

**BUILD AID**

**PREPARING YOUR  
TENDER  
DOCUMENTS**

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## PREPARING YOUR TENDERS DOCUMENTS

Tendering or more often referred to as quoting or offering a price to do something, is where an estimated value in monetary terms, is calculated based on the drawings and other documentation provided to allow someone to quote, to complete a specific trade, works, or an entire building project.

The purpose of going out to tender is to try and obtain a fair and competitive price from the market to accomplish the project you are proposing. The problem with this process in construction, is that the variables are often limitless, and the basis of your enquiry is fundamentally flawed, being open to interpretation, tactics, and assumptions, due to the lack of proper information being available at the tendering stage. Highlighting the need for comprehensive, well thought-out tender documents being available to receive realistic pricing.

## HOW TO GO ABOUT THE TENDERING PROCESS.

### Pre-tender planning

In addition to the direct costs estimated for the work to be performed when preparing a tender, the estimate must take other factors that could influence the final cost into consideration. For example, what resources are required vs. what resources are available; timing; durations; site conditions; temporary services, etc.

### Documentation required when tendering

The discussion here is about the documentation required to estimate or price, as accurately as possible, a particular task, job, or project, and not on the tender documentation itself. The point of the documentation is to avoid assumption and 'want of knowledge' and make sure the documents are consistent with each other, to avoid the opportunity for interpretation.

In larger or commercial type projects, a bill of quantities is usually the only document provided for

tendering purposes, although the drawings, details, and specifications, would also generally be provided.

Unfortunately, in smaller type projects the information provided is usually limited, resulting in the builder or subcontractor having to make a number of assumptions; consequently, inaccurate estimates are then made, which leads to discrepancies once the job or project starts.

Thus, the more comprehensive the information and the more detail you have the more accurate your estimate will be.



**Note:** See the following info guides for more information:

- Reasons why cost estimates go wrong
- Preparing a proper Building specification

1. Tendering where no bills of quantities are available.

The following documentation should be made available as a minimum where no bills of quantities are available:

- Nature and scope of the work to be performed - for example a double storey building would require more scaffolding than a single storey building.
- Location of the site and any special conditions that need to be taken into consideration.
- Copies of all drawings.
- Copies of all details (if required) showing special or detailed work.
- A specification describing the materials and finishes required.
- A list of PC sums and allowances the client or employer wants included in the tender for example, allowances for sanitaryware or light fittings - (these are amounts for materials whose exact details have yet to be determined).
- Nominated and selected subcontract amounts, for example, supply and installation of the kitchen units.

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- A list of other conditions, like contingency sums, durations, penalty clauses etc.
2. Tendering using a bill of quantities.  
On larger type building projects, it is customary to engage the services of a quantity surveyor who then prepares a bill of quantities for the project, in which all the materials, labour and anything else that could have an effect on the cost of carrying out the work, is measured and scheduled. This bill then simply needs to be costed out by the contractor or builder using their rates, and when all the various items have been totalled together; it provides an accurate total estimate of costs. The tenderer usually requires nothing further for the preparation of the tender.
  3. Tendering using a schedule of rates  
Another form of tendering is for the client or his agent to prepare a carefully detailed schedule of rates of typical activities that are likely to occur on a particular project without providing quantities. The contractor or builder then simply offers rates (pricing) for these given items as described in the schedule.

This method or process is usually used only when pricing is required urgently. It is not a recommended way of tendering as it has two distinct weaknesses.

- I. It is difficult to determine the overall value of the project and in turn its size.
- II. It is difficult from this to quantify the profitability of the project, as this can only be determined once the work is measured.

This method can however be used quite effectively as a preliminary bill to award a tender before a bill of quantities is available; especially when fast track type projects are being negotiated.



**Note:** Your goal is to get a price that is comprehensive, realistic, and comparable with the rest of the market to understand if you are getting best value. You can always tweak and adjust the works before signing a contract, but the tender process should be controlled and consistent across the tendering companies.

## Methods of inviting tenders

1. Open tendering  
This method of inviting tenders is often used by government departments, like local authorities, the department of public works, etc. and usually attracts a large number of tenders. This form of tendering can be very costly for unsuccessful tenderers and because the chances of success are often statistically small, this process is unattractive to many established contractors. A further drawback is one often ends up competing against chancers who are desperate for work and usually submit pricing that is unrealistically low.
2. Selective tendering  
This method is the most popular method of securing tenders for building projects; the process involves the employer, client, or agent approaching a short list of three or more contractors or subcontractors, who have been chosen because of their suitability to the type of project and have a sound track record.

The tender (quote) is then usually offered in writing to perform such work to the employer or client at a specific price and on certain conditions and only when this offer (tender) is accepted does a contract come into being.

### The Process

When you start the tendering process, it is not unusual to have a couple of companies drop out and decline to tender. Don't be offended or take it personally. It is very common and simply a consequence of a very busy workload and the time and cost of tendering if the contractor decides they don't want the job.

Once the documents have been sent, give each contractor a follow-up call to check if they have everything they need.

### Setting a Timeframe for the Return of Tenders

Be realistic and speak to your contractor(s) prior to sending out enquiries, find out their time concerns, and set a tender return period accordingly. Anything less than two to three weeks on a big project is unreasonable and will only force the contractor to rush this process, which ultimately ends up with too many assumptions then being made to finalise his tender.

Remember, the contractor needs to take receipt of the documentation and evaluate them before sending on to other specialist subcontractors for their costings and this takes time. Once these prices are back and the contractor has measured and understood all their direct works, the contractor will then collate the quote.

We therefore caution against setting too short a timescale and remember the tendering process is affected by several factors:

- Your desire for a quick response
- Your programme requirements
- The tendering contractors' appetite for the work
- The tendering contractors' time commitments
- The tenderers' supply chain

### Analysing Tender Returns and Adjudication

When analysing your tender returns, it makes sense to create a spreadsheet to compare each price and make sure at the same time, you are comparing apples with apples. You can take the contract sum analysis that your contractors will have completed and use this as a basis for accurate comparison.

From this you will be able to understand exactly how different contractors have apportioned costs, and immediately see any omitted items that could be of concern. Typical things to look for include:

- The overall cost of the works may be as expected, but when carrying out this analysis you notice that one contractor has a much higher cost for foundations than the others, and finishes are a lot cheaper. Why?
- This can be a tactic whereby the contractor is covering himself against any possible problems and extra costs on site and could therefore be defined as artificially inflating a price to cover this ambiguity or it may bring in additional profits.
- Equally, when you have had a lot of additional costs early on, you will be keen to save money, and some of the finishes then become DIY tasks, and omitting these from your contractor to save money takes away some of their anticipated

profits. Therefore, if they have deflated these costs, they may well be looking to hedge against this.

- Provisional amounts and PC Sums (prime cost items) —need to be identified and considered. If the contractors have made certain items provisional, you need to check that they have allowed the same amount of money for a true comparison between them at this stage. Therefore, if necessary 'plug' the same provisional sum into all the tenders.

Once all the tenders have been scheduled out and compared, you can look at the items that may not be included, by some or all the contractors. To get a full comparison between your tenderers, you will need to 'plug' those missing items back in with an allowance commensurate with the other contractors to get a comparable price.

The aim is to get a level playing field where each bid or quote has been understood and balanced with the others to get a true picture of all the costs. At this point, you can now better appreciate the likely costs of the work and select those contractors who you wish to engage with further, normally two.


You will then be able to consult and meet with the chosen contractor(s) and discuss and negotiate their bids, flush out the items you think are limited or ambiguous, and try to get them to firm up the provisional sums by agreeing to fixed prices for these items so that you are ensuring that all the 'known unknowns' are established, interrogated and processed.

**AND DON'T FORGET** - Few relationships in life are as important as the relationship you have with your building contractor and its not only about the price!!!



**Note:** See the following info guides for more information:


- What do Provisional amounts and PC Sums mean in a quote
- Choosing a Building Contractor
- The Importance of a contract with your Home Builder



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