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# STRATEGIC TENDERING

IN A TIME OF TRANSFORMING SUPPLY CHAINS

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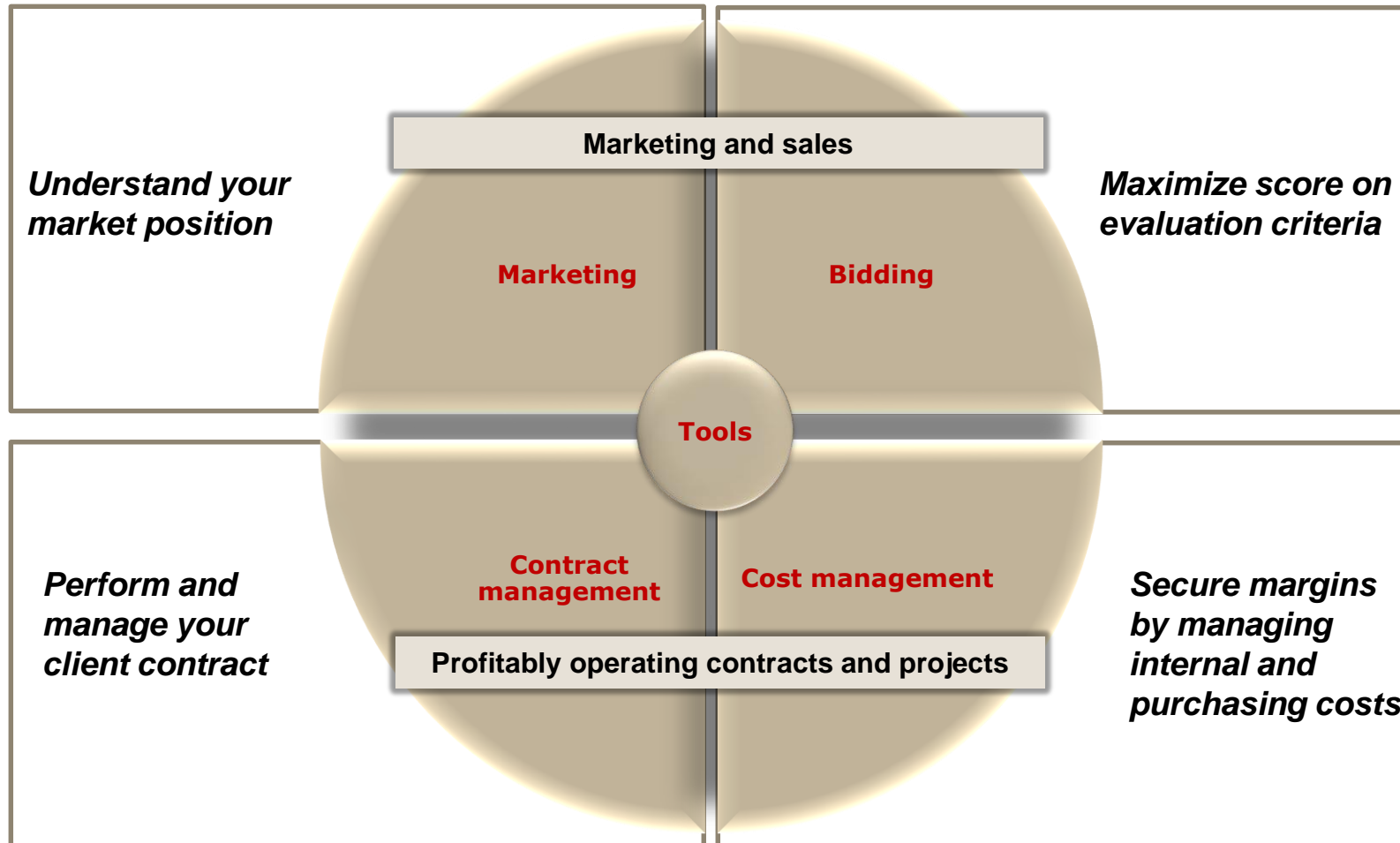


# Who is Inventura?

- Norway's largest supply chain management consultancy
- 70 consultants with extensive experience from various industries
- 1000+ projects resulting in NOK billions of cost-savings for clients over 3 decades
- Offices in Bergen and Oslo

Rolls Royce				
				
				
			 (Bybanen i Bergen)	
				
				

# A 360° perspective on your commercial strategy



# Are companies improving their commercial processes?

Results from depth interviews with leaders in oil & gas industry in preparation for at Oljebransjens Innkjøpskonferanse 28 Sept 2017

## What are the prioritized improvement areas in your company?

Engineering efficiency

**Digitalization**

Quality and product improvements

**Increase cost and scale flexibility**

Purchasing and SCM

## What is your improvement agenda in purchasing and supply chain management?

Renegotiation program

**From fire-fighting to planned procurement**

**Integrate towards other business processes**

Improve supplier selection process

Supplier obligation to inform about deviations

## What are the most important areas for improvement in your value chain?

Integrate planning and SCM

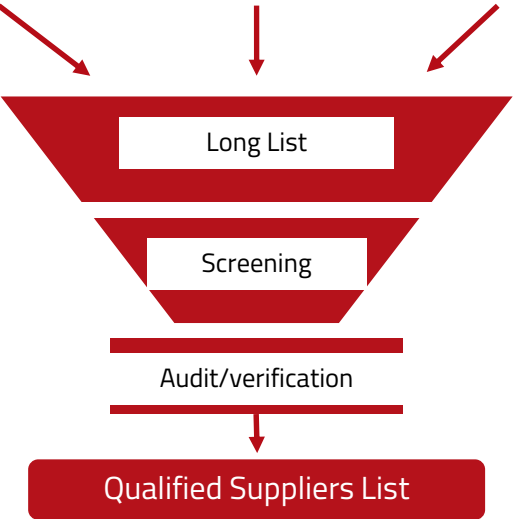
**Simplify contracts, bidding, follow up**

Simplification of concepts

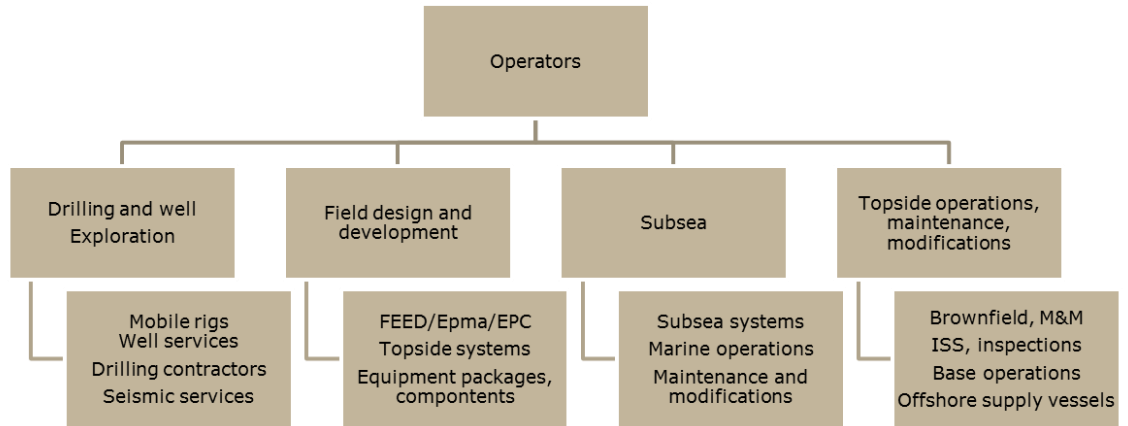
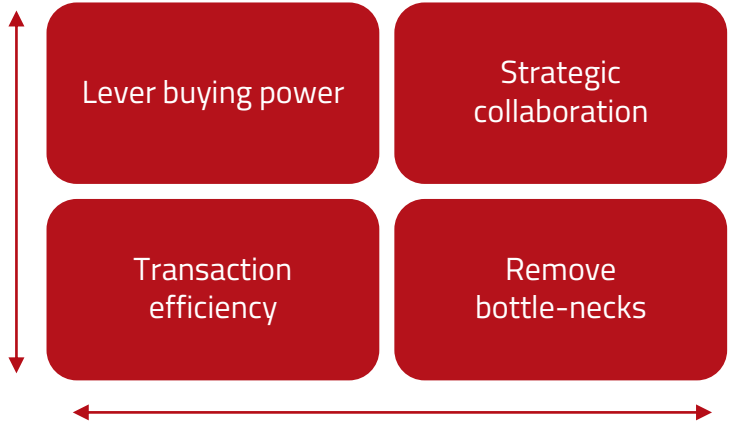
**Reduce requirements, use of SEMI etc**

# Procurement trends in oil and gas

Active sourcing and qualification...



Changing category strategies...



# Different buyers with different approach

Who should you target?

How to become the preferred supplier?

Large operators	Small operators	Major contractors
<p>Getting to a more business-focused approach</p> <p>Transforming to a "good enough" culture in technical departments takes time...</p> <p>Dilemmas:</p> <ul style="list-style-type: none"><li>- Local needs vs economy of scale</li><li>- How to best utilize internal technical competence</li><li>- Alignment of strategic vs tactical focus</li></ul>	<p>Business-focused approach</p> <p>Limited internal technical organisation</p> <p>Traditionally quite risk-averse</p> <p>Bundling scope to have less interfaces</p> <p>Partnership approach with key suppliers</p>	<p>Partly centralized procurement</p> <p>Project focus, fire-fighting modus</p> <p>Dilemmas:</p> <ul style="list-style-type: none"><li>- Use of sub-supplier expertise vs own organization</li><li>- Minimizing total project risk vs minimizing own risk</li></ul>

# Who should you target?



## Analyse your market

Competitors

Customers

Suppliers

Market position

Market trends

Products and services

Upcoming opportunities

Prequalification criteria

## Do an *honest* SWAT analysis

Internal factors

**Strengths**

**Weaknesses**

External factors

**Opportunities**

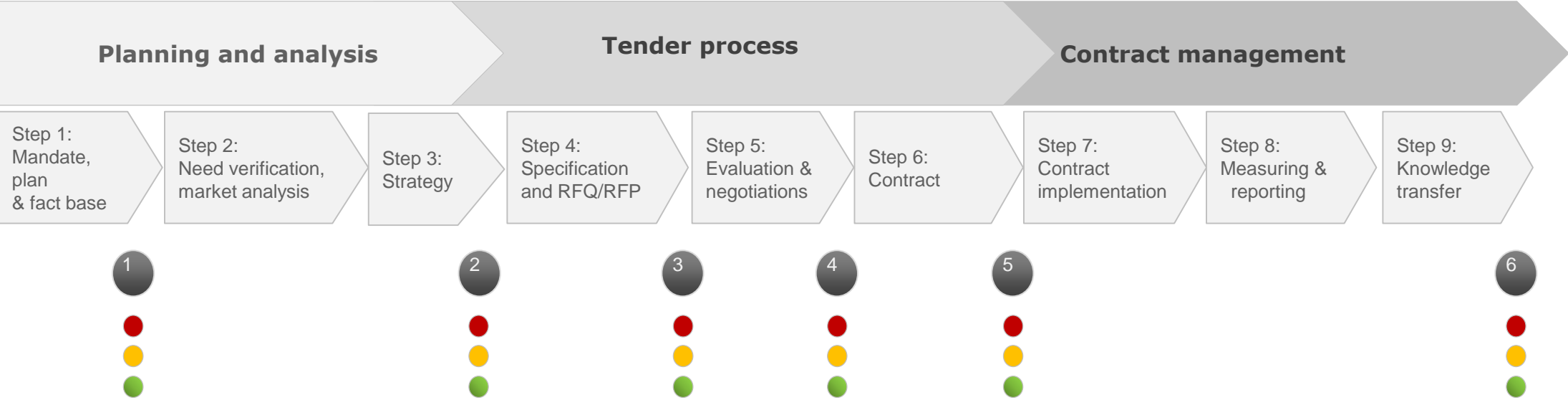
**Threats**

# The bidding process is a buying process

**Bidding**

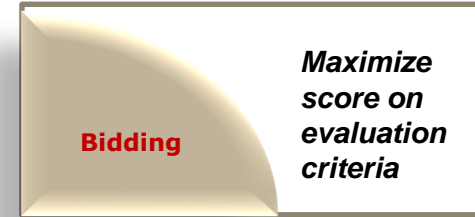
*Maximize score on evaluation criteria*

## Typical procurement process





# Presenting your company the best way...



## The bidding process

Tender plan

Tender strategy

Technical score

Commercial score

Tender documents

Negotiation strategy

Contract assessment

Variation order strategy

Risk assessment

## How to ensure tender quality

**Follow «Instructions to Tenderer» in detail**

**Send clarification questions on important issues**

**Do not include unnecessary documents**

**Minimize the number of qualifications**

**Evaluate the contract carefully. Contractual risk must be managed**

**Evaluate the compensation format: potential and pitfalls**

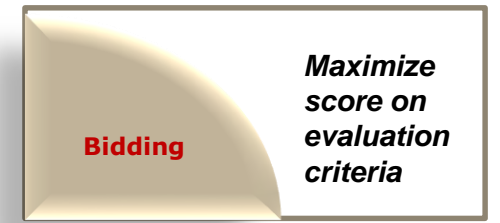
**Simulate customer's evaluation**

**Make a risk assessment and prepare a mitigation plan**

**Avoid rush shortly before tender due date**

The evaluation will be based (only) on the tender submitted. Make sure you present the company and the proposal in the best possible way

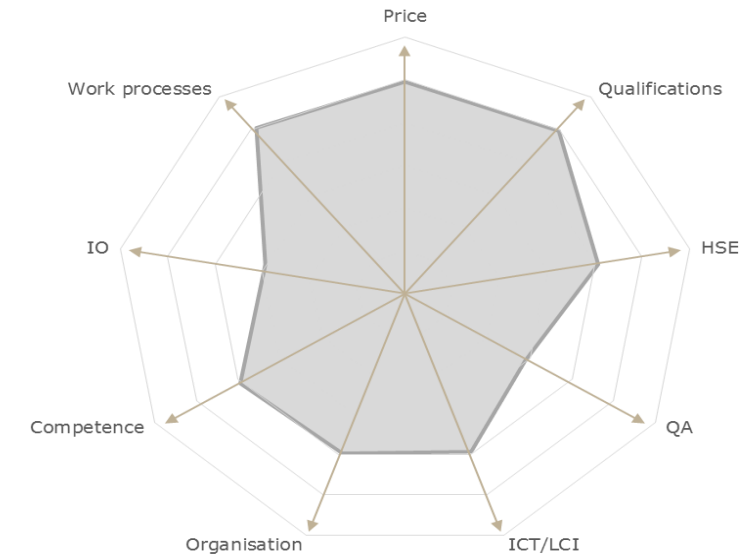
# Bidding process as seen from the buyer side



Typical evaluation summary

		Supplier 1		Supplier 2		Supplier 3	
	Wheight	Score	Wheighted Score	Score	Wheighted Score	Score	Wheighted Score
Technical and functional solution	45%	0,00	0,00	0,00	0,00	0,00	0,00
Execution plan	35%	0,00	0,00	0,00	0,00	0,00	0,00
Total costs	20%	0,00	0,00	0,00	0,00	0,00	0,00
<b>Total score</b>		0,00		0,00		0,00	
<b>Rank</b>		1		2		3	

How do you score on evaluation criteria vs your competitor?



# Who will be tomorrow's winners?

## Increased macro and disruption risk – in all markets

- Financial imbalances
- Geopolitical conflicts
- Moore's law, digitalization

## Only the best will survive

- Not afraid to cannibalise current products and business
- A culture of entrepreneurship *and* discipline
- The best people on board - *and the best partners...*

## What the preferred suppliers do

- Understand their customers and their strategic and operational agenda
- Commit to joint improvement targets, do the necessary changes
- Initiate new improvements
- Share information, present risk and deviations early
- Control their own processes, and ensure performance in the total sub-supply chain

# Thank you!

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