Appoint members to the team using a Quality Based Selection Process

Establish selection procedures that are based on quality and technical issues, as well as price. Award your contract to the candidate who can demonstrate the greatest potential for achieving your key success factors. That way, it is much more likely that they will actually be achieved.

Assess bids using professional judgements based on objective criteria and pre-defined scoring methodologies. It really is that simple. This is how to do it:

1.1 Form a Selection Panel at the outset.

1.2 Clarify your key success factors, including the relative importance of price.

1.3 Establish the full tendering process as early as possible.

1.4 Compile robust evaluation and scoring methodologies.

1.5 Pay adequate attention to how presentations and interviews are to be structured.

1.6 Ensure tender invitation documents include a full explanation of the evaluation process.

1.7 Having established a full evaluation methodology, keep to it rigidly!

1.8 Fully record each stage of the evaluation process.

1.9 Debrief unsuccessful candidates on completion.

The following pages explain how.

1.1

Form a Selection Panel at the outset

- Keep the size of the Panel relatively small (three to six people)
- Include a representative from the client, i.e. the Project Sponsor, to co-ordinate the process
- Ensure each member of the Panel understands their role and knows what is expected of them
- Each Panel member does not necessarily have to assess every part of each submission (although they should still look through all sections so they do not become isolated and lose sight of the service that is being delivered). Sections of each bid can be provided to individual members for assessment, based on their specific areas of expertise (e.g. health and safety). Just make sure that all members are adequately qualified to evaluate their areas.
- Make sure sufficient time is spent on training the assessors and guiding them through the process. Some may not have done this before. It will not be easy at first, particularly as you are dealing with subjective issues and recording of professional judgements.

1.2

Clarify your key success factors, including the relative importance of price

- The first task of the Panel will be to clarify what it is looking for from the successful candidate.
- This task will be much easier if the needs of the client and stakeholders and the key success factors for the project have already been determined (see Strategic Issues 2.2 and 4.4).
- If you have not already done so, liaise with the client, stakeholders and end users and determine what they are looking for and what their key success factors are. Invite representatives to the meeting of the Panel when the quality and price criteria are first discussed;
- At a meeting of the Panel, identify the quality criteria headings and the relative importance of each. Aim to identify around five or six headings. The following is an illustration of what the headings could look like:

	CRITERIA HEADING	WEIGHTING
1.	Capacity to Deliver (e.g. amount of available technical resources, financial stability/support etc.);	25%
2.	Technical Capability (e.g. experience of similar projects, number of qualified staff etc.);	20%
3.	Potential for establishing and managing an effective supply chain;	15%
4.	Ability to control and manage sites (e.g. health and safety, working environment, training etc.);	15%
5.	Quality of key personnel that will be devoted to the project;	15%
6.	Potential for effectively controlling programme, costs and risks.	10%
	Total	100%

- Remember that you want them to be specific and relative to your project, so don't just blindly copy these, (or anyone else's for that matter).
- For example, if it is vital that completion is achieved on time and within budget, then you may wish to allocate a higher weighting to 'potential for effectively controlling programme, costs and risks'.
- Similarly, you may wish to introduce your own headings specific to the objectives of your project (e.g. ability to work with tenants in occupation, experience of working in listed buildings).

- At the same meeting of the Panel, determine the importance to be given to price and establish an appropriate quality: price ratio.
- Cost matters and you will need to adhere to available budgets. Remember though, that by working with the constructor as part of an integrated team you will be able to agree a guaranteed maximum price to ensure no budget overrun.
- The potential initial impact on your budget of using quality/price ratios of up to 60:40 is not as great as perhaps you might think. A ratio of 50:50 would be unlikely to have an initial cost impact of more than 10%. If this is the first time that you have adopted this type of assessment process, set a ratio accordingly, and the financial 'risk' really should not be an obstacle.
- Remember that 'price' can represent a relatively small portion of the overall project budget.
  - Candidates could be invited to submit priced bids simply for overheads, profit and preliminaries, together with any 'at-risk/up front' pre-construction costs that they will incur in the event of the contract not proceeding. This will leave the majority of the contract costs to be incurred through members of their supply chain.
  - In such instances, the total of the candidate's priced submission represents a small portion of the overall contract cost (e.g. less than 20%).
  - The candidate's potential for managing such contract costs and hence delivering best value, could then be included as a quality criterion to be assessed separately.
- Generally, use the following as a guide to determining an appropriate ratio:

	Q/P RATIO
Appointment of key project team members (e.g. Project Manager, designers, cost consultant etc.) and when the Selection Panel decides that quality issues (including control of all contract costs) are of prime importance.	90:10
Where the total of the candidate's priced submission represents a small portion of the contract costs (e.g. less than 40%).	70:30
Where the total of the candidate's priced submission represents a significant portion of the contract costs (e.g. 40% to 70%).	50:50
Where the total of the candidate's priced submission represents a large majority of the contract costs (e.g. more than 70%).	30:70

1.3

Establish the full tendering process as early as possible

- You may be tempted by time constraints to delay thinking about the final stages of the tender process until later. You may be under pressure and want to be seen to be commencing the process as soon as possible. If you are, don't! Don't rush in and issue tender invitations without having first thought through the entire process. You will be glad later that you did.
- Follow the structure of a two-stage tender process whereby short lists of candidates to receive tender invitations (including pricing documentation) at Stage two of the process, are compiled from those who submit expressions of interest at Stage one. If the procedure is subject to the EC Procurement Rules then adopt the 'restricted procedure' route.

  To reduce the time and costs associated with stage two (for both you and the candidates involved), after tender submissions have been assessed, only invite the top scoring candidates to give presentations and complete pricing documentation.

- Place an advertisement inviting expression of interest and provide respondents with an 'Information Memorandum' that describes the details of the project. Include a Pre-Qualification Questionnaire (PQQ) that seeks information about the candidate i.e. size, capability and their experience in the type of project concerned.

  A PQQ for services is included within IDeA's 'Services Pack' which is part of their 'Modern Procurement Practice in Local Government'.

- Whereas stage one of the process focuses on assessing the candidates (i.e. technical competence, capacity, and financial stability), stage two assesses their suitability for the project (i.e. their potential for achieving your success factors).
  Do not confuse the two stages. Asking for lots of information at the outset about how contractors are going to approach your project (e.g. in the form of 'method statements) will result in abortive time and could put off firms from expressing their interest.
- Remember that you will need to adhere to EC Procurement Directives, where the appropriate thresholds are exceeded.

1.4

Compile robust evaluation and scoring methodologies

- To compile the tender assessment methodology you need to identify what information is to be requested from candidates within the tender invitation documents, and determine precisely how it is to be assessed. It is vital, therefore, that you do this before tenders are invited. If you don't, you risk being accused later of making the rules up as you go along.
- For each quality criterion, establish the questions and information that you need to request from candidates. Then decide which members of the assessment panel are going to carry out the assessments, and the scoring methodology that they will follow.
- Remember that subjective issues can include written submissions from candidates that contain details of how they have addressed specific issues in the past (such as how they have set up supply chains on previous projects, and how they have monitored their performance).
- Also remember that you will need to produce a scoring model for assessing Pre Qualification Questionnaires.
- Structure the process to help the assessors (and candidates).

  Limit written submissions from candidates to say 800 words per section/question;

  Include a specific section within the tender invitation documents that details what is required and which is in the same format as the assessment scoring methodologies that you have prepared.
- Prepare a timetable for when draft methodologies need to be prepared and keep to it.

  Allow time for discussing the draft methodology with all concerned to make sure you get it right – you will not be able to change it later!

  Try a 'dry run'. Add some 'dummy data' into your models and see what it looks like.
- Once completed, evidence needs to be confirmed that the model was finalised before expressions of interest were sought to satisfy audit and external scrutiny. The easiest way to do this is to simply e-mail it to each member of the Panel, with a copy to your line manager.

1.5

Pay adequate attention to how presentations and interviews are to be structured

- If you intend to invite candidates to give presentations and/or attend interviews, then your assessment methodology will need to provide details of how you are going to assess them.
- Presentations and interviews should be held after an initial assessment has been made and provisional scores produced. This prevents candidates from winning contracts by slick presentations and helps assessors keep their focus on the main issues.
- Make sure you will meet and talk to the people who will actually be delivering the project/service to you and that you are not faced with 'professional presenters' who you will never see again. Look for evidence and examples of your particular project requirements (e.g. tenant liaison).
- Allow adequate time for each presentation (e.g. 1½ hours), and provide time for each candidate to set up and pack up, and for the assessors to have a rest between sessions.
- Notify candidates in advance in writing of the times of the presentations and length of time allocated to them. Provide the necessary facilities (e.g. data projectors) and make sure that they do not exceed their allotted time.
- Candidates should be given equal length of time, and asked to present on a theme (not to simply repeat information provided in their tender submissions). Questions can be used to clarify points arising from the assessments and assessors should be provided with an opportunity to refine their scores after the presentations.
- Keep the number of 'observers' to a minimum (e.g. no more than three, unless the presence of more is justified). Invite stakeholders along as observers if you want to, but do not involve them in scoring process unless they are members of the assessment panel.

1.6

Ensure tender invitation documents include a full explanation of the evaluation process

- Advise those who express an interest of an outline of the assessment process and what they will be required to do. Include a broad timetable of when tenders are to be invited and provisional dates for presentations etc.
- The quality criteria should be stated, together with relevant weightings and the overall quality/price ratio.
- Think about how price is going to be calculated.
- Ensure that tender submissions will contain a suitable Pricing Document that enables 'Price' to be easily compiled for each candidate. Long schedules of rates and prices will be difficult to compare unless estimated quantities are compiled, and will not stand up to scrutiny if such quantities are compiled after tenders have been sought.
- If priced bids are to comprise simply of a percentage fee and/or preliminaries, take care to avoid arguments surfacing later as to which items are included in the price. In particular, be very clear as to which items are to be treated as an 'Actual Cost' by using, for example, the Schedule of Cost Components as listed in the NEC ECC standard form of contract. Also, ensure you request fully itemised breakdowns of preliminary costs from candidates. This will ensure that all bids are treated on an equal basis. It will also avoid the 'surprise' of items that you thought were included in the contractor's fee being claimed later as preliminary costs.
- Determine how you are going to assess price after it has been calculated.

1.7

Having established a full evaluation methodology, keep to it rigidly!

- Carry out the assessments strictly in accordance with the model. Otherwise, there could be doubt that you made the rules up as you went along to suit a particular candidate. This will not be a problem provided you spent enough time at the outset, planning the process thoroughly.

1.8

Fully record each stage of the evaluation process

- Keep full records in order to demonstrate to external parties (e.g. auditors) that the process has been conducted fully in accordance with the pre-defined methodology.
- Scores should be adequately documented and thoroughly checked. Each assessor should compile a score sheet which is adequately signed and dated on completion. There should be no 'scoring by committee' or anonymous score sheets. Summary scores should be produced that combine results from all concerned both before and after any presentations.
- If scores are close (e.g. within 3 percentage points) then there should be further discussion within the Panel before a final decision is reached. Make sure that such discussions are adequately recorded.
- It would be useful to produce a report at the end that explains what and how it was done, and which can be 'signed up' to by each assessor.
- Remember that probity is inviolate. Records are necessary for your own protection!
- For major projects obtain the appropriate agreement from members and, if necessary, the officer procurement champions to award the contract.

1.9

Debrief unsuccessful candidates on completion

- Advise unsuccessful firms why they have not been awarded the contract. Remember this will be useful for the candidates to guide future submissions and should focus on constructive comments. Stress that they have not necessarily failed, but simply the Panel considered that, on this occasion, someone else was better suited for the project.
- Invite unsuccessful candidates to contact you to arrange a meeting to discuss their tender submission. The candidates who take you up on this offer are most likely those who really want to improve, so give them as much help as you can. However, still maintain caution and ensure feedback is strictly limited to information obtained from the evaluation. This is to prevent unsuccessful candidates going on 'fishing' exercises to obtain information, which in their view merits some form of action.

Further information

Good detailed information regarding quality/price selection processes is contained within Government Construction Procurement Guidance. No.3 'Appointment of Consultants and Contractors' which can be downloaded from the OGC website **www.ogc.gov.uk/index.asp?docid=1350**

Value for Money Evaluation in Complex Procurements' OGC

Selecting Contractors by Value' 1998 published by CIRIA ISBN 0 86017 491 3

See Appendix 10 within the Supporting Information for illustrations of tender assessment and recording methodologies.

Why do all this?

- To place the focus where it should be – on quality and not 'cheapness'.
- Because lowest initial price usually means higher outturn costs.
- To get those team members on board who are most likely to add value to your project, rather than those who simply offer (initially) to complete it at lowest cost.

> Experience has shown that acceptance of the lowest price bid does not provide value for money in either the final cost of construction or through life and operational costs.

Modernising Construction
National Audit Office 2001

Addendum

ODPM Circular 02/2001 on the subject of Best Value and Procurement gives the following guidance about pre-qualification procedures.

- For most contracts it is good practice to follow a pre-qualification process. The purpose of pre-qualification is to produce a shortlist of organisations that have the capability to perform the contract. Candidates who do not meet the minimum requirements can be rejected, and the contracting authority can then invite the best of those candidates who do meet the minimum requirements to tender.

- At the pre-qualification stage, the criteria for short-listing candidates are restricted to personal standing, economic and financial standing, technical capacity and for service contracts, ability. At this selection stage, only workforce matters that affect the suitability of a candidate as determined by those criteria should be considered.

- For certain classes of contract, pre-qualification shortlisting could be simplified by using appropriately recognised databases such as Constructionline, although this does not preclude the need to advertise the contract and follow other European Public Procurement procedures where relevant. Such a database can be used to identify contractors who are fitted to carry out the work and to ensure that there is a sufficient core of likely or possible tenderers.

- For all contracts a database can also reduce the burden on clients and contractors of issuing and responding to pre-qualification questionnaires. However, the presence of a contractor on a database does not automatically mean that it should be invited to tender, nor can the absence of a contractor from a database preclude a potential contractor from consideration.