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Buying and selling consulting services in the construction sector

An investigation of competence procurement in public and private sector

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Master of Science thesis

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Abstract

An investigation of consulting services in the construction sector has been conducted to compare the public sector to the private in the used of evaluation of consultants. The evaluation procedure has been investigated in which actors involved in the public and private have been interviewed.

Consultants perceive that private actors consider the qualitative parameters in a larger extent than the public. There are some public actors that are considering qualitative parameter during the procurement process as an important evaluation criteria but the price is in a larger extent the deceive parameter. Qualitative parameters are evaluation criteria, which are needed to develop competence procurement, which means that the consultants competence is considered in the procurement of consulting services.

The selection criteria differences in the senses that there is more focus on individual consultants in the private sector then in public sector. Contracting authorisers in the public sector have restrictions and cant request individual consultants in the same way as private organisations. A better dialogue between the contracting authority and the consulting firm will lead to less appeals and better procurements.

It is of huge importance that there is a good relationship between the buyer and the seller since a service is intangible and abstract. The skills, social abilities and knowledge of consultants are important to evaluate when procuring consulting services.

Private actors have a greater focus on what the consulting firm and the specific consultants have done before. They evaluate the experience of the consultants in previous projects and assignments. They believe that the consultants competence is showed on how well they have performed in previous assignments as a parameter of their competence.

Examensarbete

Titel	Att köpa och sälja konsulttjänster inom byggsektorn - <i>En undersökning av kompetensupphandling inom offentlig och privat sektor</i>
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Sammanfattning

En undersökning av konsulttjänster inom byggsektorn har genomförts för att jämföra den skillnaden mellan den offentliga sektorn och privata sektorn i deras utvärdering av konsulter. Utvärderingsförfarandet har undersökts genom att intervjua aktörer i både den offentliga och privata sektorn.

Konsulterna upplever att de privata aktörerna i större utsträckning tar i åtanke de kvalitativa parametrarna vid upphandling. Det finns ett antal offentliga aktörer som också är duktiga och tar med de kvalitativa parametrarna i upphandlingen, men priset är den viktiga parametern hos de offentliga. De kvalitativa parametrarna är viktiga för att kunna upphandla konsulter baserat på deras kompetens.

In den privata sektorn är det större fokus på enskilda konsulter och deras kompetens. De offentliga upphandlarna har begräsningar och kan inte upphandla enskilda konsulter på samma sätt som privata upphandlare. En tydligare dialog mellan den upphandlande myndigheten och konsultföretaget inom den offentliga sektorn skulle leda till färre överklaganden och bättre upphandlingar.

Det är oerhört viktigt att det är en bra relation mellan en köpare och säljare gällande tjänster eftersom en tjänst är immateriell och abstrakt. Konsulternas sociala färdigheter och kunskap är oerhört viktig att utvärderas vid upphandlingar av konsulttjänster.

Privata aktörer har ett större fokus på vad konsultföretaget och särskilda konsulter har gjort under tidigare uppdrag. De värdesätter konsulterna tidigare erfarenheter väldigt högt. De upplever att konsultens kompetens visas sig under tidigare uppdrag.

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Glossary

English – Swedish

Tenderer -Anbudsgivare

Contract notice –Annon

Invitation to tender- Ansökningsinbjudan

Call-off procedure -Avrop

Direct award without prior contract notice -Direktupphandling

Simplified procedure - Förenklat förfarande

Contract documents -Förfrågningsunderlag

Negotiated procedure -Förhandlat förfarande

Criteria for qualitative selection - Kvalifikationskrav

Framework agreement - Ramavtal

Restricted procedure - Selektivt förfarande

Threshold- Tröskelvärde

Award criteria - Utvärderingskriterier

Open procedure - Öppet förfarande

The Public Procurement Act – Lagen om offentlig upphandling (LOU)

1 Introduction

In this chapter the background and purpose of the master thesis will be presented followed by the research questions and the limitations of the thesis.

1.1 Background

There has been an increasing use of consulting services during recent years in both the public and the private sector since organisations choose to focus on different areas in their organisation or don't have the capacity required to accomplish specific assignments (Kotler, 1996). Both public and private organisations are required to buy a variety of services to accomplish different assignments within the organisation (Statskontoret, 2001).

A consultant is usually an expert within a specific field that has a wide knowledge within the area and provides professional or expert advice to companies. Companies can enter into an agreement with one or several consultants. Consultants offer services that are technologically very advanced and have a great impact on the upcoming phases in projects or assignments. By choosing the consultants that have good competence in the early stages of the project the total overall project cost can be lowered (STD, 2014).

The consulting sector is facing a changing market and consultants are in need of changing their way of presenting their business so that it continues to be competitive in the future. Consultants need to change their business model so they can be more marketable and be procured based on their competence. In the private sector new companies are entering the market with lower prices, which are not matching the actual cost (Konsultaffären, 2013).

The Swedish Transport Administration which is one of the largest public actors within the construction sectors is changing their role. They are changing their way of purchasing and their new role is that they will enter a pure client role. This change is not only effecting the organization of the Swedish Transport Administration but this change is forcing other actors such as consultants and contractors to evaluate their way of working. Consultants in the construction sector are developing their skills both in procurement and negotiation and are also finding new ways of working together with other actors or consultants by using some form of cooperation in large projects (Eriksson et al. 2013).

Different types of interaction models such as partnering have been introduced on the market and applied in some projects but these are often just between the client and the contractors and the consultant are often not a part of these agreements (Konsultaffären, 2013).

There is less research on procurement in the private sector than in the public sector. Public procurement needs to follow the Swedish Act of Public Procurement (SFS 2007:1091) and in this regulation it is stated that there are two different alternatives of awarding a contract; the first is the lowest price and the other alternative is to choose the contract that is the most economically advanced.

In some large complex projects such as in the project called Ostlänken there has been focus on the qualitative parameters and on the competence of the consultants. This project shows that consultants can be procured according to competence but the knowledge in the public sector on this topic is lacking and is in need of further exploring.

A research conducted by Sporrang (2011) shows that the price is the most used selection criteria which municipalities in Sweden use when procure consulting services. The price is considered as a quantitative parameter and consultants are requiring a greater focus on the qualitative parameters to be considered during the procurement. Consultants want their competence to be procured in a greater extent than today.

In the current public sector consultants get procured by tender in form of an hourly rate and companies must meet certain eligibility requirements to participate in the procurement which also states the estimated number of hours for different tasks. The company that offers the lowest hourly rate is often winning the job (Eriksson et al, 2013).

Aspects such as trust and previous relationships play a huge role in selecting consultants in the private sector (Sporrong and Kadefors, 2014). In the public sector there are restrictions in the opportunity for negotiation and the selection of partners compared to the private sector (Dewulf and Kadefors, 2012).

The Swedish Government has done an assessment of the construction engineering market and their assessment shows that the productivity development is low due to weak competition and low level of innovation (SOU 2009:24). The Swedish Transport Administration got the assignment to increase the productivity and innovation in the construction sector. To benefit the climate for innovation in the construction sector they are becoming a more pure client, which means that they will not be involved in the same extend as earlier. They will not be involved in the pre-planning as they have been in the past (Eriksson et al, 2013).

The new role for Swedish Transport Administration has made actors in the construction sector evaluate their own working methods. Actors such as consultants and contractors are affected of the changed climate in the construction sector. Consultants in the construction sector are developing their skills both in procurement and negotiation and are also finding new ways of working together with other actors by using some form of cooperation in large projects (Eriksson et al. 2013). It's not only the consultants that are in need of changing their way of procuring; the contractors are putting a greater focus on the product and developing their skills to manage projects (Eriksson et al. 2013).

Contractors will in the future procure consults for the detailed design process and for the reason to procure a tender to submit to Swedish Transport Administration. Consultants were earlier procured by Swedish Transport Administration for the detailed design and this new way of procuring is still unclear for the parties. There is not much research on different types of remuneration for consultants in design and construct contracts. The percentage of design

and construct contracts are according to Swedish Transport Administration increasing to support innovations (Eriksson et al, 2013).

This new approach is unfamiliar to both parties and consultants do not know in what level at the selection process the effect will be and how they are to be elected. It is unclear for all the actors which parameters besides the price that will be of importance in the selection process.

1.2 Purpose

The aim of this study is to examine how consultants can be procured based on competence and which aspects are important from contractors' as well as municipalities' point of view to achieve effective collaboration and profitable projects. The aim of this study is also to evaluate which requirements and qualitative parameters the contractors consider most important in the selection process of consultants.

The reason for the investigation is to map how consultants are purchased based on their competence and how the consulting market works in Sweden. This research is also aimed to investigate how consultants perceive that they are procured based on their competences.

1.3 Research questions

- What is the difference between the private and public sector regarding how consultants are procured?
- How is the competence of consultants evaluated and which qualitative parameters are important?

1.4 Delimitation

The investigation covers only the construction market in Sweden and it is a smaller investigation where only a few companies and authorities have participated in the research due to the time limitations. It is only one consulting firm that has been investigated but their opinion is probably a reflection of the other consulting firms point of view, which are working in the construction sector.

Not the whole procurement process has been investigated during this research and there has been a delimitation of the to the qualification and evaluation phase of consulting during the procurement process. This is due to that these phases are important of how consultants are procured based on their competence.

2 Methodology

In this chapter the working process for the master thesis will be presented and which type of research method that has been chosen. The different types of data collection will also be presented and discussed. It also concludes source critical perspective and a discussion of the studies reliability, validity and generalizability.

2.1 Research process

During a four months period this master thesis has been concluded and in addition to the thesis four seminars have been performed in which different stages of the process have been discussed with other students. The work process has been divided into stages, which have been adapted to the outline of the seminars.

The first step of the process was to find an interesting subject to investigate and in collaboration with Sweco help them with their problem. After a question was established an outline of the master thesis on which research method will be used, how the data will be collected and a time plan for the thesis was created. The second step was to perform a literature review in which the existing theory on the subject was investigated by reading articles and valuable research. The literature reviews was later the basis for the theory chapter in which the related theory was written down.

The third step was to perform the interviews and collect the data, which later was interpreted. The theory was later combined with the empirical findings and resulted in an analysis of the data and discussion of the results of the investigation. The analysis was the last step of the process outline and it also includes a conclusion of the research.

2.2 Type of study & research method

This research was conducted in an inductive way and this method is theory-building. The goal for the researcher is to infer theoretical concepts and patterns from observed data (Bhattacharjee, 2012). Data was collected through interviews to examine the different actors views on how competence can be procured. A qualitative method is the most common method for collecting data in an inductive research.

A qualitative research is often used when the researcher want to increase and deepen the understanding of the problem area. During such research the researcher is trying to interpret and understand the situation and detect characteristics within the research problem area. There is no standard on how many persons that should participate in the research but the main goal of this kind of research is to investigate and highlight the connection that may exist (Paulsson, 2007).

The master thesis began with collecting existing theory within the chosen area through a literature review and a secondary data analysis. Secondary data is information already gathered and structured by other researchers (Bhattacharjee, 2012). The purpose of the

literature review is to identify the existing knowledge within the area and to identify the gaps in knowledge (Bhattacharjee, 2012).

2.3 Data collection

The qualitative data collected from interviews was described and interpreted. It is important that the interviewer's interpretations don't affect the result of the collected data, which can be seen as a disadvantage and is important to have in mind (Bhattacharjee, 2012).

After the existing literature was investigated interviews with actors within the company of Sweco was executed to examine their view of procurement market. Beside interviews with consultants there was interviews performed with actors both in the private sector with contractors such as Skanska and NCC and also with public actors such as the Municipality of Stockholm City and the Swedish Transport Administration.

2.3.1 Literature review

The focus of the literature review was to study relevant research within the chosen subject, in this research different forms of procurement and tender evaluation in the construction sector was reviewed. The literature consists of research articles and publications. By these papers, the authors refer to scientific papers, doctoral thesis, and research papers within the subject.

A research on previously collected data and other sources was conducted during this research (Bhattacharjee, 2012). There are some limitations when using secondary data since it is hard to know in which way the data has been collected, in a systematic or a scientific way. All sources of data that have been collected during this research are from the first source to keep the research to be scientific accurate.

2.3.2 Interviews

The interviews were mainly conducted through a face-to-face conversation with semi-structured questions where the respondent was given room to answer unobstructed. During a semi-structured interview the researcher has prepared questions for the respondent but it doesn't need to be followed in a strict way, the researcher gets a freedom of asking follow-up questions. The respondents also had the possibility to answer from their point of view without having it strict (Bryman and Bell, 2011). The semi-structured method was used to get a broader perspective within the area than it would be with a structured interview since the researcher can ask follow-up questions.

The consultants were given the same questions as the actors in the public sectors were given as well the actors in the private sector. Face-to-face interviews are preferable and gives the interviewer an opportunity to gather unobservable data such as attitudes, behaviours, beliefs, the respondent's preferences etc. In order to be sure of not lacking any data, the interviewer could ask the respondent if it's possible to record the interview. But the transcribes will be anonymous as a result of protecting the respondents interest and well-being (Bhattacharjee, 2012).

The selection of the companies was based on two criteria's:

- Organisations from the both public and private sector
- Organisations which purchase consulting services

During this master thesis there have been interviews performed both face-to face and over the telephone since some of the respondents aren't located in the area of Stockholm. The interviews were between 30-60 minutes since some respondents sent in the answers in advance and during the interviews they explained their answers in a more detailed way. The respondents got the questions in advance. The choice of using a semi-structured research has made the interviews interesting and rewarding since a deeper understanding of the problem area was disused and gave the respondent the chance to give their opinion.

2.4 Method criticism and limitations

All research methods have their drawbacks and limitations and that is important to consider during the research process. Systematic errors such as bias can occur during collection of data and also during the analysis of the data. All research have some sources of error in their results. Some bias is unavoidable but by understanding the bias it can reduce the effect. It is essential to have that in mind when conducting the research (Bhattacharjee, 2012).

The sample chosen will only represent a small subset of the population. Since consultants for only one company have been interviewed the investigation is mostly based on their way of working and perception of the construction situation.

The researcher can become emotionally connected to the company which is requesting the research and that becomes a challenge for the researcher to avoid. An objective view of the researched subject needs to be withhold by the researcher (Paulsson, 2007). This has in some way been avoided by writing the thesis at the university and balancing the company's needs with what is required form an educational point of view.

When using interviews as a research design they have a high risk of being leading that respondent may interpret the questions different due to culture differences (Bhattacharjee, 2012). If the question required is too detailed the answering and the questions are formulated in a too personal way, the data received may suffer from social desirability bias due to unwillingness to reveal the truth (Bhattacharjee, 2012). Therefore, total anonymity and confidentiality is essential in order to reduce this kind of behaviour from the respondents.

Higher validity can be achieved by using several research methods (Bryman and Bell, 2011) but since this research was to investigate the current market situation on competence procurement and how different actors prewise it as well as their way of using the qualitative parameters in the evaluation process interviews felt as the most effective way of collecting the empirical data.

This type of research has a high reliability since it would be possible to perform it again and get the same outcome, but the outcome can change a bit since it is dependent of the market.

3 Previous research

In this chapter previous research within the same fields has been formulated to describe what has been researched and to get understanding of the theory as well.

3.1 Procurement practice in the public sector

In previous research in the investigation of the Swedish public procurement practice for engineering and architectural services public officials working with procurement were identified in half of all 290 municipalities through a simple random sampling. The explorative survey demonstrates that there is a high focus on the non-price criteria that is easy to measure and on the price in the public sector. The findings also show that there is a limitation for the municipal officials to evaluate the consultants competence based on their design and execution of projects. According to the municipals officials participating in the research they answered that they believe that competence of the consultants is decisive for the success of the project (Sporrong, 2011).

The survey shows that the price is the most used selection criteria and it was a bit higher in simpler projects than in complex projects. After price, individual experience of the key project personnel and the education of the key project personnel were the most used selection criteria. (Sporrong, 2011)

The most common source of information is previous experience of the company and previous experience of specific consultants amongst with references for previous clients of the consultants. Interviews were used in more complex project and not so much in simple projects and framework agreements. A conflict between the procurement rules and municipal procurement process is shown during this research since they can't develop relationships and use personal sources of information when selecting consultants. The research raised a question in if the regulation was followed at all the by the procurers at the municipality since they stated that they use recommendations by other procurers which aren't formal references. If recommendations which aren't formal are used it isn't a equal treatment for all the tenderers. (Sporrong, 2011)

Price was the easiest project specific criteria to evaluate and personality related criteria of key project personnel was the most difficult selection criteria. It also shows that the respondents thought that the non-price criteria was the most difficult to evaluate (Sporrong, 2011).

The economically most advantageous tender in which there are multiple criteria's was the most used procurement decision for the participating municipalities. In all different types of tender situations such as simple projects, complex projects and framework agreements the price is not exceeding the weight of 50 %, especially for framework agreements and complex projects. But as written earlier the respondents agreed that the price is often a decisive factor when selecting consultants and the price was still shown to be the dominating criteria used during tender evaluations even though the price didn't exceed 50 % weight. (Sporrong, 2011)

3.2 Evaluating competence in the public sector

There have been studies on how the tender evaluation is working when buying consulting services in Sweden. A few companies that are buying consulting services were interviewed on how they evaluate different parameters such as competence.

The public procurers were united in that their competence is not taken in consideration to a sufficiently large extent but there have been some good examples in which competence has been an important parameter (Sporrong et al, 2005).

Sporrong et al (2005) states that there is critique for the way the competence is evaluated based on the number of years and the education, which doesn't mean a higher competence of consultants and these criteria's that are often used as criteria's in tenders. Beside these criteria's procurers stated that personal characteristics that are required for the assignments are interpersonal skills, leadership skills and creativity.

The most common criteria's that were required to assess tenderers qualifications within the competence criteria were;

- CV on the individuals with their education, experience, permissions and in some cases more detailed information on specific key personnel was requested.
- The company's system, equipment and experience has different importance and these should always be presented.
- An implementation description was just requested by one public procurer, Banverket.
- Interviews were used by Banverket and Statens Fastighetsverk.
- Reviews from previous clients are used in framework agreements in which they often state a certain number of references. Markkontoret and Statens Fastighetsverk used references on individual assignments (Sporrong et al, 2005).

Implementation specification is often required in procurement in collaboration contracts since it validates expertise and during the research it was noted that it was unusual that clients requested an implementation specification (Sporrong et al, 2005).

The weight of importance for the price was below 50 % for procurement of individual assignments and at one organisation it was slightly above. This shows that non-price criteria's are used but the research also showed that the price in the end still becomes decisive. It should in a clear way be stated in the specifications, which expertise is required for the assignment but it is equally important that it becomes so in practices as well. The tenderers then probably appeal procedures since they perform a lot that is unnecessary (Sporrong et al, 2005).

Beside the criteria's that were of most importance from the procurers' point of view the research also showed that there is a need for more knowledge within the procuring authority in which they in an elaborating approach specify and value the aspects of competence. There are good examples on how the competence can be procured but there isn't a general way of procuring and it depends on how much knowledge the authority has (Sporrong et al, 2005).

A dialogue between the client and the supplier that is constant would improve the methods used in tender evaluation and it would increase the trust amongst the parties. The trust would probably lead to fewer appeals and to a mutual learning, which is needed in the area of competence procurement (Sporrong et al, 2005).

3.3 Procurement of consulting services

A problem in purchasing qualified consulting services amongst contracting authorities has shown that the public procurement act is more suited for purchasing goods than services. Suppliers state that if the procurement act is structured it is easier to motivate according to price than quality, which becomes a problem when purchasing services. A suggestion from this research is to give the opportunity for contacting authorities to negotiate during a procurement of consulting services. The researcher believes that a negotiation would increase the understating of the situation and contributes to better contract documents in the future (SOU 2011:73).

Performing interviews at the evaluation sets high demands on the contracting authority and their competence and required resources. It is also a complicated part of the tender process (SOU 2011:73).

Studies show that if experience is taken in consider during purchasing supplier it is conducive to the quality and competition. There are not rules against taking consideration to the suppliers experience in the regulations. The procurers need to take in consideration the fundamental principles in which way requirements of experience can be used and formulated in a way that doesn't conflict with the fundamental principals (SOU 2011:73).

Another subject that was raised in this report was the fact that there can be lack of innovation since the procuring authority often has detailed specification and that the innovation, which the supplier has, doesn't respond to the authority needs (SOU 2011:73).

3.4 Reimbursement of consulting services

The current situation of the way that consultants are procured by the Swedish Transport Administration is that they need to form a number of qualifications in which they bid in form of an hourly rate. The company that offers the lowest hourly rate is the one that gets the job. The method sometimes also added some points on how they evaluate (Eriksson et al, 2013).

According to Eriksson et al (2013) there are huge difficulties by using lowest hourly rate as a qualification since that can mean that the consulting company doesn't produce the highest quality because they will use old solutions to keep down their costs. There is also an opportunity for the consultants to use different type of manipulation to have low hourly rate on the assignments that overestimated the number of hours and high on those that are underestimated (Eriksson et al, 2013).

The new role of The Swedish Transport Administration will increase the turnkey contract form and that will have an effect on the reimbursement for the consultants. In this new pure

client approach the procurers want to get away from the hourly rate and use fixed price. The consulting firm makes more money if they lay less hours on the assignment and if they use personnel that have lower qualification, which indicates lower salaries (Eriksson et al, 2013).

A profit orientated consulting firm will present a low fixed price which is within the acceptable interval of quality and in the end make more money by adding additional work. There is higher demand on the authority with fixed price since all the specification needs to be detailed and communication between the parties need to follow throughout the work. Fewer hours from the consultant's leads to higher profitability and encourage them to reuse old solutions this will not improve the innovation in the construction sector. There are some aspects that have been presented in the research on how these risks can be prevented. The suggestions are to establish economical incentives depending on the performance if the following dimensions were introduced; (1) delivery reliability, (2) the quality of the document, (3) document handling, (4) proposed solution, (5) creativity and (6) financial management (Eriksson et al, 2013).

The current incentive for the consultants is their professional pride, which a more business relationship can displace. Long-term relationships would be beneficial if a grading of the performance would be used in further tenders (Eriksson et al, 2013).

3.5 Consulting services in the private sector

A research conducted by Roodhooft and Abbeele (2006) of the procurement process of management consulting services within both the public and private sector. The research investigated the procurement process of management consulting services. During the research both public and private firms were interviewed and a survey was then sent out to firm purchasing consulting services in Belgian market. The focus of the research was on complex projects, which are large-scaled. The result of the research shows that the public sector has a greater focus on selection criteria than the private sector. It can be an effect of the higher requirement of the procurement procedure in the public sector (Roodhooft and Abbeele, 2006).

Another aspect, which the research raised, is that the private sector needs to define the selection criteria in a more careful way. Such as in the public sector, the private sector has been more focused on strategic relationships. Strategic relationship is a relationship, which is based on trust and long-term collaboration between the buyer and seller. Firms in the private sector often have a relationship with a consulting firm over an long period of time (Roodhooft and Abbeele, 2006).

The private sector has better understanding and knowledge about the firms within the consulting market and about prices of consulting services. (Roodhooft and Abbeele, 2006)

4 Theoretical framework

In this chapter the theoretical framework of the thesis is presented to facilitate for the reader to understand the theory behind the research.

4.1 Definition of service

There are different types of explanations of the service concepts where three characteristics often are linked to the concepts of service:

- (1) It is intangible and abstract
- (2) Production, supply and consumption occur simultaneously
- (3) The customer is co-producer

Since a service is something that can't be touched on such as an product and the interaction is between the seller and buyer it's important that there is a good interaction between the different actors. It is also important that the buyer feels confident towards the person that is performing the service. A service sometimes needs the client to be active during the process when it's produced because it needs to be adapted to different situations and after the client's needs (Arnerup-Cooper and Edvardsson,1998).

There are significant differences between the exaction of a service and the quality compared to a product. Criteria's connected to the services value such as the qualitative measures are harder to compare to the service than the quantitative measures (Gallouj, 1996).

There is a limitation of academic knowledge when purchasing services in comparison with purchasing products (Weele, 2005).

Services are activities that are executed by at third party (such as supplier, contactors and engineering firms) on a contracts basis. Services range from different types from providing to hiring temporary labour for different causes (Weele, 2005).

4.1.1 Consulting services

The demand for consulting services is increasing in a rapid paste and it has become an important component in the business world. The main reasons why consultants are hired are: (1) insufficient expertise in-house; (2) objective advice; (3) adding additional resources; (4) insufficient manpower in-house; (5) quick resolution of issue.

Consultants need to have good technical competence, excellent people skills and be multiskilled. It is also important that the consultants take into account what the client is considering when purchasing their services since they have different way of measuring success (Kumar, 2001).

Professional services include different type of occupations and their common characterises is that they provide professional resource which are complex and with a knowledge intensity. (Von Nordenflycht, 2010)

Service due to their characteristics of being intangibility are from the buyer's point of view not easy to examine in advance neither after the purchase (Valk and Rozemeijer 2009).

Engineering firms that provide consulting services are a part of professional services firms. The knowledge and experiences that the consultants withhold is the most important recourses for these firms since their knowledge and expertise solves complex problems. Relationships are created though the social capital of the consultants and this is also the reason why the human capital becomes the firm's most important access (Hitt et al., 2001). Consultants due to the importance of the social capital need to relate to the client on an emotional level since the interaction between the them is social besides their knowledge and competence they also need to learn to handle people and their feelings (Kakabadse and Loucbart, 2006).

A trustworthy and stable relationship between the client and the buyer can reduce the uncertainty of risks that can occur during the purchase. Professional services are produced in collaboration between the client and consultants since it is complex and unique (Mietilla, 1993).

The quality of a relationship between the buyer and seller can be one of the main reasons for success of the consulting service (Handley et al, 2006) and after the services is ended it is crucial for further business to maintain the relation because time can decreases the trust amongst the parts (Cova et al, 2002).

4.2 Difference between purchasing and procurement

There are different ways of defining the concept of purchasing and there are many different terms and concepts in the literature that are associated with the meaning of purchasing. Depending on which area is described the meaning can differ (Weele, 2005). In the English literature the concepts that are often used are buying/purchasing and procurement.

The definition of purchase by Weele (2005) is:

“The management of the company’s external recourses in such a way that supply of all goods, services, capability and knowledge which are necessary for running, maintaining and managing the companies primary and support activates is secured at the most favourable conditions” (Weele, 2005, p. 12)

The definition of procurement is that it is a process of purchase of services or goods. The purchaser’s needs should be met in terms of quality, time and quantity at the best possible cost. Procurement is a broader concept, which includes all activities required to prepare the order from the supplier to the final destination. It is also seen as a concept in which other

factors are included in the purchase, such as price, logistics and the volume of the purchase. (Weele, 2005)

Procurement is according to Konkurrensverket (2014) defined as;

“With procurement means any action taken by a contracting entity to award a contract or conclude a framework agreement for goods, services or work contracts”

The different concepts have the same meaning but the main difference is that procurement in Sweden is more known as a part of the public sector than in the private since it is connected to the Public Procurement Act. In this thesis the concepts of purchasing and procuring will be used synonymously.

4.3 Concept of quality

A clear definition of the concept of quality can be difficult to define since it can be ambiguous. The concept of quality is the connection between supplier and buyer on how the buyer perceives and experiences the service. In International Quality Standard the quality is defined as *“a degree to which the inherent characteristics fulfill requirements”*. (ISO 9000:2008) The definition of quality is divided into five groups, which explain the complicity of the concept;

(1) *“Quality is intrinsic qualities”* (Edvardsson and Larsson, 2004, p. 87). It is transcendent and the concept of quality is difficult to define and subjective, based on personal beliefs.

(2) *“Quality is product-based, measurable properties”* (Edvardsson and Larsson, 2004, p. 87).

Quality can be described by different specification and there can be defined by some system quality.

(3) *“Quality is value in relation to the price”* (Edvardsson and Larsson, 2004, p. 87). The decisive monument for quality can be the buyers assessments in what the buyer can get in relation to the price.

(4) *“Quality is manufacturing-based, measurable properties”* (Edvardsson and Larsson, 2004, p. 87). The quality is fulfilled when the established requirements haven been reached.

(5) *“Quality is an experience for the customer”* (Edvardsson and Larsson, 2004, p. 87). Experience of the quality is the buyer’s satisfaction and it can be subjective since it is individual.

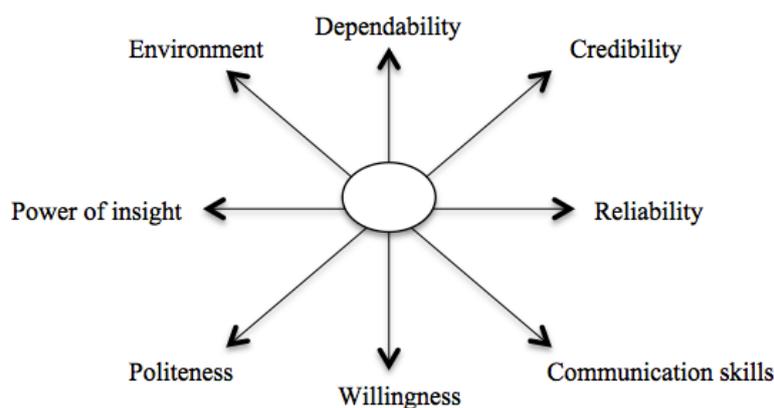


Figure 1 – Quality dimensions in a service (Bergman and Klefsjö, 2007)

Figure 1 describes the quality dimensions of a service and describes all the dimensions which have huge influence of the quality of the service. The connection between the seller, the service and the buyers experience can be seen as the concept of quality (Bergman and Klefsjö, 2007).

4.4 Assessment parameters

During the evaluation of the consultants different criteria's can be used as measures for the selection. There are two groups of criteria's categories which are the quantitative and qualitative. The parameters, which are often called quantitative parameters, are quality, price and delivery (Lynsons and Farrington, 2006). On the other hand there are different definitions which parameters that can be assed as qualitative. Compared to the quantitative parameters the qualitative parameters can be seen as more subject during the evaluation. Handfield et al (2009) state that technical skills, compatibility, intercompany communication and the ability of solving problems are qualitative parameters.

4.5 Purchase of consulting services in the public sector

4.5.1 Legislation

All procurement in Sweden within the public sector needs to follow the Public Procurement Act (SFS 2007:1091/ SFS 2007:1092), which is mainly based on EU directives 2004/18/EG (Riksdagen, 2014). This act was introduced in 1994 and that has made the public sector to distinctly present the selection of tenderers. In each project there should be a balance between the price and non-price criteria's and the establishment of a balance can be an issue for the participating actors (Sporrong et al, 2005). The purpose with the national procurements laws is to facilitate the procuring authorities so they can be able to use public resources as efficient as possible (Konkurrensverket, 2014) and to ensure that the competition between all the tenders is compared and assessed objectively (Sporrong and Kadefors, 2014).

The Public Procurement Act (LOU) is regulating the procurement within sectors of goods, services and work contracts and the Act on Procurement in water, energy, transport and postal services (LUF) also called utilities act.

The public procurement act is structured and based on five different and fundamental legal principals;

- The principle of non-discrimination
 - Which indicates that all suppliers should have the same conditions.
- The principle of equal treatment
 - It is not allowed to discriminate supplier both indirectly and directly based on nationality
- The principle of proportionality
 - The qualification requirement and specification should have a natural connection and proportionate to what is procured.
- The principle of transparency (predictability and transparency)
 - Tenderers should be given the same conditions and the procurement process should be transparent. The specification requirement should be distinct and the prescribed requirements can not be waived
- The principle of mutual recognition.
 - Authorities can't refuse an attestation or certificate that is provided by an authorized authority in another Member State.

These principals shall always be interpreted by the contracting authorities according to the provisions of the procurement regulation (Konkurrensverket, 2014).

According to 2 Ch. 12§ and §19 in the Public Procurement Act (SFS 2007:1091) the contracting authorities that are covered by this law are the state and municipal authorities as well as municipal corporations and associations that are formed by one or several authorities.

Purchase over the threshold

There are three different ways of purchasing if the purchasing value is over the threshold;

- Open procedure – all suppliers are allowed submit tenders. (PPA 2 Ch. 22 §, SFS 2007:1091)
- Restricted procedure - all suppliers are allowed to apply to participate in the tender but the procuring authority invites candidates to participate a tender. (PPA 2 Ch. 16 §, SFS 2007:1091)
- Negotiated procedure- is used if open procedure or restricted procedures aren't applicable. This procedure is used very restricted and there can be a contract notice for this procedure or without.

The procurement process during purchase over the threshold means that the tender process is longer since the tender needs to be qualified as suppliers.

Purchase under the threshold

There are two different ways of purchasing if the value is under the threshold and the rules aren't as strict as when the value is over the threshold. The two different ways are;

- Simplified procedure – the authority makes a contract notice or invites suppliers to participate in the tender. During this procedure the supplier should qualify to prove their ability to preform the assignment. (PPA 2 Ch. 24 §, SFS 2007:1091)
- Direct award without prior contract notice– the authority can purchase from the supplier if the amount is low or if there are exceptional reasons. (PPA 2 Ch. 23 §, SFS 2007:1091)

Framework agreement

A framework agreement is an agreement that is between one or more purchasing authorities and one or more suppliers during a given agreement period. (PPA 2 Ch. 15 §, SFS 2007:1091) If a framework agreement includes several suppliers, it shall at least be three suppliers. (PPA 5 Ch. 5 §, SFS 2007:1091) The framework agreement can't run for longer than four years and if extended it should be based on special reasons. (PPA 5 Ch. 3 §, SFS 2007:1091)

The value of the framework agreement shall be calculated to the highest total value of all the agreement during the agreements period. (PPA 3 Ch. 13 §, SFS 2007:1091)

4.5.2 The procurement process

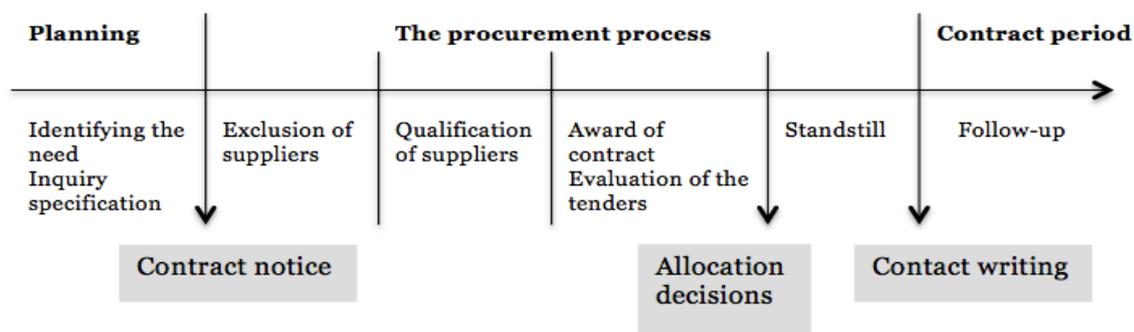


Figure 2 - The procurement process (Konkurrensverket, 2014)

4.5.2.1 Identify the need and inquiry specification

The first step for a contracting authority is to identify a need and establish an analysis of the needs based on the requirements of the service or product. The service or product should then be announced with a normal procedure and information such as specification of the contract or framework agreement should be provided (PPA 7 Ch. 2 §, SFS 2007:1091) Suppliers send in their tenders after the announcement and the procuring authority is not allowed to open or view the tenders before the tender period has expired. The procuring authority can if needed request the tender's to clarify and supplement the tender or correct an obvious error in the tender. It is of utmost importance that it doesn't occur a situation or negation and it is the procuring authority's responsibility to counteract a negotiation situation (Sveman, 2009).

4.5.2.2 Exclusion of suppliers

The second step in the process is the execution of suppliers in which the supplier is reviewed followed by review on the tender. There are two types of explication of supplier mandatory exclusion criteria and voluntary execution criteria. (PPA 10 Ch. SFS 2007:1091) If the supplier has been involved in a criminal organization, fraud or money laundering the supplier gets mandatory excluded. Legislation on the voluntary exclusion is on aspects such if the company is bankrupt or is subject to bankruptcy. It also covers if the companies' responsibility has been fulfilled and if there are obligations on tax charges or that they have incorrectly provided false information that is of significant relevance to the situation (Sveman, 2009).

4.5.2.3 Qualification of supplier

The procuring authority can demand requirements on the lowest level of the tenders capacity based on the economical, technical and occupational skills. The demand should be stated in the annunciation and the capacity needs to correspond to the capacity to fulfill the contract (PPA 11 Ch. 2 § SF 2007:1091).

Depending on which types of procedure there can be a limitation of the number of tenders. In restricted procedure and negotiated procedure it needs to be stated in the annunciation which criteria's and rules that will be applied in the choices and the lowest and highest number that will be invited (PPA 11 Ch. 2 §, SFS 2007:1091).

Registration requirements can be demanded from the procuring authority, which is a evidence that the tender is registered in a business directory (PPA 11 Ch. 6 §, SFS 2007:1091). The suppliers' economical status can be required if the procurement is over the threshold value, such as certificate from the banks or require liability insurances. (PPA 11 Ch. 7 §, SFS 2007:1091)

Evidence of the technical capacity in the last 5 years can be requested. By describing the technical equipment and the methods the suppliers quality can ensured. The service provides educational and professional qualifications of the key personnel in the company, which will provide the service (PPA 11 Ch. 11 §, SFS 2007:1091).

The suppliers ability to fulfill a contract is in particular based on the skills, efficiency, experience and reliability of the supplier (PPA 11 Ch. 12 §, SFS 2007:1091)

4.5.2.4 Award of contract

The tender which is most economically advantageous or has the lowest cost is one of which the procuring authority needs to choose. Factors such as price, delivery or completion, environmental characteristics running costs, cost effectiveness, quality, esthetic, functional and technical characteristics are taken into account when the procuring authority is procuring based on the most economically advantageous tender. (PPA 12 Ch. 1 §, SFS 2007:1091)

The lowest price means that the contracting authority will accept the tender that fulfills all requirements in the tender and which contains the lowest tender prices. It is only the tender price, which is compared, and nothing other than the prices can be compared. It must be stated in the contract notice specification or in the invitation for the tender. (PPA 12 Ch. 2 §, SFS 2007:1091)

4.5.2.5 Standstill

During a standstill it is prohibited to enter into any contract of a certain period of time after the announcement of the allocation decision. If the supplier has got the allocation decision email there is a standstill of 10 days and if its thorough post-delivery the standstill is 15 days. The standstill is from the day the allocation decision is sent (PPA 16 Ch. 1 §, SFS 2007:1091). The standstill doesn't apply for suborders of framework agreements and direct procurement (PPA 16 Ch. 2 §, SFS 2007:1091).

An agreement between the supplier and procuring authority can be cancelled by a court after a application form the supplier. The agreement can be cancelled if it is in conflict with the standstill (PPA 16 Ch. 2 §, SFS 2007:1091).

4.5.3.6 Follow-up

After the services are delivered there can be a delivery control and when it comes to a service the objective which has been specified in the agreement it can be reached that all documents which was agreed have been submitted by the supplier.

An evaluation of the procurement is important for improving procurement practices and achieving a good deal. The procuring authorities evaluate how clear and understandable the specification has been for the suppliers, how well they have followed the regulations and internal guidelines and if their selected evaluation model for the procurement has worked.

4.6 Reimbursement forms for consulting service

There are two different alternatives for remuneration forms for consulting services in the architectural and engineering assignments according to ABK 09; (1) fixed fee or (2) variable fee. Besides these two there is a possibility for other remunerations forms:

“The parties may agree on other forms of calculating the fee. Such forms may be incentive or bonus-based, related to the objectives, achievements or performance, or otherwise agreed on the basis of responsibilities and risk allocation. ” (ABK 09 6 Ch. 2 §)

Fixed fee is more suited for assignments, which the extent is well defined; since the extent can change there is possibility to adjust the fixed fee in accordance to ABK 09. Variable fee is more suited for assignment in which there are creative or complex investigations.

From the contracting authorities point of view fixed fee can lead to effective design process, simpler control and monitoring minimize the consultant's effort and lead to discussion of the assignments content. The variable fee can lead to increased desire for creativity, increased

volume of assignment and more difficulties to control and monitor (Eriksson and Hane, 2014).

If the price is included amongst the selection criteria there is a risk that the assessment becomes biased in favour of the fee rather than the quality of the service (Drew et al, 2002).

4.7 Purchase of consulting services in the private sector

4.7.1 The purchasing process

The Public Procurement Act is not applied in the private sector because there are other ways to evaluate suppliers than in the public procurement. There are different ways of explaining the purchasing process in the private sector and companies can have their own elaborate processes in which way they buy consulting services. In this thesis one theory of the purchasing processes will be for the reader to understand to why actors in the private sector purchase services. Purchase of service isn't static and every process differs (Weele, 2005).

Within the concept of purchasing there are some specific activities that occur during the purchasing process. The first step is to determine the service that is needed by defining which quantities and quality are required. After determining the need of the service the next step is to select the most suitable supplier. The client asks all the suppliers on their list to send out a request for information in which they present their credentials and qualifications. Based on the request the client selects a number of providers from this list and these will then be asked to send a quotation, which is called Request for Quotations. After the evaluation of the quotation the client selects a supplier which they believe has the most suitable quotation (Weele, 2005).

When a supplier has been chosen there are negotiations to establish an agreement, which then leads to writing of the contract between the buyer and seller. After the contract has been written they order placing and developing handling systems. The monitoring and control of the purchase takes place and as well as the follow-up of the supplier. There are a number of criteria's that can be relevant for the client when selecting and evaluating suppliers; price, quality, delivery precision, competence, communication, references and economical situation (Weele, 2005).

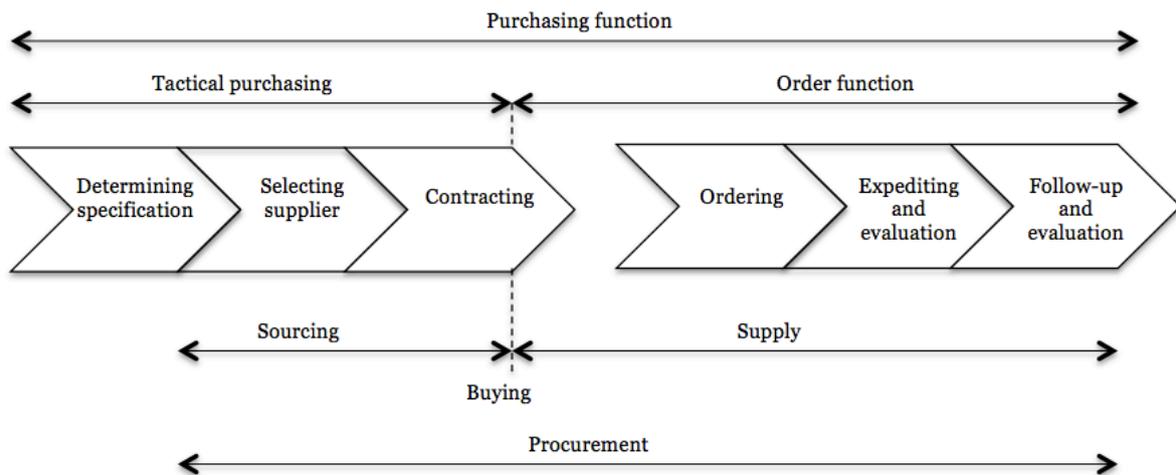


Figure 3 – Purchasing process model with related concepts (Weele, 2005)

When purchasing services in the private sector the client can after the evaluation of the supplier gather information about the performance and this information will be of importance for future purchases and the client can record the suppliers information and their capacity (Weele, 2005).

4.7.2 Selection of consultants

In studies of purchasing process of management services it has been defined that there are some difficulties in defining the need since the need can be very detailed. As well the search of other suppliers within the consulting sector can also be difficult since a service is intangible and there has been shown in studies that there are not often systematic search of suppliers. The buyers often use consultants that they have used previously and that they already have created a relationship with. Personal experience and factors such as the price can also be taken into account (Werr and Perner, 2007).

In other studies in which the purchasing act has been investigated such as in the purchasing of management consulting services it has been concluded that the buyer isn't mostly interested in the service itself but the more on the individual consultant that is providing the service (Edvardsson, 1990).

One of the most important decisions a company can take is the choice of a supplier that delivers professional services and choosing the wrong supplier can become very costly (Day and Barksdale, 1994).

5 Empirical data

This chapter gives a short presentation of the interviewed companies that have been included in this study. Furthermore a description of the companies perspective of competence procurement and evaluation of criteria's in Sweden is included.

5.1 Presentation of the companies and the respondents

By interviewing different actors in the construction sector empirical data has been collected on their thoughts on the purchasing of consulting services in the Swedish market. In addition, employees at Sweco have been interviewed to get an understanding on how they perceive the current situation and which differences there are between different purchasers. All the respondents are knowledgeable within the procurement field and have worked both with private and public purchasers.

Besides interviews with consultants interviews with actors in the public sector and private sector have been concluded on how they purchase consultants based on competence and which selection criteria's they use.

5.1.1 Consulting firm

Sweco

During this study seven consultants at the company of Sweco have been interviewed on how they perceive the difference on how the public and private sector procures consultants based on the competence and on the qualitative parameters. All the respondents have many years of experience in the public sector as well as working with different clients in this sector. Some have also worked in the private sector as contractors. Sweco is a company that provides qualified services in the field of consulting engineering, environmental technology and architecture.

5.1.2 Public organisations

Municipality of Stockholm City

The respondent works as a procurement expert at the exploitation office which has the overall responsibility for maintenance and exploration of the city's land accusations within the municipality's borders. The Municipality of Stockholm City owns around 70 percent of all land within the city's borders. The explorations office is a pure client organization and their budget is 3 billion SEK. They procure both technical consultants and contractors to perform assignments for the municipality. The most common way for them to procure is through framework agreements, which extends over four years and they call-off consultants depending on need and assignment.

The Swedish Transport Administration

The first respondent works as a purchaser at Swedish Transport Administration and is procuring consultants for different projects and the other respondent works as a business strategist for the division for purchase. The Swedish Transport Administration is responsible

for the transport systems and the state-owned roads and railroads in both building and maintenance in Sweden. Their purpose is to maintain a good standard for the existing transport systems and to develop secured roads and railroads. They procure both consultants in large amount for both their projects and based on framework agreement for smaller assignment.

5.1.3 Private organisations

Skanska Sweden

The respondent is working as a technical manager at the department called Region Large projects and has a huge experience with working with consultants. Skanska is operating in the construction sector and purchases consultant services for their different projects. Region major project operates on more advanced and complex infrastructure projects. They are specialised in bridges and plant construction and collaborate with road and road regions to create better solutions.

NCC Construction

The respondent is Head of Department at Region West and has experience in procuring and working with consultants in their projects. NCC is a contracting firm which is one of the leading companies in the northern Europe in the field of construction and property development. Within this company they are constructing the best suitable solutions for tomorrow's infrastructure. They are building within the areas of roads, railways, bridges and tunnels. They procure consultants in projects where they need some expertise or have an extending need of resources for their numerous projects.

5.2 Interviews with consultants at SWECO

5.2.1 Purchase of consulting services based on competence

The Public Procurement Act doesn't extend to the private sector and contractors aren't controlled by the regulation. Contractors purchase competence and treasure quality in a larger extent than purchasers in the public sector. They have a greater focus on getting the right person for the project with the right quality and competence. They purchase based on competence and are willing to pay more for competent consultants for their projects but the most competent consultants doesn't always need to be the most expensive ones.

“Contractors want to have the right competence and consultants that do a good job in the early stage of the project because that will favour the project in the long run” (Assignment manager, SWECO Civil)

Contractors put quality in the greatest focus and want to get the right person for the task. They are willing to pay more for that to purchase the right person with the right skills and the right experience for the assignment. The personal characteristics of specific individuals are in focus and the client is willing to pay more to get these consultants to conclude during the mission. It doesn't need to mean that the contractors purchase competence it can in many cases be the

relationship which they are more interested in, since there aren't any process that can be evaluated in the private sector to see that they have had as evaluation criteria.

"Contractors are willing to pay more to get the right person for the mission" (Area manager, SWECO Civil)

Within the public sector there are huge differences depending on the purchaser. The Swedish Transport Administration is one of the largest clients of Sweco and within their organisation there is a variety on how they purchase competence. In projects that are not located in the larger cities the price is crucial and the lowest price wins the majority of the tenders. They do not focus on the qualitative parameters. Procurement in larger cities and in complex projects have a large focus on the qualitative parameters.

The interviewed consultants believe that the Swedish market doesn't consider the competence in a great extend as other European countries do. Competence according to them is still as vague subject in Sweden. According to the respondents the qualitative parameters such as their technical skills and quality aren't evaluated in such a matter were their competence can be measured in a good way.

5.2.2 Regulatory documents

The regulation in the public sector is according to the consultants not a barrier for purchaser to purchase qualitative parameters but it may in some extend be a limitation since they don't dare to take on risks by testing new models and methods. They perceive that many often take the easy way out by taking the lowest price tender and are afraid of appeals. It is harder to appeal when the lowest price wins. Subjective judgements based on qualitative parameters such as quality can often lead to more appeals and this is probably a bit intimidating for some public purchasers.

They also precise that some purchasers in the public sector lack the knowledge on what they are allowed to do since they have much harder regulations than in the private sector and they don't know what exemptions to do.

5.2.3 Differences in the process

Contractors have rarely the same process in the private sector as it is with public sector. It is common that they contact the consultants they want and then negotiating for what they need. They ask for specific resources that may have a particular expertise or skill. The difference is that they don't send inquiry/tender documents as public purchaser does. The administrative tasks for consultants to produce documentation for a tender in the public sector is very high.

In the public sector, a certain number of conditional requirements must be met and these tend not to be difficult to fulfil which most of the tenders usually fulfil and in the end the price becomes the most crucial feature. The conditional requirements are easy for most consultants to meet, so these criteria's will not affect the tender in the end.

“Public purchasers are more interested in adding a resource without the need to for it to be the right resource” (Area manager, Sweco Civil)

In the private sector the individual consultant is in focus and they can have a dialogue and negotiate until both parties are satisfied.

5.2.4 Evaluation of tenders and qualitative parameters

In some procurements the qualitative parameters are evaluated during the valuation of the tenders. It can be in form of description how to accomplish the specific tasks and which risks that can occur during the tasks. Sometimes interviews are held with the assignment manager to evaluate his way of leading the mission. In other procurements all consultants that will be included are interviewed to see how they interact as a group. During this interview the consultants have the opportunity to describe the technical aspects and management of the task in general.

“A negative aspect of interviews is that the tender can sometimes depend on how well one person performs, all of us can have a bad day and that can effect if we get the tender” (Business developer, Sweco Rail)

The public procurers are good at specifying in the contracting documents on how they will evaluate all the different parameters and how much all the added value will affect the actual procurement. This is defined so the procurement is transparent and clear for all the participants in the tender.

There are significant differences on whether competence requirements are determined as the qualification requirements or if they are evaluated during the evaluation of tenders where it is set against each other. The qualification requirements tend to mostly be normal demands, which the most tenders meet. Organizational requirements are usually not a qualification requirement and if there are some they are included during the evaluation.

Depending on what type of assignment the distribution between the qualitative and quantitative parameters can differ. In some procurement only the price is important and can be the main evaluation criteria. According to the consultants it's hard to generalize but the most common for Swedish Transport Administration is that they for their normal procurements have a 50/50 distribution.

They consider the municipality of Stockholm City as a public procurer that understands the significance of quality and there is usually a 70/30 distribution in the favour of qualitative requirements.

Interviews are a good tool to access characteristics of the consultants since many can have good references of previous assignments and probably similar education. With an interview it is easier to evaluate the characteristics that are not easy to describe in a tender.

It is good that qualitative criteria's are included in the evaluation and that procurers are developing models to evaluate these during the tender evaluation. The present situation leads to the fact that the customer will not be in focus when dirty tricks are used to get more money than if there would have been clearer requirements. It costs a lot to develop bids and management is covered with work that may not ultimately lead to the result that the right skills have won.

The Swedish Transport Administration is evaluating whether they can give points for the consultants on how they have performed during previous assignments and then use these during procurements as evaluation criteria. This promotes consultants that perform well during their assignments.

Qualitative parameters such as education and number of years in the industry are very usual but they can be misleading, it doesn't mean that a consultant with a master degree is more competent than someone with a bachelor degree. Criteria's such as these are easy for all the consultants to manage and in the end the price becomes the decisive parameter. In complex projects there can be harder criteria's to manage that not all consultants are able to do.

The added value, which can be gained during an evaluation, has often the tendency to not effected the price of the tender, since all the tenderness receive the same added value amount. The amount is then deducted from the tender price but the lowest tender will in the end receive the contract.

5.3. Municipality of Stockholm City

5.3.1 Procurement of consulting services

The Municipality of Stockholm City procures consulting services according to framework agreement contracts which is the most common form of contracts. The consultants and their knowledge are incredibly important so that Stockholm City shall be built based on the best conditions and with the right knowledge. According to the respondent it is important to procure talented consultants with the right quality for the specific assignment. Consultants have an advantage towards Stockholm City since they are a client organization and don't have any technical knowledge to perform the assignments by themselves.

The mission that Municipality of Stockholm procurers have is to do good trade with the taxpayer's money and that's why they value good consultants with the right criteria's.

5.3.2 The Public Procurement Act

According to the respondent at the Municipality of Stockholm it is the regulatory framework governing the Swedish market and is crucial to make good business and fair procurement. The Public Procurement Act is designed in a way that purchasers can establish the needs they have for a particular assignment and what kind of quality they need for this mission. They can then follow the guidelines that need to get the most suitable suppliers for the right the mission.

Bribery is a problem both in the private as the public sector and the respondent believes that the Public Procurement Act is a good way to evaluate the contract. The risk for bribery is slightly higher in the private as they exclude the Public Procurement Act. There will be a security for that contract is done correctly and that all tenderers shall be given the same chance and opportunity.

There can be difficulties in developing long-term relationships where the framework agreements have a maximum period of four years according to 5 § 5. This limitation makes it harder to establish long relationships and later build on these.

“It is difficult to develop long-term relationships with the consultants” (Procurement expert, Municipality of Stockholm)

5.3.3 Tender Evaluation

According to the Public Procurement Act, there are no criteria's for competence but there is an evaluation criteria for quality. According to the respondent competence is as critical as quality. The winning tenders at the Municipality of Stockholm City are about 90 percent based on the quality and this is the crucial parameter. A framework agreement doesn't relate to any specific assignments, which is the case in general, agreement procurement. This means that the expertise of the consultants become more important.

The qualitative parameters the Municipality of Stockholm evaluates are:

- CV and portfolio
- Test - evaluate the individual consultant (will be used in the future)
- References

A key personnel such as assignment manager is interviewed to assess their competence but besides this the company's quality is also evaluated. The evaluation of the company is processed in the same way as with key staff presentation.

During this interview the commissioned officer conducts a test to see how well it can solve a specific problem and the interview itself is more like recruitment process than that it is a conversation.

The company's quality and their working methods are evaluated and then weighted together with key staff presentation. By evaluating both the company and the consultants it can be a good assessment of the quality determined. A test of how the company backs up consultant skills and controls questions is a part of how well they take care of key people which are the company's quality management. The assessment of the company's quality reporting's is also weighted with the assessment together with the interviews of the consultants.

After assessing all the different elements, the respondent says that the Municipality of Stockholm gives points and selects a number of consultants that they then sign an agreement with. Several framework agreements are written with consultants depending on their needs.

By signing framework agreement the consultants are not obligated to do all the assignments they ask for. The feedback to consultants is important for them to understand the selection and that the procurement was made in a correct way.

The Municipality of Stockholm has a fixed price list and is willing to pay up for the right capacity. They examine the prices available on the market in order to set reasonable prices in order to get the best consultants to their assignments.

In the future, they will start filming the interviews to ensure that everyone receives the same questions as if it would have if appealed. Today the consultants only get the evaluation in written of how they performed.

5.4 The Swedish Transport Administration

5.4.1 Procurement of consulting services

There is a difference depending on what type of consulting services they are procuring and what qualitative parameters that are important. When they are procuring consultants there are conditional requirements in which they have a specified experience and added value for working on assignments for Swedish Transport Administration.

When procuring consultants there are competence criteria's on the mission-oriented command and on the previous experience of the company and their waging requirement. Beside the requirement there are added values based on their understanding of the assignment and implementation description.

It has become a trend that the lowest price wins. The new approach of becoming a pure client organisation can in some cases become a conflict. The new role indicates that the client should not make any demands on the client's personnel, which will work in the assignment. It then becomes hard to make demands on the personnel and one of the most crucial aspects is to work with people that have the right attitude.

Depending on what type of consulting services that is procured there are differences on how they are procured. When individual consultants are procured there are high requirements based on their experience and they have to show references in some case where interviews are conducted. The most relevant for these types of consultants is that their competence more or less like their CV.

Consultants that will have a key role are procured such as a Project manger then they evaluated their way of collaboration and in there cause interviews are used, the consultants are important and can have a great impact on the work so that means that they evaluate how their experience in similar assignment previous.

When they procure based on assignments there are qualifications on the company's ability to attract some competences and that they have some knowledge within environment

requirements. Interviews are not performed when they are procuring on basis of projects/assignments.

In major and complex projects such as the Ostlänken, the Stockholm Bypass usually oral performance is used where the Swedish Transport Administration gets the opportunity to get a picture of how consultants intends to carry out the mission. In such cases, the qualitative parameter to determine much of their knowledge. It explains the challenges and they get an understanding if consultants have understood the task.

References can be arbitrary as it does not have to mean that the consultant carried out a good job in the previous mandate. Consultants can get good points when getting along with the client and this in turn gives a high score. Then there are cases in which the consultant is performing well but does not get along with the client and in the same way they can receive a lower score. The Swedish Transport Administration try not to put so much focus on this as it can be arbitrary.

5.4.2 The Public Procurement Act

The regulation isn't an obstacle for the evaluation of the qualitative parameters but it should be stated in the beginning of the tender so the evaluation doesn't become arbitrary. If it isn't stated in a good way it can lead to appeals and that is something that procurers want to avoid. Consulting service is much harder to evaluate than contractors since it is often individuals that are evaluated.

The difference in how they procure relative to the private sector is that they can't create long-term relationships. The Swedish Transport Administration is controlled by the Public Procurement Act and it is a new process every time they procure and need to do a new evaluation. They can't take into consideration the experience with the company which the private sector can.

A benefit with the layout of Public Procurement Act is that new players can enter the market but a negative aspect is if a consulting firm has performed bad they get a new chance. In the private sector they then can choose to not collaborate with those consultants or the firm but with the Swedish Transport Administration needs to treat everyone equally.

5.4.3 Tender Evaluation

In normal procurement it is almost just requirements on the company in the qualification of the tender. Within framework agreements there can be more qualification requirements that are aimed on the competence of the individuals and resources and on their capacity since in these agreements where subcontractors depending on their needs.

There are higher demands on consultants that will have leading roles and depending on the assignments complexity. Requirements on consultants, which have important support functions, are dependent on the individuals.

Large project doesn't always need to be complex. These projects are often just large but often smaller project in which there is need for a special knowledge within an field can be more complex because they require higher demands for specific competence.

Added value for complex assignments can reach 50 % but in normal consulting assignment there are max 20 %.

Table 1 – Example on calculation added value for a tenders

Tender	A	B	C
Tender sum	780 SEK/hour	895 SEK/hour	1025 SEK/hour
Added value	0	100 SEK	250 SEK
Comparing sum	780 SEK/hour	795 SEK/hour	775 SEK/hour
Result	2	3	1 (winner)

During the evaluation of the tenders there are difference ways of evaluating the consultants. In the project Ostlänken the consultants got in the tender some questions on how they need to answer during a meeting in which they present their tender. During this meeting the Swedish Transport Administration evaluate how they collaborate and how well they are prepared.

It is important to clarify in such a way that the questions aren't general if competent consultants should be chosen. By having specific questions it is easier to evaluate their skills according to the requirements of the project.

During the project of Ostlänken the key personnel have been evaluated on the competence and the understanding of the assignment and the implementation description. Their description was supposed to answer some aspects that had stated.

5.4.4 Evaluation of consultants for services delivered

Depending on what type of assignments the consultants are included in, they can be replaced if they don't a good job and if it is a moveable assignment. Before consultants begin working within our projects there is as process of them becoming approved before they can start working for us to assure that they have the right skills.

There has been cases where consultants have been procured and didn't have the right skills in performing the project. That has often a result of having to low or the wrong criteria's.

Procurement based on competence in Sweden isn't at the level it should be because sufficient requirements are not stated and that they aren't clearly stated on which competence is required. There aren't enough requirements on the individuals based on how they have succeeded before. Often there is a requirement that consultants should have been involved in four projects but there is no evaluation on how well the projects succeeded.

5.5 Skanska

5.5.1 Purchase of consulting services

There are no procedures for how Skanska purchase consulting services based on their expertise and qualitative parameters as there is in the public sector. Within the public sector it is in accordance with the Public Procurement Act, which has a certain relation to how it should be preceded in accordance with a certain number of steps. Skanska values the qualitative parameters and these can be the personal characteristics of the individual and of the group as a whole. Moreover Skanska values the consultants ability to understand the entrepreneurial side and how Skanska works with turnkey projects. This is something that is more important than price when competent consultants promote the project in the big race.

"The only thing we buy is competence" (Technical manager, Skanska)

Skanska contractors have a free choice and have no models that govern how Skanska shall purchase consulting services. It is easy for them to identify those individuals that retain the knowledge that is required for the assignments. Skanska wants to cooperate with consultants with high quality criteria's. They have target prices for the hourly rates but the most important is that the consultants possess the right quality and knowledge in the specific area. The price is secondary.

5.5.2 Assessment of the qualitative parameters

In the public sector it is a legal requirement to describe and to be transparent and the choice of consultants need to be motivated and justified. In the privates sector there is probably some similarity in ways of purchasing consultants but not to the extent that it is in the public sector.

Skanska must be able to justify the choice within their organization but it is not as in the public sector where there are procedures on how the choice must be justified and their choice may in turn lead to appeal.

The main qualitative parameters of use when Skanska purchase consulting services are:

- Technical skills - consultants' expertise in their specific area
- Personal qualities - the consultants' thinking and understanding of the contractors working methods
- Cooperation - how well they cooperate with their colleagues

There is no need of any process like the one in the public sector and it works well without such a system. Such complex systems in the private sector would lead to more administrative work and would not lead to any improvement for the procurement of consulting services.

5.5.3 Purchasing process of consulting

The way of purchasing's consultants depend on what type of assignment and if they have purchased consultants in that area in a previous assignment.

Skanska looks at what is important for the project / mission but it's not controlled in any way. They compare consultants to each other by tracking some parameters and how their resources are available and how it looks if their need would increase in the future.

During the interview they also impose a certain number of assessment questions and reviews to the consultants. The scores are not ultimately the main mechanism and the weighting is mostly subjective. The consultant's attitude and their mindset is the most important during this interview and being able to get a picture of how they relate to Skanska's projects. The interview resembles a recruitment process.

The qualitative parameters are the most important aspect when choosing consultants and secondly is the hourly rate. The price is not an issue if Skanska know that the consultant will complete the mission in time and have the correct skills.

Key positions that must be included in the design are important for the project to be able to keep the budget and time schedule.

By giving the key persons a reasonable hourly rates based on their expertise Skanska use low-cost countries for the others positions to efficiency the project. This means that they also assess the relationship and collaboration with people in other countries and it is also one of the things of importance during the evaluation of the consultants.

5.5.4 Evaluation of consultants for services delivered

Skanska is not so good at evaluating the consultants' work after the delivered service and they do not collect their experience and expertise. It is more on the individual level that they memorize how they are presented but that is not collected in any database.

End meetings is something that Skanska is good at and in those they follow up and discuss if the project has been completed successfully and what within the project has gone well and what has been less successful. Consultants give their view on the project during these meetings but Skanska are not evaluating those views when evaluating the entire project.

5.6 NCC Construction

5.6.1 Purchase of consulting services

Consultants are procured based on the qualitative parameters more than the importance of the price. Their competence within the field is the most important since they are looking for consultants who are knowledgeable. The experience from other assignments that the consultants have been involved in and how preformed during previously projects is important.

Procurement on the basis on competence in Sweden is not working as good as all actors in the market would like it to. There is a not method to measure competence since it today is subjective in the way that it is compared today. There are some difficulties measuring the

competence of the consultants by using a value in which they can be compared on how well they are.

"How to measure competence? Valuation of competence today is subjective " (Head of department, NCC)

Within the private sector there are more straight on procurement since there doesn't need to be any verifying to the court such as the public procurers if they get appeals. In comparison with the public sector it is easier for NCC to procure competence since within the public sector they need to find theories in which way they can verify their procurement process. The amount of education is not a prescription of how good a consultant is.

5.6.2 Assessment of the qualitative parameters

The importance of the qualitative parameters is higher than quantitative parameters because the skills and knowledge of consultants and the right person for the assignment is more important than a criteria such as price. There are possibilities to negotiate the price, but the price isn't the most importance aspect.

Experience in working in similar projects is something that today is used when consulting services are evaluated but in the public sector they have more difficulties to use experience as a parameter. It is important to have parameters in which collaboration can be measured. Today it is evaluated and the result can depend on the procurer and their subjective impression. Beside the different parameters the accessibility of the consultants is very important for NCC.

The main qualitative parameters of use when NCC purchase consulting services are:

- Personal qualities
- Experience form other assignment

5.6.3 Purchasing process of consulting

Evaluation of the different consultants and comparison between these is often based on the on evaluation of previous projects that they have worked on. Beside this there is a focus on how they can handle more complicated projects and if that their firms is capable of handling the situation if a key person quits so they have the same recourses and are capable to perform. A consulting firm that has many employees often has this backup, but the size of the company doesn't always mean that they will have available resources; the consulting firms today are running on extra capacity.

The consultants are often most important in the beginning of the project and if there is a shorter project the consultants are often working through the whole project but in more complex projects it is important to have consulting firm that have many good skilled consultants available.

5.6.4 Evaluation of consultants for services delivered

The evaluation of the consultants is also called evaluation of supplier after the service has been delivered and is done by the person that is responsible for the consultant and through some questions the work of the consultants is evaluated according to parameters such as collaboration with others. When evaluating the consultants and the consulting firm they can achieve a point. NCC can then use the point in further procurement in the purchasing department as a parameter.

6 Analysis

In this chapter the theory in the theoretical framework of the thesis is compared to the empirical findings and analysed.

During this study an investigation has been conducted on how consultants perceive the current market area and which parameters the purchasing authorities both in the public and the private sector feel are the most important when they are purchasing consultants based on their competence and the qualitative parameters.

The relationship between the buyer and seller has been shown to be one of the most important aspects when selecting consultants to perform services in the private sector. The private actors aren't restricted to use the Public Procurement Act during the procurement procedures as the public actors are. In previous research it has been shown that the legislation within the public procurement can be an obstacle for creating relationships between the buyer and seller.

Research on how public procurers evaluate consulting services has been performed in larger extent than in the private sector (Sporrong and Kadefors, 2014). The reason is probably because the public sector is more transparent and they have regulations, which they need to follow.

6.1 The market is changing

The demand for consulting services have been increasing in recent years (Kumar, 2001) and this has made the consulting market an interesting subject to research. Consultants are dependent of other actors since they are their buyers. If their buyers are changing their ways of working the consulting firms also need to change their approach to their clients.

The largest contracting authority, which owns the roads and is responsible for the infrastructure in Sweden is becoming a more pure client and that will effect the way in which consultants will be procured and the relationship between the parts will change. They want to increase the number of turnkey contracts, which will mean that contactors will become the responsible when procuring consultants, which will participate in the project. Consulting services will also be procured in a larger extent on the basis of a fixed fee (Eriksson et, al, 2013). This will probably make the consultants within this sector face an uncertain market because procurers within the private market don't follow any regulated models and don't need to clarify which consultants they have chosen.

Today there is a large focus on the individual consultant especially in the private sector since they already in some cases know which individuals they want to work with. A respondent from the Swedish Transport Administration said that they try to not focus on individuals in a too large extent. It can become problematic if there is a too large focus on the individual. What happens if the consultant wants to work with another project? How does this affect the relationship between the buyer and seller?

6.2 What is competence procurement

The competence procurement in the construction sector is a term that is used but there is no real explanation to what the meaning of the term is and how it can be procured in the same way and not dependent of the procurer. Many of the interviewed believe there are many procurers that take quality of their services in consideration and not only focus on the price. The competence that they bring to different assignments and projects is often very vital to the project.

The competence of consultants is their technical skills, collaboration and the possibility to work on different assignments with different group arrangements. Their competence can be evaluated in different ways but by having a interview with the participating consultants or the key personnel the contacting authority gets the chance to lean a lot on their qualified skills. Those skills are such as how they solve problems and what collaboration abilities they have so it doesn't only become their number of educational year that takes focus from what they have to offer.

The Municipality of Stockholm City has a good way of evaluating the consultants by having an interview with the key personnel. In that way they can evaluate how the consultants will perform and evaluate their technical skills more detailed than just reading their CVs. They will in the future also have individual tests of consultants as a way to evaluate their technical skills by performing and that is something that they will introduce in future framework agreements.

The relationship between the buyer and seller is of importance for a service and a trustworthy and stable relationship can reduce risks that can occur during the purchase (Mietilla, 1993). In the public sector it is harder to create long-term relationships. This can affect the quality of the service since it is dependent on the communication skills and the environment between the buyer and seller. A better dialogue would perhaps decrease the appeals because they would understand each other better.

Bergman and Klefsjös (2007) state that reliability, communication skills, power of insight, willingness and dependability effects the quality of a service. The quality dimensions are important in the connection between the buyer and seller and would be used when determining the evaluation criteria's. The quality dimensions of a service are important to evaluate because they can be a good tool for procuring on the basis of competence. All the different aspects such as dependability, credibility, reliability, politeness, willingness, and communication skills needs in some form to be included in the evaluation of the service. These aspects affect the quality of the service and the basic reason with competence procurement is to include technical skills to improve the knowledge in the construction sector.

The weighting of the parameters needs to have a larger significance since if the price has a weighting of 50 % or more it is more difficult for the tenderers, which don't have the lowest price to win the tender. If the competence of the consultants should be procured then the

weight of the price should be lower. The weighting of the qualitative parameters isn't the only aspects which need to be higher, contracting authorities also need to look over their method of rating qualitative parameters. Earlier research indicated that rating of qualitative parameters doesn't always need to be good since the price is the decisive parameter in the end.

6.3 Difference between the public and private sector

The interviews have confirmed that there is a difference in evaluation of competence in the private and public sector. The main difference is that the public organizations need to follow the Swedish Act of Public Procurement (SFS 2007:1091).

In the private market it is an open choice; contractors can choose which consultants they want to purchase. The private market area doesn't have any models and the consultants can create relationships with the contractors in a different ways than with the actors in the public market area. They often purchase individual consultants that they have worked with before and know that they have the right competences to participate within their projects. The interviews with the contractors that are within the private sector focus on the individual and are often interested in specific personnel in consulting firms. They value their knowledge highly and have good understanding of the contractor's processes.

According to all the interviewed consultants the regulations are not an obstacle for procurement of the qualitative parameters, but they perceive that many public procurers are afraid of procuring the tender which is most economically advanced. That has been confirmed in pervious research made by Spoorong (2011) that investigated the procurement practices in municipalities in Sweden. Beside this the knowledge of the procuring authority can have a huge difference if they dare to evaluate the qualitative parameters because they are often subjective and there is a higher risk of having the tender appealed.

The lowest price has in recent years been the winning tender and many of the respondents believe that some procurers are just interested in the price and don't procure the qualitative parameters, especially in smaller municipalities and regions where there in some cases can be some procurement where the price can be 100 % decisive.

The procurers that have been interviewed can justify that some procurement can become more focused on price but they believe that procurers can have lack of knowledge and don't know in which way they can procure the evaluation parameters in a good manner.

To procure a service is more difficult than a product and that can be a reason why many procurers have difficulties when specifying the requirements for the service (Valk and Rozemijer, 2009). If the service isn't specified in a correct way the wrong consultants can be chosen and that will lead to a more expensive project.

Previous research on public procurement also shows that the economically most advantageous tender was the most used procurement decision but the price was still decisive (Sporrang 2011) and this is still the case according to the respondents. All the interviewed consultants

believe that the contracting authority specifies the evaluation criteria's in a good and simple way and it is clear what they are requiring.

There can be some cases where it is difficult for procurers to formulate the evaluation criteria's because they are comfortable using this the lowest price as the evaluation criteria and the risks of appeal is lower than when just the price is the evaluation criteria.

One of the most central parts of the procurement process is the evaluation of the tenders and the contracting authority's choice of the evaluation criteria's and the evaluation model is crucial for a good procurement. The regulations don't have any rules on how the evaluations shall be performed or how the model should be designed. It is up to the contracting authority to create a feasible model.

Due to that a service is intangible and abstract buyer of a service can have problems with defining the need of the service. This is probably one of the reasons why public contracting authorities perceive it to be difficult to incorporate qualitative parameters in the selection evaluation.

But if they put in a greater effort in specifying what type of quality and need of service it would be easier for them to evaluate. Besides specifying the need in a better way there is a need of good method in which the qualitative parameters can be measurable. Since they often can be perceived as subjective.

	Public organisations	Private organisations
Regulations (PPA)	x	
Personal experience		x
References	x	x
Interviews	x	x
Require specific personnel		x
CV	x	

Figure 4 – Summarization of the difference between the public and private organizations

6.4 Selection procedures

6.4.1 Interviews/meetings

Some public procurers use interviews or personal meetings as an selection criteria to evaluate the consultants. During the meeting procurers evaluate the consultants on their knowledge within the specific assignment and they carry through the assignment. The consultants can present their tender as well to show their skills since the tenders can be written by someone else. This makes the evaluation easier for procurers since they can see if consultants understand the company's quality work. During an interview the procurer gets the opportunity to see whether tenderers have understood the procurement.

The contractors in the public sector also use interviews in which they in dialogue with the consultants discuss how they will perform and they also discuss how many resources they have and if they would be need more capacity. Interviews used in evaluation criteria's can be a suitable technique of distinguishing good consultants from bad based on their experience and competence.

Interviews can be subjective since some parameters can be hard to specify and can depend on the procurer. The procurer at the Municipality of Stockholm City believes that during the interview it becomes very clear on how they collaborate and present their tender and it is according to him not difficult to evaluate since a interview reveals more than by just reading their tender and the key personnel's CVs.

The Swedish Transport Administration had for their procurement of consulting services for Ostlänken a meeting in which the participating consultants got the opportunity to describe the implementation plan and The Swedish Transport Administration had stated specific questions, which the tenders needed to answer. Both the consultants and procurers believe that this type of meeting in which they in a detailed answer how they will perform is a good way to evaluate their skills. The projects of Ostlänken differs from others projects because it is a large project and it can't be compared to normal projects in which they procurers don't use interview since they are time consuming. In a large project such as Ostlänken it is possible to more carefully evaluate the skills of the consultants.

A presentation in which the consultants can get the chance to explain their implementation of the assignment would be a great evaluation criteria since the contracting authority would get the chance to evaluate the consultants more based on their skills.

An implementation deception could be as good toll of evaluation consultants according to their qualitative parameters since their technical skills about the specific assignment can be described and evaluated. Consultants get the opportunity to also describe their previous experience of previous similar projects. A meeting also gives the contacting authority the opportunity to create a trust of the quality of the consultant.

A personal meeting isn't just a good method of evaluating the consultants it can also be a good tool of controlling the qualification of the consultants which are on paper. The CV of the consultant is a good way qualification criteria to ensure the competence of the consultants. The next stage should than be a personal meeting in which consultants can be more evaluated on their qualities which are stated in paper. Contacting authority in the public sector such as the Municipality of Stockholm city believe that as personal meeting is as good way of comparing the competence of consultants and the chance of evaluating qualitative parameters in a large extent.

6.4.2 References

From the investigation there has been raised some questions on how different qualification requirements lead to better procurement of competence since they for example can ask if a

supplier has been involved in a specific number of similar assignments. Although it doesn't say anything on how well the assignments have been performed. Requirements of previous assignments need to be specified in another ways in which the success of the assignment can be clarified.

Previous assignments should be required in another way in which the success of the assignment can be clarified. It isn't just the amount of similar projects that is important, for competence procurements it is more important to know the outcome of the project.

References used during the qualification and evaluation of the tender depends on the procuring authority and the respondents answers can differ but many of them answered that references should be a qualification requirement since the consultants can choose references they know will answer for their advantage. The references doesn't contribute to a better procurement in which the right consultants become procured.

In the private sector they can also use references to see how well they have performed and they often ask other contractors on how well some consulting firms have performed and can also ask about some specific personnel that they are interested in.

Private actors can use their pervious experience when purchasing consultants but the are restrictions for the public actors. They need to treat all actors equal and there can be a conflict in the using their previous experience of consultants. Private actors can choose to not purchase consultants that haven't performed or had the right technical skills but public actors need to treat all tenderers equal. There should be a method in which they can use their experience of a consulting firm because that will increase the skills amongst the consultants. Consultants would have a pressure to increase their skills and deliver excellent service.

6.4.3 Added value

The consultants found that most procurements where the value added was evaluated did not affect procurement in the end. They experienced that all tenderers were given equal value added and the price became determining at the end since lowest tender price won the tender. These added values do not always affect the tender in a large scale because in normal consulting assignments the value of the added value is only about 20 %. In complex assignment there can reach 50 % and this can make a large impact on the winning tender.

6.4.3 CV

The CV is often used as a qualification requirement in which the procurers stated the needed education and number of working years. It is good to have some specified requirements stated and which type of consultants that are needed. Some procurers can give an added value if the consulting firm presents candidates that have a higher expertise then the needed.

6.5 The importance of the individual consultant

In the private sector there is a large focus on individuals and contractors often have requirements on which individuals that they want to have in their projects. They are requiring

specific individuals since they know that they have the right skills and will perform well during the project. It can in some cases also be previous relationships that are the reason why they require specific individuals. But the question is why these individuals are better? It doesn't mean that the contractors have evaluated their skills before and they could have worked together in previous projects and during this period they the consultants showed their skills.

Conditional requirements are often stated in public procurements and these are according to the consultants often very similar and easier for all tenderers to manage. In some cases the requirements have been higher but in most cases it is only necessary to meet minimum requirements. If the conditional requirements are too high it could lead to that only one tenderer will be left and will win the tender.

There are still many questions regarding the consulting market to investigate due to low research within the construction sector and there is a need for further research on how new platforms for consultants could be procured.

The need of having key consulting firms which the procurers can work with in over a period of time. This type of collaboration by having a key-consulting firms will probably be in the future. Something that is similar to a framework agreement in the public sector but with only one consulting firm.

The focus on individual personnel can become a problem for the consulting firms. When companies required some specific individuals it becomes difficult to bring up younger and competent personnel which on the paper are less qualified.

As the interviewed said a framework agreement is a good way of working with consulting firms but sometimes there is a possibility to create a relationship even though the framework agreement has a maximum period of 4 year. (LOU 5 Ch. 5 §, SFS 2007:1091) The relationship becomes effected by this since it gets harder for the consultants and the clients to develop long-term relationships in which they can gain mutual success. (Handley et, al, 2006)

7 Discussion

In the previous chapter the empirical findings were analysed and in this chapter the research question are answered.

7.1 What is the difference between the private and public sector regarding how consultants are procured?

There is a huge difference in way consultants are procured in the private and the public sector. The main difference is the regulation of the Public Procurement Act, which the public actors need to follow. Public actors need to state how the procurement will be completed and the procurement process needs to be transparent.

In the public sector there are contracting authorities that take in consider the qualitative parameters in a larger extent than others. It has been shown that theses often have knowledge procurers in their organisation. They have within their organisation worked out methods, which they use and are improving their methods, which will favour the development of consulting services.

The selection criteria differences in the senses that there is more focus on individual consultants in the private sector then in public sector. Contracting authorisers in the public sector have restrictions and cant request individual consultants in the same way as private organisations.

During the research the question of how competence and quality can be measured, today there aren't any real methods of measuring the quality of consulting services in the construction sector. Both buyers of consulting services in the private and public need to find better models of how competence of consultants can be measured.

Private actors have the opportunity to work with consultants they perceive are the most competent. Relationship can also effect the choosing of consultant in the private sector and it doesn't mean that the most competent consultants have been chosen. The advantages of private actors are that they can use their earlier experience of consultants in a larger extent than the public actors. Public actors need to treat all tenders equally and that isn't always good for the development of competent consultants. Earlier research has also shown that price has been the most important parameter during public procurement which also isn't as good for the sector of consulting services and the innovation in the construction sector.

7.2 How is the competence of consultants evaluated and which qualitative parameters are important?

Depending on how competence is defined by the contracting authority there is a difference of how consultants will be evaluated. As described earlier the public actors are required to state in which way they will evaluate the quality of the consultants, which they then need to follow.

The empirical findings during this research indicated that public actors don't use qualitative parameters in the same extent as private actors. The interviewed consultants perceive that the price is the deceive parameter during public procurement and that private actors don't have the price as the most important parameter. Private actors according to the interviewed consultants appreciate qualitative parameters in a larger extent than public actors. Consultants perceive that the private actors appreciate their technical skills, quality of their consulting service and experience of their earlier assignment more than public actors.

Consultants perceive that the price is mostly the deceive parameter and that their methods of evaluation the qualitative parameters such as their quality, experience and technical skills isn't good enough. There are procurements in which the qualitative parameters have been evaluated but these procurement are often large assignments in which good technical skills of the consultants are needed.

Private actors don't have the same procurement procedures as the public actors and their evaluation methods are a bit tricky to evaluated but the empirical findings indicated that they procure qualitative parameters in a larger extent. They have a large focus on how well consultants have preformed in earlier assignments and their technical skills. They have an greater focus on the individuals that can also be a disadvantage for younger consultants. Private actors often choose specific individuals that they want working on their assignments.

Private actors have a greater focus on what the consulting firm and the specific consultants have done before. They evaluate the experience of the consultants in previous projects and assignments. They believe that the consultants competence is then showed on how well they have performed in previous assignments as a parameter of their competence.

The public actors evaluate the CV and that is their way of evaluating the competence of the consultants. They also used methods as interviews and meetings in which they evaluate the competence of the consultants. The meeting is mostly used as a control to se if the written to compare the qualification of the consultants on paper to reality. It is a good tool for the contacting authority to use meetings in which the consultants describe how they will completed the assignment.

Private actors often use a meeting in which they can get the chance to discuss the assignment with the consulting firm and their resources during the assignment. This personal meeting gives them the opportunity to discuss the consulting service in a way which the public actors don't get the opportunity. From the empirical findings it shows that the Municipality of Stockholm City often uses meeting an evaluation method in which they get the opportunity to control the consulting firms quality.

A personal meeting is a great tool in which the consulting authority gets the opportunity to control and evaluate the competence of the consulting firm. During this meeting competence can be evaluated in a larger extent than just the CV of consultants. It would be good to have rating of the competence of the consultants during the meeting in as way, which can be used

by all contracting authorities. A meeting can in some ways be subjective and can be a reason why many contacting authorizers choose to don't use that as a, evaluation method.

Public organisations	Private organisations
-References	-Technical skills
-CV – education and number of working years	-Cooperation skills
-Company qualities	-Experience
	-Personal qualities

Figure 5 – The figure shows the assessment parameters which the different actors uses to evaluate the qualitative parameters.

8 Conclusion and final remarks

In this chapter the conclusion of the research is described and possibilities for further research is presented.

It is of huge importance that there is a good relationship between the buyer and the seller since a service is intangible and abstract. The skills, social abilities and knowledge of consultants are important to evaluate when procuring consulting services.

There hasn't been many changes in the construction sector with regards to how evaluation of consultants are conducted. Newer research on the public sector is more or less the same today as before. Because many procurers are changing their ways of procuring and testing new ways of evaluating the coming years can be challenging for consultants. The Municipality of Stockholm will in the future have individual problem solving tests.

Evaluation criteria's such as an interview are important because consultants get the opportunity to explain in detail how they will perform the assignment. These types of situations gives the procurers the chance to distinguish between the consultants and not just from the number of years of education. The procurer can via this evaluate the technical skills and social skills of the consultants and can also see how they collaborate.

A setting such as an interview or a meeting where the consultants get the chance to explain their implementation plan is a good way of evaluating their skills that are connected with the terms of competence. But it is of most importance that the procurer in a clear way explains the evaluation process and that the interviews are performed in the same way and follows the regulations.

The qualitative parameters such as technical skills, working methods and collaborative skills are subjective but there are ways of evaluating them in a good way. There are some examples where the qualitative parameters have been included and many of these the contracting authority thought that it wasn't difficult to evaluate. A better dialogue between the contracting authority and the consulting firm will lead to less appeals and better procurements.

There is a lot of research of consulting services in other industry sector and the actors in the construction sector should explore which of their methods they can benefit from. This would improve the entire construction sector and the competence for both parties.

8.1 Possibilities for further research

Since there hasn't been much research within the field of the private sector regarding their way of purchasing consultants this research has been an investigation of the difficulties within consulting services. This research isn't representative because there wasn't a large selection of public and private companies what were interviewed. The difficulty with this research is that many of the private companies lack models, which they use when purchasing consulting services. There is a need for more research within the private sector on how they purchase

consulting service. A suggestion is a research that would include a larger extend of the population by performing a explorative research.

There is also a need for more research on how individual consultants gets affected by becoming stuck in a some projects. It is a great focus on specific individual skills in the private sectors and their finish in a project can then effect the consulting firms by having to pay penalties for having a person ending a project before it is completed.

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