

Contract Negotiations with Vendors

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After an RFP is written and distributed and the vendor finally selected comes the crucial task of negotiating contract terms. The request for proposal process is exactly that: a proposal. You can either accept that proposal as given, or use it as a springboard for refining details. As you reach agreement on details such as deadlines and deliverables, be sure to document them and include them in your contract.

You may feel that you have already crossed the finish line at this point, but there is still plenty of opportunity to stumble. One mistake at this stage can undermine everything that you and your team has been working toward.

Before Going Into Negotiations

Focus on What's Important

You'll want to discuss with your team and agree upon what aspects of the contract terms are most important before moving on to other lesser items. Knowing what isn't important is also useful if you need to sacrifice certain items to get what you really want. Know the difference between what you want and what you need.

Know Your Limits

What is simply non-negotiable or a potential deal breaker? Be clear on these items and the reasons they are so vital.

Outline Standards

If there are significant milestones and performance standards that can't be breached, negotiate a penalty for these items not being met.

Be Mindful of Unforeseen Risks

Who will be responsible if something goes wrong? What costs could be incurred? What regulations need to be adhered to? How will confidential student data be handled? Pose as many of these "worst-case" questions upfront to help devise solutions.

Think Like Your Vendor

After going through the contract with your best interests in mind, go through it again as if you were your potential vendor. This perspective will help you determine what areas are most important to them and what liabilities they are likely to have you assume.

The Negotiation Process

Not a Done Deal...Yet

One common assumption is that only small details can be negotiated once you and your vendor reach the contract stage. Most anything is still on the table at this point. There is always room for fresh perspectives and creative ways of achieving goals and fulfilling demands. That said, bullying a vendor into a sudden, last-minute addition or condition could destroy the relationship before it has a chance to start.

Clarify Terms

Ensure that every portion of the contract, every technical term, and provision is clearly stated and understandable to all parties. Explain clearly all essential prerequisites, terms and conditions, products or services, and compensation terms.

More than Money

There are many issues in play when negotiating contracts. Sure, money is important, but start by looking for ways of improving your terms by seeking options that are priorities for you yet don't rank as high for the vendor.

That Said...

Even if the bid is low, don't be afraid to see if the vendor can go even lower or offer something more in return.

Get Consistent

Consider having a third-party review the contract to ensure that there aren't any inconsistencies that could result in legal trouble down the road.

Moving Forward

Set reasonable expectations for your vendor relationship both now and into the future.