Bidding for the Future

The difference between success or failure when bidding for a contract can often come down to understanding how digitisation is reshaping our world, writes **David Molian**, Criticaleye Thought Leader and Visiting Fellow at Cranfield School of Management

It's been famously said that the business of America is business. Worldwide, the business of business is increasingly mediated through bidding for contracts. In the UK alone, the government spent £232 billion on procurement in 2016, virtually all of it on projects won by open tendering.

But the landscape of tendering is changing dramatically and businesses that depend on winning contracts through bidding face three significant issues:

1. The diffusion of the 'Internet of Things' from the domestic sphere into the built infrastructure and more widely across all commercial sectors. This will be accompanied by the interconnectedness of every aspect of business activity through multiple web-enabled platforms.

2. The drive to raise productivity.

3. The need to maintain the integrity of this increasingly integrated network of communication, in which everything 'talks' to everything else.

The challenges this emerging world poses for bidders are huge, but not insurmountable.

Let's take each of these in turn. First, the IoT. We have become familiar with intelligent buildings that incorporate new technologies.

Imagine, however, an entire infrastructure comprising components that are chipped and uniquely tagged: bridges, roads, urban transportation networks, schools, hospitals – a built environment that is intelligent from end to end, and in which every element can alert those who need

> **" The race is on for new ways to deliver desired outcomes that are cheaper, simpler, faster and more secure "**

to know when servicing, maintenance or replacement are required. Forget reliance on site inspections or remote monitoring via CCTV cameras. The bridge will tell you when it needs some tender loving care. Each part will no longer be a 'dumb' object, but classed and inventoried as an asset. Thick as a brick? Not in the future.

This might sound fanciful, but it's already on its way. In the UK, two major initiatives are underpinning this new world: Building Information Modelling (BIM) and Digital Built Britain (DBB). BIM determines how the built environment is designed at the outset of a project, to incorporate new technologies, not bolt them on as an afterthought. DBB defines the end goal.

Much of this thinking already underpins massive infrastructure renewal projects, such as Crossrail in London and regenerated urban transportation systems in New York City. The same philosophy informs planners elsewhere, particularly in Asia-Pacific and the Middle East, where

more opportunities exist to leapfrog the legacies of 19th and 20th century design and employ the techniques of the 21st. But there is a particular urgency to drive this agenda forward in Britain, a crowded island with an ageing infrastructure and an expanding population.

It is no coincidence that one of the UK's biggest engineers, Costain, last year acquired digital specialists Simulation Systems, redefining itself as an engineering and technology company.

The second big thing is the drive to raise productivity. Getting more out of what you have or, even more desirable, getting more out of less. This can mean longer trains on the existing rail network, fewer delays on our current motorways, better utilisation of our health service and so forth. This agenda applies everywhere: national indebtedness is so high that governments can no longer simply spend their way out of the problem.

Productivity Matters

Much attention has been devoted to the built infrastructure because of its enormous significance in the world economy. Thirteen per cent of global GDP is spent annually on construction projects, while productivity in the sector has increased by only 1 percent per annum.

In the UK, it is argued that the construction industry could raise its productivity game by between 50 percent and 60 percent through changing its practices, and by widespread adoption of the digital technologies embodied in the BIM and DBB initiatives. **>**

Productivity in Britain, however you measure it, is a puzzle that has defied economists and policymakers for a long time. Viewed as a nation, the UK doesn't produce enough and it doesn't do so efficiently enough, lagging well behind other major economies such as the US, Germany and France.

Various factors have been cited to explain this: a lack of investment, poor management practices, a workforce that lacks adequate skills, the dominance of the services sector. None has so far proved to be the clinching argument and in a way a search for the reason matters less than consensus that action needs to be taken across the piece. The dawn of a truly digital economy provides arguably the best opportunity so far for transformation.

Safety First

Issue number three is security of data. Underlying points one and two is interconnectedness. You can't have an IoT and a digital economy that raises productivity unless everything talks to everything else, across multiple platforms.

We're already mostly there, and with depressing regularity we have witnessed the adverse consequences of the free mobility of information, from the rash tweet to the concerted attack on public and corporate IT systems by organised crime and even the teenage hacker in his bedroom. Information technology may be the great enabler, but it's also our greatest point of vulnerability.

In terms of winning bids, the imminent arrival of the future means that all those in the bidding supply chain

> **" Information technology may be the great enabler, but it's also our greatest point of vulnerability "**

will have to demonstrate that they can meet the triple requirements of interconnectedness, productivity gains and IT security. Those criteria will be passed down from main contractors to their subcontractors. Though we have majored on construction because of its sheer size and economic importance, the impact of these new imperatives will be felt across the board. 'Good practice' and 'best practice' rapidly diffuse themselves across different sectors, incorporated into standards, regulations and, ultimately, into tender specifications.

This new world is arriving faster than many realise. For example, all bidders, both UK and overseas, will be required to show that they comply where necessary with the provisions of the General Data Protection Regulation, coming into force in May 2018. The bar will be raised and if you can't meet it, bad luck.

In many firms, the mix of skills and competences required to win bids will alter dramatically, as Costain has already indicated. The rules of Darwinian

selection will apply and if you want to survive, you need to evolve. Muddling through is not an option.

Those businesses that end up in the bidwinners' camp will be those that not only meet these must-have criteria, but can also innovate to the benefit of their customers, nurturing a culture of continuous improvement.

The race is on for new ways to deliver desired outcomes that are cheaper, simpler, faster and more secure, and the starting gun has already been fired. ■

David Molian is joint author of *How to Write Bids that Win Business*, to be published in Q1 2018 by Harriman House.

David Molian
Criticaleye Thought Leader & Visiting Fellow at Cranfield School of Management

David trained in consumer goods advertising and has been personally involved in the founding and sale of three businesses. He was educated at the universities of Oxford and Aix-en-Provence, and holds an MBA from Cranfield School of Management. From 2009 - 2011 he chaired the Board of the Cranfield Management Association and was a member of the Advisory Board of Peter Leach LLP, the leading UK firm of family business advisors. For a number of years, he worked closely with the senior management development functions of Unilever across business divisions and internationally. He is also co-founder of Bidwriting Academy.

Contact David through:
www.criticaleye.com