



# Which consultant should we hire? An explorative study of how quality is evaluated ex ante in public procurement

Frida Perner <sup>a</sup>

SSE Working Paper Series in Business Administration

No 2014:2

November 2014

**Which consultant should we hire? An explorative study of how quality  
is evaluated ex ante in public procurement**

Frida Perner

[frida.perner@hhs.se](mailto:frida.perner@hhs.se)

Stockholm School of Economics  
Dept.of Management and Organization  
P.O. Box 6501  
S-11383 Stockholm, Sweden  
Tel: +46 8 736 90 00

# Which consultant should we hire? An explorative study of how quality is evaluated *ex ante* in public procurement

## Abstract

The aim of this study is to investigate how the quality of management consulting services is evaluated *ex ante* by public contracting authorities. Building on an explorative document study of 96 invitations to tender for management consulting services published in 2008-2012, seven different evaluation methods and four quality dimensions are identified. The findings indicate a trend among the contracting authorities from mainly using objective and quantitative evaluation methods, towards an increased use of subjective and qualitative evaluation methods. Based on the findings, it is suggested that public contracting authorities are becoming more professional and reaching higher levels of purchasing maturity.

**Keywords:** Quality, evaluation, public procurement, management consulting services

## Introduction

Purchasing professional services such as management consulting services (von Nordenflycht, 2010) has become increasingly important and common in public and private organizations (Ellram & Billington, 2002; FEACO, 2010). Despite this, it is an activity still perceived by buyers as challenging and risky (Werr & Perner, 2007). A frequently heard explanation to this is that it is difficult for buyers to evaluate and measure the quality of the services *ex ante*, since management consulting services are built on intangible and subjective qualities, and highly dependent on the buyer-seller interaction (Clark, 1995; Day & Barksdale, 2003; Glückler & Armbrüster, 2003; Lindberg & Nordin, 2008; Perner, 2008). Moreover, the assignments management consulting services are hired for tend to be complex, strategically important and risky, where a mistake can be costly and difficult to rectify (Clark, 1995; Mitchell, Moutinho, & Lewis, 2003).

To deal with the perceived risks, buyers in the private sector have tended to use relational purchasing processes, where informal buyer-seller relationships have functioned as risk reduction mechanisms and a way of ensuring that the “right” service provider is selected (Glückler & Armbrüster, 2003; Mitchell, 1994). In the public sector in the EU, however, the

EU public procurement legislation<sup>1</sup> states that buyer-seller relationships should not influence the selection of the supplier, and that the quality evaluation criteria must be specified in advance and possible to measure objectively and transparently (Roodhooft & Van den Abbeele, 2006). The public contracting agents (CAs) must therefore find ways of defining and measuring quality *ex ante* that is both in accordance with the legislation and ensures that the “right” supplier is selected – a task that is not always easy and has so far received relatively little attention in the literature (Lindberg & Furusten, 2005; van Leeuwen, 2011). Against this background the purpose of this paper is to contribute to the service purchasing and professional services literatures by investigating empirically how CAs evaluate quality in management consulting services *ex ante*. Two research questions are pursued:

1. *What methods are used by CAs to evaluate the quality of management consulting services ex ante?*
2. *What measures are used by the CAs as indicators and evidence of quality in management consulting services?*

The paper builds on document analyses of public invitations to tender for management consulting services assignments published 2009-2012 in Sweden’s largest public procurement database, VismaOpic. The findings from the analyses reveal a development from quantitative evaluation methods towards more qualitative and complex evaluation methods. They also reveal measures used by CAs as indicators and evidence of quality.

The paper is structured in the following way. First a literature review is given over public procurement of management consulting services and service quality evaluation methods. This is followed by a methodology section, in which the research design, data and method of analysis are described. After that the findings from the data analyses are reported, describing the identified evaluation methods and measures used as indicators and evidence of quality. The paper ends with a concluding discussion in which the results from the analyses are discussed in relation to existing literature, and managerial implications and directions for future research are presented.

---

<sup>1</sup> [http://ec.europa.eu/internal\\_market/publicprocurement/index\\_en.htm](http://ec.europa.eu/internal_market/publicprocurement/index_en.htm)

## Literature review

The literature review consists of three parts. First, the public procurement of management consulting services is discussed. This is followed by a review of the literatures about service quality evaluation in general and of evaluation models used in public procurement.

### Public procurement of management consulting services – a perceived dilemma

In the literature, management consulting services are often described as being very complex, abstract, and difficult to measure, compare and evaluate, as they are built on subjective and intangible qualities (Clark, 1995; Dawes, Dowling, & Patterson, 1992; Davidson, Motamedi, & Raia, 2009; Glückler & Armbrüster, 2003; van der Valk & Rozemeijer, 2009). The high level of intangibility together with the difficulties for the client to define and specify the projects beforehand has led many clients to perceive this type of purchase as very risky, since a mistake – especially regarding which consultants to hire – can lead to costly mistakes that are difficult to rectify (Clark, 1995; Mitchell, 1994; Mitchell et al., 2003). To reduce the perceived uncertainty, clients in private organizations have traditionally used relational purchasing approaches; hiring consultants they know well or a trusted colleague recommends, and using previous experiences from working together with the consultant as indicators of the consultants' quality and ability to perform well in the project (Day & Barksdale, 2003; Glückler & Armbrüster, 2003). Despite the current trend towards increased formalization of the purchases, relational purchasing approaches are still preferred in many private organizations (Pemer & Werr, 2009; Werr & Pemer, 2007).

In the public sector, however, the situation is different. Public organizations are generally regulated by laws and directives, restricting their purchasing behavior. In the EU, public procurement is regulated by EU Directives<sup>2</sup> building on principles of transparency, equal treatment and non-discrimination. To comply with the principles, procurement processes need to be transparent and contracts awarded on objective, pre-defined criteria (van Leeuwen, 2011). For CAs this means that they need to specify clearly what exactly they want to purchase and how the tenderers and their tenders are going to be evaluated. Geographical proximity or close business relations are not allowed to influence the choice of supplier (Roodhooft & Van den Abbeele, 2006). Instead, only “lowest price” or “the most economically advantageous tender” (m.e.a.t) are allowed as award criteria (van Leeuwen, 2011). Moreover, tenderers not awarded the contract can file a suit against the CA if they find

---

<sup>2</sup> [http://ec.europa.eu/internal\\_market/publicprocurement/index\\_en.htm](http://ec.europa.eu/internal_market/publicprocurement/index_en.htm)

that the CA has made a mistake in the purchasing process. These lawsuits often tend to be expensive for the CA, not only because of the costs associated with the lawsuit itself, but also because the projects can be delayed, or, if the suppliers have won the case, a new purchasing process must be performed (Hasselgren & Soliman, 2007; Nilsson & Pyddoke, 2005).

In Sweden, public procurement is regulated both by the EU directives and the Swedish Law of Public Procurement – the Public Procurement Act (PPA). The Swedish PPA has elaborated the EU-directives further and states clearly how the purchasing processes should be organized and performed for different types of purchases. These purchasing processes are however built on a transactional purchasing logic (Axelsson & Wynstra, 2002), which makes them well suited for the purchasing of goods and “simple” services, but not for complex services such as management consulting services (Lian & Laing, 2007). The CAs who want to hire consultants are thus facing a dilemma: On the one hand they need to find the “right” consultant for the project, since choosing the wrong consultant could lead to increased costs and severe damage for the organization. On the other hand, the CA is not allowed to use relational purchasing approaches in the selection of management consultants for the project. Instead, the CA must specify the project beforehand and find clear and explicit evaluation criteria that are concrete and measurable enough to avoid being accused for acting in an incorrect way in the purchasing process. This perceived dilemma has led CA to either select the consultant who charges the lowest price and risk getting the “wrong” consultant for the project, or turn to maverick buying and select the consultant that s/he really wants for the project (even though that might mean breaking the law) (Duncombe & Searcy, 2007; Lindberg & Furusten, 2005). As none of these approaches are satisfying and pose great risks for the client organization as well as for the individual buyer (Mitchell, 1994), many CAs are trying to find ways of dealing with the perceived dilemma. How this is done, is however less understood.

### **Evaluating service quality**

Assessing the quality of services is a field often referred to as one of the most complicated but yet most important issues in public and private procurement. As a response, service quality evaluation instruments such as SERVQUAL (Parasuraman et al. 1994) have been developed. In SERVQUAL quality is defined as “the degree of discrepancy between customers’ normative expectations for the service and their perceptions of the service performance” (Parasuraman, Zeithaml, & Berry, 1994). SERVQUAL measures quality in five qualitative dimensions; reliability, responsiveness, assurance, empathy and tangibles (ibid.). Other

methods have also been developed, such as SERVPERF, which measures the buyer's perceptions (but not the expectations) (Cronin & Taylor, 1992; Meirovich & Bahnan, 2008), and SURVEYQUAL, which can be regarded as a development of SERVQUAL, adapted to the evaluation of quality in professional services (Hoxley, 2001). Worth noticing here is however that these methods measure the quality of the services *ex post*, i.e. after they have been produced and delivered. While this is very important, it is less helpful in purchasing situations where the buyers must find ways of evaluating the quality of the service and the service providers *ex ante*, i.e. before the service has been produced. Moreover, the methods developed within the service marketing literature are rather generic and not adapted to meet the demands in public procurement of transparency, equal treatment, objective evaluation criteria, etc.

### **Evaluation models in public procurement**

Turning to the purchasing literature, streams of literature such as the Best Value Procurement literature (Kashiwagi, 2011) have emerged in which methods for capturing not only price but also the value of the services are developed. These are however to a large extent oriented towards other types of purchases, such as constructing projects (Kashiwagi & Byfield, 2002b) which, although being very complex, differs considerably in their nature compared to professional services. Moreover, a common theme in these streams of literature is a preference for developing quantitative evaluation models (see e.g. (Mateus, Ferreira, & Carreira, 2010) which aim to meet the EU Directive's demands for transparency, effective competition and to reduce subjectivity (Darshit, David, Charles, Dean, & Kenneth, 2005; Kashiwagi & Byfield, 2002a). Other, more qualitative evaluation models as well as models trying to embrace (rather than avoid) subjective evaluations in a way consistent with the EU Directives have however received less attention.

In a related stream of literature, attempts have been made to summarize different evaluation models used in the public sector in general. Lunander (2009) for example, discusses the pros and cons with relative versus absolute evaluation models. Lunander (ibid.) states that relative evaluation models are frequently used in practice, but do not meet the demands for transparency in the EU-directives. Nor can they be regarded as rational evaluation models (Lunander, 2009; Lunander & Andersson, 2004). A similar idea has been expressed by Bergman and Lundberg (2009). They argue that buyers should not use methods in which they translate quality and price into points or give them different weights. Instead they should use a model in which quality is translated into money and added as a positive or

negative sum to the initial price offered by the supplier. Moreover, Bergman and Lundberg (2009) argue that buyers, when procuring services that are perceived as difficult to define and where the need is complicated to translate into a specification, should use a model where a fixed price is set, and the suppliers are invited to compete for how much and what they are willing to offer for that price. However, while these reports give insights in some evaluation models used in the field of public procurement, they say little about how the buyers decide what measures should be used as indicators of quality both in general and for professional services in particular.

Taken together, the literature review above indicates that there is a need for knowledge development regarding how intangible and subjective qualities of professional services can be evaluated *ex ante* within the framework of public procurement legislation.

## **Methodology**

This paper builds on an exploratory document study, in which all invitations to tender for MCS published in the Swedish VismaOpic database 2008-2012 were studied ([www.vismaopic.se](http://www.vismaopic.se)). The VismaOpic database is Sweden's largest database for public procurement and contains documents regarding ongoing and past tenders (invitations, questions asked, complementing information, contract awards, etc).

## **Data collection**

Due to restricted access to the data in the database, only data from the last five years (2008-2012) was accessible. When gathering the data, searches were made for each year using the search term "consult". No further delimitations were made in the initial search, as the aim was to capturing all possible invitations to tender for management consulting services published in the selected period of time. In the next step, all invitations were examined to see which ones were related to management consulting services and not. Only those invitations dealing explicitly with management consulting services were selected for further analysis. Also, only those invitations to tender containing full documentation were included. Other types of consultants, such as IT-consultants, HR-consultants, engineering consultants and purchasing consultants, or invitations to tender with too little information (e.g. referring to a no longer existing website for more information), were not included. The data gathering resulted in 92 invitations to tender (see table 1):



<b>Year</b>	<b>Number of invitations to tender</b>
2008	13
2009	16
2010	21
2011	10
2012	32

Table 1. Overview over the collected data.

## Data analysis

Due to the exploratory nature of this study and the collected data, an inductive content analysis performed. As a first step in this analysis, a master document was built in excel, containing information about the year, the name of the CA, type of project, type of contract (e.g. frame agreement), type of purchasing procedure used (e.g. open procedure) etc. This document was used to register the information retrieved in the documentation about e.g. evaluation methods. As new variables appeared in the documentation, the master document was expanded to include them as well. For example, when a new evaluation method was found in an invitation to tender, a new column was created. By using this master document, it was possible to quickly get an overview over the data, to calculate the frequency of e.g. each evaluation method, and also to trace which CAs used which types of quality indicators or evaluation methods. An illustration of the master document can be found in Appendix A.

When this first analysis of the invitations to tender had been performed, each group of documents regarding e.g. a specific evaluation method was analyzed further, to find more information about how this evaluation method was described and if there were any differences or similarities in how it was used in the invitations to tender. This analysis was carried out for all types of variables listed in the master documents.

## Findings

### Methods for evaluating quality

In the analyses of the invitations to tender, different methods of evaluating the quality of the management consulting services could be identified. Apart from using price as the only evaluation criteria, seven other quality evaluation methods were used. It was also possible to discern patterns, indicating that new methods were being developed to meet the needs for combining the transactional demands in public procurement of how to evaluate quality with

the intangible nature of **management consulting services**. These patterns and methods will be described in more detail below.

#### *Lowest price*

In six of the studied invitations, no specific criteria were used to evaluate quality. Instead, the tenderers were required to fulfill necessary demands stated in the qualification phase, and lowest price was then used as selection criteria to decide which of the qualified tenderers should be awarded the contract. The CAs and the projects varied in terms of both size and scope and no specific patterns could be identified to explain why these CAs had decided to use the lowest price method.

#### *Most economically advantageous tender (m.e.a.t.)*

In eight of the studied invitations, no explicit description was found of how the tenders and tenderers were going to be evaluated. Instead, the CAs referred to the legal concept of m.e.a.t. (e.g. Örebro Municipality), or stated rather vaguely that the tenders were going to be evaluated on e.g. “experience, methodology, the number of hours needed in the project, price and references” (ITPS 2008), but did not explain how the evaluation was going to be performed.

#### *Monetarizing quality*

A more commonly used evaluation method found in 30 invitations was to monetarize quality and calculate a new price, based on the price offered by the consultancies in their tender and on how their quality was evaluated according to the criteria that had been defined by the CA. This new price was then used to compare the different consultancies’ offers and to choose the “best” one, i.e. the one with the lowest “new” price. To illustrate, one example is used below from SIDA’s (The Swedish International Development Cooperation Agency) invitation to tender for a management consulting services project about leadership and organizational development. The evaluation of the consultants was made through the calculation of a new price, where different quality aspects were graded in accordance with the table below:

<b>Evaluation</b>	<b>Evaluation criteria</b>	<b>Max. points</b>
	Methodology for the project	15
	Organization for the project	5
	Company level (education, professional experience, languages, experiences from the countries)	50
	Department level (education, professional experience, languages, experiences from the countries)	(50)
	Individual level (education, professional experience, languages, experiences from the countries)	(50)
	Accessibility	5
	Interview	25
	<b>Total points</b>	<b>100</b>

Table 2. Evaluation criteria for measuring quality in the tenderers' bids.

Each tender was evaluated on the specified criteria and given "quality points" (see table 3 below). The result from the evaluation was used to put a price on the quality. This "price" was added to the offered price in the tender. The tender that had the lowest "new price" won the contract.

Number of points for each evaluation criteria, e.g. a 20 p criteria assessed as "good" receives 0,8 x 20 = 16 p.  (In the evaluation the levels (in %) will be fixed, no points between them will be given)	Not mentioned	0%
	Not good enough	20%
	Some minor flaws	40%
	Good enough	60%
	Good	80%
	Very good	100%
Lowest points at the evaluation	The technical part of the tender must receive min. 60 points to be included in the further evaluation process	

Table 3. Grading system for evaluating the bid against the evaluation criteria (in table 1). A bid with good quality would get 100% of max. points for that specific criteria, etc.

To illustrate their evaluation model, SIDA provided an example in their invitation to tender. According to this example, the "new price" was calculated in the following way:

$$\text{New price} = \text{Offered price} \times (1 + \text{added percentage})$$

$$\text{Added percentage} = [(\text{max. quality points} - \text{received quality points}) / \text{max quality points}] \times \text{adding factor}$$

Adding factor in this example: 2,5

	Company A	Company B
<b>Adding factor</b>	2,5	2,5
<b>Offered price</b>	480 000 SEK	400 000 SEK
<b>Received quality points</b>	90 p (of max 100 p)	75 p (of max 100 p)
<b>Added percentage</b>	$(100-90)/100 \times 2,5 = 0,25$	$(100-75)/100 \times 2,5 = 0,625$
<b>New price</b>	$480\,000 \text{ SEK} \times (1+0,25) = 600\,000 \text{ SEK}$	$400\,000 \text{ SEK} \times (1+0,625) = 650\,000 \text{ SEK}$

Table 4. Example from SIDA on how the new price is calculated in their evaluation model.

In this example, Company A had the lowest new price and won the contract.

### *Weights*

The other most commonly used evaluation model was weights. It was used in 36 invitations to tender and usually (25 invitations) had a relative approach, in which the tenders were evaluated in relation to each other (i.e. the tenders were given a quality reduction or price addition if they had a higher price than the tender with the lowest price). Characteristic for this type of evaluation model was that price and quality were given different weights, e.g. price 40% and quality 60%. Moreover, the concept of quality and sometimes also price were often operationalized into subcategories that were graded. One example of this was found in the invitation to tender from Riksrevisionen 2009. The evaluation model was m.e.a.t, with regard to the defined criteria and their relative weights.

Evaluation criteria	Weight
Project plan	40%
Methodology	30%
Price	30%

Table 5. Example from Riksrevisionen illustrating their evaluation criteria and their weights.

The first criteria project plan could receive max 40 p. It was graded based on the following:

	Efficiency	Trustworthiness
Calendar time	0-5	0-5
Resources (which consultants/competences will participate. The roles and responsibilities of Riksrevisionen should also be specified.	0-5	0-5
Number of hours on each consultant	0-5	0-5
Identification of critical moments in the project plan and how they can be avoided	0-5	0-5

Table 6. Example from Riksrevisionen illustrating their operationalization of the criteria project plan..

The second criteria methodology could receive max 30 p. It was graded based on the following:

- Relevance (max 10p)
- Efficiency (max 10p)
- Trustworthiness (i.e. will the suggested methodology work in practice) (max 10p)

The third criteria price was based on the tenderers' offered price.

A linear scale model was then used to calculate the grades of the criteria. All tenders were graded on a scale from 1 to 5. The tenderers were asked to describe how they would work with the first and the second criteria. The descriptions were graded according to the predefined grading scales included in the invitation to tender and given points. The tender with the highest points was graded as 5 and the tender with lowest points was graded as 1. The other tenders were given grades on criteria 1 and 2 following the formula below:

$$5 - \frac{(\text{Highest points received} - \text{the tender's points})}{(\text{Highest points received} - \text{lowest points received})} * 4)$$

For calculating the grade on price the following formula was used:

$$5 - \frac{(\text{The tender's offered price} - \text{the lowest price offered})}{(\text{Highest offered price} - \text{lowest price offered})} * 4)$$

To calculate the total grade of the tender, the grades of each criteria were multiplied with its weight and then summarized. The tender with the highest total grade was then selected as most economically advantageous.

### *Fictive cases*

One relatively new method for evaluating quality was the use of fictive cases. The data showed a small increase in the use of this method, with three out of four examples found in 2012. One example of how fictive cases were used was found in the Swedish Social Insurance Agency's (Försäkringskassan) invitation to tender for Lean consulting projects. Those tenderers who met the necessary demands in the qualification phase of the purchasing process were invited to present their solutions on max 10 pages to a fictive case provided by Swedish Social Insurance Agency in the documentation. They were also asked to give references for each step in the process presented in the fictive case. The case itself was close to the type of projects that the consultants would be hired to work with if they were to be selected for the contract. Another example of using fictive cases was found in the invitation to tender from Solna City (2012). In the invitation, the tenderers were asked to define themselves what challenges they could identify in Solna City the coming years, and present how they would deal with these challenges.

Interestingly enough, no CA used only fictive cases to evaluate the quality, but combined them with other evaluation methods. In the case of Swedish Social Insurance Agency, the fictive case was combined with presentations, where the tenderers were asked to present their ideas and solutions to the case. Two CAs combined the fictive case with the method of monetarizing quality, and thus translated the grade received on the fictive case into fictitious money used to reduce the offered price. One of these two, Solna City, also used interviews to evaluate the quality. In these interviews, predefined questions were asked to the tenderers about their case solution, much in line with the presentations arranged by Swedish Social Insurance Agency.

### *Fixed price*

In 10 of the studied invitations to tender, the CA had determined a fixed price for the assignment. The tenderers were not allowed to offer any other (potentially lower) price, but were invited to compete on quality only. To measure the quality, the tenders were graded on the tenderers' experience (Almi Uppsala 2011; Almi Sörmland 2011) or their methodology, motivation, experience and competence (Region Halland 2011), or, as in the case of Karlstad

Municipality (2009), their competence, experience and their personal networks. In three of the invitations, the CAs combined the evaluation method monetarizing quality with presentations (Länsstyrelsen in Jönköping 2008) or interviews (Business Region Gothenburg 2009; Business Region Gothenburg 2012) to evaluate the quality. In one of the invitations, Bräcke Municipality (2012) quality was evaluated by grading methodology (max 5 p.) and on references (max 5p). The referents were asked to what degree they found that the consultants had delivered what they had promised, delivered within the given time frames and their abilities to communicate and collaborate.

### *Interviews and presentations*

One last method that was used in 20 of the studied period was interviews and presentations. Interviews and presentations were not used as a sole evaluation method, but rather as a complement to other evaluation methods, such as m.e.a.t. (Upphandlingscenter 2011), monetarizing quality (SIDA 2008, Eskilstuna Municipality 2009), weights (SVT 2012) or fixed price (Business Region Gothenburg 2009). For the interviews it was stated in the invitations to tender that a predefined set of questions should be asked, that a group of representatives from the CA should be present and make individual gradings of the answers to the questions. A mean value would then be calculated based on these gradings. The tenderers would receive their grade afterwards, thereby ensuring the demand in the EU Directives and the Swedish PPA of transparency. The presentations were often used as a complement to e.g. fictive cases, where the tenderers were invited to present their ideas.

In some invitations, the CAs did not only explain how the interviews or presentations were going to be carried out, but also made explicit exactly which representatives were going to be present at the presentation or interview and perform the evaluations. Moreover, one CA openly admitted that the evaluations were going to be subjective, but that they were aware of that and worked hard to ensure that the selection and purchasing process were going to be dealt with in a most professional manner (Kungliga Biblioteket 2009).

### **Indicators and evidence of quality**

As mentioned above, finding ways of measuring and assessing the intangible and subjective qualities of management consulting services in a more objective way has been perceived as problematic for buyers of management consulting services – especially in the public sector. One of the aims with the data analyses was therefore to explore how the CAs tried to translate the intangible qualities of management consulting services into measurable variables that could be used in the public procurement processes. The data analysis revealed that three main

concepts were used as indicators of quality in all studied invitations: competence, experience and methodology. The analysis also revealed a fourth concept, personality, which was used in six of the studied invitations. These concepts will be described in more detail below.

### *Competence*

Several skills and areas of expertise could be included in the concept of *competence*. Examples found in the invitations to tender were: project management, specialist skills in a certain field (such as municipal organization, personal development tools like UGL and THE, etc), analysis skills, process management, knowledge of different standards, organizational development, business administration, etc. These areas of knowledge are much in line with how the activities embedded in management consulting are usually defined<sup>3</sup>. Interestingly though, the concept of competence could also be stretched out to include the ability of forming new relationships and building on existing networks and international contacts (Västsvenska Turistrådet 2010, Karlstad Municipality 2009, Piteå Municipality 2009), thus seeing the consultant's personal network and networking capability as an important resource and competence. The consultants' CVs, including facts about educations, reference projects and opinions from referents were used by the CAs as evidence of the consultants' competences.

### *Experience*

Experience was also used as an indicator of quality. In all invitations to tender, the CAs asked for experience of similar projects, often in the form of "experience from at least two similar projects in the last three years" (e.g. Eskilstuna Municipality 2009). But it could also be experiences that were more specific, like experience from starting up and leading an own company (Västsveriges Turistråd AB 2010) or experience from competence development program. Worth noticing is that it was the experience of the consultants who were going to participate in the project that was asked for, and not the experiences in the consultancy as a whole. This finding is in line with the idea presented in both the public procurement literature that selection criteria should focus on the tenderer and the award criteria on the tender (van Leeuwen, 2011), and the management consulting literature claiming that clients often focus more on the individual consultants and their qualifications than on which consultancy they work in (Armbrüster, 2006; Perner, 2008). The consultants' CVs and reference projects were used as evidence for the quality level of their experience.

---

<sup>3</sup> See for example the FEACO's or ICMCI's definitions of key activities for management consultants ([www.feaco.org](http://www.feaco.org); [www.icmci.org](http://www.icmci.org))



### *Methodology*

Yet another indicator of quality was *methodology*. This concept was used in the invitations to tender to get a picture of how, more precisely, the consultants were going to perform the project; which methods they were going to use, how they were going to organize it, which actions to take, planned activities, descriptions of processes, procedures, needed resources, etc. This indicator was given increasingly high importance as the evaluation methods became more sophisticated and elaborated, such as in the use of fictive cases. For example, in one invitation to tender, TLV 2009, the fictive case was weighted as 80% and price as 20%. When evaluating the fictive case, it was the project plan (including time plan, activities, resources, critical moments, success factors) and the approach (including collaboration, participation, documentation, pedagogical idea, the consultants' comprehensive view of the case) that were evaluated and graded. The consultants' CVs, reference projects and opinions of referents were used as evidence for the quality level of their methodology.

### *Personality*

Besides of the three quality indicators mentioned above, attempts were also made of capturing more subjective qualities such as *personality and trust*. These aspects of quality are often referred to in the literature as crucial for value-creation in management consulting services, but also as very difficult to evaluate objectively. To capture and assess the consultants' personalities, different methods were used: One was to let the consultants fill in a questionnaire in which they made a self-assessment of their personalities. This method was found in one invitation to tender (Business Region Gothenburg 2009). In the questionnaire the consultants were asked to rate on a scale from 1-10 (1=weak, 10=best) their social competence, integrity, judgment, fearlessness, ability to reach goals and their ability to work independently as well as in teams. Another method was to ask the tenderers for examples of responsiveness when collaborating with clients, their ability to express themselves in ways that were easy for the client to understand and of how they had organized their work to ensure that the client would feel part of the process (TLV 2009). A third method was to let referents assess the consultants' personality. In those cases this method was used, it was stated explicitly in the invitations to tender which questions were going to be asked to the referents and how their answers would be graded. One example was found in Sunne Municipality (2009), where the referents were asked to rate on a scale from 1-10 the consultant's ability to listen and to understand the CA's organization and strategic issues; the consultant's ability to participate in idea-generating discussions; the consultant's flexibility and desire to adapt the approach to the client's needs; and the consultant's ability to perform the assignment with

high quality. The referents could also be asked explicitly to what extent they had found the consultants trustworthy and whether their relationship had been trustful (Stockholms Stadshus 2009). A fourth method was to include a part in the invitation to tender where it said that the CA would find it “desirable” if the consultants had certain personal characteristics, such as being independent, energetic, able to deal with conflicts and resistance to organizational changes in a “mature” way, and have comprehensive view of the assignment as well as the CA’s organization (Chalmers 2010), or being creative, professional and able to create trust (Stadsledningskontoret Stockholm 2010, Varberg Municipality 2012).

### Developments in evaluation methods

As illustrated above, different evaluations were used to capture and evaluate quality *ex ante* in management consulting services. It was also shown that some evaluation methods tended to be combined with each other. A closer analysis of the data revealed that a development from using mainly quantitative and objective evaluation methods such as monetarizing and weights, towards using also more complex, sophisticated and qualitative evaluation methods such as combining presentations with weights and fictive cases, seemed to be taking place. Table 7 below summarizes the number of invitations using the different evaluation methods per year.

<b>Evaluation method/ Year</b>	<b>Lowest price</b>	<b>M.e.a.t.</b>	<b>Monetarizing quality</b>	<b>Weights</b>	<b>Interviews and presentations</b>	<b>Fictive cases</b>	<b>Fixed price</b>
2008	0	1	2	10	5	0	1
2009	0	0	4	11	3	1	2
2010	1	1	9	9	4	0	0
2011	1	1	2	4	3	0	3
2012	2	1	13	4	6	3	4
<b>Total</b>	<b>4</b>	<b>4</b>	<b>30</b>	<b>38</b>	<b>21</b>	<b>4</b>	<b>10</b>

Table 7. Overview over the distribution of evaluation methods per year

The methods of capturing intangible qualities such as personality and trust also indicate that there is a movement towards adapting the evaluation criteria and evaluation methods to the service or good being purchased. As management consulting services are highly intangible and dependent on the individual consultant’s personality and skills, as well as on the buyer-seller collaboration, including personality and trust in the evaluation makes sense.

## Concluding discussion

The purpose of this paper was to contribute to the bodies of knowledge about service purchasing, service evaluation and professional services, by investigating empirically how quality is evaluated *ex ante* in the public procurement of management consulting services. Two research questions were pursued, asking what evaluation methods were used by the CAs and what measures they used as indicators and evidence of quality.

Regarding the first research question, the findings revealed that several different evaluation methods were being used, ranging from lowest price (where no weight was given to quality) via monetarizing quality, weights, fictive cases, interviews and presentations and finally, fixed price (where no weight was given to price). A closer analysis of the use of evaluation methods indicated also a trend from using mostly quantitative and objective methods such as monetarizing quality and weights towards using also more qualitative and complex methods, such as fictive cases and fixed price. While some of these methods have been advocated by previous research (see e.g. Bergman & Lundberg, 2009), the results from the current paper extends this by illustrating how different methods are combined. For example, the use of e.g. weights was combined with fictive cases and presentations, and fixed price with interviews. This finding complements existing research by giving empirical evidence – rather than theoretically based recommendations (Bergman & Lundberg, 2013; Lunander, 2009) – for how CAs deal with the dilemma of combining the demands of public procurement legislation with the intangible qualities of management consulting services. It also suggests that the CAs are becoming increasingly professional in their purchasing behavior and have reached higher levels of purchasing maturity (compare Rozemeijer, van Weele, & Weggeman, 2003; Van Weele, 2005). Thereby it adds to existing literature that has so far focused more on the private sector.

Regarding the second research question, it was found that competence, experience and methodology were used as indicators of quality in all studied invitations. This can on the one hand be explained by their relative straightforwardness and on the other hand their relative tangibility, making them somewhat easier to operationalize and measure via e.g. CVs and reference projects. What is interesting though is the attempts of also measuring the more intangible qualities that lie at the very heart of management consulting services, such as the consultants' personalities, ability to collaborate and understand the client's needs, and the level of trust in the consultant-client relationship (Armbrüster, 2006). This too may be interpreted as a sign of increasing purchasing sophistication and maturity, as the CAs' had

developed ways of adapting the evaluation criteria to the nature of the service they wanted to purchase (compare van Leeuwen, 2011).

The findings thus contribute to the service purchasing literature by showing how CAs deal with the perceived dilemma of purchasing highly complex and intangible services such as management consulting services within the legal framework of public procurement (Lindberg & Furusten, 2005). They also contribute by indicating a development towards higher levels of purchasing sophistication and maturity (Van Weele, 2005), and the ability of CAs to adjust the used evaluation criteria to the nature of the service they wish to purchase. Another aspect of this is that by using fictive cases and asking the tenderers to either present solutions to them, or, as in the case of Solna City (2012), asking them to identify potential challenges in general in Solna Stad and ideas for how to deal with them, the CAs gain several things. First, they get access to new ideas and analyses of the fictive cases or of themselves (as in Solna City 2012) “for free”. These ideas can then be used internally in the CAs whenever needs arise in the future. Second, they tap into the tenderers’ knowledge and get an insight in how the tenderers work and approach a more or less well-specified problem.

The findings also contribute to the professional services literature by shedding light on a phenomenon that has so far received relatively less attention despite its strong practical importance: how clients (CAs) in the public sector translate the intangible nature of professional services into tangible and measurable entities (compare (Roodhooft & Van den Abbeele, 2006). By showing empirically how CAs use increasingly sophisticated evaluation methods, the findings complement existing research on client professionalization that has mainly been performed in the private sector (Haferkamp & Drescher, 2006; Höner & Mohe, 2009). For example, by using fictive cases, the CAs can receive information both about the consultants’ knowledge and methodology and, as in the case of Solna Stad, “free” advice on how to improve their organizations. Moreover, the collection of opinions from referents about the consultants’ personalities can be regarded as a way of reducing the institutional and transactional uncertainties inherent in the management consulting services (Glückler & Armbrüster, 2003). Whereas this has generally been done, at least in the private sector, by asking trusted colleagues for recommendations (Armbrüster, 2006), the CAs studied here seem to have found a method for getting the same kind of information or recommendations in a format consistent with the legislation.

Summing up, the identification of different evaluation methods and a possible trend towards more complex and qualitative methods adds to the general understanding of how quality in services can be evaluated *ex ante*. By acknowledging the subjective nature of both

the intangible qualities of management consulting services and the CA's perception and evaluation of them rather than trying to avoid them (compare Kashiwagi & Byfield, 2002a), new avenues for how to evaluate quality *ex ante* are opened up.

### **Limitations and implications for future research**

The sample presented here is relatively small and captures only a limited range of time (2008-2012). It is focused on one type of services, management consulting services, purchased in one specific country, Sweden. To test the generalizability of the empirical results, more longitudinal studies should be performed on different types of services and in different contexts. The document study should also be complemented with qualitative in-depth studies of how CAs and service suppliers actually behave when describing and evaluating the quality. Another suggestion for future research is to perform comparative studies of evaluation methods used in private and public organizations to explore to what extent these sectors are using different or similar evaluation methods.

### **Managerial implications**

The findings from this study indicates that although many CAs perceive the procurement of management consulting services within the legal framework of the EU Directives problematic, developments are taking place that can help reduce the perceived complexity. By identifying different evaluation methods and how they can be combined with each other, this paper enables CAs to find inspiration and examples of how to evaluate the quality of management consulting services *ex ante*. The findings also show that even subjective and intangible qualities such as personality and trust are possible to capture and evaluate by using methods such as asking referents to answer predefined questions and grade their answers or letting the tenderers perform a self-assessment of their personalities. The findings can also be relevant for clients in the private sector. As part of the recent trend towards increased purchasing formalization in private organizations (Werr & Perner, 2007), clients have asked for better purchasing methods adapted to the special characteristics of complex services such as management consulting services. By transferring knowledge about evaluation methods used in the public sector to the private sector, as the ones illustrated in this paper, clients in the private sector can hopefully take advantage of the knowledge and experiences developed in the public CAs purchasing management consulting services.

## References

- Armbrüster, T. 2006. *The Economics and Sociology of Management Consulting*. Cambridge: Cambridge University Press.
- Axelsson, B., & Wynstra, F. 2002. *Buying business services*. Chichester: John Wiley & Sons Ltd.
- Bergman, M., & Lundberg, S. 2009. Att utvärdera anbud. Utvärderingsmodeller i teori och praktik. [Evaluating bids. Evaluation models in theory and practice., *Konkurrensverkets uppdragsforskningsserie*, Vol. 2009:10. Sweden: Konkurrensverket [The Swedish Competition Agency].
- Bergman, M. A., & Lundberg, S. 2013. Tender evaluation and supplier selection methods in public procurement. *Journal of Purchasing and Supply Management*, 19(2): 73-83.
- Clark, T. 1995. *Managing Consultants. Consultancy as the Management of Impressions*. Buckingham: Open University Press.
- Cronin, J. J. J., & Taylor, S. A. 1992. Measuring Service Quality: A Reexamination and Extension. . *Journal of Marketing*, 56(3): 55-68.
- Darshit, P., David, G., Charles, E., Dean, K., & Kenneth, S. 2005. Statistical Comparison of Performance Based Procurement and Price Based Procurement, *Construction Research Congress 2005*: 1-10: American Society of Civil Engineers.
- Dawes, P. L., Dowling, G. R., & Patterson, P. G. 1992. Criteria used to select management consultants. *Industrial Marketing Management*, 21(3): 187-193.
- Davidson, P., Motamedi, K., & Raia, T. 2009. Using evaluation research to improve consulting practice. In A. F. Buono (Ed.), *Emerging trends and issues in management consulting: Consulting as a Janus-faced reality*: 63-76: Information Age Publishing.
- Day, E., & Barksdale, H. C. 2003. Selecting a professional service provider from the short list. *Journal of Business & Industrial Marketing*, 18(6/7): 564-579.
- Duncombe, W., & Searcy, C. 2007. Can the Use of Recommended Procurement Practices Save Money? *Public Budgeting & Finance*, Summer 2007: 68-88
- Ellram, L. M., & Billington, C. 2002. Managing Professional Services Costs. *CAPS Research*, 5(4): 11-15.
- FEACO. 2010. Survey of the European management consultancy 2010/2011.
- Glückler, J., & Armbrüster, T. 2003. Bridging Uncertainty in Management Consulting: The Mechanisms of Trust and Networked Reputation. *Organization Studies*, 24(2): 269-297.
- Haferkamp, S., & Drescher, S. (Eds.). 2006. *Client Professionalization: Knowledge-Centered Management of Consulting Projects*. Munich: Rainer Hampp Verlag.
- Hasselgren, B., & Soliman, S. 2007. Effektiv offentlig upphandling – Konkurrensverkets Verksamhetsinriktning inom upphandlingsområdet. [Effective and efficient public procurement.], *Rapport till Konkurrensverket inför överföringen av verksamheten vid Nämnden för Offentlig Upphandling till Konkurrensverket*. .
- Hoxley, M. 2001. Purchasing UK public sector property and construction professional services: competition vs quality. *European Journal of Purchasing & Supply Management*. , 7: 133-139.
- Höner, D., & Mohe, M. 2009. Behind clients' doors: What hinders client firms from "professionally" dealing with consultancy? *Scandinavian Journal of Management*, 25(3): 299-312.
- Kashiwagi, D. 2011. Case study: Best Value Procurement/Performance information procurement system development. *Journal for the advancement of performance information and value*, 3(1): 1-45.
- Kashiwagi, D., & Byfield, R. 2002a. Testing of Minimization of Subjectivity in Best Value Procurement by Using Artificial Intelligence Systems in State of Utah Procurement. *Journal of Construction Engineering and Management*, 128(6): 496-502.
- Kashiwagi, D., & Byfield, R. E. 2002b. Selecting the best contractor to get performance: On time, on budget, meeting quality expectations. *Journal of Facilities Management*, 1(2): 103 - 116.
- Lian, P. C. S., & Laing, A. W. 2007. Relationships in the purchasing of business to business professional services: The role of personal relationships. *Industrial Marketing Management*, 36: 709-718.

- Lindberg, N., & Furusten, S. 2005. Breaking Laws - Making Deals. Procurement of management consultants in the public sector. In S. Furusten, & A. Werr (Eds.), ***Dealing with confidence. The construction of need and trust in management advisory services***. Copenhagen: Copenhagen Business School Press.
- Lindberg, N., & Nordin, F. 2008. From products to services and back again: Towards a new service procurement logic. ***Industrial Marketing Management***, 37: 292-300.
- Lunander, A. 2009. En logisk fälla. Relativ poängsättning av pris vid anbudsutvärdering i offentlig upphandling. [A logical trap. Relative grading of price in evaluating bids in public procurement.], ***Konkurrensverkets Uppdragsforskningsserie***, Vol. 2009:12.
- Lunander, A., & Andersson, A. 2004. Metoder vid utvärdering av pris och kvalitet i offentlig upphandling. En inventering och analys av utvärderingsmodeller inom offentlig upphandling. [Methods used for evaluating price and quality in public procurement.], ***Konkurrensverkets uppdragsforskningsserie***, Vol. 2004:1.
- Mateus, R., Ferreira, J. A., & Carreira, J. 2010. Full disclosure of tender evaluation models: Background and application in Portuguese public procurement. ***Journal of Purchasing and Supply Management***, 16(3): 206-215.
- Meirovich, G., & Bahnan, N. 2008. Product/Service Quality and Emotional Aspect of Customer Satisfaction. . ***Academy of Management Proceedings***.
- Mitchell, V.-W. 1994. Problems and Risks in the Purchasing of Consultancy Services. ***The Service Industry Journal***, 14(3): 315-339.
- Mitchell, V. W., Moutinho, L., & Lewis, B. R. 2003. Risk Reduction in Purchasing Organizational Professional Services. ***The Service Industries Journal***, 23(5): 1-19.
- Nilsson, J.-E., & Pyddoke, R. 2005. ***Den svåra beställarrollen. Om konkurrensutsättning och upphandling i offentlig sektor. [The difficult role as buyer. About competition and procurement in the public sector.]***. Stockholm: SNS Förlag.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. 1994. Alternative Scales for Measuring Service Quality: A Comparative Assessment Based on Psychometric and Diagnostic Criteria. ***Journal of Retailing***, 70(3): 201-230.
- Pemer, F. 2008. ***Framgång eller fiasko? En studie av hur konsultprojekt värderas i klientorganisationer. (Diss.)***. Stockholm: EFI.
- Pemer, F., & Werr, A. 2009. Professionalizing the use of management consulting services. An investigation into structures and procedures for the use of MC services in Swedish organizations, ***Paper presented at the 4th International Conference on Management Consulting. Management Consulting Division – Academy of Management***. Vienna.
- Roodhooft, F., & Van den Abbeele, A. 2006. Public procurement of consulting services. Evidence and comparison with private companies. ***International Journal of Public Sector Management***, 19(5): 490-512.
- Rozemeijer, F. A., van Weele, A., & Weggeman, M. 2003. Creating Corporate Advantage through Purchasing: Toward a Contingency Model. ***Journal of Supply Chain Management***, 39(1): 4-13.
- van der Valk, W., & Rozemeijer, F. A. 2009. Buying business services: towards a structured service purchasing process. ***The Journal of Services Marketing***, 23(1): 3-10.
- van Leeuwen, M. 2011. Using best value PIPS procurement in Europe, need for compromise? ***Journal for the advancement of performance information and value***, 3(1): 56-71.
- Van Weele, A. 2005. ***Purchasing and Supply Chain Management. Analysis, Strategy, Planning and Practice*** (4th ed.). London: Thomson Learning.
- Werr, A., & Pemer, F. 2007. Purchasing management consulting services - From management autonomy to purchasing involvement. ***Journal of Purchasing and Supply Management***, 13: 98-112.
- von Nordenflycht, A. 2010. What is a professional service firm? Toward a theory and taxonomy of knowledge-intensive firms. ***Academy of Management Review***, 35(1): 155-174.

## Appendix 1

Year	Buyer	Type of contract	Type of purchase	Type of project	Indicators of quality				Evidence of quality				Evaluation method						
					Compe- tence and edu- cation	Experi- ence	Results from previous projects	Net- works and contacts	Perso- nality	Metho- dology	Refere- nces	Similar projects	CV	Lowest price	M.e.a.t.	Mone- tarizing quality	Weights	Presen- tation	Inter- view
2010	Fortifikatio nsverket		Simplified procedure	Leadership development	1	1				1	1	1	1		1				
2010	Stockholm Municipality Executive Office	Frame- work agree- ment	Simplified procedure	Coaching handling	1	1			1	1	1	1	1		1				
...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

Table App.1. Illustration of the master document. Please note that this illustration only portrays two invitations to tender, whereas the original master document contains all the selected data.