

are returned to a main contractor. This can mean that a well thought-out bid with an intelligent solution never sees the light of day. For example, the specified sound system might be an analogue-based scheme but actually offering a digital solution might provide better user facilities at a more economic overall price due to reduced cable and installation costs. But this is unlikely to be favoured if the electrical contractor is the one electing to decide what to pass on – you see my point.

As we all spend a significant amount of time working in the subsidised world, the tender review process seems to have become ever more competitive as financial pressures are exerted by councils, accountants and funding authorities. My next question is how do we bid to win and yet deliver a sensible solution? Do I bid compliant, do I bid near-compliant but with a financial advantage? Results in some recent UK tenders have shown that offering a so-called ‘close to specification’ bid, with perhaps a 20% price difference to a compliant bid, is favoured by the accountants.

So my next question is: If you have a specified solution why then do these bids that are strictly non-compliant actually get accepted? It appears that perhaps in the smaller jobs the low bid is from a smaller company which is not adhering to standards and is using unqualified freelance installation labour and is only concerned about winning the job. The school bursar, the theatre accountant, the local authority financial manager all love these low bids. Is it in these situations that the consultants lose control? In bigger jobs outside the UK, as I have said before, the only thing that seems to count is the final total bid cost. So you see it all comes back to the commercial facts of life in the end.

The ‘value-engineering’ process

Then, of course, we have the ‘value engineering’ stage where the consultant is asked to reduce the budget and value engineer a solution. Sometimes this process is undertaken fairly with all the bidders asked to review items from a list, or even to suggest cost-cutting measures. Sometimes the client or main contractor can back the bidders into corners with statements such as, “If you want the job you need to adjust your price” or, “Is there nothing you can do? Your labour looks high compared to the other bids” or, “Why have you got this digital sound system in here, no one else has”. Here contractors have to be careful because often 5% of their money is tied up for 12 or 24 months as a retention sum at the end of the contract. We might even have a 10%

performance bond as well, and on one recent contract that we negotiated in the UK, that 10% performance bond continued for two years after practical completion, so, with this, a total of 15% of the contractor’s money is tied up. We have to make sure that everything works, and keeps working, during this period while a significant proportion of our profit is actually controlled and held by the main contractor. As someone said earlier, we have to be sure that we are not tempted to win a job by cutting our margins because we all need to remember that the costs remain fixed - unless of course you have recently included electrical cabling in your bid¹.

In summary, the tender has become the standard way of awarding contracts that are funded with public, and in some cases private, money. There are a wide variety of formats, with seemingly very much reduced tendering periods, resulting in less time to prepare a proper bid. Contractors seem to have to spend more money and resources to even get to the starting point and all too often we have to cost installations from PDF file copies of drawings without dimensions! This is crazy! We have to do this and be competitive, whilst working in a successful commercial fashion that allows us to have a significant portion of our profit tied up for ever increasing time periods. So would you be a contractor?

The changing world of consulting

While that may be a somewhat cynical view, it does make one look to other ways to grow and sustain a business. One possible way now is to try and develop direct projects with clients where we are not tied to the rules of tendering. Mixing these with the commercial tenders might provide the required balance. I am perhaps beginning to see why some contractors have moved into the world of doing their own design and consultancy. They know the products, they often know the customer. They are very up-to-date with technology and maybe they can deliver some good solutions. Perhaps this can help to explain why finding good integrated solutions in stage engineering is becoming more difficult in the past few years and particularly in the high value of some projects.

Therefore, in conclusion, avoid visiting theatre buildings where compromises have been

Views on the processes of obtaining tenders for technical equipment and installations are given by those with experience: consultants Gerbrand Borgdorff and Andy Hayles and contractors Nick Mobsby and John Hastie.

¹ A reference to the rapidly changing cost of copper at the time of the Conference.