

Why the cheapest bid is rarely the best - and how clients can rethink

CMY Brand Solutions – Whitepaper

The price as a misleading compass

“We have to save” - you hear it on almost every project day. Budgets are tight, margins thin, and clients are under pressure to cut costs. Reaching for the cheapest bid looks logical at first glance. In practice, it's often a trap.

Especially in architecture and trade-fair/event builds, the cheapest bid is rarely the most economical. Change orders, quality issues and delays burn more money than the initial “saving.” This whitepaper explains why decision culture must change - and how to make that shift.

The fallacy “cheap = economical”

Many clients equate price with economy. They compare totals without scrutinising the scope behind them. That drives bad decisions:

- **Different scopes:** one bid includes specialist planning and site supervision, the other doesn't - you pay later.
- **Quality gaps:** components differ massively in lifespan and operating cost, even if they look similar on paper.
- **Change orders as a business model:** some vendors bid low to win, then recover margin via change orders.
Result: the supposedly cheapest bid becomes the most expensive.

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The real costs: change orders, time and quality

- **Change orders:** the most common cost trap. Whatever's missing from the spec gets added later - at a premium. Some vendors leave “holes” by design.
- **Time loss:** low-ball teams often cut staffing. You get delays, frantic rework, missed deadlines. With fixed opening dates, that's fatal.
- **Quality defects:** cheap gear fails sooner; cheap execution looks sloppy. You end up fixing things - often during operation.
Bottom line: **price ≠ cost.**

The illusion of “50%+ discounts”

Bids 50–60% below the pack show up regularly. Sounds like a jackpot - “half price!” In reality, it's a warning sign.

Why that's a problem

- **Unbalanced math:** no one can deliver at half the market price without slashing quality, safety or staffing.
- **Change-order strategy:** dumping prices are bait; the real costs arrive later.
- **Vendor instability:** running under price threatens the supplier's viability - with real risk of mid-project failure.

The medium-term risk

- Extra cost via change orders,
- Quality and functional defects,
- Higher operating costs,
- In the worst case, project abortion or re-tender.

Compliance and sustainability

- **Sustainability:** extreme low prices often come from wage dumping, inferior materials or ignored safety standards - at odds with common sustainability strategies.
- **Compliance:** many organisations require fair, transparent, quality-oriented procurement. A dumping bid typically violates those principles and can trigger internal and external consequences.
- **Reputation:** stakeholders, staff and the public notice when price trumps responsibility. Trust in the brand takes a hit.
A “bargain award” risks the project **and** the client’s credibility and legal security.
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How clients can learn to think differently

The key is changing the evaluation culture.

Multi-criteria evaluation - price is only one factor:

- Quality and completeness of planning,
- Experience and references,
- Transparency of the calculation,
- (And, where relevant) operating costs across the lifecycle.
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Education and training:

Many clients need to learn how to assess bids qualitatively. Training, internal guidelines and external advisory help shift the culture.

Case study: penny-wise, pound-foolish

A trade-fair builder awarded lighting for an 800 m² stand to the lowest bidder. Results:

- Missing interface planning → **€60,000** in change orders,
 - Inferior luminaires → poor colour rendering on exhibits,
 - Schedule slip → two days late on build.
- End result: the project finished **25% over budget** - more expensive than the second-lowest, more credible offer.

Paths to a mindset shift & conclusion

- **Build awareness:** concrete examples and numbers show how “bargain” awards fail.
- **Demand transparency:** bids must be detailed - no unexplained lump sums.
- **Pay for planning:** specialist planning belongs in the budget; it isn’t free.
- **Anchor compliance:** procurement must align with internal rules and sustainability goals.

Conclusion: the cheapest bid is almost never the best. Clients who focus only on price act short-sightedly - and invite change orders, quality problems, delays and breaches of their own compliance standards. A bid is economical when it balances **total cost, quality, safety and sustainability**. That’s how you achieve a project outcome that lasts.