

“Beating the Credit Crunch – Ways of Improving your Bid Offering”

Bidding is a bit like football – “it’s a funny old game”. Like football it’s all about improving your chances of scoring a goal and winning, the nearer to the opponents (Clients) goal you get the ball (i.e. the Bid) the more chances you have of scoring and ultimately winning (i.e. securing more work).

Yet the whole process and psychology of bidding is one of the most neglected areas for many businesses in terms of consciously striving for improvements surprisingly in a situation where a high proportion of the effort is wasted because most bids are lost in a competitive environment.

The reason could be that the whole process can be nerve wracking and agonizing due to:

- Time pressures
- Cost pressures of preparing bids
- Low success rates, some as low as 10%
- The deep mystery of understanding why a bid has been successful or failed
- Cultural issues – we don’t like to ask why or promote our virtues

Having spent a good deal of time over the last 25 years preparing bid enquiry documents and evaluated bids on behalf of End Users and Main Contractors (the last 13 years with Balfour Beatty) as well as working on bids of up to £250m in value I am hoping that this article will help all of the CCS Members in their bidding activities particularly in the current economic climate where there are less opportunities to win work than perhaps in the recent past.

It may well be that if things are quieter than normal you can “make hay while the sun shines” and spend some time improving your offerings.

The article assumes you are bidding to a Main Contractor but the principles are the same whoever you are submitting bids to.

In reading this article I hope that you will have a wry smile and nod but more importantly take on board the observations all gleaned from practical experience:

Before the bid arrives

Make sure you know about up and coming projects by doing some research in the press, websites, personal contacts, Industry forums etc. Make a point of talking to and contacting Main Contractors on a regular basis to see what bidding activities they are up to and projects they have won.

Understanding you Client

If possible contact the Main Contractor and arrange a site visit, this shows that you are genuinely taking an interest and will help you particularise your bid. Any new Main Contractors you would wish to work for will need to authorise your inclusion on to their supplier approval list so this is a good time to complete these formalities. This helps avoid the following Friday afternoon conversation



occurring: “What’s that large brown envelope that arrived last week and hasn’t been opened?” Let me see..... Oh it looks like a bid for something!”

Initial Work

Bearing in mind that sometimes extremely limited time is given by Main Contractors for you to prepare and submit bids the first stage after a bid is received becomes very important, make sure this is used effectively to avoid a “last minute panic”.

Read the bid a couple of times and inwardly digest what it is actually saying (not what you think it says). Many a time I have heard the saying “The spec is the same as last time” when after winning the project we find out it isn’t.

Prepare a mini programme of priorities and key events e.g. site visit, date of submission, sub contractor quote returns, review dates etc

If there is anything crucial missing or the Main Contractor has said he will forward the rest of the documentation soon then begin a dialogue with him to get the rest of the documents in a polite and helpful way.

Copy the bid to whomever needs to see it and arrange an internal meeting to have an initial discussion as this will help highlight any resource issues and cuts down on communication breakdowns at critical times.

Offer to visit the Main Contractor as a matter of course after receiving the bid (if you have not done this before) to get some information about the project, contractual arrangements and his own systems and processes and attempt to understand the context of the bid and the work in hand and the background to what is really required (as opposed to what is written down). You will also start to understand what pressures the Main Contractors procurement team are under.

Feel free to ask (backed up in writing) any sensible clarification questions but please bear in mind any question you ask and replies you receive may be copied to all of the other bidders so you may wish to consider the commercial sensitivities of some of your queries and not giving bidding advantages away to your competitors.

Evaluation Process

Don’t kid yourself that in all cases the lowest price is always the main criteria. Try to understand from the Main Contractor what the main criteria are and if the evaluation criteria are mentioned in the bid documents read and understand them including any weightings, this will dictate priorities and where the effort is going to go. For example when bidding to a Contractor for work which is safety critical price will not be sacrificed for a poor safety record.

In any bid reviews and in your bid documents address the evaluation criteria and preferably exceed them or at the very least match them and demonstrate this.



Quality

Unless previously submitted remind the Main Contractor about your qualifications, awards and achievements, the person receiving the submission may not know that these exist. Make sure that these as well as news articles are not too old, nobody is interested to hear that you carried out a major project 10 years ago because it will prompt the Main Contractor to ask you what have you been doing since. Don't fall into the trap of living on long gone past glories. Conversely you should not need to overtly market your Company at this stage otherwise you would not have been on the list of bidders to start with but do include pertinent reminders.

Check the English, spell check and remove references to other bids. (I once opened a bid which referred to sea fronts when the project was land locked).

Particularise your bid to the project and include a number of specific references rather than generics, this shows ownership and interest.

Provide relevant and up to date references; make sure you have pre-warned your referees.

Make sure you can deliver what you are offering, during an interview stage resource and capability problems for example can easily be exposed.

Refresh periodically – don't just trot out the same old stuff thinking someone will be interested in reading it. A faded photocopy will not create the impression of a dynamic and vibrant company who are interested in the project.

Keep up with industry trends and innovation otherwise you find yourself behind your competitors after the bid has been submitted.

Avoid bulking up your bid with hefty documents unless asked for. If the Main Contractor wants your company policies fine, include them on a CD, if not make reference to them and that you are able to provide whatever is required at his convenience. Evaluating bids is like marking examination papers, after the first 3 the concentration starts to waver. The slimmer, more relevant volumes tend to be picked up and read first.

Technical Submission

Believe it or not the perfect project and the perfect bid do not exist although we are always looking for them.

Most of the time a Main Contractor seeks a Specialists Contractors input to a project is because he is a specialist and has the skills and knowledge the Main Contractor does not, in other words he is seeking a solution, so present one.

From my experience the bids which give the six reasons why something can't be done rather than the one reason they can tend to go to the bottom of the pile regardless of price. By all means



highlight “challenges” or areas of technical “concern” but ensure these are countered by suggested solutions even if these require a degree of risk sharing by the Main Contractor. Offer solutions; don’t make a play on problems and difficulties. Use proactive language.

Contractual and Commercial Issues

Understand the compliance rules of bidding and avoid scenarios where your bid will be rejected as “non compliant” and not even read. If this presents a problem contact the Main Contractor and agree a way in which you can submit your bid and avoid being non compliant.

Undertake a detailed review of the subcontract terms and conditions and ensure you understand them and have sight of any “pass down” obligations from the Main Contract.

By all means raise areas of concern and offer solutions/alternatives /options but restrict these to essential point of principle. Submitting a fully red lined marked up subcontract as a primary response will antagonise the Main Contractor who is unlikely to have the appetite to go through every clause in the first pass and merely highlight typographical errors rather than real points of principle. By all means summarise your points and if acceptable include a fully marked up subcontract as a helpful appendix. There is a strong link here with your appetite as a company to risk mentioned above.

If a subject simply has not been mentioned at all (e.g. Liquidated Damages) offer a solution, do not leave it open for later discussions as this may affect your negotiation position if you progress to the next stage.

If there are Main Contract clauses which you have not seen list them in a polite and open way and offer to proactively view them at the Main Contractors convenience.

Added Value

Ask yourself the question “Why would this Contractor place work with me rather than others and if I offer exactly the same type of specialist expertise as everyone else and the only differentiator theoretically is price how can I be successful at bidding this project?”

The answer is “added value” i.e. those things you can offer which will mean a lot but won’t cost too much. Some examples are offering to give a bid presentation or presenting your solutions and ideas, extra copies of bid documents, offer a teach in day to the end user after project hand over etc

Offer optional variants if you can, even though these may be ultimately rejected, their inclusion will be appreciated, and of course you will need to risk assess them as matter of course.

Embrace the Main Contractors systems and his Client, if they want you to submit forms in a certain way during the project so long as you are contractually protected and not compromised do it, don’t offer alternatives which will antagonise.



The Bidding Process

A formal internal review is highly recommended prior to submitting any bid large or small. The timing of this review is critical as it needs to be when a good deal of the bid has been prepared so you can review something tangible and of sufficient time prior to submission in order to incorporate ideas, changes and conclusions reached.

Undertake a project risk review identifying the main risks in terms of their severity and likelihood and decide how you aim to manage them. Examine your appetite for risk and as to whether you wish to take some risks on, if not would you wish to revert back to the Main Contractor? In some cases this may commercially disadvantage your company. The stock answer "We've never taken that risk on" may need re-visiting in a systematic and considered way.

Do a SWOT (Strengths, Weakness, Opportunities and Threats) analysis on your competitors and at the very least put proposals in which will match what they are likely to offer.

Emphasise your USP (Unique Selling Points) and make sure they are included in the bid. If you think you are the best in your chosen field, or have a proud track record or have specialised technical expertise that marks you out from the crowd say it. Even the best companies in the World still advertise, the products don't just sell themselves.

Sometimes what is called a "Red Team Review" is helpful where at the stage when the bid is in final draft form a person or team who is not part of the bid team is asked to read the bid and comment as it helps to get an "out of the box" viewpoint. Let's face it after working for a while on some bids it's difficult to see "the wood from the trees."

Give yourself time to add the quality to the bid – don't fall into the trap after submission saying "Oh I forgot to include that letter of commendation we got last week, I'll mention it at the presentation" – there may not be a presentation!

Do remember to deliver it on time and get a receipt from the person receiving it. I once worked on a £100m PFI Bid which had to be delivered to a Local Authority in the North East at 12 noon on a Monday morning and an interesting conversation took place between the Bid Director and the TNT driver at about 9.30 am along the lines of "Which motorway are you on, which junction have you passed and have you passed any signs pointing to the North East and if so what side of the road were they on!"

Bid Aesthetics

Make sure your bid is distinctive in terms of branding and quality. Ask yourself the question "When the Main Contractor lays out all of the bids on a table which one will attract his eye first?"



The covering letter should be like the first page of a CV – easy to read, interesting and with the aim of wanting the reader to read on. One page should do. Re emphasis your main Unique Selling Points mentioned above.

Unless specified by the main Contractor ensure that the type face is easy on the eye and not too small, you may wish to copy the style in the bid enquiry documents if the Main Contractor favours this.

Reference key sections and don't hide anything (like the price) because he is going to find it sooner or later.

Summarise where you can, for example where you have included a 50 page technical specification. Some poor chap has the job of reading it.

Use pictures, flow diagrams, tables, illustrations where possible.

After Submitting the Bid

Follow up and keep in touch with all bids in a polite and helpful way. Avoid rumour and conjecture in terms of understanding why you have or have not won a bid. At the right time go and arrange to meet the Main Contractor and ask for some feedback.

In my experience in the majority of cases the obvious reason for rejection is not the one initially first thought of; there are many reasons other than price why bids fail.

It is equally important to learn why a bid failed as it is to learn why it was successful. Good businesses constantly refine their offerings based upon this valuable feedback.

Be honest with yourself.

As I said at the start of this article bidding is like football, particularly the Premier League, a very expensive hobby!

If you found this article of interest and feel that you would benefit from a “Winning Bid Master Class” or would like some help from a “Bid Doctor” please contact Redfern Contract Consultants Limited on 01283 512 535 or via email at info@rcclimited.com

www.rcclimited.com

Redfern Contract Consultants Limited offers a full range of Commercial and Project Management, Quantity Surveying and Planning Services.



Associate Member of the Year 2010

Redfern Contract Consultants Limited .

Studio 1. Units 6 & 7. Waterside Court. Third Avenue. Centrum 100. Burton on Trent. STAFFS. DE14 2WQ
Company Registered in England and Wales Number: 4457919 VAT Registration Number: 824 1324 61