

Differences between public and private sector tenders

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One question that we get asked a lot, especially at workshops, is what is the difference between Public Sector and Private Sector tenders?

Public Sector tenders 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 contain 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 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.

In my opinion, Private Sector tenders are easier to respond too. There are far less forms to complete. However, you will find that in Private Sector tenders the questions are more direct regarding your enterprise's ability to perform certain functions or to produce the goods requested.

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. You must include every little detail in your response to a Private Sector Tender. Use this detail response for your Public Sector tenders as well. The more detail you provide the better your change in winning the tender. Remember you must impress and convince a stranger that most probably have never heard of your business before, to buy your product and that you are the best person or company to be rewarded this tender. If you do not give enough information, they are not going to look at you.

The danger with this approach is that you can give too much information. Be careful not to give detail or information that is not directly coupled to the tender request. It does not help to give information on the tables and cupboards that you produce but the tender only asks for chairs. Give only information that is needed but in this information be as thorough as possible. Remember, every tender document must be read by a person and if you are going to supply the person with irrelevant information, he or she is going to lose interest in your response.

To summarize, use the same information for a Public Sector tender response as for a Private Sector tender response. Be accurate in the detail but do not give detail that is not required.

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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.