

Tenders – Public or Private Sector

By Werner van Rooyen, Director of HowToTender (Pty) Ltd which specializes in tender consulting and tender training.

One question that we get asked a lot, especially at workshops, is what differences are there between Public Sector and Private Sector tenders? One would think that the answer lies in the fact that one is Public and the other one Private and that this would be the only difference but unfortunately it is not that simple.

Public Sector tenders obviously are from Government Departments and Government Institutions such as Municipalities whilst Private Sector tenders are usually from large business such as the major banks, large retailers, and large telecommunication companies.

The main difference between these types of tenders is the Public Sector tenders will all have Standard Bidding Documents (SBD) that the bidder must respond to. These Standard Bidding Documents are compulsory and if not completed it will disqualify your response. Ensure that you complete all the Standard Bidding Documents correctly and truthfully.

The second difference is the fact that Public Sector responses to tenders is evaluated according the Preferential Procurement Policy Framework Act (Act no 5 of 2000). According to this Act, points are scored on the Technical Criteria of a tender. If your response passes the minimum threshold for Technical Criteria you will be evaluated on Price and your B-BBEE status. Again, points are earned and the bidder with the highest amount of points will usually be awarded the tender.

In the Private sector there are no Standard Bidding Documents to complete. There usually is no point system in place on which you get evaluated. The potential bidders are evaluated mainly on their technical skills and price. This means the Private Entity will have a pre-set standard that potential suppliers will have to comply with. The Private Sector focuses more on the capability of the supplier and although price is important, they will not pick a supplier purely on price. Private Sector tenders will also have more specific requirements that bidders will have to comply with.

It does not matter if you respond to a Public or Private Sector tender; always ensure that you complete the tender document correctly, accurately, and truthfully. Rather give too much information than too little. Remember that the person or persons that evaluate your response most probably have never heard of your business so be sure that they have a good understanding of your business once they have worked through your response.

To learn more about this and many other tender conditions attend our “Become a Tender Expert” 2-Day workshops presented in Johannesburg, Pretoria, Durban, Port Elizabeth, and Cape Town. Book and pay online at <https://howtotender.co.za/tender-expert-form/>

Contact us at estelle@howtotender.co.za should you need more information.