



Tender Ready Report



BusinessSA

South Australia's Chamber of
Commerce and Industry



Government of South Australia
Office of the Industry Advocate

Foreword

This report reviews the issues faced by local South Australian organisations in successfully bidding and winning work from the South Australian Government. It provides both summative and anecdotal information on these issues. Its recommended outcome is an eight point plan for South Australian Government procurement, to provide better access for South Australian organisations to Government contracts.

This report has been prepared by Business SA for the Office of the Industry Advocate. Business SA spoke to 12 organisations and a number of Industry Associations to prepare this report. Business SA sought out a range of organisations from larger companies with mature processes, through to small companies and not for profit organisations.

Business SA also spoke with a range of organisations, from those with a track record of successful bidding to those who have been less successful and those just entering the Government market.

The South Australian Government is a significant portion of the state economy. It is therefore important that South Australian companies have effective access to Government tenders.

This report provides a path forward to improve this access.

I commend this report to you.

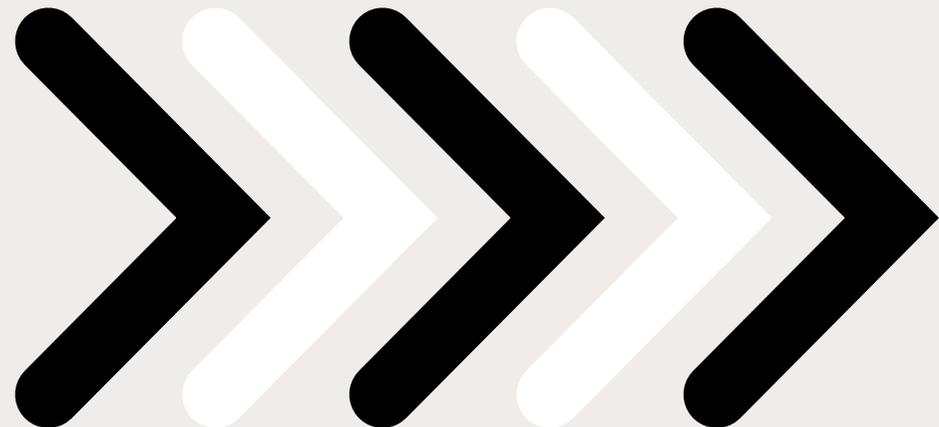


Nigel McBride

Chief Executive Officer
Business SA

Business SA, the State's Chamber of Commerce and Industry has for over 175 years, lobbied both Local and Federal Governments without fear or favour on behalf of South Australian enterprise. We ensure the voice of business is heard. Our focus is clear – to lead business into the future. We help maximise the potential of your expertise, actively represent the needs of employers in a complex regulatory climate and provide real business value.

www.business-sa.com



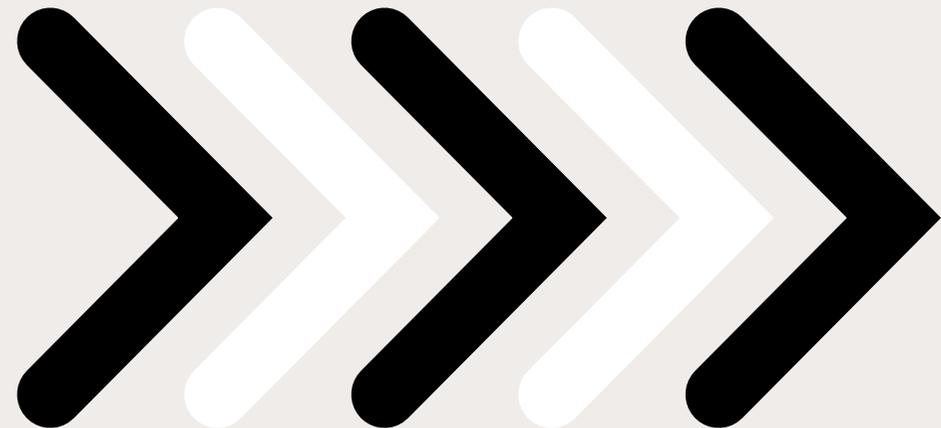
Executive Summary

A key objective of the Office of the Industry Advocate is to increase the number and diversity of locally based organisations winning SA Government contracts. The Office has focused on removing unnecessary barriers and costs associated with SA Government tenders and recommended reforms to the SA Government which ensure procurement provides an economic benefit to the State and local businesses.

The Office of the Industry Advocate provided funding to Business SA to investigate constraints facing local organisations wanting to tender for SA Government work and to recommend what could be done to improve their opportunities. Business SA engaged with a strategic partner who conducted a review of 12 organisations and a number of Industry Associations.

The organisations were drawn from a list of organisations proposed by the Office of the Industry Advocate and Business SA. They spanned a number of industry sectors, and ranged from “mum and dad” businesses to well-structured organisations with relatively mature processes. Where it was relevant, we conducted a review of the organisation’s bidding process and actual tenders. These reviews were particularly well regarded, as they provided an opportunity to have tender processes and quality to be reviewed against best practice.

The result of the one on one meetings is an eight point plan for better procurement which will assist organisations to bid more effectively.



Executive Summary

The eight points recommended are:

- 1 Availability of Decision Makers**
Encourage procurement officers and technical staff to be available before the release of tenders, and provide, as a public document, a forward looking guide to procurement.
- 2 Debriefing**
Ensure procurement officers provide a detailed debriefing to unsuccessful tenderers of ways to improve their bidding.
- 3 Pre-Qualification**
Allow organisations to pre-qualify for repetitive aspects of tendering, so that they do not have to repeat information on organisation capabilities and accreditations.
- 4 Identify Selection Criteria**
Provide details of the selection criteria for a tender, and weightings of these criteria.
- 5 Enforce Selection Criteria**
Where performance goals (for example, in areas such as quality or indigenous engagement) are set on contractors, these must be inspected or verified, and not left for self-assessment.
- 6 Be the National Standard Leader**
The SA Government should encourage its agencies and departments to take the lead in national standard setting.
- 7 Use of Industry Standard Systems**
Where possible, procurement should use industry standard systems used in the private sector.
- 8 Single Point of Contact**
Provide a single point of contact for each organisation, to allow easier entry for smaller organisations into SA Government procurement.

Methodology

Business SA conducted a review of 12 organisations and a number of Industry Associations.

The 12 organisations were drawn from a list of organisations proposed by the Office of the Industry Advocate and Business SA. They spanned a number of industry sectors, and ranged from “mum and dad” businesses to well-structured organisations with relatively mature processes.

One-on-one meetings with a number of Industry Associations were conducted with whom tendering issues were most relevant, in order to identify general issues.

A Tender Handbook has been developed based on an analysis of the issues faced by the local organisations met.

There are a number of courses and tendering guides available to industry. Many of these courses are aimed at large organisations. The Industry Capability Network has also prepared a course with TAFE to support small to medium enterprises dealing with prime contractors.

However, this Tendering Handbook is unique, as it specifically addresses the issues of dealing directly with the SA Government, and is focused on the needs and abilities of small to medium enterprises.

The result of the one on one meetings is an eight point plan for better procurement.

None of these eight points has specific extra costs for the public service, although there will be incidental extra demands on public service staff time, especially procurement staff.

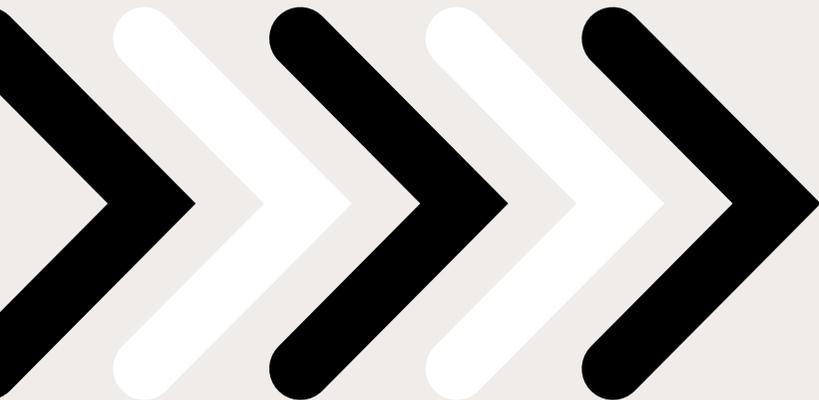
However, better and more consistent tendering processes by organisations should provide some streamlining of tender reviews by the public service, which may improve workloads.

As part of the one on one meetings, a review of past tenders or the current tendering process of the organisation, was offered.

To assist bidders, we have created a Tender Handbook which specifically addresses the issues of dealing directly with SA Government, and is focused on the needs and abilities of small to medium enterprises.

It is recommended that the Office of the Industry Advocate support the development of a program which provides intensive half day workshops, webinars and one-on-one mentoring for both metropolitan and regional organisations.

The Meet the Buyer program was viewed favourably, although it was requested that a list of attendees from the SA Government be made available ahead of time.



Methodology

Consultation List

| | | |
|----------------------------|------------------------------|-----------------------|
| Alcidion | Information Technology | Adelaide |
| Bowhill Engineering | Construction | Regional |
| Custom Coach | Vehicle Manufacturing | Adelaide |
| Einstein da Vinci | Marketing | Adelaide |
| Intract | Construction | Adelaide / Indigenous |
| Jones & Jones | Electrical | Adelaide |
| Narungga | Construction | Regional / Indigenous |
| Papas | Engineering | Adelaide |
| Phoenix | Not for Profit | Adelaide |
| Suntrix | Solar Energy | Adelaide |
| Tindo | Solar Energy / Manufacturing | Adelaide |
| Voiteck | Telecommunications | Adelaide |

Industry Associations

| | |
|---|--|
| Civil Contractors Federation | Met CEO Phil Sutherland and discussed issues they are facing, especially, subcontractors to prime contractors bidding to SA Government. |
| Resources Engineering and Skills Alliance (RESA) | Met CEO Phil de Courcey and discussed the program, and differences with RESA's own program, which it delivered on behalf of ICN and with TAFE. |
| Regional Development Australia Adelaide | Met CEO Kenneth Taplin and discussed program. |
| Global Maintenance Upper Spencer Gulf | Contacted Manager Mark Malcolm, who noted that a range of programs were offered to his members, who generally provided a poor take up rate. |
| Food SA | Met CEO Catherine Barnett and discussed the program. |
| Ai Group | Called CEO Stephen Myatt, and outlined the program. |
| Business SA | Internally reviewed members for whom program was of value. |
| Water Industry Alliance | Met CEO Andy Roberts and discussed the program. |
| Simulation Australia | Contacted CEO Alisha Fisher, who appreciated the benefit of the program, and was seeking interested members. |
| Consult Australia | Contacted State Manager Jan Irvine. |

Government

| | |
|------------------------------------|--|
| Industry Capability Network | Contacted Darren Hill, and held a meeting with him and Phil Cross. Phil subsequently provided a list of names of organisations. |
| SA Government | Met Tom McDermott of DPTI at a Meet the Buyer (along with many other SA Government buyers, including Gayle Smith of DEWNR and Justin Sara of DPC), and Tom provided a name of a business. Met with Ivor Hay of DMITRE to discuss the DMITRE "Major Projects Ready" program. |
| Enterprise Connect | Met COO Vinit Chand in the absence of the CEO, who was on extended leave, and explained the program. |
| Commercialisation Australia | Met the three Adelaide managers; Doug Adamson, Ann Angel and Grant Steinberg, and discussed the program. |

Eight Point Plan for South Australian Government Procurement

1 Availability of tender decision makers

Tender decision makers are only sometimes available to speak with potential tenderers ahead of the release of the tender.

Issue

There appears to be no consistency across the SA Government on whether relevant personnel should be available to speak with tenderers ahead of the release of a tender.

In other areas, governments actively promote the details of relevant decision making personnel ahead of the tender process. This allows tender decision makers to gain new concepts, which may improve value for money, as well as allowing tenderers to explain their skills outside of the confines of a formal bid.

As an example, the Australian Department of Defence's Capability Plan lists Defence's major projects, areas of likely local content, a guide to contract value, and contact phone numbers,

By being local, it is easier for South Australian organisations to hold informal pre tender meetings with the relevant personnel in SA Government.

Pre tender briefings were considered valuable, with Australian Steel Institute's Sam Contourios holding what was considered, an excellent early contractor involvement presentation for the Adelaide Oval project.

Solution

Make it clear to all departments and agencies that meeting organisations before a tender is released is encouraged, although with clear limits of what hospitality is acceptable.

Require each department and agency to provide a guide to its procurement activities in the coming year, and points of contact, once its budget is approved. This could be placed on tenders.sa.gov.au

2 Debriefing

There are usually no details on why tenderers were unsuccessful. This means it is difficult for tenderers to learn how to improve their bids.

Issue

Most of the organisations felt there was insufficient or no debriefing on why they were unsuccessful. This makes it difficult to learn how to improve the quality of bids.

Losing a bid is clearly a difficult outcome, yet it is a major opportunity to learn.

Solution

Provide procurement officers and others with responsibility to inform unsuccessful tenderers. Also, provide them with training in how to deliver news of unsuccessful tenders in a constructive way.

Require departments and agencies to provide verbal debriefs on the phone or face to face. Such debriefs should be steered away from a repeat of the tender, and towards areas for improvement.

Eight Point Plan for South Australian Government Procurement

3 Pre Qualification

Many organisations found the requirement to repeat routine information for every bid tedious and non-productive. They requested a form of pre-qualification.

Issue

Most requests for tender tend to separate into details about the bid (e.g. price, technical solution, etc.), and capability (e.g. quality standards, safety history).

This repeating of information (which apparently varies in content and order between requests to tender from the same department) is of little value, yet is time consuming. For smaller organisations, it often seems easier to provide little detail, or ignore these requirements. This results in non-compliance, and then rejection.

Solution

Each department should create a collection of pre-qualifications, which organisations can either hold, or if not held, be required to complete. As an example, organisations could either be approved for quality, Workhealth and Safety, etc., or provide the information in each tender.

When issuing a tender, the department may say "Section 17: Safety – either quote supplier number, or complete the following section".

This would save the department time in reviewing bids, and save time for organisations bidding.

Pre-qualifications could be renewed every two years, and the list of pre-qualified organisations could be added to at any time.

4 Identify Selection Criteria

Organisations requested that selection criteria be identified. It was often not clear to tenderers how much weight the procurement decision placed on various elements, and hence, proved difficult to know where to focus attention.

Issue

It is common for tenderers to request details of selection criteria, but also common for departments and agencies not to provide their internal scoring systems.

Greater transparency would assist bidders better address the SA Government's needs.

Comments from departments were that price was not the sole criteria, and that often tenderers did not address, or weakly addressed, key issues.

Publishing weightings or scoring systems helps direct tenderers to what the department or agency believes is important. During a tendering timescale, it is often difficult for smaller tenderers to provide a large amount of detail for all responses.

Solution

Where possible, provide details of the selection / evaluation criteria, and any goals of the tendering process (e.g. any indigenous weighting).

If a full weighting table is not able to be provided, then a guide would be of use, e.g. using 'Mandatory', 'High', 'Medium' or 'Low'.

Mandatory would describe items which are either absent or present, and absence would mean the tender is set aside; e.g. "Holds ISO 9001: Mandatory"

Typically, price would always have a 'High' weighting.

Eight Point Plan for South Australian Government Procurement

5 Enforce Selection Criteria

When the SA Government sets goals beyond scope, time and price (as an example, indigenous engagement, quality), these goals need to be enforced.

Issue

Organisations felt these goals were responded to, but then not reviewed (e.g. indigenous goals not met, or quality of other producers not confirmed).

If the SA Government sets a standard in an area (for example, statistical quality controls), then it must enforce those standards when accepting purchased items, and force visibility of meeting of these standards.

This issue spanned areas as diverse as quality control of imported versus locally produced items, to the level of indigenous employment against targets.

An example from the general community of this would be that it is easy to check if a car is able to seat five people or if it costs \$18,999, but requires third party inspection and production standards to verify it will be an ANCAP five star safety standard.

The SA Government should require proof of compliance with standards it requires, rather than self-assessment. A range of organisations felt that, as a local producer, they needed to comply with what was required, and that overseas or interstate organisations were not meeting the same standards.

Solution

Where departments and agencies set goals, these must be inspected or verified, as would be done with an invoice against a purchase order, or a performance specification. It must not be left to self-assessed performance.

6 Be the national standard leader

The SA Government should set national standards where possible.

Issues

In one area reviewed, the SA Government informally sets the national standard. This provides a great advantage to the local producer, who is required to be best in class, and therefore meets interstate standards.

As a smaller state, it is unusual that the SA Government would set standards. However, where South Australia can set the benchmark, it provides a great boost to local producers, who are therefore at best practice.

Solution

The SA Government should actively seek to lead in technical and other standards for procured items, and should be encouraged to take the lead where there will be an advantage to the SA Government to do so.

Eight Point Plan for South Australian Government Procurement

7 Use of Industry standard systems

There are industry standard systems, which are not used by the SA Government, for management of procurement.

Issue

As an example, the Achilles system has widespread use in the construction industry, yet is not used by DPTI.

There would be substantial savings for small organisations if the SA Government used the same systems that are used for similar tasks in the private sector.

Solution

SA Government departments and agencies review whether they should use an industry standard package for dealing with suppliers.

8 Single point of contact

The SA Government is a large, diverse organisation, and it is difficult to find a point of contact to enter the system.

Issue

Some organisations find it difficult to enter the SA Government system. There was a particular example of a not for profit which was unsure where the best point of entry would be.

Most organisations are confused about how the SA Government operates, and part of the Tender Handbook is to explain to organisations that the SA Government is more a collection of separate agencies and departments, with different procurement needs, than a monolithic entity.

Most large organisations provide an entry point to their organisation (e.g. a relationship manager at a bank or a utility). Where you are a small customer, the entry point is a phone number; but for a large client, there may be a dedicated officer.

Solution

The SA Government should provide a single point of contact for each organisation. These points of contact would probably be in individual departments, such as DPTI and Health, but some organisations suggested OIA should provide the point of contact.

The point of contact would need to have a willingness to refer to different departments, and identify an entry point into that department.

Recurring Issues for Tenderers to Address

Positives for Tenderers

- Have a clear set of competitive advantages, which are repeated throughout the tender.
 - Demonstrate how the tender provides a low risk of delivery for the SA Government, e.g. by giving examples of proven product or services.
 - Understand the tender must be responded to as instructed, regardless of how petty or repetitive it is.
 - Think about the customer's unstated goals, e.g. reliable system, delivered on time, in full.
 - Get in early, and win over the full gamut of decision makers, not just the technical staff.
 - Accept that the SA Government does not negotiate or discuss, and for many tenderers in the private sector, this is different to their usual way of working.
- Most organisations had good presentation skills evident in their tenders.
 - Some organisations won most of their bids.
 - All organisations were willing and keen to learn better tendering practices.
 - All organisations recognised improved bidding would be financially beneficial.

Uncurated List of Issues

These issues are the unedited comments of participants. They are provided on a confidential basis. They provide some comments on potential favouritism, as would be expected in a meeting with organisations to review, principally, why they were unsuccessful in tenders.

Cost of Tendering

- Our industry requires very high quality tenders, which may cost 25% of contract value. Short listing is needed to reduce tendering cost. Alternatively, a number of concepts could be funded.
- Request pre-qualification, not endless (and slightly different) requests for information like OH&S, quality etc.
- Seek pre-qualification for solar organisations.
- Had pre-qualified, although this was a lengthy process.

Access Difficulties

- Tried to access technical experts, but tender decision used different experts. 'Probity' prevented us knowing which experts were being consulted by the panel.
- Couldn't talk to panel ahead of tender (didn't even know their names).
- Request that there is a single POC in SA Government for our company.
- Pre tender briefing session would allow networking between SA organisations and bigger organisations – only way of getting to find out who are potential bidders, and hence, our business partners.
- Provide list of procurement officers across all SA Government departments.
- Provide breakdown of department / agency spend in key procurement categories, so marketing can be targeted (e.g. contracts sized sub \$15k, \$15-\$100k, > \$100k).
- Unsure how to get onto a preferred suppliers list.
- List in advance the procurement officers / departments at Meet the Buyer, as time spent attending is significant to smaller organisations.
- Announce winner of tenders, so small SA organisations can offer to the winner to do some of the contract.
- Solar organisations should be able to bid directly to the builder, not through electrical contractors.

Selection Process

- Indigenous should get a higher weighting.
- Believes there should be a weighting for building manufacturing jobs in SA.
- Bureaucrats should have KPIs around job creation in SA.
- Request evaluation criteria to be published.
- Request that organisations provide design analysis in tender – this will (correctly) discriminate against poor quality installers.

Lack of Innovation

- We deal with a centralised panel. In one aspect, there is a single supplier, and this stifles innovation.
- Customer and sole source supplier won't think of new ideas, yet this is a high technology area.
- Providing solutions to private sector, yet equivalent public sector won't purchase.
- Sold interstate to equivalent departments, yet not sold into SA.
- Felt that we made the existing system look archaic, and this counted against us.

Uncurated List of Issues

Post Contract Review

- No follow up on whether targets have been met.
- Believe that Chinese company doesn't conduct all the quality checks performed locally – e.g. structural test is forced upon local firm, but no knowledge of whether overseas organisations do the same test (or just say they do).
- Overseas suppliers do not conduct the testing / quality that we do.

Exclusion from Bidding and Perceived Bias

- Work sole sourced to competitor.
- Some agencies appear to never use us, so we don't bother bidding.
- Told we were slightly too expensive (difference was about 2%).
- Tenders are stated as being open tender, but really, a short list is already in the minds of the procurement manager.
- "punch drunk" from bidding into the SA Government.
- IT group overrode users, and set goals to exclude us.
- Believed that contracted drafter of tender documents who was also on review panel was related to ultimate winner – tender writer should not be part of reviewers.
- All tenders should be of a size that makes them accessible to SA organisations.
- We were excluded on a tender due to a change in lodgement requirements.
- We sell to local government, but this is difficult, as we are not on the relevant panel, which only renews every five years.

General Comments

- Lost contract to Chinese company, but then re-won it.
- Request that SA Government set up a "probity override" committee to overturn exclusions due to some failure to fulfil a procedural rule.
- Being involved in early stages of project was invaluable.
- As an example, ASI Sam Contourios samc@steel.org.au gave an excellent early contractor involvement presentation for Adelaide Oval.
- Need a debrief on losing – it is never offered (repeated many times).
- DPTI doesn't do a final negotiation on price, and that is a positive (note other organisations complained about there being no final negotiation).





Appendix: Feedback and Testimonials



BusinessSA

South Australia's Chamber of
Commerce and Industry



Feedback and Testimonials

23 January 2014

Dear Mr Nightingale,

I appreciated the opportunity for Alcidion to participate in the OIA's Tender Ready program – the interaction with Business SA and Axant was informative and helpful, both the mentoring through the review of one of our complex tender submissions and the constructive feedback.

We are a substantial South Australian company of 40 staff, selling to health departments in three states and territories, and it is disappointing that we have made no sales of our Miya clinical decision support system in South Australia. Particularly so as we have won major competitive innovation/business development awards but, despite this recognition from other jurisdictions, have so little traction and recognition in South Australia – where we will shortly be experiencing the devastating loss of thousands of car industry jobs. Our economic future lies in high tech sectors such as Alcidion's health informatics space.

As you know from my recent correspondence to you, Alcidion has bid on a number of SA Health tenders, where either the tender did not proceed or where no feedback was provided, or both. That is behind us – what is most important is that the South Australian Government finds new pathways – procurement innovations perhaps – that will encourage SA innovators to partner with the public service to not only provide cost effective, innovative solutions to service problems but also allow the leveraging of those partnerships to grow national and international businesses in South Australia.

It is an excellent initiative to have your Office working to assist companies to provide high quality bids to the South Australian Government. Industry will appreciate the proactive stance of your office in assisting South Australian companies win local tenders.

I wish you well with your endeavours with the OIA's programme.

Yours sincerely

Ray Blight

Chief Executive
Alcidion

Hi Geoff,

Thank you for your evaluation and response, it has given us some further tools to submit competitive tenders in the area that we are looking.

I will also pass on your comments to (AFSA) Aboriginal Foundation of South Australia's CEO and board for their input and Action with government.

Look forward to speaking with you soon.

Regards,

John Briggs
General Manager
Intract Indigenous Contractors

Feedback and Testimonials

To who it may concern,

I confirm that I had the pleasure of meeting with Mr Geoff Thomas for the purposes of a discussion around Tindo's experience with Government Tender arrangements.

We discussed previous experiences in tendering for the SA Government as well as opportunities to enhance the current tender arrangements. In particular ensuring clarity within the tender requirements, working to embed greater local product content where this has a compelling advantage to the organization and or State through greater job creation or job maintenance, enhanced quality outcome, local and more immediate service, assisting skill and technology improvements. Lastly we discussed the critical need to ensure professional probity in the tender review.

The State has everything to gain if Government procurement is focused on finding intelligent ways to work with local companies. SA Government has a large budget and if a greater share of that spend fell to local companies the lift in the elements described above would be significant.

Sincerely

Richard Inwood

Manager - People and Business
tindo solar

Hi Geoff

Thanks for taking the time to meet with us and thanks for taking the time to respond back to us.

In terms of the process:

I believe the biggest benefit is simply that processes are being reviewed. Full stop.

Secondly, to be able to feed in our thoughts around changes to the current process is the second benefit - that being:

Call for ROI two to four page submission which demonstrates an understanding of the project and what we bring to the table along with standard credentials would be best.

Shortlist is made

Presentation is made to support the two or four page submission.

Selection is made subject to:

submission of all of the legal and contractual requirements ie: insurance, P&L etc. etc.

This would not only expediate the process but it would also remove the amount of time and labour that goes in to preparing them with a fair and better outcome for all.

Happy to support/become involved if you believe worthy at appropriate times during your review/ planning process.

Thanks again.

Your time is appreciated.

Linda MacAuley | Managing Director
Einstein Da Vinci and Company

Feedback and Testimonials

Hi Geoff – Thanks for meeting with Jeremy and I yesterday, and for taking the time to discover where the hell is Boweng!

We found the meeting quite useful and we received lots of little hints and tips to help us continuously improve our systems & processes.

Once again, thank you.

Kind Regards,

Jodie Hawkes
IT/Admin - Director
Bowhill Engineering

At last a no fuss approach to consulting. Geoff isn't a consultant he is a genuine Business leader who understands the importance of Business engagement in the sales/tender process. Geoff provided some really strong and simple insight into the way we should be approaching Government and Business at large and made me think outside the square of our approach in this manner. Thanks Geoff for your insight

cheers

Declan O'Callaghan
Managing Director
Voiteck

3 April 2014

Letter of Support
Mr Ian Nightingale
Industry Participation Advocate
Office of the Industry Advocate

by email ian.nightingale@sa.gov.au

Dear Mr Nightingale,

Thank you for allowing Jones & Jones Electrical Services to participate in the OIA's Tender Ready program.

I met with Kerri di Sario in February 2014 to discuss tendering to the SA government and tendering in general. Despite not having any tenders for Kerri to view (as we have not yet tendered to government) I was able to receive valuable information regarding the tendering process.

I would support this program continuing to allow this type of one on one mentoring to other South Australian companies.

Yours sincerely

Samantha Jones
Business Manager / Owner
Jones & Jones Electrical Services