While each phase of a construction project carries the weight of its own importance, the construction bidding process may be one of the most critical steps for general contractors and subcontractors. Learning how to master the construction bidding process can make all the difference between securing new business or losing out to the competition.

Unfortunately, due to the highly competitive nature of construction bidding, most contractors will lose more than they win. Contractors generally track their wins and losses through a simple formula known as bid-hit ratio. A bid-hit ratio outlines the number of projects won by a contractor after bidding on them. For example, if your bid-hit ratio is 5:1, you win one out

it's not the entire pitch. Contractors will need to develop a comprehensive bid, not just provide an estimate.

B   . E

8YdYbX]b[˙cb ˙h\Y ˙ fa ˙g ˙g]nžˈWcbghfi Wŀcb ˙Ygh]a Uh]b[˙UbX ˙ bidding are handled by one person or delegated to multiple dYcd`Y"˘K \]`Y]h ˙a UmˈVY ˙\UfXYf ˙lcf ˈga U`Yf ˙ fa g ˈhc ˈgYdUfUhY ˈh\Y ˙ two tasks, they should be treated as two separate deliverables because estimating and bidding are differ560 provide an estimate.

for Proposal (RFP), Invitation for Bid (IFB), Request for Quote (RFQ), or Request to Tender (RTT) to a particular group of contractors.

The information contained in the document may vary XYdYbX]b[˙cb˙h\Y˙mdY˙cZ˙fYei Ygh"Gh]˙žh\Y˙ck bYf˙k]˙` [ YbYfU`˙m]XYbh]Zm˙h\Y˙dfc^YVh˙gdYV]`WUh]cbg˙UbX˙d`Ubgž requirements, contract type, delivery method, and any recommendations.

If the project is open for public bids, this phase may be an open invite to any contractors who are currently registered to work on government projects. On the other hand, if the project]g˙df]jUhYžžV]Xg˙a UmVY˙Uj U]`UV`Y˙cf˙gYbh˙hc˙gdYV]`W[fci dg˙cZ˙ contractors. There may even be certain instances where the owner or representing entity posts the job on bid management platforms.

The invitation or solicitation will generally ask contractors to g\ck ˙h\Y]f˙ei U`] WUh]cbg˙UbX˙dUgh˙dfc^YWhg˙hc˙\Y`d˙h\Y˙ck bYf˙ identify the perfect candidate for the job. If you meet the requirements and are interested in taking on the project, you are asked to submit a bid.

2.   BID SUBMISSION

At this time, the general contractor will solicit bids from gi VWcbhfUWhcfg˙hc˙dYfžcfa ˙gdYW]U`]nYX˙dUfhg˙cZ˙h\Y˙dfc^YWh" During the bid submission process, contractors who were invited and are interested in the project are required to submit documents regarding the project timeline, takeoffs, overall costs, information about their business, etc. All the general contractor and subcontractor information will be submitted within one bid.

To produce an accurate estimate, contractors should factor the following items into their project costs:

»   Labor
»   Materials/Equipment
»   Overhead
»   Dfc ˙h˙a Uf[ ]b

5ZhYf˙fYj]Yk]b[˙h\Y˙dfc^YWh˙gdYW] WUh]cbgža UrfY]U˙hU˙YcZ[UbX˙XYdYafm]b]cb˙`h\Y˙cj Yf\YUX˙UbX˙dfc ˙ma Uf[ ]bžmci ˙g\ci `X˙ [YbYfUhY˙U˙Wca dYh]h]j Y˙V]X"5˙Wca dYh]h]j Y˙V]X˙Wbb˙ i VWi UfY˙ depending on the owner and overall project requirements, but it should show you'll produce the best quality and a fair price.

#hg˙]a dcfhUbh˙hc˙fYa Ya VYf˙h\UhV]Xg˙g\ci `X˙VY˙Ug˙cf[Ub]nYX˙ and easy-to-follow as possible. Like a resume, the bid sheet is h\Y˙ fgh˙]a dfYgg]cb˙h\Uhk]`` \cdYZ`` m̀ YUX˙mci ˙]bhc˙h\Y˙V]X˙ selection process.

3.   BID SELECTION

The bid selection process is usually straightforward, where the owner chooses the bid with the most competitive price. <ck Yj Yfžh\Uh]gcb˙mgca Yh]a Yg˙h\Y˙WUgY""˙cf˙Yl Ua d`Yžgca Y˙ public projects may have a stipulation where the lowest bid wins no matter what. On the other hand, private project owners may also consider contractor experience, scheduling philosophy and safety records in addition to the price.

If an owner solicits bids for multiple contractors, they may]a d`Ya Ybh˙gWcf]b[ ˙gmghYa ˙cf˙i h]`]nY˙ch\Yf˙dfYei U`] WUh]cb˙ gauges to determine the best candidate for the job.

4.   CONTRACT FORMATION

Once the owner has the winning bid, they'll work with the contractor to formulate a construction contract. Although the contract type has already been determined, contractors may \Uj Y˙h\Y˙cddcfhi b]hm˙hc˙bY[ch]UhY˙gdYW] WhYfa g˙UbX˙h\Y˙ bU` pricing structure.

5.   PROJECT DELIVER,

H\Y˙dfc^YWh˙XY`]j Yfm˙UgdYWh˙]g˙bch]cf˙V]U`mU˙dUfhcZh\Y˙ V]XX]b[˙dfcWYgg"<ck Yj Yžh]d`Umg˙U˙g][ b˙ WUbhfc`Y˙]b˙h\Y˙ overall process of bidding. The owner will establish the project delivery method before the bidding starts.

Gca Y˙cZh\Y˙a cghWca a cb˙XY`]j Yfm˙a Yh\cXg˙]bW`i XY.

»   This refers to the maximum
    price in the contract. The construction manager must
    negotiate carefully with the owner to ensure the project's
    dfc hUV]`]hm˙

»   ˙Gc`]W]h]b[ ˙V]Xg˙Zfca ˙[ YbYfU`˙WcbhfUWhcfg˙
    VUgYX˙cb˙hU˙YcZZg˙Zfca ˙Ub˙ci hg]dYX˙ fm "

»   ˙CbY˙ fm ˙\UbX˙gYh˙h\Y˙XYg][b˙UbX˙Wcbghfi Wh]cb"
    Bids are only received from the subcontractors to help with
    gdYW] WdUfhg˙cZh\Y˙cV"

3

Construction bidding software, often known as construction estimating software, is a time-saving tool that helps streamline the often-complex process of producing project cost and schedule estimates with high accuracy while ensuring no detail is overlooked.

While various bidding software options are available in the market, you should look for one with features and capabilities HUJ`cfYX`hc`mci f`gdYWj`WbYYXg"=Zmci fY`Wdbg]XYf]b[`]bj Ygh]b[in such technology, here are some features to look for that may help you make the best buying decision for your company and the projects you take on.

DATABASES TO STORE HISTORICAL AND INDUSTRY DATA

These features allow users to leverage the goldmine of past project data, which you can use when logging per-unit costs, timelines, and work hours.

In the absence of preliminary numbers for craftspeople, accessing current industry costs, suppliers, and materials can \Y`d`] ``h\Y`[Ud"

INTEGRATION WITH OTHER SOFTWARE

Much of your construction data is found in programs like traditional computer spreadsheets. Importing and exporting information with these programs saves valuable time re-entering data so you can produce bids more quickly. If you use other software that you intend to share data with, ensure they are compatible with your chosen construction bidding software, so nothing gets lost in transition.

REPORTING

Do your clients like regular updates? Do you send progress reports on labor and materials costs more broadly? This is a must-have feature to help streamline production and distribution reports to those who need it. You'll be able to create more visually digestible information for quick analysis and data-driven decision-making.

TAKEOFF DATABASE OR LIBRARY

This will allow you to upload digital blueprints to pull data to calculate labor and materials needed to complete a project and their associated costs. Once you save the resulting takeoffs into a database or library within your construction bidding software, they become an indispensable reference for future bids.

Based on what is requested in the bid package, refer to the library as a rich source to pull quantities and costs of materials. Importing these historical data sets can yield a highly informed bid without reinventing the wheel each time.

WHAT-IF SCENARIO CAPABILITIES

Just as details can change during a build, they can also change during the bid process. That's because contractors may come VUW_k]h\ `a cX]`WUh]cbg]`b`gWdY`h\ Uh`k]` `fYei]fY`fY!Yl Ua ]b]b[`costs and timectiD3.1 27 97E4 (or ak)12Fmay cour cla ne4C0051004A

based spreadsheet programs exclusively? Remote or in-person
ʰfU]b]b[˙W`b˙a cgʰVYbY ʰ`ʰ\cgY˙Zcf˙k ˙\ca ˙ʰ\Y˙ʰYWbc˙c[˙m]g˙
bYk žYgdYW]U˙m]Zʰ\Y˙gcZʰk UfY˙a UmgYYa ˙U˙V]ʰdi nn˙]b[˙]b]ʰh]U˙m

If most everyone is generally familiar with construction
bidding software, then on-demand tutorials or webinars for
self-paced learning or a content refresher could be what you
need.

FREQUENTL, ASKED QUESTIONS

<YfY˙UfY˙ʰ\Y˙Ubgk Yfg˙hc˙gca Y˙ZfYei Ybh˙miUg_YX˙ei Ygh]cbg˙
regarding the construction bidding process.

WHAT IS THE BID PROCESS IN CONSTRUCTION?

H\Y˙Wcbghfi Wʰ]cb˙V]XX]b[˙dfcWYgg˙]bjc`jYg˙ jY˙Wfi W]U˙
steps—bid solicitation, bid submission, bid selection, contract
formation, and project delivery. Each process requires careful
planning to improve your chances of success.

WHAT SHOULD A CONSTRUCTION BID INCLUDE?

Gi WWYggZi `˙Wcbghfi Wʰ]cb˙V]Xg˙[ YbYfU`˙m˙WcbhU]b˙ʰ\Y˙hcU˙`˙Wcgh˙cZ˙
building the structure, including expenses for subcontractors,
[YbYfU`˙WcbhfUWcfg˙Wcghgžcj Yf\YUX˙dfc ˙hUbX˙gWdd`cZ˙k cf_˙"
Other general information includes company information, date,
project name, etc.

HOW DO ,OU ESTIMATE A CONSTRUCTION BID?

To ensure an accurate estimate on a construction bid, make
sure to factor in the following costs:

» Expenses associated with construction duties
such as materials, labor, and equipment.

» Costs not associated with construction
activities including utilities, quality control, administration,
permits, security, legal fees, etc.

» Expenses associated with the actual
construction of the project. The wages or rate paid to the
team estimated cost for each task and potential overtime.

» Estimated expenses for duties
that go out to subcontractors including labor, materials, and
equipment.

WHAT ARE THE FIVE STEPS IN THE PROCESS OF BIDDING?

H\Y˙ jY˙YggYbh]U˙`gʰYdg˙cZʰ\Y˙V]XX]b[˙dfcWYgg˙]bW`i XY.

» Bid solicitation
» Bid submission
» Bid selection
» Contract formation
» Project delivery

The nature of construction bidding is such that you'll lose
a cfY˙ʰ\]a Ygʰ\Ub˙mci ˙k]b"<ck Yj Yfžʰ\Y˙[cU`˙]gʰhc˙WcbhʰJbi ci g˙m˙
improve your bid-hit ratio to ensure your wins occur more
frequently. Understanding the types of bids and the ins and
outs of the bidding process can help you reach your goal faster.
If you're looking to speed up your process, consider using a
construction bidding software.

This article is republished from the [InEight Behind the Build online blog](). InEight ˙dfcj˙]XYg˙ˉY`X!ˉhˊghYX˙WˉbghˉfiˉWˊ]cb˙dfcˊYWˊa˙UbU[ˊYaˊYbh˙gcˊ k˙UfYˊ cfˉ the owners, contractors, engineers and architects who are building the world around us. Customers worldwide rely on InEight for real-time insights that help manage risk and keep projects on schedule and under budget across the entire life cycle.

5bmj˙]Yk˙g˙UbX˙ˊcd]b]cbg˙Yl˙dfYggˊYX˙]b˙h\]g˙UfhˊWˊY˙Umˊcfˊa˙Umˊbch˙fYˊ WˊWˊh\Yˊ views and opinions of the Construction Management Association of America (CMAA). By publishing this piece, CMAA is not expressing endorsement of the]bX]j]Xi˙U˙ž\Yˊ˙UfhˊWˊžˊcfˉh\Yˊf˙UggcˊWˊ]Uhˊcbžcfˊ[ˊUb]nUhˊcbžˊcfˊWˊca˙dUbm˙