

What is Added Value in Public Sector Tendering?

The term Added Value is regularly used by public sector commissioners and it appears in many tender documents but what does it really mean and why is it so important?

Added value is often included in assessment criteria, adopted by commissioners as one key criteria used to assess the quality of tenders. The term is typically used to define what the most excellent responses will look like, ones that logically attract the highest marks. Added value therefore plays a vital role, helping to differentiate 'good' from 'excellent responses'. So, it's absolutely critical to understand what it means if you want to write winning bids. But what is added value and how do you use it when developing your responses to commissioner's questions?

What it is not?

Added value is not simply a well answered question. It has nothing to do with a response that is nicely written and meets the criteria set out in the specification; that is a 'good' answer. Added value is about how an organisation goes further to bring something more to the service, ideally at no extra cost and preferably something that reduces costs.

Neither should added value be confused with social value; another popular term in tendering used to describe a range of benefits brought by the service provider through their delivery of the contract. Social value is important to commissioners but this term reflects a wider range of benefits that the service or bidding organisation will have on the local community. These might be environmental, social, or economic benefits. That said, it's not impossible for added value innovations to also have social value too. But for the purposes of this piece you should really consider added value and social value as completely different.

What is it?

Given the importance of the term and the role it plays in helping commissioners' identify the very best responses and allocate top marks you would think that added value would be well defined and widely understood. From my experience of writing many successful tenders, it is certainly not the case. In fact, many of those I work with don't fully appreciate the importance of added value and the role it plays in being able to craft the best possible responses. Nor do people generally understand how added value can be an excellent tool which enables an organisation to differentiate themselves from their competitors, helping their bid to stand out from the rest.

Neither is there full agreement about what added value actually represents. Some suggest that added value is about cost savings alone. Others think it is a much broader concept, one that reflects innovative features; captures efficiencies; delivers enhancements in services or products provided; or interventions that directly improve the quality of products or services offered.

This debate doesn't really help those new to bid writing! So, my view is that added value – whilst being a slippery term – can best be described as being all of the above. In fact, ***some of the best examples of added value will do more than save commissioner's costs; at the same time they introduce efficiencies in the way you work to improve productivity and simultaneously enhance the quality of your products or services.*** Think of added value in these terms and you won't go far wrong.

Stand out from the Crowd

There is a great deal of benefit to clearly articulating how you can add value to a tendered contract. Think for a moment about the reviewer who has read numerous tenders all pretty much saying the same thing but perhaps in different ways. Then you offer a new way of doing things, or propose innovative ideas. That makes your organisation stand out and conveys the message your business is dynamic, vibrant and open to innovative ways of thinking. When you suggest added value it shows you're experts in the field.

What is important is that you can convincingly describe how you will go above and beyond the base requirements. You can demonstrate great knowledge by suggesting innovative ways of introducing cost savings, twinned with service enhancements. These ideas don't have to cost you; the best innovations can help you save money too, possibly by working SMARTER or introducing new technology to improve standards and gain efficiencies that are passed back to the commissioner.

Remember, it's not about being cheap, instead it means offering more 'value for money' and having a positive impact on the services being tendered for. That impact can mean:

- Real-life cost reductions;
- Service enhancements for commissioners (making the service cheaper to deliver); and
- Added benefits to the users of the services being procured.

It's quite simple, suggesting improvements in the way services are delivered and coupled with possible cost savings you are increasing your chances of success.

Use it as an opportunity

When tendering, it's a really good time to think creatively about what you might want to do differently. How can innovation improve the ways you work and which also bring about efficiencies or improvements for your customers? What challenges have you experienced in the past and what ideas do you have that will help overcome them and make commissioners' lives easier too?

Spending time developing added value ideas provides you with opportunities to make enhancements to your organisation and the services you provide. At the same time it demonstrates to commissioners you are innovative, flexible and open to change. Surely these are the characteristics of organisations they want to work with to deliver their services?

And don't feel like you need to produce a long list of really innovative ideas that generate huge amounts of savings. One or even two really high quality, meaningful ideas that can actually be implemented easily will be far more realistic and impressive than a poorly articulated long wish list of potential ideas.

A couple of simple examples:

Here are some simple ideas that might help stimulate your thoughts about what added value your organisation can bring to tenders:

- **Financial savings:** Your position as a company with significant buying power means you can procure products at a discounted rate. You can pass those savings back to the commissioner.
- **IT Innovations:** In social care using mobile technologies can support the transition to outcomes-focused services and provide efficiencies in paperwork whilst improving standards of record keeping. In contract cleaning, digital and mobile quality assurance systems improve quality monitoring and deliver efficiencies in quality assurance. These mobile systems introduce efficiencies and enhance quality, leading to service enhancements.
- **Going above and beyond the Specification:** You could offer enhancements to the service specification like offering a 24 hour named point of contact to help commissioners deal with any contract related issues or concerns.

Added Value is a slippery concept but a critical one when it comes to public sector tendering. Having one or two really great ideas can help you stand out from the crowd and convey the message that your organisation is engaged, open to new ideas and innovative. And if you can put a tangible value on these ideas that's something procurement professionals are looking out for in every tender you submit.