



How to decide whether to respond to a Tender Opportunity



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The last few years have seen an increase in the number of contracts aimed at charities and not-for-profit organisations, as (predominantly statutory) funders seek to secure the best value delivery for their services. However, the tender process can be time consuming and challenging for organisations, so how should you decide whether or not to go through the process?

1 Ensure you understand the specification fully

It sounds obvious, but making sure that you really understand what the funder / purchaser is seeking to buy is your first step. Tenders can be very specific (setting out exact inputs, outputs and outcomes to the letter) or very generic (giving a vague sense of outcomes required) depending on the funder, size and nature, but you need to make sure in both cases that you understand the language used and what is really expected.

Beware the vague tenders... It can be easy to see what you want to see, rather than what is really there when you are desperate for funds for your organisation or project! Get as much information as you can from the funder about the tender, and look around their website or ask them (if you can) to get a sense of 'where' their priorities are coming from. Is this linked to a wider strategic plan? Or is there a national initiative that they are trying to reflect or targets to meet?

If in doubt, ask. Approach the funder (via any means permissible) or ask colleagues or peers to get their take on it if helps you.

2 Consider the operational impact at all stages (can you deliver?)

Once you understand what the funder is looking for it's vital to work out if you can deliver it! There are a whole range of things to think about including

- *Does your service or project 'fit' the tender specification easily, or is there a bit of tweaking to do to deliver this?*
- *Would delivering on this project be in line with your organisation's strategic plan / vision?*
- *Do your current staff have the skills and capacity to deliver this project, and if not, is recruitment possible and desirable (consider timeframes for delivery too)?*
- *Do you have the capacity to take on this work – not only in terms of delivery to beneficiaries but also in relation to any paperwork requirements at operational level?*



It would be well worth talking to staff who would be involved in delivery of this project (if this isn't you anyway!) before going any further, they are likely to have strong feelings about its viability and identify any risks you hadn't considered (see step 4).

3 Analyse the time commitment required

So now you have a sense of what it is that is wanted, why, and whether it is operationally viable – how about the process of actually responding? Do you have the capacity to prepare the tender itself within the timeframes given?

Often tenders can have more than one stage. An initial PQQ (Pre-Qualification Questionnaire) or PQF (Pre-Qualification Framework) may be quite simple, but ITT's (Invitation To Tender) can be time intensive so bear this in mind. It's likely that you will also require support and input from other people within your organisation (finance, delivery staff, HR etc) so make sure you are clear what other priorities and deadlines may impact on their ability to provide you with information.

4 Weigh up the risks and opportunities

By now you should have a good sense of whether or not you should apply or not, but it is worth further considering the risks you are taking in both responding to a tender and your ability to deliver if you are successful.

- *Do you have a track record for this service?*
- *Is the project financially viable? You need to be at the very least ensuring full cost recovery. In an ideal world you will be making a small surplus which you can reinvest into your project / organisation to support your mission and vision.*
- *What is the financial risk? (An accepted formula is to take the annual value of contract divided by current organisational turnover x 100. If the result is over 25% of current turnover then the risk is too high.)*

In addition to risks, it's also now time to look at the bigger picture of opportunities.

- *Who would be your competitors? Is it worth trying to partner with another organisation if you aren't known for delivering this service? This may be an easier and less risky way to apply.*
- *Are there political reasons to apply (or to not to) even if winning is unlikely? (For example, to be able to partner / sub contract with another organisation if you don't win, or to promote your services locally)?*
- *What would you be doing with your time if not writing this tender? Which is more likely and / or lucrative to your organisation or project?*

