

Procuring Security Toolkit

Perpetuity Research Team

June 2011



CONFIDENTIAL



INVESTOR IN PEOPLE

Perpetuity Research & Consultancy International (PRCI) Ltd
148 Upper New Walk · Leicester · LE1 7QA · United Kingdom
www.perpetuitygroup.com
prci@perpetuitygroup.com
Tel: +44 (0)116 222 5555
Fax: +44 (0)116 222 5557



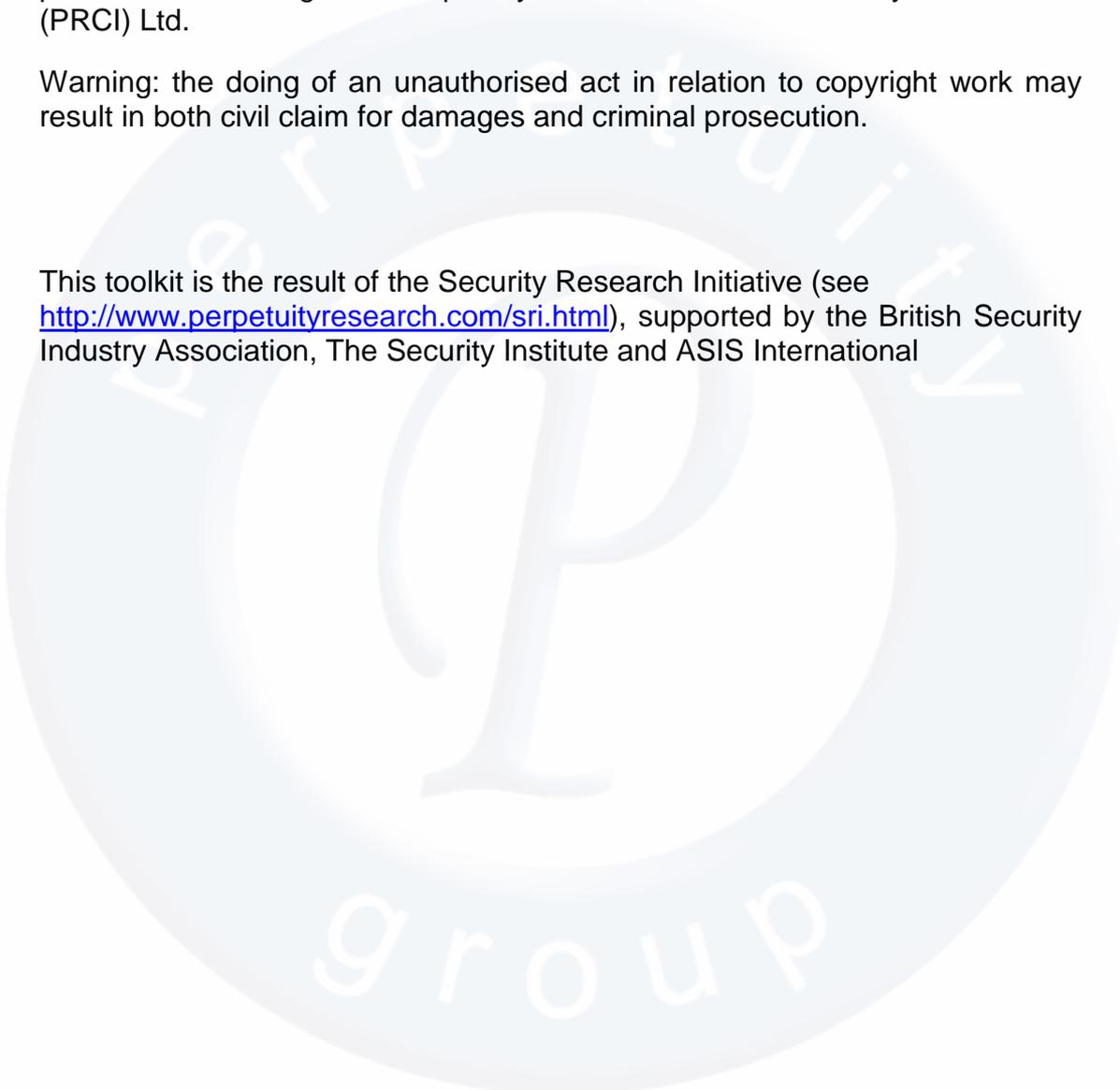
Copyright

Copyright © 2011 Perpetuity Research and Consultancy International (PRCI) Ltd

All Rights Reserved. No part of this publication may be reprinted or reproduced or utilised in any form or by any electronic, mechanical or other means, known now or hereafter invented, including photocopying and recording, or in any information storage or retrieval system, without permission in writing from Perpetuity Research and Consultancy International (PRCI) Ltd.

Warning: the doing of an unauthorised act in relation to copyright work may result in both civil claim for damages and criminal prosecution.

This toolkit is the result of the Security Research Initiative (see <http://www.perpetuityresearch.com/sri.html>), supported by the British Security Industry Association, The Security Institute and ASIS International



Index

The index below provides a summary of all pages within the toolkit. You can skip to the sections of interest by clicking on the links below. You can also return to this page at any time by clicking the 'index' link at the top of each page.

Section 1. The purpose of the toolkit	4
1.1 Introduction.....	4
1.2 Introduction to Security	6
1.3 Introduction to Procurement	9
Section 2. Planning and preparation	16
2.1 Decision to purchase	16
2.2 Specification	27
Section 3. Tendering	35
3.1 Pre-Qualification Questionnaire (PQQ).....	35
3.2 The Invitation to Tender and the Response.....	40
3.3 E-tendering.....	45
Section 4. Evaluation.....	47
4.1 Site Visits.....	47
4.2 The Interview and the Presentation	54
4.3 Innovation	60
4.4 E-auctions.....	64
Section 5. Towards contract award	68
5.1 Selection.....	68
5.2 Negotiation	74
Section 6. Sample Documents	78
6.1 Examples.....	78
Section 7. Reference.....	79
Mini Case Studies.....	79
7.2 Glossary	91
7.3 Useful Links	94
7.4 References	95

Section 1. The purpose of the toolkit

1.1 Introduction

Why develop a toolkit?

Previous research has shown that the procurement process used for purchasing security goods and services does not always work to the benefit of the buyer and/ or supplier. There seemed much to be gained by a research study drawing upon the experiences of those engaged in the process to flag the potential problems, and identify ways to overcome them while at the same time highlighting good practice examples. This is especially important in an era where security is undergoing great regulatory change and where many clients, pressurised by an adverse economy and testing market conditions are seeking better deals from suppliers.

The research included over 50 one to one interviews, mostly conducted over the telephone, with procurers (both procurement professionals and security professionals); and different types of security providers. It was supplemented by a focus group discussion and a literature search, and conversations and debates in a variety of settings that helped identify and develop ideas and insights.

This toolkit includes the findings from this research. The aim is to better enable those involved in procuring security to move towards a ‘win win’ scenario, where the buyer receives the goods or services required at a fair price and where the supplier can deliver within a fair budget to a high standard.

Principles of the Toolkit

There are seven key principles that have guided the development of this toolkit:

The first is that it is aimed at those who are involved in buying and selling security products and services. So all the examples are security-related and security is the exclusive focus, albeit that others buying and selling in related disciplines – such as Health and Safety, Facilities Management – may find it useful.

Second, the toolkit is aimed at being relevant to both those with little knowledge of security procurement and to those who are experts. For the former, the advice and tips may serve as a major source of guidance to their own approaches, to the latter as a reminder or aide memoir.

In this section:	1.1 Introduction	1.2 Introduction to Security	1.3 Introduction to Procurement
			The procurement process
			Public procurement
			SMEs and procurement
			Why good practice in procurement is important

INDEX

Third, the toolkit has been designed so that each section is self-contained, readers do not have to plough through every section and it has been designed to be user-friendly.

Fourth, the aim has not been to provide you with everything you need to know to undertake procurement effectively. As a cursory view of any books on procurement in a library or bookshop will reveal (if you can find them that is), buying and selling has emerged as a discipline in its own right developing its own body of knowledge, represented in the UK by the [Chartered Institute of Purchasing and Supply \(CIPS\)](#).

Fifth, this toolkit does not advocate any particular or specific approach to procurement. It is derived from a number of practices and the content is mostly aimed at providing practical advice. It does not endorse any approach nor is it endorsed by any organisation or association, it has not sought that.

Sixth, the content provides a mixture of explaining why some processes are important and necessary, and advice on how to conduct them to generate the best advantages.

Seventh, the content is gained from reviewing practical advice from books, reports and other publications but is primarily based on original research with buyers and suppliers operating in the security sphere.

In this section:	1.1 Introduction	1.2 Introduction to Security	1.3 Introduction to Procurement
			The procurement process
			Public procurement
			SMEs and procurement
			Why good practice in procurement is important

1.2 Introduction to Security

It is important to note that the security sector is a fragmented one. Although there are a wide range of types of security providers they often bear little relationship to each other, are organised via quite separate representative associations, and the skills sets of the people who work in them are markedly different. Sometimes security is seen as a part of Health and Safety, or integral to Facilities Management or business continuity, but not always. Sometime there is a close overlap between physical and corporate security on the one hand, and information security on the other, but mostly not. While the different elements of security might (loosely) share an engagement with a process to 'protect an organisation's assets'; the form this takes varies as much as the python from the Indian Elephant.

Despite this fragmented world, often independent specialists coordinate to suggest a total solution. Indeed, despite the fact that the capital and revenue budgets are often managed separately meaning, for example, that manpower and technology are often purchased as separate elements, sometimes companies can and do bring this together in search of a single co-ordinated solution. This is one reason why suppliers generally value an opportunity to provide their own ideas on how to respond to a buyers' needs.

In this toolkit we have spoken to buyers who have no specialist expertise in security (although all had made some type of security purchase somewhere along the line), as well as those who are security specialists. And we spoke to providers from a wide range of organisations offering different types of security services including (but not limited to):

- Manned Guarding
- Mobile patrols
- Keyholding service
- Investigation
- Store detectives
- Access control
- Electronic key equipment & software
- Intruder alarms
- CCTV

In this section:	1.1 Introduction	1.2 Introduction to Security	1.3 Introduction to Procurement
			The procurement process
			Public procurement
			SMEs and procurement
			Why good practice in procurement is important

INDEX

- ANPR
- Security data centre & technology upgrade
- Tags
- Pedestals (barriers)
- Close protection
- Security training
- Contingency planning/disaster recovery

While many of those we spoke to suggested buying security was just like anything else, there were a number of characteristics that made it distinct for some. Some key distinctions include:

- It can impact upon customer and staff safety
- If security goes wrong it can cost lives
- If security goes wrong the reputation of the company may be damaged
- If security goes wrong the company could – in extreme cases – fold
- Sometimes poor security can amount to a regulatory/legal breach
- It can be a high value purchase
- Poor security may impact on profitability
- Security requires specialist knowledge/understanding
- Security can be core to business operations
- Security purchases may need to integrate with other security goods and services
- Poor purchasing decisions can be hard to rectify
- Some purchases are 'living' i.e. they cannot be bought, positioned and left. They need to be reviewed, KPIs must be measured and potential improvements identified

In this section:	1.1 Introduction	1.2 Introduction to Security	1.3 Introduction to Procurement
			The procurement process
			Public procurement
			SMEs and procurement
			Why good practice in procurement is important

INDEX

As one interviewee noted:

'Security is more reactionary. There is a big emphasis on security here and if it goes wrong the implications can be huge. We have had damages from protesters and that puts a focus on security.'

Aerospace security procurement manager

Perhaps most striking of all is that for most organisations security is an infrequent process and so not something that the procurement department develops significant expertise in. Security suppliers noted that often the management of security purchasing was not in the hands of those who were expert in security or in their area of security. This can sometimes make it difficult for suppliers to highlight why they are better or more appropriate because buyers are not in a position to judge the merits of the arguments.

Hopefully, this toolkit will be of help to buyers and sellers of security. We need to emphasise that this toolkit will not provide you with answers to all your questions about the purchase of different aspects of security; that would take more space than is permitted here. What we have tried to do is identify the key issues that impact upon a good security purchase and provide tips based on the experience of those involved.

We have not hesitated to draw upon the experience of good practice in procurement derived from broader research on the buying process and related this to some aspects of security as appropriate.

In this section:	1.1 Introduction	1.2 Introduction to Security	1.3 Introduction to Procurement
			The procurement process
			Public procurement
			SMEs and procurement
			Why good practice in procurement is important

1.3 Introduction to Procurement

Procurement is the process by which the purchase and supply of goods and services is managed. Sometimes other words are used, such as ‘buying’ or ‘purchasing’, but they mean much the same thing and are used interchangeably in this toolkit.

There are two main parties involved in the process:

Buyers

As will be shown, those responsible for making the purchase vary by organisation and with the type and scale of security purchase being made. The buying process will often include a person with expertise in making purchases on behalf of a company – who may have a major decision-making role or act as an advisor – and someone with expertise in security and others as appropriate. We have drawn upon the experience of both procurement experts and security specialists.

Suppliers

Inevitably suppliers differ markedly, in size and expertise. Some have specialist departments or individuals whose main or exclusive task is to respond to tender opportunities, in others this responsibility is defused amongst different roles. Amongst larger suppliers responding to large bids, the involvement of business development/sales staff, contract managers, and representatives from operational teams is commonplace.

This section offers a brief introduction to procurement and considers two areas that merit a specific mention, that of public sector procurement which is governed by specific rules, and procurement involving Small, Medium Enterprises (SMEs). It is structured as follows:

The Procurement Process

It is important to note that there are many different ways of procuring goods and services. Our aim is not to advocate a ‘best’ one or even a ‘good’ one. Rather we aim to highlight key considerations for you - based on the experience of others – to take on board in deciding which aspects of the buying process are needed to meet your requirements.

The types of issues that will guide your process will include the culture and norms of your organisation, but may also include the:

- Characteristics of the product

In this section:	1.1 Introduction	1.2 Introduction to Security	1.3 Introduction to Procurement
			The procurement process
			Public procurement
			SMEs and procurement
			Why good practice in procurement is important

INDEX

- Strategic importance of the purchase
- Sums of money involved in the purchase
- Characteristics of the purchasing market
- Degree of risk related to the purchase
- Role of the purchasing department in the organisation
- Degree to which the purchase product affects exiting routines in the organisation (Van Weele, 2002)

The research for this toolkit confirmed that there is a widespread view, amongst buyers and providers, but especially the latter, that procurement processes currently practiced in the world of security often fail to deliver the best possible purchase:

'... if I am being kind 50% and harsh 40% are good at procurement. You did get good ones, thinking about it, 40% is about right.'

Business development manager, security company

'The process allows little space for personality, flair, innovative thinking, flexibility, passion or just relationship building. If you bought a car, a holiday or a house using the same process, you would rarely be happy with your purchase.'

Account manager, security company

The 'professionalisation' of the procurement function has transformed its role. Carter & Kirby (2006) present traditional versus new age procurement:

Traditional	New age/ World class
Price	Total cost of ownership (TCO)
Adversarial	Collaborative
Late supplier involvement (LSI)	Early supplier involvement (ESI)
Prescriptive specifications	Performance
Quality control	Quality assurance
Inspection	Prevention

In this section:	1.1 Introduction	1.2 Introduction to Security	1.3 Introduction to Procurement
			The procurement process
			Public procurement
			SMEs and procurement
			Why good practice in procurement is important

INDEX

Acceptable quality levels (AQL)	Total quality management (TQM)
Just in case (JIC)	Just in time (JIT)
Contract based	Performance based
Win/lose	Win/win
Many suppliers	Few suppliers
Gatekeepers	Facilitators

In fact, not all procurers are professionally qualified, and, as will be shown, security is often an infrequent purchase, but the directions outlined in the table are important indicators of the collaborative approach to good purchasing that is emerging.

Public Procurement

All public sector authorities – and there are some differences depending on the type of public authority in question – are required to adhere to the EU principles of non discrimination, equal treatment and transparency when making purchases above certain thresholds (which change over time). There are a number of procurement procedures:

- Open procedure – any interested parties may tender for the contract in response to an advert in the Official Journal of the European Union (OJEU)
- Restricted procedure – interested parties which respond to the advert must have an expression of interest accepted in order to be invited to submit a tender. This is to prevent large numbers of tenders having to be evaluated.
- Competitive dialogue procedure – the authority opens a dialogue with bidders (following the OJEU advert and subsequent selection) to discuss appropriate solutions to their requirements, which all chosen bidders will then be invited to tender for.
- Negotiated procedure – the authority can select one or more parties to negotiate the terms of the contract with. The contract does not necessarily have to be advertised in the OJEU (depending on the circumstances).

Minimum timescales for the varying types of procurement procedures are set, including a waiting time (the 'Alcatel' standstill period) between awarding

In this section:	1.1 Introduction	1.2 Introduction to Security	1.3 Introduction to Procurement
			The procurement process
			Public procurement
			SMEs and procurement
			Why good practice in procurement is important

INDEX

the contract and starting the contract to allow for the decision to be challenged.

At the specification stage procurers must comply with requirements to maintain a sufficiently open specification, accepting equivalence without favouring certain brands, products or providers.

After identifying suitable suppliers – some may be eliminated due to poor prior performance or financial instability - the contract is then awarded either to the lowest price bid or that which offers best value for money, known as ‘most economically advantageous tender’. If the latter is used then both the contract award criteria and the weighting of each criterion must be provided in the OJEU notice or in the tender documents. Government policy gives preference to best value for money over lowest price bids. This has been defined as ‘the optimum combination of whole life costs and quality to meet the user requirements’. One writer (Lewis, 2009) rephrased this to mean, ‘meeting the user’s requirement with the best quality of service at the right price’.

Post tender negotiations are only held to clarify or supplement the content of a tender or a specification and must not result in discrimination.

The regulations encourage the use of e-procurement – allowing shorter minimum timescales for contract notices sent electronically. In addition dynamic purchasing systems (DPS) and electronic auctions can be used.

If a supplier believes the contracting authorities have failed to comply with the public procurement rules they can take legal action in the UK courts for damages or to set aside the contract award decision. They may also lodge a complaint with the European Commission which following an investigation could lead to action against the UK in the European Court of Justice.

In practice requirements can vary and there are exceptional circumstances which can apply (see, www.europa.eu).

It is important to note that the actual procurement process will vary across public sector organisations as each one develops a methodology that meets its own needs while at the same time ensuring it does not conflict with EU rules or UK law.

Further information on Public Procurement rules can be found on the [Office of Government Commerce](#).

In this section:	1.1 Introduction	1.2 Introduction to Security	1.3 Introduction to Procurement
			The procurement process
			Public procurement
			SMEs and procurement
			Why good practice in procurement is important

Small and Medium sized Enterprises (SMEs)

The National SME Engagement Programme (2010) [Playing to Win Tenders – Opening Doors to SMEs](#) offers some important insights into the potential problems SMEs face in competing in tenders processes, and highlights some potential solutions. We have highlighted some of the points made because they reflect rather well some of the experiences of security organisations. Some of the difficulties include:

- a) ‘Contracts let by public bodies are too large for small and micro-businesses.
- b) Public sector opportunities that do exist are either not advertised or are not advertised openly.
- c) The process of application is too cumbersome and time-consuming.
- d) The requirements that have to be met are expensive and onerous.
- e) Subcontractor opportunities are impossible to identify or access.’

(The National SME Engagement Programme (2010) *Playing to Win Tenders – Opening Doors to SMEs*, p5)

Our own work with smaller security providers reveals another problem; they noted that the move towards centralised purchasing to facilitate bigger contract awards offering better value, marginalised and excluded smaller providers. Some and especially those with a distinct or niche offering have decided to form strategic alliances with larger providers. At least one representative body operating in the security arena is facilitating meetings between providers to help forge these types of partnerships.

The document additionally notes that some public sector buyers may have some negative perceptions of small businesses:

- a) ‘They represent too much risk.
- b) They cannot be relied upon.
- c) They have no track record.
- d) They are too small for the type of contracts we offer.
- e) They do not respond to opportunities.

In this section:	1.1 Introduction	1.2 Introduction to Security	1.3 Introduction to Procurement
			The procurement process
			Public procurement
			SMEs and procurement
			Why good practice in procurement is important

INDEX

- f) They do not understand how we buy, nor wish to spend the time learning.'

(The National SME Engagement Programme (2010) *Playing to Win Tenders – Opening Doors to SMEs*, p5)

One initiative that seeks to overcome at least some of the difficulties for both parties is Value Banding. This offers an opportunity to match the size of a project (judged in cost of contract terms) to the size of the company. It guides smaller companies on what is within their scope to bid for, and for sellers can help attract appropriate providers. Value Banding can help. This is used, for example, by the Ministry of Defence:

Category A	£400,000,000 and above
Category A1	£250,000,000 to £400,000,000
Category B1	£100,000,000 to £250,000,000
Category C	£20,000,000 to £100,000,000
Category D	£10,000,000 to £20,000,000
Category E	£5,000,000 to £10,000,000
Category F1a	£3,400,000 to £5,000,000
Category F1b	£685,00 to £3,400,000
Category H1	£93,000 to £685,000
Category I1	£40,000 to £93,000
Category J1	£20,000 to £40,000

The document further notes that '*Value-banding is a simple mechanism that can be adopted by any public sector body at no cost and delivers to them the benefit of receiving bids from companies more appropriate to the opportunity offered.*' In fact it can of course be adopted by any organisation, private and voluntary to meet it's needs.

Buyers need to consider the following issues when deciding whether, in larger purchases, there is a case for facilitating the engagement of smaller providers:

In this section:	1.1 Introduction	1.2 Introduction to Security	1.3 Introduction to Procurement
			The procurement process
			Public procurement
			SMEs and procurement
			Why good practice in procurement is important

INDEX

- Are there elements best left outside the main contract and offered as a separate small contract?
- Is it really a good idea, or the best one, to place all of the work with one supplier?
- Is there wisdom in letting the contracts in lots either on a product or geographical basis?

Of course some large providers can meet all needs well, but not always, as some security procurers noted, in which case a more considered approach may be needed:

'If you want small companies to be able to compete for your work, or you want innovative companies, you need to think carefully about the way you structure your procurement process so as not to exclude them. Accidentally they tend to be excluded even though they may be the best company to respond.'

Best practice for procuring from SMEs and innovative solutions

Why Good Practice in Procurement is so Important

The world of procurement is an emerging profession whose activities in the UK are guided by the [Chartered Institute of Purchasing and Supply \(CIPS\)](#). Gradually a body of knowledge has developed on what distinguishes good procurement from bad and trained professionals often, but not always, oversee the process. This provides guidance on getting the most from a purchase and achieving best value for money.

This guide is not designed to be an introduction to procurement, although there are a range of references in other sources that may prove helpful here. And several guides/documents/websites are referred to throughout the toolkit. What is clear is that the world of procurement and the world of security often appear not to work in harmony, indeed, according to accounts on both sides, there is often a schism in between. A main purpose of this toolkit is to close the gap.

Bribery

The UK Bribery Act places an onus on organisations to prevent bribery, and this will necessarily involve ensuring that approaches to procurement are compliant with the Act. For a good discussion of the key principles here see the [Transparency International UK website](#).

In this section:	1.1 Introduction	1.2 Introduction to Security	1.3 Introduction to Procurement
			The procurement process
			Public procurement
			SMEs and procurement
			Why good practice in procurement is important

Section 2. Planning and preparation

2.1 Decision to purchase

'Know about yourselves, your own challenges and be prepared to share (them). Be realistic about what you are trying to achieve. Set some basic objectives. Understand that it takes a while and communication and contribution from everyone to get there – it's a team effort. If you need to save money, tell them. Be honest about what you need them to do for you, don't try to disguise it as something else. They can then tell you if they can achieve it or not. Make sure you engage the right people in the process and ask for their contributions up front. You can then take consideration of everyone's needs as far as possible. Make sure you set reasonable expectations with everyone.'

National account manager, security provider

Clarifying the rationale for making a purchase is the first stage of the procurement process. This will clarify the significance and strategic importance of the purchase and also the level of risk attached to the outcome of the process. Indeed a risk assessment and a security audit (including a gap analysis) may be an important first step to determine what is needed and how this will fit in to the organisation's security strategy and broader business aims. There are some key issues that may guide thinking at this stage. They are:

- [Being clear about the reason for the purchase](#)
- [Engaging support for the purchase](#)
- [The time for involving suppliers](#)
- [How the evaluation of responses will be conducted](#)
- [Who will be involved in the buying process](#)
- [How long the process will take](#)
- [Suppliers: reasons for engagement](#)
- [Buyers: an engagement checklist](#)

In this section:	2.1 Decision to Purchase	2.2 Specification
	Being clear about the reason for the purchase	Relating the specification to your needs
	Engaging support for the purchase	Some key considerations for your specification
	The time for involving suppliers	A performance or technical specification?
	How the evaluation of responses will be conducted	
	Who will be involved in the buying process	
	How long the process will take	
	Suppliers: reasons for engagement	
	Buyers: an engagement checklist	

Each of these is discussed in turn.

'I will give you an example of poor procurement. Procurement wanted us to save 15%, this was a company that we were asked to look at, and when we looked it just could not be done. It is not rocket science. They said it was awful service but they were not paying for a good one, simple, it was the price they were paying. We could do some things, patrols instead of static guards, using technology, but still we cannot do their price. This is particularly bad but it still quite common.'

Business development manager, security company

Being clear about the reason for the purchase

There are many reasons for going to tender. It may be triggered by:

- Legislative/regulatory changes.
- A desire to reduce costs.
- A requirement of the normal procurement cycle to retender periodically.
- A desire to test the market.
- The need to upgrade technology or a service offering.
- A wish to integrate/streamline existing systems or services.
- An acquisition or sale of part of the business.
- The changing requirements of customers/stakeholders.
- Problems with the incumbent provider (in which case it is worthwhile considering what the problems are and why and how they have arisen).
- The wish to elicit more from a current provider or to require them to adhere to different practices or work in different ways/areas.

In this section:	2.1 Decision to Purchase	2.2 Specification
	Being clear about the reason for the purchase	Relating the specification to your needs
	Engaging support for the purchase	Some key considerations for your specification
	The time for involving suppliers	A performance or technical specification?
	How the evaluation of responses will be conducted	
	Who will be involved in the buying process	
	How long the process will take	
	Suppliers: reasons for engagement	
Buyers: an engagement checklist		

INDEX

- The desire to standardise services to one supplier instead of several or vice versa.
- Internal changes which require a different approach to purchasing (one company reconsidered security when there was a new policy to buy locally).

Understanding and being clear about the reason for making the purchase will help determine the type of procurement process that is needed. Organisations that are happy with their existing provision and have reached the time for periodic procurement may take a very different approach to those looking to introduce new systems or services or wanting to cut costs.

Moreover, suppliers felt they were better placed to respond effectively when they were aware of the reason for the tender accepting that in many cases the purchaser would be unwilling or unable to state that reason.

Indeed, from the supplier side, the decision to become involved in the process will be dictated by a number of factors, some general (such as whether there is capacity to devote time to the bid or the work if successful), to tender-specific reasons such as whether there is a robust process one can engage with. For example:

'In our own company we decide whether to go for a bid, we assess each one, and if we cannot see proper considered input with security expertise we may result in deciding not to bid. We are walking away from those just wanting a commercial exercise. So not getting this right may result in companies walking away.'

Business development manager, security company

Engaging support for the purchase

Some companies develop a specific procurement plan which outlines what is being procured and why and the process that will be adopted. There are at least two clear purposes here. The first is to ensure that what is being purchased is aligned with the broader business and marketing objectives. The second is to ensure that all relevant parts are clear about the need for the purchase and support it:

In this section:	2.1 Decision to Purchase	2.2 Specification
	Being clear about the reason for the purchase	Relating the specification to your needs
	Engaging support for the purchase	Some key considerations for your specification
	The time for involving suppliers	A performance or technical specification?
	How the evaluation of responses will be conducted	
	Who will be involved in the buying process	
	How long the process will take	
	Suppliers: reasons for engagement	
Buyers: an engagement checklist		

INDEX

'Our corporation has several different business units. So what we did was write a general specification outlining what was required at corporate level. And because there were 40 sites and each business unit had an operational lead we placed business unit needs into this. That way suppliers could bid for certain bits.'

Corporate procurement manager

'Start early, be clear on what you and your internal clients want out of it. We might know, but the business might have a different view ... some will have unrealistic expectations but ... make sure they are consulted and feel they can input. Some will have some smart ideas – ask for the business case. Get involvement from people.'

Director of procurement, utility company

The plan itself can be ordered around the subheadings used in this toolkit, and the amount of detail varies by organisation. At the very least it should include main actions and timelines.

Suppliers were frustrated when timescales change, although that can be unavoidable, but more frustrated still when priorities changed or new requirements were added at later stages which had the potential to alter their whole approach to the bid.

The time for involving suppliers

Security suppliers often favoured being involved from an early stage because it provided them with an opportunity to more fully understand the client requirements. And there were many examples where buyers had used the expertise of suppliers to help them frame their thoughts on a specification in a very helpful way. For some though there were dangers in this approach because it enabled suppliers, potentially at least, to influence key issues in the way the tender is formed and framed to make it more likely they will win the contract.

'... if you ask someone to design something and then bid on it – they'll only design something they can install.'

Risk manager, financial services

In this section:	2.1 Decision to Purchase	2.2 Specification
	Being clear about the reason for the purchase	Relating the specification to your needs
	Engaging support for the purchase	Some key considerations for your specification
	The time for involving suppliers	A performance or technical specification?
	How the evaluation of responses will be conducted	
	Who will be involved in the buying process	
	How long the process will take	
	Suppliers: reasons for engagement	
Buyers: an engagement checklist		

INDEX

Certainly some suppliers resented being used as a free source of advice, a lot depended on the context here. Precisely for these reasons some buyers erred away from using suppliers in this way, and either developed the specification themselves or used consultants. The following involves an example that appeared to work, at least for the buyer:

'We picked 4 companies ... and invited each in separately for half a day to explain what we wanted, then a site walk, showed them the barriers, we had technical support people on hand to answer questions and discuss likely solutions. I don't think you should be too prescriptive or deny the contractor the possibility of coming up with a solution; just describe what you are trying to achieve rather than you want this system to do this. We asked them to come back with a good solution for us – there were a variety. We looked at those independently – no costs at this point. We looked at the solutions and picked one we liked – that's what we want - then we went back to all and said this is what you've got to deliver – this is the specification – then all the suppliers were quoting for the same job. That makes it easier to compare on value for money. If you get different responses it's a nightmare to work out what's best. ... Consult as widely as you can – make sure the specification doesn't go anywhere until everybody's seen it, make sure they've read it and agreed to it and get that on an email so if they come back later (and complain).'

Head of security, university

The point at which suppliers are involved will depend on the nature of the relationship the client has with them. Some have an approved supplier list, or have framework agreements in place, some have a preferred supplier.

Some suppliers noted occasions where they were called in too early; prior to the requirements being outlined. One felt that this had been a waste of everyone's time.

In this section:	2.1 Decision to Purchase	2.2 Specification
	Being clear about the reason for the purchase	Relating the specification to your needs
	Engaging support for the purchase	Some key considerations for your specification
	The time for involving suppliers	A performance or technical specification?
	How the evaluation of responses will be conducted	
	Who will be involved in the buying process	
	How long the process will take	
	Suppliers: reasons for engagement	
	Buyers: an engagement checklist	

INDEX

'I was involved in a bid last year where the procurement was terrible – didn't understand the delivery or the timescales – we eventually pulled out – operations and procurement were saying different things – we couldn't cost it accordingly.'

National account manager, security company (manned guarding and systems)

'I wouldn't object to being invited in to write a spec even knowing they've invited other companies in to get their ideas as well .. I would rather bid against a spec (a major rival) wrote than one the average security department wrote. I would rather have someone other than a procurement person write a security specification.'

Business Development manager, security company (manned guarding and installer)

Involving suppliers merits consideration. It can clearly work advantageously, but it needs to be effectively managed.

'It is essential that some form of honest conversation takes place to get the best out of a tender situation. The honesty part seems to be very difficult to secure from buyers. They don't seem to want to give much away and treat many suppliers as if they should be grateful for the chance to be associated with the company rather than try to deliver something that both parties are proud of and that works to both party's advantage. The lack of information transfer is the biggest barrier to good solutions and good long term partnerships.'

National account manager, security provider

How the evaluation of responses will be conducted

Although the [evaluation](#) comes at the end of the process, understanding how it is achieved guides what needs to happen at the beginning. Providers place enormous value on understanding how the tender will be assessed. Some providers noted that where they were unclear about a process and how they were going to be assessed they might refrain from bidding.

A good procurement process will help with the evaluation. Key requirements are:

In this section:	2.1 Decision to Purchase	2.2 Specification
	Being clear about the reason for the purchase	Relating the specification to your needs
	Engaging support for the purchase	Some key considerations for your specification
	The time for involving suppliers	A performance or technical specification?
	How the evaluation of responses will be conducted	
	Who will be involved in the buying process	
	How long the process will take	
	Suppliers: reasons for engagement	
Buyers: an engagement checklist		

INDEX

1. Understanding what is currently provided, the structure, key roles of managers, supervisors and officers and what they all do.
2. The key questions and issues that need to be addressed and a method of assessing good answers.
3. Information about the requirements, include TUPE where appropriate, any reports that inform the requirements.
4. An instruction as to what is required in answering questions (limiting the number of words, attachments).
5. Time to conduct site visits and ask questions (separate from other suppliers).
6. Time to present the case at interview with key decision makers and engage in a meaningful question and answer sessions.

Who will be involved in the buying process

Another key decision is to decide who should be involved in the buying process and what the role of each person will be. This understandably varies. Often it will involve representatives from security and from procurement, and others who may be affected by the decision especially the budget holder(s) and those that prepared the specification. Sometimes procurement takes the lead and sometimes security. Those purchasing certain types of equipment mentioned the need for a representative from IT, those purchasing services often saw a role for Human Resources. In some cases legal experts and customer service personnel were seen as crucial, and where integration was an issue a whole host of personnel might be relevant and those involved in facilities management were often mentioned. If it was a big purchase finance would need to be involved in some way. Many procurers in big organisations spoke of the need to involve internal customers/stakeholders, these might be departmental heads or building/site managers who would be responsible for security.

One procurement manager was concerned that the Head of Security did not have the proper expertise to advise on the tender and was very critical:

'Make sure your head of security and his cohort understand the requirement and the consequences of what they're trying to do, for example, I know of

In this section:	2.1 Decision to Purchase	2.2 Specification
	Being clear about the reason for the purchase	Relating the specification to your needs
	Engaging support for the purchase	Some key considerations for your specification
	The time for involving suppliers	A performance or technical specification?
	How the evaluation of responses will be conducted	
	Who will be involved in the buying process	
	How long the process will take	
	Suppliers: reasons for engagement	
Buyers: an engagement checklist		

INDEX

heads of security for whom this is not their specialism, who have no expertise and haven't the first idea what they're trying to procure, it comes to the point where it becomes frightening.'

University deputy head of procurement

From a supplier perspective it was seen as crucial to understand who was the main decision maker. Some noted that they had spent time with the person they thought to be a main decision maker only to find out later that this person did not have the status to follow up on commitments or indications of support that were made.

Crucially, from a supplier point of view having someone involved who understands the contract requirements and needs outlined in the tender, ostensibly a security expert, was generally deemed the most important of all. Some noted that buying in expertise, if it is not retained in-house, can be a valuable investment for the client:

'You really have to understand your requirement. If you can't articulate why the requirement relates to the business, and provides a business outcome it's very difficult to justify the cost. If there is a legislative requirement or a risk management mitigations requirement you need to be able to show why these are needed. Security directors need to be right on top of that, otherwise others will argue for a cost reduction model.'

Security director, defence sector (overseas)

'What we found is that in a large percentage of cases the relationship is formed before the tender goes out. So we have tried to be more proactive, and find out as much as we can in advance. The formal side of things, just relying on the tender is too late ... A knowledgeable buyer really helps.'

MD Security division, group of companies

Suppliers reported a number of examples where tender documents had not been reviewed by security experts because, for example, they included the requirement for SITO courses which disappeared years ago. Some also had not been reviewed by procurement experts, because they included misinformation about TUPE requirements. Some were standard documents that still contained details relating to previous tenders.

In this section:	2.1 Decision to Purchase	2.2 Specification
	Being clear about the reason for the purchase	Relating the specification to your needs
	Engaging support for the purchase	Some key considerations for your specification
	The time for involving suppliers	A performance or technical specification?
	How the evaluation of responses will be conducted	
	Who will be involved in the buying process	
	How long the process will take	
	Suppliers: reasons for engagement	
Buyers: an engagement checklist		

INDEX

'We need them to state what they want. It is not always clear or honest. They say we want a world class service but then who they shortlist and exclude says different. They can be mean on a budget which will not equate to world service.'

MD manned guarding company

How long the process will take

The process, especially in the public sector where procurement rules have to be followed, can take up to 15 months, sometimes longer.

One of the sources of frustration for suppliers was not being given enough time to properly understand the client's needs and respond effectively, especially with regards to the [tender response](#), [site visits](#) and [interviews](#).

Suppliers: reasons for engagement

Suppliers noted that responding to tenders was time consuming and often clients set timescales that did not leave them with the time they needed to think creatively.

Indeed, amongst factors influencing a company in deciding whether to respond to a procurement process were:

- Belief the contract requirements were within their scope and business plan
- Whether they believed they had the time to develop a credible bid
- The likely value of the contract was attractive
- Believed the contract would be prestigious/profitable
- They believed the client was genuinely interested in them as a supplier and the skills sets/products on offer
- They had on-going contact that predated the decision to procure

In this section:	2.1 Decision to Purchase	2.2 Specification
	Being clear about the reason for the purchase	Relating the specification to your needs
	Engaging support for the purchase	Some key considerations for your specification
	The time for involving suppliers	A performance or technical specification?
	How the evaluation of responses will be conducted	
	Who will be involved in the buying process	
	How long the process will take	
	Suppliers: reasons for engagement	
Buyers: an engagement checklist		

INDEX

- The contract offered them an opportunity to develop as a company and/or to develop their staff, this may include the possibility of developing new/important contacts

Buyers: an engagement checklist

- Have you agreed the business justification?
- Do you have agreement to undertake the project and allocate financial resource to assess overall potential costs or savings of project?
- Do you have agreement for your procurement plan?
- Are there any legal or regulatory requirements governing how the procurement must be managed?
- Have all the stakeholders and end users been consulted and engaged?
- Have you researched the market and decided on an appropriate procurement process?
- Have you developed a list of potential vendors?
- Are you going to issue a [Pre-Qualification Questionnaire](#) (PQQ) to determine who should be invited to tender?
- What criteria will be used to determine the shortlist for the [Invitation To Tender](#) (ITT)?
- Have you identified all of the information that will be needed by suppliers and have a plan for making it available for the process?
- Who will develop the [specification](#) on which the [ITT](#) will be based?
- Who will take up references and organise site visits? And what questions will be asked and information sought?
- How many will be invited to give a [presentation](#) and how will this be decided?

In this section:	2.1 Decision to Purchase	2.2 Specification
	Being clear about the reason for the purchase	Relating the specification to your needs
	Engaging support for the purchase	Some key considerations for your specification
	The time for involving suppliers	A performance or technical specification?
	How the evaluation of responses will be conducted	
	Who will be involved in the buying process	
	How long the process will take	
	Suppliers: reasons for engagement	
	Buyers: an engagement checklist	

INDEX

- What will be required at the [presentation](#) and who will attend?
- How will a decision be made and by whom?
- What are the timescales?
- Does the whole process fit with your [security strategy](#) and your procurement strategy?

And reflecting on previous experience:

- What has previously worked well and why?
- What has not worked well and why?
- Have any problems occurred in the contract delivery that in future could be dealt with at the procurement stage?
- Is there anything that the incumbent provider didn't provide that is wanted?

In this section:	2.1 Decision to Purchase	2.2 Specification
	Being clear about the reason for the purchase	Relating the specification to your needs
	Engaging support for the purchase	Some key considerations for your specification
	The time for involving suppliers	A performance or technical specification?
	How the evaluation of responses will be conducted	
	Who will be involved in the buying process	
	How long the process will take	
	Suppliers: reasons for engagement	
	Buyers: an engagement checklist	

2.2 Specification

The three main pieces of advice that procurers offered suppliers when responding to their specifications were, read all the requirements and respond to each element; ensure that you offer what is required and not merely repeat what you do without relating to clients' needs; if you don't have the expertise to write the tender consider buying in some help because it is generally competitive.

Suppliers themselves outlined a number of areas where specifications fell short of what was needed to enable them to prepare the best possible bid. What follows are ideas and consideration on three areas that merit consideration when drafting specifications:

- [Relating the specification to your needs](#)
- [Some key considerations for your specification](#)
- [A performance or technical specification?](#)

Relating the specification to your needs

This is related to the [decision to purchase](#). There it was noted that different reasons will dictate the type of specification needed. For example, if you are happy with your supplier but wish to test what services are available on the market you may be happy to offer general details about your needs.

Similarly, if you are working with a [preferred supplier](#) or from an [approved list of suppliers](#) (or even a single security supplier as one organisation we encountered does) who are familiar with your needs you may not need to specify in great detail your requirements, especially if the requirements are similar to a previous occasion.

In some cases, for example in niche areas, there may only be one supplier who meets your needs, and in some cases this may involve developing your specification with the help of the supplier. One buyer from a professional services company needed bollards around a new building as an anti terrorism measure and found that only one company provided the type of bollards he needed. Having established this he worked with the supplier to develop a specification that met his needs.

In this section:	2.1 Decision to Purchase	2.2 Specification
	Being clear about the reason for the purchase	Relating the specification to your needs
	Engaging support for the purchase	Some key considerations for your specification
	The time for involving suppliers	A performance or technical specification?
	How the evaluation of responses will be conducted	
	Who will be involved in the buying process	
	How long the process will take	
	Suppliers: reasons for engagement	
Buyers: an engagement checklist		

If however, you are looking for a new provider you may need to prepare a much more detailed specification. We have provided some anonymised examples that may guide your thinking in [example documentation](#).

Some key considerations for your specification

There are some key issues that may help guide your approach.

- What is your overall [security strategy](#) (which would normally be formulated on the basis of a detailed risk assessment)? How do the requirements of your specification meet the objectives of your security strategy, the needs of stakeholders, or meet the overall objectives of the organisation? Understanding this will provide you with an essential context in which to work and relate the details of the specification to. One experienced security sales manager noted, ‘*This is the single most important information that the customer could provide*’.
- You will need to take account of any regulatory or legal requirements. These are more common in some sectors than others and will vary for different aspects of security. Some areas are regulated by the [Security Industry Authority](#), but there may be a raft of other regulations you need to meet. For example, in manned guarding TUPE regulations may apply. There is no easy way of finding out all the requirements other than researching your needs, you may find our [other sources](#) section helpful.
- You will need to specify the scope of services/products you require, and the intended deliverables/outcomes of the contract. What is not specified is unlikely to be covered, but the more you include the higher the price will be.
- Are there any competencies or standards that suppliers will need to meet? These may relate to products or quality assurance? You need to check that the standards you specify meet the exact requirements of the task in hand. One association representative when discussing the purchase of security equipment noted that sometimes British Standards were ‘too broad brush’ to meet clients very specific needs. In addition, are there any accreditations suppliers will need, are these essential or desirable? Be clear about which ones are important and why you need them. Some smaller suppliers said that they were

In this section:	2.1 Decision to Purchase	2.2 Specification
	Being clear about the reason for the purchase	Relating the specification to your needs
	Engaging support for the purchase	Some key considerations for your specification
	The time for involving suppliers	A performance or technical specification?
	How the evaluation of responses will be conducted	
	Who will be involved in the buying process	
	How long the process will take	
	Suppliers: reasons for engagement	
	Buyers: an engagement checklist	

disadvantaged from bidding on some contracts because of a lack of some accreditations despite what they claimed was a good track record of high performance.

- Will you wish to include Service Level Agreements (SLAs), or Key Performance Indicators (KPIs)? If so it is important that these are fit for purpose and up-to-date with your requirements.
- You will need to consider coverage. Which buildings, which areas, which parts of the country/world and to what extent do the requirements differ?
- If you are covering different areas, or including different services in your specification, are you looking for one company to meet your needs, or more than one or are you open minded? This again may affect how you write the specification.
- Security rarely operates in isolation. For example, CCTV cameras may need minimum light levels to operate at night. An access control system may need a manned guarding response? In writing your specification you need to ensure that you have taken a holistic look at your needs.
- Does your specification require a maintenance agreement on any equipment purchased?
- Are there company requirements that you will need contractors to be aware of? Perhaps you have a policy on energy consumption that contractors need to know about?
- Are there any constraints on your requirements that a supplier will need to be aware of, such as a limited amount of space for some equipment or some practical consideration because of the nature or layout of the site?
- You will need to decide whether you provide a budget. According to our interviewees mostly this does not happen. Some suppliers felt that it would be a good plan to provide them with your maximum budget and ask them to deliver a cost effective solution with that sum in mind. One

In this section:	2.1 Decision to Purchase	2.2 Specification
	Being clear about the reason for the purchase	Relating the specification to your needs
	Engaging support for the purchase	Some key considerations for your specification
	The time for involving suppliers	A performance or technical specification?
	How the evaluation of responses will be conducted	
	Who will be involved in the buying process	
	How long the process will take	
	Suppliers: reasons for engagement	
	Buyers: an engagement checklist	

retail manager for business protection argued, *‘they didn’t know our budget, that’s like showing your hand at poker’.*

- Are you sure all the information you need to write the specification and all that suppliers will need to respond is available, accurate and up-to-date? Many suppliers felt this was an area where there was scope for considerable improvement.
- A crucial aspect for suppliers is having good information. This was underlined continually during interviews as a key issue. Remember that suppliers may well be experts at security but not your organisation and what it needs:

‘The quality and type of information provided by a company varies enormously. Some provide you with good background information about the company, how security fits in, what the objectives are, what the issues have been etc but most do not. A common response from a customer when you ask questions about what the security requirements are is ‘You are the expert, you tell me’. Actually, we are security experts, but we are never experts on the customer’s own organisation. This is a major frustration.’

Account manager

- Be careful to ensure suppliers get the information they need. It was noted in interviews for example that often TUPE information is incorrect: incumbent suppliers may delay providing all details to make it difficult for other bidders. In a manned guarding contract where most of the costs are people related this can be crucial. Others noted that they rarely received information about historical incidents, issues, problems which also caused problems later when they realise the bid they have developed needs to be adjusted sometimes with cost implications. Sometimes the technical specifications are not clearly defined.
- There were many other examples, sometimes these can be quite small but have big implications. For example, the amount of training existing officers have is rarely known but incumbent companies may be required to carry out extra training that had not been budgeted for in developing the tender. It erodes the supplier margin and, as one respondent noted ‘flies in the face of partnership and trust’.

In this section:	2.1 Decision to Purchase	2.2 Specification
	Being clear about the reason for the purchase	Relating the specification to your needs
	Engaging support for the purchase	Some key considerations for your specification
	The time for involving suppliers	A performance or technical specification?
	How the evaluation of responses will be conducted	
	Who will be involved in the buying process	
	How long the process will take	
	Suppliers: reasons for engagement	
Buyers: an engagement checklist		

INDEX

- Suppliers also like to understand your priorities, and specifically how you will be assessing the tender. Where they are provided with a [scoring matrix](#), they are able to apportion effort accordingly.
- You will need to be clear about how much scope you will allow for [innovation](#) in the way that you develop your specification.
- Can more than one supplier respond to the specification? Specifying the use of certain brands of equipment for example, may limit the potential responses. This may be necessary in some cases – for compatibility with existing equipment. In other cases there may be equivalent brands that can perform the same task to the same standard.

'A good procurement officer will say to the company come to my office I will show you what a good tender looks like. I'm quite happy to do 30 minutes with a potential supplier – I'll do you a quick masterclass in doing a tender'

University deputy procurement manager

Key considerations from previous research

In a guidance document introduced by the [Chartered Institute of Purchasing and Supply](#) and co-authored with Perpetuity, it was noted that, purchasing professionals should be looking for the following features:

1. The Security Provider's Company
 - Their strategy, vision and objectives
 - Their culture, philosophy and policies
 - Financial profile
 - Range of services
 - Track record
 - Capacity planning
2. The Commercial offering

In this section:	2.1 Decision to Purchase	2.2 Specification
	Being clear about the reason for the purchase	Relating the specification to your needs
	Engaging support for the purchase	Some key considerations for your specification
	The time for involving suppliers	A performance or technical specification?
	How the evaluation of responses will be conducted	
	Who will be involved in the buying process	
	How long the process will take	
	Suppliers: reasons for engagement	
	Buyers: an engagement checklist	

INDEX

- Supplier's profitability
- Expectations Vs Requirements
- Quality of service and product
- Knowledge transfer
- Terms & Conditions
- Price
- Continuous improvement
- Level of risk

3. Contract Management

- Contract structure and skills of the management team
- Technical knowledge
- Management information
- Supplier development
- Resource availability
- Technical support

In essence, procurement professionals should be 'desperately seeking SUSAN'

- Superb supplier
- Unconditional trust
- Security of supply
- Adaptable and flexible suppliers
- No surprises!!

In this section:	2.1 Decision to Purchase	2.2 Specification
	Being clear about the reason for the purchase	Relating the specification to your needs
	Engaging support for the purchase	Some key considerations for your specification
	The time for involving suppliers	A performance or technical specification?
	How the evaluation of responses will be conducted	
	Who will be involved in the buying process	
	How long the process will take	
	Suppliers: reasons for engagement	
	Buyers: an engagement checklist	

'Ensure a tight specification where possible ... if you leave it too loose, you get overwhelmed ... You get the people you want entering into the tender process, rather than a fishing/ trawling process'

Head of security, University

A performance or technical specification?

A fundamental consideration is the extent to which you prescribe the goods and services to be provided. A technical specification describes the specific properties and characteristics required as well as the overall activities to be performed. Meanwhile, a performance specification set the standards and outcomes required allowing the supplier to describe how they would achieve the requirements.

Views amongst suppliers were rife on this issue. Put simply, the more detailed and specific the specification the easier it is for procurers to make comparisons between tenders. The flip side is that by not giving suppliers the opportunity to advise on how they would approach the task you are missing the possibility of learning from [innovative ideas](#) they may have and you fail to draw upon the expertise of those who want to bid for your work. Some companies provide an opportunity for suppliers to submit a compliant bid as well as a non-compliant one or allow them to add thoughts on how they might undertake the work more effectively, or cheaper, or offer better coverage, or in different ways add value.

One security expert who had been involved in buying a variety of security services admitted there were a range of barriers to his company operating a less prescriptive procurement process:

In this section:	2.1 Decision to Purchase	2.2 Specification
	Being clear about the reason for the purchase	Relating the specification to your needs
	Engaging support for the purchase	Some key considerations for your specification
	The time for involving suppliers	A performance or technical specification?
	How the evaluation of responses will be conducted	
	Who will be involved in the buying process	
	How long the process will take	
	Suppliers: reasons for engagement	
Buyers: an engagement checklist		

INDEX

'OK, so why do we not ask them to offer their advice on how they will protect us? Let's see, control freakery, the contract structure which specifies how things will be done, and professional pride in that we think we know our own business. It means we were prescriptive last time. I think next time we ... should be setting the exam question rather than setting the solution and see how they deliver.'

Security manager, Finance

It is important to state in the tender whether you are prepared to consider alternatives. One supplier noted that this can be a 'dicey subject', since some procurers take exception:

'I think they understood it and chose to ignore it, some people in this industry are amazingly arrogant, I know what I want I don't want to be told what I need'

Operations security manager, service sector

'If you have an output based specification it can give you lots of different ways – depends on intelligence of client ... There are a lot of buyers that are not security experts.'

MD, manned guarding, facilities management

'Develop an output spec to identify exactly what you want from a supplier, go for outputs, not prescriptive, x number of hours etc. Far better to test our expertise, give us a chance to advise on how we would do it.'

MD manned guarding

In this section:	2.1 Decision to Purchase	2.2 Specification
	Being clear about the reason for the purchase	Relating the specification to your needs
	Engaging support for the purchase	Some key considerations for your specification
	The time for involving suppliers	A performance or technical specification?
	How the evaluation of responses will be conducted	
	Who will be involved in the buying process	
	How long the process will take	
	Suppliers: reasons for engagement	
	Buyers: an engagement checklist	

Section 3. Tendering

3.1 Pre-Qualification Questionnaire (PQQ)

The main purpose of a PQQ is to identify a sample who could be [invited to tender](#) a more detailed response to your needs, it is an assessment of the potential of a supplier to meet a company’s needs. Some buyers and some suppliers felt there were missed opportunities with PQQs.

The key issues that emerged were:

- [When to use a PQQ](#)
- [Questions to be addressed](#)
- [Tips to help buyers](#)
- [Tips to help suppliers](#)

'I found the PQQ more useful than I thought ... in doing due diligence you can look at them and then ask insightful questions, for example, your turnover decreased – why? You give them the opportunity to respond. You want to know the company is reliable, dependable, trustworthy and if you are offering a 3 yr contract you want to know they'll be here for 3 yrs.'

Risk manager, financial services

'We don't (always) use PQQs ... With technology (we) tend to have a list of preferred suppliers that we work from and they are generally there through legacy and long service with us. In technology (we) say we need to do this upgrade you're on our preferred suppliers list ... four of you here's what we're trying to achieve come back to us with recommendations. Or we have a project engineer who goes to a consultant who draws up the spec and that goes to preferred supplier list.'

Corporate security manager, pharmaceuticals

When to use a PQQ

Different buyers approached PQQs in different ways. Some appealed to as many suppliers as they possibly could in the belief that the larger the pool to draw from the better the chance to discovering the best supplier. This appeared to work for some buyers, others felt that it was burdensome; it was time consuming to manage and score each of the forms.

In this section:	3.1 Pre Qualifying Questionnaire (PQQ)	3.2 Invitation to Tender (ITT)	3.3 E-tendering
	When to use a PQQ	The reason for going to tender	
	Questions to be addressed	Considerations for buyers	
	Tips to help buyers	Considerations for suppliers	
	Tips to help suppliers		

INDEX

One procurer included companies at the PQQ stage as 'a favour' mainly 'because I knew them to be honest'. For him there was no need to whittle down potential bidders, as this would be done by the PQQ stage. He was therefore happy to include a range of companies in the process. Others relied on suppliers raising awareness of their existence:

'I don't approach anybody people approach me and ask to be included on the list when it next comes up, I store them.'

Technical support team leader, non departmental government body

Others though narrowed down their focus from the start. This was helped when the buyer understood the requirements of the work to be undertaken and/or had a good understanding of the suppliers available to undertake the task. For example, one buyer needed a company to provide a national manned guarding contract, was clear only one supplier was wanted, and was able to identify very quickly those companies who could meet that requirement.

Sometimes buyers skip the need for a PQQ for each piece of work because they have already identified suitable companies and developed [framework agreements](#) or [approved supplier lists](#) and such like. One procurer in financial services decided to go out to tender because the current supplier failed to perform, the supplier had only been in position for a short while, so she had a good understanding of the market. She thus approached six companies and issued an [Invitation to Tender](#).

One interviewee, a Head of Loss Prevention in the retail sector described how he identified a new technology that he thought had potential for in store security. So he worked with the suppliers to trial it in stores. It was successful and was eventually rolled out across the country. In this case no tenders were needed. Another interviewee, needed to secure the Head Office with bollards and after investigation discovered there was only one supplier. In this example too the tendering process was circumvented.

Questions to be addressed

Clearly the questions to be addressed will vary with the requirements. Often there is a requirement for the following.

- Corporate data (including business offering and size of company)
- Experience and skills (including evidence of skill sets and accreditations)
- Resources (including quality and availability of staff, and specialist facilities you may have)

In this section:	3.1 Pre Qualifying Questionnaire (PQQ)	3.2 Invitation to Tender (ITT)	3.3 E-tendering
	When to use a PQQ	The reason for going to tender	
	Questions to be addressed	Considerations for buyers	
	Tips to help buyers	Considerations for suppliers	
	Tips to help suppliers		

INDEX

- Financial status (including financial performance over a period)

Some companies that procure regularly permit suppliers to update information that is retained rather than submit a new form each time.

Purchasers will need to establish whether providers, however well qualified, have the resources/capacity for additional work; whether they can meet any required response times.

Tips to help buyers

- If the buyer is informed about the product or service being purchased, and knows the supplier market well, there is a chance to focus the PQQ process on company needs early on. Some interviewees felt that time spent here clarifying requirements was worth the investment.
- Some felt that the PQQ itself was a good way of determining which companies would be suitable because it was impossible to keep abreast of latest developments in security, not least clarity on who was doing well and who was struggling.
- For procurement specialists it is sometimes important to clarify precisely how much the security expert understands about the security requirements on the one hand and/or the market on the other as a precursor to determining how the PQQ will be managed and targeted.
- It is not seen as easy to keep up-to-date with what is happening amongst security suppliers. In-house security experts, industry reports, peer group references, and current suppliers may all be sources of information that can help inform the approach to the PQQ.
- Ensure that your forms are tailored to the specific requirements of the contract. Suppliers noted that sometimes details of previous PQQs with questions aimed at a different sort of service were included; this gave the impression the buyer was not dedicated to buying the best security and/or the tender process.
- Similarly, ensure that you update your requirements. Suppliers noted examples where they had been asked for outdated security accreditations, or were referred to the requirements of legislation that had changed.
- When you state something is a requirement, it may be worth considering whether you need this specifically or whether an

In this section:	3.1 Pre Qualifying Questionnaire (PQQ)	3.2 Invitation to Tender (ITT)	3.3 E-tendering
	When to use a PQQ	The reason for going to tender	
	Questions to be addressed	Considerations for buyers	
	Tips to help buyers	Considerations for suppliers	
	Tips to help suppliers		

equivalent is acceptable. If you are prepared to consider an equivalent you may need to state how this should be evidenced.

- Suppliers occasionally raised the concern that their PQQ response had been badly managed by the buyers. One company were deemed to have failed a credit check when it transpired it had been carried out on the wrong company within a group.

Tips to help suppliers

- Buyers should start forming opinions about suppliers at the PQQ stage so it is important to be effective from the initial point of contact. This includes complying fully with any PQQ requirements; responding promptly and as directed; showing interest at all times, as well as responding to the detail of the specification. One director of a security company noted, ‘judging people on ability to respond to requirements is important’.
- Ensure that you focus on your areas of relevant expertise and experience as they apply to the requirements of the tender.
- Consideration should be given as to who is the most appropriate point of contact, some highlighted the advantages of maintaining a single point of contact throughout the whole process.
- While the PQQ rarely provides an opportunity to develop a relationship with the buyer - what one supplier called a ‘sterile process’ – some had found it helpful to engage buyers in conversation on the phone to ask questions and establish a rapport to be developed later. Some felt attempting this was to court antipathy.
- Do not assume that the client knows about your service, or is up to date with what you are doing, it is generally important to answer all questions fully.
- Answer questions concisely and communicate your interest in the proposal enthusiastically. Try to avoid vague statements and support what you state with evidence and facts where possible. Don’t be tempted to submit additional documents which are not asked for or do not help support the aims at this stage of the tender.
- If the PQQ has to be delivered electronically always check that you understand the process. Check it carefully, and always ensure that your upload was successful.
- If you fail to be [invited to tender](#), assess why this may have occurred. This is good market intelligence for the next occasion.

In this section:	3.1 Pre Qualifying Questionnaire (PQQ)	3.2 Invitation to Tender (ITT)	3.3 E-tendering
	When to use a PQQ	The reason for going to tender	
	Questions to be addressed	Considerations for buyers	
	Tips to help buyers	Considerations for suppliers	
	Tips to help suppliers		

INDEX

'You should make sure that you keep the same contact with the customer, rather than what some suppliers do, i.e. have a sales admin person completing the PQQ and then passing to a Sales Manager afterwards. This looks like you are too big to give the personal touch, even at the sale stage (which is usually when they get the most attention) and suggests that if you win the business that they will then be passed to another person to deal with. You should build the relationship and the trust from day one through the same person in the sales team wherever possible.'

Account manager, security supplier



In this section:	3.1 Pre Qualifying Questionnaire (PQQ)	3.2 Invitation to Tender (ITT)	3.3 E-tendering
	When to use a PQQ	The reason for going to tender	
	Questions to be addressed	Considerations for buyers	
	Tips to help buyers	Considerations for suppliers	
	Tips to help suppliers		

3.2 The Invitation to Tender and the Response

'If buyers want the best company they have to give the tenderer a chance to show them their class. If you are only giving them a price and generic tender you will only scratch the service, you may allude to class but not real innovation ... I want to know what do they want, what is the service supposed to be delivering? Is the customer facing service more important than risk mitigation, what are your major risks? Why have three entrances and not two, why not use technology, why have any staff at night, when do cleaners come in are they checked, have you thought of getting a company to take more responsibility for waste etc? It could save money.'

MD, manned guarding

The Invitation To Tender (ITT) sometimes called by other names such as Request For Proposals (RFP), is a key part of the procurement process*. During interviews as part of the research for this toolkit suppliers made the point that understanding the needs of clients and the threats they face are minimum requirements to submitting a strong bid, yet even these were often not clearly or fully articulated.

The key issues discussed here in terms of developing a good ITT are:

- [The reason for going to tender](#)
- [Considerations for buyers](#)
- [Considerations for suppliers](#)

* Sometimes ITT and RFP are used interchangeably as they are in this toolkit, but sometimes the former is interpreted as a more precise specification than the latter.

'We decided after umming and arring to go to the top ten, I had seen them over time, and we decided to narrow it down. A lot of the smaller suppliers outside the top ten were not able to deliver a national solution. So we made decision to go to top ten.'

Corporate procurement manager

'I would prefer (to invite) between 3 and 5 (at the ITT stage), but if they're not out there, they're not out there. You can't magic them up. It gives you a decent competition. It's a manageable number.'

University deputy procurement manager

In this section:	3.1 Pre Qualifying Questionnaire (PQQ)	3.2 Invitation to Tender (ITT)	3.3 E-tendering
	When to use a PQQ	The reason for going to tender	
	Questions to be addressed	Considerations for buyers	
	Tips to help buyers	Considerations for suppliers	
	Tips to help suppliers		

The reason for going to tender

Books that have been written about procurement, plus feedback from interviewees reveals that procurers are not always open about the reason for going to tender. The [decision to purchase](#) can be inspired by a variety of factors each of which will bear differently on the interest of different suppliers to respond and the commitment of buyers to the procurement process. Suppliers need to believe that there is a genuine commitment from procurers to consider what they have to offer and they need to be sure they can meet your needs.

Suppliers noted difficulties in establishing clarity here. What is said by someone somewhere in the buying process is not always supported elsewhere. The clearer buyers are about their intentions, the greater the opportunity to get suppliers engaged meaningfully.

Considerations for buyers

- Suppliers need to understand the buying process, and this includes the time that will be allotted to each stage. Changes to this can be frustrating to all parties and so care should be taken to set timescales which are realistic.
- You need to ensure that you include all the information a supplier will need in order to develop an effective response. Some information may be considered confidential and merit treatment in a different way:

'I didn't want to send out the maps due to security, how can I be sure where that map goes if they don't win the contract?'

Local Security Management Specialist, NHS Trust

- In setting out your requirements don't forget to state whether there will be any provision to modify the contract at points after submission, and the nature and types of liaison with you that you will permit.
- Suppliers noted that sometimes parts of the process are rushed and they did not have the time to properly understand the needs of the client or pull together all the information required. This may mean suppliers submit less than what would be their best attempt at meeting whatever is needed or deciding not to bid at all. A rushed timetable may be an indication that you have a particular supplier in mind.
- You will need to outline the form the tender will take including any layout, style requirements, and whether there is a word limit on answers to questions. Clarity on the [specification](#) is fundamental.

In this section:	3.1 Pre Qualifying Questionnaire (PQQ)	3.2 Invitation to Tender (ITT)	3.3 E-tendering
	When to use a PQQ	The reason for going to tender	
	Questions to be addressed	Considerations for buyers	
	Tips to help buyers	Considerations for suppliers	
	Tips to help suppliers		

INDEX

- You will need to decide whether you will provide a draft contract outlining your terms. Some procurers argue this is essential.
- Suppliers will want to know whether payment will be based on performance, whether you intend to introduce penalty clauses, and if so how these will work. Some buyers felt that such an approach was a good way of keeping suppliers in check, others felt that it got in the way of building up a partnership.
- Crucially you will need to decide how many suppliers will be ITT. The decision here will be guided by a number of factors, not least whether a [PQQ](#) was used and the results that emanated from it. Remember it takes time to evaluate each tender response and if it becomes known that you are involving a lot of companies some suppliers may be concerned that there is not the time to do justice to their bid and an indication perhaps that you favour price over quality.
- Will you accept consortia and will you allow sub contracting? If you will are there any conditions and terms that you would wish to apply? This, for example, may include the parts of the contract that it would be acceptable to involve others in.
- During interviews buyers noted the importance of understanding who in the tendering company will be responsible for managing the contract if successful. Some insisted that this person/people were involved at all stages rather than just sales staff:

'Drilling down of the detail what does it translate to. Some security companies have professional bid teams whose job it is to bid for this contract then they move onto the next contract – what you get from sales people and what you get for delivery can be very different.'

Corporate security manager, pharmaceuticals

- You may wish to specify your own appetite for risk and the extent to which you will have a role and input into the contract and its management.
- You will need to consider whether you will allow alternative proposals and provide sufficient space for so doing.

Considerations for suppliers

- It is worth noting that the best bids are generally those that evidence strengths relevant to the clients' needs in a concise, credible and convincing way. There are rarely shortcuts here.

In this section:	3.1 Pre Qualifying Questionnaire (PQQ)	3.2 Invitation to Tender (ITT)	3.3 E-tendering
	When to use a PQQ	The reason for going to tender	
	Questions to be addressed	Considerations for buyers	
	Tips to help buyers	Considerations for suppliers	
	Tips to help suppliers		

INDEX

- Bids that contain flowery language, make laboured points, contain assertions that are vague (e.g. *'we have the best equipment'*) without supporting evidence are unlikely to attract the sort of attention you need.
- Buyers noted that some bids contain spelling errors, do not answer the questions set, and contain answers that look like they have been copied and pasted from elsewhere. These can be a major turn-off and an indication to a buyer that you are not really interested in them as a client. It is important to demonstrate high attention to detail and produce well crafted responses that are grammatically correct.
- Some procurers were frustrated by the tendency of some suppliers to include 'huge amounts' of company information that distracted from the bid:

'... they could get rid of the commercial garbage they put in them – huge majority is general information about their business is stuff we know already. I just want the specifics – we've already know they've met certain requirements.'

National security manager, property management

- Suppliers highlighted the crucial need, in developing an effective response, to properly understand clients and their needs. There are many aspects to understanding clients some of which may be especially important in making a bid. For example, understanding how they procure, the culture of their procurement process and who the key decision makers are and what their needs are. Also, their reputation for the way they treat suppliers (do they really embrace partnership?).
- In making the bid you will already have decided that the contract will be in line with your own broader business objectives, that you understand the needs of the client and that you have the skill sets to meet them and/or you have established meaningful alliance/partnerships with other suppliers, that you can offer some point of differentiation in your bid compared to rivals that will be likely to appeal to the client, and that you can deliver the contract profitably.
- Some suppliers consider how rivals might respond to the bid. Is there another company that is well placed to win the bid? If so, why and how can you match or counteract that advantage? Are competitors likely to undercut your bid? If so, why and how are they likely to do this and how can you respond?

In this section:	3.1 Pre Qualifying Questionnaire (PQQ)	3.2 Invitation to Tender (ITT)	3.3 E-tendering
	When to use a PQQ	The reason for going to tender	
	Questions to be addressed	Considerations for buyers	
	Tips to help buyers	Considerations for suppliers	
	Tips to help suppliers		

INDEX

- You will carefully need to consider the financial arrangements. If you win the contract is it likely to have an impact on your cash flow? Will the price for the contract be fixed or will there be peaks and troughs and will you need to increase or decrease the costs over time?
- You will need to check whether the client requires some sort of surety or special insurance. Your risk assessment of the contract should always consider financial considerations.
- You will need to check also that there are no conflicts of interest in delivering the contract should you win it, and that if you were to win it you would not be excluded from bidding for other contracts at a later stage.
- Once you have the buyer's process and timetable you will need to ensure you can meet all the requirements, including timelines. This means making sure you have the resources – of the right type at the required times – to respond effectively. There are costs in making a bid, you need to be clear these are worth it and that the time involved could not more profitably be spent elsewhere.
- The attractiveness of your bid will depend on your prior experience. This is especially the case if you have worked with the client or one of its associates in some way before. If you performed badly, or were perceived as performing badly, you will need to assess how you manage this in responding to the ITT.
- You need to consider the implications of deciding not to bid. Will this in any way prejudice you on other bids? It is usually a good idea to indicate your intentions early; it is usually better to decide not to bid than to submit a weak one.

In this section:	3.1 Pre Qualifying Questionnaire (PQQ)	3.2 Invitation to Tender (ITT)	3.3 E-tendering
	When to use a PQQ	The reason for going to tender	
	Questions to be addressed	Considerations for buyers	
	Tips to help buyers	Considerations for suppliers	
	Tips to help suppliers		

3.3 E-tendering

E-tendering as defined in this section is, put simply, the process of buying security services by requiring those tendering to complete an application on-line. This is different to an [e-auction](#). The principals governing e-tendering are very similar to any other [Invitation To Tender](#) (ITT). There are a wide variety of e-trading models including complex ones that are developing as the technology and understanding of requirements increases.

E-tenders are more common in some security sectors than others but many interviewees indicated that they are becoming more common. The precise format varies, from being able to answer questions directly on the screen; while sometimes an electronic submission will need to be supported by a signed hard copy document (which may also need to be scanned in).

Most interviewees accepted the inevitability of e-tendering, accepted it was environmentally friendly, and pointed to the advantages of having easy to complete templates to follow and a saving on the time and costs of collation, printing and submission of the final product. Some noted that this meant suppliers could focus on the most important thing, the content.

Despite this, some difficulties were raised:

- Some suppliers argued that e-tendering reduced the opportunity for them to highlight their presentational skills by producing well presented and glossy brochures. Some argued that buyers lost out here since presentation is often a key part of security work and e-tenders do not allow the flexibility. Another interviewee argued, *'one company uses lots of glossy marketing materials, it would cost me a lot of money to respond in that way & I don't think it adds to the process'*.
- An extension of this point, made by some suppliers, was that it stifled innovation and makes it more difficult for companies to distinguish themselves.
- E-tendering was not favoured by some procurers when the product being purchased was complex, as is the case sometimes with security equipment. It was not that it could not be done electronically, merely that it was not favoured by some.
- Many suppliers argued that working with different on-line platforms was burdensome and sometimes required considerable application to make it work. When this occurs it can lock out smaller companies and/or those with less IT expertise. As one independent security consultant noted. *'I accept many companies sometimes have a difficulty ... with this level of technology'*.

In this section:	3.1 Pre Qualifying Questionnaire (PQQ)	3.2 Invitation to Tender (ITT)	3.3 E-tendering
	When to use a PQQ	The reason for going to tender	
	Questions to be addressed	Considerations for buyers	
	Tips to help buyers	Considerations for suppliers	
	Tips to help suppliers		

INDEX

- Some argued that e-tendering was impersonal.
- What was an advantage for suppliers, that e-tendering reduced the need to produce many copies, sometimes increased the burden for purchasers. This might occur, if for example, printing was needed because all the assessors could not manage the process electronically.
- It was noted that a key aspect of any Invitation To Tender, was the quality of the questions asked, and the extent to which the decision to procure included an opportunity to draw upon the expertise of the supplier. Well-crafted open-ended questions afforded this opportunity.
- E-tenders though do not reduce the need to provide grammatically correct and well-structured bids that are accurate. One procurement specialist noted, *'one provider ... made calculation errors so they (sic) were not invited back.'*

One related point that emerged in interviews was the development of companies offering a tender alert service, which can provide new tender opportunities. Some of these offer free trial periods.

'About a third are e-tenders. The trouble with them is that they tend invariably to be question and answer and so it depends on the quality of the question. We need to be able to demonstrate value. We are renowned for the way we present our information and that is taken away on an e-tender. If I was a procurement officer I would judge on how someone presented something. We create an impression and you lose that in e tender. From their point of view, they do get consistency. All of us have to answer the same questions which is better for them than us.'

Business development manager, security company

'It saves the client money, but its not so good for us, we have to have more capability. You have to have website training on certain sites that have stacks of information on them. Each contractor will have different sites; you have to interrogate to draw down your tender information. There can be reams of info on the website – they used to clip it out together or send it all to you – now they say go find it. They've moved (responsibility) to the supplier rather than them doing it all. It would be easier if they filed things in service based files – they might have drawings in a number of service based files – it would make service delivery a lot easier. It means haven't got to surf through all architecture drawings etc.'

MD security integrator

In this section:	3.1 Pre Qualifying Questionnaire (PQQ)	3.2 Invitation to Tender (ITT)	3.3 E-tendering
	When to use a PQQ	The reason for going to tender	
	Questions to be addressed	Considerations for buyers	
	Tips to help buyers	Considerations for suppliers	
	Tips to help suppliers		

Section 4. Evaluation

4.1 Site Visits

There are at least two types of site visits:

[Assessment site visits](#) are made by suppliers to buyers' sites to assess the requirements of the tender. Many argued that a good site visit was the best way of properly understanding clients' requirements, described by one interviewee as 'an essential element of the discovery process. You gain more information about a customer in this time than any other'. Site visits were generally seen as a pre-requisite to developing the best possible solution. The problem noted was that often they were not done well representing a missed opportunity for both parties.

[Reference site visits](#) are made by the buyer to a site managed/operated/installed by the provider to assess the work undertaken by the provider. It is in effect a more detailed way of taking up a reference. Indeed, some suppliers stop short of visiting sites and seek telephone interviews with a main client contact to receive feedback. Those who undertook site visits generally felt that it had been a worthwhile experience providing insights that would otherwise not have been available.

Assessment site visits

Many suppliers, and especially on bigger contracts or more complex ones considered site visits to be crucial to being able to prepare a good tender response. Specifically they sought a well-managed site visit, which facilitated the opportunity to tease out the details and the thinking behind the [specification](#). A supplier's wish list might include the opportunity to:

- Meet someone who understands the strengths and weaknesses of the current security arrangements. As one security company account manager noted, *'the person showing you round needs to know detail about the security contract. All too often, you are shown around by someone who doesn't manage the contract and is doing little more than showing you the floor space'*.
- Discuss with someone who can speak authoritatively about what will be desirable and acceptable going forward, one security provider spoke about the need for an open *'gloves off conversation with end users'*.

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

INDEX

- Be fully briefed on current threats and risks and their criticality, and be aware of future or emerging risks as they relate to the sites in question.
- See all the important areas and aspects of the site and be able to ask questions about them and receive informed answers.
- Understand the risk appetite of the organisation.
- Be made aware of the relationship of the tender requirements to other aspects of security, and ideally how what is required in the tender relates to the broader [security strategy](#). One provider noted, ‘*how can you put a bid together if you don’t understand the customer strategy?*’
- Have one to one tours of the site and discussions without competitors being there. Some admitted a reluctance to ask questions in front of competitors because it could give away insights, which provide a commercial advantage.

‘The key thing for us, is that we are never going to be the cheapest, we need an opportunity to show we can deliver the best value. The key part is the site surveys ... I can give you an example of a bad process. A bad one, which happens all the time, is where purchasers recognise that they have to undertake a site visit, and like 70-80 per cent are held with all competitors. To be honest you may as well not go. All you can hope for is that you get 5 minutes at the end. In a group no one asks questions they want to ask ... For a really good overview we don’t need more than an hour. We need to be able to challenge the existing arrangements so that we can offer something different ... We want to challenge. So we need to really understand their business, that way we can intervene.’

Business development manager, security company

Buyers varied in their commitment to hosting site visits. One company invited six shortlisted companies to send up to four representatives to tour the site and visit any area and speak to any person they wanted; each company was allocated a separate day for the visit. Others allocated less time, say two hours per company.

There are at least two main reasons why some buyers don’t organise individual visits. The first is time constraints, and the second relates to a desire to be seen to be providing equity of treatment. Similarly (and this was undertaken by some of those providing individual and group site visits) some clients circulate all questions and answers to all participants in the tender, as one procurement manager noted, ‘they all get the same brief and so ... they

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

INDEX

cannot cry about any foul play later'. Indeed, others spoke about the advantages of an audible process of fairness that comes from sharing all questions asked and all answers provided. One procurement team in the banking sector thought there was another advantage in sharing questions and answers in that all the participants had good information on which to base the formulation of their specification.

Buyers made the point that they judge suppliers throughout the site visits, and pointed out that they need to:

- be on time and be appropriately presented
- follow the instructions given for the visit, one client noted that they had stated that only two representatives per provider were permitted and three turned up much to his chagrin
- think through who they send, as one respondent said, it is 'almost the first sales pitch for the organisation'
- be engaged and alert throughout the visit, showing interest at all times, don't '*just chat to your mate all the way round, many do*'
- show interest in security staff/equipment throughout
- ask good questions, as one procurer noted, '*to be honest we know who asked the best questions*'
- listen to the questions others ask and note the answers from the host (if attending with other suppliers)
- keep in mind the buyer's requirements and show a commitment to understanding and providing a solution that meets the buyer's needs

Sometimes suppliers reject an opportunity to conduct site visits. Some buyers interpreted this as an indication that their business was not a sufficient priority and took a dim view, some viewing it as a reason not to take their tender response further. Others viewed it merely as a '*lost opportunity*'.

'Our incumbent didn't need to visit. Of the other 2 bidders, one declined an accompanied visit due to illness, and declined an opportunity to come back. That put us off them, (it was) basically saying they couldn't be bothered.'

Director of Procurement, utility company

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

'It was very useful. It gives an insight into how committed they were, how many people did they send, did they ask any questions, have they got a good grasp, can they suggest changes to what we are proposing? We would be surprised if they could but you get a good feel even at this early stage.'

Corporate purchasing manager

Reference site visits

Buyers claimed they benefited from visiting suppliers, occasionally at their Head Offices commonly at [interviews](#) stage, but also visiting the sites they worked at on behalf of clients they already had. It gave them an opportunity to explore in much more detail the culture of the provider, understand the range of services they provide and their skills in so doing, most importantly it afforded the opportunity to obtain feedback on how the security provider had performed. Some argued that it also helped to build up a relationship with the supplier and enabled them to better assess their suitability as partners/collaborators.

Buyers would typically have the opportunity to speak to staff employed by the supplier, see and assess the tasks carried out, assess tools used (be that some type of equipment or system), and crucially speak to representatives of the client organisation, usually without the supplier there.

One of the crucial issues to consider was which sites to visit.

Choosing the sites

There were variations in practice as to how reference sites were chosen. Sometimes buyers ask suppliers to provide details of 'similar' sites although what constituted similar was not always specified, it could for example relate to:

- Similar size of contract
- Similar type of buildings or layout
- Similar part of the country
- Similar type of region for example urban or rural
- Similar type of client in terms of business sector
- Similar type of client in terms of organisational structure

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

INDEX

- Similar type of client in terms of client size (e.g. judged by turnover, number of employees)

One buyer felt that being too prescriptive here may prevent the engagement of a good security provider who had not yet built up a similar client portfolio but could nevertheless offer an excellent service.

One buyer stated that he preferred to speak to customers that have recently ended a contract with the supplier. Here buyers are interested to learn why the contract was not renewed. At the other extreme one buyer preferred to speak to what the client considered its best site because he considered it 'unfair on them to go to worst site. If they show you the best you know that's as good as they can be'.

Often buyers ask for a list of 'similar' sites and then the buyer chooses which ones to visit, rarely more than three although sometimes many more depending on the time and resources available. One Head of Profit Protection for a Retailer received the go ahead to make unannounced visits.

A number of issues have arisen about site visits:

- Site visits are resource intensive for both parties. Sometimes buyers will organise their own site visits and not be accompanied by the security provider, because that way it was easier to '*find out what really happens*'.
- Typically though suppliers will need to organise visits and ensure that key representatives are available to showcase their organisation's capabilities.
- Arranging client testimonial meetings can be an onerous and sensitive task for suppliers. At the very minimum it is courteous to obtain agreement from their client before showing a potential buyer around their site. Suppliers commonly stated that even when they have a good working relationship with a client it can be very difficult to get representatives to agree to answer buyer's questions given hectic diaries and time pressures.
- Sometimes clients refused to help. On some occasions this was a blanket refusal because it was not deemed a sufficient priority by the contact; some refused to meet certain types of contacts (such as rival businesses) or were very restrictive in how much time they would make available.

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

Checklist for site visits

The following represents a checklist of some of the key issues buyers might like to consider when conducting site visits:

- Is the site you are being shown relevant to the contract out to tender?
- Are the suppliers' employees happy in their role?
- Does any equipment being used work as it is supposed to? Have any problems been encountered? If yes, how effectively were they overcome?
- Does the supplier appear to cater for the needs of its workforce? One interviewer recommended always asking staff on the ground '*are (you) happy – are (you) getting paid correctly?*'
- How often do the employees on the ground see their senior management?
- Are employees well trained and do they demonstrate a good understanding of their role?
- Can employees show you their standard operating procedures/site instructions? Are these regularly revised and acknowledged by the workforce?
- Is the supplier meeting [KPIs](#) and [SLAs](#) or any other standards as stipulated in the contract? Does the supplier comply with key industry standards and data protection legislation?
- Has the supplier lived up to what it promised at tender?
- Is the supplier easy to contact and deal with?
- How often do the suppliers meet with the client and how effective are they at meetings?
- What is the procedure for dealing with problems when things go wrong? How effective is the supplier in these circumstances?
- Has the supplier come to the client with [innovations](#) or fresh ideas?
- How effective is local management? How stable are the top and middle management teams?
- How suitable is the supplier's regional operational support structures?

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

INDEX

- Who manages the contract out-of-hours and is this effective?
- Are necessary quality control procedures in place and do they work?
- Are suppliers able to demonstrate innovation, [USPs](#), proactively?
- How long has the security company worked for the client? Why did they select them in first place and have they met expectations? What do you most like, what could they do better? Have there been any successes and failures, how you would contrast them to the company before and why?



In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

4.2 The Interview and the Presentation

Most tenders include at least one interview or presentation of some description. Sometimes these may be incorporated into other stages, such as [site visits](#), but typically shortlisted suppliers are invited to present their service or product offering to a panel of key stakeholders and other representatives from the buying organisation at a separate event.

Interviews provide an opportunity for buyers and suppliers to get to know one another. Buyers need to determine who offers the best service and value for money. It is also an opportunity to ensure the supplier properly understands the requirements and has the commitment, experience and skill sets to deliver what is required. Suppliers have the opportunity to stand out from competitors and develop an effective rapport. It seems that a good or bad performance at this stage can have a major impact on the decision about the contract award.

Each party benefits from being prepared and there are some key considerations.

The key considerations

- Buyers need to determine who will form the interview panel, and the role each person will play. Sometimes there can be a lot of stakeholders and buyers need to consider whether all need to be there. One way some buyers managed this issue was to have a select and representative few on the panel but permit others to attend to offer their opinion on the best candidate after the interview and before a final decision is taken on the award of the contract.
- Buyers may benefit from prescribing who from the suppliers' organisation they wish to attend the interview. For many the priority was to meet operational staff (e.g. Head of Operations, Contract Managers, Project Managers) and those who would manage the project and deal with the buyer if it was awarded.
- Some suppliers noted that sales professionals are needed too in part because they are often trained to give presentations but also because they develop important insights during the procurement process in client requirements.
- Similarly, some buyers wanted to see the MD of the supplier or someone senior so that they can question them about the company's commitment to the contract, others found that MDs were too far removed in some cases to be really helpful. The more prescriptive

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

you can be at this stage the more responsive suppliers can be to your needs.

- Buyers may also benefit from stating how many representatives from suppliers they wish to see at the interview. The more that are there the more chance there is for questioning the range of people who would be involved in the delivery of the contract, but fewer people affords an opportunity to better understand the culture of the supplier and question the key decision makers and get to know them better.
- Suppliers noted that they benefited from knowing in advance who was to be on the interview panel and the role of each person. They felt that they could tailor their presentation and questions accordingly.
- Buyers need to know where the interview will take place. Some buyers prefer to interview suppliers at the latter's premises because it provides them with a better feel for the company.

'Sometimes they bring their team to us and interview us. It works really well. They can ask in detail any question of every person they want. A big time investment from them but they get to see whoever they like. And they can judge front line and back office. I think they gain from this.'

MD Manned guarding

Three key perspectives will now be considered:

- [The interview: suppliers considerations](#)
- [The interview: buyers considerations](#)
- [What makes a bad interview](#)

'Gives them an opportunity to impress you and show you what they can do, in a presentation you get a slightly better feel for a company – how much do they want this, or is this something they'll fit in between other jobs?'

University security manager

The interview: suppliers considerations

Suppliers said they preferred to be given clear guidance on how the interview was to be managed. Often all they are given is a time to turn up. What they would like to know is:

- Who will be there and what are their expectations?

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

INDEX

- How long should the presentation be? How much time should be left for questions?
- What key issues should be covered in the presentation either because they are important or interesting?
- Are PowerPoint presentations desired/required?

During the interview suppliers may also be forming views on the following:

- Will the buyer value my service and contribution?
- Is the buyer someone we want to work with in the future?
- Is the buyer taking time to get to know my business?
- Is the buyer friendly or hostile and what does that tell me about how this contract will be managed?
- Has the buyer scheduled in appropriate time for our interview or am I being rushed?
- Are they focused on cost or service delivery and what does that tell us about how they will view this contract?
- Are they looking at a partnership?
- Is this all going to be about cost or will they value and be prepared to pay for expertise?

Suppliers need to be slick at interview. As one interviewee warned, and an experienced presenter, *'you can lose a tender just by not having brought along enough printed copies of the presentation, or by going over your time.'* Being honest at all stages of the process is important at interview any exaggerations or claims to expertise outlined during the [tender response](#) and [site visits](#) might be tested. As one procurer noted, *'If I sense I've hit a weakness from their reaction, I'll probe more deeply'*.

Suppliers are generally encouraged to be focussed on what is being said rather than the manner in which it is being said. Some speakers are very charismatic whilst others may be nervous.

The interview: buyers considerations

Closely reviewing the [ITT and tender responses](#) and identifying important issues to the effective delivery of the contract, key areas of interest and

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

INDEX

innovation, as well as strengths and weaknesses of individual bids, provides a foundation for a good interview. One supplier summarised, 'We need to know their drivers. What is it that they seek from the tender process? My message is just be candid.'

The following are examples of issues that buyers may wish to consider:

Interview preparation

- Consider how to put suppliers at ease in order to allow open communication.
- Consider circulating questions to interviewees at least a week in advance of the interview date. That way they can prepare and you can then judge them on the quality of their response.
- Once questions have been decided and circulated try not to change them; it portrays poor preparation.
- Provide clear documented guidance. Is a PowerPoint presentation required? Are handouts required? If so, how many?
- Prepare a formal method of capturing interview information, for example a scoring matrix, to facilitate consistent assessment.
- Leave time for questions and answers so that each side can clarify and explore issues via a two-way dialogue.
- Consider focussing on what interviewees are saying rather than how it is said.

Relationship

- How much research has the supplier undertaken on our business? Do they demonstrate a good knowledge of what it is we do?
- How much does the supplier know about their own industry? Are they sector leaders?
- Are the cultures and values of our businesses aligned?
- Are we likely to be able to work together productively and effectively? If so why, if not, what precisely are the barriers? Can they be managed?
- Is the supplier someone we want to work with in the future?

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

INDEX

- Do we trust and have confidence in the delivery team? If so why, if not, what precisely are the concerns? Can they be overcome?
- Is the supplier trying to conceal anything from us? Conversely, are they being open, transparent and helpful?
- How important is this contract for the supplier? How are they demonstrating commitment?
- What percentage of their current work is repeat business?

The pitch

- Is this a generic sales pitch, or has the supplier tailored the proposed offering to your business and to your requirements?
- Are there any tell tale signs that the supplier has copied and pasted from previous presentations?
- Has the supplier come prepared? Are the slides well presented and accurate? Is the presentation slick?
- Did those presenting begin and end on time?
- Were the right people involved? Were they convincing?

Delivery

- Does the supplier leave you with a good understanding of what delivery will look like?
- Does the evidence support their claims?
- Can the supplier explain the escalation process if things were to go wrong?
- Are you clear who from the suppliers' organisation is empowered to take decisions, that they have the appropriate level of autonomy and acceptable levels of access?
- Has the supplier shown [innovation](#)?

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

'Sometimes they have punitive clauses but we have to build this in somewhere else, the cost has to appear somewhere or, another approach is, shall we deal with this together and solve problems together? Usually you have to live with it, if they are imposing penalties, that is it.'

MD security division

What makes a bad interview?

- When the process is too formal
- When suppliers come unprepared
- When procurers do not identify key issues of interest/concern in advance
- When good questions do not deliver good answers
- When questions and answers are too long
- When the buyer is intimidating and makes the supplier feel nervous (and hence communication is affected)
- When interviews are cut short and suppliers do not get a chance for free discussion
- When suppliers conceal facts or deliberately over promise knowing they can't deliver

'A huge failing is that security oversells. Sales people sell and then walk away and they don't have to deliver and they need to ensure sales and operations work together because they need to. We have operations signing off pay rates and training. Buyers need to watch this.'

MD manned guarding, security provider

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

4.3 Innovation

'They've come at it from a standard contract guarding perspective, not innovative, not a good use of Management Information, they've not sold themselves well, they've marketed poorly, some of the area regional support up to director level I'm not impressed with ... They need to come at it from a non traditional route.'

Contract security manager, financial services

'Bring in the new products, ideas, designs that are being looked at and picked up by my team on a daily basis. We always will look at a spec and a set of drawings and pull out a series of questions that challenge and innovate ... we always challenge'

MD security integrator

During the course of the research for this toolkit, one of the words we heard the most, usually from procurers about how providers can differentiate themselves, was *'innovation'*. Yet, with some notable exceptions, thoughts on what that might involve in security circles were not commonplace and at least two reasons were offered.

The first was that all too often security companies did not develop sufficient margin to invest in innovation in the same way other industries do, and/or that security staff were paid too little to generate genuine innovation. This was sometimes coupled with a charge that security as a sector and as a discipline has not trumpeted the cause of true innovation.

And second, tender requirements were often too prescriptive which served to stifle innovation:

'We just lost a job by £7-8,000. The consultant couldn't believe the 4 companies were within £15,000 of each other on a £1million job. It was because the specification was so buttoned down, we had no chance for imagination. (This way) you get very similar prices but you don't get entrepreneurial inspirational off the wall differences that you want.'

MD Security integrator

Even where they were not prescriptive suppliers sometimes doubted that innovative ideas would be assessed appropriately. A related issue here was that the view posited by some that the only way any supplier in any industry can be innovative for a client is by fully understanding that client's needs. One representative argued that this limitation undermined any attempt to be truly creative:

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

INDEX

'Most tenders will ask a specific question about innovation which most people will respond to in a generic way.... This has to be done this way because of the lack of knowledge about the customer's business.'

Account manager, security company

In fact procurers' expectations were typically modest. Some suggested that it amounted to providing them with the latest developments in technology:

'What could they bring from the outside market to us that we haven't looked at?'

Corporate security manager, pharmaceuticals

For others innovation amounted to an ability to challenge current thinking within the client organisation:

'Don't be afraid to challenge the client ... Challenging the clients thinking or approach is a way of demonstrating you do bring innovation. And if you pride yourself on this get it out up front. This is what you asked for, this is what we could do, but we think you could do it better if you do it like this'

Risk manager, financial services

Indeed, there seemed widespread agreement, amongst buyers and suppliers and others that the security world was in need of a greater focus on innovation. All too often, and a number of suppliers mentioned this, innovation was linked to providing a service or products at a cheaper cost. There was seen to be a need to make the distinction between *'innovation'* to improve security and innovation to reduce costs (get the same result for less spend).

Similarly, some felt that buyers ask about innovation because they think they should rather than setting up a process to unravel it or using it as an important factor in distinguishing between suppliers. At least one association representative doubted that buyers were committed to innovation because of the way they decided to procure. He noted two trends, first procurers were placing little and less emphasis on functional as opposed to technical tenders. Second, he highlighted the growing tendency to centralise procurement resulting in bigger tenders which meant many smaller and regional companies were not able to bid, indeed he argued that innovation was being *'stifled'*.

It is perhaps pertinent to draw upon research evidence here in that one study identified three characteristics of world class suppliers:

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

INDEX

- *'Continuous improvement. World class suppliers have a formal and proven commitment to achieve year-on-year product and process improvements.*
- *Technology and innovation. World class suppliers are technology leaders in their respective industries, providing customers with next-generation technologies and a 'leg-up' on their competition.*
- *Adaptability. World class suppliers are willing to invest in new equipment, develop new technologies and rework their businesses to better support the strategies of their customers.'*

(Lysons, K & Gillingham, M (2003) *Purchasing and Supply Chain Management*, Pearson Education Limited, p17)

Creating an innovative company

It is perhaps worth noting that any good business library will include books, as well as magazines and journals on understanding innovation and how to generate creativity in people. They cover issues such as:

- How to develop innovation among leaders
- How to create an innovative culture
- How to encourage innovation
- Tools for developing innovation within companies

There are also a range of websites that provide ideas on how to be innovative. The following are merely examples.

Innovation Tools [website](#)

- Aimed at the busy business person this website includes ideas and reference points for generating innovation within business.

Creativity Unleashed Limited [website](#)

- Designed to help organisations develop creativity it includes advice and tips and starts from the premise that 'creativity is not an option'.

CreativityPool.com [website](#)

- The website invites questions that are in need of an innovative solution, and shares responses to previous questions.

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

INDEX

The companies that were thinking about innovation, spoke about a commitment to continuous improvement, and the best had developed or were developing an innovation strategy enabling them to differentiate themselves from others. This incorporated leaders encouraging creativity and instilling a culture that incentivised innovative thinking.

'Actually innovation, in my experience is an attitude, a culture and a style. It's never about cost. Is the company forward thinking, does it look for better ways of approaching issues, processes, is it always looking to do better, respond to the current and future needs of the marketplace. Therefore, the best way to assess whether a company is innovative is to talk to them, go and see their business, look at the ways they deal with customers, their people etc. One company's innovation can be another company's standard practice. It's very subjective, but you know it when you see it. In your tender response you can give an impression of your culture, the ways you do things, if the ITT allows you that amount of flexibility, some don't. The buyers can then get a 'feel' for the innovative style of the supplier. I think it's more about a feeling than facts, but that's my opinion.'

Account manager, security company

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

4.4 E-auctions

'Companies will under bid and then cut corners to the detriment of the client.'

Independent security consultant

E-auctions have become more common alongside the development of technology and the growth of procurement specialists within companies, and developed into a specific area of expertise (see for example eWorld Purchasing & Supply). Some books on procurement claim that considerable savings can be made (around the 10-15% range) on some types of purchases. Although in many way it is still a developing area in terms of research on the benefits and drawbacks of e-auctions at different stages of the procurement process for the myriad of security services and products that are available. Interviews for this toolkit have revealed this topic as probably the most controversial of all where we received the most animated feedback!

[Issues for procurers](#)

[Issues for suppliers](#)

'Cleaning did a spectacular one for [name], they use it as torture. We were one of 5, and one guy from a small company got carried away. The cost they were going to was too low, they would have to massively invest in machinery and we were all in the room and we just could not believe what they did, it was ridiculous. It was like paying 1,000k for a brand new Land Rover. Perhaps they did the maths wrong or assumed they go into renegotiate later. Anyway the company got the contract and went bust, and we got the contract back but not on good terms. They also did the same thing on security, they said we were excellent but wanted the cheapest price. We have never won an e auction, we just won't play the game.'

MD Security division, security supplier

Issues for procurers

Engaging in an e-auction certainly requires preparation. Procurers will have and need their own internal procedures for deciding which types of goods and services will be e-auctioned flowing from their procurement strategy. Account will need to be taken of the potential cost savings against any likely impact on key relationships with suppliers. They will need to consider what type of auction they want to hold. There are different types, some controlled by the buyer (such as a [reverse auction](#)), and some by the seller (such as

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

INDEX

a [Dutch auction](#)). Procurers need to decide where in the procurement process they wish the e-auction to take place.

The preparation for the event needs to include a clear understanding about who will be invited to engage in the e-auction and why; the evaluation criteria; the rules for the event; provide bidders with sufficient information; outline timings; ensure the technology works and bidders know how to use it; and closely monitor the bidding process once it starts.

One key issue to consider, noted by procurers and by suppliers, is the evaluation process. It seems that in some cases bidders get carried away by the hype of the process and submit unrealistic bids, which they cannot deliver on. There is a need to check carefully that what is bid is deliverable; this is a process in which there should be an in-built caution about the viability of the lowest price.

The main advantages to buyers can be that the process saves time, and provides a strong electronic audit trail of the process, as well as generating cost savings, and they can introduce integrity into the process, at least where assessment frameworks and selection criteria are clearly articulated. Certainly some procurers that had used e-auctions to buy security felt that there were some advantages:

'... saves time – they get the same information at the same time, it gives you the history and traceability and makes things a lot quicker ... Some (suppliers) are wary of auctions, they don't really like to use them. Others have got good feedback (they can) see where they are in the market. It keeps the whole process ethical, above board; all suppliers are treated equally.'

Commercial source manager

Another procurer felt that the ways that companies responded to e-auctions provided him with useful intelligence on the principles and culture of companies. He did not expect bidders to lower their prices too much but he did want them to make some move to show their interest in winning the contract, *'if I see them move they've gone up in my estimation, if they don't want to move that's told me something'*.

Others were more sceptical. Although the cost of setting up the process has been mentioned in some studies this was not an issue for most interviewees. The principal concerns were about the potential long term effect that the process can have on the relationship with the buyer; the danger that buyers will not be able to deliver at a reduced price level that an auction generates, or only by cutting corners that are not always immediately visible. For some

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

INDEX

it depended on what was being purchased and concerns were greater where the purchases were complex and involved people. For example:

'(I am) not that keen when we are about to start on embark on a strategic relationship. I did not screw them. Too hard and you will hurt the relationship. We are a good company, and we have a brand and we can squeeze and there is commercial benefit beyond which we can't go below.'

Security manager, finance

'I have used e auctions in the past. I am a bit uncomfortable with an auction. If we are buying a pass card, where we know what we want and it is merely about cost then we may have several good suppliers and we want to drive costs down we use it there. Then it can be strong. My personal opinion is that for people suppliers you have to be careful, very careful. We prefer to negotiate to get it down. Also that way you can clarify in negotiations what is involved in each stage. This is about us being clear about what we want. Then we ask them for final offer. To us paying slightly more is ok providing they deliver. As it happens we did not choose the two lowest prices.'

Corporate procurement manager

'There are too many variables and it's not suitable. For the kind of service contracts we do, particularly security (equipment), there's too much you need to discuss.'

University deputy procurement manager

Issues for suppliers

Buyers also need to have a strategy as they enter the bidding process, not least clarity about what they consider to be their minimum terms; who should be a part of the bid team; and who should lead the bid team. These are crucial considerations.

Suppliers need to remind themselves fully of the clients' key requirements, how their bid meets those requirements. Preparation needs to include the take-up of any training offered and a careful read of all information provided by the procurer. Researching rivals is usually helpful.

It is important to act ethically at all times and not to bid below a level at which the requirements of the tender can be fulfilled profitably.

If the bid is not successful take the time to learn lessons on how an e-auction might be approached on a future occasion.

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

INDEX

For some buyers there were advantages in being provided with helpful templates, and in being able to benchmark performance. Another security installer felt that, 'you can see where you are in the tender process,' and make a decision about price that can be competitive. He felt that the main problem was with inadequate [specifications](#) on which he was often asked to make a bid. Most interviewees pointed to negatives.

One account manager for a holistic security provider felt that if there was an e-auction it should come at the beginning of the process rather than later because, '*its soul destroying to put together a bid based on value and communicate all the quality elements of your solution, only to then have all of that put to one side and compete on pure price alone*'.

Indeed, suppliers were often at pains to point out what they saw as the limitations of e-auctions although making similar points to buyers. Principal concerns were that it commoditised security, not only prevented the establishment of relationships and partnerships but undermined them, and inevitably led to a focus on price above all other issues.

Some suppliers made the point that they would refrain from engaging in a process where there was an e-auction because of these concerns.

Some suppliers noted that when the price was reduced there was always a consequence on what could be delivered, even if a supplier denied this at the time there would always be consequences later, and felt buyers were naive to believe otherwise. Some comments from suppliers included:

'The lowest common denominator form of buying'

*'F**king most stupid idea in the world'*

Procurers will note that e-auctions do not have to be about the lowest price, there is the scope to consider a variety of issues including quality.

In this section:	4.1 Site visits	4.2 Interview and the Presentation	4.3 Innovation	4.4 E-auctions
	Assessment site visits	The interview: suppliers considerations	Creating an innovative company	Issues for procurers
	Reference site visits	The interview: buyers considerations		Issues for suppliers
	Checklist of key issues	What makes a bad interview?		

Section 5. Towards contract award

5.1 Selection

The early [decision to procure](#) should include the criteria to be used to determine the choice of supplier. Indeed, the choice of procurement process will very much guide the way that selection is made. Sometimes it will involve procurement taking a lead, sometimes internal security experts, sometimes stakeholders and especially internal customers will have a say in the decision. One interviewee, a security engineer, noted that different people were required to judge the somewhat complex tenders he was involved with including those with an expertise in technology and engineering and those with management and procurement experience. What is not in doubt is that the wrong decision made here can have enormous consequences; getting selection right is crucial.

The key issues discussed here are:

- [The criteria used to judge tenders](#)
- [Establishing priorities](#)
- [How important should price be?](#)
- [The importance of the feel good factor](#)

'We chose the incumbents. We got reduced costs, improved service offering and from our own processes we got to understand what the market is offering.'

Corporate procurement manager

The criteria used to judge tenders

During interviews we asked procurers (and suppliers) whether they placed value on some key issues, and if they did what sorts of evidence they looked for to make a decision. In fact all the criteria we presented were of interest to at least some on the procurement side. It should be noted that the importance different procurers attached to each one varied and factors influencing them included, the type of contract, their level of understanding of the market and the nature of their requirements.

- *Competency*

References from other customers
Long term relationships with customers

In this section:	5.1 Selection	5.2 Negotiation
	The criteria used to judge tenders	The finer points of contracts
	Establishing priorities	The staff to be involved
	How important should price be?	Costs
	The importance of the feel good factor	

INDEX

Experience of reference visits
Feedback from references
Peer group feedback
Qualifications of managers/leaders
Examples of previous work
Consistency of winning business
Accreditations
Supplier's performance in the tender process
Supplier's ability to develop and perform to [Key Performance Indicators](#) (KPIs) and also [Service Level Agreements](#) (SLAs)
Showing that they understand the client business and its security needs

- *Capacity*

Presentation of organisation structure diagrams
Number of employees against current workload
Number of projects that project/contract managers are dealing with
Demonstration of financial stability
Whether they have met client requirements with client before
The quality of evidence supplier uses to show they have capacity

- *Consistency*

Length of time they have been in business
Amount of time/number of similar contracts the supplier has had
Amount of retained business
Length of time spent with the same clients
The level of staff turnover
The quality of the connection between the supplier's back office and front office functions
The amount of flexibility they show in tender process

- *Control of key processes*

Adherence to credible standards
Evidence of good management and administrative procedures to oversee day to day operations
Supplier having obtained quality management credible accreditations
Supplier provides good quality management manual/procedures
Evidence of having worked effectively with and helped develop Key Performance Indicators (KPIs)
A process for dealing with problems, evidence of having corrected problems
Number and quality of supplier's own internal audits
Existence and quality of training on process management

In this section:	5.1 Selection	5.2 Negotiation
	The criteria used to judge tenders	The finer points of contracts
	Establishing priorities	The staff to be involved
	How important should price be?	Costs
	The importance of the feel good factor	

INDEX

- *Cost/price*

Whether the price being quoted is competitive

Cost calculations being accurate

Whether cost elements within price are justified

Extent to which supplier shows 'value' or why it is 'most economically advantageous tender'

- *Commitment to quality*

Examples of quality manuals

Case studies of how supplier manages projects

Demonstration of commitment to furthering the development of the security sector

Demonstration of commitment to professional improvement– SRI

Through relevant and credible accreditations

Membership of Associations

Visiting suppliers' premises and seeing they are well presented

Seeing good paperwork

Suppliers showing they follow standardised processes

Evidence of long term relationship with customers

Consistently winning new business

The way they reward employees

Level of training of employees – Continual Professional Development

- *Corporate Social Responsibility*

Whether they have an ethical approach to business, including a good ethical policy which they follow

Evidence of how they support their own staff – caring approach, paying staff on time, providing sickness cover

By running a profitable company that rewards stakeholders

Whether they have they committed to supporting local communities/charities

- *Culture and relationships*

Evidence that the supplier is committed to making reasonable margins not large ones by stealth

The supplier takes time to, and is committed to building relationships

Senior managers are committed and involved

Managers/staff are easy to get along with

Supplier is committed to its own staff welfare

Supplier's reputation in the industry

The manner in which supplier manages negotiation

Evidence of commitment to social causes

Whether staff make-up is socially diverse

In this section:	5.1 Selection	5.2 Negotiation
	The criteria used to judge tenders	The finer points of contracts
	Establishing priorities	The staff to be involved
	How important should price be?	Costs
	The importance of the feel good factor	

INDEX

- *Cash/finance*

Provision of the latest set of accounts

Provision of bank reference

Access to auditors' reports

- *Communication*

The manner in which the supplier communicates to staff and to clients

The speed with which communication leads to positive action

The style and effectiveness of the communication process

Evidence of good communication process for a crisis situation

The existence of a good audit trail during communication – able to prove action has been taken/not taken

Overall quality of responsiveness to client

Extent of use of technology to aid communication

- *Innovation*

Ability to be able to discuss what security service/products will be developed going forward

Showing a good understanding of the client's marketplace

Constructive ideas for improvement

Raising awareness of new technologies in the marketplace

The extent to which they can show they are proactive

(The category headings are based on the DPSS 9 Cs model - Carter R & Kirby S (2006) *Practical procurement*)

Establishing priorities

In assessing overall importance a range of [scoring systems/matrices](#) were used. Some of these were developed internally as templates for assessing tenders, some were developed ad hoc to respond to the requirements of specific tenders.

The more general point is that the weighting or emphasis given to different elements judged will depend on the aims and requirements of the tender. One procurement officer noted that if the focus was on managing a risk that concerned the company, cost would not be an issue, but that sometimes the company went to tender specifically to reduce costs or test pricing models and then the weighting attached to cost would be greater. Another procurer noted, '*we look at the requirements prioritise and then weight it*'.

In this section:	5.1 Selection	5.2 Negotiation
	The criteria used to judge tenders	The finer points of contracts
	Establishing priorities	The staff to be involved
	How important should price be?	Costs
	The importance of the feel good factor	

How important should price be?

One of the main concerns of suppliers was that procurers did not always recognise value and quality over cost, even when they said that was their intention. Procurers sometimes felt that suppliers failed to understand that while cost is always a consideration it will often not be the only one. Suppliers felt there was great benefit in fully understanding the reasons behind the [decision to procure](#); where price was the main issue they could tailor their bid accordingly.

Some buyers stated that their main aim was always to get the best price, some adding that while this did not always mean the lowest price, it usually did. Some procurers were required to provide an explanation for not awarding the contract to the lowest price tender. For others the danger was that a lack of knowledge amongst the procuring team can lead to the lowest price contract being favoured:

'The suppliers are chosen in different ways, sometimes the client will know who he or she wants. Sometimes (they) would not know and the danger is that then they go for price because they don't have the knowledge to determine why something may be better, and that is where we get problems to be honest.'

Security engineer, engineering company

Some buyers noted the need to look critically at low cost submissions. One procurer outlined a personal method he used; he calculated the average price of the bids received and compared each bid to that. He then asked, 'do any seem surprisingly low, if so why? Is it missing something, is it unrealistic? Can (we) identify why it is so much less?' Many interviewees were able to give examples of where they had not chosen the cheapest, and some mentioned that there was often not a lot of difference in the quotes received. One security provider argued for this approach:

'I would always encourage to form a view on a supplier's expertise, then go for price. If you are not asking for our expertise then all you are doing is buying on price, you have no feel for the company and how it can help you.'

MD manned guarding

The issues around cost form a major part of the [negotiation](#), the final part of the tender process as success there leads to the award of the contract.

In this section:	5.1 Selection	5.2 Negotiation
	The criteria used to judge tenders	The finer points of contracts
	Establishing priorities	The staff to be involved
	How important should price be?	Costs
	The importance of the feel good factor	

The importance of the feel good factor

Since in some cases the delivery of a security contract is bound up with partnership and trust, buyers referred to the need for a ‘*feel good factor*’ about a supplier, that was not always an explicit criterion nor then scored as a separate item. To some extent it comes down to relationships, ‘*I like you – I don’t like you*’, but it can be about a broader perception that some described as an amalgam of criteria.

Some felt that feeling good about a supplier was to some extent dependent on the extent to which their business mattered to the supplier. But there was a balance here. Some buyers did not want their business to be a large part of the supplier’s total income because it meant they were too dependent on one source of income. Some favoured larger and more well known companies, especially with a brand image, ‘*it is hard for me to go for an unknown company ... my procurers don’t understand it if they don’t know of some companies, so this matters.*’

While, there is clearly a matter of degree here, others felt that they did not want to be too small a part of the supplier’s income that they were not a key point of interest for the supplier. As one procurer in the finance sector noted, ‘*we want to be sufficient to someone’s turnover for them to care about us. If we go too big, with a giant company, we are a small part of their portfolio and they will not be too worried about us.*’

One security manager admitted that he liked suppliers who were prepared to align their brand and reputation alongside his company’s. It is what another procurer called a ‘*you fail, I fail*’ attitude. He felt that this was especially important in areas where there was high risk like that of close protection.

‘With close protection we will seek the people and ask them whether they will underwrite a service, if so what countries? My belief is that there are only so many good fish out there good at close protection in some far off countries ... and what I need is someone who can ensure that they deliver to a standard. Some companies get that, I need guarantees from people ... where they will put their brand name to a service then I can feel good about putting my brand too.’

Security manager, insurance sector

In this section:	5.1 Selection	5.2 Negotiation
	The criteria used to judge tenders	The finer points of contracts
	Establishing priorities	The staff to be involved
	How important should price be?	Costs
	The importance of the feel good factor	

5.2 Negotiation

Although negotiation can and does take place throughout the tender process, that which takes place at the end – often in a key meeting - is probably the most important. There are two key issues that emerged here.

1. This is a good time to involve the very best negotiators in the company.
2. As one representative from a supplier noted, ‘*a partnership is made at this meeting*’.

By the time suppliers start to negotiate they are aware that they are in contention for being awarded the contract. Feedback from interviewees suggests that there were not normally be more than three (and often less) parties involved at the final negotiation stage. Indeed, in some cases buyers prefer to negotiate with the company that has won the contract either to clarify specific issues or attempt to negotiate a better deal. Others prefer to identify more than one to negotiate with in an attempt to secure the best deal.

It should be noted that the type and extent of negotiation that takes place will in part be determined by the whether the tender has been issued under EU rules, and its specific purpose. If the aim is to obtain a better deal from the existing incumbent then negotiations will focus on just one company. Also as one procurer noted, the amount of time taken on negotiation will depend on the extent to which either side is prepared and willing to negotiate. Sometimes an [e-auction](#), though controversial, will focus negotiation on key issues of importance to the procurer.

From interviews there were three issues that emerged; the [finer points of contracts](#); the [staff who will be involved](#) and by far the most commonly mentioned issue (by procurers and suppliers) that of pricing and [cost](#).

The finer points of contracts

This might include specific equipment to be used, or processes to be followed. Details of Terms and Conditions might be negotiated. It might involve negotiation on the [Key Performance Indicators](#) (KPIs) or [Service Level Agreements](#) (SLAs). Sometimes the negotiations may take the form of reassurance that the supplier can and will work with other suppliers and understands the boundaries/overlaps in responsibilities. One installer noted that he had been in negotiations on a contract and was involved in clarifying what qualified as ‘an act of God’, and what constituted fair wear and tear.

In this section:	5.1 Selection	5.2 Negotiation
	The criteria used to judge tenders	The finer points of contracts
	Establishing priorities	The staff to be involved
	How important should price be?	Costs
	The importance of the feel good factor	

The staff to be involved

Sometimes procurers would want assurances that key staff who had impressed during the tender process, and/or had been promised to the contract would actually be involved. Sometimes this took more extreme forms. One procurer had been impressed by a member of the supplier’s sales team and wanted him directly involved in the contract:

'We ... took a bid director ... out of his role and got him assigned as a global manager for this project ... He’s got to stand up to his words. We ... got a 2 year assurance on that.'

Head of security, pharmaceuticals

Costs

It is inevitable that the [selection](#) process should involve a consideration of cost. At the negotiation stage this may focus on a clarification of any areas of pricing that had not previously been sorted. One procurer noted that there were details of bank holiday pay that were unclear; another procurer required more transparency on the costs of certain types of security equipment.

More commonly those procurers that focus on costs – and some don’t - attempt to obtain a price reduction or better terms, as one noted, ‘once we have selected a supplier we spend more time trying to reduce the price’. In some circumstances this created tension amongst suppliers and identified at least two dangers.

The first is that suppliers can sometimes overstate the savings they can make for the level of service/types of products they initially bid for. A number of examples were given where this had resulted in the contract being re-awarded and/or the supplier being forced out of business.

The second point, noted by a range of suppliers, was that procurers sometimes compared the lowest quote they received and asked others to match it, when the service/products being offered was quite different. One security installer lamented that it was easy for competitors to say that their cheaper equipment could do the same job, and it was not always easy to explain that this was not completely true arguing that technology can be complex. Another representative from a manned guarding company illustrates the point (conveyed by a number of interviewees) rather well and so has been quoted at length:

'A lot come out to tender not because they have any intention of changing suppliers, they come to market because they want to know how much cheaper they can procure services so they can beat up their supplier. They

In this section:	5.1 Selection	5.2 Negotiation
	The criteria used to judge tenders	The finer points of contracts
	Establishing priorities	The staff to be involved
	How important should price be?	Costs
	The importance of the feel good factor	

then say you can have it if you match this. It happens to us. So you get the price of the worst solution and apply to those who are above that. In order to get to lower price you cut your own investment and costs to allow you to offer the minimum level of service. There is always someone who can do things worse for cheaper. With a good client you may accept that you don't want to make money and then we are all saddled.'

'90% of our costs are wages, training provision, licensing arrangements, uniforms. All of those things that you want an organisation to invest in, innovation, technology, management etc are what gets lost. On our more profitable contracts you will be offered holiday pay and sick pay, 5 days training per annum, quality uniforms, four suits per year plus high vis jacket, and you have career development programme with both on and off site training. Everyone would say we are a good company. You attract the best officers, that is important actually, and we end up with motivated and well looked officers proud to represent us. Then we are told we have to save 15% and we have to say to the officer well we can only pay the minimum, sick pay would be statutory, you would build in the cheapest uniform you can provide perhaps a day for training. All you will do is take out money from the wrong areas, things that are important in delivering a good service.'

Business development manager, security company

The key point that emerged was that when suppliers were asked to cut costs at the negotiation there would nearly always be a reduction in what was delivered. Some admitted to telling 'white lies', just to win the contract. Others noted:

'The pressure is to get over the line, and everyone wants to, and if you don't tell a white lie someone else will get the job. That is often the thinking. Some will get over the line and then get into negotiation over other services and hope to make money that way. Security companies say that if you can screw me ... there has to be payment somewhere, you will not get those uniforms or as much training, something will give.'

MD Security division of security provider

'They are just not going to get the same service if they pay less. Look, no matter what someone might say – and people will say we can do the same for less – you don't pay less and get the same. That is not what really happens.'

Director, security company

Some procurers required or desired an open book approach to prices where costs and profit margins were known, and while this was resisted by some

In this section:	5.1 Selection	5.2 Negotiation
	The criteria used to judge tenders	The finer points of contracts
	Establishing priorities	The staff to be involved
	How important should price be?	Costs
	The importance of the feel good factor	

INDEX

suppliers, others felt that this had worked well in building up a rapport and winning and retaining business:

'All our major customers meet our suppliers and know what we pay for the kit. It engenders a trust. The buyer can't consider we're ripping him off or not getting the best possible deal ... Others would argue why should they know the margins? People get uptight about making a profit. Everyone has to come out of it feeling they've got something out of it. If there's complete transparency and a comfortable feeling it engenders stronger relationships. My accounts are in companies house – anyone can access them.'

Director, security installer

There is one other point that merits attention here, noted by a number of procurers, was that it was not just a matter of comparing the level of costs, but also how they were apportioned. One interviewee gave the following example:

'Initially the incumbent was £100,000 more expensive, and the management fee and overhead was 10 percent, the main rival's was 4.5 percent. So they agreed to shave their costs and reduced them by about £80,000, but it was training that was shaved not so much management and overhead. So although there was not much difference in what they were planning to charge this new company offered a much better deal, for the officers in particular, and that influenced our decision.'

Head of security, finance sector

Perhaps the main point to emerge about pricing is the need for honesty and openness, from the procurer about what is wanted from a contract, and from a supplier about what can be delivered. Most procurers and suppliers agree with this, but delivering it is not always straightforward. Some procurers push hard for a low price and sometimes fail to acknowledge that the low price they have achieved will have negative consequences. Some suppliers will cut costs and promise the same, when this is never likely to be a reality. Both procurers and suppliers noted in interviews the danger of one party – especially suppliers - feeling 'screwed', and the consequences this has not just for suppliers but for the quality of the on-going relationship between the two.

There is one final thing that is perhaps important to bear in mind. The financial cost of security failure is often unknown, but rarely trivial, and so when considering costs and value it is important not to lose sight of the broader objective of effectively protecting the assets of the organisation.

In this section:	5.1 Selection	5.2 Negotiation
	The criteria used to judge tenders	The finer points of contracts
	Establishing priorities	The staff to be involved
	How important should price be?	Costs
	The importance of the feel good factor	

Section 6. Sample Documents

6.1 Examples

On the Perpetuity website (www.perpetuityresearch.com/main.php) are a number of example documents used by companies as part of a tender process. It should be noted that due to the confidential nature of this type of documentation, many of the examples have the detail removed, providing an overview of the contents. These documents are illustrative and are not intended to be used as templates for the procurement process.



Section 7. Reference

Mini Case Studies

[Case study one](#) - unsatisfactory relationship

[Case study two](#) - an independent consultant perspective

[Case study three](#) - views from a focus group in America

[Case study four](#) - the importance of the specification

[Case study five](#) - barriers to procuring innovative technology

Case Study 1

A security director who works for a professional services company had an unsatisfactory relationship with his manned guarding provider. He did not have the resources to go out to tender and so managed it another way.

'We had a guarding contract and we did not go out at the retender stage. My resource was not great, that was the real issue, and so I was keen on not going to market but getting a new contract with the current supplier. This would mean quite a major change introducing robust KPIs and a risk and reward deal with them. Some companies don't like this but I was offering not to go out to tender and I was prepared to discuss it with them, it was potentially much better.

We sat down with the current incumbent, I made it clear that a much more robust contract was my most important pre-requisite for renewing, I had to have a vast improvement on the existing Service Level Agreement.

I stated that I wanted a risk and reward deal. I wanted to be clear what the terms would be, I wanted them to come from me in the first instance. So, I sat down with my team, I began speaking to my peers, and I started drafting some ideas. I spoke with the account director, and I got him engaged, it was a challenge, and there were a few iterations, but we agreed it in the end. We definitely progressed this on a consultative basis.

I had a set of guidelines and a measure, which we look at each quarter. If performance falls within a parameter they keep the profit, if not they give us money. If they perform exceptionally they can get more, up to 50% more profit. It is meant to create innovation and drive enhanced performance. It is in everyone's interest to do well. It reflects badly on me if they don't.

In this section:	7.1 Mini case studies	7.2 Glossary	7.3 Useful links	7.4 References
------------------	---------------------------------------	------------------------------	----------------------------------	--------------------------------

I explained to the business the benefits. In short we have a base line from the supplier below which they cannot go, well if they fall below it they will quickly pull their socks up. If they perform exceptionally they should be rewarded. So both sides can win.'

Security director, professional services

Case Study 2

An independent consultant was involved in advising a company on the procurement of its manned guarding contract. Below are the key learning points he identified and draws more broadly on experience of other security tenders.

For the supplier

1. You need to take an honest view on tenders and only bid for things you can genuinely deliver on and feel you can win.
2. Read and take time to understand the questions in the tender documentation. Focus your answers on what the procurer wants to know. Avoid the temptation to include information that really addresses a different question.
3. Do not cut and paste answers from other tenders without tailoring them for the tender you are writing. Sometimes it is obvious and it looks clumsy.
4. Check and recheck the document for mistakes. If you are working on tight deadlines be tempted to write less and allow time for checking. Mistakes look bad.
5. Check that each question is answered fully, and check that the answers relate to the right questions.
6. Think hard about what you put in your tender submissions. Is it all necessary?
7. Take time to understand clients and their issues.
8. Do remember that the deadline dates are there for a reason. Bar a major disaster do not ring up and ask if they are flexible or if they really are the actual dates. It looks careless.
9. Ensure someone responds immediately to a tender request as a polite holding response. Having to chase to check if a supplier has received a tender is tiresome; some companies won't bother chasing they will just remove the supplier from their list.

10. Ensure you manage communication, have a reliable and consistent point of contact.
11. Pick your bid teams very carefully and prepare everyone well.
12. Be aware that most often you are being judged from the first moment in a tender process.
13. Behaviour on site visits and interest levels are noted.
14. Don't skimp on preparation for presentations. These need to be engaging, informative, and succinct, and show a depth of understanding of the client's needs.
15. Don't present for too long. Questions and Answers are the key part. Ensure the right team is there to answer the questions about your bid.
16. Don't talk over each other or feel a need to keep adding to answers.
17. Know your business inside and out. Not knowing how many staff you have, your turnover, staff retention figures (not least the ones you submitted in the tender) is criminal.
18. TUPE information is regularly wrong. Companies that behave professionally on exit and assist the incoming company are often remembered and quickly brought back if things go wrong or are in a position to win back the business in three years time.
19. Honesty and communication are key throughout. What you can achieve, by when, what you can offer, how it is delivered, price, ongoing support, innovation, changes, legislation and so on. The better and more open the relationship the longer and stronger the contract. It also creates the best platform for winning new business.

For the procurer

20. Think through what questions you need to ask in the tender documentation: do suppliers really need to submit so much information?
21. Some of those reading and assessing tenders don't read everything properly. Having a good evaluation process is important but this needs to be considered from the start in determining what questions you want to ask.
22. Be honest about the reasons for tender, if it is price driven be honest and tell suppliers.
23. Tenders work well though when suppliers are given a chance to express themselves prior to an assessment of costs. Give them a

chance to show how they can help you and be prepared to listen to what they have to say.

24. Some tenders are benchmarking exercises to assess the market with little or no intention of changing suppliers. Some clients take the best innovations submitted and give them to the incumbent to match or install. This is very hard on suppliers and potentially dangerous. Try and have an open mind, if you are assessing the market you may as well do it properly.
25. Consider the number of suppliers that will be invited to tender; it should be limited to single figures. Many companies won't bid if they know there are 12 or more invited. They may consider it a waste of time and perhaps the best ones are most likely to feel like this. Be sensible and don't just invite everyone.
26. Develop a good system for evaluating tenders. Don't forget the more you choose the longer assessment will take. Site visits of the shortlisted companies can be revealing but be clear what you plan to get out of these; have a method for evaluating them.
27. When organising visits of your sites, make sure suppliers can speak to someone who understands your security concerns and what your requirements are. This part of the process is often badly done. Time spent with each supplier gives them a chance to properly understand what it can do for you, and you a chance to assess them.
28. Let suppliers know what you want from the interview. What do you want them to focus on and for how long? Make sure you have the chance to raise issues of importance to you. Be prepared.
29. When you are negotiating the contract be sure that if you require the supplier cuts costs that it will not impact negatively on performance.

Case Study 3

A focus group discussion was held with seven security directors/managers of corporations in the United States who had or were involved in buying security. The following extracts are from this discussion.

What do you get from a good supplier that you don't get from a bad?

Discussant: Price is going to be a determining factor; a vendor who can deliver on what they say is going to be what we seek. Typically you get what you pay for.

INDEX

Discussant: *You need to screen vendors, can they deliver? Do they have all the things in place? I mean training, insurance, can they can make the payroll? You don't need to buy a Cadillac, a Cadillac is not necessarily better. When you choose a vendor your judgement is on line so you need to get it right.*

Discussant: *You are choosing a vendor and it is like choosing an employee. If you don't do due diligence you may pay for it later.*

Discussant: *We are talking about vendor management here, the key is to make both parties happy, good specs are essential and you need to know your technical requirements. Once you have these you can tender and then you haggle. Often the specs are not clearly defined and then you have gaps. So you can ask for their opinion on what they think they can offer but know the basics first.*

Discussant: *If you have good specs you take their imagination away.*

Discussant: *You need a good starting point. They can look at specs, and they can say on their experience what they would do, they can say have you considered this and that? They can demonstrate their experience. You have to start at the foundation of knowing what you want.*

Discussant: *The specs have become more important over that last few years, procurement is taking an aggressive approach, we [security professionals] need to be specific. A creative vendor could say they are meeting the scope, but procurement people don't know.*

What role should procurement play in security purchases?

Discussant: *We have gone from dealing directly with the vendor, to now dealing with procurement. Security is treated as a commodity, but it isn't. You need to work with procurement [staff] to make sure they know what you want. We talk to procurement so that they go out with our specs. It is security driven in the end.*

Discussant: *I am smart enough to know that there are certain things I can buy. I am not a procurer and don't know their role. They are also not security experts.*

Discussant: *If you can show your value to procurement they will consult. If you can't answer questions on security, they will take over.*

Discussant: *It is a collaborative effort with procurement, they (security directors) let procurement beat them over the head a little. However security needs to be the one helping them to navigate.*

Discussant: *You have to spend time building a relationship with procurement, have a good relationship with vendors. If we are going to*

INDEX

survive in a cost cutting phase, we need to build a relationship. It is up to us to sit down and let them know why we are recommending these things.

Discussant: How powerful is procurement? Very powerful. The larger the organisation the more important procurement is. They have power because the CEO listens to things procurers say. They have an impact on the bottom line.

Discussant: We know what we want and we take a look at vendors. When you move from security experts doing the due diligence then you will have problems down the line. It is savings on the bottom line; that is procurement, they can shave money off the bottom line, but you need to manage the impact on security.

Discussant: Procurement, in our organisation if we are not going with low bidder we have to say why.

Discussant: That is a good point, if I don't do more work, then procurement has more power than me. I will be stuck with what they have provided.

Discussant: Finance is pushing back, you need to cut this by 20%, finance is king. HR also has power.

Discussant: You network with financial people, a third get it, the next third need to be educated and the last third will never get it.

Discussant: Try to make procurement make you a partner, use risk management disciplines.

Discussant: Sometimes it is a lack of understanding. I worked in procurement, we didn't talk about performance outcomes, does it meet the needs? That is just as important.

Discussant: Procurement would rule if left to their own devices, need to be smart and proactive. We need to be specific.

Discussant: You have to have all your ducks in a row.

[In what ways, if any, do security purchases differ?](#)

Discussant: They have 2 million budgets, they want to cut budgets, you can have your legs cut out quietly beneath you. You have to be strong without being a bull in a china shop.

Discussant: They see what we do as a commodity rather than life safety. We are looking at numbers when they are involved and not the other aspects. It is another cost factor. We still have the ability at the end of the process to evaluate. In my organisation we still can say we don't want to use them, I don't know for how much longer though.

INDEX

Discussant: *If you get wrong paper towels someone won't get killed. You need to say that there is a cost saving. If you take an 8 dollar an hour guard, you increase liability.*

Discussant: *Our firm outsources its legal services, the same thing is happening, we are cutting them down in price, the process is the same.*

Discussant: *It is relative to what you are purchasing, it depends on how core it is to generating revenue, it will be treated differently. Some security procurement is not equal, some security purchases will not have a big impact.*

Discussant: *The ideal thing is I will provide specs, then get to a stage where there are three providers. Then the aim is to get the price down as low as you can, but my point is please go with one of these vendors, apples for apples. Let them do their job and get the price down once you have narrowed it down.*

Discussant: *We say we know 3 or 5 companies capable of doing the job, if they find others it is fine, they won't find others though. The trouble is that they think they know but they don't know.*

How do you find out about good vendors?

Discussant: *Security professionals are a close group, they share information. This is more crucial than anything a procurement professional can find. The procurers don't get fired.*

Discussant: *Worst case you would be neutral, or you would say don't go with them, you wouldn't say they are good if you know they are not. With this group you would get it straight. There would be a greying with procurement, procurers will not know or have the expertise, and they don't know security.*

How influential is procurement in security decision making?

Discussant: *Before a contract is signed, they will say here is who we will use do you have an objection? Purchasers are experts, getting the most dollar return, that is their job.*

Discussant: *Procurement is top of the list as favourites of the Chairman. They say we do this now, no one else does it. You don't buy anything anymore without procurement, it is powerful. They are also very good, I don't have heart burn, we are able to put together our scope, they do a good job with that. We are able to sit with them to go through that process; they say at the end of the day here is your provider.*

Discussant: *Where does this leave the security world if this is the model? Removing expertise, when I was in procurement, my bonus was paid according to what I saved the company, not how good the services were.*

INDEX

Discussant: *If they were held accountable, they would be more receptive.*

Discussant: *It is on the liability side that you will get CEO's attention.*

E auctions, do they work?

Discussant: *It was effective, it drove costs down. The question is whether they met specs. With e auction that is where there is no ability to check specs, you are not sitting across table, there is interaction and no negotiating, it is a big danger.*

Discussant: *Better companies will refuse to bid on line, they say there is no value in having a contract at a low price.*

Discussant: *If you want quality you will have to pay more.*

Discussant: *I am against auctions as everything is a commodity.*

Discussant: *I think there is an application for on line applications, if it is a commodity it is good, if I am buying tables it is good, or uniforms. If it is something that is price driven auctions are good. If there a lot of components, the more you go to on line auctions the less attractive. If it is just an equipment purchase it works. You need good specs.*

What makes a good provider? Are there general tips?

Discussant: *Are you getting good equipment, are there value added services?*

Discussant: *Do they have any metrics? Are they differentiating themselves from their competition? The trouble is all say they can do it. You need to do due diligence.*

Discussant: *I visited locations to see what they are doing. Procurement doesn't have this expertise. The guards may look good but they may not know what to do.*

Is it reasonable that every supplier gets a chance to come in and talk to you about your needs?

Discussant: *Are you going to spend 8 hours a day talking to vendors? I don't think it is a good idea.*

Discussant: *The person who shows an interest in my business, that stands good with me. If they have the meeting, I can see it, understand it and appreciate it.*

Discussant: *Vendors call me up every week, say three times a week, he doesn't know my company, a vendor that tells me what my company is, I will talk to them.*

INDEX

Discussant: *They say they need two hours, I wish I had two hours.*

Discussant: *In our case they have 30 minutes to do their pitch. We are so busy.*

[Surely, the only way that they can do a really good job, is if they understand what you need?](#)

Discussant: *I have no time for that. Most security managers work 12 to 14 hours a day, they have no time for lunch.*

Discussant: *They should do due diligence on [us]. Learn the industry, sales people don't educate themselves in security, they are focused on phone calls instead of becoming true professionals.*

Discussant: *Very few senior people in providers have an operations knowledge.*

Discussant: *The best way is a reference from one of my peers. Favours are big in our industry, referrals, even if a vendor works out how to get a referral, if a vendor says that they are having trouble getting xyz someone will you help, I would help them. It is a relationship. The guy who has my back, I will continue doing business with, I know that they are going to do a job.*

Discussant: *Partnering is good, make them [providers] part of the team, let employees know that they speak with your authority.*

Discussant: *Cold emails [from sales people] don't work, I don't even answer my phone, I get a message saying that they met in Dallas, I don't believe them. They are not effective. It is rare that phone calls work. You get 100-200 emails. You get calls on your phone, you don't have time. Every minute of every day is spoken for. Your day off is on Saturday and Sunday and holidays.*

Case Study 4

The importance of the specification in procuring security technology: a supplier's view

The 'P' word, 'procurement'; it can strike terror into a supplier or integrator of security and loss prevention products. It should all be straightforward, transparent and unambiguous and with some companies it can be. However, all too often - even with good intentions - mistakes and inaccuracies creep in.

As a supplier we want a clear product specification, this should include quality control, technical performance, warranties and even country of origin. The latter can be important because some customers like to know where the products are made. We often flag this up as being important, particularly for

In this section:	7.1 Mini case studies	7.2 Glossary	7.3 Useful links	7.4 References
------------------	---------------------------------------	------------------------------	----------------------------------	--------------------------------

INDEX

electronic items as the type of quality control measures in place can vary enormously. Most of our EAS equipment is made in the EU and we can supply a full audit trail, for example. It gives the customer the ability to make an informed choice and for us is a way of proving our commitment to quality.

There is sometimes a problem when the words 'like for like' are used. Unless it is a specific product, that is a specific manufacturer's camera with a model number etc, the quote will be 'like for like'. Clearly at this point it is up to either side to decide what 'like for like' means. 'Of similar quality' is another term. The problem is, who judges or tests the items? It leaves the door open for a cheaper product being offered which in the opinion of one supplier is 'like for like' even though most others would disagree.

Part of the problem is that many procurers are not experts. In one case the person who bought the stationary also bought the CCTV, we are still trying to see where the overlap is on that one. The problem is that there is no subject knowledge in this case and it means that a buyer cannot tell a good product or service from a bad one.

There are other things such as ethical issues but that's a subject in itself. In days gone by the security manager would handle the entire purchase. To be honest this caused different problems, as in many cases this resulted in conflicts of interest and in worst case scenarios fraud, so there is clearly a place for procurement. Another area of frustration is, as a supplier, receiving a product or service specification where it has clearly been written by a favoured company and can include unique or patented components. It may be that the words or names that are used are generic without the buyer realizing that the fact that proprietary systems are being suggested. Flagging this up and then explaining that our product are equal if not better quality, and even better value, can be a problem. In these cases buyers need to go back to the person who wrote the tender for guidance and this is not always possible or practical. A lot of problems result from a poor specification.

Sometimes we find out that one supplier offered some extra functionality or equipment and therefore appeared to offer better value, not all buyers get back to all companies to give them the opportunity to adjust their offering. If they did this they might get a better deal, I believe they mostly would do so but it would take some time.

Having said all that though some of our best and long term business has come from managing the procurement process well and winning the tender, but in all cases the specification was watertight and not open to misinterpretation. And that is my advice, always ensure that the person who will ultimately use the equipment or services is clear as to what is wanted from it; then make sure that this is conveyed to the buyer. It is important to include as much information as possible and stipulate alternatives that will be acceptable too. As a supplier the more I know about the buyer's needs the more I can do to meet them. Sometimes we respond with no or limited contact with the client and you sometimes wonder whether you are being

In this section:	7.1 Mini case studies	7.2 Glossary	7.3 Useful links	7.4 References
------------------	---------------------------------------	------------------------------	----------------------------------	--------------------------------

used for benchmarking purposes. Openness and a free flow of good information helps everyone.

Case Study 5

Barriers to procuring innovative technology: an integrator's perspective

The good clients are happy to listen and respect and accept our expert opinion on the products and services we offer. The bad ones think that they know best which is a bit odd because it is surely likely we understand our products better of course they understand the context in which they need products to work better than we do, and we need to make that distinction, and I will come back to that in a minute. I suspect that some clients see acceptance of external advice as a weakness rather than a strength.

The majority of our clients procure the same goods and services from us, at least in the same technical field. Once the relationship, pricing and logistics are set up there seems to be a reluctance to wish to change, except if mistakes are made. This is great news for the incumbent but not for those suppliers wishing to supply new products.

There could be many reasons why there is a reluctance to change. Maybe they have cumbersome internal procedures, there may be a number of departments that need to approve the product, it might be difficult to substantiate the business case or the budget maybe held by someone else.

There doesn't appear to be a drive to revisit the technical specification or pricing by the client. We do try internally to do this; to pass on savings or technical improvements. I suppose that this requires a level of trust, that the client believes and accepts what they are being told by suppliers.

We generally deal with Loss Prevention managers who have a restricted budget. This alone is the major factor affecting procurement. Every decision seems to be driven by price.

A vehicle we and the client employ to deploy new products is to offer a trial. We regularly provide this to encourage a sale. Clients are receptive to this, particularly if it is a free trial. With loss prevention this usually requires the results of a stock audit to support the trial. This can take some time and the figures are often clouded by other measures employed to reduce loss. For example, we often find that the trial sites are high loss sites where other loss prevention initiatives have been deployed. A more structured and focused approach to trials would result in more reliable data about what works helping us to perfect our offering and procurers to buy more effectively and on the back of some evidence from their own working environment.

INDEX

I only know of one client who embraces this concept. Just one who has an open door to new innovation. We have trialed equipment alongside fifteen other projects. Many fail, or fail to live up to their expectations but at least suppliers are given a chance. I find this very refreshing. However, the procurement process from this client is ruthless and is very much price driven. You rarely get away from price but at least they have a rationale for buying which informs the focus on price.

The growth of the internet has enabled customers to do their own research into products. The problem comes when they are not experts. It only becomes a problem when things go wrong and by then the procurement process – which is where the problem arose - is long past.

There are not enough proper partnerships. Clients expect suppliers to deliver a finished solution rather than by working together to develop a product and solution. With most software based solutions there are always modifications required to meet the needs of different environments.

It is extremely difficult to prove a business case for many of our products. Spending money to save money is a very difficult sell. I would suggest that there is a tendency within procurement to "play safe" to use products and technologies that are already proven. It would seem that the loss prevention network does communicate well and shares knowledge. I am not always convinced that the opinions are always correct. Different products work in different environments and fields and I am not sure the nuances are always communicated correctly and again some good ideas and some excellent products can be lost along the way.

7.2 Glossary

Some terms used in procurement are interpreted by some buyers as much the same thing, but by others as quite different. The following is a guide as to how some key terms have been interpreted in this toolkit.

Abb	Meaning	Explanation
	Approved supplier list	A list of suppliers deemed eligible contract award following an acceptable method of determining approval
CIPS	Chartered Institute of Purchasing and Supply	Promotes professional standards in procurement – CIPS is a membership organisation. It has a professional qualifications programme
	Dutch Auction	Controlled by the seller who starts with a desired asking price which is lowered until a buyer meets the price (and any other specified requirements)
	e-auction	On a designated day and time suppliers will log on to an auction site and input quotes over a given time period. The buyer does not have to select the lowest price bid – they may balance the decision against other criteria (quality etc) NB it seems however that e-auctions are normally used to attract the lowest price
	e-tendering	Tender process completed over the internet – standardises format of tenders
ESI	Early Supplier Involvement	Involving suppliers in determining a need/ specification as well as responding to ITT May involve a visit by the seller to the buyer's site to assess their requirements
	Framework agreements	An agreed principle for a specific period of time which shows how contract awards will operate (does not commit to a purchase)
	Functional tender specification	Also known as performance or open specification. It states the standards and end results allowing the supplier to describe what they would do or use to achieve this
	Incumbent supplier	Current supplier

INDEX

ITT	Invitation to tender	Sometimes seen as same as RFP but technical difference is that buyer has a clear idea of his/her requirements and is seeking best means of meeting them
KPI	Key Performance Indicator	Factors the client will be expected to achieve, usually presented in quantitative terms
OJEU	Official Journal of the European Union	A publication in which public sector tender above a financial threshold must be published (under EU legislation)
PQQ	Pre Qualification Questionnaire	Aims to gather information on the market place and companies to determine whether they meet certain criteria. This is then used to decide who to invite to submit a full tender
	Preferred supplier	Some organisations operate a preferred supplier list of suitable companies to meet their requirements. Preferred suppliers may be given priority in the selection process when suppliers are invited to submit a tender response, or an ITT may only be issued to those on the preferred supplier list
RFI	Request for information	Same as PQQ
RFP	Request for proposal	Sometimes seen as the same as ITT, but difference is that The seller knows what needs to be purchased but seeks options from suppliers.
RFQ	Request for quotation	Similar to ITT including a financial quotation
	Reverse auction	Controlled by the buyer. The buyer sets a price and sellers bid lower and lower prices until a deal is reached. Some buyers reserve the right not to accept the lowest bid
SLAs	Service Level Agreements	This outlines the service levels that client and provider have agreed to meet
	Technical tender	Also known as a fixed specification. It describes the

INDEX

	specification	technical properties and characteristics as well the activities to be performed leaving little or no scope for alternative interpretation
TCO	Total cost of ownership	Long term costs of processes/ maintenance etc as well as immediate outlay
USP	Unique Selling Point	Something special about that company that is different to other companies that sell the same/ similar goods or services



7.3 Useful Links

Free online public procurement course 'winning the Contract' – [Business Link website](#)

Office for Government Commerce – [OGC website](#) and their [Procurement Excellence Model](#)

(The website is being reviewed and updated. All content has been archived and a new version of the website will be available later in 2011)

Home Office - [HO Procurement pages](#)

Security Industry Authority – private and public sector case studies of innovation and good practice in the procurement of security - [SIA case study pages](#)

Finance Hub - Tools for Procurement and Contracting (for Voluntary and Community Organisations) – [Finance Hub procurement pages](#)

Intellect UK – procurement tools – [Intellect UK procurement pages](#)

7.4 References

Baily, P. Farmer, D. Crocker, B. Jessop, D. & Jones, D. (2008) *Procurement principles and management*, 10th ed. Hampshire: Prentice Hall.

Brown, D. and Wilson, S. (2005) *The Black Book of Outsourcing: How to Manage the Changes, Challenges and Opportunities*. New York: John Wiley and Sons.

Buchanan, M. (2008) *Profitable Buying Strategies*. London: Kogan Page.

Carter, P & Ogden, J (1999) *The World Class Purchasing and Supply Organisation, Identifying the Characteristics*, Centre for Advanced Purchasing Study, University of Arizona.

Carter R & Kirby S (2006) *Practical procurement*. Cambridge: Cambridge Academic

CIPS (2003) *CIPS Purchasing & Supply Management (P&SM) Model*

CIPS (2007) *Introduction to Purchasing Security*. Lincolnshire: CIPs.

Cousins P & Lamming R (2008) *Strategic supply management*. London: Prentice Hall.

Cousins, P D. & Lawson, B. (2007) 'The effect of socialization mechanisms and performance measurement on supplier integration in new product development', *British Journal of Management*.

Cousins, P D. and Menguc, B. (2005) 'The implications of socialization and integration in supply chain management', *Journal of Operations Management*, Vol 24(5) pp604- 620.

De Boer, I., Labro, E. And Morlacchi, P. (2001) 'A review of methods supporting supplier selection', *European Journal of Purchasing and Supply Management*, Vol 7 pp74- 89.

Emmett S & Crocker B (2008) *Excellence in procurement*. Cambridge: Cambridge Academic.

Fisher (1997) 'What is the right supply chain for your product?' *Harvard Business Review*, Vol 75(2), pp105 – 116.

Garvin, D (1987) 'Competing in eight dimensions of quality', *Harvard Business Review*, Nov/ Dev, Vol. 65(6), pp. 101-9.

Kraljic, P. (1983) 'Purchasing must become supply management', *Harvard Business Review*, Sep-Oct, pp109-17

Lewis, H. (2009) *Bids, Tenders and Proposals*. London: Kogan Page.

INDEX

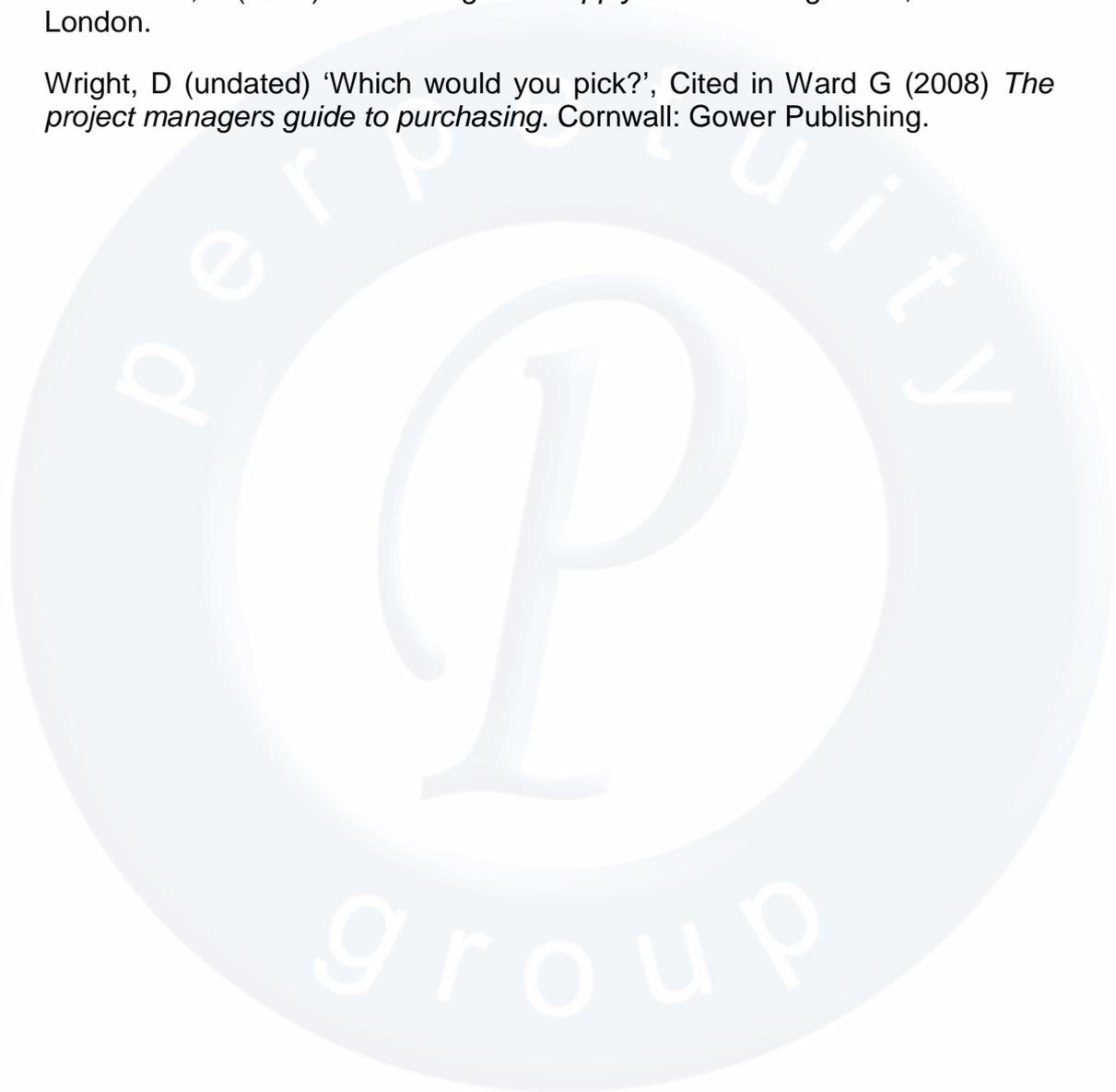
Lysons, K & Farrington, B (2006) *Purchasing and Supply Chain Management*, London: Pearson Education.

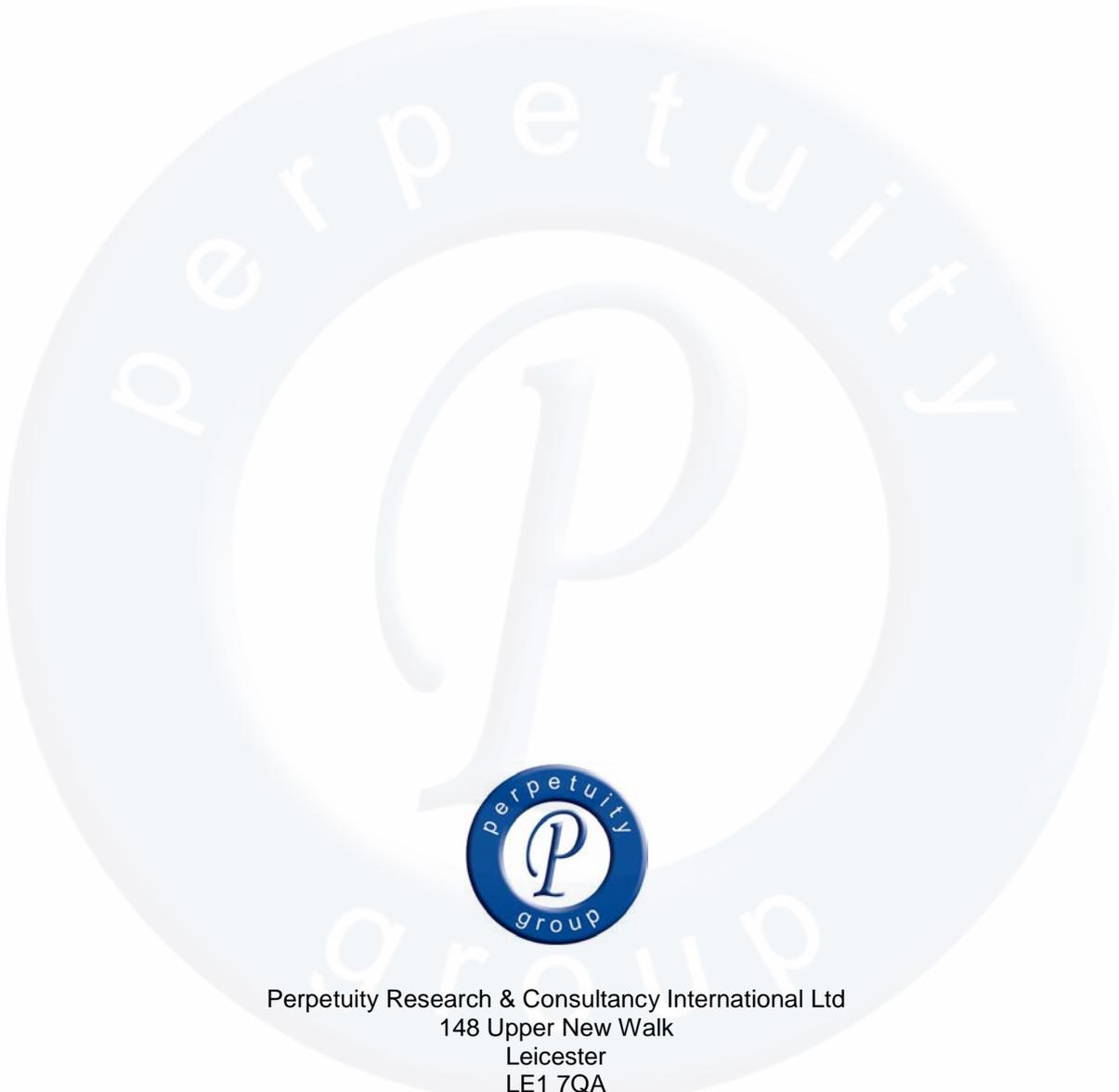
OGC (2006) *EU procurement guidance: Introduction to the EU procurement rules – updated*.

The National SME Engagement Programme (2010) *Playing to Win Tenders – Opening Doors to SMEs*. Accessed via www.supplygov.co.uk.

Van Weele, A (2002) *Purchasing and Supply Chain Management*, Thomson: London.

Wright, D (undated) 'Which would you pick?', Cited in Ward G (2008) *The project managers guide to purchasing*. Cornwall: Gower Publishing.





Perpetuity Research & Consultancy International Ltd
148 Upper New Walk
Leicester
LE1 7QA
United Kingdom
Tel: +44 (0)116 222 5555
Fax: +44 (0)116 222 5551
www.perpetuitygroup.com
prci@perpetuitygroup.com
