



## Deciding whether to Tender - free checklist

Putting together a construction tender costs money so the decision needs to be carefully considered before committing time and resources to the process.

Use this checklist to decide whether you want to submit a tender. use it in conjunction with your specific industry and the market conditions that are in place at the time of your tender.

### Is it suitable work?

- Is this what we do?
- Does this fit into our strategic plan?
- Does this fit with our current workload, in the contracts department and estimating?
- Do we have the financial and human resources to complete the work?

### Check on working capital

- Is there enough working capital available to fund the contract?
- What is the forecasted effect on the company's financial resources?
- Typically, the working capital needed for a 500,000 project will be around 15 to 20% of the monetary value at the peak funding months

### Do we have resources available?

- Do we have the management personnel required for example, contract managers quantity surveyors, planning engineers?
- Do we have the site management resources required? For example, Foreman, site engineer's, site agents.
- Do we all will we have the labor and plant available if we win the contract?
- Will our subcontractors be available at the time is required to fulfil the tender?
- Do we have enough time to develop and submit the tender?

### Site location

- Will the site location pose any logistical problems?
- Is the site within a reasonable distance of our facilities?
- Does the site location require any specialist equipment or knowledge? For example, contaminated area, urban area.



### Type of work and effort involved

- What is the financial value of the project?
- Is the contract of a suitable size for us to undertake?
- What impact will there be on the business if we fail to make our predicted margin?
- Could this work because any liquidity problems for us?
- Have we done this type of work in the past how did we perform?

### Subcontracting checks

- What will we need to subcontract? What is the value of that work?
- Will the number of subcontractors we need to manage be reasonable?
- Will we get a reasonable markup?
- What liability risks do we have from subcontractor claims?
- What liabilities may we face because of poor work by subcontractors?

### Competition

- How many other contractors have been invited to tender?
- Which contractors are on the tender list?
- What are our chances of beating the competition?
- Can we ascertain our competitors through our material suppliers or through specialist subcontractors listed in the contract documents?

### Terms and conditions

- What type of contract will be used?
- Are there any non-standard amendments?
- What is the rate of liquidated and ascertained damages?
- Is there any contractor design element?
- What is the defects liability period?
- What are the insurance requirements?
- Is retention applicable?
- Is a bond required to be provided by the contractor?
- What are the terms and conditions of payment? For example, fix cost or time and material, milestone payment?



- Does the tender conform with the recommendations of the NJ CC code of procedure for selective tendering?

#### Tender documentation checks

- What quantity risk is placed on the contractor?
- What potential is there for contractual risk in the documentation?
- How accurate and professional is the tender document?
- Overall, what potential is there for claims based on the tender documentation?
- If the tender documentation is poor what problems could arise?

#### Client checks

- Who is the client?
- Have we worked with the architect, engineer, quantity surveyor?
- Have we had any problems with these companies or people in the past?
- What is the financial viability of the client?
- Any concerns in industry, local or national press?
- Should a contingency factor be allowed for this client?

#### Market checks

- Does any government policy affect this tender?
- Is there any pending legislation relevant to this tender?
- What are the general market conditions in relation to this tender and the availability of work?
- What is the current level of bank interest rates?
- What is the current borrowing facility?
- What is the economic outlook in the local and wider economy?

#### Construction Management resources

[Introduction to construction management](#)

[Construction Risk Register – FREE template download](#)

[30 Construction Risks](#)

[Risk Management in Construction](#)