



Construction Bidding Made Easy

The Step-by-Step Guide
for Contractors

The construction bidding process creates a fair playing field where every contractor has a chance to throw their hat into the ring — and it allows project owners to evaluate several options before making a choice. Owners invite contractors to bid on a project and review proposals based on factors such as cost, experience, and qualifications.

For specialty contractors and tradespeople, bid management can be a source of stress and overwhelm. There's a lot to keep track of, from opportunities to active bids and negotiations. When the various elements of the bid process are disjointed and critical business data is scattered across multiple places, successfully winning a bid becomes all the more challenging.

In this guide, we'll define the typical construction bidding process, highlight common challenges and how to overcome them, outline the construction software tools on the market today, and offer some best practices for managing the whole process in one place to create a winning bid.

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[Take Control of Your Construction Bidding Process](#)





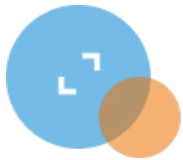
Understanding Construction Bidding

Anyone who has bid on a construction project knows how competitive the process is. Many factors go into winning a bid, ranging from price, the contractor's reputation, and the current market.

The bidding process is crucial for contractors because they must win bids to have work. Mastering construction bid management can give you huge advantages such as improving your reputation in the industry, allowing for strategic growth, and aiding long-term planning and cost estimation.

Depending on the type of project, budget, and other factors, project owners choose between different types of bidding processes.

Types of Construction Bids



Open bids are publicly advertised bids open to any contractor. You don't need to have a prior connection to the project owners, but open bids can be extremely competitive. They also tend to attract subcontractors of all skill levels, so project owners must sort through dozens of bids to find workers skilled enough for the project.



Closed bids are private invitations to specific contractors. An invitation to a closed bid means the project owners already see you as a good fit for the project. Price becomes a much bigger factor in closed bids because project owners are already comfortable with your skill level. You and the other subcontractors decide who can do the work for the least amount of money while still turning a profit.



Negotiated bids involve direct negotiation between the owner and a single contractor. In this type of bid, your competition hasn't even made it to the table. The project owner would like to go with your company, and they are likely to as long as your price is right and they are comfortable with your timeline. However, it is still a bidding process because the project owner is still open to finding other subcontractors if you don't meet their needs.

With a basic understanding of construction bidding and common processes, let's look at the five steps involved in the formalized bidding process.

A background image showing two construction workers in hard hats and safety gear, looking down at something in their hands. In the background, there is a large construction site with scaffolding and structural elements of a building under construction.

The Construction Bidding Process

These five steps, taken in chronological order, make up the backbone of the construction bidding process. There are variations depending on project owner preferences, project details and other circumstances, but in most cases, you will see some version of this process.

Request for Proposal (RFP)

An RFP is an advertisement soliciting contractors and subcontractors to contact project owners. It's a requirement for government contracts and public projects to make an open posting for all qualified contractors, while private projects have the option of closed and negotiated bids.

The purpose of an RFP is to see if a subcontractor is a good fit for a project. Most RFPs ask contractors submitting a construction bid to provide:

- A cost estimate for the project
- A project schedule
- Verifications of their qualifications and expertise
- A record of past projects that reflect their competence
- Safety certifications
- Liability insurance information

In some cases, project owners might also send out a request for qualifications (RFQ) to obtain more detailed information on the contractor's qualifications.

Bid Preparation

If you decide to bid on a project, collect the needed documents to meet the requirements of the RFP, such as the cost estimate and expected schedule. Contractors should also provide copies of certifications, verifiable information on past projects, and insurance documents as requested.

Estimating the price and timeline can be challenging, especially if you haven't worked on similar projects in the past. This is where submitting a request for information (RFI) to the project owner can be a lifesaver. An RFI asks questions about the project to ensure the contractor knows what to expect and has all the information they need to give an accurate estimation of time and cost.

But once you get that information, you still have to calculate the cost.

Cost Estimation

Construction project cost estimation is a complicated process because a large-scale project pulls from multiple facets of the economy. The price of labor, materials, and property is constantly in flux. Even if you have worked on similar projects in the past, there's no guarantee that the price of materials or labor will be similar today.

The first step in creating an accurate cost estimation is looking at the project plans themselves. Materials needed, the time it will take to finish the project, and high-cost aspects like plumbing, electricity, and windows factor in here. Working on a site visit to check on environmental impact factors is also a good idea.

Next, do a [material takeoff](#) — a process for figuring out the exact quantities of the materials you need for the project. Once you know the type and quantity of materials you need, you can solicit pricing from various vendors to get a general idea of costs. Since the market changes quickly, quotes have a short lifespan. Calculating labor requirements and other project costs follows a similar pattern.

Finally, there is the issue of documentation and insurance. Look at the scope of the project, possible liabilities, needed permits, and overhead costs. Once you have factored all of that in, consider your profit margin and add this percentage to your total estimate.

It's possible to do the estimation process by hand, but the number of factors involved makes it incredibly difficult. There's also a lot at stake — if you underestimate, the project owner will be upset or you'll have to eat the cost yourself. That's why [powerful software tools](#) developed specifically for cost estimation are invaluable in creating an accurate bid that protects the project and your profit margins.

Bid Submission

Once you've collected the needed information, you are ready to submit your proposal. The bid documentation will include certifications, insurance forms, and your price and time estimates. Your proposal serves as your introduction to the project owner, so it should be clean and organized.

Most bids also include a cover letter where you have an opportunity to make a case for why you're the best contractor for the project. Be clear and concise, highlight your qualifications, and set realistic expectations. Most project owners can tell if you are making unrealistic claims to win a bid.

Some public works projects still use traditional paper, but most project owners use electronic documents to submit the bid. For a large-scale project, you are likely to encounter an online portal with formatting outlined on the site, while email works for smaller projects. The project owner will communicate their preferred format.

Platforms that collect and organize bids vary depending on the type of project. Government projects often have construction bidding websites tied to the department doing the project. There are also a few independent bidding platforms that aggregate RFPs for contractors to look over and allow them to submit proposals on the site. The most streamlined solution is [integration with project management platforms](#). Often, project owners use project management software as a comprehensive tool for managing the entire project. With bidding integration, the submission process seamlessly ties in with other management tasks.

Bid Opening and Evaluation

After bidding closes, project owners review their options and select a contractor. The project manager, engineers and architects, cost estimators, and sometimes legal counsel usually make up the review team. The team screens out bids with missing documents and works through the topics covered in the RFP. Then, team members shortlist the best candidates and contact them if they need any clarification.

In most cases, the decision comes down to the lowest price. Regulations require government bids to go with the lowest price, but private projects factor in other considerations. Timeline, quality of prior work, and a proven track record with similar projects each make an impact.



Common Challenges and How to Overcome Them

Contract bidding is complicated, which means there are a lot of places for challenges to arise — but when you know how to deal with them, they don't have to make the process difficult. And when you are able to manage all the elements of the process from one place, bidding is significantly more efficient and streamlined.

Every project has unique challenges, but here are a few hurdles that come up frequently in the bidding process.

Finding Bids Efficiently

Finding open bids is often a challenge. Building an active network of connections among architects and engineers can become a consistent source of leads and involvement in construction industry associations is also a big help. A few other options include online bid boards, government contracting websites, subscription services that notify you of new bids, and social media services.

Managing the Bid Process with Multiple GCs

With so many moving parts, it's often overwhelming for subcontractors to keep track of multiple bid requests from general contractors. Implementing best practices like standardized proposal templates, turnaround times, and pricing structure is key. The best option is to roll all these practices into a single piece of [bid management software](#). Leveraging this technology can save many hours of work.

Identifying Profitable and Winnable Bids

Before submitting a proposal, you need to be sure it's possible to win — and that the project will be worth the time and resources if you do. The first step is creating a standardized scoring system that looks at factors like profitability, how much the project fits your expertise, and how little risk it entails. Then, set a threshold for the overall score. Bid management software offers [features to streamline the bid scoring process](#).

Complex and Detailed Bid Requirements

Some bids have incredibly complicated requirements and demand extensive documents. Take full advantage if there is a [pre-qualification stage](#) for the bidding process — this keeps you from wasting time on bids that would be a bad fit. Once you decide to go for the bid, work as a team to go over the requirements and identify any potential challenges. Then, organize your documents using numbering systems and checklists. For large bids, consider breaking the bid down into smaller sections that you can delegate to other team members. Managing a complex bid manually is an option, but it puts you at a much greater risk of missing deadlines, communications from the general contractor, and human error. Bid management software is key to streamlining this process and making complex bids doable.

Accurate Cost Estimation

Estimating a project's price tag can be like trying to hit a moving target. Materials and labor costs are constantly shifting, making it difficult to nail down an accurate measurement. Cost estimating software, such as tools from [ProCore](#) and [Stack](#), tap into up-to-date market rates and your existing database to quickly and accurately estimate project costs.

Tight Deadlines

Failing to meet deadlines means losing out on lucrative bids. The best way to stay on top of a tight timeline is to prepare as much as possible beforehand. Build bid templates that are easy to fill out and have a management system in place that can automate as much of the estimation process as possible. Once you are working on a bid, be sure to ask clarifying questions as needed.

Competitive Market Conditions

The market is competitive, but you can still make a profit. Start by remembering that you don't have infinite resources. Only bid on construction jobs that align with your skills, crew size, and availability right now. Bidding on a project before you have the means to do the job can be a disaster. Another major factor noted before is relationships. Project owners and GCs will almost always go with people they know. Interact, show your work, and build a foundation of trust that makes you stand out in the competitive market.

Effective Communication and Coordination

From trade partners to general contractors, clear and effective communication is integral to the bidding process. Lean into RFIs and direct communication with the project owner to make sure everyone involved is coming at the project from the same angle. Often, [video conferencing and site walkthroughs](#) can be a major help in understanding the scope of the project.



Construction Management Software

As technology continues to impact every industry, construction management software tools offer many benefits to owners, contractors, subs, and other construction stakeholders. From digital document management to 3D modeling and budget forecasting, construction software comes in many flavors and can help you deliver projects on time and within budget.

Bid Management Software

Managing bids on construction projects can be a constant juggling act. Bidding software provides a central platform to manage all tasks related to bidding, from inviting qualified subcontractors to creating bid packages and sharing documents. Look for software that includes analytics features such as bid forecasting and scoring — and the [ability to create reports and dashboards](#), helping you make the most of your data.

Construction CRM Software

For specialty contractors, collecting and managing leads can be a confusing and piecemeal task. Construction CRM software gives you the power to gather all your leads and customer information in one place — and use it to automate sales and marketing tasks. Look for a [CRM that includes tools](#) for tracking website visitors, creating email campaigns and newsletters, and building proposals.

Estimating Software

Creating an accurate estimate for a construction project can be a lengthy and tedious process — but construction estimating software is making it easier. Tools such as [PlanSwift](#) and [Sage Estimating](#) use internal or external cost databases to quickly review project specifications and estimate the cost of materials and labor, allowing contractors to respond more quickly — and more accurately — to bid requests.

Building Information Modeling (BIM)

BIM software allows you to create an interactive 3-D model of a project that includes many layers of data, from physical characteristics to functional information like energy efficiency. The BIM model can be updated in real-time, providing a precise, visual collaboration tool for engineers, contractors, owners, and architects.

Document Management Solutions

Traditionally, construction projects involve lots of paper documents, from contracts to blueprints, bids, and invoices. Today's document management solutions let you manage those reams of documents digitally, making it easier to get needed sign-offs quickly. Within a larger solution like project management software, you can track the path of a digital document along a chain of approvals — and easily see when, how, and by whom it was modified. This offers version control, better risk management, and improved efficiencies for document management across the board.

Digital Communication Tools

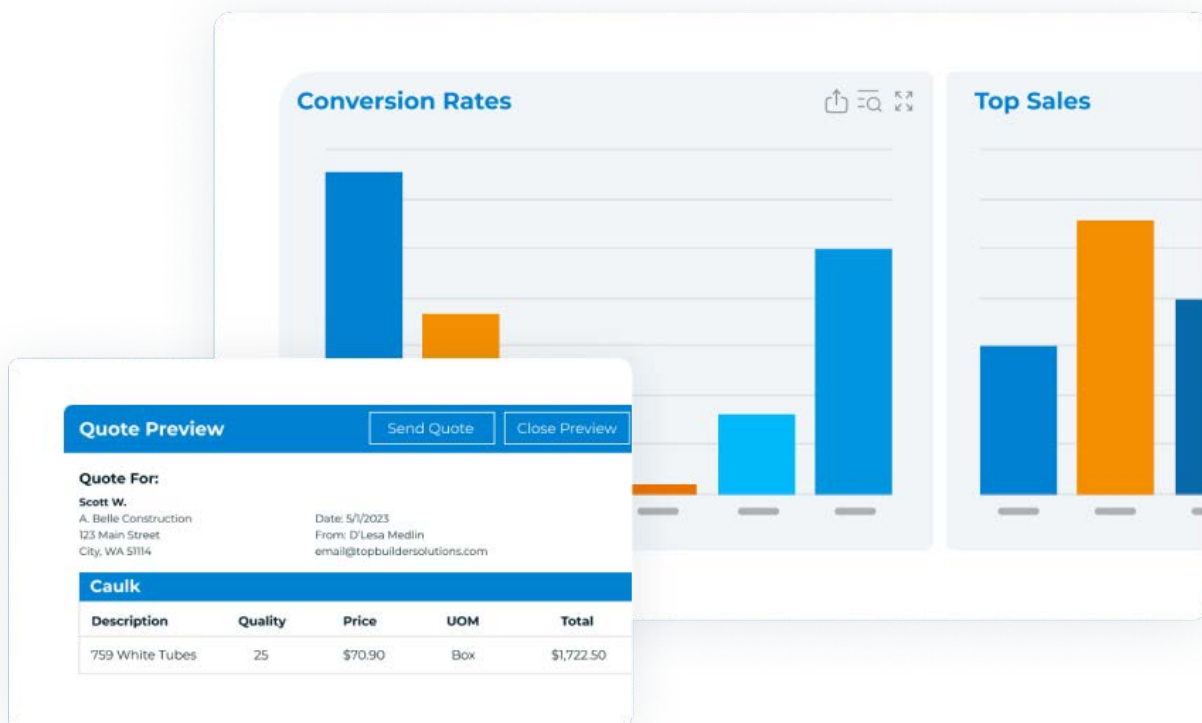
Mobile apps, either as standalone tools or components of larger construction software solutions, can empower your workers to keep digital documentation up-to-date. Workers can send instant updates from the field and include photos documenting a project's progress or challenges encountered along the way. Access to real-time insights gives you the power to make better decisions — and with fewer surprises, you can reduce headaches like project delays and cost overruns.

Project Management Software

Construction project management software gives you a toolbox full of digital solutions to manage your construction projects — from documents to budget forecasts, schedules, inspections, change orders, RFIs, and more. Popular solutions like [ProCore](#), [PlanGrid](#), and [FieldWire](#) allow you to manage many aspects of your projects and communicate with stakeholders through a central hub, increasing efficiencies and simplifying collaborative tasks.

Data and Analytics

Capturing and analyzing your bidding data can lead to better decision-making. For example, construction [CRM solutions such as TopBuilder](#) allow you to track marketing key performance indicators (KPIs), conversions, and past bids and offer forecasts and actionable steps based on your strategies and goals.





Best Practices for Successful Construction Bidding

Bidding on construction projects can be an onerous process, from finding the right opportunities to estimating costs and communicating clearly with project stakeholders. Start with a clear understanding of your company's strengths and areas of focus, and use those to craft a strategy that will highlight your past wins and focus your efforts on projects that are the best fit. Once you've identified a project you want to pursue, follow these best practices for successful construction bidding.

Writing a Winning Proposal

An effective bid proposal combines competitive pricing with clear communication of your company's expertise and qualifications. Here are a few tips for writing a concise and compelling proposal:

- 1. Highlight your experience.**

Briefly outline the qualifications that show your company is suited to the project, including professional licenses, certifications, and past experiences.

- 2. Include visuals and cost breakdowns.**

Interrupt your text with visual aids such as visual project depictions and charts that clearly show cost breakdowns and project plans.

- 3. Describe your values and approach.**

Demonstrate that you understand the breadth of the project and outline your approach to risk mitigation, onsite safety, and stakeholder communication.

Using Document Storage Solutions

Managing your bidding documents with a digital solution allows you to stay organized and glean the maximum benefit from your data. With a solution like [TopBuilder's Document Storage software](#), you can upload and store all documents and client information in a central location and attach them to proposals or share with clients as needed.

Detailed and Accurate Documentation

Make sure the bid proposals you submit are thorough and accurate, with cost estimations that break down into specific line items and rely on current market data. Demonstrate compliance with industry standards and client requirements by retaining backups and previous versions of important documents — a task made much easier when you're using a digital document storage solution.

Effective Communication and Coordination

Communicate clearly and regularly with your stakeholders and clients, utilizing collaboration tools for teamwork and information sharing. When you're creating a proposal or following up on a bid, automate proposal-building tasks and attach relevant documents quickly and easily with [TopBuilder's Proposal Software tools](#).

Competitive Analysis and Market Research

Take time to research your competitors, including past project bids if they are available, to get a sense of the current market. Look at recent industry reports to verify your findings, and evaluate your company's competitive advantage and what makes your offerings unique. Conduct a thorough SWOT (strengths, weaknesses, opportunities, and threats) analysis of your organization to aid in strategic planning and help you choose the best projects and clients.

The image displays a software interface for bid management. On the left, a card for 'TYL - Build Out Houston' shows a clock icon, the bid due date '12/3/2024 5:00 PM', and the estimators 'Ashley, Lauren, Brook'. On the right, a 'Quote Tracking' table provides a detailed timeline of the quote process.

Quote Tracking		
Quote Sent On:	Quote Email Opened On:	Status
5/11/2022 5:38AM	5/11/2022 5:45AM	ACC
Sent By:	Quote Reviewed On:	Accepted
Dave K.	5/11/2022 6:36AM	Yes
Sent To:	Quote Accepted On:	Comments

Post-Bid Analysis and Feedback

After you've submitted a bid, keep track of any feedback you receive from your team and the potential client. Review bid outcomes to understand successes and areas for improvement, and use those insights to refine your bidding process and strategy. With [TopBuilder's bid management software](#), you can see all active and past bids on a single screen, create forecast reports, and track due dates and calendars, giving you a central place to manage and speed up the bidding process.



Take Control of Your Construction Bidding Process

As you pursue best practices and bid on new projects, it's important to keep track of your wins and losses — and let that data inform and refine your bidding strategy.

Bringing together all that data into a single workspace, alongside the rest of your documents and tools, gives you unmatched insights that improve every aspect of your bid management.

From identifying the most profitable opportunities in your pipeline with automating bid scoring to reducing the time it takes with manual bid preparation, having greater control of your bid process is the foundation for long-term business growth.

Adopting a digital solution to help you track and manage bidding can help your team save time and ultimately win more projects. TopBuilder brings all your bidding data into a single platform to give your team a clear view of their best opportunities and next steps. Our proprietary ContractorBI™ consolidates data from accounting, estimating and project management software so you can see your sales pipeline, bid performance, and revenue in easy-to-understand dashboards.

And with comprehensive construction CRM, you can easily score bids, generate proposals, keep track of those bids, and close deals faster.

Schedule a demo to see how you can simplify bid management and grow your business with our construction software.



Frequently Asked Questions (FAQs)

What are average open rates and click-through rates (CTRs) for emails in construction?

Open rates for construction marketing emails have a higher-than-average [open rate of 21.7%](#), according to recent data. Targeted B2B communications tend to enjoy higher CTRs than other marketing emails.

If I need to use subcontractors, should I include their fees as part of my bid proposal?

In some cases, yes, but it depends on the particular project's guidelines for bidding. Sometimes, the project owner will request separate bids from subcontractors.

Can the general contractor try to negotiate the price after I win the bid?

The short answer is yes, requests for a lower price can happen even after you have been selected as the winning bid. Prepare to leverage your expertise and qualifications to support your price — and avoid taking the project if the profit margin is untenable.

How can I ensure my company's qualifications are seen and considered in the bidding process?

List your credentials, relevant past experience, and specialty trade expertise — and make them clear and prominent in your proposal. If your proposal is long-winded, your expertise might get lost in the sea of other information.

