



WHY TENDERS FAIL

**A guide to common pitfalls
and how to avoid them**

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Introduction

This guide is designed to help potential tenderers avoid the most common errors when tendering for European Social Fund (ESF) Co-financing from the South East England Development Agency (SEEDA). It is not intended as a fail-safe guide to a successful tender, as the competitive nature of the tendering process means that success cannot be guaranteed. Instead it is intended to give tenderers the best chance for their proposal to reach the latter stages of the selection process and therefore to gain an opportunity for the proposal to be compared on a like-for-like basis with other proposals in the same specification area.

The guidance will:

- Give an overview of the documents provided as resources for a potential tenderer;
- Outline the Open and Competitive Tendering (OCT) process to understand how tenders progress through the stages of assessment and appraisal;
- Take the tenderer through the most commonly occurring errors that have prevented previous tenders from reaching the latter stages of the selection process; and
- Provide a summary of key points.

Please note that whilst an Invitation to Tender (ITT) is open, SEEDA is unable to comment on individual tender proposals. Any questions during this time regarding tendering, for example issues of clarification, should be submitted via email to ESFenquiries@seeda.co.uk to ensure that all answers within the scope of the support we are able to give can be kept consistent and made publicly available to all tenderers. Answers will be published in the FAQ section of our website, which will be kept updated throughout the tendering round.

Open and Competitive Tendering (OCT)

Documents

SEEDA's ESF Team provides a number of documents to support tenderers through the tendering process. Each ITT includes publication of the following documents on our website:

- **Specification(s)** – the specification outlines the specifics of the project we are looking to be delivered. Some tendering rounds have more than one specification out at a time.
- **Tender Proposal Form** – this is in the form of a Word document. A new version is created (and labelled) for each tendering round and must be the version used for that round to ensure that all required sections are completed.
- **Guidance Notes to the Tender Proposal Form** – this details, section by section, the requirements for each question. This should be read when planning the tender submission as well as when writing the tender, as some requirements (particularly those relating to partners) may take time to agree upon.
- **Tender Prospectus** – this document provides some strategic background to SEEDA, ESF, and Co-financing. It also details the selection process for the tendering round, closing dates, and other general information that will inform tender proposals.
- **Other documents** – other documents that are available include the tender labels), the letter to tenderers introducing the tendering round, as well as background documents such as the Funding Agreement (contract), and the Provider Guidance (a document to aid successful tenders during the delivery stages of their project).

All documents can be found on our website at www.seeda.co.uk while the tendering round is open.

The OCT Process

The following provides an overview of the key stages of the tendering process:

- **Release** of Invitation to Tender
- **Deadline** for receipt of tender proposals
- **First Stage Checks** undertaken on each tender proposal

- **Assessment** undertaken on all accepted tender proposals
- **Appraisal Panel** examines remaining proposals on a like-for-like basis and selects the successful proposal based on the examination.
- **Post-Tender Negotiations (PTN)** are conducted with successful tenderers.
- **Contract(s)** are issued to tenderers who successfully complete the PTN stage.

Each of these stages is further examined below to provide more detail on what each stage entails:

- **Release**
ITT documentation is published on the ESF area of SEEDA’s website. All contacts on our mailing are contacted to alert them.
- **Deadline**
This is a fixed deadline and no extensions can be given for submission of tenders after this time, so tenderers must allow sufficient time to ensure the tender reaches the procurement team within the timescale given in the ITT documentation. Even 5 minutes late is too late, as OCT regulations prohibit SEEDA from including late tenders in the assessment process.
- **First Stage Checks**
Tenders must undergo certain checks before they can be released for assessment. These include ensuring OCT regulations have been adhered to (deadline, anonymity of packaging, correct documentation, etc.), removal of additional material that has been supplied over and above specifically allowed material (this includes the removal of additional word count in answers which have exceeded the stated space limitations).

Tenders that fail at this stage will not proceed to the Assessment stage of the selection process. Tenderers will be informed if their tender fails at this stage and the reason for this.

- **Assessment**
Each tender proposal that passes first stage checks is assessed by two trained assessors, with the support of an experienced ESF adjudicator, who will evaluate the tender and agree a rating for each section of the form. Overall ratings are then applied according to set guidance. All tenders rated overall at “Meets Requirements” or above proceed to the Appraisal Panel.

Tender proposals that do not receive a “Meets Requirements” rating or above will not proceed to the Appraisal Panel and will receive feedback only for the assessment stage.

- **Appraisal Panel**

The Appraisal Panel (The Panel) consists of a number of SEEDA and stakeholder individuals who have expertise and knowledge within the relevant areas of each specification. The Panel review the tenders and compare them on a like-for-like basis with other tenders in the same specification area to establish the one that best meets the criteria published in the Prospectus (Value for Money, Sustainability etc.).

Tenders are then ranked in order of best fit, with the tender proposal demonstrating best fit proceeding to the Post-Tender Negotiations (PTN) stage.

At this stage, all tenderers are notified of the outcome and the mandatory 10-day “stand-still” period (also known as the “Alcatel” period) begins. No contract can be agreed or issued during this time, although initial discussions with the successful tenderer can commence.

In accordance with the mandatory stand-still period, comparative feedback that details the relative merits of the successful tender is available on request at this stage. Full feedback on individual tenders is made available on request once the negotiation period has concluded and contracts issued.

- **Post-Tender Negotiation (PTN) Meeting**

Successful tenderers will be invited to attend an initial Post-Tender Negotiation (PTN) meeting where items raised throughout the selection process will be resolved or clarified. Any required documentation will need to be provided at this point (e.g. original Collaborator Declaration Forms, Health and Safety policy etc.).

During the negotiation stage (20 working days from the initial PTN meeting), successful tenderers will agree a detailed delivery plan, as well as the evidence to be collected during the project for monitoring purposes. Unit prices will also be allocated to outputs and milestones at this stage.

- **Contracts**

Once contracted, the successful tenderer then becomes a provider of ESF Co-financing. For more detailed information on delivering an ESF Co-financed project for SEEDA, please see the Provider Guidance (published on the website).

Common Reasons for Tenders to Fail

There are many and varied reasons for tender proposals failing at the early stages of the selection process, but the majority can be grouped into the following five categories:

1. Administration errors
2. Not meeting the specification
3. Lack of clarity
4. Appraisal Panel selection
5. PTN

Each of these categories will be dealt with in more detail below and provide advice and guidance to help tenderers avoid these in their own tenders.

1. Administration Errors

Administration errors include items such as:

- **Forgetting to sign the tender proposal** – until a tender proposal is signed, it cannot be classed as a legal submission. If submitting a tender, make sure the relevant person is available to sign the document before submission.
- **Using more space than allowed to answer a question** – all tenders are checked before they are reviewed by the assessors and any additional information (including extra word count squeezed in by changing the page margins or reducing the font size) will be removed prior to the proposal reaching assessment. This can have the undesirable effect of ending an answer prematurely and failing to get across important points, so tenderers should ensure that all space limits are adhered to.
- **Submitting a tender proposal after the deadline** –OCT regulations prohibit the processing of tenders that arrive after the deadline, even if only by a couple of minutes. Likewise, extensions or faxed copies are not allowed. It is the tenderer's responsibility to ensure the document reaches SEEDA's procurement team before the deadline. This keeps it a level playing field for all tenderers.
- **Tenders submitted to the wrong Co-Financing Organisation (CFO)** – tenders submitted to another CFO for SEEDA's tendering round, even if it arrives to them within the deadline, will be treated in the same way as those proposals arriving after the deadline and will therefore not be eligible for assessment. A tender label is supplied with the tendering documentation, and use of this should avoid this error.

Administration errors can be easily avoided, providing the tenderer ensures they have read the documentation, understand the tendering process, and follows the procedures set out. A checklist designed to help tenderers avoid the most common errors is provided at the end of the tender application form and is appended to this guide for reference.

2. Not Meeting the Specification

Tenders will not proceed past the assessment stage if they are not deemed to be meeting the requirements of the specification. Common errors relating to the specification include:

- **Outputs delivery** – Tenders must clearly commit to delivering all outputs required in a specification. A tender that fails to do this, or cannot be certain to commit to this, will not proceed past the assessment stage.
- **Outputs not clearly mapped back to the specification** – Assessors that are unable to determine that outputs contained in the tender are in line with those detailed in the specification cannot award a Meets Requirements rating. Tenders must make it clear that the outputs stated are the same as those stated in the specification (delivery may include elements that are over and above those required by the specification, but must not be less).
- **Outputs at wrong level** – A tender that does not commit to delivering outputs at the level required by the specification will not proceed past the assessment stage of the selection process. This applies regardless of whether the level offered by the tenderer is above or below that detailed in the specification. Outputs over and above those required by the specification may be offered and a decision on the desirability of such outputs will be taken by the Appraisal Panel.
- **Tender does not include all expected partners** – Although it is rare for a specification to require a specific partner, it is usually expected that tenderers will put forward a partnership approach, since specifications for the 2007-10 programme tend to outline larger and more complex projects than many of the projects approved under open bidding or previous programmes. In addition, it is essential that provision links with other relevant provision in the region to ensure there is no duplication and that participants may move seamlessly between the available and relevant provision for them. It is therefore generally expected that a single organisation is unlikely to have the necessary expertise in all relevant areas and will need to draw upon other organisations for certain areas. Failure to provide such expertise and links, or to provide

sufficient justification as to why this approach is not relevant to the proposed activities, would make it unlikely for a tender to succeed.

- **Tender does not address target group** – Specifications are carefully drafted with the intention to provide help to a particular target group. A tender that does not clearly define how the project will assist the identified target group to achieve the intended outcomes of the specification is likely to fail at an early stage of the assessment process.
- **Strong focus on one target group, with no rationale** – Where a tender is heavily focused on a specific target group, without such focus being a requirement of the specification, strong justification for the focus is required to explain why such an approach was taken. Where no such rationale exists, it will be presumed that the tender does not meet the specification requirements in regard to target groups, and may result in the tender failing at assessment stage.
- **Pet project squeezed to fit spec** – Prospective tenderers must carefully consider whether a specification truly fits with the aims of their organisation. Attempts to obtain funding to deliver a project that is not properly aligned with the aims of the specification are doomed to failure, and are therefore a waste of time and resources for both the organisation that has carefully prepared the tender, and for the organisation processing it.

3. Lack of Clarity

Some tenders fail at any early stage or are rejected by the Appraisal Panel because they are unclear of the project aims, outputs, management arrangements or other fundamental project issues. There are several reasons why such lack of clarity may occur and where such issues are likely to crop up.

- **Lack of consistency** –
 - “Too many cooks...”. When sections of the tender proposal form are written by separate individuals it is easy for conflicts to occur, and much harder for the tenderer to provide a coherent and consistent approach throughout the tender document. A tender written by a single individual, incorporating advice from different areas of expertise, is more likely to succeed.
 - Delivery Plan bears little resemblance to narrative – these two sections should in essence be reflections of each other with regard to the activities / expected outputs. Items that appear in the narrative but are not reflected in delivery, and vice versa, give assessors and appraisal panel members cause for concern. All figures used in the narrative should be checked against those given in the delivery plan.

- Budget does not include costs for activities in narrative (or vice versa) – the same applies to this as with the delivery plan / narrative above.
- **Management structures unclear** – Those involved in the selection process of tenders must have sufficient faith in the tenderers' ability to manage the project. A tender that fails to demonstrate knowledge and experience of managing projects, and the likely pitfalls involved in this, is unlikely to result in a successful tender.
- **Author not linked to delivery** – Some tenders raised questions about the realism of what is proposed. In many cases, this is because the individual responsible for the tender was not the individual that will be running the project. As a minimum, someone involved in the practical delivery of projects should be involved in the tendering process to address this issue and to ensure tenders remain realistic.
- **Unable to determine whether or not the project does meet the specification** – Inconsistencies or ambiguities relating to specification requirements will result in a rating of "Risk" for the tender, and it will therefore be unable to proceed. Ensuring that all specification requirements are clearly met, and not just simply mentioned, improves the chances of the tender reaching the competitive stage of selection, where tenders will be assessed side-by-side.

4. Appraisal Panel selection

A tender that is not selected at this stage does not reflect a failure to meet the specification but reflects the competitive nature of the tendering process. Scope is provided and tenderers are encouraged to be innovative in their approach to enhance the specification in a way that best meets the overall aims and objectives of the original specification. Such innovation should enhance the possibility of success at this stage.

5. PTN

Tenderers must resolve all issues raised during the selection process to the satisfaction of the Appraisal Panel in order to proceed to issue of a contract. Responses to issues raised by the Panel, as well as issues that may arise during PTN that may impact delivery of the project, will be sent to the Panel for final approval.

Summary

Although success cannot be guaranteed when entering a competitive process such as tendering, a tender application can reach the latter stages of the selection process by avoiding the following common pitfalls:

1. Administrative errors – ensure the guidance is followed on procedures for completing and submitting a tender;
2. Not meeting the specification – successful tenders **MUST** meet all requirements of the specification as a minimum;
3. Lack of clarity – the information provided in tender applications must be provided in a clear and unambiguous manner.

Once a tender has reached the final stage of the selection process (the Appraisal Panel), it will be compared on a like-for-like basis with others in the same specification area, where the tender that best reflects the aims of the specification will be selected.

The Appraisal Panel will look to ensure that a balanced package of projects is approved to deliver the SEEDA Specifications and the requirements of the Co-financing Plan. The Appraisal Panel will appraise against the requirements of the Specifications and the criteria outlined in the Tender Prospectus. Tenders are appraised on a like-for-like basis at this stage and the tender which best meets the needs of the region is selected to proceed to Post Tender Negotiation (PTN) stage.

Tenderers must resolve all issues to the satisfaction of the Appraisal Panel during the PTN stage in order to proceed to issue of a contract. Responses to issues raised by the Panel, as well as issues that may arise during PTN that may impact delivery of the project, will be sent to the Panel for final approval.

Tender Submission Checklist

To ensure the tender proposal is not rejected before it reaches assessment, please ensure that:

- The lead organisation is a legally constituted organisation
- Project start/end dates are in line with specification requirements or, if shorter, that justification for this has been given
- Both copies of the proposal form are signed (original signatures) and dated, and **neither** copy is bound
- The electronic disk with the completed Tender Proposal Form has been submitted along with the original forms
- The correct, completed Form of Offer is included in the tender submission
- The correct Quality annex has been completed and included with the tender proposal
- Figures have been checked to ensure breakdown and total given in tender proposal form matches the total given on the Form of Offer
- Proposal covers minimum specification requirements
- The envelope is not franked and the tendering organisation **cannot** be identified from the envelope
- Proposal is received by SEEDA before the published deadline
- All Collaborator Declaration Forms are completed and included with the Tender submission (faxed versions are acceptable, but originals will be required if the proposal proceeds to PTN stage)
- Every section has been completed in full
- The space limitations have not been exceeded when in Arial font size 10
- The **correct** tender label has been used
- Every item on the checklist has been marked as completed!**