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SINCE 1979

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Roundtable On Competitive Bidding Strategies

This roundtable was part real and part virtual. We contacted a non-scientific sample of contractors over the net and assembled a small group around an actual table. What did they think of competitive bidding? Read on...

Have you discovered any strategies that give you a more consistent advantage in winning competitive bids?

- ✓ Don't go after work where you are fairly sure someone else will get the job.
- ✓ Don't bid government jobs.
- ✓ Assemble a group of reliable subs you can trust.
- ✓ Avoid competitive bids if at all possible. Instead, go after sole source, design-build, or similar jobs.
- ✓ It's better to be high and lose than unreasonably low and win.
- ✓ Try to determine who the other bidders are before you commit to bidding the project – if someone is already on the list who is usually lower than you are, then don't waste your time bidding it.
- ✓ Go after "invited" bid projects.
- ✓ Avoid anything with a bid list higher than four.

When asked how he felt rocketing into space, an astronaut once replied, "All I could think of was that all of the hardware underneath me was manufactured by the low bidder." In general, what is your opinion about the competitive bidding process? Does it assure the owner of obtaining the desired product at the most advantageous price, or can it result in an inferior product?

- ✓ If the owner and architect have pre-qualified the bidders; are reasonably sure of their ability and integrity; and if the plans are clear, concise, complete, correct, and can be quantified; the owner will most likely obtain the desired product at the most advantageous price.
- ✓ Competitive bidding almost guarantees a higher cost job or a lower quality job for the owner.
- ✓ If you're the low bidder, the first thing you'll do is look for more money to complete the job.

If given a choice, would you prefer to work with and A/E firm early on in the design process and enter into a negotiated contract with guaranteed maximum price, or get the project through a winning competitive bid?

- ✓ We do both, but prefer the negotiated contract. This generally ends up being a faster way to get projects completed.
- ✓ The lines of communication are more open in a negotiated contract – the contractor gets to review the plans early on and assist by determining constructability and probable costs.
- ✓ We usually use cost-plus, guaranteed maximum price contract with a 50/50 savings – this gives us incentive to save money on the project and fosters a better relationship with our clients.

What other comments do you have?

- ✓ You need to remember that preparing competitive bids is expensive and that cost must be passed on to the owner as part of overhead costs.
- ✓ We don't "bid" work, but have about 60 design-build contracts a year.
- ✓ Any project can be successful if there is clear and open communication between all parties.
- ✓ When we negotiate a job, although the drawings may not be complete, we can still work with the architect and owner to complete the job successfully.