

Qualifications-Based Selection – an Overview

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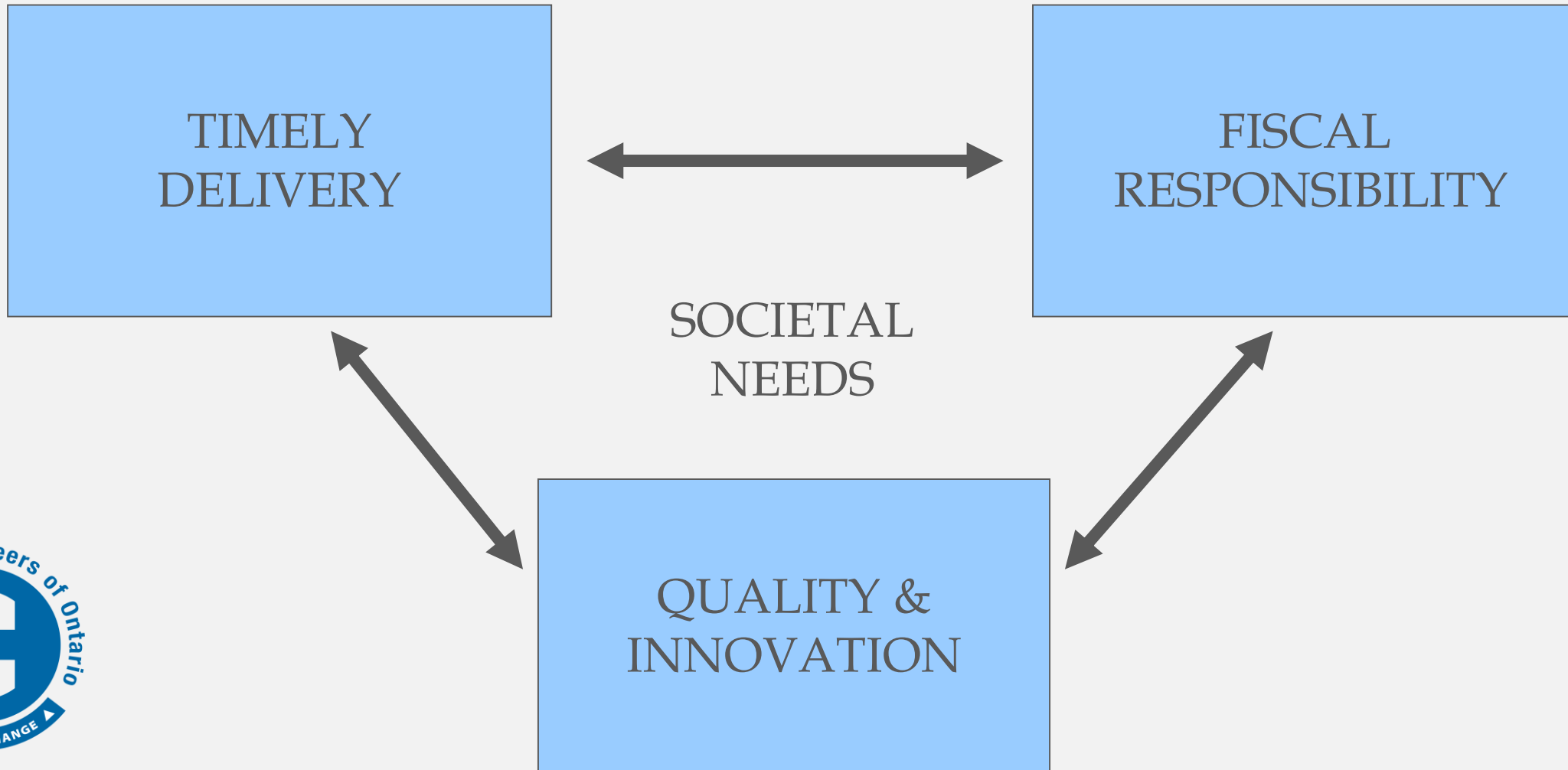


About Consulting Engineers of Ontario

- Association of consulting engineering businesses, established in 1975
- ~180 member firms, employing ~18,000 people in Ontario
- Mission is to promote a stable business environment for member firms; CEO is the voice of the consulting engineering sector
- CEO member firms are problem solvers
- CEO member firms are facilitators and agents of positive change, contributing to the economic and societal well-being of Ontario



Challenges of Municipal Projects



Procurement is Key!

- QBS is about procurement of consulting services (engineering, architecture, etc.) related to project design
- QBS is NOT about project delivery
- Once the consultant is under contract, QBS is done
- But... the benefits of having used QBS will positively impact the balance of the project, regardless of delivery method



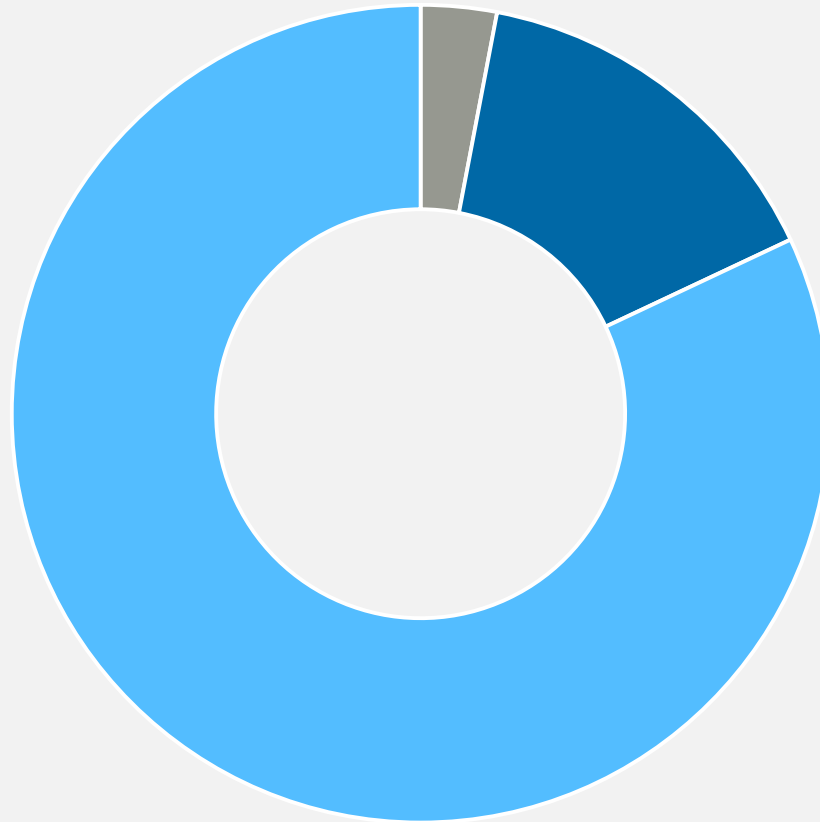
Desired Outcomes from the Procurement of Consulting Engineering Services

- The right team for the right job
- Realistic schedules and budgets
- Expectations are managed on both sides
- Risks are mitigated and uncertainty is minimized
- A very good business relationship between the parties
- Good value for taxpayers



Engineering is an Investment

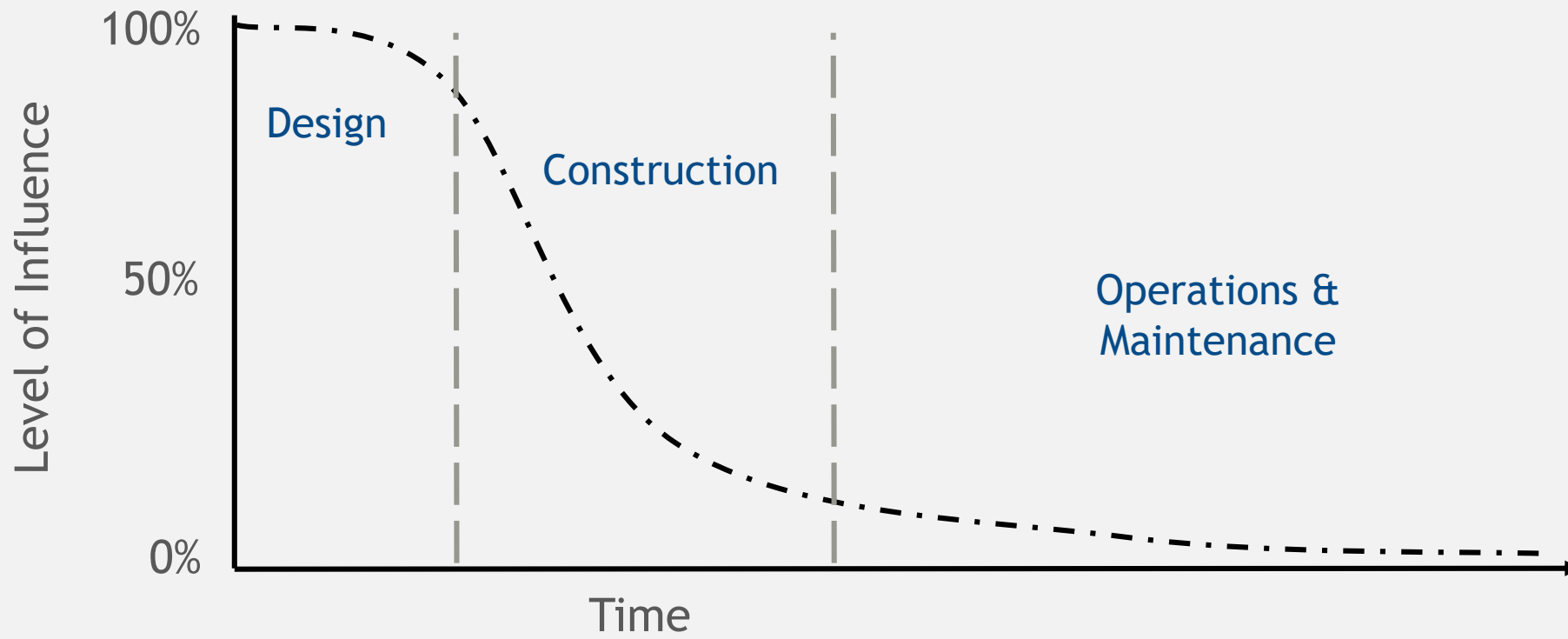
Lifecycle Costs



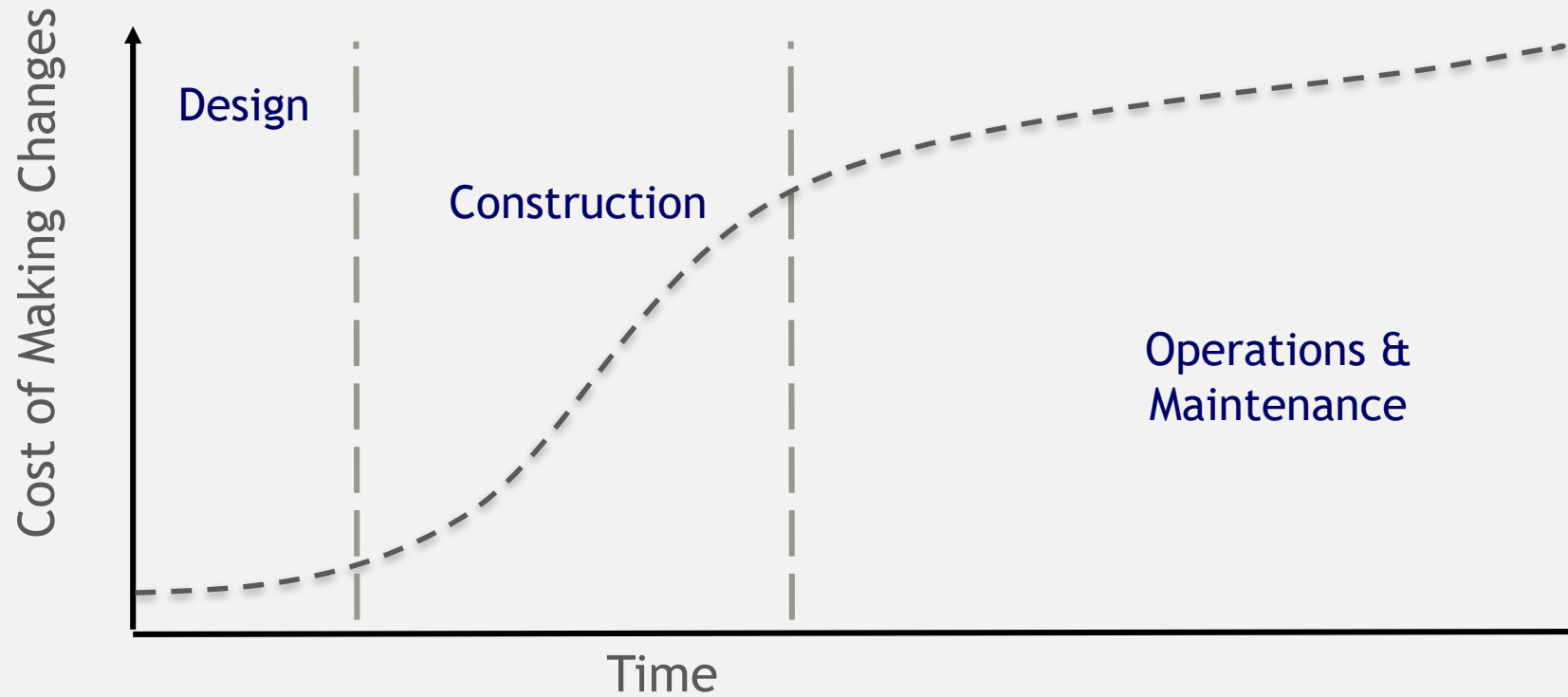
■ Engineering ■ Construction ■ Operations & Maintenance



Opportunities to Add Value – When?



Opportunities to Add Value - Cost



A Bad Procurement System...

- Gets bogged down in process rather than focusing on outcomes (i.e., it becomes an end unto itself, not a means to an end)
- Treats consulting engineering services as a commodity
- Has vague/open-ended objectives and scope
- Assumes all proponents are equal
- Takes an extended period to award
- Confuses low price for value



What's Wrong with Lowest Price?

- Rewards firms that use minimalist interpretations of project scope to commit fewer resources and/or less experienced staff
- Penalizes firms that are proponents of innovation
- Penalizes firms that anticipate project complexities
- Life-cycle cost savings are sacrificed in the name of short-term cost savings
- Firms that have the best understanding of the client's actual needs are at a disadvantage



A Good Procurement System...

- Clearly defines objectives and scope
- Evaluates and distinguishes proponents based on qualifications, experience and competence
- Rewards proposals that add value
- Uses a short list where necessary
- Considers project life-cycle
- Focuses on best value, not lowest price



How Does Qualifications Based Selection Work?

- Issue a Request for Qualifications based on broad project parameters
- Develop terms of reference (general scope, evaluation criteria, etc.)
- Issue a Request for Proposals from short-listed consultants
- Evaluate and rank proposals
- Jointly define detailed scope with preferred consultant
- Negotiate a fee

Award the assignment (or begin discussions with next ranked consultant)



What's in it for the Municipality?

Real Lifecycle Value



What's in it for the Municipality?

- The right team for the right job
- Risks are mitigated and uncertainty is minimized
- Realistic schedules and budgets
- Fees correspond to scope of work
- Fewer change orders and disputes
- A very good business relationship between the parties

Return on investment for taxpayers



Who Uses QBS?

- QBS is legislated by the US federal government and by over 45 state governments
- Municipalities across the US
- City of Calgary, City of London, Metrolinx
- Quebec legislation now requires its provincial agencies to use QBS for engineering and architectural services
- And now, City of Waterloo!



What Does the Research Say?

- 2009 joint study by Georgia Institute of Technology and University of Colorado
- Over 200 projects studied (both QBS and non-QBS)
- Strong positive correlation between use of QBS and successful projects (as measured by cost, schedule and quality)
- Using QBS results in projects with “enhanced effectiveness”
- Projects incorporating QBS procurement exhibit positive results in emerging measures such as societal issues (e.g., sustainability) and third-party stakeholder concerns



What Does the Research Say? - con't

- QBS projects had 70% less cost growth than non-QBS projects
- QBS projects had 20% less schedule slippage than non-QBS projects
- 93% of clients expressed “high” or “very high” satisfaction with “project success” where consultants were selected using QBS
- QBS was especially favoured on projects with higher risk factors and/or higher design complexity
- QBS promotes a higher level of innovation while protecting intellectual property of design firms



In summary...

- QBS is a competitive and transparent process
- QBS focuses on merit, quality and long-term value
- QBS ensures cost-effectiveness
- QBS lowers risk for complex projects
- QBS encourages innovation
- QBS is a win-win for the client and the consulting engineering firm



Where can I learn more?

Yes2QBS.com

HOW DOES QBS WORK?

QBS is the Best Practice for core infrastructure



Thank You!

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