

The Importance of Quality Based Selection in Procuring Consulting Services



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QBS – What is it?

Quality based selection has been an issue for consulting engineers ever since the industry began, and will probably continue to be an issue for as long as the industry exists. Clients unfamiliar with the engineering design process have always felt that they could get a better price by using their commercial position to force design engineers to reduce prices by including cost in the selection process – without realizing the damage that they do to their projects by adopting this approach.

Quite simply, quality based selection recommends the procurement of engineering services by choosing the firm most qualified to do the work – because of experience, knowledge of the practitioners in the company, proven track record of innovation, efficiency in the design process, or any other factor that is considered to be important to the execution of the project. Price is also a factor, but it is agreed between the two parties (client and engineer) on the basis of a negotiation after initial selection of the successful firm. In the event that the two parties fail to reach an agreement on price the next most qualified firm is selected and further negotiations ensue.

The difference is critical because at the request for proposal (RFP) stage, the consulting firm NEVER fully understands the client's needs no matter how detailed the RFP may be and the initial process of discussing project needs leading to the fee negotiation is critical. The lower the level of the client's experience with the type of work required, the less likely the RFP will include all of the necessary information. On a world wide basis, the quality of client requests for proposal have been dropping for many years often as a result of cost cutting efforts that have removed the client's experienced engineers from the staff makeup.

The message from the industry is very simple – we are professionals, make use of our professionalism in helping to define the work to be carried out. In discussion (negotiation) we can help you make choices so that the overall project is achieved at your designated price target and we will make sure that if you adopt cost-cutting solutions you fully understand the implications of your decisions.

Why is QBS a difficult concept for clients to understand?

Clients are under pressure to reduce the cost of their project activities and they believe that by reducing the cost of each part of those activities they will achieve their goals. Engineering services however have a multiplying effect – the 4-6% of project cost devoted to design, often has an impact that is much higher than its cost on the total project. Quality of service is the deciding factor, so when clients shop for engineering services they should have quality as their primary objective.

As a result of this pressure there is a trend around the world to use QCBS – quality and cost based selection in which a portion of the evaluation (typically 10 to 30%) is allocated to the estimated cost of the engineering services. This system sounds good but in practice it does not work for a variety of reasons:-

1. Clients find it difficult to assess quality. As a result there is a tendency to give all of the proposers the same or very similar scores for this aspect of the proposal. The selection process then reverts to cost based selection and the only thing this guarantees for the client is a cheaply engineered project.
2. Engineering service firms, when faced with a QCBS request for proposal, do everything they can to reduce costs (consistent with remaining in business) including the use of simplifying assumptions which may or may not turn out to be a true reflection of the project realities. This sets the stage for later disputes between the client and the engineer and in turn gets in the way of effective service.
3. The first thing to be sacrificed to bring cost down is innovation. Innovation takes time and costs money in design and the most effective way to constrain costs in a QCBS proposal is to do the project exactly the same way similar projects were done previously. With no improvement in project execution there will be no improvement in the sustainability of infrastructure, in combatting greenhouse gas emissions or in any other of society's objectives.
4. The client effectively throws away the opportunity to use the engineer to help tailor the project to the true circumstances of the client. There may be a requirement to include a review as part of the request for proposal but in the interest of getting the job, the estimate for this stage will be minimal and quite possibly not adequate.

What are the trends in the selection process?

In spite of these difficulties, in many parts of the world QCBS is part of procurement law for public agencies and if, as usual, it is not being executed properly the consulting engineering industry is deteriorating and clients are complaining about reduced quality in engineering services.

In some parts of the world there is a better solution. The United States, because of continuous lobbying of the consulting industry retains its Brooks Law which requires federal officials to use QBS as the selection process. The United States has also lead by providing funds for independent research on this issue and the results are expected very soon from this effort. In Canada recently the Province of Quebec has enacted legislation to require QBS on the part of provincial officials, and the Federation of Canadian Municipalities recently produced a report stating that QBS was the only way to ensure a high level of service from consultants. In Columbia, a recent Presidential edict requires the use of QBS in the process of selecting consulting services.

In many areas, local consulting associations are active in disputing selection protocols that are inappropriate and advising firms not to bid on such projects. Consultants are increasingly beginning to blacklist clients whose activities in this regard are considered to be unacceptable.

What is FIDIC doing to support QBS?

FIDIC has a number of publications that are intended to educate and assist clients in appropriate selection processes. It will shortly publish a new document which describes the range of services that should be provided to clients in the design and construction of buildings – in an attempt to help in the preparation and evaluation of proposals and the assessment of quality on the part of clients. In addition a new document is in preparation to help demystify QBS, the negotiation process, and to show how to use consultants appropriately – including the issue of price.

Meanwhile, it continues to interact with the Multilateral Development Banks on this issue because they are often seen as providing appropriate systems for developing country governments.

What should AJCE be doing to support QBS?

AJCE should also be engaged in this issue by discussing it with client groups, providing appropriate documents to help clients select on quality and in particular by interacting with those using bad procurement practices on behalf of the industry to persuade them that better ways are available and effective. Workshops and seminars are a particularly useful tool in this regard. Political lobbying has also been used effectively in many parts of the world to persuade both politicians and civil servants that more effective methods are available.

Conclusion

QBS as a selection method has been portrayed by those who do not understand it as a “blank cheque” for the industry. Nothing could be further from the truth – it is simple logic to recognize that clients who shop for engineering consulting on the basis of quality have a right to expect quality services and to get the greatest value from their consultant.