

Market Orientation and Service Capability of Tendering Agent

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Tendering agent is the intermediate service organization of tendering & procurement established in early 1980s with the national reform on resource allocation plan system to set up an open and fair market competitive mechanism. Tendering & bidding system are fully implemented through Competition Replacing Allocation, Tendering Substituting Reviewing, Agent Constraining Owner and Experience Accumulation Substituting Irretrievable Lesson. Tendering agent is crucial to promote and standardize tendering & bidding procedure. However, with the gradual mature of market economy and establishment of market responsibility on project tendering company, such public, phased, balanced and mono agent service could hardly meet the need of tendering company and the entire industry on its service function and value. Therefore, tendering agent shall adapt to the inner law of modern market economy development and uprising demand from tendering company to study the development strategy to adjust self-positioning, transformation and upgrading, plan service function, service scope, enhance service capability for the broader and brighter market in future.

1. Market Orientation Analysis on Tendering Agent Sector

(1) Set up concept to serve for tendering company

According to the current market scenario and demand, tendering agent provides legally tendering & procurement agent service based on civil authorization and commitment scope by project tendering company. Previously, as the affiliate agent of government to purely conduct the administrative control and balance-off the market positioning of tendering company, the tendering agent now has lost any support from relevant legal ground, natural ability and external condition, not able to give full play to its role. However, the consciousness of such correlation remained in the sector has put it into a complex and embarrassed situation. The tendering agent has been deprived off the awareness and motivation to improve their service level, and natural conflict is formed from the project tendering company. Meanwhile, supervision institute and tenderer are misunderstandingly disappointed at the tendering agent. In this context, such practice as draw lots and malignant commission competition occur, and conflicts between tendering company and agent are greatly correlated to such inappropriate positioning.

Therefore, tendering agent shall go back to its due position in the market. Firstly, core concept on providing overall, profound services to tendering company shall be established, to legally stipulate and scientifically organize tendering procurement so as to enhance whole product whole life cycle value of tendering project. Based on such service concept, operation & management mechanism shall be transformed and innovated through improving service procedure and style, optimizing service resource and enhancing service capability; Meanwhile, we shall uphold the legal compliance and integrity of the enterprises and followers, boycott the illegal transaction to maintain the value and vocational self-discipline responsibility of other market and social public interests.

(2) Expand service scope

1. In order to adapt to national economic development mode transformation and industrial restructuring, traditional industry and tendering procurement agent of its construction engineering and cargo shall be expanded to that in such emerging sectors and services as science & technology, information, finance, logistics, ecology and franchise, etc.

2. In order to adapt to the inner correlated demand of tendering procurement and other relevant disciplines, and improve the service technology and system, sole tendering procurement shall be combined and supplemented with such specialized services as project management, engineering cost management, contract price settlement, international import & export trade, etc.

3. In order to adapt to ever-growing number of non-state owned investment and non-mandatory tendering project, sole mandatory tendering procurement field shall be expanded to corporate, especially private sector based voluntary tendering procurement.

4. In order to adapt to the economic globalization and its import & export procurement agent, sole domestic tendering procurement regulations shall be expanded to such international rules that are applied by the World Bank, Asia Bank Procurement Rules and WTO Government Procurement Agreement.

(3) Extend service supply chain

In order to adapt to the inner correlated demand between corporate & project tendering procurement and relevant upstream & down-stream works, and the experience and lessons gained during the whole process service, continuously enhance efficiency and service level of tendering procurement agent, sole tendering procurement service shall be extended and supplemented to both up-stream and down-stream sectors, till corporate supply chain or whole process project management services.

(4) Expand procurement measures

1. In order to meet the need of such procurement that is not suitable to apply tendering

process, sole tendering shall be expanded to multiple procurement measures like competitive negotiation and inquiry, etc.

2. In order to adapt to the diversification of procurement organization, one-time procurement agent shall be expanded to government & corporate centralized procurement agent.

3. In order to adapt to development of electronic information technology and information integration sharing, conventional paper tendering procurement shall be developed into electronic tendering procurement.

(5) Correctly select market positioning and development target

The diversification of tendering procurement market demand has determined the diversification of tendering agent development. Generally speaking, low level service with simple agent procedures shall be changed, and service scope shall be actively expanded. However, tedious operation mode and development route of all agents should be avoided, and uniformed, homogeneous whole process project management consulting service mode should not be blindly pursued, so that the original characteristics of tendering procurement will be lost. Most tendering agents shall still regard tendering procurement agent as service core, and through three dimensional service expanding to future enhance standardization, economy, technology and system level of tendering agent services. Part of tendering agents could make full use of accumulated such resource advantages as experts, market information, technical proposal, etc., combined with their own conditions and characteristics to rationally select market positioning target of upgrading and restructuring as well as differential development path. Most agents shall follow the requirement of specialization and intensification to select a key sector or specialty to do it perfectly with unique characteristics. What's more, tendering agent could insist in the tendering procurement agent service, or transform to corporate or whole process project management consulting services.

Tendering agent is restructuring and upgrading, there must be some difficulties and cost demanding at the early stage of service expanding. Moreover, market admission takes time, and service gains could hardly increase accordingly. Therefore, it not only requires understanding and support from the whole industry and enterprises, but also firm and sustainable strategic target set up by tendering agent, so that penny-wise and pound foolish could be avoided.

(6) Improve overall service capability

Tendering agent shall grasp the historic opportunity to fully implement normalization, professionalism, standardization and informatization, map out the market positioning within service scope and development target of restructuring & upgrading, according to their own advantages and conditions. What's more, overall service capability of tendering procurement specialist and enterprise shall be fully improved, especially in developing and improving

market expanding capability, organizing skills, research and consulting skills of the company.

1. Pay close attention to theoretical achievements of tendering procurement, national law & policy, dynamic trend of both domestic & international market element, technology management scenario and demand within industry and discipline. Analyse the characteristics, condition and demand of enterprise and project organization, map out tendering procurement strategic target, task and implementation.
2. Fully analyse the characteristics of tendering procurement project and procurement demand, legally and scientifically plan, assess and optimize project procurement proposal and contract management proposal. Map out such proposal and relevant documents as tendering procurement procedure, organization forms, contracting supply process, packet classification, qualification condition, evaluation method, contract type, commercial clause, technical standard, delivery services, etc. Effective tendering procurement activity shall be taken to support contract signing and execution management, so as to effectively control project quality, price, progress, energy saving & environmental protection and safety, etc. Furthermore, the potential economic and legal risk shall be prevented, evaded and diverted. Finally, tendering procurement disputes shall be legally judged and handled.
3. Make use of long accumulated professional tendering procurement capability to provide relevant consulting services for enterprises and all stages of project management. Meanwhile, through the participation relevant services of enterprises and all stages of project management, as well as summarized experience and lessons, professional service skills on tendering procurement and contract management could be continuously absorbed accumulated and elevated. In particular, measurement, analysis and assessment skills on pricing of engineering project, cargo and service items shall be cultivated and enhanced.
4. Evaluated bidders' competitiveness. Analyse and evaluate qualification, performance, reputation as well as basic function and implementation of project, cargo and services supplied.

II. Key Factors for Tendering Agent to Transform and Upgrade

The successful transformation and upgrading of tendering agent depends on self-efforts as well as various constraints under market situation, especially the support and consensus from the government and industry

1. The society shall objectively recognize and evaluate the function of tendering agent.

Tendering agent shall supply the relevant valuable service authorized by the tendering company, selecting a satisfied and reliable dealer, adaptive object and its technical, economic, contract implementation proposal via legal tendering agent procedure; Meanwhile, tendering agent shall firmly reject illegal deals and undertake the relevant responsibility. However, plenty of disorders during tendering and bidding are directedly connected with the tenderees

and the bidders management structure and administrative supervision system, even with the external system, so the tendering agent shall not undertake the unreasonable responsibility, and what's more the market function of tendering agency shall not be denied.

2. Complete the Tendering Agency Qualification Management, and Perfect Integrity and Self-discipline System in Tendering Agent. Different tendering agent with uniform recognition for qualification judging standard shall be pushed to promote the proper cross-industry and cross-field competition , reduce the cost of tendering qualification application and maintenance. Meanwhile, based on the acceptance of public effective supervision, sound scientific dynamic evaluation with integrity and self-discipline and effective market assess, quit mechanism shall be established to promote resource optimization and restructuring via the mechanism of survival to fittest, observe the laws, normalized the procedure so as to continuously improve the service competition capability.

3. Select the Best Tendering Agent, Eliminate Protectionism on Market Segmentation in All Forms.

Tendering company can legally and directly commit the tendering agent or do it through tendering process based on its project characteristic demand. In some regions, draw lots or other restrictive measures are applied to select the tendering agency so as to weaken the rights of it. It seems that the fair market opportunity is created and various of improper intervenes are avoided, however, the fact is that it violates the survival to fitness market competition rule, leading to the less fair, less scientific, un-sustainable arena for the tendering agent with discrimination of quality discipline and competitiveness.

Meanwhile, it is quite common that some local governments force the tendering agent from other places to register local branch office, and then could undertake the tendering business. This is another typical demonstration caused by the local protectionism and department repellent by the government and the enterprise with ambiguous behaviour, incomplete tax system, unbalanced regional economy, unscientific evaluation, etc. Only by further comprehensive reform of economic system and administrative system can it be solved.

4. Fully Implement Tendering Procurement Vocational Qualification System.

Through implementation of the tendering procurement vocational qualification examination, employment register, continuing education and employment management system, effectively promote the vocational competency, business capability of tendering procurement practitioner, intensity integrity and self-discipline, implement vocational liability, normalize professional behaviour. Meanwhile, tendering procurement vocational qualification system can be the standard for scientific rule and effective permission and quit control of each tendering agent qualification, and the basis to realize unified recognition.

5. Complete the Price Policy and its Service Charging Standard

The government shall provide the necessary price policy condition for tendering agent to

expand service field. The government shall also distinguish the category of tendering procurement, the scope and content of the tendering procurement agent service, the technique difficulty of agent project, and service quality according to the basic rule of equal pay for equal work, equal quality for equal price, more pay more gain, high quality and high price. They shall amend and complete the tendering agent service charging standard and implementation, and effective measures actions shall be taken. As professional services ability is the key competition element in the tendering agent industry, and its malignant competition will lead to gradually decline and vicious circle for service talents, ability, quality, and efficiency, the whole industry shall firmly boycott.

6. Give Full Play to the Tendering Procurement Informatization and Standardization.

The essential foundation for a unified open and order competition is completely public, reliable, dynamic, and sharing information in the tendering and bidding market. Therefore, using information technology to implement electronic tendering and bidding. The establishment of tendering and bidding integrated information sharing system is a key path for the public to eliminate such illegal behaviour as closed protectionism, cheating, etc. in the tendering and bidding market. It can also reduce the procurement cost, improve the tendering procurement efficiency, promote energy saving and emission reduction, legally standardize market subject and its tendering procurement agent behaviour, effectively distinguish and promote core competition and service level. Tendering procurement agent industry shall catch this historical opportunity to push tendering and bidding electronic informatization.

Technical management standard is the symbol of a mature, standard, competitive field, the supporter of the field of value idea and culture, and usually is constituted by the nation, industry, and enterprise standard. As tendering and bidding is the synthesis of legal policy and technical economy, purely depending on laws and regulations could not adjust and normalize the tending and bidding behaviour. Only by closely combining the laws and practices via technical management can practice be effectively standardized, and based on ideal target and actual condition, both could be balanced. Meanwhile, technical management standard also equals to supplement an effective evaluation standard for selecting and controlling market practice qualification. According to the relevant laws and regulations, research, formulation and promotion of tendering and bidding on standard text and nomalized procedures by disciplines and links including tendering procurement agent service specification as well as ability & reputation evaluation standard, which can effectively evaluate and standardized tendering and bidding market behaviour, distinguish and promote tendering and bidding agent service ability. It will also be conducive to the stable and solidified market position of tendering procurement professional service, promote mutual cooperation and integration between the other internal & external professional service and tendering procurement services, which can promote the enterprise operating management, and tendering procurement project management to be more professional, standardized, systematic, and intensive.