

Arvind pandey caught in business web

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Its quotation was for \$ 25 million. In Kuwait the project was sponsored and announced by a US - based construction company called Fume. According to AH Saba, their bid of \$ 25 million was modest but had included a high margin of profit. On 25 April, Arriving was asked to go to Kuwait to find out from the Fume project manager the status of their construction proposal. Arriving was delighted to know that Fume had decided to give his company, (AH Saba) the construction project work. The project meant a lot of effort and money in planning the proposed construction in Kuwait.

But before Arriving could talk to the Fume project manager, he was told that their bid should be raised to \$ 28 million. Arriving was surprised. He tried to convince the Fume project manager that his (Arriving company) had the best reputation for doing construction work in a cost effective way. However, he could always raise the bid by \$ 3 million. But he wanted to know why he was required to do so. The Fume manager's reply was, " That's the way we do our business in this part of the world, \$ 1 million will go to our Managing Director in the US, I shall get \$ 1 million, you, Mr..

Pander, will get \$ 1 million in a specified account in Swiss Bank. Arriving asked, " But why me? " " So that you never talk about it to any one. The Fume Project Manager said. Arriving promised never to leak it out to any one else. And he tried to bargain to raise the bid by \$ 2 million. For Arriving was familiar with the practice of " pay - offs" involved in any such thing. He thought it was against his loyalty to his company and his personal ethics. Arriving promised the Fume project manager that the bid would be raised to \$ 28 million and fresh papers would be put in.

He did not want to lose the Job. He came back to Muscat and kept trying to figure out how he should place the whole thing before his German Vice President. He obviously was at a loss. Questions: 1. Analyses the reasons for Arriving Panders dilemma. 2. Does Arriving Pander really face a dilemma? 3. In your view what should Arriving Pander do? Should he disclose it to his German Vice President? Company Accepting a Contract A computer company was negotiating a very large order with a large size corporation.

They had a very good track record with this client. In this corporation, five different departments had pooled their requirements and budgets. A committee was formed which had representation from all the departments. The corporation wanted the equipment on a long lease and not outright purchase. Further, they wanted the entire hardware and software from one supplier. This meant that there should be bought - out items from many suppliers since no one supplier could meet all the requirements of supply from its range of products.

The corporation provided an exhaustive list of very difficult terms and conditions and pressurized the vendors to accept. The computer company who was finally awarded the contract had agreed to overall terms that were fine as far as their own products were concerned but had also accepted the same terms for the brought - out items. In this case, the bought - UT items were to be imported through a letter of credit. The percentage of the bought - out items versus their own manufacture was also very high.

One of the terms accepted was that the " system" would be accepted over a period of 10 days after all the hardware had been linked up and software

loaded. The computer company started facing trouble immediately on supply. There were over 100 computers over a distance connected with one another with software on it. For the acceptance tests, it had been agreed that the computer company would demonstrate as a pre-requisite the features they had claimed during technical discussions.

Now, as you are aware, if a Hero Honda motorcycle claims 80 km to a litter of petrol, it is under ideal test conditions and if a motorcycle from the showroom were to be tried for this test before being accepted, it would never pass the test. In corporation's case, due to internal politics, the corporation persons from one department - who insisted on going exactly by the contract - did not sign acceptance since the " system" could not meet the ideal test conditions. Further, in a classic case of, " for want of a horse - shoe, payment for the horse was held up", the computer company tried to get he system accepted and payment released.

The system was so large that at any point of time over a period of 10 days something small or the other always gave problems. But the corporation took the stand that as far as they were concerned the contracts clearly were concerned the contract clearly mentioned that the " system" had to be tested as a whole and not module by module. 1. Comment on the terms and conditions placed by the corporation. 2. What factors influenced the computer company's decision to accept the contract? 3. Was it a win - win agreement? Discuss?