

What to consider when I do my tender pricing

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One of the most important parts of any tender is pricing.

All tender documents will tell you that it is not necessarily the lowest bid that will win the tender but that there are also other factors that influence the final decision. This might be true but be assured that you will lose more tenders than you will win if you have the highest price. Make sure to price your tender correct.

Dealing with the Standard Bidding Document 3 (SBD 3.1, 3.2 and 3.3), which is the pricing document, can be hair-raising. In these documents they talk about firm prices, non-firm prices, professional service providers, exchange rates and lots more confusing matters. There are three SBD 3 documents namely the:

- SBD 3.1 for firm prices
- SBD 3.2 for non-firm prices
- SBD 3.3 for professional service providers.

Many people ask the question - how must we work out our tender price? There is no straightforward answer because every tender is different. The fact is that a tender for the supply of furniture will have a different pricing structure than a tender for the supply of food for a government function thus providing individual pricing techniques would be exceedingly difficult.

In general, there are a couple of points that must be considered when you calculate your price. These include:

- Be precise; when your product that you supply is R10-26 then state it in the tender document as R10-26 and not as R10-00 or even R11-00. Depending on the size of the tender, these minor differences can amount to substantial amounts that can be lost or influence the success of your tender.
- Ensure that you take all your costs into consideration; double check your pricing – something small left out can come back and bite you later.
- Always remember to add Value Added Tax (VAT) at 15% to your price. The tender committees want to see the purchase price. They do not want to sit with a calculator and calculate what your price is supposed to be when VAT is included. Most tenders state that the price must include VAT.
- Try and quote firm prices, even if the tender duration is more than 12 months. Tender committees are hesitant for non-firm prices.

If you apply these points above, your pricing will be less of a challenge.

Another piece of advice is to draw up your own pricing schedule and to refer back to your own pricing schedule on the SBD 3 document, because every supply is unique and to try and fit your pricing into the SBD 3 forms is usually not possible. You will find that almost all bidders do this. Your tender would not be judged as non-responsive by using a separate pricing schedule.

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.