

APPLYING FOR TENDERS

This guide has been compiled to assist you through the process of evaluating a potential business purchase. However, actions taken as a result of this document are at the discretion of the reader and not the Auckland Chamber of Commerce.

THE PSYCHOLOGY OF TENDERS

Tendering for work has several advantages:

- It is still the fairest way for the purchasers to ensure that they receive the best offer the market can provide.
- Everyone is given the same timeframe within which to respond.
- The same objectives and obstacles are faced by all tendering parties.
- Preferential treatment doesn't exist.
- There are little or no personal influences at play because a level playing field exists.
- Bids are generally compared on an even basis.

Essentially, to win a tender you need to demonstrate that you have the skills to supply the solutions, and with the right attitude it can greatly increase your chances of success.

Use a structured and logical approach to tendering - utilise any inhouse systems you have developed for such things as costing, which will greatly reduce the amount of time spent filling in the forms.

TYPES OF TENDERS

Advertising Single stage tenders

Tenders which are only issued once.

Multi stage tenders

Tenders which 'filter through' a pool of potential suppliers. There are various methods utilised for these types of tenders, including:

- *Registration or Expression of Interest (EOI / ROI)*
Often used on occasions where the specifications of a tender are unfinished or unknown. They should be used as an opportunity to show how you are different or better than your competition.
- *Request for Proposal (RFP)*
Another type of pre-qualification tender. Sometimes these conclude the transaction before they are even put out to tender.
- *Request for Quotation (RFQ)*
A variation of the above.
- *Request for Information (RFI)*
This is often used during the process of actually writing the tender documents.

Open tenders

Tend to be 'open' or a 'free for all', and for this reason are very price orientated.

Closed tenders

More selective than open tenders in that they are offered to a closed pool of preferred suppliers. It is worth spending time working on relationships that get your business onto a preferred suppliers list.

POINTERS ON APPLYING FOR TENDERS

Qualify the tender

- Have a pre-plan strategy and ensure you know what your aims are by winning the tender - are you trying to establish a relationship, or are you just trying for the sake of it?
- Your tender should be compliant with the request or you are likely to be wasting your efforts.

Be selective

- Applying for tenders can be costly - either you lose totally because you missed out on the tender, or, or lose money because you have underestimated the cost involved.
- Do your market research - this will often reveal the right tenders for your organization

Get to know your prospect

- Not just the company, but also the person(s) judging the tenders - ensure that you meet the desired outcomes of each of the parties involved in the decision making process (eg. cost for the accountant, return on investment for the owner, etc).
- Client relationship and personalisation is all important!
- Each tender is unique, so tailor your application to meet the criteria.
- Consider any 'unwritten' criteria (eg. efficiency, maintenance, company image) that the tender will be judged on - find out what these are and cater to them
- Show you are compatible with the tenderer and understand their needs.

Qualify yourself

It is important to:

- Be professional.
- Be realistic about what you can actually provide.
- Consider your own strategy and that the tender. being

If you have any questions, please call 0800 CHAMBER (0800 242 623).

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applied for fits within this - focus on those which will deliver the most benefits to your business and measure your success.

- Ensure you have the relevant skills - bring in any that you don't have.

Qualify the Competition

- Find out who they are.
- Determine what they are likely to offer (eg. price wise, product, benefits, support).
- Focus on the features and benefits which will appeal to the tenderer and show yourself in a favourable light for these.
- Keep track of who is winning the tenders - and try to ascertain why.

Pricing

- Price is not the full equation - in fact, generally it is only 70% - tendering on too low a margin often does not make it worth your while.
- Know your costs and know them well - particularly your break-even.

Costs you need to account for typically fall into two main categories:

- Fixed - ie. those incurred irrespective of the number of units of output (eg. rent, rates, core wages, administration).
- Variable - ie. those relevant to actual production and which fluctuate depending on the number of units (eg. wages, sub contractors, materials, advertising, repairs, freight, power).

From here you should be able to work out what your actual costs are and allow you to more accurately tender with the assurance that there is profit for you at the end.

FACTORS TO CONSIDER WHEN RESPONDING TO A TENDER

- Read the documents carefully - if unsure, ask - don't go with your own interpretation.
- Stick with the format asked for - this allows the tendered to compare tenders on an even keel - but don't forget to differentiate yourself within the framework.
- Be on time.
- Suggest variations if you believe there are benefits to the tenderer.
- Assume ignorance - point out the benefits clearly and explain technical information.

- A picture explains a thousand words, so do not forget to use them!
- Include the expected timeline - visually is best
- Present a professional looking tender document - use unique covers, use referencing, make it readable, include a contents page, make it readable, include your logo/ name on each page, keep it brief, double check your calculations, and don't forget to proof read it!

TENDER OPPORTUNITIES

New Zealand

Government

- Government procurement policy - information available on the Ministry of Economic Development's website www.med.govt.nz
- Industry Capability Network (ICN) - formerly know as the Industrial Supplies Office www.nzte.govt.nz
- Government Electronic Tenders Service (GETS) www.gets.govt.nz

Hardcopy

- Local or regional paper - for example:
 - The Press
 - Otago Daily Times
 - The Dominion and The Evening Post
- Regional Councils - operate their own specific tender system to secure set suppliers - enquiries should be made to the Purchasing Department or individual business units of your local council.

Online

- Tenderlink: www.tenderlink.com
- New Zealand Tenders Gazette: www.tenders-gazette.co.nz

International

- www.australiantenders.com
- www.cordell.com.au
- www.tendersearch.com.au

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