

## Tender Stupidity or Getting the Tender Partner you deserve

*Rob Comment: This makes me very, very angry so please forgive the tone of this paper.*

Over the past 10 or so years, our boutique group has done very little government work. This is the result of a mutual understanding. We have been told, over the years, by various government officials that we are (1) too expensive; (2) too radical and (3) too small. From our perspective, we have found that the "new bureaucrat" is a lot more conservative than the wonderful public servants we worked with in many different departments in the 1980's and 1990's<sup>1</sup>.

There were also two broader contextual forces that limited our ability to work with government<sup>2</sup>. The first was the outsourcing debacle started by Finance Minister John Fahey in the 1990's which resulted in the Federal Government becoming embedded with major multi-national consultancies concurrently restricting access to government from most small Australian consultancies and failing spectacularly to meet any promised cost savings.. The second force was the move to formal and heavy project management and governance models such as Prince 2. Indeed, unless smaller consultancies were prepared to absorb the huge bureaucratic and paper load associated with these methodologies, they were effectively marginalised.

Worse, the much-heralded Gershon Report, commissioned by the Rudd government to address the perceived "bloat" and dominance of IT and other project initiatives in Canberra by hordes of consultants and contractors left by the residue of the failed Fahey experiment recommended .... wait for it .... more Prince 2 and more centralisation.

Despite this situation, our group has survived its third recession and is finding that our radical approach to Agile project management and Agile Sponsorship is being adopted by major private sector organizations.

In fact, not working for government became one of our differentiating elements.

Our approach to change and project management is based on two principles:

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<sup>1</sup> The reformist attitudes of the Hawke/Keating governments had a lot to do with this.

<sup>2</sup> Government means both Federal and State

- Simplicity;
- Transparency.

Clearly, in the new 21st Century bureaucracy, where a \$46 billion spend on a National Broadband Network is not subject to a formal and publically available Business Case<sup>3</sup>, a company that assists its clients in adopting project and change management processes that embed these principles is pretty well the last group any government would consider partnering with.

So our mutual non-relationship with government had achieved a steady state.

### **A 2010 Reality Check**

However, we recently decided to “check out” a State Government tender which initially seemed to have some interesting objectives around early school intervention and expanding education opportunities. Further, this particular State government has been very public, at conferences we have attended, about its innovative and partnering approach to tenders and external suppliers.

Having received our passcodes, we accessed the Government sites devoted to Tenders. Things were looking great. The site was well-designed and the downloads printed easily.

Then ..... reality reared its ugly head.

#### Design for partnering with external suppliers template

*(To be submitted with 4 hard copy versions and one Word document version i.e. 5 copies! In case one gets lost?)*

- 33 pages on templates to be followed;
- 12 pages on Contract Conditions (written in legalese and adversarial tone)
- 15 pages on Methodology to be followed (Overview only)
- 20 pages on Contract Process; and
- *8 pages on the actual work required.*

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<sup>3</sup> *Australian Financial Review* 23 September 2010

As project management experts, we could not determine clearly such critical issues such as scope, benefits, real risks and so on. Even more fun awaited inside this contract. The “winning” vendor would have the extra excitement of reporting to two different sponsors!

The effort required to even submit a response to this “new style” tender effectively restricts the ability of small, boutique groups such as ours to respond. In addition, the cost and complexity of complying to the legal and contractual demands of the tender would further stretch the resources of small groups as well as dramatically reduce the financial ROI to the tender responder. So that is why we don’t do government work!

As an experiment, this proved highly successful for our group. For over 30 years, we have worked around the world with some wonderful people and some great organisations. We have also seen terrible abuses of public and private money and resources and some of the worst behaviours possible.

We have experienced first hand the hypocrisy of politicians and bureaucrats stating that the best suppliers win and that it is not about the lowest bidder. We have laughed at the dissembling of politicians who constantly state that small business is the engine of Australia while layering more bureaucracy upon them just to survive. We have been caught up in the in-elegant trading off between short-listed vendors to see who can come in with their “best and final offer”. We have seen the incredible double standard of departments haggling with small Australian companies over fees and charges while wasting hundreds of millions of dollars on large multi-national consultancies who deliver little if any value for money.

We have spent valuable hours and money responding to tenders only to find out that the “winning” supplier had already been chosen but to show “openness” and “transparency” ours and other companies were asked to tender simply to legitimise a contact already decided.

**We are not alone .. not at all**

While I was writing this rave, two incidents really highlighted the issues with Government contracts. *The Australian Financial Review* (24 June 2010) had a summary of the Victorian Governments “systemic breakdown” of managing contracts over \$10 million with some \$3 billion of contracts not even being published (guess which State government issued the contract we are discussing in this rave?). *The Australian* (1 October 2010) covered an Australian Audit Office report identifying serious issues around over how departments issues and mis-managed over \$10 billion worth of contracts. NO COMMENT!

This experience did nothing to address our concerns about the inherent failure of the government tendering processes and the continued existence of bureaucrats who add no value.

*But it did have one very positive result.*

It confirmed why we don't seek out government work.

We will continue to take a riskier road by not seeking out government tender work. After all, if they can't get their "partnering" together in their tender processes, how could they possibly partner in the real work required?