

Tender Efficiency Framework - Purchaser Strategy Selection Matrix



Business Drivers for Strategy Selection

Purchasers should determine their own internal drivers, goals and objectives to select the correct procurement strategy. This matrix outlines considerations which should be taken into account to ensure the strategy results in maximum value to the Purchaser.

Determining Factors for Strategy Selection

Strategy Options	Market Dynamics / Market Conditions	Demand	Specifications / Work scope	Remuneration / Savings Potential	Incumbent Contractor Performance	Barriers / Transition	Tendering Resources & Timing
Tender	<ol style="list-style-type: none"> 1. Larger number of suppliers providing the same service. 2. Strong Market Competition 3. Long duration since last tendered 	<ol style="list-style-type: none"> 1. Significant future demand which would make the contract attractive to the market 	<ol style="list-style-type: none"> 1. Clear and consistent specifications and work scope 2. Requirement to standardise across all assets 	<ol style="list-style-type: none"> 1. Limited transparency of rates 2. TUPE does not apply 3. Potential to obtain rate transparency through tender. 4. High potential to generate savings through competition 	<ol style="list-style-type: none"> 1. Poor Performance. 2. Contract Management has not been effective 	<ol style="list-style-type: none"> 1. Cost to tender acceptable 2. Cost/impact of change low 3. Savings/benefits of tendering greater than cost or tender/cost of change 	<ol style="list-style-type: none"> 1. Internal resources available to perform tender 2. Sufficient time available to perform full tender

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Single/Sole Source	<ol style="list-style-type: none"> 1. Single/limited number of providers 2. Robust Technical reasoning to source from one supplier 3. Technology Specific to one supplier 	<ol style="list-style-type: none"> 1. Demand profile stable 	<ol style="list-style-type: none"> 1. Bespoke or specialist specification and work scope 	<ol style="list-style-type: none"> 1. No benefit in tendering due to limited market 2. Benefit to be obtained through negotiation 3. Through tender. 	<ol style="list-style-type: none"> 1. Good Performance 2. Strong Focus on Contractor Management 	<ol style="list-style-type: none"> 1. Unable to change due to limited market. 2. Cost of changing technology or developing new supplier. 3. Consider benefit of vertical integration 	<ol style="list-style-type: none"> 1. Internal resources available to implement strategy
Contract Negotiation & Extension	<ol style="list-style-type: none"> 1. Healthy competition between suppliers 2. Limited differentiation in service level/technical capability 3. Recently tendered? 	<ol style="list-style-type: none"> 1. Demand already packaged correctly - minimal potential for future optimisation 2. Limited future demand 	<ol style="list-style-type: none"> 1. Clear and consistent specifications and work scope 2. Continuity of existing specification and work scope acceptable 	<ol style="list-style-type: none"> 1. Transparent rates (rate to man / Burdens known) 2. TUPE likely to apply 3. Target rate negotiations due to transparency and market knowledge. 	<ol style="list-style-type: none"> 1. Good Performance 2. Strong Focus on Contractor Management 	<ol style="list-style-type: none"> 1. High tender cost 2. Significant cost/impact associated with change of contractor 3. Savings / benefits of tendering low when measured against cost of tender/cost of change 	<ol style="list-style-type: none"> 1. Limited availability of internal resources (note - resources still required to negotiate the extension strategy).