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Suppliers to the Square Mile

By Bob Sherwood

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When Jurga Zilinskiene set up [Today Translations](#) a decade ago, the choice of location seemed simple. After working as a freelance translator for UK government offices, the Russian-speaking Lithuanian realised the biggest market for interpreting and translation services was the City of London.

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But she soon got a shock. "We moved into the City and tried to supply major organisations," she says. "I thought it would be easier if we were based closer [to them] but I found the doors were not wide open."

With a public sector spending squeeze and many businesses slashing costs, more small and medium-sized companies are turning to the rebounding City in the hope of securing even a tiny piece of its £13.3bn supply chain.

Yet these smaller companies, even those established in their sector, are often unprepared for what is involved in bidding for lucrative contracts offered by City banks, law firms and financial institutions.

Once she did get an opportunity to tender, Ms Zilinskiene, now managing director, was overwhelmed by the volume of document requests. "I thought: 'How on earth can we comply?' We didn't have the capacity to pitch to these organisations."

The answer was a course of action that many entrepreneurs running a lean, nimble business might bridle at. "We had to replicate the structures of the organisations we were pitching to," Ms Zilinskiene says.

That meant initiating, and actively managing, diversity and environmental policies, health and safety compliance and international standards accreditation.

Her small company had to act as if it were a big institution. "There are definitely costs involved," she says. "It seems like just a lot of documentation but actually now we have made our business more efficient as a result and we can win larger contracts."

For many businesses, that requires a change of mindset, says David Brooks-Wilkins, technical director of [Onlico IT Consultants](#). "We were operating in the spirit of many policies rather than putting it down on paper religiously. It's what small companies are made of," he says.

Tips for City tenders

- **Speak their language:** understand what big companies need and express it in their terms.
- **Put policies in place:** complex documentation is dull but critical.
- **Network:** getting in front of buyers is tough, so make the most of contacts and information, such as www.cityoflondon.gov.uk/urbanregeneration.
- **Present professionally:** demonstrate specifically what you can deliver.
- **Your message online:** websites should document your capability in depth.
- **Start small:** contracts will grow once you have proved

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Arguably, that is what helps them stay agile and efficient.

Just getting in front of City buyers can be hard. Sourcers of services are naturally reluctant to risk straying beyond core suppliers. The question they have, says Stuart Fraser, chairman of the City of London's policy and resources committee, is: "If I give you this order that is 20 times bigger than you have ever handled in your life, can you deliver it?"

There are signs of change, however, as well as an awareness that institutions have a "moral responsibility" to engage with the local economy, he says. The City Corporation, the municipal governing body of the Square Mile, has doubled its investment in [Ready to Supply the City](#), a programme designed to develop smaller local companies' competitiveness in the supply chain. As well as helping companies become ready to tender for contracts, it offers networking events to bring SMEs face to face with City buyers. A recent event matched 150 small companies with 30 institutions aiming to generate at least £1m of contracts.

Once a smaller company does get in front of a buyer, says Mr Brooks-Wilkins, it often realises how much there is to learn. "We might be very good at IT but we are used to speaking to owner-managers and what we need to say to big corporations is very different."

After two failed pitches to big City businesses, he says his 15-strong IT consultancy, which typically deals with companies that have 50 to 100 computer users, is now much closer to winning a big contract. The company could have handled the first contract it pitched for, he says, but its own website did not specify it could cover that particular work. "Now we create a separate web page explaining exactly what we do for a particular type of job, giving word for word what they will be asking for from the tender."

On the second failed pitch, the company was "off the pace with the skillset", he says. Now he is confident it can manage the presentations and the complications of the various stages in the tendering process. "We have turned these dull documents into a selling point to set us apart from competitors."

For [MegaNexus](#), a spin-out from University College London that creates software to enable secure data sharing between organisations, the City supply chain is critical to its business model. It provides organisations working with disadvantaged people – for example, in the government's new Work Programme – by enabling public, private and charitable groups to share data and work together.

According to Dan Brown, founder and head of business development: "It's a huge business [area]." The company has worked with local authorities and the prison service but negotiating the tendering stages of the bigger contracts available in the City is tougher.

Although MegaNexus has now won a number of contracts of increasing size in the City, Mr Brown confesses to past mistakes. "We didn't present with enough gloss," he says. "We had two people going into meetings and other organisations came along with eight people. Once we had a technical specialist from a potential client come in and he found us to be much better than he was expecting from our initial marketing presentation."

Smaller companies, used to serving clients on tighter budgets, might feel they can beat established suppliers on price. But even that has risks. "On two occasions we priced ourselves out by going too low. They felt it wasn't credible," says Mr Brown.

Yet, when a smaller company does win a contract, the effect can be transformative.

Ms Zilinskiene confesses she was "fairly sceptical" about using a City programme to help with tendering but the "luxury time" of access to buyers paid dividends. Today Translations recently won £810,000 of business. With 20 employees and an office in Lithuania, 2,500 freelancers on its books and a turnover of "well over £1m", Ms Zilinskiene feels the company has negotiated the step up to much bigger clients. It has secured work from, among others, law firm Field Fisher Waterhouse, Shell International, banks and financial institutions and a communications company.

"It's still hard to find the opportunities and we have to work harder [than bigger rivals] to win business," Ms Zilinskiene says. "We were 'lost in translation' and it seemed smaller businesses didn't exist in the Square Mile. But now I have big hopes."

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reliability.

• **Pitch perfect:** spend time and money on getting tender submissions right.



Dan Brown,
MegaNexus

City institutions are so used to negotiating hard that they can unwittingly put contracts with small companies under pressure. So it is important to win contracts for the right opportunities and not just accept any deals because they are big, says Mr Brown. "You can get excluded from the process quite rapidly or you can win something that you can't deliver on profitably. Negotiations tend to be a bit more intense and [big City buyers] can add extra layers so you get locked in and do way, way too much for the money."



David Brooks-
Wilkins, Onlico IT
Consultants

The toughest hurdle, says Mr Brooks-Wilkins, is convincing big institutions that smaller companies can deliver their contracts. "They need to be certain that we are not going to struggle to provide a service." That is why tendering processes demand so much documentation – smaller companies must show that buyers are not taking a risk. "You create those under duress but it is not until you are speaking to the buyers themselves that you understand these things are a selling point."

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