



The Benefits of Tendering

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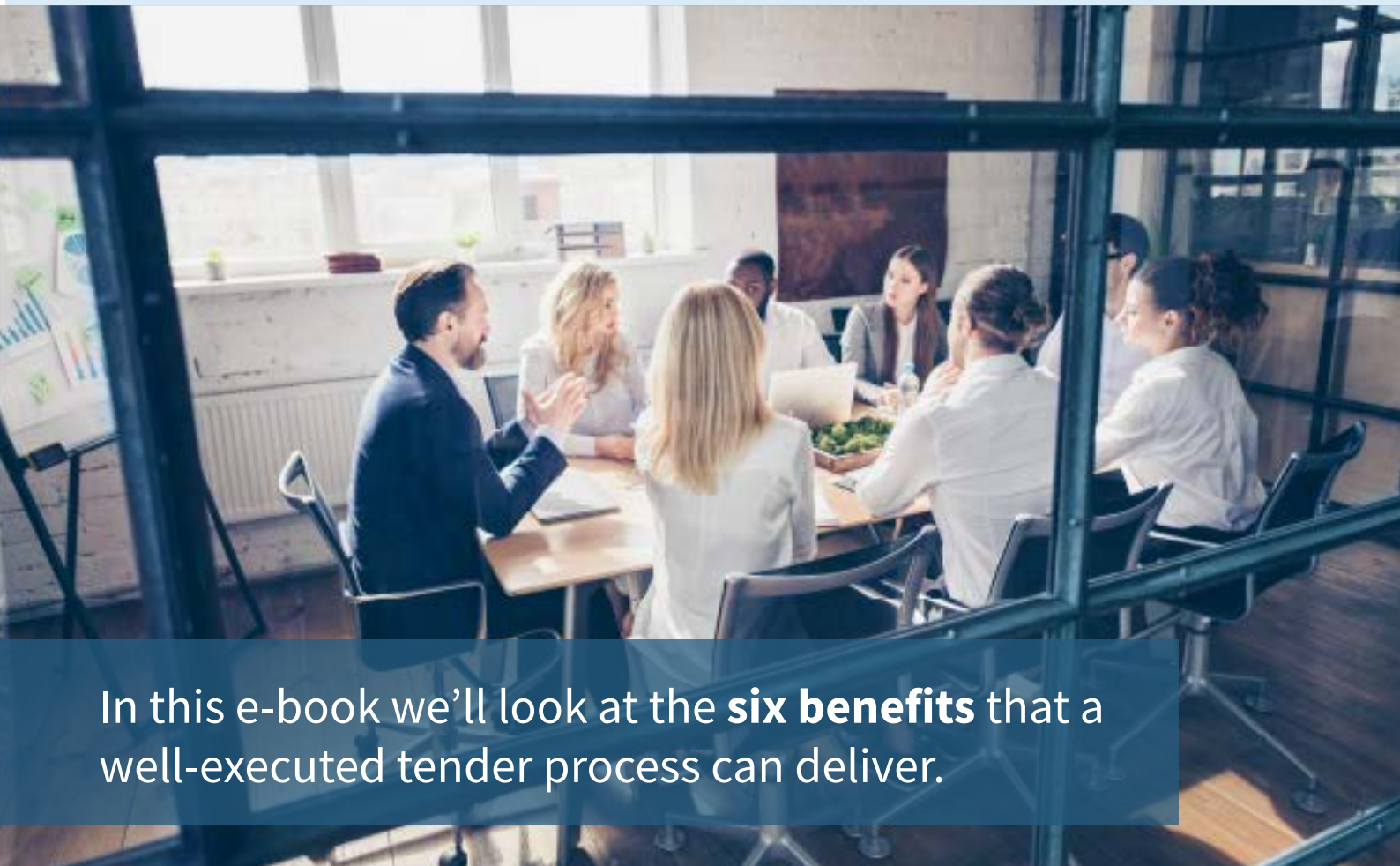
Tendering in the private sector

Listed companies and private enterprise, unlike the public sector, are not mandated to go through a formal tendering procedure to procure goods and services. They can choose how to approach the market and how to select their suppliers.

Tendering is often seen by listed companies as a time-consuming, complex process and - let's not be unrealistic here - it certainly can be.

It involves getting really specific about your requirements, setting them out in a clear and logical set of questions, and creating your evaluation model. It means deciding whether to issue an open tender, or to pre-select to a shortlist of bidders. Once the responses are submitted, you need to read and evaluate them, maybe running 'best and final offer' process for shortlisted suppliers before making a final decision.

Yet despite all this, tenders are still a highly efficient way to purchase. If you're a listed company, there are some very good reasons to consider issuing a request for tender (RFT) when making your next purchases.



In this e-book we'll look at the **six benefits** that a well-executed tender process can deliver.

Benefits of going to tender

1

Value for money

‘If you do what you always did, you’ll get what you always got’ - if you stick with the same supplier, or small pool of suppliers, it’s hard to know if you’re getting the best value for money.

The tendering process helps ensure the best value for your money. The wider the pool from which you are selecting, the more likely you are to find the supplier that offers the best combination of quality and price.

The tendering process gives you a structure to decide and communicate what ‘value’ means to you, and then to measure potential suppliers against your definition. You can be sure you’re getting the best value in its broadest sense - whether that is pricing, technological advancements, better service or higher quality products.

3

Encouraging competition and efficiency

The process of tendering helps to promote competition, which again drives value for you as the buyer. When multiple suppliers are bidding for your business, they will focus on reducing inefficiencies and redundancies in their own operation, to lower expenses and improve quality. The tendering process, prevents complacency and laziness and improves the quality of supply.

2

Putting you in the driver’s seat

If, as the buyer, you rely on your suppliers to tell you about their products, the agenda is theirs, not yours.

By issuing a tender, you get to ask the questions. This will include asking for information about their product or service but you can also use it to select suppliers who also align with your values - such as corporate social responsibility, social procurement and environmental concerns.

You’re the one spending the money after all, so it makes sense that you drive the process.

4

Stimulating innovation

Competition in the market stimulates innovation. As suppliers compete for your business, they are motivated to find new ways to address your needs.

Through the questions in your tender you can uncover options and innovations that you would have missed out on without a tender process.

In understanding what alternatives and options are available, you can harness innovation to drive productivity, financial and sustainability advancements for your business.

Benefits of going to tender

5

Eliminate nepotism

“We chose our supplier because the sales director is a friend”. Yes, relationships are important in business, but dealing only with friends and family is not the way to get the best purchasing outcome.

A tender process does not preclude known suppliers from applying - in fact you will often want to include your incumbent on an invitation to tender. But by evaluating on the basis of the same criteria for all bidders, you ensure a fair process and the best business result.

6

Ensuring a thorough and transparent process

Tendering is a characteristic of good governance, removing any ambiguity around your selection processes. Listed companies have legislative obligations to meet, and a tender process, with transparent selection criteria and evaluation process helps to show you are meeting those legislative commitments.

If you involve your key stakeholders in the selection process you are giving another very clear sign that you are meeting all business, risk and fiduciary requirements.



Benefits of going to tender

There's no doubt that tendering can take time - but the benefits easily outweigh the downsides.

It is a procurement strategy that drives value and innovation and is a profitable and beneficial long-term process for a buying organisation. It will ultimately safeguard the interests of your stakeholders and elevates your purchasing process to the next level of professionalism and value.

Running a tender process does take time. But the benefits outweigh the effort.

Does running a tender take effort? Yes. Is it worth it? Definitely.

Tenders are a highly efficient way to purchase.

The tendering process helps ensure the best value for your money.



1

Value for money



2

Putting you in the driving seat



3

Encouraging competition and efficiency



4

Stimulating innovation



5

Eliminating nepotism



6

A thorough and transparent process



If you're interested in going to tender and would like some guidance, get in touch with Toshiba today.



02 9900 1269



EIDMarketing@Toshiba-TAP.com



toshiba-business.com.au



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