

**How to best
position your
business for
the biggest
piece of the
tender pie.**



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Best practices for tender and RFP submissions in South Africa's construction industry

By Andrew Skudder, CEO of RIB CCS

South Africa's 2019 national and provincial elections are over, which will hopefully clear the way for government and the private sector to once again start investing in large-scale infrastructure projects. With infrastructure development highlighted as a priority in the Finance Minister's 2019/20 Budget Speech, we should see tenders starting to flow after a dry spell.

This comes at a time when most of South Africa's construction companies are struggling. Several larger construction groups have gone into liquidation or business rescue over the past year, while the survivors continue to face difficult trading conditions. Government infrastructure spending is critical to kick-starting the economy.

One of the important success factors for South African construction companies will be their success in tendering as they jostle for a slice of the R865 billion earmarked for spending on public infrastructure over the next three years. This is not simply about winning major RFPs, but also about preparing tenders that are at once competitively priced and profitable.

Here are some of our tips for positioning to win construction contracts against the backdrop of a hungry and competitive construction industry:

Create an RFP team and process

Tendering for contracts can be an expensive and time-consuming business. Putting in place a consistent team and structured process can streamline tender preparation and submission. If you have not formalised a structure, consider creating a core team to support tender preparation, and use proven tools such as estimating solutions to accelerate the process and improve the accuracy of cost estimates.

Decide which RFPs to go for

We are living through difficult economic times, which means it is tempting for construction companies to throw their hat in the ring for every call for tenders that comes up. However, it is wise to focus your energies on the tenders where your company is confident it can deliver on-spec, within budget and on-time, where it is sure it can be profitable, and where it has a decent chance of winning.

It's important to know who the competition is and to evaluate your business against them – how will your tender compare? Is the client's request for tenders transparent, fair and realistic? In some cases, it will be clear your company doesn't meet base

requirements (such as BBBEE certification levels or the relevant Construction Industry Development Board (CIDB) registration), lacks capacity for the work, or the client's deadlines or budget are unrealistic.

Don't forget about pre-sales

In addition to watching for calls for tenders in sources such as the Government Gazette, the government online tender bulletin, independent tender sites, or newspapers, it is important to cultivate ongoing relationships with organisations that will be embarking on large construction projects. Keep in touch with these potential clients, learn about their requirements, and try to get some time to speak to the project funders and sponsors to find out what their pain points are so you are ahead of the game when the RFP comes out.

Develop a positioning strategy

Think carefully about where your company's strengths and the client's tender specifications align so you can deliver a winning proposal. What is the client's perception of your organisation and where it fits into the marketplace? Are there any negative perceptions to correct? What is your differentiation – price, value-add, a track record in similar projects or empowerment credentials? Highlight those factors that set you apart in the market, perhaps developing a theme that you can repeat throughout your proposal document.

Create a compliance checklist

Ensure that you have all the documents and certifications on hand to show you meet compliance requirements. Examples include:

- Tax compliance certificate
- BBBEE certificate or for small and start-up companies an EME Affidavit
- Registration with the government Central Supplier Database before applying for the tender
- ISO certification

Leverage technology

A construction-focused business solution with integrated estimating functionality can help you standardise and streamline the estimating process. This ensures accurate estimates for complex mega projects. You can submit tenders with efficiency, speed and confidence. With high-level pricing or First Principle Resource-Based Estimating, such

solutions equip you with all the necessary facilities and reports to price your tenders rapidly, allowing project resources and costs to be depicted accurately from feasibility through to project execution.

Tight integration of the estimating solution with your enterprise resource planning (ERP) software will enable you to manage costs and spending once a project is underway. A world-class solution should enable you to see and control committed costs (when a PO is generated by your procurement department), accrued (when you have received goods but haven't paid the invoice yet) and actual (you have paid a supplier invoice).

A tried and tested solution will also help you with resource planning throughout a project. For example, you can plan how many cubic metres of readymix you need to lay foundations so that you don't take delivery of too much on a given day. A mobile solution will streamline communication between construction sites and head-office so you always have insight into the costs versus the budget for the project at any given point in time.

In closing

In this complex, high-risk and low-margin business, there is little room for error. The quality of your tender or RFP response will not only play a major part in determining whether your company wins a contract, but also whether it can be delivered on-time and within budget. In these quiet months as the new national administration finds its feet, you have an opportunity to refine your tendering process to prepare for the next set of big projects.

If you're ready to leverage software technology in your tendering process, visit www.ribccs.com for a full view of our various products available.