

Are you ready to tender?



Benefits of tendering.

Tenders offer small businesses the opportunity to access empowerment benefits, consolidate, expand and grow. But before you're blinded by the Rand signs in your eyes, be sure that you can deliver.

Usually put out by government, large public companies, parastatals and municipalities, tenders are a way of inviting businesses to provide goods and services on a contractual basis. Once a business submits a tender document, it becomes an offer. Once the government or company accepts the offer, it becomes a contract. While tenders may help you to build a strong and profitable business in the long run, the competitive nature thereof means profit margins are usually low.

Many business owners do not understand that when you win a tender you are entering a legal and binding contract, which requires you to complete the work as set out in the tender. So before applying for a tender, you need to be absolutely sure that you can deliver the tasks required.

Rushing into a tender when you are not ready can have a crippling effect on your business and even lead to penalties for breach of contract.

Answer the following questions honestly to assess your readiness for a particular tender:

- Are you able to deliver the work according to specification, on time

and within the budget that you have quoted?

- Do you have the necessary cash flow to cover expenses?
- Do you have the experience to deliver goods and services of consistent quality?
- Are your employees qualified to carry out the work required?
- Do you have the necessary resources to complete the work?

If you answer "no" to any one of these questions, you are not ready to apply for the specific tender. In the unlikely event of you winning the tender, you will probably struggle and could do lasting damage to your business.

If you answer "yes" to all of these questions, you are a good candidate to win the tender. But you will only be considered if you have the following minimum requirements in place:

- Your business must be registered. This does not mean you have to be registered as a CC or company. You can also win a tender as a sole trader or partnership, but you must be licensed through the relevant local authority to do business.
- You must have a bank account and a good record with the bank.
- You must be a registered taxpayer with SARS, with all your outstanding taxes paid up.

In general, you are also more likely to be successful if you have a good

credit history, a good relationship with your supplier and clients, and if you have products that comply with SABS standards.

Bidding for a tender could be an exciting process – but only if you prepare well and are aware of the ramifications. If you are not successful, don't despair. Even experienced contractors only win one out of every 12 tenders they apply for.

Remember that every time you apply you learn something more about the process and you increase your chances of success.

9 Musts for tendering

Filling in a tender form is not about pretending to be the best. It is about being honest about your capabilities. Standard Bank explains that tender documents usually require you to do the following:

1. Explain the benefits and the value-for-money of your bid.
2. Be absolutely meticulous. You can be disqualified for the tiniest error.

Aldes Masters Business Brokers
W: 011-894-6419
Cell: 0833260683
Fax: 086 608 9389
E mail: info@aldesmasters.co.za
Web: www.aldesmasters.co.za

Are you ready to tender - contd?



3. Be prompt. The completed application needs to arrive at the correct address at a given date and time. If you are one minute late you are disqualified.

4. Describe and give proof of experience relevant to the work to be carried out.

5. Ideally, provide some form of guarantee for your products or services.

6. If you import goods, declare the percentage and quantity of imported products that you use, provide import permits and supply prices.

7. When determining tender price, you need to balance the need to make a profit with the need to be competitive. A useful rule of thumb is to calculate the costs and then add 7,5% to that price.

8. Include your VAT registration number and details of any patents and royalties.

9. Include project delivery times and dates, and samples of your products.

to get your business listed on these databases.

There are commercial services available which scan the business world for tenders. For a price, they will send you regular information on tenders available for your industry.

Examples include www.tenderscan.co.za, or www.tradeworld.net. Tender Advice Centres (TACs) are nongovernmental organisations that help smaller businesses access tender information.

They also help you to complete the tender documents. To locate your nearest TAC, call the Business Referral and Information Network (BRAIN) on 0860 103 703 or visit www.brain.org.za.

Paul Fyfe would like to thank Small Capital practical guide”for this article.

Where to find tender advertisements?

Major tenders are advertised in the Government Tender Bulletin, available via download from www.info.gov.za/documents/tenders/index.htm, or by subscription. Central or local offices of some parastatals keep databases of preferred suppliers – find out how

Aldes Masters Business Brokers
W: 011-894-6419
Cell: 0833260683
Fax: 086 608 9389
E mail: info@aldesmasters.co.za
Web: www.aldesmasters.co.za