to monitor your performance and exposure during the delivery phase of a contract, remembering to focus on internal and external measures, as well as contract criteria.

The following performance metrics are a sample of some of the more common measures that can be adopted. However, you should be better placed to decide which metrics and criteria are most relevant to your own business and specific contract. The buyer may also have set criteria which you will be expected to measure and report against.

## Sample Performance Metrics

Internal => You should create a process at the start of each month that will enable you to measure and benchmark your performance against

=  $(trade debtor / sales) \times 365$ 

Generally lower numbers are better, which reflects better liquidity and management of working capital

= (trade creditors / sales) x 365

Ideally in line with the top end of the company's supplier payment terms. High numbers suggest cash flow may be a problem.

Current assets, value of your business

The focus here is on cash flow, no cash, no flow! Signals a problem early in business continuity.

Are you leveraged too highly?

Too much leverage shows a gap between assets and liabilities and poses significant business risk in terms of meeting creditor payments, securing funding and achieving a good credit rating.

	External =>
Bank interest rates	This will highlight if loan repayments will become an issue. Increasing interest rates may impact cash
CIPS Purchasing managers' index	This index provides a benchmark on sentiment in the market and therefore gives you a good guide to all areas of your business. For example, in a declining index you can use the negative sentiment to negotiate better terms from your suppliers
Economic growth	Helps indicate if you should consider flexible staffing arrangements (sub-contract) or permanent (if growth is happening, it makes sense to recruit to remove the sub-contractor's margin)

## Versus contract =>

Outline the key deliverables for the contract in a numerical format and benchmark monthly and quarterly progress versus target. This is a key risk management tool when it comes to assessing impact of variation orders, snag lists and project delays caused by other parties. It should also highlight problem areas in time to allow pre-emptive/corrective action to be taken before the buyer seeks compensation or imposes penalties.

## Sample Tender Criteria Metrics

.egal =>

Has your liability position on the project changed?

Has the indemnity risk on the project changed?

Has your risk of defaulting on the contract changed?

#### Political =>

Is the client in the press? Positive or negative?

Do local politicians know about the client or project?

Is the environment changing? Will it affect the client?

Are you on target to deliver o
Is the buyer paying
Have any changes in criteria (for example, snag list) decreased
It is important that you are able to act upon lessons an learnt from previous contracts and tenders. Having a robust recovery plan is just one way of assuring a potential buyer that a supplier is fully prepared for
How do you manage ma
Do you have a business c
What happens if your facto
What happens if your offic
What happens if the projec
What happens if your key su
Do you have back-up



### al =>

er on time and at cost?

ing on time?

ased your company's potential profit from this project?

any challenges which may lie ahead in the delivery of the contract. You may wish to consider the following points when addressing the areas of risk management and business continuity.

major incidents? as continuity plan? actory burns down? office burns down? oject leader leaves? y suppliers go bust? -up suppliers?

GOVERNMENT PROCUREMENT EXCELLENCE IN CONSTRUCTION CONSTRUCTION COMMITMENTS COMMON MITMENTS COMMITMENTS DDA SUPPLY CHAIN COMMON MININUM STANDARDS MINING GOVERNMENT EXCELLENCE MINING CONSTRUCTION CONSTRUCTION CONSTRUCTION CONSTRUCTION CONSTRUCTION CONTRUCTION CONTRUCTION CONTRUCTION CONTRUCTION CONTRUCTION CONTRUCTION CONTRUCTION CONTRUCTION CONTRUCTION CONSTRUCTION C

SKILLS BUSINESS COMMON MINIMUM STANDARDS 200 MARK

2012 GAMES common multilum standards withing 2012 GAMES TRIDERS GOVERNMENT PROCUREMENT PROCUREMENT RECOLLENCE IN CONSTRUCTION CONSTRUCTION CONSTRUCTION CONSTRUCTION CONSTRUCTION SKILLS BUSINESS

ODA SUPPLY CHARACTERINA COMMON MINIMUM STANDARDS'IMINIG GOVERNIVENTE ROCUREMENT EXCELLENCE MICONSTRUCTION CONSTRUCTION STANDARDS'IMINIG COMMON MINIMUM CONSTRUCTION CONSTRUCTION COMMITMENTS

CONSTRUCTION STANDARDS STANDARDS 2012 GAMES 2012 GAMES

# Summary

The BUILD to Win Guide to Winning Tenders is designed to help you take a step-by-step approach to assessing both the feasibility of a new tender opportunity and your ability to bid for it successfully.

BUILD to Win should be used for guidance and should not be considered as a pre-requisite to submitting a tender for new business. The model is aimed at encouraging you to prepare PRIOR to tender submission and to target opportunities that you are best equipped to win and deliver successfully. It stands to reason that tendering for a contract that you are not capable of winning or delivering is unlikely to result in success.

With specific reference to tender opportunities and associated procurement procedures for the London 2012 Olympic Games, the following websites are important sources of information and you should ensure that your company is registered on them and a detailed profile uploaded to the relevant portals:

CompeteFor - The main source of information regarding Olympics business opportunities. Register and publish your business profile in order to respond to opportunities. https://www.competefor.com

The London 2012 Business Network http://www.london2012.com/get-involved/business-network

London 2012 eTendering portal - The ODA's e-procurement portal for companies bidding directly to them for Olympics related business opportunities https://etenders.london2012.com

To access Tendering Information Sources held by Invest NI http://www.investni.com/index/grow/strategic\_development/business\_information\_services/eic/ tenderalertingservice.htm

If you would like further advice on tendering for opportunities related to London 2012, please refer to the contact details listed below.

Invest Northern Ireland Bedford Square Bedford Street Belfast BT2 7EH

Eleanor Butterwick E: eleanor.butterwick@investni.com T: 028 9069 8033 Gillian Glass E: gillian.glass®investni.com T: 028 9069 8044 Jim Shaw E: jim.shaw@investni.com T: 028 9069 8367 If you require this brochure in an alternative format (including Braille, disk, audio cassette or in minority languages to meet the needs of those whose first language is not English) then please contact:

Invest NI's Equality Team

T : 028 9069 8315 Textphone : 028 9069 8585 E-mail : equality@investni.com

www.investni.com/2012games

	COMMON MININUM STANDARDS WINNING CONSTRUCTION NUMBER CONSTRUCTION SKILLS BUSINESS COMMON MININUM STANDARDS WINNING CONSTRUCTION SKILLS BUSINESS COMMON MININUM STANDARDS WINNING STANDARDS WINNING CONSTRUCTION SKILLS BUSINESS COMMON MININUM STANDARDS WINNING STANDARDS WIN
--	---



Building Locally Competing Globally Bedford Square Bedford Street Belfast BT2 7ES T: 028 9023 9090 F: 028 9043 6536 Textphone: 028 9069 8585

www.investni.com www.nibusinessinfo.co.uk