

# P4P

## Partnership for Procurement 10 Stage Guide to Procurement







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The aim of this guide is to assist you to build your organisation's capacity and capability in relation to tendering and procurement. We have broken it down into stages so that you can drop in and out and learn at the pace that suits you.



# Introduction

## What is the 10 Stage Guide to Procurement and how to use it.

Welcome to the P4P 10 Stage Guide to Procurement.

**The guide is aimed at third sector organisations who are either considering tendering for public contracts for the first time or have some experience in tendering and would like to improve their skills.**

The aim of this guide is to assist you to build your organisation's capacity and capability in relation to tendering and procurement. We have broken it down into stages so that you can drop in and out and learn at the pace that suits you.

Public sector tendering is not something you are going to learn overnight. Getting your organisation 'tender ready' is a journey and you may be just starting out or already part of the way along the route.

At P4P we believe that groups of smaller third sector organisations working together are more likely to win contracts rather than acting alone. P4P is currently supporting organisations to initiate and develop collaborative models for commissioning and procurement. This includes development of the **P4P Collaboration Toolkit**, which is a guide to support organisations developing a new partnership or consortium.

Our intention is that you will use the resources in this guide to build your supplier profile (effectively your organisational CV) demonstrating that you are ready to deliver contracts for the public sector.

We welcome feedback from organisations using this guide to support its continued development.

You can contact P4P at any time on [info@p4p.org.uk](mailto:info@p4p.org.uk) if you require support.



## Stage 1

# Understanding Your Market

**If you are unfamiliar with public sector procurement, then you will want to ask some key questions to consider how best to progress. Ideally you want to consider:**

### Who will buy my products/services?

The presumption here is that you are either looking to supply goods or services to the public sector directly, or are interested in sub-contracting opportunities from other organisations contracted to the public sector.

### What is the Public Sector in Scotland?

The Public Sector includes directorates of the Scottish Government, Government Agencies, NHS bodies, Further Education colleges, Scottish Police Authority, Scottish Fire and Rescue Service and most Non-Departmental Public Bodies (NDPBs - [see further guidance on NDPBs here](#)).

**Public Contracts Scotland (PCS)** has a list of over 1,000 buyers shown on its website and users can search for buyers by type e.g. Scottish Government directorates, NDPBs. Not all of these are public sector organisations but all public-sector buyers must use PCS to advertise contracts valued at £50k or over.

### With whom do you want to do business?

It can be tempting to try and keep your options open when thinking about who will buy your products or services. However, you should consider the following to enable you to be as effective as possible:

- ▶ **Identify the geographic locations you can supply to**
- ▶ **What do you know about the buyer organisations you have identified?**
- ▶ **Check their Annual Procurement Report and Contracts Register - who do they currently buy from and how much do they spend?**
- ▶ **Do they have a procurement strategy which outlines their needs and requirements?**
- ▶ **Does the buying organisation know about you? (See: Finding Opportunities).**

Use publicly available resources such as **Public Contracts Scotland** to find what contract opportunities have previously gone to market and when they could go to tender again. You can run a search for local authorities or other public bodies' contract registers. You can also use a search engine to find forward purchasing plans (often part of annual procurement reports) if available. Forward plans and contracts registers can help you understand what contracts may go out to tender in the future.

It might be that there are also significant contract opportunities available in the private sector, such as subcontracting opportunities. It may be useful to engage with private sector organisations to find out more about private sector procurement and the private sector's needs and requirements.

The above market research should give you an idea of actual contract opportunities that are on the horizon that you could target. If you require further advice on how to carry out market research please contact the P4P team who can support you with this task.



## Who are my competitors and/or potential collaborators?

What do you know about the organisations you will be competing against to win contracts? Have you identified the key players and profiled their characteristics, including any contracts they deliver and any recent updates or news?

One way of identifying your competitors is to search for Contract Award notices for the types of contracts you are intending on bidding for, or find the buyer's contracts register which lists current suppliers.

### Top Tips!

- ▶ **Keep a record of current and past contracts that are of interest to you. Look to pull out the key information such as winning bidder, value, service specification, length of contract, renewal date etc.**
- ▶ **Research competitor organisations to establish who you are competing against and identify their key competencies and weaknesses against your own organisation.**

### Resources and further reading:

- ▶ Further guidance on **Non-Departmental Public Bodies**.
- ▶ **Public Contracts Scotland** (PCS) lists all public sector buyers and the relevant contract opportunities.



## Stage 2

# Knowing Your Organisation

To tender successfully, you will need to have a good understanding of your own organisation's key strengths (which you will want to highlight) and weaknesses (which you will want to mitigate). A common tool to allow you to do this is a SWOT analysis, such as this one [provided by DIY \(Developing Impact & You\)](#), or a PEST tool (Political, Economic, Social and Technological). PEST analysis helps you set out how these factors will affect performance and activities of your collaborative project in the long-term.

**The Supplier Journey** (a guide developed for all potential suppliers by the Scottish Government) states that one of your first steps in bidding for contracts would be to analyse your business. Check out what to consider [here](#).

Start developing a 'bid library' or 'tender library'. This is a collection of documents and template responses that you can use as a starting point when writing a tender. P4P has produced a bid library guidance document which can be downloaded on the [P4P resources page](#).

As part of your tender library you should include a complete template ESPD document. The European Single Procurement Document, or ESPD, must be used for all regulated procurement and allows buyers to identify suitably qualified and experienced bidders. You can download a template Word version of the ESPD form [here](#) and a list of FAQs [here](#).

### Top Tips!

- ▶ Use the SWOT analysis tool to get a good understanding of your core strengths and weaknesses.
- ▶ Start developing a library of information (called a 'tender library' or 'bid library') which will save you time and effort when responding to multiple tenders.

### Resources and Further Reading

- ▶ SWOT analysis [provided by DIY \(Developing Impact & You\)](#)
- ▶ How to Create a Bid Library, [P4P Online Resources](#)
- ▶ Scottish Government [Supplier Journey](#)
- ▶ Scottish Government [ESPD Template](#)
- ▶ Scottish Government [ESPD Frequently Asked Questions](#)



## Stage 3

# Finding Opportunities

The sooner you find out about potential tender opportunities, the sooner you can prepare for them. When submission dates are a matter of weeks from the date of publication, it is essential that you are keeping track of contract notices, giving yourself the best chance of success.

### Public Contracts Scotland

All regulated contracts over £50,000 (or £2,000,000 for public works) must be advertised via the **Public Contracts Scotland (PCS) website**. The PCS online portal is the default tender portal for contracts advertised by Scottish public bodies. The site is free to use and anyone can register an account and access information about advertised contracts.

**To use the PCS site, the following actions are recommended:**

- ▶ Register via <http://www.publiccontractsscotland.gov.uk> by completing the sign-up form and choosing a user name and password then validating your account. Once registration is complete it is worth spending some time trying to familiarise yourself with the layout and content of the site.
- ▶ Set up your alert profile so that the system automatically alerts you to the types of contracts that are relevant for you. You can choose contract type by product/service categories and by geographical area. Initially, it may be worth keeping the selections broad and then narrowing down the scope as you get used to the system.
- ▶ Complete the Supplier Finder profile details. Supplier Finder is a supplier sourcing directory allowing you to advertise your company on the website to public sector buyers. It allows you to provide detailed information regarding the products or services you provide. Some of the benefits you get from updating your profile include:
  - a. Buyers can now easily find your company via the Supplier Finder search tool.
  - b. You can provide keywords which specifically highlight the products or services provided by your company. These keywords are searchable.
  - c. The service improves your chances of receiving a direct invitation to quote from Buyers using “Quick Quote”. A Quick Quote is a simplified method of procurement on PCS for contracts worth under the £50,000 threshold. If buyers wish to find organisations to provide a Quick Quote they use the Supplier Finder search tool.

Whilst the alert profile will keep you up to date via regular emails, you may also wish to use the website to view the latest opportunities. By using the Browse Notices tab you will be able to see relevant opportunities and filter these by geography, buyer, sector or date.

You can search buyers' profiles and view all current and past contract notices and awards to find out information such as: who the existing supplier is, the value and duration of the contract, the methodology for evaluating tenders etc. This information is useful when compiling data on competitors or for identifying potential partnerships or sub-contracting opportunities.



The sister website of PCS is **PCS-Tender**. Whilst all opportunities are advertised via PCS, some are conducted electronically in full using PCS-Tender and therefore you will be required to register with this site as well to access the tender documents and submit your application.

### Other Tendering Sites

If you are looking to supply goods or services outside of Scotland, then you may be interested in the following sites:

<b>Contracts Finder (England)</b>	<a href="http://www.gov.uk/contracts-finder">www.gov.uk/contracts-finder</a>
<b>Sell2Wales</b>	<a href="http://www.sell2wales.gov.uk">www.sell2wales.gov.uk</a>
<b>eSourcing Northern Ireland</b>	<a href="http://www.e-sourcingni.bravosolution.co.uk/web/login.shtml">www.e-sourcingni.bravosolution.co.uk/web/login.shtml</a>
<b>MyTenders</b>	<a href="http://www.mytenders.org">www.mytenders.org</a>
<b>DWP eProcurement</b>	<a href="http://dwp.bravosolution.co.uk">dwp.bravosolution.co.uk</a>

### Forward Purchasing Plans

There is a requirement for public bodies in Scotland with a 'significant' procurement spend (over £5 million per year) to publish details of regulated procurement activity over the next 2 years. The format of this can vary by organisation. For example, some public bodies publish details of upcoming contract opportunities as part of their Annual Procurement Report, whilst others have a separate spreadsheet or document which is updated on a monthly or regular basis.

Currently only some public bodies publish this information whilst others will publish it later in 2018. To find out you should contact the procurement department of the public body you wish to supply directly. Contact details can be found on the 'Buyer Profile' section of the Public Contracts Scotland website.

### Events, Networking and Relationship-building

Whilst PCS is an essential tool for viewing tender opportunities and building up market knowledge, you should also actively seek to build relationships with key staff from purchasing authorities as much as possible. Ideally, you want to be able to inform the commissioning process and tailor your offering to meet the needs of buyers. In practice, this may be difficult to achieve but creating a dialogue will at least ensure you are 'on the radar' for relevant staff.

For low value contracts of £50k or less the purchaser will often use Quick Quotes to approach a shortlist of known suppliers, rather than advertising the contract publicly. Therefore, you will need to ensure the buyer is aware of you otherwise you will miss out on potential opportunities. Make the most of any engagement activities hosted by buyers or Meet the Buyer events where the supplier/buyer relationship is actively facilitated.



## Top Tips!

- ▶ Sign up to PCS and ensure your Supplier Profile is complete and up to date.
- ▶ Make the most of PCS records to identify past contract awards and the winning bidder, information on buyers and any forthcoming tenders.
- ▶ Collate any available forward purchasing plans to identify opportunities which are not yet on Public Contracts Scotland
- ▶ Build up a list of key contacts and personnel that you want to engage with to ensure your best placed to be invited to tender or even influence the commissioning process.

## Resources and Further Reading

View a list of supplier events on the [Supplier Development Programme website](#) or the [P4P events page](#).



## Stage 4

# Collaborative Working

At P4P we believe that groups of smaller third sector organisations working together to pool resources and collaborate on service delivery or products can often compete better for contracts rather than going it alone.

You should build relationships at the earliest opportunity and ideally well in advance of tender opportunities going live. However, this may not always be possible. Either way, it is crucial to ensure that the working relationship is clearly scoped out and agreed upon, before embarking on any partnership arrangement, and to ensure that you have assessed your readiness for collaboration.

## Developing Partnerships and Consortia

Partnership working requires time and commitment - trust needs to be actively built and can only be done through open and honest communication. A good understanding of each organisation's aims and objectives is essential to developing a clear mission and sense of purpose for any joint venture.

### Benefits of collaborative working can include:

- ▶ Financial savings through shared overheads and development costs
- ▶ Diversifying your sources of income
- ▶ A wider geographical reach of your services and/or products
- ▶ Sharing risk
- ▶ An ability to network and learn from each other
- ▶ A stronger, united voice.

To assist you in this process, P4P has developed a **Collaboration Toolkit** which is a guide for organisations who are considering working closer together and thinking about forming a new partnership or consortium. It can be used to track progress as a checklist and has been prepared with three phases that follow the typical lifecycle of a collaborative project.

The **P4P Collaboration Toolkit** can be used in conjunction with an **online survey** to self-evaluate your progress. Once you complete and submit the online survey, P4P will generate an Excel report and dashboard based on your responses. You can then complete the **follow-up survey** at any time to measure distance travelled.

Whilst the toolkit is most suited to organisations seeking to bid for public sector contracts who have time to set up a new formal consortium, much of the guidance is still relevant if you are using a different consortium model or responding to a live contract opportunity.

See below for a summary of the keys steps included within the Collaboration Toolkit if you are responding to a live tender opportunity:

## Phase 1 Establish the Collaborative Environment

- ▶ Assess your organisation's readiness for collaboration
- ▶ Identify potential partners and assess compatibility
- ▶ Establish a working group
- ▶ Consult relevant stakeholders



## Phase 2 Prepare your Collaborative Project

- ▶ Agree roles and responsibilities
- ▶ Agree consortium model
- ▶ Scope Out processes and procedures
- ▶ Draft and finalise a Memorandum of Understanding/ Partnership Agreement



## Phase 3 Deliver Collaborative Project

- ▶ Develop a bid writing plan with key milestones
- ▶ Outline key strengths of your partnership
- ▶ Design delivery model
- ▶ Draft and submit your tender
- ▶ Seek feedback if successful or unsuccessful





### Written Agreements

A key aspect of defining the relationship between the respective partners is the production of a written agreement. This may be in the form of a Memorandum of Understanding (MoU) or a Partnership Agreement. The document itself can be a useful tool for facilitating effective collaboration and the process of compiling it will be crucial to gaining a shared understanding of roles and responsibilities.

The P4P team can provide you with a template Memorandum of Understanding to get you started.

### Top Tips!

- ▶ **Are you ready to collaborate with others? Ask yourself questions such as whether you are ready to share information with others openly, and whether you understand what collaboration would involve.**
- ▶ **Seek out and engage with potential partners at the earliest possible opportunity. Add your details to the [Partner Opportunities page](#) on the P4P website to make yourself visible to potential partner organisations.**
- ▶ **Honesty and transparency are crucial in early discussions - consider partners' motivations, objectives and financial requirements relating to the potential collaboration.**
- ▶ **A written document such as an MoU or Partnership Agreement is important to cover the terms of reference for the collaboration and ensure agreement on purpose, aims, and operations.**
- ▶ **Keep track of any issues and challenges faced along the way and review these for continuous improvement.**

### Resources and Further Reading

- ▶ **P4P Collaboration Toolkit**
- ▶ **Senscot Legal, [Guide to Collaboration and Partnership Working](#)**

## Stage 5

# The Selection Process and ESPD

The selection process is simply the term used for the process public bodies follow for gathering information from potential suppliers. This section will look at the ESPD form and consider how you can best prepare to respond to opportunities as and when they become available.

### The ESPD Form

The European Single Procurement Document (ESPD) must be used for all regulated procurement to enable buyers to identify suitably qualified and experienced bidders. It allows an evaluation of your capability and capacity to deliver the proposed contract. It is essentially a form of due diligence.

Previously, the selection process was carried out using a Pre-Qualification Questionnaire (PQQ) which has now been superseded by the ESPD.

**The ESPD replaces the requirement for suppliers to provide up-front evidence or certificates by allowing them to self-declare that they:**

- ▶ Do not fall within a ground for mandatory or discretionary exclusion from delivering a public contract (or if they do, they can demonstrate that they have taken self-cleansing measures);
- ▶ Meet the relevant selection criteria;
- ▶ (Where applicable) fulfil the objective rules and criteria for reduction of candidates.

### What is the need for the ESPD?

The introduction of the ESPD is intended by the European Commission to reduce the administrative burden on bidders and to remove some of the barriers to participation in public procurement, especially for small to medium-sized enterprises (SMEs).

One advantage of the ESPD is that it is the same form that you complete no matter which contracting authority you are bidding to deliver a contract for.

## What does the ESPD include?

The buyer may require certificates, statements and other evidence demonstrating that you meet the selection criteria. Ideally, you should create a bank of relevant documents as part of your bid library (see Stage 2 Knowing Your Organisation), including:

- ▶ **Financial statements covering the previous 3-year period, such as copies of your audited accounts if you have them**
- ▶ **A list of previous services delivered over the past 3 years with the value, dates, buyers involved**
- ▶ **Any technical qualifications required for you to operate and any quality management accreditations or measures you have in place**
- ▶ **The educational and professional qualifications of management staff**
- ▶ **Any environmental policies or an indication as to your approach**
- ▶ **Insurance certificates and any licenses required to operate**
- ▶ **A statement of your organisation's staffing levels for the previous 3 years.**

If you are currently a PCS Tender user you will be able to use the online ESPD template on PCS Tender. Once you have completed it on PCS Tender the form will be pre-populated for any additional contracts that you look at (you should still double check the details you have provided in case anything has changed). Otherwise, you can download a copy of the most up-to-date template on [this page](#).

## Top Tips!

- ▶ **Start gathering the required information for the ESPD before a tender opportunity is published. Even if you are not currently bidding for contracts, try and build a file of information so that it's accessible and up-to-date when the time comes to use it.**
- ▶ **The form is not as complicated as it first looks. Most of the information relates to simple organisational details that you will have readily to hand. In addition, a large part of the ESPD is simply confirming that your organisation does not fall within any of the grounds for exclusion which, in the vast majority of cases, will not be applicable.**
- ▶ **It would be useful to have a completed ESPD template in your tender or bid library in advance of bidding for any contracts that will make it easier to complete once you've decided to bid.**
- ▶ **If you don't understand something, ask!**

## Resources and Further Reading

- ▶ **Scottish Government [ESPD Template](#)**
- ▶ **Scottish Government [ESPD Frequently Asked Questions](#)**

## Stage 6

# Tender Procedures

Before we consider how you can respond to tender opportunities and write your bid, it is worth familiarising yourself with the typical procedures used by buyers when advertising contracts. The size, scale and method used will all have an impact on the way you are expected to respond and therefore a broad understanding of the procedures used will stand you in good stead.

## Procurement Procedures

There are several different types of procurement procedure:

- ▶ **Open Procedure:** *a single stage procurement process*
- ▶ **Restricted Procedure:** *a two-stage process involving an ESPD to limit the number of bidders who are then invited to tender*
- ▶ **Competitive Procedure with Negotiation:** *suppliers respond to an ITT (or call for competition) and selected bidders are then invited to further negotiations*
- ▶ **Competitive Dialogue:** *used for complex projects where an open or restricted procedure is not suitable*
- ▶ **Innovation Partnership:** *used in special circumstances where buyers are looking for an innovative approach which is not already available*
- ▶ **Negotiated Procedure without Prior Publication:** *used only in exceptional circumstances. A supplier is invited to enter negotiations to agree terms of contract without going through the usual tender process.*

In addition to the above, public bodies may use the 'Light Touch Regime' under Schedule 3 to the Public Contract (Scotland) Regulations 2015 for procurement of specific types of services where the contract value exceeds £598,148. This includes health and social care services. The Light Touch Regime is a more flexible, simplified method of procurement which must meet minimal criteria.

The open and restricted procedures are by far the most common.

## Timescales

The current timescales (until 31st December 2019) can be found in [this document](#) produced by the Scottish Government. Key points include:

- ▶ **Open tenders must be advertised for a minimum of 35 days, or 30 days if the tender can be submitted electronically**
- ▶ **If the contracting authority first issues a Prior Information Notice for an upcoming tender then the tender can be advertised for only 15 days**
- ▶ **In matters of urgency (and evidence can be provided to support this), tenders can be advertised for a minimum of 15 days.**



### Framework Agreements

A framework agreement is an 'umbrella agreement' which sets out the terms under which individual contracts (also called 'call offs') can be made throughout the period of the agreement. Framework agreements are established using one of the procedures shown above and advertised via PCS.

Framework agreements can be for a single supplier or multiple suppliers and are increasingly being used by centres of procurement expertise such as Scotland Excel, APUC, Scottish Procurement and NHS National Procurement. Often, the requirements are split into multiple lots either for particular goods or services or for particular geographical regions. The benefit for third sector organisations is that the lotting of contracts generally makes it more accessible.

#### Important points about framework agreements:

- ▶ A framework agreement does not bind a buyer to purchase goods, services or works from a supplier - getting onto a framework is therefore not a guarantee of business.
- ▶ The agreement merely establishes the terms and basis upon which contracts will be awarded over a set period (a maximum of four years).
- ▶ In order to purchase goods or services, the buyer will issue a contract, known as a "call-off" with a supplier, either through a direct award or a mini-competition between suppliers on the framework agreement.

#### Top Tips!

- ▶ Once you have identified the buyer organisations you are planning to target, try to familiarise yourself with their procurement procedures.
- ▶ The majority of public sector buyers will publicise their procurement procedures and policies via their website. If these are not available online you can request this information by getting in touch with them directly.
- ▶ Consider the minimum timescales and establish whether or not you have the organisational capacity to respond quickly. Are you finding opportunities early enough?
- ▶ You will usually be given a chance to ask clarification questions during the tender procedure - but you will need to pay close attention to the deadline for submission of questions.
- ▶ Contracting authorities may also require you to attend a clarification meeting as part of their assessment. This may take the form of a presentation and/or a series of additional questions of which they may or may not give you advance notice.

#### Resources and Further Reading

- ▶ Scottish Government [EU Thresholds](#)
- ▶ Scottish Government [Supplier Journey \(Procurement Procedures\)](#)

## Stage 7

# The Bid Process

In this section we will look at the tender process and consider how you can best manage the process in order to give yourself the best chance of bidding successfully. The challenge for many third sector organisations is being able to respond quickly when an opportunity arises - therefore preparation and organisation are key factors when responding.

### Tender Timeline

In an ideal world, buyers would publicise tender opportunities well in advance and engage with suppliers to ensure a broad level of competition and a good response from the market. However, this is not always the case as requirements can change quickly and there are often competing priorities in terms of budgeting, service specification and timescales.

Task/Element	Phase	When
Building a relationship with buyers	Preparation	Ongoing - start as early as possible
Attending meet the buyer events, or other types of events where you can meet with public sector buyers	Preparation	Ongoing - whenever possible
Research prior contracts, forward plans and potential opportunities	Preparation	Ongoing - start as early as possible
Create and maintain a 'tender library' with answers commonly asked questions to tenders and documents you often have to provide	Preparation	Ongoing - start as early as possible
Competitor analysis	Preparation	Ongoing - start as early as possible
Partnership development	Preparation	Ongoing - start as early as possible
Set up a PCS supplier profile and monitor alerts	Preparation	Ongoing - start as early as possible
SWOT analysis	Preparation	Ongoing - start as early as possible
Preparation of documentation for selection stage	Preparation	Ongoing - start as early as possible
Read Prior Information Notices and attend any market engagement events for upcoming tender opportunities	Preparation	ASAP once published



Task/Element	Phase	When
Download the tender documents, read, re-read and understand the requirements as fully as possible	Tender Process	ASAP once published
Use the Q&A facility in PCS and ask questions to clarify any lack of understanding	Tender Process	ASAP once published
Bid or no bid? (Does it fit? Can you win? Do you want to win? Can you deliver?)	Tender Process	ASAP once published
Prepare a bid writing plan with key milestones working back from the deadline	Tender Process	ASAP once published
Identify who will write the bid and any other staff who will need to provide input	Tender Process	ASAP once published
Identify the structure and format for your response	Tender Process	ASAP once you fully understand the requirements and specification
Identify your competitive advantages	Tender Process	ASAP once published - drawing on SWOT analysis done in advance
Consider what your pricing strategy will be	Tender Process	ASAP once you fully understand the requirements and specification
Write the content	Tender Process	ASAP once you fully understand the requirements and specification
Review and revise your bid	Tender Process	Aim for one week prior to deadline and review twice or more
Submit your bid	Tender Process	At least one day before the deadline to allow for any issues

Task/Element	Phase	When
Ask for detailed feedback on your bid (including a breakdown by question with notes from the commissioner), regardless of success or failure	Debrief	After notification from purchasing authority
Hold a debrief internally to discuss what worked and what didn't	Debrief	ASAP once the award has been made
Review the contract award and research the winning bid/organisation (if applicable)	Debrief	After the award notice is publicised

## Bid or no bid?

Before rushing into the tender process it is important to consider whether or not the opportunity is worth taking further. This can save you valuable time and prevent you allocating resources to a tender process that may not be worthwhile. Holding a bid/no bid discussion will help you answer the following key questions:

### ▶ Does it fit?

- o Is it a target client?*
- o Does it align with your aims and objectives?*
- o Are there any conflicts of interest?*

### ▶ Can you win?

- o Do you have recent and relevant experience which you can evidence?*
- o Who will you be competing against?*
- o Can you meet the ITT requirements?*
- o Do you have time to write a compelling response?*

### ▶ Do you want to win?

- o Will there be difficulties with the delivery?*
- o What will the client be like to work with?*
- o Will there be any reputational risk?*
- o Will it be profitable?*

### ▶ Can you deliver?

- o Do you have the capacity and capability?*
- o Are you convinced you can deliver a great product/service?*

There are two different methods of making a bid/no bid decision. One is the conceptual method and one is the numerical method and you may choose to combine the two. The conceptual method encourages you to assess four 'abilities' - is the opportunity winnable, desirable, deliverable and profitable

The second method is numerical and involves scoring different elements of the opportunity. For example, ability to win; financial value; strategic value; risk; and opportunity. Each element will be assigned a score and an overall score will be used to decide to bid or not. P4P have produced a template for making a bid/no bid assessment based on the numerical method, which you can download on the [P4P resources page](#).

If you are satisfied that the opportunity is worthwhile then the next step is to prepare a timeline for developing your bid and to allocate suitable resources in terms of personnel.



### The kick off meeting

This is the first formal meeting of your team responsible for writing the bid and any other internal stakeholders. If you are the person responsible for writing and submitting the bid (the 'bid manager'), it is your job to ensure that every contributor has the same understanding of:

- ▶ **The needs and objectives of the buying organisation**
- ▶ **The buyer's selection criteria and decision-making process**
- ▶ **Each person's drafting or design responsibilities and associated deadlines.**

**Prior to the meeting each person involved should read the following:**

- ▶ **The ITT document**
- ▶ **A 'compliance checklist' - a list of the buyer's requirements, instructions, evaluation criteria and questions your response must address (grouped into themes such as strategic, commercial, technical or operational).**

The purpose of the kick off meeting can be to complete the bid/no bid decision and if the decision is to go ahead, then to set out a timeline for writing the bid and submission and assign tasks. The next step should be to complete 'storyboarding' to design your delivery model. We will discuss this in Stage 8.

### Top Tips!

- ▶ **Read and re-read the tender documents to ensure you have a clear understanding of what's required. If there is anything you are not sure about then ask through the appropriate channel.**
- ▶ **Try to be as objective when assessing your ability to bid successfully and deliver the contract - is it a good use of your time and can you deliver the contract to a standard you are satisfied with?**
- ▶ **If there is more than one person working on the bid make sure to communicate effectively regarding targets, milestones, roles and responsibilities.**
- ▶ **It can be useful for someone not involved in preparing your bid to review it rather than someone in your bidding team - this person is likely to have a fresh pair of eyes and provide more honest feedback.**

### Resources and Further Reading

- ▶ **P4P Bid/No Bid Decision Template**
- ▶ **P4P Bid Writing Plan Template**

## Stage 8

# Writing Your Bid

Once you have decided to go ahead with your bid, allocated resources and identified the key milestones the next step is to design your proposed product or service and write your bid. Once again though, planning is key - to ensure consistency and a coherent approach that will allow you to stand out from your rivals.

A 'bid' is a combination of technical writing and an advertisement for your organisation. If you are following best practice then the purpose of your bid is to provide a solution to the buyer's needs or problem in a way and at a price that offers better value than your competitors.

## Planning the Response

Before you begin writing your bid, you should spend time thinking about your strategy - what are the key points that your bid has to address?

### ▲ Pricing

- o What is the current pricing/value of the contract?*
- o What might competitors charge?*
- o What level of margin do you require and what might you achieve?*

### ▲ The Buyer's Needs

- o Is this a new requirement? If not, what worked (or not) from the previous contract and what issues might the buyer want you to address?*
- o What will the buyer consider as the critical success factors in order to meet the requirement?*

### ▲ Your Solution

- o What is your unique advantage(s) that no-one else has?*
- o Why would the buyer choose you?*

Scoping out the broad answers to these questions will help provide a cohesive approach to writing your bid and ensure it remains focused throughout.

Following on from your 'kick off' meeting, hold a 'storyboarding' meeting with key staff members to flesh out the details of your delivery model.

## Structure

Wherever possible, you should always aim to make it simple and straightforward for the buyer to read and understand your tender submission. The best way to do that is to reflect the structure of the ITT in your response.

If the ITT has a prescribed order/structure then use it. If not, structure your response following the same order as the questions in the ITT. Use bullet points for key aspects and messages you want to get across in each question.

### **If the buyer does not require any specific structure then we suggest you use the following format:**

- ▶ Executive summary - summarising all the reasons to appoint you.
- ▶ Our understanding of your needs/goals/current situation - this is where you will describe what you know about the buyer's needs, issues or objectives.
- ▶ Our proposed solution to meet your needs - this is where you will explain how to address the buyer's needs, issues or objectives. Include profiles of the key staff and why they have been chosen for the assignment and a page which describes your entire service model, preferably with a diagram or graphic.
- ▶ Why we are the right supplier for you - this is where you present your credentials/ experience as an organisation e.g. examples of previous similar contracts, case studies, testimonials, references.
- ▶ Suggested next steps - explaining to the buyer what to explain when they appoint you.

## Writing the Bid

### **Here are a few tips to bear in mind when writing your response:**

- ▶ Use the 3 steps approach, in the following order:
  1. Read the question
  2. Understand the question
  3. Answer the question
- ▶ Avoid any superfluous information and only tell them what they want to hear
- ▶ Be aware of your tone. How do your responses sound when you read them back and is the tone suitable? Can you find someone else to review and comment on this?
- ▶ Ensure that you communicate your unique selling point(s) throughout your response
- ▶ Be considerate of the reader - do not frustrate them with incoherent responses - keep it short and concise, using short paragraphs if possible. Do not assume they are reading it from start to finish in the order you have set out - refer to other sections where relevant.
- ▶ Make your response easy to read, avoid large blocks of text and allow plenty of space. Diagrams, bullet points and sub-headings make it easier to follow and you can highlight key points to show their importance to your response.
- ▶ Headings with separate blocks of text, used appropriately, can make it easier for the reader to navigate your response.
- ▶ Remember that it is not just the features of your service that are important, you must also highlight what the benefit will be to the client. Even if it is obvious, you will not score highly unless you state the benefit to the buyer of the solution you are putting forward. You can use examples to back up your claims.
- ▶ Pay specific attention to the introduction to your tender. First impressions do count and this is your opportunity to set the tone for the tender, highlight your key messages and summarise your response. You have an opportunity here to be creative and generate interest in your proposal.

## Pricing

The next section (Stage 9 - Pricing) will look specifically at pricing. In the context of this section, try to think of pricing in terms of how it fits with your overall strategy. Is the pricing structure you are proposing consistent with the standard (quality) of service you are looking to deliver? If you expect to be priced higher or lower than your competitors have you provided a sound justification for this in your response?

## Reviewing Your Tender

Allocating time to review your tender proposal is not an optional extra if time allows, it is crucial to ensure your submission is up to standard. If possible, allow time to review your proposal two or three times prior to submission. Use the first review to consider the questions and how well you've answered them. The second review is a sense check - confirm your messages are clear and consistent. Finally, proof read your proposal for spelling, grammar and formatting.

## Top Tips!

- ▶ **Comply with all the requirements of the tender - ensure that it matches the specification; use the font specified; do not go over the word count; submit the bid early.**
- ▶ **Consider asking someone not involved in writing your tender to review it at one of the stages - they might be able to provide you with more honest feedback.**
- ▶ **Avoid making the bid about yourself - you need to show how your product or service will make the buyer's life easier, better, or deliver the objectives and outcomes they are looking for.**
- ▶ **Your bid should have a strong theme which runs throughout the document. Build all the other elements of your bid around it. These are sometimes called 'win themes'.**
- ▶ **Avoid jargon and ensure that you spell out acronyms when you first use them**
- ▶ **Keep your writing concise and easy to read. Sentences should, ideally, be limited to a maximum of 20 words.**
- ▶ **Use a consistent writing style - you could provide each staff member contributing to the bid with a 'style guide' to follow when writing the bid which may include, for example, words to emphasise and words to avoid. You could also appoint a single person to do a final review of the document to ensure that the style is consistent throughout.**

## Resources and Further Reading

- ▶ **P4P An Introduction to Bid Writing**
- ▶ **Tenderer's Common Mistakes**

## Stage 9

# Pricing

The key term when considering your pricing strategy is 'value for money', the balance between quality and price. You must take note of the price / quality weighting in the tender documentation and be able to clearly show how your tender proposition achieves value for money for the purchaser, whilst also allowing yourself room to make a profit. This will require a degree of flexibility depending on the scoring methodology and the competitiveness of your market.

The Business Gateway Information Service can provide market research - find out more [here](#).

### Most Economically Advantageous Tender (MEAT)

Following the implementation of the Sustainable Procurement Duty, public sector buyers in Scotland are no longer allowed to purchase goods or services based on price alone. Contracts must be awarded on the basis of "most economically advantageous tender", or "MEAT". Contracting authorities are obliged to disclose the criteria on which they are relying to determine MEAT and any associated weightings or order of priority.

If the weighting is 70% price to 30% quality then a competitive price will be far more important than if the weightings are reversed. Buyers tend to score more highly on price when there is plentiful supply and low risk associated with the purchase.

### Scoring Methodology

The most common method of evaluating the pricing aspect of tenders is the relative scoring formula. This involves taking the prices given in the various bids and translating them into a point score relative to each other. It is often done using the following formula:

$$\text{Price Score} = \frac{\text{Lowest price bid} \times \text{price weighting}}{\text{Price of tender being evaluated}}$$

For example, if Company A has submitted an overall cost of £150,000 to deliver the contract whilst Company B has submitted a cost of £175,000

**Example 1)** where the weighting is 80% quality and 20% price

$$\text{Company A Price Score} = \frac{150,000 \times 20\%}{150,000} = 20$$

$$\text{Company B Price Score} = \frac{150,000 \times 20\%}{175,000} = 17.7$$

**Example 2)** where the weighting is 60% quality and 40% price

$$\text{Company A Price Score} = \frac{150,000 \times 40\%}{150,000} = 40$$

$$\text{Company B Price Score} = \frac{150,000 \times 40\%}{175,000} = 34.29$$

Results are shown in the table below:

	Weighting	Company A	Company B	Difference
Scenario 1	Price 20%	20	17.14	2.86
Scenario 1	Price 40%	40	34.29	5.71

In Scenario 1, Company B has lost 2.86 points to Company A based on the higher cost in the tender bid. In Scenario 2, where the weighting for price is higher at 40%, the scoring deficit has widened to 5.71 points. In this instance, Company B would require a score of at least 5.71 points more in the quality evaluation to win the contract.

## Pricing Strategy

If you are satisfied that the quality aspect of your tender gives you a competitive edge then you may be more inclined to bid for contracts even if you think you will score less well on the commercial aspect. However, in that scenario it makes sense to focus on tenders where the pricing weighting is relatively low.

It is crucial to have a full understanding of your costs associated with delivering the contract, both direct and indirect. You must allow some margin for profit, factoring in any increase in costs over the lifetime of the contract. How much of a profit margin you allow will depend on a number of factors such as the level of competition, complexity of product/service etc. Your own situation will also have a bearing - you may be more inclined to seek a higher margin when you have a good pipeline of opportunities, and vice versa when you have a gap in delivery.

Take account of the principle of Full Cost Recovery. It is up to you as a potential provider to bid at a price you consider appropriate, taking account of all your costs including the costs incurred in administering and managing delivery of the contract. Find out more about Full Cost Recovery [here](#).



### Top Tips!

- ▶ Understand the market and find out as much information as possible about likely competitors, their pricing strategies and any previous contract awards.
- ▶ Assess your ability to win the contract based on the relative weightings for quality and price. Does it play to your strengths and/or would you have to sacrifice profit margin to have a chance of success?
- ▶ Ensure that you fully understand your cost base, both direct and indirect, associated with delivery of the contract and allow margin for profit.
- ▶ Do not leave your pricing your bid until the last minute- make sure it fits with your overall bid strategy and factor it in at an early stage in the process.

### Resources and Further Reading

- ▶ NI Business Info: [Pricing Your Product or Service](#)
- ▶ Business Gateway, [Business Information Services](#)
- ▶ National Audit Office, [Full Cost Recovery](#)

## Stage 10

# Evaluation and Continuous Improvement

The amount of work that goes into tender writing makes it imperative to give yourself time to review the process afterwards, to learn from it and inform your future efforts. Regardless of whether or not you were successful, there will always be elements that you can improve on and/or insight that you gained along the way.

### Debriefing

Gaining feedback on your bid is crucial in order to improve your performance and be better prepared for next time. Unsuccessful suppliers and tenderers have a right to know the reasons for their rejection and are entitled to ask for feedback in writing.

Purchasers will have different methods of providing feedback and some will be more forthcoming than others. You may have to be persistent in order to obtain this so be sure that you understand what you are looking for in case you need to follow up by telephone or email. Re-read your bid prior to requesting feedback and try to reconcile this with any initial feedback received - does it make sense?

If you feel the feedback you receive is not detailed enough and you require further detail then you can request additional feedback from the contracting authority. For example, you may request your scores for each question and any comments attached.

It is important to remain objective when seeking feedback, if nothing else to maintain a positive working relationship with the buyer with regards to future opportunities. You should seek constructive criticism whilst trying to find out as much useful information as possible. You may wish to ask for information relating to:

- ▶ **The strengths and weaknesses of your bid**
- ▶ **Your score breakdown for each section of the bid**
- ▶ **The highest and lowest scores for each section and your ranking within those. How did you compare to competitors?**

Consider compiling a spreadsheet containing all the feedback you receive for each bid you submit: this makes it easier to spot trends and areas for improvement.

### Challenging an Award

Should there be any issues with the procurement process then it is useful to know what you can do if you think there are discrepancies with the award. Suppliers are able to challenge the outcome of a tender process if they believe they have been treated unfairly or discriminated against. Generally, this is not a route you should go down unless you believe there has been a significant enough issue to warrant a challenge.

The Scottish Government has a confidential Single Point of Enquiry service. It aims to provide an independent, impartial and confidential service for suppliers and potential suppliers to the Scottish public sector. Note that it is important that, in the first instance, you have sought to resolve your concerns fully with the buying organisation first. The Single Point of Enquiry will be unable to progress with your enquiry any further until you have done so.



### Top Tips!

- ▶ Carry out a debriefing exercise regardless of your success and factor it into your tendering process.
- ▶ Re-read your tender and try to evaluate it from the buyer's perspective - does the feedback make sense?
- ▶ Try to establish the relative strengths and weaknesses of your bid in relation to your competitors.

### Useful Resources

- ▶ Scottish Government, [Single Point of Enquiry](#)

## Conclusion

**The aim of this guide is to help you build your supplier profile, demonstrating that you are ready to deliver contracts for the public sector when they become available. By using the 10 Stage Guide to Procurement you can drop in and out and learn at a pace which suits you.**

Public sector tendering is not something that you are going to learn overnight. You may conclude that it is not for you after reading this guide due to complexity of procurement procedures and the effort involved in ensuring you are tender-ready. But if you provide a product or service which could potentially go out to tender you are missing an important additional source of funds, reducing any reliance that you could have on grant income.

**The P4P team can provide you with one-to-one support at any stage of your journey and to clarify any of the points raised in this guide. Contact the team on [info@p4p.org.uk](mailto:info@p4p.org.uk) or 0141 280 2560.**

**Key points to remember from the 10 Stage Guide to Procurement include:**



Identify which public sector buyers you want to target and start building relationships with them where possible.



Understand the market for your product or service using Public Contracts Contract, contracts registers, and forward purchasing plans (if available).



Ensure you have a good understanding of your organisation's strengths and weaknesses and what is unique about you in comparison to your competitors.



Start compiling a 'bid library' that you can use as a starting point when writing a tender, including a template ESPD document.



Consider working in partnership with other third sector organisations to access contracts which you may not be able to bid for alone.



Learn about procurement procedures and timescales so that you understand how you will be expected to respond.



When you are thinking about bidding for a contract it is important to first make a reasoned decision on whether it is worth taking further rather than bidding for a contract based on a gut reaction.



If you decide to proceed you should spend time thinking about your bidding strategy and plan your bid carefully, taking into account the timescales involved.



Does your bid offer value for money whilst also allowing yourself room to make a profit?



**Remember to ask for feedback whether you are successful or unsuccessful.**



# Additional Support

**There is a range of additional support available for third sector organisations in Scotland, including the following:**

## Partnership for Procurement (P4P)

P4P is an initiative managed by Sencot which provides one-to-one tendering support and support to develop consortia or other types of partnership.

P4P Resources include the 10 Stage Guide to Procurement, Collaboration Toolkit, as well as a range of downloadable templates, case studies, and instructional videos. We hold regular events across Scotland, including workshops and webinars.

Tender and partnership opportunities for the third sector are promoted through the P4P website. The website also hosts the Ready for Business Third Sector Register, which is a searchable database of third sector suppliers.

If you would like to find out more contact the P4P team on [info@p4p.org.uk](mailto:info@p4p.org.uk) or 0141 280 2560.

## Just Enterprise

Just Enterprise is a comprehensive business support programme designed to help social enterprises achieve their trading ambitions. Just Enterprise delivers introductory workshops on tendering on a regular basis and provides consultancy to third sector organisations explaining the processes and techniques required to write successful tenders.

## Sencot

Sencot supports the networking of social entrepreneurs, and are working to establish and maintain a support network for social enterprises.

## Social Firms Scotland

Social Firms Scotland provides support for to organisations who create work for those who face barriers to employment. They provide: information and advice; business development support; events and training; fostering collaboration.

## Supplier Development Programme (SDP)

SDP is a business support initiative for both the private and third sector which provides a range of workshops and webinars. It offers training at three levels - Beginner, Intermediate or Advanced.

All training events are free of charge to SMEs and third sector organisations.



## Business Gateway

Business Gateway is a publicly funded service which offers assistance and impartial advice to people starting or growing their business through a combination of:

- ▶ **Online support with practical information and useful guides**
- ▶ **Workshops and events held throughout Scotland**
- ▶ **Advice to suit specific business needs through a network of experienced business advisers**
- ▶ **Business information - providing information and support on all aspects of starting and growing a business**

## Supplier Journey

The Supplier Journey is a website developed by the Scottish Government which:

- ▶ **Explains the process of awarding a public sector contract**
- ▶ **Sets out what buyers expect you to do at each stage in that process**
- ▶ **Gives practical information on how you can find out about business opportunities, how to bid for business, and what to expect when delivering the contract**
- ▶ **Tells what you support is available to help you win business and what you can do if you are unsuccessful.**

The journey is split into three zones and you can jump directly to the zone you are interested in by clicking on one of the zones in the left hand column.

## Third Sector Interfaces (TSIs)

TSIs provide support, learning and development opportunities for third sector organisations and the people that work in the sector. Each operates in ways that reflect local circumstances and need. You can find out what support your local TSI can provide [here](#).

P4P is funded through the Scottish Government's Building a Sustainable Social Enterprise Sector in Scotland Action Plan 2017-2020.

## Contact Details

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or please visit **[www.p4p.org.uk](http://www.p4p.org.uk)** for more information.

