

Winning public sector contracts



Overview

If you would like to sell to the public sector it's vital to understand the needs of your potential customers – and prove your ability to meet those needs and deliver value for money.

This factsheet gives practical advice to small and medium sized enterprises (SMEs) on winning public sector contracts, including where to find them, how to apply, making the application and writing your tender.

A great opportunity

Winning contracts from the public sector can make an enormous difference to your growing business. The public sector employs 25% of the British workforce, and spends more than £13 billion annually on everything from hospital supplies and aeroplanes to stationery. Whatever your business provides, there are almost certainly opportunities for you to sell to the public sector.

Today, there are more than 620,000 SMEs in London and the South-East, representing 90% of the region's businesses. One fifth of those companies already sell to the public sector, with contract values ranging from a few hundred to hundreds of thousands of pounds.

Will it be complicated?

Many small firms worry that public sector contracts are hard to find and win, or that bidding for such contracts will be too drawn out and complicated. However, it's worth remembering that small firms make great suppliers to the public sector – they can often offer better service and value than larger businesses, and tend to be more flexible, perhaps offering specialist goods and services that aren't available elsewhere.

The government is very keen to encourage more small firms to sell to the public sector. A recent trial in Haringey, North London, looked at ways the government could make the process of bidding for government contracts easier, including a new web portal for government buyers to advertise low-value contracts, and training workshops to help smaller firms put together tenders. Similar services are now being rolled out across the country by the Office of Government Commerce (OGC).

Who can apply?

Any firm can apply for a public sector contract, and purchasers are required to consider applications in an open, fair and professional manner. The successful supplier will always be the company that offers the best value for money – not the biggest, or most well known.

In the case of high-value deals (more than £150,000, usually), public sector contracts will be advertised and put to open tender, allowing any qualified business to bid for the contract. If your bid isn't successful, you should be given feedback to help you improve your chances next time. Smaller contracts may not be advertised, but you are still entitled to bid for business, and expect your bid to be considered fairly.

There are many different sorts of contract you can bid for, from one-off material purchases to ten-year outsourcing agreements. As a smaller business, you might consider becoming a sub-contractor on a larger project, through a Framework or Tiered Supplier contract.

No matter which part of the public sector you do business with, the good news is that public sector customers make good customers. Under the Government Procurement Code of Good Practice, all public sector organisations must be fair, open and honest in their dealings with suppliers, and all invoices settled within 30 days or less. Public sector customers tend to be more stable than their commercial equivalents,

and are less likely to be affected by fluctuations in the economy, making them a valuable source of income for smaller businesses.

Where do I find public sector contracts?

Official publications

Opportunities for selling to the public sector are advertised in a wide range of places. High-value contracts must be published in the Official Journal of the European Communities (OJEC), according to European law. OJEC can be accessed freely but be warned – this is a complicated document with lots of jargon and legal terminology.

Fortunately, there are easier ways to find out about contracts advertised in OJEC. Details are published daily on Tenders Electronic Daily (TED), the online version of OJEC. You can also find details of new contracts advertised in TED through Business Link and Euro Info Centres, which often provide local businesses with up-to-the-minute alerts on new opportunities.

Magazines

Another useful source of information is 'Government Opportunities', a monthly magazine which lists many types of contract, from one-off purchases to long-term service agreements. The magazine is updated weekly online, at www.bipcontracts.com.

Specialist companies

For a small cost, companies such as Tenders Direct will do the hard work for you, identifying opportunities in OJEC that match your specific requirements. OJWatch and Local Government Tenders offer similar services. Contrax Weekly (www.govopps.co.uk) publishes more UK tenders than are included in OJEC, and information can be searched online by region or topic.

Local and national press

Contracts below the EC limit are often advertised in national or regional newspapers, or sometimes in specialist trade journals and online directories.

The internet

Many – but not all – public sector organisations will advertise tender opportunities on their websites, or provide guidelines on how to do business with them. For example, the NHS has a dedicated supplier portal which explains how to bid for current contracts.

Guide to Local Authorities

For information on selling products and services into London Boroughs you can download the guide by the London Contracts and Suppliers Group (www.lcsg.org/downloads/sell_to_london.pdf). It gives you an idea of what and how some of the London Boroughs and Universities purchase.

Direct contact

However, remember that public-sector organisations do not have to advertise low-value contracts at all. You may benefit from identifying the appropriate individual in an organisation, and giving them information about your business. A good place to find the right contacts for central and local government agencies is the official Supplying Government website (www.supplyinggovernment.gov.uk).

Preparing to apply

While the public sector is keen to do business with small companies, make no mistake – winning a public sector contract isn't easy. That's because any public sector organisation has to be sure that they are investing in the best possible supplier on behalf of the public.

The right credentials

Winning the contract will be easier if you are prepared, by having the right information to hand before you make your application. Broadly speaking, this means being ready to demonstrate your financial stability, business acumen, relevant experience and a track record in the relevant area, together with a strong understanding of the contract requirements. In many cases, customer references will be an essential requirement of any application.

Begin by carefully reading the 'how to do business with us' guide that is usually available on a public sector organisation's website. For example, the NHS Purchasing and Supply agency publishes details of

how to bid for tenders and also has a helpdesk where you can find out the quality standards and other requirements needed to do business with the health service.

If in doubt, call or write to the individual authority or public body to clarify exact requirements for each contract.

Important documents

Be aware that any application will need to be supported by a number of documents. Preparing these documents now and keeping them together will save lots of time when applying for contracts. The documents required to support most tenders include:

- a certificate of incorporation, issued by the Companies Registry
- audited accounts for the last one or two years
- employers' liability insurance certificate
- public liability insurance certificate
- written evidence of your environmental, health and safety, and equal opportunity policies quality assurance policy
- if you work in an industry where external assessments are normal or expected evidence of your technical ability
- if appropriate any trade or technical brochures about your company

Freedom of Information Act

Remember that public sector bodies are subject to the Freedom of Information Act, which makes most tender information available to the public (or your competitors) on request. If your application includes information that is commercially sensitive, you can sometimes apply for an exemption from the Act to prevent it being disclosed. However, you will need to make this clear on any documentation you submit.

Making the application

Step 1: Read the advertisement

Make a note of the closing date for bids on any contract advertisement, and try to prepare your tender document or initial expression of interest as far ahead of this date as possible.

If there is a contact name and number on the advertisement, consider telephoning the person to check you understand the requirement, and that your business can meet the needs of the potential customer.

Step 2: Pre-qualification

In some cases, suppliers have to be qualified before they can submit a tender. This might involve completing a questionnaire or supplying information about your company's financial status or previous experiences – a process that's often referred to as a request for information (RFI). It's important to provide all the information that you are asked for – the material you submit will form the basis of deciding whether or not you are invited to submit a tender.

Step 3: Invitation to Tender

This is an invitation to submit an offer to the public sector agency in writing. All tenders will be assessed against a set list of criteria designed to ensure that the public sector gets the best possible value for money from suppliers.

The assessment criteria will usually be listed on the contract notice or invitation to tender, and may include items such as delivery, quality, staff experience and customer support. If the criteria are ranked, concentrate on the most important first, but make sure you provide some information for all the requested criteria.

The aim is to show that your company represents the best possible Value for Money (VFM in public sector jargon). So include information about the expertise of your employees, product quality, proven reliability and your ability to manage and reduce potential risks.

Writing your tender

All tenders should include the following key pages:

- a covering letter explaining the key points of your bid

- a summary of your experience, including any relevant customers or qualifications
- a detailed description of the work you propose, showing how you will meet the key criteria
- a proposed timetable for the work, including key milestones
- proof of your team's skills and experience
- details of pricing and any after-sales support you would offer
- explanation of how potential problems and risk will be managed

Getting Advice

There is lots of support available for small companies that may not be used to writing tender documents. Supply London - a service delivered by Business Link London - provides detailed workshops and advice to help companies put together tender documents that match the criteria of public sector customers, such as quality, environmental practices and financial planning. It also provides a tender alert system, which is available free compared to similar services that you have to pay for.

Advisors will also help you create a tailored action plan to help you put processes into place that will help you meet the procurement standards of the public sector. More information is available at: (www.businesslink4london.com/index.cfm?fuseaction=main.viewPage&intPageID=22)

For more specialist advice, you might consider referring to websites such as the Health and Safety Executive (www.hse.gov.uk), which provides advice on setting up the required policies in companies with five or more employees. Other useful websites for creating policies include the Equal Opportunities Commission and London Remade (www.londonremade.com) for advice on recycling and environmental practices.

Finally, consider asking potential public sector customers for copies of their policies on health and safety or equal opportunities. It will give you a good idea of the standards they are likely to expect from suppliers.

Tips to remember

Don't take requirements at face value – many contract advertisements have to stick to strict word limits, so it's always worth calling the procurement manager at the public sector organisation to make sure you really know what's involved.

Always photocopy the tender documents. Keep the good copy to be presented and give everyone who is working on the bid with you a copy. If you have people with different skills get them to help you, particularly if you are not experienced at putting together costing and budgets.

Winning a bid

Once a public sector organisation has received tenders for a contract, they will reduce the number of potential suppliers to a more manageable shortlist, which will probably be between two and eight potential suppliers. If you're shortlisted, you will probably be invited to attend an interview or demonstration, so the public sector organisation can find out more about your business and your bid.

Interviews

An interview can seem nerve-racking, but it's important to remember that the public sector has to be confident that you can deliver on the promises you've made in your tender. Interviews can take different forms – if you're an IT company, it might be a demonstration of your software; a construction firm might need to show the potential customer around a building site or completed projects. In addition to these sessions, you might need to attend a formal interview to discuss the proposed costs and contract terms of the project.

Partnership Working

However, an interview is also an opportunity for the public sector agency to put a face to the proposal. Are you the kind of business that they could partner with over a period of months or even years? Expect to answer questions on your track record on team-working, co-operation and relationship management. Can you demonstrate that your business will make a great partner for the public sector?

Points to remember

Look for opportunities

Use the internet, specialist trade magazines and services such as Business Link to identify relevant contracts. If you run a specialist business, contact procurement managers directly to ask about contracts.

Get your paperwork in order

Make sure you have the policies, procedures and paperwork that public sector customers demand. Get expert advice to draw up policies if you don't have them.

Be prepared

read advertisements carefully and call up public sector agencies to make sure you really understand what they are asking for before putting pen to paper.

Create a checklist

Before you post your tender or RFI document, make sure you've met all the requirements in the advertisement or request for tender document. Double check any figures or customer references.

Make an impression

If you're invited to attend an interview, remember the purchaser is judging you as well as your proposal. Keep it smart and professional.

If you don't win the contract, ask for feedback to improve your chances next time.

Summary

Winning contracts from the public sector is a make an enormous difference to your growing business and there are plenty of opportunities available to SMEs. Knowing where to look for contracts is the first step, while thorough preparation and a well-presented application will increase your chances of securing a contract.

Further Information

Supply London

<http://www.businesslink4london.com/index.cfm?fuseaction=main.viewPage&intPageID=22>

Office of Government Commerce

www.ogc.gov.uk

Official Journal of European Communities (OJEC)

www.ojec.com

Tender Electronic Daily (TED)

<http://ted.publications.eu.int/official/>

Public Procurement Information System (SIMAP)

<http://simap.eu.int>