



Bids, Tenders and Proposals Podcast

Show Notes – Alternative Tenders

Alternative Tenders are a great way for Tenderers to get their point of difference across and provide better Value for Money for organisations seeking Request for Tender (RFT) and it is better for the Tenderer.

What are Alternative Tenders?

Alternative tenders are proposals from suppliers who choose to offer an alternate solution to what is specified in the Request for Tender (RFT) by an organisation seeking tenders.

In simple terms, it means offering something different to what is being asked in the RFT. For example, if you are responding to a Request for Tender to build a house which specifies the roof to have tiles and you think that metal roof such as colourbond will be better, then you would submit an alternative offer that will have colourbond roof.

Both of them will achieve the same outcome, but the alternative tender will not be what is actually specified in the Request for Tender.

There may be reasons for them requesting tile roofs, perhaps all other buildings around them are tiled roof and they want to keep it consistent.

Why would you consider Alternative Tender?

There has to be a compelling reason for you to offer an Alternative Tender and it can be one of more of these:

- Your product or alternative solution you are proposing is cheaper than what is specified.
- The method of construction is simpler and could save time and money.
- There are supply chain issues in the industry for all tenderers and an alternative product or way of doing things will save time and money.
- You are proposing a product that is of higher quality and standard than what is specified.

When would you Submit Alternative Tenders?

You don't just submit an Alternative Tender, you must have a compelling reason. Some of the things you would consider are:

- There is a definite benefit in providing an alternative way of doing something;
- You can quantify the time and money savings;
- The organisations requesting tenders are willing to accept alternative tenders. That is they have clearly identified in the conditions of tender that they are willing to accept Alternate Tenders. They would have given some clear guidance around alternative tenders.

Reasons why Alternative Tenders do not get Considered

1. The Alternative Tender is not clearly marked as "Alternative Tender"

When I evaluate Tenders (and I do evaluate a lot of them), Tenderers put in Alternative Tender without even mentioning that it is an Alternative Tender.

When organisations issue a Request for Tender, often they make it clear in the "Condition of Tender" that any Alternative Tender must be clearly marked as Alternative Tender.

This is basic, but, I have seen way too many Tenders not labelling the Alternative Tender. They just appear as a Tender to be evaluated without any explanation, hence considered to be Non-Conforming.

Here is an example of what is in the Conditions of Tender.

4.7.3 Alternative Tenders must:

- (a) be clearly marked as 'Alternative Tender'; and
- (b) clearly describe the extent to which the requirements of clauses 4.5.2, 4.5.3 or 4.5.4 are proposed to be varied by, amongst other things, completing the Statement of Departures (Section E, Schedule 3); and

2. There is no Explanation of what the Alternative Tender Represents

When the Tenderer does not provide a clear explanation of what it is that the Alternative Tender is about, then very soon it puts in the "No further consideration needed" pile.

It is hard enough for Council to evaluate all the Conforming Tender, then to jump on and Evaluate Alternative Tenders without knowing what benefit it brings.

3. The Alternative Tender is not in line with the Objectives of the RFT

With every RFT that Council issues, it is trying to achieve something. So, when an Alternative Tender comes in that is not quite aligned with the objectives, the chances are it will not be considered.

As an example, if Council has issued a Request for Tender for low emission cars and one of their objectives is to lower their greenhouse gas emissions, then putting an Alternative Tender of V8 cars with high fuel consumption will not make sense, even though it may be cheaper for Council.

4. A Conforming Tender is not submitted by the Tenderer

Often when Council will require that the Tenderers that submit an Alternative Tender, also submit a Conforming Tender.

Very rarely have I seen an Alternative Tender being considered when a Conforming Tender is not submitted.

Often, I have found that Tenderer think that they can just offer the solution they think is the best and don't bother complying with the Conditions of Tender. Even though their solution would be a good one, there is no way Council can evaluate the Alternative Tender objectively.

Here is an example of what the Conditions of Tender says about submitting Alternate Tenders.

4.7.1 A Tenderer may submit a Tender (**Alternative Tender**), which does not conform to the requirements of clauses 4.5.2, 4.5.3 or 4.5.4 in all respects, provided that the Tenderer has submitted a Conforming Tender (or a Tender that Council nonetheless decides to consider under clause 4.6.3).

5. There are way too many Alternative Tenders submitted by the Tenderer

I have seen Tenderers putting in Alternative Tenders with way too many variations. This shows that they know a lot, but not sure which one to offer, so they offer everything.

Recently I have evaluated Alternative Tender that had 15 different Alternative offers, they were numbered NA-1, NA-2, NB-1, NB-2 and so on. It was very difficult to make sense of which one would be best for Council and why.

Simple pricing model with one clear Alternate Option out of the 15 would have been better.

Alternative Tender are a great way for Tenders to present where they are better than the competitors and it also provides Council a better way of fulfilling the outcome they are after.

There are a lot more to Alternate Tenders that I will be sharing in due course. Please feel free to get in touch with us if you want to know more.

Bid Smart Team

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