**Seller** Background Sheet Seller Name \_\_\_\_\_\_\_\_\_Gihan Shamike Liyanage\_\_\_\_\_\_\_\_\_\_\_ Student ID \_\_\_\_\_\_1142109\_\_\_\_\_\_\_\_\_\_\_

Your consulting firm received an RFP from a previous client to revamp their external website, and their internal IT department will revamp the intranet web apps and sites. The RFP went out to many consulting firms, and your RFP response was a fixed price proposal of $700K (because that’s what was asked for) to rebuild the website, with a 30 day warranty on any bugs found. The scope in the Procurement SOW was very well done, and you are confident you know the requirements to rebuild the website and apps, but there was nothing in the SOW about extra services that most clients include. Now you have been asked to meet with someone from the client’s selection team. You’ve been instructed by your boss to find out how your proposal compares to other supplier proposals, and identify anything that the client needs or wants that you didn’t provide in your proposal. If there are things that are not needed and can be removed from the proposal, you can provide the client with a range of the possible reduction in the quote. More likely, there are things the client wants to add or missed, in which case you want to clarify exactly what they want before giving them a range of what it might cost to do the extra work.

You **DID NOT** **PROVIDE** the following information in this paragraph in your RFP proposal as it’s **confidential**, but your company thought the project would cost $600K, and wanted to make 10% of this for profit ($60K). But because it was fixed bid and there is risk, a contingency of $40K was added which made the total RFP bid price equal to $700K.

In the following table, you can keep track of project scope items or project issues raised in the meeting including any comments on how you see solving them. Note the buyer may want to first talk about you and your company for 5 minutes before getting down to negotiation details. You should be prepared to talk about you and your company in a positive way.

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

|  |  |
| --- | --- |
| Contract Issues | Notes on any price range adjustments you provided |
| Extending warranty period from 30 days to 60 days. | I agreed to add this condition to contract without any price increase. |
| Providing 2 hours training sessions to support department.  Our company must create training slides. | 1 hour training due to limited number resources and scalability of project. Agreed to provide training slides. |
| 3 years fixed labour rate for future changes.  The agreed labor rates in this contract will be the labour rate. | 1-year fixed labour rate and remaining 2 years 4% increment. |
| Once a month, our company must conduct technology update sessions at three different locations. | Every 3 months conducting an update session at their headquarters. |
| Buyer will pay 10% of final payment after 90 days. | 12% of final payment after 90 days. |
| Need 2 resources of our company for 4 days to review the scope of the website created by the buyer's internal team. | Agreed on this without any further negotiation. |

|  |  |
| --- | --- |
| Final Price | Final Terms |
| $ 650K | - $650K fixed price contract.  - Extended warranty period up to 60 days.  - Consulting firm will provide 1 hour training session for support along with training slides.  - One-year fixed labour rate and remaining 2 years 4% increment for upcoming changes.  - Every 3 months consulting firm will conduct an update session at buyer’s headquarters.  - Buyer will pay 12% of final payment after 90 days.  - Consulting firm will provide 2 resources for 4 days to review the scope of the website created by the buyer's internal team. |

At the end of the meeting, make sure you communicate to the buyer that you will have to check with your boss before your consulting firm can commit to anything that you said regarding bid price changes.

**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. | Both parties demonstrated flexibility.  There was open communication between both parties.  Both parties were willing to compromise on certain aspects.  There was a mutual understanding of each other's perspectives and constraints. |
| 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**. | Ensure that both parties have a clear understanding of their expectations and objectives.  Continuously try to enhance communication channels.  I would place a greater importance to building and strengthening the relationship between the buyer and seller. |
| What was the best argument from the Buyer as to why you should include something for free or even do it for less? | He mentioned that extending the warranty period from 30 days to 90 days would provide them with additional reassurance regarding the quality of the work delivering by the consulting firm.  The buyer requested two hours of training for their support team because they are keen on ensuring their customer support team will be well-equipped to handle any queries related to the revamped website.  The buyer requested the consulting firm to review the scope of the website created by their internal business analysts because they want to ensure that nothing important was missed.  Therefore, buyer requested 2 resources of consulting firm for 4 days. |
| What alternative solutions did you propose to the buyer when you were asked for a creative solution because you did not give them the price they wanted for the requested item?  Do **NOT** provide details on a counter offer you made but rather our totally different creative solution to address their requested item. | Buyer requested 3 years fixed labour rate for future changes. Buy I suggested 1-year fixed labour rate and remaining 2 years 4% increment. I mentioned things like inflation can make our costs go up and we want to make sure we can cover these extra costs without putting too much pressure on our end. Other than that, I mentioned we believe in fair pay for our team. A small increase every year helps us keep up with the rising costs of living and ensures we can keep talented people working on your project.  Buyer requested once a month, our company must conduct technology update sessions at three different locations. But I suggested every 3 months we can conduct an update session at their headquarters because having fewer sessions allows us to focus on providing really useful information and it helps to keep everyone on the same page no matter where they're based.  Buyer wanted to pay 10% of final payment after 90 days. But I suggested 12% of final payment after 90 days because we need to make sure we have enough money coming in to cover our costs. Asking for a bit more after 90 days helps us do that without causing any problems. Other than that, I mentioned waiting longer for payment can be risky for and asking for a bit more money after 90 days helps make up for that risk. |

Buyer’s Name that you worked with \_\_\_\_\_\_\_\_\_\_\_ Adwaith Kuttidayil Dinesh\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_