

OUT ON YOUR OWN

There's gold in the public sector

Learning to tender for public sector contracts could give a lucrative lifeline to new firms starting up in a tough economy



Elaine O'Regan

With public sector spend in both the North and the Republic estimated to be about €21 billion annually, start-ups and other small businesses are being encouraged to tender for a sizable slice of this lucrative pie.

According to Margaret Hearty, director of business programmes and services with InterTradeIreland, the public sector is "uncharted territory" for many small firms, despite the fact that government departments, state bodies and local authorities have significant budgets for goods and services.

Factors impeding greater SME involvement in the market include the perception, among many, that they do not have the necessary time or resources to complete lengthy tendering documents.

According to Hearty, however, the public sector holds "significant opportunities" for small business.

"Governments are among the largest and most diverse procurers of goods and services in most economies," she said.

"Even in these financially straitened times, the total spend across the island is worth around €21 billion per year. Indeed, the market is so large that a key strategic decision is whether or not businesses can risk ignoring it."

Upping your game
InterTradeIreland joined forces with Enterprise Ireland earlier this month to host an event aimed at helping SMEs to win public sector business.

The half-day workshop in Dublin Castle followed the success of a similar event held in Co. Tyrone in May. Attendees learned about tendering skills and the practical supports available from agencies



Mary Hourigan, director, Enovation Solutions: 'Stick rigidly to the format outlined'

TONY O'SHEA

in the North and the Republic. According to Vincent Campbell, director of the Office of Public Works' National Procurement Service, the Dublin event was an important development for SMEs seeking a greater share of the public sector market.

"It is the first time that the heads of the two procurement organisations on the island of Ireland have come together on a stage to address SMEs, particularly those companies who have little or no experience of tendering into the public sector market," he said.

National Procurement Service

The National Procurement Service (NPS) was established in early 2009 on foot of the government's decision to assign responsibility for procurement to the Office of Public Works.

The role of the NPS is to centralise the public procurement process for common goods and services, with the exception of construction. It has responsibility for aligning procurement policy with EU directives and national legislation.

Campbell said such compliance could benefit smaller providers, as its aim was to ensure openness, transparency and fairness in the tendering process.

"With reduced budgets, the demand for cost-effective, flexible and innovative solutions has never been greater, and this is where SMEs can offer a competitive edge," he said.

"All public procurement takes place under both national rules and guidelines or under the EU procurement directives. These set out the parameters, rules and regulations, which must be followed by all contracting authorities when they go to the market to procure goods services or works."

The NPS offers small companies an important source of advice and information on public procurement. It works with representative bodies like InterTradeIreland, Enterprise



Vincent Campbell, director, National Procurement Service

Ireland and Chambers Ireland to run events offering companies advice on winning public sector business.

"Improving our public procurement practices by removing obstacles and encouraging the involvement of SMEs is a key priority," said Campbell.

"We recognise that, for some suppliers, the concept of trading with the public service is alien and one masked in complexity and bureaucratic barriers. This perception alone can stop suppliers, particularly SMEs, from competing for potentially lucrative contracts at home and, ultimately, for those abroad."

Learning to tender

As a first port of call, small businesses keen to learn about business opportunities in the public sector, should visit the website: www.etenders.gov.ie. All public sector contracts, with a value of €25,000 or more, must be advertised on e-tenders.

According to Campbell, the site has about 1,000 tender opportunities available at any given time, and more than 5,000

public sector contracts are advertised on it each year.

"More than 65,000 suppliers are registered users of the site, with full access to all opportunities – and all free of charge," he said.

Suppliers can register their interest in particular types of tenders – for example, for computers or furniture – and receive e-mail alerts when tenders of interest to them are advertised.

"Contracting authority buyers can prepare their tender notices online," said Campbell. "This also extends to OJEU notices."

"These are for contracts above EU thresholds, which must be advertised across the EU, and which are automatically forwarded as a data transfer file to the Office of Publications."

Benefit of SMEs

Stephen Hughes, manager of Enterprise Ireland's procurement team, believes greater participation by SMEs in the public sector bidding system has a bigger role to play in Ireland's economic recovery.

"Notwithstanding that there is a need to review budgetary spend, the public sector remains extremely significant to the wider economy," said Hughes.

"The participation of SMEs in this sector is good because, generally, SMEs are more innovative in terms of what they deliver – particularly those offering a technology solution."

Hughes said there was a perception in some parts of the public sector that awarding contracts to SMEs would drive up prices.

"There is this idea that, if it has come through an SME, it will be more expensive. The evidence coming from other jurisdictions does not support this," he said.

"This is probably an issue for the government to consider, in that there are times when you need to aggregate for cost savings, but there are also times when de-aggregating the bidding process and placing it among the SME community is possibly the better – and not necessarily the more expensive – solution."

For start-ups and SMEs keen to gain traction in the

public sector market, Hughes had this advice.

"You can't really dip in and out, because the tendering process does not support it," he said.

"If, as a sector, you decide it has strategic importance for your company, you must devote the required resources in order to win that business."

InterTradeIreland's Margaret Hearty urged smaller firms to consider consortia-building and joint tendering as a means to bid for bigger public sector contracts.

"This opens up opportunities for smaller firms to partner with another supplier to compete for public sector contracts they would have been unable to service on their own," she said.

A project in itself

According to Mary Hourigan, a director of Dublin-based IT firm Enovation Solutions, the best way to approach the public tendering process is as a "project in itself".

Established in 2000, Enovation has worked extensively with public sector clients to provide training and education, consultancy and digital archiving services.

"Assess the potential success of the bid and ask yourself: 'Can I realistically compete?'" said Hourigan. "Do you have an understanding of the department or organisation, and do you understand the context of the competition?"

She said it was vital for bidders to be clear on why they were responding to a call for tender.

"Do you know who is buying? You should engage with the buyer, ask questions and seek clarification. Find out who your competitors are and who won the competition for earlier tenders," she said.

Hourigan also advised companies to provide the exact number of references requested in the bidding document.

"Stick rigidly to the format outlined," she said.

Top tendering tips

Find out what opportunities are out there

- Register on e-tenders (www.etenders.gov.ie). Other sites worth registering with are: <https://e-sourcingni.bravosolution.co.uk>; www.ogc.gov.uk; and <http://ted.europa.eu>.
- Search for lower-value contracts and publish your 'supplier profile'.
- Don't be shy about asking public sector organisations about the contracts available.
- Market your goods and services.
- Only tender for work you can do.
- Read the tender document carefully.
- Make sure you understand it and seek clarification if necessary.
- Understand the specification, identify the mandatory (key) requirements.
- Check that you can meet the mandatory requirements, which may be highlighted by words like 'shall', 'will', 'must'.
- Can you address them? If you can't, consider if it is worthwhile tendering.

Consider what buyers want, including:

- Evidence that the tenderer can meet the need by demonstrating capability, capacity and relevant experience.
- Evidence that the tender will meet the tender specification – i.e. will deliver what's being asked for and provide the requested information in the format specified.
- Evidence that the tender will agree to the contract terms and conditions.

Tender submission

- Follow the requested format and instructions to tenderers.
- Attach all requested documentation and/or samples.
- Remember that criteria weightings indicate the relative importance of each area.
- Ensure sufficient information to allow each criterion to be evaluated.
- Complete the pricing schedule very carefully.
- Do not submit a general 'brochure' type proposal.
- Be specific to the competition.
- Be clear and concise and relevant in response to all requirements.
- Arrange for someone to review the proposal before you submit it.
- Ensure your tender is received on time and at the correct address.

Understand the evaluation process

There are three steps in the public procurement process, regardless of the procedure used: compliance, selection and award.

- The awarding of the contract is either based on lowest price or MEAT (most economically advantageous tender), which will consider price and other factors such as whole life cost and proposed methodology and approach.
- Prepare for success by managing your key information.
- Don't wait until you see a suitable tender advertised before you go looking for the required documentation.
- Maintain a tender content library to include: company organisation chart, financial accounts/statements, insurances, accreditation documents, references and key staff biographies.

Post-tender review

This should be conducted by the tender manager and consider the following:

- Inadequate planning; was sufficient effort or time put into planning the tender and was this reflected in the quality?
- Inadequate administration; was there incorrect or missing information?
- Price; was the pricing schedule completed at the correct level?
- Information; were all essential/relevant elements included?
- Was an incomplete/non-compliant tender submitted because the requirements were not fully understood?

Debriefing

- If debriefings are offered, attend and prepare your questions in advance. If one is not offered, request it.

Source: *Top Tendering Tips for Public Sector Contracts – National Procurement Service, www.procurement.ie*

"Include the standard blurb, but customise to the specific requirements of each tender. Make sure you have signed all relevant documents and include all parts of the tender or, if you don't, explain why you haven't."

Case study: H&J Martin Facilities Management, Belfast

Winning approach:
"From a pricing point-of-view, you must be very lean. Most public sector organisations will tell you that they will go for the most economically advantageous tender."

– Wilton Farrelly

Wilton Farrelly is division director of H&J Martin Facilities Management in Belfast. Established in 1840, H&J Martin is a construction, fit-out and facilities firm with more than 300 staff. The company has been successful in winning public sector contracts throughout its history. Here, Farrelly talks about the ins and outs of tendering for state work:

"We were set up over 170 years ago, and we have been involved in public sector projects from the very beginning."

"We worked on Belfast City Hall, which is over 100 years old, and we were involved in constructing Dublin's original sewer network."

"The process of tendering for public sector work is far more transparent than the private sector. If you tender for private sector work and you don't win, there are not as many obligations on the company to tell you why."



Wilton Farrelly, division director, H&J Martin Facilities Management

"Winning public sector work in your own market can help geographical expansion. The same rules apply in procurement in England, for example, as apply here. We started building a school in Bradford in England last week. We wouldn't have that if we hadn't already been involved in building schools for the public sector in Ireland."

"When you are going after public sector contracts, you must answer specifically the exact question you are asked."

"You always have to work on the basis that the public sector client – even if you have carried out work for them before – does not know you. From a pricing point of view, you must be very lean. Most public sector organisations will tell you that they will go for the most economically advantageous tender. If you put a tender in and you are not one of the

three lowest prices offered, you won't really have a shot."

"Make contact with public sector organisations in advance of the tenders coming out. You need to be very focused on the market and the types of opportunities you want to go for, because bidding for public sector work is time-consuming, and it can be very costly."

"Try to give a member of staff responsibility for putting together public sector bids, even if it's not their full-time job. It is a skill in itself, and you need someone who can clearly articulate your business processes in writing."

"Working with your supply chain is very important. You may be the one tendering, but your suppliers will be a party to the service you provide."

"Work with your suppliers in advance to ensure your pricing is competitive."