

Preparing a Business Capability Statement Guide

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FACTSHEET

Why have a Business Capability Statement?

One of the most important steps in targeting supply chain opportunities is to communicate your capabilities effectively to other companies in the supply chain – those that can potentially use your products and services. A business capability statement is an excellent way of presenting your business to potential customers.

For Queensland Government tenders it is a requirement under the standard terms and conditions and for many major projects it is also becoming a direct requirement. Whilst the name given to this capability statement may change, the information requested is the same. A business capability statement may also be referred to as a:

- Business profile
- Capability profile
- Company statement
- Company profile

The buyers have particular ways of operating and want to know that they are dealing with the right kinds of suppliers. This section includes tips and hints that can help you write a business capability statement that 'hits the mark' with these decision makers.

Preparing a Business Capability Statement

There are several types of capability statements you need – the **long version**, the **short version** and the **Quad Chart version**.

The **long version** gives an in-depth understanding of your firm and its capabilities typically utilised as an attachment for tenders or proposals.

The **short version** can be used on website listings including ICN's Project Gateway and importantly on your own website as well as any printed company materials.

The **Quad Chart** version is a high impact, punchy documented (typically no more than 1-2 pages) provided to buyers (you may be targeting or meeting for the first time to spark their interest in wanting to know more about your product or service offering) which highlights your firm's value proposition, its capabilities, expertise and track record.

All are vital tools for your business – they are essential for communicating effectively with buyers or major project supply chain partners about your firm and its potential as a supplier. This checklist can help you prepare a thorough, high impact business capability statement.

Some guidelines to remember when you write your capability statement:

- Write the **long version first** and then condense it down to the short version – then the Quad version. This approach helps you make sure you include all the key important information in the short version and Quad version.
- **Use the headings** for your first draft. When you have a final draft, you can take out some of the headings to make the text 'flow' better.
- Get some 'editors' or 'critics' to **review what you write** – their feedback will help you to improve the capability statement until you have a high quality story about your firm's capabilities. Pick someone who knows your firm but is outside the day to day work – the harder that editor is, the better the result.
- **Get to the point** – people won't read something long and boring. Decision makers want to read a compelling story about your capabilities. Keep sentences short, to the point and use a structured approach in your capability statement.
- **Include the good stuff** – what is it about your firm that makes it special?
- **Don't copy someone else's capability statement** – they are not you and you are not them. It is OK to look at how other firms present their capabilities but make sure you write your own version – it will always give you a better result.
- **Be truthful and accurate** – you must be able to deliver what you say you can do.

While this checklist is extensive and not all sections will apply to every business, it will help you cover the areas that major project supply chains want to know about their suppliers. Use the check list and notes to build your long and short version business capability statements and simply adapt them to suit your own business.

Statement section	Sub-section	Long Version	Short Version	Quad Version
Contact details	Firm Name	✓	✓	✓
	Street address	✓	✓	✓
	Main Contacts	✓	✓	✓
	• Principal and title	✓	✓	✓
	• Other key contact and title	✓	✓	✓
	Phone	✓	✓	✓
	Fax	✓	✓	✓
	Mobile	✓	✓	✓
	Email	✓	✓	✓
	Web Address	✓	✓	✓
	Postal Address	✓	✓	✓
	Year Established	✓		
	ABN	✓	✓	
Capability information	Main Business Activities and Industries Served	✓	✓	✓
	• Your elevator pitch	✓	✓	✓
	• Preferred Business	✓	✓	✓
	• Key words (for your ICN Gateway listing)	✓	✓	✓
	Products and Services	✓	✓	✓
	• Proprietary Products / Inventions / Processes / Patents	✓	✓	✓
	• Your Firm's Approach	✓		
	Equipment	✓	✓	✓
	Specialised Capabilities	✓	✓	✓
	• Competitive Skills	✓	✓	✓
	• Certifications Held	✓	✓	✓
	• Export Capabilities	✓	✓	
	• Software Used (Engineering/Drafting/ Other)	✓		

Training and Skills

✓

Statement section	Sub-section	Long Version	Short Version	Quad Version
	Capacity	✓	✓	✓
	• Capacity Levels	✓	✓	✓
	• Preferred Maximum Value of Work per Job	✓	✓	✓
	• Area of Operation or Supply	✓	✓	✓
Track record	Leading Projects Completed and Major Clients	✓	✓	✓
	• Delivery performance and reliability	✓	✓	✓
Management systems	Safety Management System	✓	✓	✓
	Environment Management System	✓	✓	✓
	Quality Management System	✓	✓	✓
	Insurances	✓	✓	
	Risk Management Approach	✓	✓	✓
	Other Work Management Systems	✓	✓	✓
	• Relationships and communication	✓		
	• Continuous improvement and innovation	✓		
Customer service and market response	Relationships and Communication	✓		
	• Responsiveness	✓		
	Continuous Improvement and Innovation	✓	✓	✓
Working with industry and others	Networks	✓		
	Industry Association Membership	✓		

Preparation Hints and Tips

1. Basic Contact Details for your Firm

- 1.1. **Firm Name**
- 1.2. **Street address**
- 1.3. **Principal and title** – Name and title e.g. Managing Director, Owner. You can include more than one contact but both must be key people in the business.
- 1.4. **Main phone number**
- 1.5. **Fax number**
- 1.6. **Mobile**
- 1.7. **Email** – Should be a key contact that will understand the importance of the message and act on it immediately. If you don't have one, get someone (any young person!) to help you set up a Gmail or similar account. Some major project supply chains will not deal with suppliers who don't have email.
- 1.8. **Website** – Very important!! If you don't have one, get one. Procurement managers search on the web as a first step to finding out about your business. If you have a good, well structured (does not need to be complex) website, this sets a good first impression.
- 1.9. **Postal address** – If different to street address.
- 1.10. **ABN**
- 1.11. **Year established** – This tells potential customers that you have experience and stability.

2. Capability Information – this explains what you do and what you are good at.

- 2.1. **Main Business Activities and Industries Served** – List the main areas of work that you like to do and the markets you serve – what you are best at and what type of work you like to win. Then add other services and products that you provide.

Don't be tempted to overstate your capabilities – saying that you can do everything will quickly relegate you to the 'not able to do anything well' category. Be specific so decision makers get a very good understanding of what you do.

- 2.2. **Products and Services and Industries Served** – Give examples of the range of goods/services you provide. Try to explain the spread or range of what you can do. While many small to medium sized businesses make products and sell these to major customers, it is often the backup service, support and even afterhours assistance that SME's provide that really make them stand out. What service and support do you provide to your customers? Or can you provide service or support to other manufacturers' products, e.g. OEM products?
- 2.3. **Preferred Business** – Make sure you mention the preferred work your firm targets – readers get an understanding of what you are interested in and good at.
- 2.4. **Your firm's approach** – Include a sentence on your firm's approach or philosophy – what are the values that drive your firm?

Each major project or supply chain will have key values that drive their approach, their work and their performance. Do you know what those are for the major projects you are targeting? How does your own organisation line up with these values? Are there some gaps that you need to address?

2.5. Key People in your organisation – include a brief biography (a paragraph is sufficient) that introduces your key people, noting their qualifications, special abilities and capabilities. Include any qualifications and any experience they have working on similar major projects.

The type of people you have in your business says a lot about the businesses capability to deliver. Highly skilled and experience staff will play in your favour, whereas a team with limited skills and no experience presents a much greater risk for a buyer to take on.

2.6. Competitive Skills – You or your staff may have specialised skills e.g. design, specialised welding, or other skills like project management, IT, retaining good staff or others. List these skills as they will help you stand out.

2.7. Equipment – Make sure you cover the base equipment and facilities you have but also specifically mention equipment that gives you an edge – it may be the size it handles, speed of operation, quality, or it might be only one of a few in the region. Do you have a regular maintenance program? If so include some details about this as it shows your equipment is well maintained and is unlikely to break down in the middle of a job.

If you are planning new investment or expansion (new premises, new major machinery, automation or other) include this information – it shows that you will be expanding your capacity in the future.

2.8. Specialised Capabilities – This is often the most important information you can provide. You may think what you do is ‘normal’ but others may see it as a special capability. It might be customer service, relationships, backup, equipment used, quality of work, turnaround time. Ask your trusted customers – ‘what makes our services or products stand out to you?’ Drag this information out because it is GOLD!

2.9. Proprietary Products / Inventions / Processes / Patents – Not everyone has something unique but innovation is very important to major project supply chains. They may not use your innovation but it sends an important message that you are a thinker and a problem solver. It doesn’t matter if the innovation or product can’t be used by the major supply chain – just the fact that you can achieve this can improve your standing as a supplier.

2.10. Certifications Held – This could be a firm certification or someone on the team has a certification. These show the potential client that you have put the effort into skills and systems to deliver good results.

2.11. Export Capabilities – This won’t apply to everyone but if you do export something you make or value add to, it shows that you can compete in international markets – an important message about your competitiveness.

2.12. Software Used (Engineering/Drafting/Other) – Proficiency in IT systems is important to major project supply chains. If you have and use specialised software, include it and how you use this to provide customer benefits e.g. timelines, job management design etc.

If you just have a basic IT system, mention that IT systems are used to manage/track job, accounts or other information. Major project supply chains want to know that you have internal information management systems. Project documentation and correct invoicing seem like simple requirements but are vital for everyone in the chain.

Do you use e-commerce systems with other customers? Include this – it shows that you are IT savvy.

- 2.13. Capacity Levels** – Is your firm able to scale up to meet increased demand? Do you have subcontracting or partnering arrangements with other firms that helps you scale up your work capacity when needed?

List your employment to give potential clients an idea of the work volume you can take on.

Company turnover may be requested when you lodge your profile but this often remains confidential.

- 2.14. Preferred Maximum Value of Work per Job** – This can be described in volume, size and in \$ terms. This gives clients an idea of the scale of work you can comfortably handle for one client.

- 2.15. Are of Operation or Supply** – What geographic areas do you supply to? Major project supply chains want to know that you can provide support to specific areas for things like product support, maintenance and service.

- 2.16. Training and Skills** – As the market heats up, skills shortages will occur. Do you have a commitment to training your staff? Do you have strategies in place to retain key staff, multi staff skills? Include this information to demonstrate the depth of capacity in your firm, your ability to perform in a tight skills market and as a demonstration of your commitment to providing quality goods/services e.g. number of apprentices, other training you commit to.

3. Track Record

- 3.1. Leading Projects Completed and Major Clients** – If you have done larger packages of work or worked for tier 2 or tier 1 firms in the past, list this experience. This is one of the most important factors for new clients – it shows that you know how to work with major customers. List your large customers. This could include Councils or firms you subcontract to.

If the major projects market is a significant part of your current work, mention this – it demonstrates that other major supply chains value your work. Are you prequalified to work with any other major customers or supply chains? Include this information.

- 3.2. Delivery performance and reliability** – Do you have a proven track record of reliability, timeliness, and good performance on complex work or projects?

4. Management Systems and Risk Management

4.1. Safety Management System – Safety is a core driver of performance for major project supply chains. They want to work with firms that understand and commit to a high standard of safety performance. How do you manage safety performance in your firm? How do you manage safety on site? What level of safety management systems do you have:

- A Health and Safety Policy Statement.
- A documented Health and Safety Management System or procedures.
- A senior manager responsible for safety management.
- Ability to track and report on safety statistics e.g. lost time injuries, near misses.
- A Health and Safety Management System and procedures certified by a third party.
- A Health and Safety Management System and procedures that comply with AS ISO 4801.

Include information about your safety management approach.

4.2. Environment Management System – Environmental management is another core driver of performance for major project supply chains. You need to let major project supply chains know that your firm understands the importance of environmental management and that you are taking steps to minimise the impact on the environment.

How do you manage environmental performance in your firm? What practices do you use on site to minimise impact? What do you do in your office or workshop e.g. recycle or minimise waste, reduce energy usage, choose low energy usage equipment.

What level of environmental management system do you have?

- An Environmental and Safety Policy Statement.
- A documented Environmental Management System or procedures to assess and minimise impacts.
- A senior manager responsible for environmental management.
- An Environmental Management System and procedures certified by a third party.
- An Environmental Management System and procedures that comply with AS ISO 14001.

What do you do to manage and improve environmental performance? Include information about your environmental approach.

4.3. Quality Management System – Quality is very important to major project supply chains. How do you manage and improve quality in your firm? What level of quality systems do you have:

- A quality Policy Statement.
- A documented Quality Management System.
- Test inspections and a test plan.
- A senior manager responsible for quality management.
- A Quality Management System – internal or certified by a third party.
- A Quality Management System that complies with AS ISO 9000 series.
- Procedures for assessing and approving the Quality Systems of your subcontractors.

Include information about your quality approach.

4.4. Insurances – Major customers want to know what insurances you hold. List main or common ones and the value of the policy e.g. professional indemnity, public liability, Work Cover, plant and equipment and any other work related insurance.

4.5. Risk Management Approach – Major project supply chains focus a great deal on risk management. While higher tier companies have leading responsibility for risk management, they want to work with subcontractors that understand and practice good risk management.

What are some of the things you do in your business that help to manage risk e.g. project management approaches, ordering systems for inputs, proactive management of high risk factors for your business, back up subcontractors, back up equipment.

What level of risk management systems do you have in your business?

- A risk management matrix to identify and assess potential risks.
- A Risk Management System and procedures to manage this risk e.g. risk assessment procedures for work on site or at your premises.
- A Risk Management System that has been certified by a third party.
- A Risk Management System and procedures that comply with AS ISO 31000.

Is your firm compliant with local, state and federal regulations that apply to your business? Mention compliance as part of your risk management information, particularly if there are industry sector specific compliance requirements.

You may have to put systems in place to ensure you are compliant.

4.6. Other Work Management Systems – If you have an enterprise resource planning (ERP) system or a similar system that manages and tracks work in your firm, include this to demonstrate your commitment to efficient work management.

Big projects run on documentation. Do you have effective systems for receiving orders, tracking orders and invoices? These are particularly important. Explain that you have systems in place to manage the paperwork and reporting required on large projects.

5. Customer Service and Market Response

5.1. Relationships and Communication – Good communication, building and maintaining strong relationships and effective reporting are very important in major project supply chains. Do you have some long term relationships with leading firms, proactive reporting approaches or good communication on delays or changes?

5.2. Continuous Improvement and Innovation – Demonstrating that you continue to improve your systems and that you innovate to solve problems is very interesting to major project supply chains – they want to know they are working with firms that are committed to 'going the extra mile'. Do you develop new products, commit to R&D or product innovation? For the long capability statement or your website, write up some 1 paragraph case studies of how you have demonstrated these qualities.

5.3. Responsiveness – Small to medium sized firms excel in being able to respond more quickly than larger firms. Do you have a quick response approach to customers, quoting, work status updates? Do you have an afterhour's contact and the ability to respond to emergency requests? Include this information to show that you are customer focused.

6. Working with Industry and Others

6.1. Networks – Are you part of a network or cluster that works together or jointly bids on projects? This information lets the major project supply chain know that you can collaborate with others – a valuable quality in a subcontractor on a large project.

6.2. Industry Association Membership – Being a member of an industry association or group sends a message that you stay up to date with developments and get information and professional development about your industry or local area. Include this information in the 'long version'.

6.3. Corporate Social Responsibility - Is about a business making a lasting commitment to giving something back to the community.

Major projects and Tier 1 companies spend millions on giving back to some of their profits to the community. This is particularly important for government tenders, as governments are community organisations and their programs and services are there to support the community. These organisations like to see that their suppliers have the same mindset.

Some examples of how this commitment may be undertaken include:

- investing in community projects
- supporting research initiatives
- introducing occupational health and safety measures
- adopting environmentally friendly practices
- drafting and applying a code of ethics to company operations
- sponsoring a local sports team or community group
- providing goods and/or services to a local school or charity
- providing work experience for local high school students