

QUALIFICATIONS-BASED SELECTION FOR ARCHITECTURAL & ENGINEERING SERVICES¹



STANDARD

When contracting for architectural and engineering services, procurement is encouraged to use Qualifications-Based Selection (also referred to as Quality Based Selection).²

RELATED VALUES & GUIDING PRINCIPLES

Accountability:

- Apply sound business judgment
- Be responsible stewards of public funds
- Maximize competition to the greatest extent practicable
- Practice due diligence
- Use procurement strategies to optimize value to stakeholders

Ethics:

- Maintain consistency in all processes and actions

Impartiality:

- Be open, fair, impartial, and non-discriminatory in all processes
- Treat suppliers equitably, without discrimination, and without imposing unnecessary constraints on the competitive market
- Use sound professional judgment within established legal frameworks to balance competing interests among stakeholders

Definition

Qualifications-Based Selection (QBS) is a procurement process for the competitive selection of architectural and engineering services under which the most appropriate professional or firm is selected based on qualifications such as knowledge, skill, experience, and other project-specific factors, rather than on fees. Fair and reasonable fees are negotiated with the top-ranked firm for an agreed-upon scope of services.

Element 1.1: Qualifications-Based Selection Led by Qualified Procurement Professionals:

QBS is typically carried out through a formal, competitive process of seeking information on the qualifications, experience, and capabilities of the firm and the key individuals to be assigned to the project.

QBS is designed to allow procurement officials to identify the most qualified firm for a specified project and scope of work, and then to negotiate a contract for a price (or other factor) that is fair and reasonable, where permitted. The most qualified firm should not be construed as the largest or longest-tenured firm, but the firm that is the best match for the project scope, size, location, and other factors as described in the solicitation document.

QBS gives organizations great latitude in selecting architects and engineers through both objective and subjective criteria such as innovation, unique design approaches, sustainable design, and total life cost of the project. Therefore, it is critical that the selection process be managed by fully trained and qualified procurement professionals to ensure that the process is carried out in accordance with laws and best practice.



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Element 1.2: Use of a Qualified Acquisition Team:

The process should be led by a qualified procurement professional and include an acquisition team. The acquisition team (also known as a technical evaluation committee) should be actively involved in project planning, developing the statement of work (SOW), evaluation criteria and firm selection. Even if the acquisition team or technical evaluation committee is not involved in planning and budget decisions, the committee should be aware of project issues as they draft the solicitation document.

It is critical that the acquisition team include one or more professionals who are knowledgeable in the services to be provided to ensure a complete understanding of the services sought. This expertise may be provided by in-house or third party resources.

Element 1.3: Selection Criteria:

The selection criteria are determined by the technical evaluation committee under the guidance of the procurement officer and stated by relative order of importance in the solicitation document. Price is not an initial selection criterion under QBS. The focus is on evaluating and ranking the responding firms based on such factors as:

- Professional Qualifications of the firm and the individuals assigned to perform the work,
- Specialized Experience and technical competence of the firm and individuals in the type of work described in the solicitation or invitation to tender,
- Capacity and Capability of the firm to perform the services,
- Method of Approach demonstrating the firm's understanding of the project, risks, challenges and strategy that will be employed to complete the project on time and under budget,
- Demonstrated Success on similar projects, and
- Past Performance on contracts in terms of cost control, quality and schedule. Past performance may be used both to determine responsibility and as an evaluation factor.

Element 1.4: Two-Step Proposal Process:

QBS is best achieved through a two-step procurement process – statement of qualifications and detailed technical proposals.

- **Step 1: Statement of Qualifications:** In this step, firms are invited to submit documentation that establishes an ability to meet the established criteria, scope, and other requirements as described in detail in the solicitation document. The technical evaluation committee evaluates the submissions and ranks the firms based on the criteria stated in the solicitation document. The top-ranked firms (usually 3 – 5) are short-listed and invited to submit detailed technical proposals.
- **Step 2: Detailed Technical Proposals:** The technical evaluation committee assesses the thorough, in-depth responses submitted by the service providers and considers the previously submitted rankings of the firm based on the criteria stated in the solicitation document.

Element 1.5: Conducting Interviews or Design Competitions with Top-Ranked Firms:

QBS may go beyond evaluating written proposals to include interviews and design competitions with the top-ranked firms. These may be conducted to obtain clarification of the proposals, discuss project strategies, and to gain a greater understanding of the respective expertise, competence, qualifications, and capabilities of each firm. Following interviews and design competitions, the technical evaluation committee convenes to rank proposals and select the most qualified firm. In the UK/Europe, interviews, design competitions, and negotiations are dependent upon the EU procedure used.

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Element 1.6: Negotiation with the Highest Ranked Firm:

In the UK/EU, price comparisons are usually left until the best and final offer stage of the process. Currently under EU law, price negotiation is not allowed. The best and final offers are developed by the firm as a result of the clarification/negotiation process previously conducted.

The object of negotiations, where permitted by law, is to detail a statement of work, acceptance criteria for work products, cost control measures, and/or budget limitations to achieve the project objectives at a fair and reasonable price. Negotiating fees under QBS is somewhat more challenging than other competitively negotiated contracts due to the number of similarly-priced offers to compare. By jointly refining the scope of services and concurrently developing fee estimates, the acquisition team and the firm reach an understanding among scope risk, scope creep, and fees, and then agree upon necessary versus desired services.³

At this point in the process, the firm has invested time, effort, and therefore, money in the competitive process. The incentive to negotiate a fair and reasonable scope and fee is strong. However, ultimately, the organization is the judge of what is considered to be fair and reasonable. If negotiation does not result in an agreement, the organization must terminate negotiation and select the next most qualified firm and continue with succeeding firms until an agreement is reached. Once negotiation is terminated, the firm is eliminated from further consideration.

Background

Architectural and engineering services are often complex and strategic procurements⁴ with the value of services equalling a small portion of the total life cost of building, maintaining, and operating a public facility.

While fees are not recommended as a selection criterion, emphasis is placed on joint development of an agreed upon scope of services and a fee that is fair and reasonable to both parties. According to the International Federation of Consulting Engineers (FIDIC), “QBS encourages innovation, which will lead to overall cost savings and optimization of clients’ value, as well as promoting state of the art practices. QBS saves money by allowing proper assessment of cost-saving alternatives. It provides the flexibility for a consultant to consider a variety of options in concept, approach and interpretation which inevitably results in cost savings and better whole-of-life solutions.”⁵ While this statement was written by and for the engineering industry, any organization can realize these benefits when the QBS selection process is properly managed for architectural and engineering services. According to a two-year study led by the University of Colorado and Georgia Institute of Technology, USA, “Public agencies that use QBS to select consultants are better able to control construction costs and achieve a consistently-high degree of project satisfaction than those using other selection methods.”

1 This Public Procurement Practice, except as specifically noted, is adapted from: Lawther, W. C. and Adler, J. O. (2008). Contracting for Construction Services. Herndon, VA: NIGP.

2 In the U.S., competition is based solely on qualifications; price is not a selection criterion, in accordance with United States Brooks Act (Public Law 92-582), and many similar state mini-Brooks Acts. In general in the UK and Europe the qualifications based criteria are used to select a shortlist of the most appropriate firms as detailed above. The price is only considered at the very end of the competitive process. The shortlist will then submit their best and final offers based on the price based criteria contained with the invitation to tender.

3 International Federation of Consulting Engineers (FIDIC). (2011). *Quality Based Selection (QBS) Guidelines*. Retrieved from: fidic.com/fidic.org.

4 Procurement Services Best Practice Guide; A Guide to Purchasing Professional & Consultancy Services, Northumbria University Finance & Planning Department, Newcastle upon Tyne, UK.

5 FIDIC, 2011, *op. cit.*



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