

Choosing Wisely: Qualifications-Based Selection vs. Price-Based Selection in Procurement

Written by: Dennis Milsten, CCM, Director of Federal Programs, SIRIS

In the performance of construction, many contracts must be executed. A strategy or procurement method must be identified for each acquisition. Procurements generally fall into one of two categories, qualifications-based selection (QBS) or price-based selection (PBS). Each of these selection methods has many variations. QBS and PBS offer distinct advantages and considerations. This article delves into the differences between these methods, focusing on factors such as trust, conflict, advisory role, and selection time and effort.

QBS is a procurement method that prioritizes the selection of service providers based on their qualifications, expertise, and experience rather than primarily considering cost factors. QBS aims to ensure that the chosen vendor possesses the necessary skills and capabilities to effectively meet the requirements of a project, fostering a focus on quality and competence in professional services. This method is commonly applied in areas such as architecture, engineering, and other professional consulting services. In federal procurement, the selection of architecture and engineering firms performing design are mandated to be QBS as defined by the Brooks Act.

PBS is a procurement method in which the primary consideration for selecting a vendor or contractor is the cost of their goods or services. In PBS, the lowest bid or proposal that meets the specified requirements is typically chosen as the winning offer. PBS places a predominant emphasis on obtaining goods or services at the most economical price. This method is often employed in procurements where cost is the primary determining factor, such as for standardized products



or commodity-based services.

In our examination of the two primary selection methods, we will look at trust, selection time and effort, and ability to manage conflict.

Trust

First, we will look at the level of trust in the two procurement methods. In the context of construction processes, trust refers to the reliance and confidence that various stakeholders, including owners, contractors, trade partners, and other project participants, have in one another's competence, integrity, and commitment to fulfilling their respective roles and responsibilities. Trust is a fundamental element for the

successful execution of construction projects as it underpins effective collaboration, communication, and cooperation among the parties involved.

QBS places a strong emphasis on trust by prioritizing the qualifications and expertise of the potential owner's partner. QBS allows the opportunity for the owner to establish a partnership with a partner based on their capabilities, experience, and proven track record. This selection method typically reduces conflict as there is this level of trust.


In contrast, PBS relies heavily on the trust placed in the competitive pricing of partners, potentially leading to a more transactional relationship. This transactional relationship often limits the opportunity to develop a strong trust. The relationship is often based on verification of goods and services. PBS, on the other hand, may lead to conflicts arising from disputes over pricing and potential compromises on quality to meet cost constraints.

Selection Time and Effort

Selection time is often referred to as Procurement Acquisition Lead Time (PALT) and defined as the total time duration, usually measured in calendar days, that it takes for an organization to complete the process of acquiring goods or services from the initiation of the procurement request to the final delivery or completion of the contract. PALT encompasses various stages in the procurement cycle, including planning, solicitation, evaluation, negotiation, and contract award. A longer PALT can also define the level of effort an owner would go through to procure the goods or services.

QBS typically requires more time and effort during the selection process. The owner must first develop the requirements to comprehensively define the qualifications that are deemed critical to success and then describe how these qualifications can be measured. Once the qualifications are determined the evaluation of the submitters' qualifications also requires time to evaluate and often involves a selection committee. This process is often time consuming and labor intensive.

PBS is typically faster and can involve less effort. This method requires the owner to prepare detailed specifications for the goods and services to be procured. The specifications are required so delivered goods and services can be evaluated and accepted. Once the specifications are developed, pricing is submitted, and the lowest cost provider is normally selected to provide the goods and services. The time and effort in the evaluations of price is often open and straightforward. This results in moving quickly from the owner receiving the price, to the award of a contract.

In conclusion, the choice between QBS and PBS should be based on the unique needs of each procurement. While QBS emphasizes trust, collaborative partnerships, and qualifications, PBS focuses on competitive pricing. Selecting officials play a crucial role in understanding project requirements to make informed decisions that align with the specific goals of each procurement. Ultimately, the success of a procurement process relies on a thoughtful consideration of these factors, ensuring the chosen method aligns with the project's complexity and objectives. 



About the Author

Dennis Milsten, CCM, is the director of federal programs at [Siris](#). He is an experienced professional with a diverse background in capital program management, construction quality management, construction procurement, and business development in both the public and private sectors.

With over 40 years of experience, he has held various key roles in government departments such as the Army (U.S. Army Corps of Engineers), Veterans Affairs (Office of Construction and Facilities Management), and Treasury (Office of Procurement).

Any views and opinions expressed in this article may or may not reflect the views and opinions of the Construction Management Association of America (CMAA). By publishing this piece, CMAA is not expressing endorsement of the individual, the article, or their association, organization, or company.