**Buyer** Background Sheet Buyer Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Student ID \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Your company has a large project to revamp the company’s intranet web applications/sites as well as the external website. Your project team has decided to procure services to revamp the external site, and the internal IT department will revamp the intranet web apps and sites. Your RFP was sent out to many consulting firms, and you’ve been asked to meet with **just one** of them and secure the best possible price. The supplier provided a fixed price contract bid price of $700K, with a 30 day warranty on any bugs found. Note, other suppliers are also being considered, so your negotiations with your supplier doesn’t mean they win the RFP.

Start the meeting with 4 or 5 minutes of “pleasantries”, finding out more about your seller and their company. But then you get down to negotiation. You’ve been instructed to negotiate the best price you can (without mentioning any of the changes you want in the table below) for this fixed price contract (preferably $650K or less).

|  |  |
| --- | --- |
| Best price for Fixed Price RFP |  |

Once you’ve secured the agreement of the Fixed Price contract, you want to mention to the seller that there are some “minor” things you would like included in the contract. Ideally you would ask (one at a time) for these items to be included in the contract for free. For example, you would ask for the first item in the list, the warranty period, to be extended from 30 days to 60 days without a price increase. After all, if the consulting creates high quality code, there shouldn’t be many bugs so this shouldn’t cost them anything. This should be one of the easier requests to negotiate for free (hopefully). Once you’ve got agreement, move to the next item in the list and secure agreement from the consulting firm to add it into the contract, preferably with no price increase. Repeat until you have gone through the entire list.

**Table 1 – Notes and Comments -- PERFORMED DURING THE NEGOTIATION**

|  |  |
| --- | --- |
| Warranty period increase from 30 days to 60 days |  |
| Training was not mentioned in the RFP, but you would like the consulting firm to provide a trainer from their firm to do four 2-hour training sessions for your customer support department. The consulting firm would have to develop the training slides. |  |
| You will want future changes to the website (outside the scope of the RFP) and want to use the consulting firms staff, but you want to have whatever labour rates you agree upon in the NTE contract to be fixed for 3 years with no labour rate increases. |  |
| While your IT staff is good enough to create internal web apps and sites, they don’t keep up on the latest website technology, so you’ll ask the consulting firm to provide monthly update sessions to your 3 office locations that have IT staff, once a month for a year. |  |
| The RFP stipulated that the final payment of 5% of the contract will be paid after 30 days, you would like this to be 10% after 90 days. |  |
| And “oh, by the way”, you would like their consulting firm to review the scope of the website that your internal business analysts created, to see if anything is missed. You estimate it would take 2 of their people 4 days each. |  |
| **For one of the items above where you didn’t get the price you wanted, ask the seller for a totally creative solution (not a new counter offer).** |  |

|  |  |
| --- | --- |
| Final Price after changes | Final Terms |
|  |  |

**Table 2 Negotiation Reflection -- PERFORMED ONLY AFTER THE NEGOTIATION IS OVER**

***Provide 3 point-form observations or thoughts for each box.***

|  |  |
| --- | --- |
| What worked well in the negotiation **process**?  Do **NOT** provide details on what was agreed upon or counter offers that went back and forth. |  |
| What would you do differently in future negotiations in this type of scenario.?  Do **NOT** provide details on different things you might have asked for, but rather describe what you would do differently in the negotiation **process**. |  |
| What was the best argument from the Supplier as to why you should pay more for one of the items you were asking for? |  |
| What alternative solutions did the supplier offer to you when you asked for a creative solution because you did not get the price you wanted for the requested item?  Do **NOT** provide details on a counter offer they made but rather their totally different creative solution to address your requested item. |  |

Supplier’s Name that you worked with \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_