

Tendering to builders: 10 Step Guide

1 Be clear on why we tender projects:

If you want a competitive price for your project you will need to get a price from more than 1 builder.

What can happen if you don't follow the right process:

- you might end up with no builders willing to tender
- you may not be able to accurately compare tenders
- in disagreement about inclusions and exclusions
- in dispute with your builder
- facing greatly increased costs
- unable to achieve the result you wanted.

This short step by step guide is designed to inform you on the process of finding and tendering to builders. It is only intended to be a starting point.

2 Select a contract to use:

Ideally you should have an idea of how the builder should work and on what basis they are paid.

Different forms of tender can include:

- Lump sum
- Do and charge
- Cost plus

The contract can also vary if you have an architect engaged or plan to do the administration yourself.

Once you have selected a contract you should complete the schedule of conditions, any special conditions applicable to your state such as;

- Liquidated damages
- Extensions of time
- Payment program
- Supply of PC items & builders margin
- Variations

As this area of tendering and contract law is quite complex you should look to engage an architect or appropriate legal adviser prior to signing up a builder.

3 Prepare a tender set:

You can't just tender off council plans. Buildings are complex things and a lot more information must be spelt out and included in the builders tender.

A tender set should include:

- DA approved Drawings & Conditions of Approval
- Construction Approved General Arrangement Drawings
- Lighting and electrical layouts
- Larger scale fit-out details, selections, finishes schedules
- Construction specification (standard spec & additional clauses listed separately!)
- Engineering documents

Be clear about nominated sub-contractors, suppliers & supplies – supply and install responsibilities.

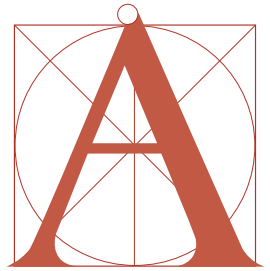
4 Create a shortlist of tenderers:

Do some research to find some builders. Start by getting some suggestions from friends, neighbours, your architect, work colleagues etc.

Once you have put together a list of builders:

- Contact them – to canvass interest and check suitability, insurances, scale of work, availability etc.
- Ideally visit some of their completed jobs, view their website, or photos of completed work
- Contact previous clients for their opinion

At the end of this process you should have a list of builders, all of whom you would be happy to use. Now in theory you are free to accept the best price.



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Issuing tenders:

Don't just mail off or have someone collect your tender set - have a face to face meeting with each tenderer and thoroughly brief them on the job.

Time with each tenderer gives you a feel for working with them and increases the chance they will quote on your job. Tendering can be time consuming for builders and so they will only tender jobs they think are worthwhile.

- Ensure all tenderers visit the site for themselves
- Avoid having too few or too many tenderers. 3-4 is a good number

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Answering queries:

During the process of tendering some builders have queries. This is a good guide as to the effort being put into a tender, and shows that the builder is keen.

- Where there are answers or clarifications - be sure to advise the other tenderers
- Always ask if they have been to the site, met the client etc.

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Receiving tenders:

- To help avoid having to chase up slow tenderers – call to check on the progress of tenders during the tender period to ensure they are on track
- Decide how to deal with late, non-conforming, incomplete or qualified tenderers.

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Comparing tenders:

- Compare trade prices & rates for additional work. If none are provided then ask for them
- Check for inclusions and exclusions – as represent additional cost or may highlight discrepancies
- Checking for arithmetic errors in the tender
- Check that GST is included
- Consider the start date and timeframe for the job along with the price

If you find that you are comparing apples with oranges – the tendering process was either not set up properly or has been ignored and additional information may need to be supplied to make comparison possible.

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Accept a tender:

- Discuss where the builders tender is qualified or non-conforming; ie they have exclusions or haven't conformed to some contractual requirements.
- If needed, ask the builder for ways to make the job more cost effective
- If needed, querying his trade breakdowns vs other tenderers prices.
- If needed, discuss ways to reduce to cost by reducing the scope of work or staging work
- Find out if the builder has any leeway in his tenders, ie: could they go lower to get the job?

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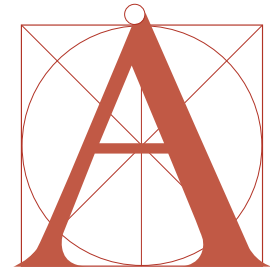
Notify unsuccessful tenderers:

When notifying unsuccessful tenderers, first decide how much information you will disclose - ie prices, number of tenderers etc. as this feedback is valuable to builders and offers some return for the time spent.

- Remember to thank your tenderers for their considerable time and effort.

This guide is really just a starting point. A list of steps to think about. The tendering process can be lengthy and complex depending upon the project.

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