
CONDUCTING BUSINESS (cont'd):

Directed Work:

Often ministries and other government agencies will direct work to a supplier without going to tender.

This type of work usually comes only after clients have used your products and have gained a highly trusted relationship with your company. It can also occur in cases where the product is perceived to have exceptional value or performance.

The value of this type of work is immense. Your company receives its payments on time; the cost of bidding against competitors is eliminated; clients are normally familiar with the product therefore, training time is eliminated or minimal. Business of this kind usually consists of several orders smaller in value due to the fact that the approving manager usually has a financial limit on the level of his approval. All companies working in the region strive for and dream of obtaining this type of business.

Finalizing the Contract Award:

Contract awards can take a variety of forms. In the case of simple supply contracts, your company will receive notice of award and will then be required to execute relatively simple contract documents. The customer will likely open a Letter of Credit (LC) in favour of your company. Make sure the terms of the LC are agreeable to you. If not they must be corrected prior to you completing the work.

In the case of more complex supply or turnkey projects the negotiating phase is an important part of the process. The client organization will usually have a team of negotiators. It is critical in the first meeting with them to determine who is the leader or strongest person on the team, as ultimately you will have to satisfy that person that you can handle this project. If you have a commission agent involved, it is also critical that he not only be active at this time but, that he provide you with guidance on how to handle the issues the committee raises. Additionally, you will encounter issues that were not apparent in the specifications. There may be some extras requested at no additional cost to the client; there may have been traps in the specification that were not clear at the time of bidding; or their team may expect a discount in the prices. This team will also confirm your understanding of what they expect and all the terms and conditions that will apply. It is also a good time for you to clear up any issues that may be of concern to your company and to confirm your approach to project execution.