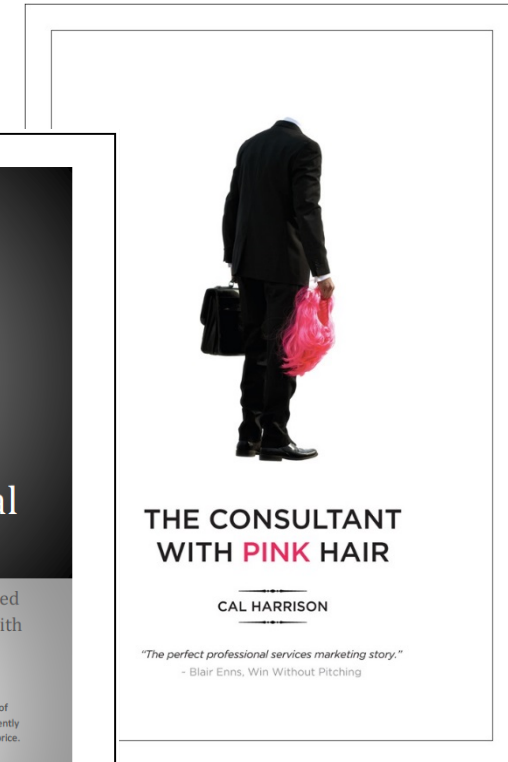


# Qualifications Based Selection

Saving Municipalities More Money  
Than A Low-Bid RFP

Cal Harrison MBA, CMC, President, Beyond Referrals

# About Us



# Does Your Municipality...?



# The Brooks Act

In 1972 The Brooks Act (USA) made it illegal to consider price when hiring architects and engineers for federal contracts

46 States have also implemented "mini-Brooks Acts"



# What is QBS?

## *Qualifications Based Selection*

*A process to select engineering and architecture firms based upon their*

*competency, qualifications and experience*

*rather than by price.*

# How QBS Works: Price Must Not Be A Factor

- A budget is shared with the firms
- BRIEF proposals are requested (team, similar projects, expertise)
- Short list of 2-3 firms is interviewed
- The client negotiates with most qualified firm on a price & scope
- Client is free to terminate negotiations and move to next most qualified

# QBS Benefits

- Lower procurement and industry costs
- Opportunity for innovation and improved quality
- Lower operating and long-term costs
- Fewer change orders and greater cost certainty



# QBS: Lower Procurement and Industry Costs

Price-Based RFPs  
Waste A Lot of Time  
(Which Buyers Pay For)



# A Typical Project

- \$500,000 construction project = \$50,000 architect fees
- \$20,000 to respond with a proposal
- 38 proposals = "\$760,000 industry response cost"
- Clients cover 100% of this expense - not vendors
- QBS reduces # of proposals (8) and cost of proposals (\$2,000)
- Response cost is \$76,000 not \$760,000

# The Merx Experiment

How Often Did Cost of Writing Proposals Exceed Fees to Winner?

- Management Consulting 17%
- IT & Telcom 33%
- Architecture and Engineering 67%

# This Costs Canada A Lot

*"...excessive proposal writing costs are a five BILLION dollar problem in Canada..."*

- Cal Harrison

# QBS: Greater Innovation and Quality

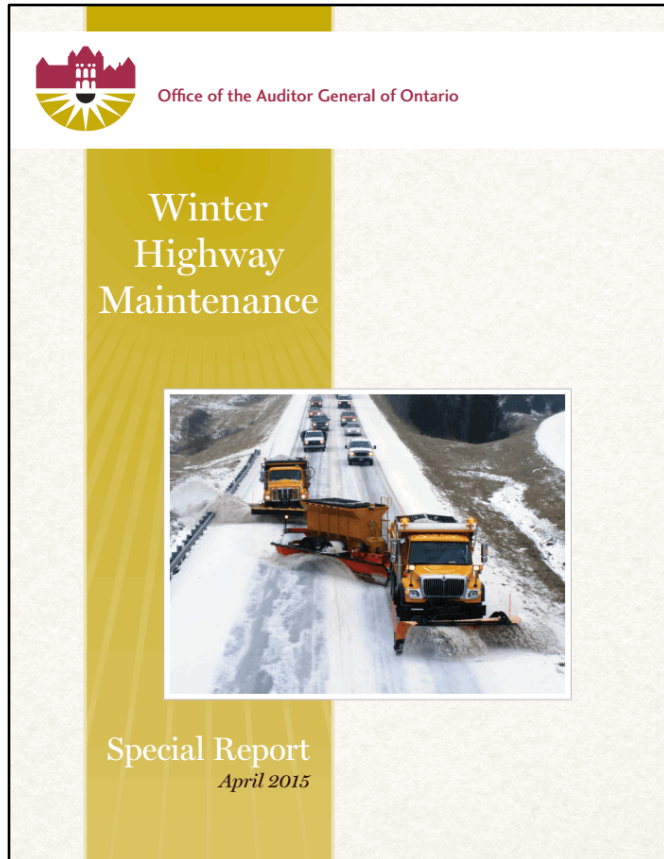
Price-Based RFPs  
Discourage Innovation and Quality  
(Which Buyers Pay For)

# QBS: Greater Innovation and Quality

REPORT CARD			
Innovation			
1	Sweden	A	
2	Denmark	A	
3	Finland	A	
4	U.S.	B	
5	Ont.	B	
6	Switzerland	B	
7	Netherlands	B	
8	Que.	B	
9	Austria	B	
10	B.C.	B	
11	Norway	B	
12	Canada	C	
13	Germany	C	
14	Japan	C	
15	Alta.	C	
16	Australia	C	
17	Belgium	C	
18	U.K.	C	
19	France	C	
20	N.S.	D	
21	Sask.	D	
22	N.L.	D	
23	Man.	D	
24	Ireland	D	
25	P.E.I.	D-	
26	N.B.	D-	

Note: For details on methodology, see the "Methodology & Data" section of this website.  
Source: The Conference Board of Canada.

# Auditor General of Ontario: Special Report April 2015



*“The final selection did not distinguish between better-equipped, adequately equipped and inadequately equipped contractors—whichever bid the lowest price was awarded the contract.”*

*“A contractor was more than an hour late in deploying three spreaders (the target to meet was 30 minutes after snow begins falling). During the delay, the roads became slippery. Three car accidents and **two deaths occurred** on these slippery roads.”*

# QBS: Reduced Operating and Long-Term Costs

## Price-Based RFPs

Increase Operating and Long-Term Costs  
(Which Buyers Pay For)

# A Typical Project

- \$500,000 construction project = \$50,000 architect fees
- A 15% saving on fees = \$7,500
- Reduced fees = lower quality design = operating costs \$2,500 higher/year
- Save \$7,500 in short run
- Pay \$50,000 more over 20 years



# QBS: Fewer Change Orders and Greater Cost Certainty

## Price-Based RFPs

Increase Change Orders and Cost Uncertainty  
(Which Buyers Pay For)

# Change Orders Are Encouraged by Low Bid RFP

*"coached the subtrades on how to fill out the bids to quote low and then they would submit change orders."*

*- Winnipeg Free Press March 10, 2016*

# Cost Certainty

*“Public agencies that use (QBS) to procure (A/E) services are better able to control construction costs and achieve a consistently high degree of project satisfaction than those using other procurement methods”*

*- Paul S. Chinowsky, PhD of the University of Colorado and Gordon A. Kingsley, PhD of Georgia Tech.*

# Cost Certainty

*“While the industry average on construction cost growth is approximately 10 percent, QBS projects are 3 percent.”*

*- Paul S. Chinowsky, PhD of the University of Colorado and Gordon A. Kingsley, PhD of Georgia Tech.*

# Schedule Certainty

*“On construction schedule growth, the national average of about 10 percent can be compared to QBS projects which average 8.7 percent, with 60 percent of those projects at less than 3 percent.*

*- Paul S. Chinowsky, PhD of the University of Colorado and Gordon A. Kingsley, PhD of Georgia Tech.*

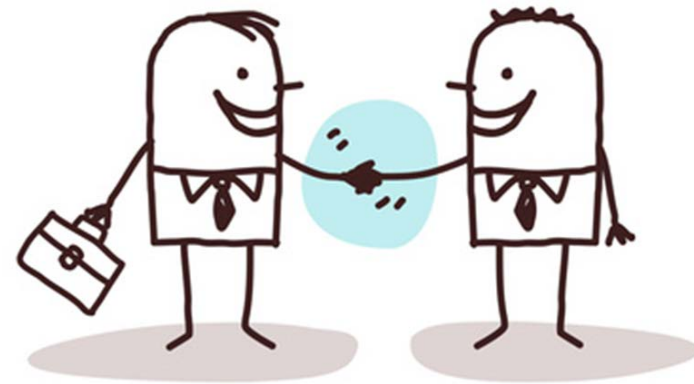
# QBS Benefits - Recap

- Lower procurement and industry costs
- Opportunity for innovation and improved quality
- Lower operating and long-term costs
- Fewer change orders and greater cost certainty



# Does QBS Look Familiar?

- It's how you hire your Million Dollar staff
  - Define the BFOQs and salary range
  - Advertise both
  - Interview shortlist of candidates
  - Offer and negotiate with best qualified



# Awareness of QBS in Canada Remains Low

“While 30% reported using QBS, 70% nevertheless were not aware of...the QBS methodology.”

“the consulting engineering industry has not seen evidence that 30% of clients are using QBS”

- Journal of Commerce, September 2010





# Things Are Changing in Canada

“Cost cutting is no longer enough; procurement divisions must deliver value and drive revenue through innovation.”

“The C-Suite is looking for procurement to...deliver increased value across the business.”

- The Director's Report: DRIVING BUSINESS VALUE THROUGH PROCUREMENT



# Things Are Changing in Canada

## Jurisdictions using QBS in Canada

- Province of Quebec
- City of Calgary
- Metrolinx
- City of London

# About QBSCanada.ca



Interior Designers of Canada

The Royal Architectural Institute of Canada

Canadian Construction Association

Association of Consulting Engineering Companies (Canada)

Institute of Communication Agencies

Advertising Association of Winnipeg

Society of Graphic Designers of Canada

Association of Registered Graphic Designers

CSA Group

Canadian Association of Management Consultants

Engineers Canada

Association of Consulting Engineering Companies (British Columbia)

Association of Consulting Engineering Companies (Yes2QBS)

Association of Consulting Engineering Companies (Alberta)

Association of Consulting Engineering Companies (Saskatchewan)

Association of Consulting Engineering Companies (Manitoba)

Association of Professional Engineers and Geoscientists of the Province of Manitoba

Association of Consulting Engineering Companies (Ontario)

Association of Consulting Engineering Companies (New Brunswick)

Association of Consulting Engineering Companies (Nova Scotia)

The Manitoba Association of Architects

Architectural Institute of British Columbia

Consulting Architects of Alberta  
Alberta Association of Architects

Consulting Engineers of Ontario  
Association of Registered Interior Designers of Ontario

Ontario Association of Architects

Ontario General Contractors Association

Association of Consulting Engineers of Quebec

Association of Architects in Private Practice of Quebec

= 100,000's of Professionals

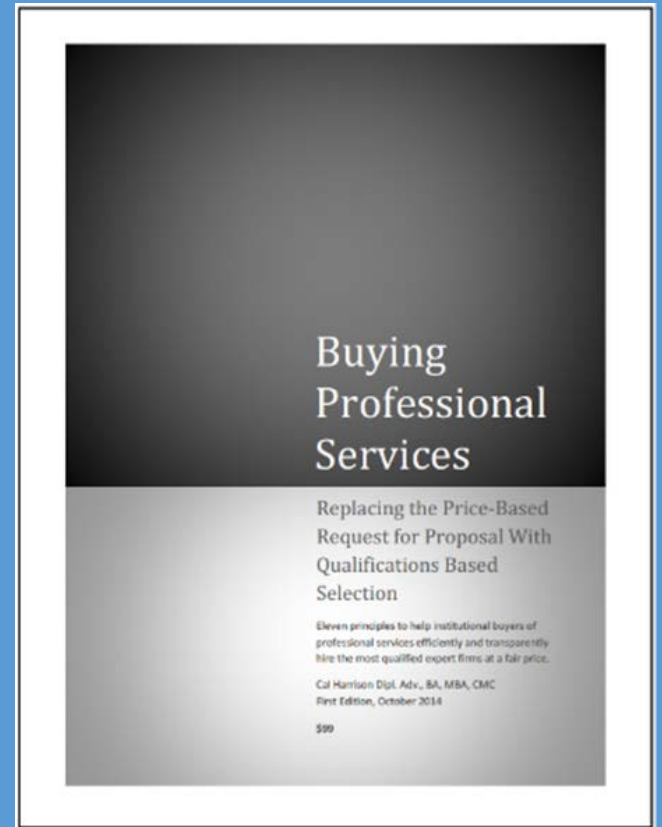
# Videos Available at BeyondReferrals.com



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Cal@BeyondReferrals.com



Visit [QBSCanada.ca](http://QBSCanada.ca) for more QBS Information

