

FIDIC QBS Marketing Guideline

FIRST EDITION 2015



Fédération Internationale des Ingénieurs-Conseils
International Federation of Consulting Engineers
Internationale Vereinigung Beratender Ingenieure
Federación Internacional de Ingenieros Consultores

CONTENTS

- 1. INTRODUCTION AND PURPOSE**
- 2. BACKGROUND**
- 3. CURRENT SITUATION OF QBS WORLDWIDE**
- 4. TARGET AUDIENCES AND THEIR PRIORITIES**
- 5. FIDIC QBS MARKETING STRATEGY**
- 6. MARKETING EXPERTISE AND TOOLS**
- 7. MONITORING OF THE MARKETING ACTIVITIES**
- 8. SUPPORTING FIDIC DOCUMENTS**
- 9. THE TASK FORCE**
- 10. APPENDICES**

1 INTRODUCTION AND PURPOSE

The purpose of this Marketing Guideline is to provide support and direction for FIDIC and its Member Associations (MAs) to promote the idea of Quality Based Consultant Selection (QBS) and to serve as a guide for FIDIC and MA professionals who will be marketing QBS worldwide. To learn about QBS in detail, promoters should carefully examine Ref.1- FIDIC QBS - Quality Based Consultant Selection (1st Edition, 2011) and utilise it in conducting marketing and promotional activities. In addition to FIDIC and its MAs, and other consultancy organisations that FIDIC is associated with, relevant consultancy firms and individual consultants may get involved in the marketing activities as well.

Quality Based Selection is referred to in some publications as Qualifications Based Selection and has been promoted by FIDIC for many years. QBS emphasises the importance of selecting consultancy firms on the basis of qualifications, experience, professionalism and integrity, rather than price, where the client is aiming towards overall project value and quality.

Quality Based Selection (QBS) is a selection process to determine the most appropriately qualified Consultant, based on

technical competitiveness, integrity, professionalism etc. leading to a negotiated award of consultancy services on a fair and reasonable basis. In QBS, 'Q' stands for the most appropriate quality for a certain consultancy job. Under QBS, the cost of the consultancy (price or fee) is an outcome of the selection process rather than a criterion. Fees for services are fixed during negotiation, following selection and before an agreement is reached, thus allowing for negotiation of project scope, and service costing, with the most appropriate technically qualified Consultant. QBS will best identify the most appropriate consultancy firm on the basis of professional skill, experience and other essential attributes. QBS does not ignore the importance of cost, but endeavours to put this into appropriate perspective within a quality discussion.

The Quality Based Selection (QBS) process provides decision-making support for clients to choose their appropriately qualified consultants according to a time-proven method. It entails projects such as buildings, bridges, roadways, infrastructure, energy production, water treatment facilities etc. being designed and built with appropriate qualification at comparable costs.

2 BACKGROUND

Activities related to engineering, surveying, environmental science and other forms of consultancy are provided globally on a routine basis. The skills and experience requirements, however, are far from routine. Given the complexity of projects, the engineering is sophisticated, multi-faceted and multidisciplinary. Understanding, methodology and focus are required for the successful implementation of such projects. Consulting services is a mature industry quite capable of fielding just the right team. The role the consulting individual plays cannot be overstated. Modern techniques, highly educated practitioners using refined tools and techniques to deal with increasingly complex circumstances create a clear need for qualification-based selection of consulting teams. FIDIC has long advocated that the decision of selecting consultants should be assigned to a group that would base their decisions solely on the concept of quality guided by their expertise and their ethics. This approach is even more appropriate in today's modern world; QBS (Quality Based Selection) underscoring the importance of utilising the most able, experienced and reputable individuals for key project decisions.

While international organisations such as the World Bank employ their own methods in consultant selection, FIDIC has made a number of significant contributions towards making the procedures more efficient. It has, for instance, recommended that consultants be selected on the basis of their skills, experience and integrity – i.e. QBS – rather than price.

Over the years FIDIC has advocated that the best value for money is to be had by clients who select consultants on a quality basis. With such a long history of failures in the procurement of consulting services (primarily in the public sector), the lesson has been learned many times over: to achieve successful projects, the most suitable team should be selected, and not the least expensive one. This is especially true when considering the relatively small cost of engineering services (as compared to the construction and Life Cycle Costs (Long Term Ownership Costs)) of 1-2% for a built project and the impact on project performance

3 CURRENT SITUATION OF QBS WORLDWIDE

To begin to develop a meaningful understanding of the current situation worldwide, a questionnaire was forwarded to all FIDIC MAs. The responses received from 18 MAs out of 94 have been tabulated and are included separately in Appendix 1.

An analysis of the results reveals that :

- a) Six Countries follow QBS in varying percentages. Only Thailand and the United States of America, out of 18 countries, follow QBS on all national projects (46 of 50 US states require QBS, with agencies in 49 using QBS).". In Canada, it is being followed by the province of Quebec for projects. This constitutes 30% of all projects in Canada. In Japan, it is being applied to 20% of projects. In Finland, QBS is followed for special types of projects where highly technical solutions are required. Similarly, in Sri Lanka, QBS is being applied in some public sector projects but in for others. QBS is also followed by some of the Multinational Development Bank (MDB) funded projects. In both Finland and Sri Lanka, QBS is being applied to 40% of projects. From this

survey, one can say that QBS is being followed on 18.33% of all the consultancy services amongst the 18 countries responding to the survey.

- b) Eight countries follow QCBS-Quality & Cost Based Selection. Of these Malaysia, Lithuania, China, and Singapore follow it on 100% of projects. Japan uses it on 80% of services, whereas Turkey and Canada use it for 70% of projects. Thus about 40% of all services from the responding MAs are said to be using QCBS.
- c) Various MAs are trying to impress upon their respective governments the importance of following QBS by showcasing QBS success stories as well as highlighting the advantages and benefits of using QBS. These are separately listed in the last column of Appendix 1 – Role of MAs in promoting QBS.
- d) In the European Union, the use of QCBS is generally adopted. However, recent improvements to the Procurement Directive also allow for QBS in some cases.

4. TARGET AUDIENCES AND THEIR PRIORITIES

Marketing Quality-Based Selection (QBS) should be a straight-forward exercise. QBS is a logical and transparent procurement method that focuses on obtaining the most appropriate quality of engineering service. However, QBS is different from the practice some clients currently use in selecting consultants in many parts of the world. As a result, promoting QBS will require a combined marketing and education campaign directed at both buyers (public and private clients, Multinational Development Banks, etc.) and promoters (consultants like FIDIC and its MAs, MA member firms, other consultant groups such as EFCA, FEPAC and their members, etc., other consultancy companies and individual consultants), while addressing the key priorities of both groups. Further consideration will be required for key stakeholder groups such as civil servants, politicians and special interest groups for which QBS may seem innovative or less commonplace.

4.1 Differing Priorities of Clients and Consultants.

In procurement the priorities of clients and consultants are similar yet not identical. Ideally, clients seek a good quality solution for their project at a reasonable cost while consultants strive to meet client requirements and turn a profit.

In terms of consultant selection, client priorities include a transparent process, one that yields results that can be justified on the basis of quality and cost. Priorities for consultants include a fair and open tender process in which they can demonstrate their capabilities, and a feedback system that will report on the reasons why they won (or lost).

Because clients and consultants have different priorities, FIDIC MAs may require two distinct but coordinated

campaigns: an internal campaign targeted at the leaders of consulting engineering member firms to build consistent understanding and support, and an external campaign directed at decision-makers in client organisations.

For both target groups a two-part message is suggested. The first message should focus on the technical benefits accruing from QBS. These benefits (covered in detail in Ref.1) include a focus on selecting the most appropriate technical expertise for the project, an emphasis on matching that expertise to the life-cycle requirements of the project – not simply the initial design phase – and the improved solutions afforded when the consultant is a trusted advisor. Additionally, this campaign ought to emphasise the logic and transparency of the QBS process. It is fortunate that both clients and consultants 'speak the same language' with respect to technical benefits and qualifications: this means that similar messages can be sent to each group. Stakeholder groups, on the other hand, may require more in-depth explanation.

The second part of the message should focus on the economic benefits (the 'business case') redounding to clients, consultants and stakeholders as a result of QBS. Again, these benefits are covered in Ref.1, but basically, they include reduced costs of construction, good operation and maintenance conditions through improved design from highly qualified consultants, a focus on money-saving innovation and efficiency in technology, energy and environmental protection; and the opportunity for economic benefits from both local input and transfer of technology and skills. The ability to negotiate scope with the most appropriate Consultant reduces later change orders and design costs increases, as well as improving understanding and relations between consultants and clients.

4. TARGET AUDIENCES AND THEIR PRIORITIES

4.2 Specific priorities of Consultants.

As FIDIC MA leaders prepare their marketing campaign to consultants they need to be aware of the prevailing concerns and priorities within their country. While most firms will be open to promoting QBS, two groups of firms may question the applicability of QBS in their region.

The first group is comprised of leaders whose firms currently practice QCBS (Quality-Cost Based Selection) or CBS (Cost-Based Selection) as a business model and fears change accordingly.

The second group consists of leaders of small, local firms. They may perceive QBS as a selection method that intensifies competition and attracts large regional and international firms formed of many experts.

So, how should FIDIC and its Member Associations respond to these two groups?

All consultancies are businesses and as such they operate on business principles. Short term, all businesses gear themselves towards surviving and thriving, meeting payroll and other financial commitments. That short-term urgency drives some firms to 'buy' jobs and resort to cut-rate fees, narrowed scope and unbilled extra services. Here, selling time is often a stronger driver than value.

Unfortunately, short-term compromises inhibit long-term prosperity and growth. 'Discounted engineering' is hardly a sustainable business practice. If a firm prospers, competes successfully and grows, it is thanks to their superior qualifications and by offering advantages not easily mirrored. In the long term, success in business derives from technical leadership, superior service delivery, or a combination of the two. And developing those superior qualifications requires investment in staff retention and education, technology and application transfer and team building.

In conducting their marketing and education campaigns, MAs ought to stress how QCBS and CBS procurement starves firms of the investment income required to develop expertise for long-term survival and excellent performance over time.

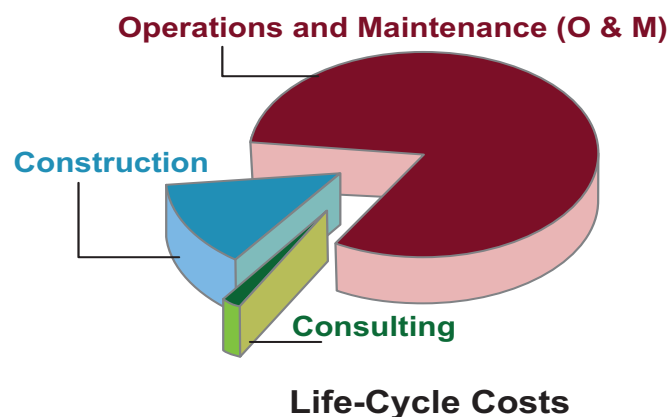
Similarly, small firms should be reassured that QBS is a procurement practice favourable to organisations possessed of superior knowledge on local conditions (topographic, climatic, building practices, permit requirements, and so on). Many large firms from outside the region cannot simply mirror these advantages. Of course, they can 'buy' projects provided QCBS or CBS methods are used for selected assignments. FIDIC advises in Ref.1 that national competitions of consultancy services be done only by the QBS method.

4.3 Specific priorities of Clients.

A key focus of an education campaign directed at clients must be the importance of total project cost including life-cycle performance, durability and costs. Engineering consultancy represents a tiny percentage of a project's capital cost, typically only 1-2 % of the life-cycle cost. Construction, operations and maintenance expenditure account for the lion's share of the costs (see the LCC pie-chart below). Good design and innovation from consultants can significantly reduce costs for construction, operations and maintenance, whereas cut-rate fees prevent consultants from taking the time or using their expertise to address life-cycle issues. Design cost may be reduced by restricting alternative solutions under consideration or by integrating less innovation, yet this ultimately inhibits final project performance and control of construction and life-cycle costs.

Engineering fees can be accurately assessed and readily addressed within the context of life-cycle costing. Once the appropriately qualified firm has been selected, fees are negotiated based on QBS. Another benefit lies in negotiating scope with the most qualified Consultant so that clients can gain a fuller understanding of the rewards and costs offered by differing approaches, and choose whether to accept them or not. Proceeding with QBS using a selection-focused scope versus a fixed final scope is another asset, by sparing the client effort and procurement time, and avoiding later changes and claims.

Finally, QBS with its focus on life-cycle costs, appropriate quality of qualifications and transparent process is an easier procurement method to reason through with politicians and other, non-technical stakeholders such as journalists, social groups and accountants.



5 FIDIC QBS MARKETING STRATEGY

The purpose of this section is to provide a strategic framework for the implementation of QBS around the world, for FIDIC, Member Associations and Member firms. It will be necessary for FIDIC and MAs to establish detailed timelines and priorities in order to adequately achieve the goal of improved consultant procurement.

5.1 Vision

To establish QBS as the recognised procurement methodology of choice for Professional Services for both public and private projects.

5.2 Goal

To achieve widespread, international recognition and acceptance amongst clients, procurement agencies and consultants, that QBS represents the best practice and best value proposal for the procurement of professional engineering services.

5.3 Action Plan

5.3.1 Petition and inform the 'procurement tree'

- Central government policy-makers
- National procurement agencies
- Central and local government procurement officers
- International financing institutions
- Key private-client organisations
- Project management organisations (who often advise clients on procurement processes)
- Consultancy industry
- Construction contractors
- Public opinion

5.3.2 Enable MAs and Member Firms to champion QBS

- Publish and promote the FIDIC QBS Guide (Ref.1), case studies and this marketing document
- Prepare draft Power Point presentations, draft pamphlets and seminar outlines that explain the QBS concept and methodology.
- Encourage collegial reporting and comparison of procurement policies by public and private clients.
- Identify and harness leaders within the industry to spread the QBS message
- Provide accessible pro-QBS messages to encourage a wider public to accept QBS as beneficial (being focused on public safety, project performance, and life time costs).

5.3.3 Train and inform procurement agencies to effectively deliver QBS procurement

- Provide training materials for assessors
- Publish attribute templates for different project

types to encourage consistency

- Provide source materials for training seminars for assessors
- Develop an accredited training program for QBS assessors
- Provide source materials for training seminars for assessors
- Develop guidelines to enable assessors to appropriately price the services and to negotiate realistically and fairly
- Develop guidelines that stress the speed and simplicity of the QBS process and dispel any concerns about biased decisions.

5.3.4 Empower Member Firms to deliver QBS projects effectively and with excellent value for their clients

- Provide training and source materials through MAs for scoping services, in response to QBS requests and fee negotiations

5.4 Leadership

To establish QBS as the default procurement methodology for professional engineering services requires leadership at many levels; internationally by FIDIC, nationally by MAs (with support from FIDIC) and locally by member firms with assistance from MAs.

Leadership must be demonstrated through a number of areas or spheres, including:

- Politically: by challenging, at the highest and lowest levels, the oft held belief that price based selection provides the best value
- Financially: by promoting QBS as the only methodology that can actively provide whole-of-life financial comparison and quality/cost trade-off
- Ethically: by demonstrating that QBS promotes and enables integrity
- Professionally: by enabling involvement of the consultant early, during scope development, an understanding of the clients' objectives and requirements are determined early
- Sustainably: by demonstrating that sustainable outcomes in uncertain and changing times can only reliably obtained by quality design processes procured through QBS

5.5 Schedule

In conceptual terms the schedule to implement the action plan would need to follow the chronological order outlined below:

- Preparation of marketing and education materials (some of these already exist)
 - Seminar notes
 - Default presentations and pamphlets

5 FIDIC QBS MARKETING STRATEGY

- Templates for attribute assessment
- Fee negotiation guidelines
- Scope development guidelines
- Delivery of quality guidelines, including appropriate investment by firms
- Briefing and enabling MAs
- Internal promotion via MAs. Convincing all the member firms to 'walk the talk'!
- Concerted campaigns to sway policy makers
- Disseminating policy changes and benefits
- Training assessors and member firms.

5.6 Costs

In order to successfully market QBS more widely there will need to be investment by FIDIC, Member Associations and Member Firms.

5.6.1 FIDIC

- Secretariat time and marketing specialists' costs
- Printing and artwork, etc.

- Travel costs
- Committee/taskforce costs
- EC flying squad costs (i.e. EC & Secretariat presentations to national policy makers)
- Developing a service cadre that can help client implementation of QBS, by providing independent third-party support, assets and assessors (for the short term, while clients learn, or long term if the client desires).

5.6.2 Member Associations

- Secretariat time
- Lobbying
- Leadership coordination within the local industry
- Member education
- Seminars for clients, assessors and member firms

5.6.3 Member Firms

- Up-skilling in scoping, proposal and negotiation
- Providing resources and leadership for spreading the message

6 MARKETING EXPERTISE AND TOOLS

If we accept human nature, we also need to understand that the issue of cost is fundamental for all those involved in infrastructure projects. Despite all the arguments pointing out that cost needs to be placed into context when selecting a consultant on quality, ultimately the best way to explain the issues is face to face. For this reason it is essential for consultants themselves to understand the issues and the arguments, especially if their own basic training involves calculating and selling time. The fundamental principles of QBS cover more the intangibles – the expertise; the knowledge; the innovation; the thinking time. These all have real value and provide the 'added value' in any proposal. Any marketing strategy therefore needs to address the QBS concepts, and present these internally, before communicating this to clients.

6.1. Marketing Specialists, Personnel and Training

It is important to appoint FIDIC permanent personnel to study this marketing strategy paper in detail and prepare themselves to guide the professionals outside FIDIC to prepare and implement marketing activities on behalf of FIDIC. QBS marketing specialists, before planning the marketing activities, must also study the relevant FIDIC publications listed below, especially Ref.1 in order to thoroughly understand and learn what QBS means. This is very important in order to conduct good debate to convince targeted audiences and promote QBS over other methods of consultant selection. FIDIC should do this during all its annual conferences as well.

MAs should assume an important role after FIDIC itself in promoting QBS worldwide. In doing this, the MA specialists must also be able to carry out the marketing activities by blending those activities with local knowledge, since the existing methods for selecting consultants differ from country to country, mainly as a result of local procurement policies. The marketing specialists should preferably be professionals rather than volunteers in order to sustain the activities with FIDIC and MA volunteers providing guidance to those professionals as required.

From the MAs which are willing to participate in the marketing activities, FIDIC could appoint QBS marketing leaders who could be trained online and have face-to-face reviews when required according to an appropriate schedule. Those leaders could then hire professional specialists and train them on the usage of QBS marketing tools. MAs could also provide explanations, case studies, monitoring results, successful clients in applying QBS etc. using the marketing strategies guide on their web-sites. Printed material prepared by MAs, pointing out the benefits of QBS to be distributed to the public and private clients, could be useful as well. Preparation of training kits by FIDIC could be an important contribution to the MAs. A simplified form of QBS could also be included in the modules offered in the FIDIC YPMTP, so as to enlighten future leaders of the industry on the benefits and importance of QBS.

6 MARKETING EXPERTISE AND TOOLS

6.2 Marketing Tools

After identifying the target audiences and their priorities (Section 4), the next step is to inform the audiences and familiarise them about the benefits of quality in the selection of consultants, and to raise awareness on the efficiency of QBS. To achieve this purpose, two types of marketing tools can be used; namely virtual tools and direct tools. Virtual tools comprise of Social Media, and direct tools comprise of Printed Materials, Live Events, Special E-mail Messages, Symposia and Workshops in MA Countries, Public Relations, Branding and Artwork, Mainstream Media (MSM) or Traditional Media and FIDIC president's and EC Members' political lobbying in member countries.

Selected marketing tools to promote QBS are analysed further under Appendix 2.

6.3. Comparison of tools

In case of social media the flow of information takes the form of active communication among members of the online community (many-to-many) and happens in multiple directions. The advent of online communities has bridged the communication gap between brands and consumers by creating a two-way communication platform. New marketing methods are potentially capable of boosting a company's client base. They may not be able to fulfil what traditional marketing does for businesses. Traditional marketing techniques have a high success rate and are proven, whereas web based applications such as social media are subject to clients or customers having access to an online medium and being Internet savvy. But, in the case of traditional marketing, businesses can deliver their marketing message to anyone with access to a newspaper, mail service, television or radio. These traditional media are cheaper and more accessible compared to

online medium. This is considered one of the main advantages of traditional marketing, especially in places with less online coverage. Here traditional marketing is more viable than online marketing techniques such as social media. In addition, traditional marketing has the following advantages such as: physical access to product, personal service, face to face communication, atmosphere of physical store and more secure payment systems. Conversely, the disadvantages of traditional marketing are that it is more product centric and advertising based, which does not give focus to the customer. It involves a slow process of communication and transaction, has a one size fits all approach for marketing message and requires a large advertising budget.

6.4. FIDIC approach to social media

FIDIC has created company pages on the following social media channels: Facebook, Twitter, and LinkedIn.

FIDIC page on Facebook: With almost 4,000 followers, the FIDIC page on Facebook promotes relevant information about Federation activities, provides links to Member Associations, provides information about FIDIC conferences and publication releases. It is also used for the correspondence of FIDIC committee/task force members and forum participants. (e.g. the FIDIC Young Professionals Forum).

FIDIC page on Twitter: With almost 1,000 followers, the FIDIC page on Twitter allows FIDIC to spread the voice among the consulting engineering community. Twitter is an important tool to disseminate information about challenges for the selection of consultants, as well as for successful QBS practices.

FIDIC page on LinkedIn: LinkedIn allows FIDIC to contact consulting engineering professionals worldwide creating awareness about FIDIC publications and policies.

7. MONITORING OF MARKETING ACTIVITIES

With the marketing activities under way, FIDIC will need to monitor the results every year and take note of developments in the application of QBS for consultants. The long-term sustainability of QBS, as well as the duration of marketing activities, depend on the clients becoming involved. Consulting clients in addition to MAs thus takes on considerable significance.

The methods to be applied to monitor results might include:

- Benchmarking, by comparing the answers received from 18 MAs to the Questionnaire sent out in May 2013 against those collected in subsequent years from the same MAs. (See Appendix 1)

- Special studies can be prepared with MAs (not necessarily with only those MAs that have already responded to the FIDIC questionnaire), following the FIDIC Marketing Guideline, to establish the positive results from the marketing activities.
- After some or all marketing tools explained in the Marketing Guideline are applied to attract the attention of selected clients of a country, they can be surveyed so that any positive changes in the consultant selection method may be understood and noted.
- FIDIC has the option of developing a client feedback form to monitor clients' perspective on a project-by-project basis.

8. FIDIC SUPPORTING DOCUMENTS

Below are the FIDIC documents supporting the QBS principles:

- Ref.1: FIDIC QBS - Quality Based Consultant Selection (1st edition, 2011)
- Ref.2: FIDIC Guidelines for the Selection of Consultants (2nd edition, 2013)
- Ref.3: FIDIC Procurement Procedures Guide (1st edition, 2011)
- Ref.4: FIDIC Definition of Services Guidelines (1st edition, 2009)
- Ref.5: The FIDIC White Book – Client/Consultant Model Services Agreement (4th edition, 2006)
- Ref.6: The FIDIC Guide to the Joint Venture and Sub-consultancy Agreements (1st edition, 1994)

9. THE TASK FORCE

The QBS Marketing Guideline has been prepared by the Marketing Guideline Task Force (QBS-MGTF) of the FIDIC Business Practices Committee (BPC) established in 2012, members of which come from different regions of the world, as listed below in alphabetical order:

THE TASK FORCE

Rick Prentice – Canada (BPC Chair)

Fatma Colasan – Turkey (QBS-MGTF Chair, BPC Member)

Manoochehr Azizi – Iran (FIDIC YP)

Italo Goyzueta – Switzerland (FIDIC Deputy Director)

Kiran Kapila – India

Jorge Padilla – Mexico (FIDIC Past President)

Shahram Sheikh Sandiani – Iran (FIDIC YP)

Andrew Steeves – Canada

Adam Thornton – New Zealand

Enrico Vink – Switzerland (FIDIC Managing Director)

[Contributions of **Chris Newcomb** (FIDIC EC, Canada), **Nasiru Danlami** (FIDIC YP, Nigeria) and **Walter Painsi** (Austria) are also appreciated.]

10. APPENDICES

APPENDIX 1: Current QBS Use in Public Sector Projects

Country	Procurement Method								Role of MA in Promoting QBS
	QBS	Similar to QBS	QCBS	Cost Driven	Not Specified/ Others	Driver	Whether adopted as Law	Highlights	
Malaysia			✓			WB/Multilateral Banks	No	In line with WB/Multilateral Banks & neighbours Hong Kong/Singapore	Representations to Government Agencies
Spain			✓			Public Sector	No	Provisions exist in Spanish laws where technical quality is given due consideration over financial offer. However, it appears that decisions depend on the Public Sector Organisations and the nature of the Proposals	To lobby with government for inclusion in law for use of QBS only
Thailand	✓					Public Sector	Not Specified	Price Competition does not arise as there exists a ceiling fee for Public Sector Projects - which is 1.75 % to 2.5% of the estimated project cost	Monitors and Promotes QBS
Mozambique		✓				WB/Intl FI's	No	The FIs have been funding the public sector projects and have adopted EU standards and procedures acceptable to the Donors and International Agencies and have a procurement system similar to FIDIC guidelines	Not specified
Italy					✓		No		Not specified
Germany					✓	Public Sector	No		Decision to lobby with Govt. agencies and public sector to be taken in the Board Meeting in next few days.
Lithuania			✓			Public Sector	No	QCBS driven by Quality aspect (80%) and Cost aspect (20%) on an average.	Aggressive campaigning through Lobbying with the Public Procurement Office and newspapers

10. APPENDICES

Singapore			✓			Public Sector	No	Quality Fee Selection Method used	Consistent dialogue with Industry Partners
Czech Republic				✓		Public Sector	No	Lack of Political will; belief in simplified selection process	FIDIC to play the key role with statistics in favour of QBS in the country
Colombia					✓	Public Sector	No		FIDIC to play the key role to initiate QBS in the country to be ably supported by CCI
Turkey			✓			Public Procurement Authority	No	a. QCBS or CBS based on type and size b. QBS is considered to be preventing free competition and an obstacle for winning tenders c. Too low or too high a price quoted tends to get rejected d. The MA opines that when bidding is intended for local competition best option is QBS and when it is along with international competition, QCBS is recommended.	Advantages and Benefits through QBS to be explained to the Public Procurement Authority.
China			✓			Govt., World Bank, ADB	No	a. Lack of knowledge and understanding about QBS b. Criteria to define quality is an issue in a situation when all the bidders are equally competitive	Focus on life cycle quality; capacity building; Promote success stories and lobbying with Governments and Banks
Poland				✓			No	a. Costs considered as the only measurable and quantifiable criteria. b. Absence of criteria of quality	Not specified
Sri Lanka	✓				✓	MDBs and Financial Institutions	No	a. Applied to select MDB and Donor financed projects. b. However, majority of Government projects are not QBS c. Public Sectors, MDB and Donor Financial Institution Projects follow QBS.	Suggest FIDIC to promote QBS to MDB and Donor financed projects

10. APPENDICES

								<p>a. QBS is used only for projects requiring new technical ability or of high complexity.</p> <p>b. The public infrastructure projects are decreasing triggering low price bids.</p> <p>c. To ensure the quality, a new law promoting Quality alongwith Price - QCBS was introduced in 2005</p> <p>d. Resulting in decrease in CBS as well as QBS. Private sector and govt. projects do not follow QBS.</p>	
Japan	✓		✓			Public Sector	Yes		Not specified
Finland	✓					EU Procurement Drive	No	<p>a. QBS used for Consulting Services currently.</p> <p>b. QCBS system is used for 20% public sector projects and Annual Contracts.</p> <p>c. CBS is used for 33% of the projects.</p>	Communication campaign promoting the QBS benefits, its design and sustainability in the long run
USA	✓						Yes	Required by law for all Federal Govt. work and is required by 47 of our the States and adhered to by most local governments and public entities.	
Canada	✓		✓				Yes only in the province of Quebec applicable only to provincial projects.	<p>a. Co-existence of both QBS and price based selection in Quebec - both mandated by Provincial Statues.</p> <p>b.QBS is also used for complex projects; in the context of a consultant roster system - consultants compete to be on the roster - price also plays an important part here</p> <p>c. QBS has adversaries in the bureaucracy itself, who are averse to risks as QBS is viewed against saving of money.</p>	Champion the cause for QBS with testimonials and QBS success stories.

10. APPENDICES

APPENDIX 2: Marketing Tools

i- Social media

Social Media, as virtual communities and networks which have internet-based applications, are one of the most important tools for marketing. A comprehensive plan for marketing should consider engagement of target audiences, marketing costs and time, social media guidelines and strategic planning, before selecting the optimal social media tools and using existing social media platforms.

Given the swift development and improvements in IT, social media are subject to almost day-to-day change. However, the major social media at present can be identified as:

- Facebook, LinkedIn, MySpace
- Twitter and Jaikue
- YouTube
- Flickr and Zoomr
- Blogtv, Justin.tv, and Ustream
- Wikipedia
- Digg and Reddit

FIDIC has begun to take advantage of these virtual media. However, several ways exist for developing and promoting Quality Based Selection of consultants on the internet, such as:

- Creating a main website
- Launching supporting blogs
- Creating pages in social networks
- Emailing a variety of target groups
- E-journals
- Preparing an e-book and forwarding it to the target group
- Sending a summary of sample projects and best practice studies
- Web advertising

Social media platforms, functionality and comparison outlined in the tables below:

Table1.Types of Social Media platforms and their functionality

Types of social media	Types or functionality
Facebook, LinkedIn, MySpace	Social networking
Twitter and Jaikue	micro blogging
YouTube	Video sharing
Flickr and Zoomr	Photo sharing
Blogtv, Justin.tv, and Ustream	Live casting
Wikipedia	Reference
Digg and Reddit	News aggregation

Table2. Comparison among Social Media

Site Name	No. of subscribers	Years of Activity	Avg. Cost of Advertising
Google+	About 520 million	2	\$10 / min
LinkedIn	About 225 million	10	\$10 / min
Facebook	About 900 million (March2012)	8	\$0.01 / min
Twitter	About 200 million	7	\$0.10 / min

10. APPENDICES

Table3. Comparison between Social Media and Traditional Media

Features	Traditional Marketing	Social Media Marketing
Platforms	Offline medium such as: flyers, booklets, MA newsletters, TV, Radio, Newspaper, ads... etc.	Blogs, Social Networking and sharing sites YouTube, Facebook, Twitter, LinkedIn... etc.
Technique	Mass marketing, creating brand awareness through hard selling	Creating interaction among concurring people around FIDIC, MA, member company
Focus	Advertising and branding	People, Community
Accessibility	Physically, Limited time	24/7 access
Customer perception	Disturbing	Comprehensive and Participatory
Communication channel	One way interaction	Conversational, Multi directional
Communication style	One-to many ,face to face	Many-to-many, FIDIC, MA, member company with communities and among community members. Directly
Marketing Mix elements	Product, Price, Place and Promotion	People, Platform, Participation and Promotion
Return on investment	Return on implementation	Return on influence
Required budget	Huge budget needed	Minimum budget needed
Feedback handling	Not feedback-friendly due to the communication style used	Provides a real time feedback handling opportunity

ii. Printed materials

Physical and Visual media have both direct and indirect advertising approaches. The direct approach consists of printed publications, advertising in newspapers, publishing brochures and pamphlets, advertising in local community meetings, and so on, while the indirect method, which is more appropriate for QBS promotion, involves publishing articles, arranging lectures, and academic studies.

Nowadays, books in either printed and manuscript or electronic form are the hottest marketing tool. Adding an e-book to marketing tools is a smart move. E-books have embedded links and these help in the development of affiliate programs.

iii. Live events

During FIDIC annual conferences, QBS may be promoted through an ongoing program and publication of articles; the same conditions apply for MA countries.

Live and online conferences, it must be said, have advantages and disadvantages. This technology – Real-time Streaming – is subject to minor communication delays in comparison with “Live Streaming” and thus is less acceptable. However, even though this method reduces travel and physical communications, low bandwidth in some countries should

be taken into account. An alternative in such cases could be the 'Stored Streaming' method, whereby the initial delay is not important as people can download the file at any time while there is no need for the physical presence of people at a specific time. Therefore, considering the target group's work load, this method would seem to be better for QBS marketing.

iv. Special e-mail messages

Considering the desired target group for FIDIC, MAs, and companies, the basis for QBS Marketing Guideline is mostly B2B. Therefore, it is better to use information technology and online communications such as direct email messages from FIDIC, MAs, and companies. The reason being that, communicating via email is preferable to other methods from different points of view, i.e. speed, accuracy, and accessibility of members. Email marketing is a tool for building relationships with both potential and existing customers. A targeted, segmented email database means that a brand can direct messages at certain segments of their customer base in order to achieve the best results.

An important issue regarding email marketing is that emails sent out might go to a bulk or spam box. There are tools that can provide a list of safe emails to address this issue. For marketing via email it is necessary for each email sent out to include information or news that will interest the audience.

10. APPENDICES

Some of the benefits of using e-mail messages are:

- Low cost (extremely cost-effective)
- Instant communication
- Highly targeted
- Option of subscribing several members to one programme
- Mass-scale configurability
- Completely measurable
- Photo and video attachment options

And some major disadvantages of email marketing:

- Unattractive
- May be blocked
- Spammed out
- Many members of the target audience may well not take the time to open the email and read, verify or consider the content.

v. Symposia/workshops in MA countries

For successful symposium workshops in Member Association countries there needs to be a formula or template that can be followed. Such templates could be provided in the appendix of the QBS document. These workshops and/or symposia or panel discussions could be conducted at the MA level (national), regional or sub regional level.

A knowledgeable leader, moderator, or facilitator is needed. This facilitator must have the skills to accept diverse opinion but keep the message front and centre so the audience can stay focused on learning the benefits of QBS.

A good way to start the workshop/symposium would be to have a panel discussion, or by bringing together a small group of speakers with varying points of view or perspectives to stimulate the audience. Another potential way to commence a symposium is a workshop where the majority of parameters come into play. It becomes a matter of using judgment based on knowledgeable perspectives to successfully engage consultants.

A speaker panel may include such industry participants as an engineering consultant, an architect, a municipal engineer or engineer charged with the responsibility to engage consultants for projects, a purchasing agent or purchasing officer of the municipality, a professional engineer or project manager from an MDB, an industrial entity such as an oil company, transportation company, and so on, and a contractor who takes on the responsibility of building up the project, while both recognising and appreciating the difference between a consultant hired for their qualifications or quality as opposed to one hired purely on the basis of price.

A typical agenda for symposium, workshop or panel discussion might include:

- Opening remarks
- Review of purpose or agenda

- Introduction of respected speakers
- QBS: Overview presentation to include roughly where we are, where we are going, and how we get there
- Industry speakers discussing QBS from the perspective of their experience, good or bad or theoretical understanding, outlining pros, cons and issues on the basis of their experience, and/or panel discussion.

The time frame will vary depending on whether it is a panel discussion, which could be held at a regular industry luncheon meeting, or possibly as part of a professional engineering continuing education or professional development opportunity.

The objective of undertaking this type of meeting or discussion is to raise awareness, not necessarily to immediately convert all clients into QBS users, but at least to encourage them to see how their project or projects can become more successful, sustainable and readily accepted. This means that symposia or workshops should be targeted not only at member firms and their individual project managers at all levels, although new consumer groups that may not have a high level of familiarity with QBS.

vi. Public relations

Public relations are a set of functions that foster an organisation's ability to listen to, appreciate and respond to those people with whom it is exchanging value. It can be divided into traditional and web-based public relations. While traditional PR focuses on carefully crafted press releases and the controlled release of information, the Internet means that information is freely available to a wider audience, as opposed to a select group of journalists. Traditional PR is a long-term process. It relies on community feedback and thoughts and is time consuming in contrast to advertising, which should reach its target without delay. Traditional public relations activities and their results are somewhat intangible. This is the other difference between traditional public relations and Web Public Relations (WebPR). WebPR allows an organisation to engage in a more immediate form of communication, unlike the traditional press release.

More evident in public relations is that the target group and beneficiaries should have the right to express their opinions. This will increase customers' confidence and reliance on any organisation.

One positive point to be made about FIDIC is its high number of members and its expanding sphere of influence worldwide. This helps to counteract the shortcomings that stem from cultural and environmental differences between various target groups.

vii. Branding and artwork

Branding and artwork are two somewhat individual elements of identity.

10. APPENDICES

1. Need to establish the brand; determine what the brand is. The brand in this case could be related to quality of services.

The task force should suggest or confirm or recommend to FIDIC a particular brand, for this industry, which either applies to QBS or helps to make QBS a FIDIC brand. So, the brand needs to be well thought out; it needs to relate to the identity of the organisation, and be accepted by those who lead and work in the industry. Acceptance will come if a brand is simple. And a useful brand, it would seem, must also be practical and meaningful.

2. Branding – Once a brand is established and accepted, it then needs to become active. This is the core function of branding. From the top down, the branding cycle commences within FIDIC before moving on to member organisations or associations. From the bottom up, branding might start within each firm through individual leaders or consultants who passionately believe the projects they get selected for are the ones they are most qualified for and are in fact the most likely projects they will be selected to participate in. Clients clearly recognise such passion and enthusiasm and then identify QBS as being directly related to their projects.

3. Artwork is distinct from branding and brand, as discussed above. Brand is a concept or a guideline. Branding consists of developing understanding and continuity and having people buy into it. Artwork, although planned in advance and well thought out, is generally the identifier or means of illustrating graphically the alignment around brand identity. Once the brand is established and agreed to at a leadership level and connected with the day-to-day passion, it would be feasible to use the artwork as a means of identifying those firms and consultants and then member associations who believe in and are committed to QBS.

4. Artwork could be localized and used on stationary or attached to letterhead that identifies firms as supporters of the QBS brand.

viii. Mainstream media (MSM) or traditional media

Traditional Media is a method of communication or a form of publication traditionally used to distribute news and information. MSM has some advantages over the traditional methods. For instance, with the MSM method, it is possible to advertise at a lower cost and to a bigger target community. Traditional media have played three important roles over the

years. They have helped to inform, educate and influence opinion. Television and radio have influenced people's daily lives and routines by determining the content that audiences watch and listen to as well as the time when this content is broadcast. Traditional media platforms such as TV, radio and newspapers bring the outside world into our homes; their content provides viewers and listeners with something to talk about for days. In addition, the target group can quickly be informed of news about seminars and relevant meetings. However, the only drawback with traditional media is the fact that it is limited to a one-to-many approach, an approach in which one entity can communicate with many people in a way which is one directional. But this approach does not allow readers to communicate with the business, or spread the information easily. This is one of the weaknesses to traditional media.

Some of the benefits of the MSM method include:

- Potential to promote at any time of the day
- Accessibility to a big target community
- Simultaneous use of multiple media (sound, picture, etc.)

ix. FIDIC Executive Committee members' political lobbying in member countries.

One of the more important roles of the FIDIC President and other members of the Executive Committee lies in promoting FIDIC's Best Practices to national governments and other groups involved in the procurement process in a country. Often, the comparatively neutral perspective of a senior FIDIC official has more impact, and the examples they provide can defuse the local bias often perceived from local lobbying, by illustrating international practices. They can also work to support the initiatives of Member Associations at local level, again by offering a more neutral perspective on behalf of the global industry.

In recent times, EC Members have been assigned countries in their own region to maintain close liaison, and support such initiatives wherever they can. Members of relevant FIDIC committees, such as Business Practice, can also bring first-hand experience to the lobbying effort.

x. Cadre of FIDIC-developed QBS implementation authorities

Proper and effective use of QBS requires understanding, experience, consistent rules and the implementing of actions. To assist clients with initial applications and to avoid whatever inherent reluctance there may be to change, FIDIC needs to make available to clients a cadre of independent consultants who are willing and able to support, and even to perform QBS duties, from initial scoping and process development and advertising, through to selection, negotiations, contract award, and contract administration. This would prevent any fallback on cost-based selection using the argument that QBS is too difficult or time-consuming, or too inclined to be unfair or biased.



International Federation of Consulting Engineers (FIDIC)
World Trade Center II, Geneva Airport
P.O. Box 311
CH-1215 Geneva 15 - Switzerland
Tel. +41 22 799 4900 - Fax +41 22 799 4901
Email: fidic@fidic.org
www.fidic.org