

# Assigning weight to evaluation criteria

## Is there a better way?

by Col Lange, March 2016

### Introduction

At Lange Consulting & Software, much of our work is focused on helping organizations prepare for major tendering projects. Often we are asked to facilitate workshops where weight is to be assigned to qualitative evaluation criteria. We began doing this over 20 years ago; and since then we've seen and experienced many 'methods'.

This paper describes our thinking about how to approach the task of assigning weight to evaluation criteria.

### Weighting

Evaluation criteria are usually identified within procurement documents. Some criteria are weighted and some are not. Those that are weighted are referred to as qualitative criteria; or 'scored' criteria. The remaining criteria, usually cost and risk, are often referred to as unweighted or quantitative.

As you'll see below, we consider this 'unweighted' concept to be slightly misleading.

When choosing between competing bids the bid which best 'fits' the evaluation criteria would be preferred. As some qualitative criteria 'mean more' than others, we reflect this through assigning weight to qualitative criteria.

Assigning weight to qualitative criteria is a key procurement step and must be done in a way that is both (a) efficient, to not unduly delay the process and (b) defensible, should the weights later come under question. More importantly though is the

need to assign weight to criteria such that the purpose of the evaluation process is confidently met – i.e. **weight should be assigned to assist in differentiating between competing bids.**

### Before you start

We consider weight should be assigned to qualitative criteria by staff who have a good prior awareness of the corporate and / or strategic requirements **within which the procurement activity is occurring.** We refer to this as 'procurement context' and, unless this context is well understood, weights may be assigned contrary to corporate and / or strategic requirements.

If evaluation team members are not aware of the results (outcomes) expected to be achieved and/or corporate and/or strategic requirements, then the work they carry out to assign weight to qualitative criteria may be unduly, but quite reasonably, influenced by their particular specialist skills rather than being balanced by a good understanding of corporate and / or strategic requirements.

## *A common way to assign weight*

Weight is assigned by:

- Listing the evaluation criteria in their order of importance
- Assigning weight 'by discussion' to each evaluation criterion reflecting the prior order of importance

We refer to weights determined 'by discussion' as 'manual weights' to distinguish between them and weights determined by a statistical approach.

If you use manual weights then we suggest clearly document the process undertaken and, for large value tenders, perhaps invite your probity advisor as an observer to the process.

## *A new approach to weighting*

Emerging tender evaluation best practice over recent years suggests:

- There should be more differentiation in weights; and
- More weight should be assigned to those criteria expected to have greatest impact when differentiating between Proponents.

This approach, espoused by Dr Des Klass of the Curtin Graduate School of Management, and successfully implemented during our many procurement consultancies, places more emphasis on a qualitative criterion's **relative potential to differentiate rather than its relative importance**.

If excessive weight is assigned against an 'important' criterion, yet all tenderers satisfy that criterion to an equal extent, in effect that 'weight' is being wasted.

The fundamental purpose of a tender evaluation is to reach a point where it is possible to confidently differentiate bidders based on value for money – hence it is becoming increasingly popular to assign weight to evaluation criteria with this end result in mind.

## *'Unweighted' criteria*

Organisations conducting tendering processes will often distinguish between weighted and unweighted evaluation criteria.

Hence tender documents frequently list evaluation criteria and split them up between weighted and unweighted categories. Usually one of the unweighted evaluation criterion is cost, and the other is risk.

Lately though a distinction is made between scored and unscored criteria. But this scored/unscored method of referring to criteria is relatively rare.

However, if cost and risk are taken into account when determining value for money, common sense suggests that these criteria do have weight; ie if they impact upon the VFM determination process, **they must have weight**.

As a result, to avoid any confusion, we favour the emerging method of referring to evaluation criteria as either being scored or unscored.

And for VFM determination, we assign weight to scored and unscored criteria (refer to our other paper "Determining Value for Money").

## **About us**

Col Lange is from Lange Consulting & Software, a Canberra-based, independent consulting company with considerable experience since 1997 providing procurement consulting and training services. We also design, build, support and supply software applications to manage procurement and contracts.

We provide services in all facets of complex procurement including business case development, request for tender preparation, project planning, evaluation strategies and systems, training, tender evaluations and contract negotiation.

We specialise in facilitating tender evaluations to achieve successful outcomes.

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