



Getting What You Want: System Contract Negotiation



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Setting Expectations

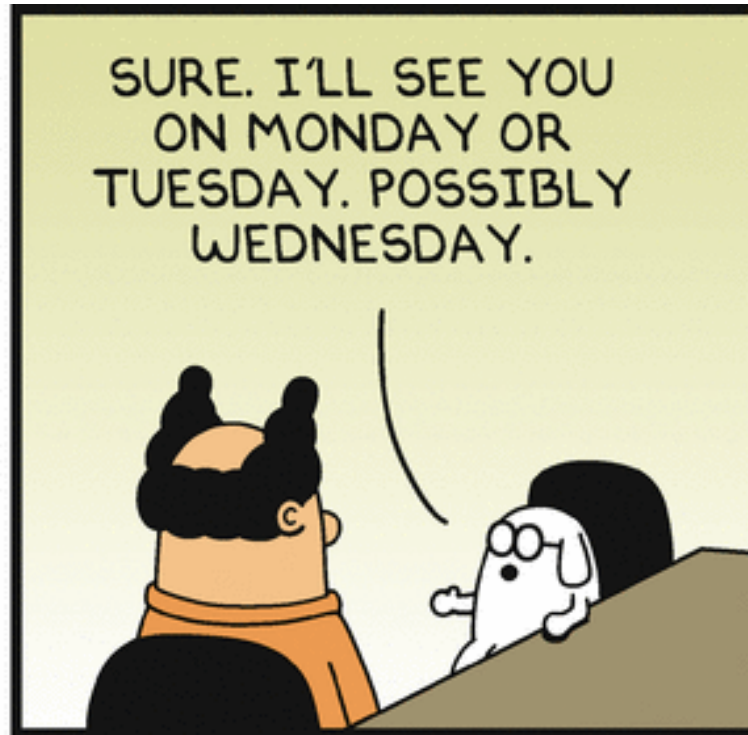
Let's have an interactive conversation

- **Why are you here?**
- **What do you hope to learn?**
- **How can we help you?**





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The Steps

- **Setting the Stage**
- **Documentation the Process**
- **Building the Statement of Work**
- **Verifying compliance**
- **Taking Title**
- **Wrapping up**

1 Setting the Stage: Knowing What You Want

- **Define your Requirements**
- **Define Expectations**
- **Develop your Team**
- **Establish a “Chain of Command”**
- **Create a Roadmap**

1.1 Knowing What You Want

- **Define your Requirements**
 - Understand the inputs to the negotiation
- **Define Expectations**
 - Understand the desired outputs from the negotiation

1.2 Knowing Who Decides

- **Develop your Team**

People with appropriate knowledge

People with appropriate responsibility

People with appropriate authority

- **Establish a “Chain of Command”**

The team must speak with one voice



1.3 Knowing When to Adjust

Create a Roadmap

- **Set reasonable goals**
- **Set an end date**
- **Set benchmarks along the way**
- **Monitor your progress**

2 Key Documentation

If It Is Not In Writing, . . .

. . . It Does Not Exist



**If It Is Not In Writing,
It Does Not Exist**

- **Use Plain Language**
 - **Even for common terms**
- **Clear Responsibilities**
- **Critical Issues Defined**
- **Precedence of Documentation**

If It Is Not In Writing, It Does Not Exist

- **Critical Issues Defined**

- **Named Staff / Key Personnel**

- Rights to change

- **Require Detailed Equipment Lists**

- **Title and Title Transfer**

- **Confidentiality**

- **Precedence of Documentation**

- **Clearly defined**

3 The Statement of Work; Your roadmap to completion

- **Three Critical Components**
 - **The Implementation Plan**
 - **The Schedule**
 - **The Responsibility Matrix**
- **Each should be clear and concise**
 - **Proposal “Sales-ey” language should be avoided**

The Three Critical Components

- **The Implementation Plan**
- **The Schedule**
- **The Responsibility Matrix**

Must be aligned!

4 Performance



Test Plans; If it can not be measured It can not be assured

- **Test to the proposed design**
- **Define criteria for success**
- **Define requirements and allowances for testing
. . . and retesting**
- **Tightly define all critical tests**

Test Plans; If it can not be measured It can not be assured

- **Test to the proposed design**
 - As well as the standard features
 - It is your right to have every feature tested
- **Define criteria for success**
 - And the requirements if failed!



Test Plans; If it can not be measured It can not be assured

- **Define requirements and allowances for testing
. . . and retesting**
 - **What defines a “Retest”**
 - **What needs to be retested**
- **Define which tests are separable**
 - **And which are not!**



**Test Plans; If it can not be measured . . .
. . . It can not be assured**

- **Tightly define all critical tests**
 - **Coverage, voice quality, message success, etc.**
 - **GUI operation, API Integration, etc.**
 - **Redundancy, Failure recovery, Etc!**



5 Taking Ownership:

Beneficial Use, System Acceptance, and Warrantee

- **Define Beneficial Use**
 - or “use for intended purpose”
- **Define System Acceptance**
 - Avoid unintended acceptance



Taking Ownership:

Beneficial Use, System Acceptance, and Warranty

- **Define warranty start, and maintenance responsibilities during;**
 - Implementation, Testing, Test Use, Acceptance period
 - Don't forget;
 - Inadvertent Use
- **Define warranty/maintenance requirements and allowances**

5 Negotiation: It's Not a Contest

Know what “Success” looks like

And

Know when to move on!

It's Not a Contest

Don't confuse "Winning" and "Success"

- **A Successful Implementation can not start if one side "loses" during negotiations**
 - **For success both sides must come to agreement**
 - **Each must find value in the outcome**

Negotiation: Know When to Move On

Negotiation failures are rarely a success for anyone

- **Know your parameters and limits**
 - Know where your limits are
 - Know what your costs are
 - Know when to call it quits
 - Know who is responsible / authorized to make the decision



Items That Impact Contract Results

- **Clear acceptance terms**
 - Acceptable operation
 - Subsystem vs. System acceptance
 - System Coverage
- **Factory, site, and final acceptance testing**
 - If not representative of true system performance
 - Or does not provide adequate test “coverage”
- **Adherence to good workmanship standards**
- **Anything that could cause acceptance before testing is complete**
 - “Beneficial Use” statements
 - “Deemed Accepted” clauses

Items That Impact Contract Cost

- **Parts list errors**
- **Payment schedules that favor the vendor**
 - **Payment on shipment rather than on receipt/acceptance**
- **Costs for equipment or services not wanted or needed**
 - **Software and Service Contracts on “Spare” equipment**
- **Items that can completed by the agency at lower cost**
- **Factory acceptance testing performed out of the country or in a cost-prohibitive location**



Contract Negotiations

Small issues can impact the final contract

**Contract negotiations with the right support
and knowledge
can ultimately save millions**



Discussion; Q & A

Expectations Reviewed



Negotiation: You can't always get what you want



***But if you negotiate right,
You can get what you need!***



For More Information

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Thank you...



