

# Negotiating Vendor Contracts

IFMA – June 25<sup>th</sup>

Planning and Project Management - Competency

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## Continued discussion items:

- Define expectations
- Build relationships
- Networking - research

## Step 1: Identify task / project

- Task goals
- Duration

## Step 2: Build internal team

- Implementation
- Finance
- Legal

## Step 3: Build the Request For Proposal (RFP)

- Instructions to bidders
- Bidder qualifications
- Legal and Finance team members input
- Scope of work
- Costs for services
- Cost options / change order process and costs
- Document bidder questions

## Step 4: Identify Vendors

- Known to you and internal team
- Referred by network
- Potential new vendors

## Step 5: Review responses

- Internal team to review bidder responses
- Narrow bidders to 2-3 top candidates

## Step 6: Interview remaining bidders

- Review RFP responses
- Verify qualifications
- Include internal team for additional questions

## Step 7: Negotiate

- Compare costs with remaining candidates
- Maintain leverage
- Verify best numbers for each bidder
- Verify duration cost savings

## Step 8: Award contract

- Entire internal team to make decision
- Include RFP as attachment in final contract

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Sample questions for discussion:

1. Detail any sub-contracted consultants who will provide services, including their roles and responsibilities. Also, include a brief listing of other projects in which you have worked with them.
2. Describe your anticipated schedule that you will implement in order to meet the expected project / task dates, while maintaining overall schedule, maximizing quality and minimizing cost impact.
3. Describe the types of problems that you have encountered on similar projects and explain what you did to resolve the problems and what you would do differently to avoid such problems on future projects.
4. Describe how your firm can add value to this project and the process and include examples of situations from comparable projects where the Owner realized tangible value.
5. Detail any items mentioned in this RFP that could potentially add cost above necessity to accomplish the task / project goals and expectations.