
MODULE #8 - WHAT HAPPENS IF I WIN?

- › Your obligation as a bidder
- › Negotiations
- › Risk Management
- › Insurance

Purpose

The purpose of this module is to help you understand some of the considerations you need to be aware of once you've won a bid.

Celebrate Your Success and Get Ready to Work Hard

Congratulations – you've won the bid and you've been selected to be a supplier to VANOC, government or another member of the Olympic Family. Take a moment to celebrate your success – especially the members of the team that helped to assemble your proposal. Now it's time to get down to work and consider some next steps.

YOUR OBLIGATION AS A BIDDER***Your Bid is a Legally Binding Document***

Be aware that your proposal is considered a legally binding contract. You must be prepared to fulfill the terms of your bid exactly as was specified within your proposal or quotation. You have limited opportunities to change specifications or to make product substitutions. What you've proposed is what is expected!

NEGOTIATIONS***Will There be Some Contract Negotiation?***

With Invitation to Quotes (ITQs) and price sensitive bids, there is usually very little negotiation. Your bid has been accepted on the basis of a stated price for a stated product or service and what you've quoted is what is expected – nothing else. The only exception to this is when there is a significant change in the volume of the original order.

With RFPs there is frequently some negotiation that takes place to refine the scope of services – particularly if there are value-added components that are provided within the proposal. There may be some discussion about the specific tasks in executing the project, the project timeline may be adjusted due to unexpected circumstances, or buyers may even seek slight modifications to the products or services recommended within a proposal if new information has come to light. However, the proposal has been accepted on its core elements around product, service, delivery and price – don't expect to vary too much with any negotiations. It is unwise to “low-ball” within the proposal with a view to “up-selling” in a negotiation phase.

RISK MANAGEMENT***Risk Management is Often Overlooked***

We tend to focus all our energy on winning a bid – but there are real risks that need to be considered once we've been successful. It's best to consider them up front. Here are a few things that you should consider before you even submit your bid – and especially once you've won a contract:

- › Do you have the necessary financing and credit available to carry you through periods of low cash-flow – some clients can be slow to pay or you may be expected to carry inventory?
- › Is your supply chain solid – do you have back-up plans in place around suppliers, import issues, etc?
- › Is your staff team stable - can you still provide seamless service if a key player leaves?

- › Have you worked through these considerations with your strategic partners – a new partnership or strategic alliance takes time to mature. Make sure it can withstand the stress of delivering on a Games-related contract.
- › Don't forget about your existing customers – a new major contract can easily divert your attention from existing clients and customers. Don't lose core business for a short-term Games-related contract.

INSURANCE

A government contract usually requires suppliers to indemnify the government against any losses it incurs as a result of the contractor's activities in performing the contract. This may also be the case with other buyers. To ensure that contractors fulfill this indemnity, buyers require evidence of adequate liability insurance. Arrangement and payment of this insurance are generally the contractor's responsibility. However, government can sometimes arrange for the contractor (if it will be delivering services directly to the public on behalf of the Province) to obtain the insurance through the government.

Other Considerations

Here are some other things to keep in mind before and especially after you've been selected to be a supplier.

Games-related business can grow quickly - you may need to ramp-up your infrastructure or operations in order to deliver your products and services.

Consider location – you may not need to be regionally located but it could be helpful. Again partnerships can sometimes help in this area.

Contract Displacement

Remember - your contract is not guaranteed forever. It's possible a future agreement with a Games sponsor who provides similar products or services could displace your contract. Although this is rare, it is important to remember that a contract with an Olympic Organizing Committee is really part of the journey for your business. It is not the ultimate destination. Don't put all your eggs into one basket.