

Tendering For Small Businesses

White Paper



Orbital

Introduction

Making it our business to help you win more business.

If you're ambitious about growing your business then public contracting, or tendering, as it's more commonly known, should be high on your agenda. With government tenders accounting for one in every five Euros spent across Europe, that's a staggering €2.1tn your business could be tapping into.

The purpose of this paper is to explore the value of tendering for MSEs and to identify strategies that lead to successfully securing these contracts. It also looks at how working with Orbidal's unique tendering software can be an integral part of winning bids.

Unfortunately, the majority of micro and small enterprises (MSE)s often find themselves excluded

from tendering due to a lack of knowledge about the process and the challenges posed by submitting applications. They might have the skillset to fulfil the contracts available but they don't have the tools to navigate the system successfully and so, they miss out on these opportunities.

Orbidal has worked closely with more than 500 small businesses over the years to help them improve their success rates with tender proposals. We do this by building robust tendering strategies, compiling clear proposals and identifying target markets. We also take the time to carry out in-depth reviews of their tendering experiences and the challenges they've faced over the past five years, discussing their expectations and understanding of the tendering process.



Tony Corrigan
Founder & CEO

Orbidal

What are the main challenges faced by small businesses?

Our research shows the main challenges faced by small businesses in the tendering process have remained more or less constant over the past 10 years. Primarily, it comes down to a lack of knowledge about tendering, along with the costs associated with compiling proposals. This research is backed up by studies from the EU Commission, Invest Northern Ireland and the European Enterprise Network, amongst others.

Various government interventions, such as training supports and simplification of the tendering process, appear to have had minimal impact on increasing the numbers of MSEs applying for tenders, or improving the success rates of those that do.

Orbital research has identified the traits of businesses which succeed and the strategies they use to increase win-rates, while reducing the costs of competing for tenders. Meanwhile, those businesses that have worked with Orbital average a 25% increase in business and a 40% reduction in the cost of sale by utilising the Orbital Tendering Platform.

At Orbital, we have the expert knowledge and skills to help businesses improve their tendering experiences. This paper explains why tendering is worth your time and why we are the perfect company to help you get the most benefit from the procurement process.



Key challenges for MSEs

Where can I find tenders?

How do I access the documents?

How can I understand what they're looking for?

How do I decide if I should compete for it?

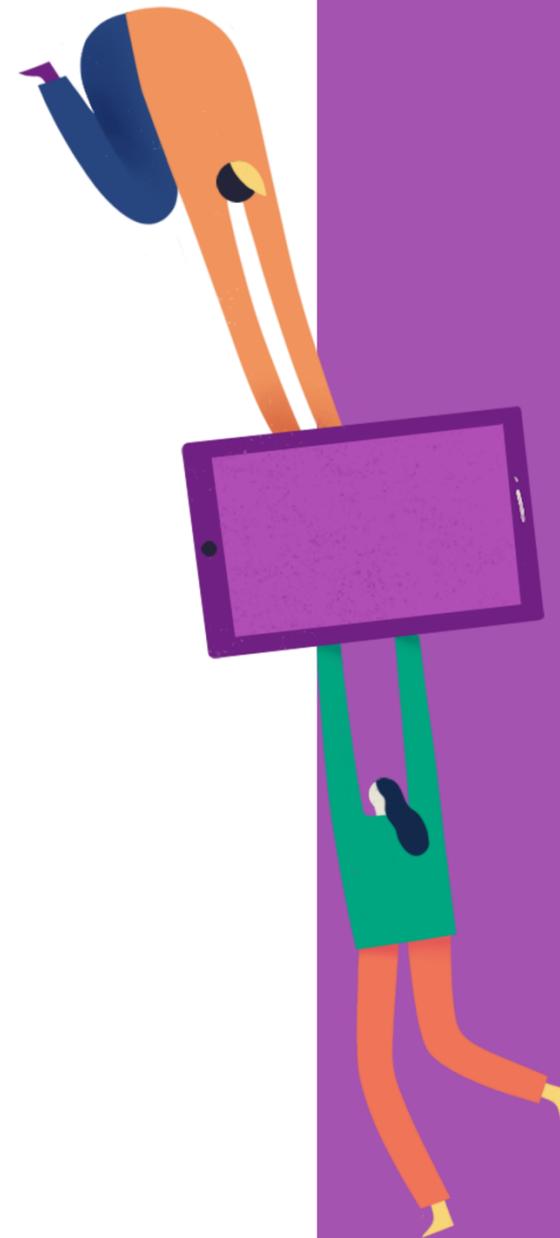
Turnover, Insurance and lack of references are ruling me out?

How do I know what they're looking for in the answer?

Tendering and COVID-19

Tendering is a formal process where businesses are invited to bid for contracts from public or private sector organisations which require specific skills for a project, or goods and services on an ongoing basis.

The onset of COVID-19 in March 2020 meant businesses had to adopt to remote working, video-conferencing and enforced 'socially distanced' sales processes. Tendering by its very nature is a 'socially distanced' sales process so it was no surprise that Orbital saw a sustained increase in enquiries from micro and small enterprises seeking first-time tendering support during the pandemic.



The role of buyers

The tendering process is designed to be fair and transparent. When projects are publicly funded, the buying organisations (contracting authorities) are obliged to get the best value-for-money for tax payers or stakeholders and demonstrate that they have awarded contracts fairly.

However, our research shows there is a lack of procurement skills across the public sector. Further issues include risk aversion from public sector procurers and a failure by public organisations to comply with procurement legislation and policy recommendations. All of this makes the tendering process more confusing and difficult for small businesses to navigate.

Many businesses believe there is also too much emphasis placed on cost when awarding contracts, while specifications can be difficult to understand and unnecessary stipulations of previous public sector tendering experience are requested. All of these present barriers to tendering and put people off the process.

Do MSEs get taken seriously by buyers?



Smaller businesses typically suffer financial and resourcing constraints and can have less by way of references to call upon than bigger businesses when tendering. While these things shouldn't necessarily stand in the way of securing contracts, surveys conducted by Orbital reveal qualitative evidence that small businesses believe tendering is not something they can succeed in. This belief sabotages their potential for success before they even begin – that's if they do begin the tendering process.

However, MSEs have many advantages to bring to the table and, with the right strategy in place, can win tenders. They offer the same high-quality supplies and services as bigger businesses but have added value in that they tend to be more flexible and adaptable in reacting to urgent issues and customer requirements. Buyers appreciate that they're

likely to get priority attention from senior management and immediate action when they need it, without having to engage with a more complex organisational structure.

Smaller businesses also have instinctive local knowledge, contribute to local employment and are often more involved in their communities than many bigger companies. This is another key advantage, as government buyers take their social obligations seriously and are keen to support local enterprises and the wider community.

More practically, the median value of a public sector contract is approximately €60,000 and the majority of these contracts are evaluated using a range of quality and pricing criteria. These are commonly known as the Most

Economically Advantageous Tender (MEAT) assessment criteria, which encourages buyers to take local considerations into account. As a result, MSEs are highly credible candidates for securing these contracts.

EU research shows that local and regional authorities also award a higher proportion of public contracts to MSEs than the proportion awarded by central authorities and other bodies governed by public law or utilities. Small businesses further win more lower-value contracts (65% of those with a value of €300,000 or less as compared to 34% of all contracts).

Public tendering vs selling to the private sector

To win any kind of business, public or private, you must be able to demonstrate that your proposition offers better value for money than that of competitors. Any business with ambitions to grow revenues by winning contracts will:

Understand who they are competing against, what their Value Proposition (VP) is and who is buying from them.

Take a good look their own competitive positioning.

Define strategies to address their weaknesses – e.g. securing low-value work, pilots or trials with new customers to prove their credentials.

Define strategies to build on their strengths and create differentiation e.g. improving the responsiveness of their service or diversifying their supply chain.



Most businesses already practice some of these strategies in their sales and marketing to private sector clients without realising these same strategies are also employed by businesses which successfully sell to the public sector.

A Snapshot of the Volume & Value of tenders won by Irish MSEs in 2020.

The Volume of Tenders

There are approximately 17,000 tenders for every €1bn spent by the public sector. In Ireland this means around 150,000 buying opportunities per year, of which around 5% are tendered (that is advertised on etenders.gov.ie) because their value is greater than €25,000.

In Ireland, 92.2% of businesses are micro and 6.4% are small (a total of 262,000 businesses) and these two sectors combined win 40% of all contracts – a total of 60,000 contracts. If each of these won one contract, then it could be said that 23% of MSEs tender. However, Orbital has worked with many MSEs which have won as many as 10 contracts each. It is therefore reasonable to suggest that **only around 5% of MSEs actually tender for contracts of any size.**

The 'Are Tenders on Your Radar' project delivered a training course to 269 MSEs in 2012. Of those businesses taking part, 75% had previously tendered domestically, with most of these having won a tender. This suggests that once a business has seen some success from tendering, they are more willing to make further investments to improve.

The Value of Tenders

Many governments around the world have committed to spending up to a third of their procurement budget in the micro and small business sectors. **That's why tendering should be an integral part of any business plan.**

Contracts are broadly classified as being 'above threshold' / >€129,000 and 'below threshold' / <€129,000. While these figures vary depending on what the contract is for and who is buying, 'above threshold' accounts for just 2% of EU spending.

Value of Contracts won by MSE's

	Micro-Business	Small Business	Total Value
Ireland	€450 Million	€2.1 Billion	€15 Billion
UK	€20.5 Billion	€17 Billion	€339 Billion

Market constraints

Over 2,000 businesses surveyed by Orbital cited a lack of procurement skills across the public sector, along with risk and innovation aversion, as reasons to avoid public tendering.

A failure by public organisations to comply with procurement legislation and policy recommendations were further reasons given for shunning the tendering process. Many believe that cost is also a key factor, although from our experience, this is normally the last deciding factor when it comes to awarding a contract.

Further challenges include:



What will encourage MSEs to tender?



Clear and concise information

There is a real cost on MSEs when they commit to participating in a tender. This is increased when the specification is unclear or the response requirements are disproportionate to the contract value. Few businesses are going to compete for a tender when most of the profit is taken up with writing the proposal!

Clear and actionable feedback

At the point of awarding a contract, the buyer should provide feedback to the losing bidders. In many cases, however, there is little more than a score provided and buyers are fearful that giving more detailed feedback will expose them to challenges around the competition. However, the only way that an MSE can learn how to respond and improve their proposals is by getting clear, actionable feedback.

With constructive feedback, businesses can improve their tendering strategy and as a result, make themselves more competitive, thereby increasing their chances of future success.

Reforms aimed at simplifying the tendering process

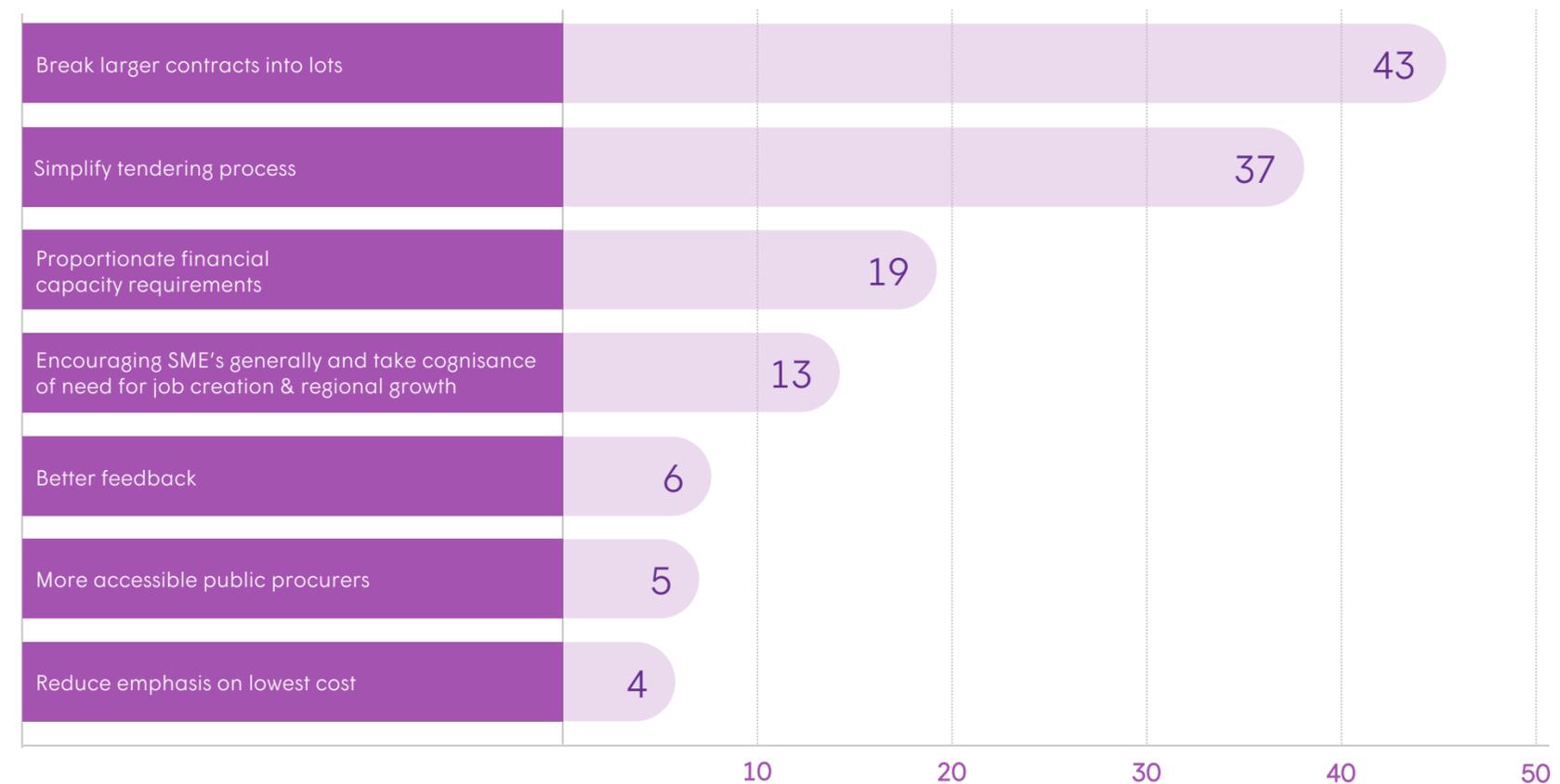
Over the past ten years the European Commission and Irish and UK governments published a number of suggested reforms in an attempt to make public procurement easier and more appealing to businesses. Initiatives to simplify tendering included the launch in January 2019 of the Electronic European Single Procurement Document (ESPD).

Further proposals included breaking larger contracts into lots, simplifying the tendering process with clearer criteria and providing better feedback to businesses, amongst others shown in the accompanying table.

Despite all of these efforts, however, evidence shows no significant increase in small businesses tendering since these measures were introduced. In fact, they are no more likely to participate in or to win tenders now as they were before these initiatives were launched.

Business advocates often call for tenders to recognise the need to support local jobs and regional growth. Buyers have some latitude here, through social inclusion clauses in the tender, but not much. Tax-payers expect buyers to choose the best option overall, so being a local business won't necessarily win the contract.

Suggested reforms to Public Procurement Practice



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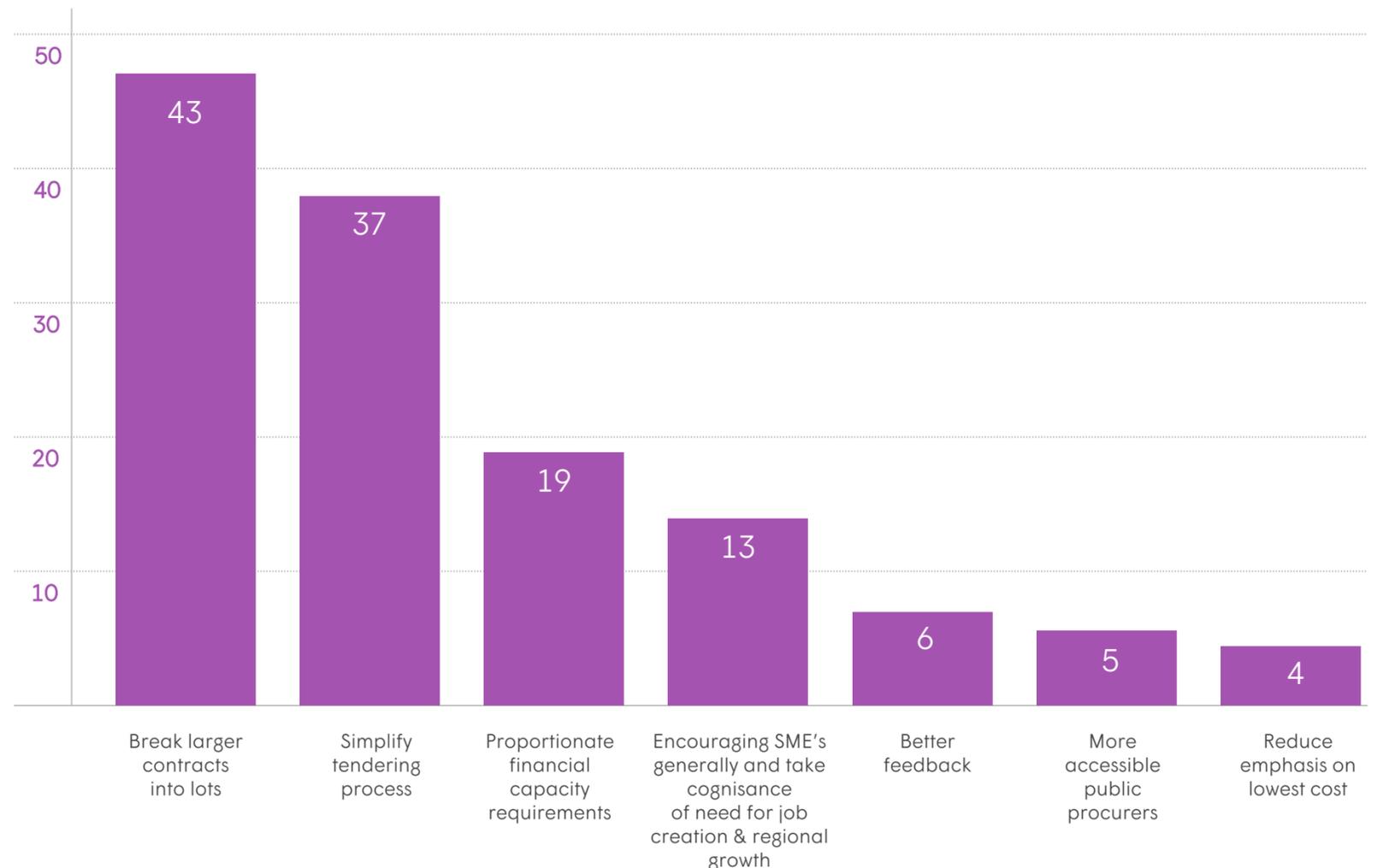
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Outsourcing tendering expertise

Software vs consultants

Few businesses have the capabilities or the time to curate a tender pipeline, evaluate tenders, compile proposals and ensure that the lessons of competitions are translated into improved competitive positioning and revenue. This issue is more acute for MSEs.

It therefore makes sense for them to outsource these tasks to specialist resources. There are many 'bid consultancies' which will take on these

tasks. Quality and cost varies but the most critical issue with outsourcing is that the competitive positioning of the businesses doesn't always improve. If you or your outsourced consultants are primarily focussed on writing proposals and aren't capturing knowledge around decision-making and buyer feedback, then you miss these key elements, which can turn tendering into a sustainable growth engine for the business.

Several proposal management solutions such as Pandadocs and RFPIO offer support that fast-tracks the delivery of proposals. Some, such as Qvidian, provide expert support that helps get answers written. The key advantages of these solutions are detailed below:



Document Repository

- Record all tender, proposal, feedback information in a single location, so that you can easily find it and avoid recreating information already available.

Project Management

- Assign proposal delivery and content development tasks to team members and ensure your proposal is delivered on time.

Audit & Review

- Share content with reviewers and get early feedback to increase the quality of your proposal.

Template Answers

- Accelerate responses by populating your proposal using templated answers to tender questions.

Online Content Creation

- Create proposals online and in some cases import / export using standard formats such as Microsoft Word.

Outsourcing tendering expertise

Tendering software

Software solutions for tendering provide additional support specific to the delivery of public and private tenderers. Leading players include TendersDirect and TrackerIntelligence. Key advantages over and above proposal management software include:

Intelligence & Competitive Insights

Reports using research into public records and data analytics to provide information on the competitive landscape.

Public sector tender and awards

Aggregation of tenders and award notices from multiple sources.

Bid Management

Bid Management workflows to streamline the compilation and delivery of bids.

Alerts & Notifications

Alerts to current and upcoming opportunities.



How the Orbidal Platform helps small businesses succeed with tenders

The Orbidal Platform was initially conceived to address what we believed was the main obstacle facing MSEs when it came to tendering – finding tenders to compete for. However, it turned out that this was just the first of many obstacles we ended up helping MSEs to overcome.

The solutions identified just above provide tender alerts, template answers, online proposal compilation tools or some form of expert advice. However, unless they're offering an end-to-end solution then they're ultimately unworkable for MSEs, who need more step-by-step assistance.

Orbidal has been fortunate to observe the workings of over 2,000 MSEs on their way to participating in more than 5,000 tender competitions. We've seen first-hand that, unless every obstacle is overcome, then tendering is a waste of time for most small businesses. This is something they recognise themselves and so, they're generally reluctant to invest their precious resources in something that seems as speculative as tendering.

The Orbidal software platform addresses this problem and, more specifically, fills in three critical gaps that turn tendering from a speculative to a sustainable business activity.

These include:

- 1.
The issues of tender administration.
- 2.
Lack of knowledge about tendering.
- 3.
The prohibitive cost of tendering for an MSE.

Proposal Software	Bid Management Software	Orbidal
Document Repository	✓ Document Repository	✓ Document Repository
Project/Bid/Team Management	✓ Project/Bid/Team Management	✓ Project/Bid/Team Management
Template Answers	✓ Template Answers	✓ Template Answers
Audit & Review	✓ Audit & Review	✓ Audit & Review
Online Content Creation	✓ Online Content Creation	✓ Online Content Creation
	Alerts & Notifications	✓ Alerts & Notifications
	Intelligence & Competitive Insights	✓ Intelligence & Competitive Insights
	Public Sector Tender & Awards	✓ Public Sector Tender & Awards
	Archive Date & Reports	✓ Archive Date & Reports
	Expert Advice	✓ Expert Advice
		✓ Bid Decisions (Bid/No-Bid)
		✓ Continuous Improvement
		✓ Capability Building

Orbital's added value

Bid Decisions



Our experience in evaluating tenders for public sector buyers is that the overall standard of proposals is fairly low. Some 60% of proposals are from businesses that for one reason or another are not credible. Our Bid Decider tool challenges a businesses to justify their proposed investment in the tendering process. This means they only compete for tenders where they will be seen as a credible supplier to the buyer and where they have the capability to deliver a value-for-money proposal.

Continuous Improvement



As noted earlier, feedback from the buyer is the most valuable part of the process, particularly for the MSE. Our platform captures this feedback and uses it to help improve future decisions around what tenders to compete for and which content is most appropriate for the proposal. Our approach ensures that, as a business, you are always improving your competitive positioning and increasing your ability to win contracts in the public and private sectors.

Capability Building



Orbital captures the outcomes of tenders and, together with our Bid Decision data, correlates the decisions your sales team make about which contracts to compete for, along with the outcome of the competition. Orbital generates key insights and recommends training from the Orbital Knowledge Centre to help increase the capability of your team, based on past performance.

Tendering is an 'end' rather than the 'start'

Too often, businesses view winning tenders as the start of the journey and, if they don't start winning contracts straight away, then they're inclined to abandon tendering forever. It is more correct to view tendering as the end of one journey – that of establishing your business as a credible supplier to the public sector – and the start of a new journey – building sustainable revenues from tendering.

The Orbidal Platform is suitable for MSEs with ambitions to grow through public tendering. Unlike alternatives which focus on finding tenders or compiling proposals, Orbidal focuses on growing the capability of businesses to offer better value proposals to the public sector and consequentially, to win more business.

Conclusion

To conclude, this paper has shown that there is a lot of value for small businesses in taking the time to tender – both with regards to low-level and higher-level contracts. There are a wide range of tenders available throughout the UK and Ireland – and across Europe – which could be providing a solid income stream for many more businesses than are actually competing for these tenders.

However, more needs to be done to make the process easier and more manageable for small businesses, so they will consider taking part in the tendering process. These include things such as buyers making contract requirements clearer and providing detailed, actionable feedback to those businesses who are unsuccessful in winning bids.

Businesses, too, must increase their understanding of the tendering process and enhance their skills in this area.

This paper also shows the value of using innovative software such as the Orbidal Platform to address these barriers to participation and help increase success rates of small business in securing tenders. If all of these things are taken into consideration – and acted upon – then small businesses across Ireland and the UK have the potential to grow their businesses exponentially, both now and in the future.

About the author

With a background in software development, enterprise sales, IT management and procurement consultancy, Tony began his career with IBM and set up his first consultancy company, KOMINO, in 2003. Since then he has worked on hundreds of competitive procurements for buyers and vendors in Ireland and abroad, including both public and private sector and across multiple industries.

Tony has become a leading advocate for micro and small enterprises competing for government contracts. He is renowned for his thought leadership and innovative approach and is adept at helping businesses identify and apply their specific capabilities to improve their tendering success rates.

Having won several industry awards for his work, Tony has also been published extensively. In addition to this, he is a regular speaker at industry events and media commentator, where he focuses on inspiring businesses to increase their understanding of the current market and of competitive differentiation to improve their tendering performance.



Tony Corrigan
Founder & CEO



Further information

For more information on preparing tenders and understanding the procurement process, please visit the links below:

Successful Tendering Guide Preparation and Understanding the Market, Invest Northern Ireland:

www.investni.com/sites/default/files/documents/static/library/invest-ni/documents/tendering-guide-preparation-and-understanding-the-market.pdf

Are tenders on your radar? Best Practice Guide - Promoting SME participation in Public Contracts, Enterprise Europe Network, European Commission:

https://ogp.gov.ie/wp-content/uploads/are_tenders_on_your_radar-2.pdf

TenderScout – The State of Irish Public Sector Procurement, 2015:

[www.slideshare.net/kominoirl/tender-scout-irish-procurement-survey-analysis-201415,](http://www.slideshare.net/kominoirl/tender-scout-irish-procurement-survey-analysis-201415)

TechIreland, GrowRevenue Survey, Dec 2019:

www.techireland.org/content/snapshots/TechIreland%20Grow%20Revenue.pdf

2017 European Semester Thematic Factsheet, Public Procurement, European Commission:

[https://ec.europa.eu/info/sites/info/files/file_import/european-semester_thematic-factsheet_public-procurement_en_0.pdf,](https://ec.europa.eu/info/sites/info/files/file_import/european-semester_thematic-factsheet_public-procurement_en_0.pdf)

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