

Am I ready to tender? You need more than just the basics!

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Apart from the basic, minimum requirements to tender (Company registration documents, CSD registration, and a tax clearance certificate) there are also other requirements that Government Entities will look at in order to decide if your business will be able to fulfil the tender. These requirements include:

1. The business must have a **bank account**: If you are going to open a legitimate business (and I really hope this is the case) then the second thing you will need is a bank account. This is a straightforward process and I recommend that you start out with a savings account with little or no bank charges. This is to say if you start out with a small one-man business. Obviously, you must consider the needs of the business when opening a bank account but try and keep the initial costs to a bare minimum. You will need proof of Identity as well as proof of your address to open a bank account. If you are in a partnership you will also have to have a partnership agreement. In the case of a company you will have to have the company registration documents on hand to give to the bank.
2. The business must have a **fixed address**: You will have to have a fixed address from which you are going to operate your business. Keep this in mind because South African Legislation dictates that you must supply a legitimate address when registering for a multitude of things. Currently the trend from Government Entities is to do site visits to ensure that the bidders are real companies. The problem with erecting a company with the sole intention to respond to tenders is that the company is not really in business and therefore there is no site that it operates from. Depending on the tender that you are responding to the minimum that you need to do is to set up an office of some sort, even if it is at your house. You need to show them that you have capacity to earn points on Functionality and to move forward to the next phase.

Experience: In the tender process, it is essential that an enterprise be knowledgeable of the supply it wants to bid for. This is exactly where start-up enterprises fail. The entrepreneur does not realize that **if you want to tender you must have some expertise of the supply you want to deliver**. This little point in the tender process is many start-up businesses' downfall.

3. The more knowledge the enterprise has of its supply, the better its odds are of being awarded a tender. It is practical to start a business in something that you have experience in, so we advise start-up entrepreneurs to use their experience, gained through studying or working in a specific sector, in their tender responses. Use personnel references and ask the supplier/s that you dealt with in your previous job/s to be your references.

One condition under Functionality is always the amount of experience you or your company have in a specific industry. To resolve this, we suggest that you respond to tenders that you as person have relevant experience in. A good example is where someone who worked in the IT sector, starts their own business and then responds to tenders in the IT sector - this way you can use your own experience on your CV to earn points on Functionality.

An alternative to overcome the lack of experience would be to go into a Joint Venture. Collaborate with an enterprise that has the necessary expertise and that complies with the Functionality of a specific tender. Finding enterprises to go into a joint venture with can be difficult but if a start-up enterprise can bring unique skills or Black Ownership to a joint venture, it will be easier to find a joint venture partner.

- 3 Have a B-BBEE certificate or an EME Affidavit (in the case of a start-up)

It is crucial for an enterprise to have some B-BBEE credentials because the enterprise's B-BBEE score is used in the Standard Bidding Document 6.1 to calculate the enterprise's Preferential Points. Without these points it will be difficult for an enterprise to get pass the evaluation stadium of any tender process, not even to mention the adjudication stadium. No points will result in losing the

tender. The good news is a Start-up Enterprise automatically qualifies as a Level one, two or four Contributor to B-BBEE. It all depends on your Black ownership.

4. Compulsory Governing Body registration

Is your business registered with a statutory body? Numerous industries in South Africa have statutory bodies and you must be registered at to conduct business and many Government tenders require registration certificates showing your affiliation to a Governing Body. Failure to produce such a certificate can lead to your tender response as being judged as non-compliant and this can lead to you being disqualified. Find out if your business falls into such a body and if so, register.

Three examples of such Governing Bodies are:

- National Home Builders Registration Council (NHBRC),
- The Financial Services Board (FSB) and
- The National Contract Cleaners Association.

There are two major challenges that the business owner face when registering with the appropriate Governing Body:

- Firstly, the rules and regulations that the business must adhere to register and
- Secondly the cost involved.

The answer would be to try and register even if it is costly. Remember that you will have to comply in any case with the rules and regulations of the Governing Body should you be so lucky to win the tender. Find out what the rules and regulations are and start to comply now and register.

5. Will you be able to deliver on time?

Once a tender has been awarded to you there is no room for non-delivery. If you miss a delivery the contract can be terminated and that could mean the end of your business. Government Entities want to see that you will be able to deliver.

6. Do you have enough financial resources to fulfil the contract?

It might be that in order to deliver, you will first have to invest a great deal of financial resources in stock prior to you getting paid.

7. Is your work force up for the task at hand?

You will always find that Government Entities ask for CV's of employees that are going to be involved in the tender. Only if you have enough capable employees; then you are ready to tender.

So how does an enterprise, especially a start-up enterprise, overcome these challenges? The logical answer would be to join forces with an enterprise that has the necessary expertise and that comply with the technical criteria of a specific tender. Finding enterprises that will go into a joint venture can be difficult but if the start-up enterprise can bring some specific skills to the joint venture it will be easier to find a partner.

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 require more information.

You can also purchase a Tender Manual (Handbook) on our website <https://howtotender.co.za/> which is a step by step guide how to respond to a South African Tender. It includes examples of completed SBD forms.