



QUALIFICATION BASED SELECTION

FOR THE PROCUREMENT OF ENGINEERING, MANAGEMENT AND RELATED PROFESSIONAL CONSULTING SERVICES

1 INTRODUCTION

This Practice Note is based on a document published by ACENZ for the information of those organisations unfamiliar with the benefits of Qualification based Selection (QBS). This document is based in turn on documents produced by The Association of Consulting Engineers Australia (ACEA) and The International Federation of Consulting Engineers (FIDIC).

2 WHAT IS QUALIFICATION BASED SELECTION?

Qualification Based Selection is the process being recommended by ACENZ and supersedes Value Selection as the most objective method of selecting engineering, management and related professional consulting services. Qualification Based Selection represents international best practice the procurement of engineering, design and management services. By selecting engineers, architects, surveyors, planners, quantity surveyors and similar professionals on their qualifications, then working together as a team, clients will ensure they procure a quality project at the best price.

There is overwhelming evidence that, in selecting the services of a professional consultant, clients should be guided by one primary consideration – the qualifications and capability of the firm or individual to meet their specific objectives in the project undertaken. It is the same criteria that apply to choosing any reputable professional: skills, reputation, rapport, past performance, technical competence, and commitment to the client's interest.

Correct selection will have a major bearing on the quality, cost and success of the result and project.

3 WHY QUALIFICATION BASED SELECTION?

Every project is unique. Each has its own technical challenges. At the outset of most projects, it is often difficult for a client to fully grasp the complexities involved or the variety of professional services that may be required to develop a solution.

The professional design consultant is required to represent the client's interests in day-to-day dealings with other professionals, contractors, suppliers, equipment manufacturers and any others who provide goods and services for the project. It is therefore vital that the client and the consultant share a relationship characterised by trust, respect and effective communication.

Qualification Based Selection brings the client and the consultant together as a team. This is a key ingredient to ensuring a quality project. Working together, the client and consultant can define the project in detail and agree upon the services that will be required to make the project a reality. QBS is a process that can be easily adapted to any project, large or small. It is a process that provides a client, or manager, private or public, with a professional partner. Together they will agree on the professional services required for successful and timely completion of the project.

3.1 SELECTING A CONSULTANT

Many clients call upon a consultant with whom whom they have already developed a positive relationship. Others may wish to, or be required to, gauge the merits of several firms before choosing.

Selection of the consultant will have a major bearing on the quality, cost and performance of every project.

Increasingly, this is being achieved around the world using the QBS process which involves selecting consultants based on:

- Skills and qualifications of personnel
- Technical competence
- Reputation
- Experience on similar projects
- Capacity to undertake the project
- Understanding and commitment to the client's interests
- Professional affiliations
- Commitment to professional development

Using QBS, the choice is made on these criteria and a fee is negotiated after the consultant has been selected. (Negotiations are entered into with the preferred consultant – if these are unsuccessful, the second preference is then approached.)

3.2 QBS ENSURES THE BEST VALUE FOR MONEY

Selecting a consultant based on qualifications ultimately provides the best value for a client.

Experience has shown that the competence of the consultant is the key to an efficient and cost effective project.

Using QBS the client and consultant work together to agree on a fair and reasonable fee for the project which reflects the quality of the consultant's work. By matching scope of work to fee for service, QBS ensure optimum value for money.

This selection process encourages design consultants to take an innovative approach which leads to designs which best meet clients' requirements.

3.3 A VALUABLE SAFEGUARD

Use of a well tried system like QBS, with clearly defined checks and balances, provides those required to make procurement decisions with a valuable safeguard to ensure the integrity of the selection process. (Refer evaluation process.)

This system is widely used by the public sector in the USA and Canada where it is considered to be a significant deterrent to abuse of the selection process and it is fast gaining recognition in Australia. Many successful projects in New Zealand also attest to the value of Qualification Based Selection.

3.4 QBS SAVES MONEY

Qualification Based Selection allows for proper assessment of cost-saving innovations.

It provides the flexibility for a consultant to consider a wide variety of options in concept, approach and interpretation which inevitably saves money. Identifying these options is particularly important in the early stages of a project if significant cost savings are to be achieved subsequently in the construction, operation and maintenance of a project

The very nature of the services provided by the design consultant means that the full scope of a project can only be defined once the consultant and client are working together as a project team.

On the other hand, price driven selection limits the flexibility of a consultant to explore innovative avenues which result in optimal project performance. It often creates a situation where small initial savings can result in higher capital and life cycle costs later.

3.5 QBS IS RECONGISED AROUND THE WORLD

The QBS system is recognised and used effectively around the world.

Since 1972 The United States Federal Government has applied to all federal work. More than 30 USA state governments also use it. Qualification Based Selection is also widely used in Canada, Europe and Asia. The World Bank and the Asian Development Bank are two of the many international financial institutions advocating the system for projects. The system is strongly endorsed by FIDIC, ACEA and the Australian Council of Building Design Professions.

3.6 ADVANTAGES FOR THE CLIENT

Clients reduce their exposure to risk because they have a proven system with which to choose the best design consultant for the job.

A good client-consultant relationship is assured from the beginning of the QBS process. Adversarial relationships are avoided. By first agreeing on the scope of the project, the client can make clear the emphasis on factors such as environmental impact, cost, schedules and social implications before fees are negotiated.

Fees are fairer to both client and consultant because they are negotiated after the parameters of the work are established. Guidelines produced by ACENZ may be of assistance in such negotiations.

4 THE QBS SELECTION PROCESS

Selecting a design consultant is one of the most important decisions a client makes. The success of a project often depends on obtaining the most able, experienced and reputable expertise available.

The selection process follows three steps:

- a) Selection
- b) Definition
- c) Appointment

Step 1 - Selection

a) The client completes the project initiation process and prepares a brief project delivery brief.

b) Firms are invited to submit proposals setting out qualifications and capabilities which are evaluated and a short list determined. F As a guide the following criteria may be used:

- Previous experience and referees
- Management and administration
- Key personnel (availability)
- Key support equipment and systems
- Research and development/examples of innovation
- Project performance details
- Quality assurance details
- Life cycle costing skills

c) Firms are informed of their rating and ranking

d) Short listed firms are further evaluated through interview and/or technical proposals and ranked for project definition and appointment.

Step 2 - Definition

Negotiations are conducted with the top ranked firm relative to:

- Scope of work
- Services provided
- Fee and payment schedules.

If an agreement cannot be reached with the top ranked firm, those negotiations are ended and begun with the second ranked firm, and so on down the list until agreement is reached.

Step 3 - Appointment

An agreement covering the issues in Step 2 is executed. It is recommended that standard conditions of engagement developed in consultation with client groups be used for this purpose (eg ACENZ/IPENZ Model Conditions of Engagement).

5 EVALUATION

The evaluation chart below provides a useful guide for evaluating and ranking suitably qualified firms. This process helps to maintain the probity of the selection and involves:

- Formation of a selection committee
- Weighting or scope for each criteria
- Separate evaluation of firms by each member of the selection committee
- Individual score sheets being collated and a documented record of the selection process made.

As an additional safeguard, clients may be assisted in this evaluation process by an independent design consultant.

Evaluation of Short-Listed Firms

Qualification Criteria	Possible Points	Points Awarded
Previous experience and referees	x	x
Management and administration	x	x
Key personnel (availability)	x	x
Key support equipment and systems	x	x
Research and development/examples of innovation	x	x
Project performance details	x	x
Quality assurance details	x	x
Life cycle costing skills	x	x
TOTAL	x	x