

# Free recommended negotiation plan for an upcoming negotiation critical thinking e...

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- Two key negotiation fundamentals that you will employ and explain why these fundamentals are essential for this pending subcontract negotiation. Be specific as to your justification.

This is a case wherein an initially laid out program terms and conditions have been significantly changed, particularly the expected delivery date of the outputs and the price by which they will have to be paid, because of an unexpected obsolescence of a crucial component involved in the manufacturing process. In this case, the firm we are representing is the one awarded with the prime or main contract. It would be safe to assume that the main contract agreed to and duly signed by all parties allow for the involvement of subcontractors in the process of delivering the output. The thing with this situation is that our preferred subcontractor, upon initial contact, has already laid out and finalized their subcontracting terms and conditions, including the payment for each unit of a crucial undisclosed part of the Controller Simulator Devices and the target delivery date. However, upon finalization of the deal, this subcontracting company has announced that the delivery of the CSD parts would be delayed by at least six months and will be priced at 25% more than the original price upon initial negotiations. This effectively changes our strategic plan on how we will handle the main contract because without this crucial part, no final CSD outputs would be produced. For the sake of argument, we will assume that the subcontractor has already signed a contract with us.

In this case, we will have to negotiate with the subcontractor to honor the original terms—the delivery date and the original price, agreed upon the signing of the contract because it is their responsibility to do so. This would

most likely create tensions because the subcontractor's party would most likely argue that the obsolescence of the parts required to manufacture the crucial CSD part is not entirely their fault. This is where the first negotiation fundamental comes. The first negotiation fundamental selected was the Balancing Act: How to Manage Negotiation Tensions. This is a pending negotiation and until the issues on both the subcontractor and main contractor's side (us) are settled, the manufacturing process would basically be halted to a standoff which would of course lead to further delays in the delivery date and possibly, the failure of the main contractor to deliver the outputs described in the contract , specifically the finished CSD products, on time. In this case, we, the main contractor, will have to meet halfway with the subcontractor's side and work things out. Initially, we would argue that it is their responsibility to deliver the CSD parts based on the initially agreed upon delivery date and price. But then of course, to balance the situation, we would have to make some adjustments and agree, only to some extent, to their demands. For example, instead of a six months delay, we can convince them to operate longer hours just so they can shorten the delay to as less as three months; and minimize the supposedly 25% unexpected price hike to say a maximum of 10%. This way, everything is balanced and the main contractor will be protected against delays and dramatic price fluctuations. After all, the payment that for the subcontractor's service will come from the government's payment under the main contract and so it only makes sense to protect the main contract at all costs, even if it means making some minor but still significant adjustments.

The second negotiation fundamental that would be essential in this case

would be the High Cost of Low Trust. The committee or the team assigned to scout for possible subcontractors for this prime contract with the government may not have done a good job in selecting only those subcontractors who are consistent with the promises, especially during and after the contract-signing, and more importantly, those who can deliver the promised deliverables on time . The ones who selected the current subcontractor may have been so much attracted by the initial offer in terms of delivery date and price that they did not bother whether past clients of this subcontractor had a high or low level of trust towards the subcontractor. This indeed is a perfect example of the high costs of low trust. We, the main contractor, would not even have to re-negotiate after the additional disclosures (increased costs and delayed delivery time) if the subcontractor selection committee or team members did their job properly.

- Two negotiation sub-processes that will potentially help ensure a successful negotiation with your subcontractor and explain why you feel this is so.

The two negotiation sub-processes that can potentially help ensure the success of this negotiation with the subcontractor would be the Emotions in Negotiation and Negotiation Ethics. When it comes to negotiating, the skill or the ability to manage one's emotions is very important . Most uneducated negotiators would immediately get angry and lose control after knowing the fact that the other party has intentionally or unintentionally breached some terms of the contract . This is, in fact, the opposite of how negotiators should behave or react especially when what we are talking about are large contracts whose deadlines are quickly approaching. The main contractor's negotiator should manage the negotiation process calmly so that the

contract with the subcontractor would still continue and in the end, they would still be able to deliver the necessary products to start the manufacture of the CSD. Otherwise, the main contractor would have to start from scratch and look for a new subcontractor that it can work with, or worse, it would have to manufacture all the CSD parts and assemble them on their own, which in this case would be a stupid choice because the deadline for the government prime contract is quickly approaching.

The same is actually true for negotiation ethics. Emotions should not have a space in the negotiation table. In most cases, a negotiation is considered ethically successful when the outcome is found satisfying by all of the involved parties and all other neutral third parties involved. This is what the main contractor's negotiating team should aim for. This way, the main contractor's side would be ensured that the required CSD parts will be delivered, although it should be prepared to accept the fact that there will be some additional costs and delays as a result of the unexpected disclosure. The important thing is that the main contractor would not have to start from scratch and risk losing the prime government contract.

## References

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