

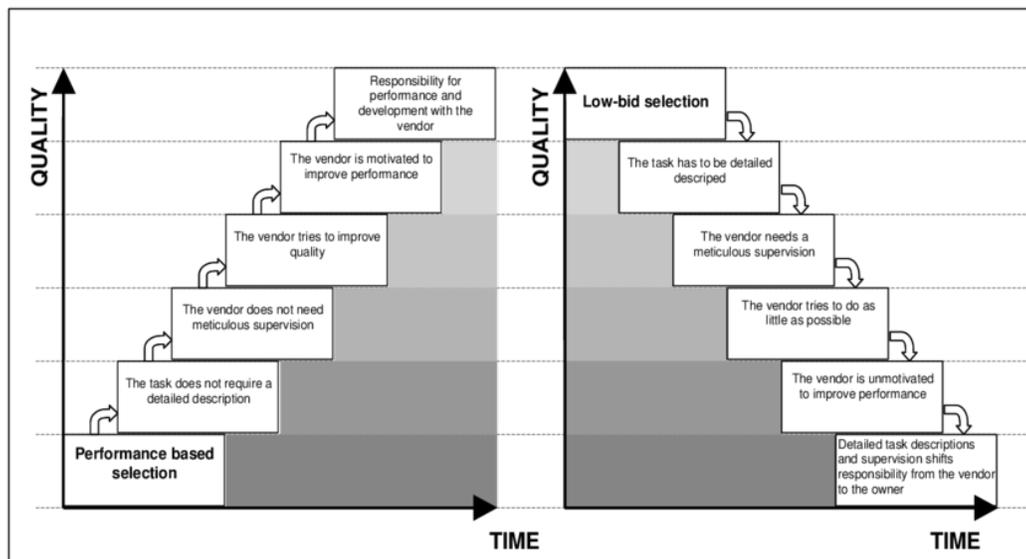
Qualifications-based Selection: The Best Value Method to Select Job Order Contractors

As Melissa Crytzer, an AZCOMMPRO writer stated, “Imagine hiring painting crews to complete 11 high-dollar projects, but giving them no technical specifications. You are the project manager. Then imagine your delight when you realize a hands-off approach saved you \$700,000, resulted in on-time and ahead-of-time delivery, and a higher quality finished product.” Melissa also interviewed the international Best Value Procurement Expert and he asked, “Why would somebody hire an expert and then manage him?” asks Dean Kashiwagi, director of the Performance Based Studies Research Group (PBSRG) in Arizona State University’s Del E. Webb School of Construction. “Because it’s been done for years” is simply not a good enough answer for Kashiwagi. And his research proves that a less-is-more management style really does work. Kashiwagi’s concept is called the Performance Information Procurement System (PIPS). It works contrary to traditional price-driven construction procurement. “The traditional model

includes a Request for Proposal (RFP). Owners set minimum requirements for a project, send them to all vendors, and the lowest bidder wins,” explains Kashiwagi. The end result is not a winning combination. Because the contract is based on price, the highest performing contractor is rarely selected in low-bid scenarios.

So, you are stuck with underperforming contractors, now what? “This means the client, or owner, has to manage and inspect to make sure the contractor is meeting that minimum standard,” Kashiwagi says. Contractors also won’t exceed those minimum standards, he says, because it’s not part of their contract. They will do only what they are told. The final outcome is an owner who must assume all risk associated with the project. The price-based model also fosters poor performance, late projects, and increased change orders, according to the PBSRG research project team that includes Kashiwagi, Kenneth Sullivan, John Savicky, and Jacob Kashiwagi. “We never

Performance Based vs. Low-bid Selection Process Influence on Quality



Courtesy of ResearchGate

tell the contractor what to do, because we're hiring him to know what he's doing," explains Kashiwagi. If you have to micro manage your contractor then it might be time to hire one that knows how to perform so you don't waste money on additional unnecessary oversight. Select based on best value to your entity and the result is a cost savings program.

Center for JOC Excellence supports best value procurement because research studies prove that lowest price does not provide the added value originally intended for job order contracting programs. Create an extension of staff with a team that understands your needs and will assist you in fulfilling your mission. Teamwork breeds success and it is the principle for proper functioning JOC programs.

One of the most important aspects of best value procurement is looking at past performance. It is important to see if potential vendors have completed projects on a similar scale and understand that JOC is a program that demands commitment and should not be viewed the same as a single project procurement.

MEASURING WHAT'S RELEVANT IN A SELECTION PROCESS

1. Program Understanding
2. Quality of Services
3. Proposed Technical Performance
4. Management Plan
5. Financial Stability
6. Commitment to Training
7. Relevant Qualifications
8. Risk Assessment
9. Availability of Staff and Support
10. Ability to Partner
11. Past Performance
12. Safety Record
13. Cost