Successful Tendering for Fleet Services

Part 1 – Firm Foundations
With fleet expenditure typically the second largest operational cost after staff budgets it is crucial for an organisation to ensure that they are receiving value for money and the level of service needed to meet its operational objectives.

Formal tendering can help support this; establishing a firm foundation to secure a robust fleet program.

Introduction

There may be many reasons why a business would put a fleet contract out to tender, but the following are perhaps the four most obvious:

- Searching for a new supplier for fleet vehicles and services
- The organisation is obliged to go out to tender (particularly public sector organisations)
- An organisation is benchmarking the market
- A business is looking for leverage with their existing supplier

At Venson Automotive Solutions, we receive numerous tender documents from organisations across the public, private and voluntary sectors. Some tender documents are concise, to the point and generally well written. However, others are sometimes vague and have been written by people with little or no knowledge of either the fleet their organisation operates or the wider fleet arena.

Putting together tender documents that ask ill-informed questions, request irrelevant information and generally have no focus as to why the process is being undertaken can prove unrewarding, i.e. some suppliers may decide not to respond to the tender and, at worst, an organisation may end up with an arrangement that is no better, and potentially worse, than their current one.

By asking intelligent, focused questions will enable suppliers such as Venson Automotive Solutions to provide detailed answers that in turn will enable organisations to truly focus on implementing the most appropriate solution for their fleet requirements.

Below, Carl Stephen MCIPS, Director of Supplier Management at Venson Automotive Solutions and a member of the Chartered Institute of Purchasing and Supply, offers some top tips on tendering.

Take the collegiate approach

An organisation’s procurement department may well compile the tender document and take the lead in the process, but it is vital that they take advice and information from key parties with appropriate skill sets.

Clearly when putting together a fleet-related tender the advice and expertise of the company’s fleet manager and fleet department is essential. However, it is also crucial to involve a range of other personnel that can give vital insight to ensure an appropriate tender document is compiled.

Therefore, the role of the procurement professional is to bring together all aspects of the business. For a fleet tender that should include:

- The fleet manager who will be expert in operational requirements
- The finance manager/department – funding options, pricing strategy, supplier financial analysis
- The HR manager/department so staff recruitment and retention considerations can be considered
- The health and safety and environmental manager (which may also include quality control) as it is vital that fleet decision making embraces an organisation’s corporate social responsibility agenda
- The legal manager/department – robust agreements underwriting the selected bidder

Taking the collegiate approach ensures that the tender can be written taking into account all issues that relate to the fleet decision-making process.

Ensuring that the appropriate skill sets are involved will mean that the tender document fully reflects the organisation’s position on a range of issues and that will ultimately help to ensure that the supplier organisation eventually chosen is strategically a good fit.
Defining the requirement

Choosing the right supplier(s) involves much more than scanning price lists. The choice will depend on a wide range of factors such as value for money, quality, reliability and service.

How organisations weigh up the importance of the different factors will depend on business priorities and strategy.

A tender is a ‘snapshot in time’ and over time the range of products and services may change which is why it is very dangerous to base supplier selection solely on the tender response with price the arbiter.

It is vital for prequalification meetings to occur and a dialogue to be in place with potential suppliers that enable them to ‘get under the skin’ of the organisation and truly understand its goals and not simply deliver an off-the-shelf response. It also helps to define market innovation since the last tender exercise.

Reading the fleet press, talking to peers, attending ACFO meetings and industry networking will help in finding the handful of organisations that are likely to be the most suitable supplier of products and services to meet requirements. Surveying the market and taking on board the views of other fleet industry professionals will result in a targeted tender exercise being carried out involving potential suppliers that are likely to be able to deliver. Ultimately a pre-qualification document issued prior to the invitation to tender can also assist in defining the ‘best fit’ shortlist of bidders to progress to the tender stage.

Additionally, the incumbent provider(s) should not be ignored. It is essential that the organisation involves them in the process and discusses with them the reasons for the tender exercise; any procedures that could be improved on; and new services required.

It is only by selecting suppliers with knowledge of the latest marketplace developments and investing in new solutions that fleets can make the right decisions that will be effective in the longer term.

Key questions should focus on operational delivery; what’s important to the fleet operator/fleet department and the organisation. Whatever process is followed and whatever documents are issued they should be appropriate to the business and the fleet being managed.

The organisation should decide their aim and what is to be achieved by going out to tender. A critical step in evaluating the need to go out to bid is to define opportunities for improvement within the current fleet structure. The key is to determine if these issues can be rectified with the current supplier, or if there is a quantifiable benefit to switching.

The tender document should then reflect what is happening within the fleet and tackle specifics. Potential suppliers can then deliver solutions that address those issues.

Key issues to consider when tendering

- Project organisation
- Contract background
- Relevant legislation
- Trade union consultation
- Commercial competition
- The evaluation process
- Evaluation findings
- Financial and contractual issues
- Post contract management
- Audit trail

Source: Chartered Institute of Purchasing and Supply
A structured tender

Having surveyed the marketplace and clearly defined the fleet requirement, the tender document can be compiled giving a clear brief on requirements.

Good advanced planning will pay dividends in terms of shortening the tender process. If bidders come back with numerous questions it clearly highlights poor planning and a failure to identify requirements and what is expected of potential suppliers.

Those compiling tenders should not tie themselves up in knots and make the process too protracted. If an ill-informed tender is issued as a result of poor planning then the process unravels.

Planning and taking time out with potential suppliers will enable tendering to become a ‘fast track’ process that should take no longer than six months from first sitting down to awarding the contract.

After putting together a structured and focused tender document, a short list of potential suppliers should be compiled based on the tender responses.

A successful tender process is the foundation for a mutually beneficial business relationship.

While a tender process should typically take place on a three-yearly cycle, the incumbent supplier should not feel threatened. Indeed, organisations should be continually surveying the market to ensure that their suppliers are delivering cutting-edge fleet services and solutions.

If you found Part 1 of Successful Tendering for Fleet Services helpful and would like to continue the journey please visit http://www.venson.com/Media/WhitePapers to read Part 2 which concentrates on the areas of how to assess a response to tender, selecting the successful bidder using a balance scorecard approach and once the supplier is chosen, implementing the formal contract.

Venson Automotive Solutions prides itself on putting customers at the heart of everything it does. Listening and building bespoke fleet programs to meet client needs is core to the company’s approach, as delivering first-class customer service with no hiding behind a call centre.

Complete transparency with no hidden costs, no sweeteners and no sacrificing long term value for short term gain are also the hallmarks of Venson Automotive Solutions, which is why the company is confident that by helping you compile a professional tender document it can put your fleet on the road to future business success.

For advice and guidance from our team of fleet consultants call 0844 99 1402 or email sales@venson.com
To find out more about the financial benefits and operational advantages that working with Venson can deliver to your organisation, contact us on 08444 99 1402 or email: sales@venson.com

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