

Improve Service Level and Increase Service Depth

——The Basis to Establish a Mutual Trust Partnership System between Bidding Agencies and Clients

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Respectful Asian Development Bank officials, China Bidding Association leaders, Government Departmental leaders, Ladies and Gentlemen, Good Morning!

Firstly, I would like to thank the seminar organizer for inviting me to attend the “Public Procurement Tendering Agency International Seminar” and for the opportunity to speak today.

According to the Seminar topic, I would like to share my personal opinions on how to establish a long term, cooperative and win-win relationship system between the bidding agency and the client.

The introduction of China’s bidding method to process procurement for investment projects, started from the World Bank (hereinafter referred to as the WB) and the Asian Development Bank (hereinafter referred to as the ADB) projects. The initial bidding management system’s fundamentals were also derived from the WB and ADB. In a manner of speaking, the establishment of China’s bidding system was directly propelled forward by the WB and ADB projects.

As one of China’s earliest founding bidding agencies, Northwest International Tendering Company for many years was fortunate to be engaged in the WB sponsored domestic bidding projects, major state health projects----Health III, Health IV, Health VI, Health VII, Health VIII, Health XI, education projects in poverty-stricken areas; agricultural development projects as well as Animal Husbandry Development Projects etc, projects related to 20 provinces namely: Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Shanxi, Inner Mongolia, Hebei, Henan, Sichuan, Chongqing, Yunnan, Guizhou, Guangxi, Anhui, Fujian, Jiangsu, Zhejiang, Xizang, Hainan etc, In total, the company facilitated over 100 bid openings and the successful bid sum reached RMB 700,000,000.

Due to many years work experience with the WB’s projects, we deeply feel that the WB’s project bidding management is completely scientific, human and effective. The strict and scientific bidding management provisions guarantee bidding fairness, public and righteousness. At the same time, these provisions fully respect the rational needs of clients, which let the client experience the human side of management. On that basis, if the client lacks integrity, they would have to forfeit a serious commercial credit loss. Under this type of

management system, through professional experience and considerate service, the bidding agency assists the client with their procurement needs and in the meanwhile also feels a corresponding sense of accomplishment.

In China, we continue to reference from the WB and ADB's bidding management system, to gradually form our bidding system with its own Chinese characteristics. It is proved that introducing the bidding system to investment projects vastly enhances returns on investment and facilitates fairness, public and righteousness in market competition, which spurs forward the development of the market economy.

As one of China's earliest established bidding agencies, Northwest International Tendering Company, witnessed the overall process of China's tendering development. Following China's rapid tendering development, the company also experienced a similar growth process from small to big, and maintaining strength throughout. The relationship between the client and us also developed step by step from a purely administrative, government policy-driven relationship to a long term and cooperative win-win relationship.

In the beginning, most of our clients were allocated by the government. At the start of the economic reform, China's enterprises had no awareness of the bidding process. The bidding agencies were established by the government (the earliest bidding agencies in China were state owned), and clients were introduced by the government. Therefore, the relationship between the bidding agency and the client was forced to rely on government policies and regulations. Bidding documents and relevant bidding systems were based on the WB's bidding projects and procedures. At that time, bidding had two characteristics: Firstly, the government used bidding as an administrative process to introduce equipment and project management and therefore bidding became a purely administrative action. Secondly, the bidding agencies lacked service awareness.

Following the in-depth economic reform, the establishment of a market economic system and most importantly the publishing of The People's Republic of China Bidding Law, bidding agencies were increasing in numbers and developing rapidly which resulted in more intense competition. This gave the more mature bidding agencies pressure to survive and a much needed bidding agency system reform was required. They acquired a change in business concepts and became more true to the role of a bidding agency within the economic market and more client orientated.

In the process of reformation, we gradually established our business concepts which are, "regulated service", "quality first", "trustworthy service", "mutual development", "striving for excellence" and "leader in the northwest". We have accomplished the following work:

Firstly - "regulated service"

Due to the rapid increase in the number of bidding agencies, the levels of service are not of standard, therefore in order to regulate the service becomes the most pressing factor to

address for the bidding agencies' development. Since 2002, a huge effort has been put into the basic management work, including domestic and international bidding for electromechanical equipment, engineering bidding, government procurement, refurbishment bidding, EPC, design procurement, technical bidding, BT bidding, design supervision service bidding, right of property rights transfer bidding, municipal roads and bridges bidding, hydraulic engineering bidding and international financial organization loans bidding etc. These varieties of bidding established the overall management system, which focuses on quality management including the entire process of contract signing, plans management, bidding plans, standardized documents, bid opening and evaluation procedures, bid evaluation reports and document archiving etc. In 2004, the company passed the ISO9001 systems auditing which was issued by the China Quality Association. Based on this, we insisted on revising and perfecting the relevant document templates and management processes.

Secondly - "quality first"

We implemented the following:

1. Established the concept of "quality first" and a continued effort to educate staff;
2. Ensured every March is the quality analysis month of the year and to rectify service quality;
3. Established case studies and analysis among staff;
4. Established a system of rewards and penalties, and also used to emphasize the importance of the quality to grade staff;
5. Consolidated staff business training and continuously improved their level of professionalism;
6. Enhanced the work ethics of staff and education about the importance of integrity within bidding processes;

Thirdly - strengthen the service concept

1. Educated staff to support the concept of "service is their job requirement". Froze the recruitment process and new employees entered by permanent contract employment;
2. Setup a salary appraisal system to reward staff according to their quality of work and service provided;
3. Setup a customer service satisfaction survey, which is completed during each bid opening session and/or offsite client visit, so any problems could be resolved in a timely manner;

After so many years of the previously mentioned quality control and service orientated systems, we have greatly benefited in the following:

1. Growth in business and the total bidding sum has increased from RMB 1,1 Billion in 2002 to over RMB 21 Billion in 2011. Bid openings increased from a few dozen to almost 900 times per year. The company income increased from less than RMB 10 million to over RMB 60 million;
2. Accumulated a group of loyal and blue-chip clients. Among all our clients, over 50% have been our loyal clients for many years;
3. In this intensely competitive market, although our bidding service fee is lower than the national standard, but it is still the highest in our local region.

Achievements always belong to the past, when facing intense competition, striving for excellence and maintaining our fundamentals forever, we believe establishing a long and steady, cooperative and win-win relationship with our client is the most important factor. Therefore we will need to focus on the following work:

1. Improve professionalism and enhance service ability

The most important objective is to improve our own professional standards in the bidding domain in order to establish a long-term, sturdy, cooperative and win-win relationship with clients. Within the bidding activities, the only way for bidding agencies to setup the cooperative foundation is to obtain a level of specialized bidding professionalism that is above the clients' level and complementary to each other. I believe that Northwest International Tendering Company has a capacity for a huge advancement due to nearly 30 years working experience in the bidding industry. This is long-term and hard work, which requires persistent and unremitting effort. To improve professionalism, there are three aspects to be addressed as follows:

(1)Continuously improve staff's knowledge on bidding laws and regulations, and relevant professional knowledge, with flexible implementation. The tendering business is a profession which requires strong knowledge in law and regulation. Every project manager in the company must be an expert in this field. The more knowledge we obtain the more our clients will rely on our company.

(2)In order to provide clients with professional bidding plans and suggestions by considering the clients' project practicality, we must accumulate our experience in bidding and practice knowledge transfer within the company.

(3)We must have a strong ability to react to unexpected events during the bidding process. This is the key criteria to judge whether the bidding agency is capable or not.

Through having a high level of professional bidding knowledge, the bidding agency will obtain true respect from the client, a working complementary relationship with the client, manifest values as a bidding agency, and obtain continuous, stable clients while developing in the long run.

2. Respect clients core interests

Clients' project investment capital, irrespective if the capital is from government, bank loan, or long term enterprise accumulated savings, is not easily come by. According to the State Council's investment system reformation's related spirit, the legal person of an enterprise will be responsible for the project investment indefinitely. Therefore, clients should have their own interests and benefits in bidding activities. We should respect the lawful rights and interests and provide clients with a high quality service. From the law's point of view, bidding law and regulation specifically stipulates that bidding agencies are the service organizations that are entrusted by the clients and act on behalf of clients within the tendering domain. Therefore, respecting clients, trusting clients and providing service to clients are the basic duties required from us. It is also the basic condition for establishing a cooperative and win-win relationship with clients.

3. Improving in-depth service and expanding the scope of services.

Nowadays in China, the tendering business is a government policy driven industry. In developed western countries, there are hardly any professional bidding agencies. In order for us to survive in the long-term, apart from continuously improving their professionalism, the most important requirement is improving their in-depth service and expanding their scope of services. In another word, bidding agencies must shift their relationship with clients from a mutual, trustworthy and cooperative relationship to inter-independent and a mutual developing relationship. Once this goal has been accomplished, bidding agencies' social value would be acknowledged and its social status would be consolidated.

In order to improve in-depth service, we need to focus on the following two aspects:

(1) Enhance procurement related technical consultation service level for the client. Including the clients planned procured good's techniques, price, market, after-sales service and manufacture's credit, etc.

(2) Improve the bidding consulting service relevant to the cost of construction. The focus is to provide a detailed design plan, optimize the design flaws, control investment costs, and resolve investment disputes, and the verification for the sum of quantity of work, etc.

To expand the scope of services, the key point is to transform bidding agencies into project management companies. This will suit the market economy in order to fulfill the economic market and developed country's traditions.

Doing a good job on these 3 aspects is the basis to establish long-term, mutual trust and cooperative relationships between bidding agencies and clients. Of course, there are many other works that need to be done apart from those mentioned. We believe that we can establish an optimum and cooperative relationship with clients by insisting on quality of work. We can develop the bidding business to be bigger and stronger and propel forward China's bidding industry.

Ladies and gentlemen, in the west region of China including Shaanxi Province, because of historic and natural factors, economic development is below the average for China. We sincerely hope that the ADB could promote more business in the west of China. We strongly wish for the Northwest International Tendering Company to offer their services to the ADB projects in the west region through the company's many years work experience having dealt with the WB projects.

Thank you very much!