

LOVE M eTender

eTendering has become a mainstream activity for procurement functions in many organisations, but how well is it actually undertaken. This knowledge byte takes you on a brief tour of the eTendering process.

“You can’t shake hands with a clenched fist” – Indira Ghandi

Introducing technology to improve purchasing and supply management activities should not be driven by the new technologies offered by suppliers alone. The need to improve processes to meet organisational needs and show the value-add that a professional P&SM function brings is a compelling argument in itself. Tendering is a mainstream activity for the P&SM function and is often complex in nature, has a time-consuming approach and can be very costly to undertake. Using technology in this activity can reduce time and cost perhaps allowing for multiple tenders to take place at the same time

If done correctly, electronic tendering (eTendering) enhances the communication between the buyer and suppliers allowing professional buyers and sellers to announce their requirements on-line giving an equal chance for all participants to respond by a set time on common terms.

During the process the system will allow actions, with automatic email prompts, to be placed on key personnel to manage the workflow, for example, the checking of documents before despatch, advising the evaluation team that access to the returns folder is now available after the tender has been opened. All these jobs would have had to be done manually.

The eTendering system mirrors manual procedures by building up the various stages of the tender within the Project. Any number of Stages should be possible from the

development of post-qualification questionnaires through to the final award of contract. These Stages hold the document sets associated with the tender. Typical systems are also capable of holding all documents associated with the Project - internal minutes, project plans and evaluation documents.

The stages of the e-tendering process are as follows:

1. Assemble Document Sets and enquiry document such as; tender enquiry documents:
 - invitation to tender
 - form of tender
 - proposed form of contract and terms and conditions
 - supporting and background documentation
 - returns procedure
 - specifications
 - schedules
 - health and safety plan

These documents can be uploaded from a network to the e tendering system; the system should be capable of holding document templates to ensure that there is uniformity of approach across the whole organisation.

2. Publish Project/Tender to Web Site, Local Paper or Official Journal of the European Union (OJEU, if required)

The system should allow procurement personnel, through simple web management tools, to set the parameters for the web site i.e.:

- How much information and content the web advert will display.

- Which part of the web site the advert will be published to, either in the forthcoming, current or awarded pages.
- It should also be possible to restrict the advert to those suppliers who might be invited to tender against a framework agreement.
- Whether suppliers can express interest or not and whether they can receive and management tender documentation.

3. Receive Expressions of Interest

The web site should allow suppliers to easily express interest in a tender and be able to automatically publish the first set of documents without procurement involvement. The system should also be able to manage expressions of interest that have been received through the postal system. This is very important as not all suppliers will have or will choose to use this capability particularly SME's. All tenders must be open, transparent and fair whether e-tenders or manual tenders.

4. Send out prequalification questionnaire via MS word or in an XML format

Sophisticated systems allow for tender documents to be produced in XML format. Such documents ensure that questions cannot be altered; they can also be marked as mandatory ensuring that a return can only be made if the mandatory questions have been answered. This is very useful as in a manual system these missing questions either lead to a clarification or perhaps a question as to whether the supplier has been responsive or not.

5. Tender organisation receive word/XML prequalification questionnaires

It is essential that the e-tendering system can handle all existing documentation and file formats currently in use. The supplier needs to be able to provide all supporting documentation which may include Annual accounts in PDF and even CAD drawings.

6. Prequalification questionnaires are returned and suppliers short-listed

This is the really clever part of e-tendering. The use of automatic assessment tools at the pre qualification stage can release time to be spent more productively on other projects. The system may have supplier management capabilities, so when a potential supplier is qualified, through system prompts can keep the information right up to date.

7. Dispatch Invitation to tender to approved suppliers

Whilst the aim will be to encourage all suppliers to respond electronically the system should be capable of handling different methods of delivery and receipt of documents. All information received should be capable of being loaded into the system so that when the project is archived all the information is in one place and can be easily retrieved.

Once the documents have been loaded into the document folder then publishing to the tenders is completed by the click of button. All information is sent out securely and encrypted for safe and secure delivery to the tenderers. The system will indicate how many responses have been made but once the documents have been published to tenderers then their identity

will be hidden until the tenders have been opened on the due date and time.

8. Tenderers receive document sets

The system will automatically prompt the supplier by sending an email advising that documents have been published to the web site. The system should provide the supplier with an audit log so that at every stage of the process the system automatically keeps them informed negotiating the need to phone the procurement team.

9. Tenderers return document sets

The web site must be easy to use and require little or no support enabling the supplier to easily log on and navigate to the documents. There should be the ability to download documents received and then upload the various documents requested by the procurement team for return to the secure tender box.

The e-tender system mirrors manual opening procedures where only personnel with the authority and with the correct system rights and permissions can open the bids. The opening ceremony as with all other aspects of the system must have a clear audit trail indicating when and at what time and date the bids where opened.

10. Assessment - Award of contract

Whilst certain elements of the tender could be handled automatically the majority will require the skill and expertise of the evaluation team to assess the subjective parts of the supplier's return. The system must be capable of recording and storing this information so

that both auditors and any requests that are received through the Freedom of Information Act or Data Protection Acts can be handled quickly and efficiently.

11. Management reports

Systems should be capable of searching and filtering the data in the system with the ability to extract data to provide useful management information.

E-tendering solutions can undoubtedly improve the tendering process and cut down the amount of time taken drastically. This can result in an increase in the amount of tenders undertaken at any one time and/or an improvement in the overall control of the process. End users can be given access rights to involve them in the process to a large degree i.e., the specification writing etc. and work with purchasing to achieve the best overall value in terms of price and quality.

This Knowledge Byte has been written by Ian Schollar, Head of Practice development at CIPS and has been adapted from a 'Adapted for the CIPS paper on 'Successful e-tendering' which can be found on the CIPS website.

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