
MODULE 4 - UNDERSTANDING THE TYPES OF BIDS

- › Invitation to Quote
- › Expressions of Interest
- › Request for Qualifications
- › Request for Proposals
- › Invitation to Tender

Types of Bids

The purpose of this module is to provide an overview of the main types of bids that are issued by government agencies, VANOC and other organizations. The following are the *five main types of bids* that you're likely to see when reviewing opportunities with government, VANOC and many other organizations.

- › Invitation to Quote (ITQ)
- › Expressions of Interest (EOI)
- › Request for Qualifications (RFQ)
- › Request for Proposals (RFP)
- › Invitation to Tender (ITT)

Let's look at each of these in a little more detail.

INVITATION TO QUOTE (ITQ)

An ITQ is an opportunity to bid to supply a particular product or service. Typically the purchaser has a very clear understanding of their requirements. Price is usually the key determining factor in the final decision. Suggesting alternative products or services is not usually a successful strategy – though sometimes they may be considered.

EXPRESSION OF INTEREST (EOI)

The Expression of Interest is really the first of a two-stage bid process. The intent of the EOI is to pre-qualify a shortlist of vendors who will then be invited to submit full proposals. An EOI is used when there are a lot of potential suppliers in the marketplace and the purchasing organization wishes to short-list those suppliers that it believes can best meet its needs. An EOI does not require an extensive response – though this doesn't mean you shouldn't take it seriously in terms of putting together a strong response.

Usually the EOI will request standard marketing information that you may already have on file – such as a description of your company, its services and products, experience and potentially some references. An Expression of Interest is also sometimes called a Request for Qualifications.

REQUEST FOR QUALIFICATIONS (RFQ)

The Request for Qualifications (RFQ) is almost identical to a Request for Expressions of Interest (EOI). The intent of the RFQ is to short-list vendors who will then be asked to submit full proposals. As mentioned above it is usually the first of a two-stage selection process.

REQUEST FOR PROPOSALS (RFP)

The RFP is one of the most frequently used forms of bidding and is used for complex requirements – where some flexibility exists around the provision of goods and services. It can be an extensive process to assemble a proposal in response to an RFP and businesses must be prepared to devote resources to do this effectively (See Module 7 on How to Assemble a Successful Bid). The Request for Proposal describes the existing situation and asks potential suppliers to offer their ideas for a solution. It is used when:

- › the requirement is complex;
- › the buyer would like to see if there is an alternative to the way it usually acquires the product or service;

- › the buying agency has a situation for which it is not sure of the best solution;
- › the buyer would like to see what the experts suggest;
- › the program is new and the buyer would like ideas on how to deliver it; or
- › in selection of a contractor the buyer wishes to consider factors other than price.

Pricing is usually not the absolute determining factor in the final decision. Supplier qualifications, experience, proposed approach, capacity to deliver, etc., are often more important than price. An RFP will typically detail a set of mandatory criteria and desirable criteria for bidding companies. You must meet or respond to all mandatory criteria in order for your bid to be accepted. Desirable criteria provide you with an opportunity to showcase the particular strengths of your company or approach. In the case of VANOC and its sustainability objectives – these would often be considered aspects of desirable criteria.

INVITATION TO TENDER (ITT)

An Invitation to Tender (ITT) is very similar to an Invitation to Quote; the main difference is that an ITT is usually a construction related bid and has a very detailed set of construction specifications that accompany the bid (sometimes it may be necessary to pay a fee to access all of the Tender documents). Like an ITQ, a great deal of emphasis within the purchasing decision is based on price – though in the case of construction previous experience can play a large factor.

A Word on Non Advertised Opportunities

Some small value contracts may not be posted or advertised. These are typically one time requirements with a relatively low dollar value (e.g. under \$5,000 to as high as \$25,000). In such cases, government and large organizations tend to solicit quotes from pre-qualified suppliers that they already know – someone with whom they have a business relationship or who has made the buying organization aware of their products, services or capabilities. The key point is that it never hurts to make buyers (and your business network) aware of your products and services. In the case of VANOC, consider providing a simple marketing material that describes your business and offers some suggestions on how it could be used to help stage the Games. Visit www.vancouver2010.com for more details about how to provide your company information.

So you'll only become aware of such opportunities by promoting yourself, keeping in touch with purchasing managers, regularly contacting your business network and by making your products and services known to organizations that you wish to do business with. You never know when you just might be called upon to be a Games supplier!