

G10 - IT DOESN'T HAVE TO BE A BATTLE!

CASE STUDY

Use these facts to answer the question at the end.

Imagine you are a procurement leader for your Agency (use the title that most resonates with your Agency). You are called into an in-person meeting with two other members of Agency leadership. Each leader (Bob and Sally) represents a distinct department.

The purpose of the meeting is to discuss vendor performance. Vendor A is 10 days late on a mission critical 1Million dollar piece of equipment to your Agency—Bob's department. At the 11th day, the contract calls for Liquidated Damages in the amount of \$1,000 per day. Vendor A sent an email to Bob telling him that due to supply chain issues, the equipment will not arrive to Bob's department for another 40 days (total of 50 days late, 40 days of potential Liquidated Damages). Bob wants to levy Liquidated Damages for each day the equipment is late. You spoke to the contract manager for Vendor A. She spoke to Vendor A's project manager and she agrees with Bob's request.

On the other hand, Sally's department (in your Agency) also has a relationship with the vendor. Vendor A also delivers mission critical maintenance on the very equipment the Vendor supplies to your Agency. It is her department that receives the maintenance support. Due to an internal error, her department's budget did not include \$50,000 (FY2018) for maintenance that Vendor normally performs. The maintenance work is outlined in the Vendor's maintenance contract, there is just no financial allocation for the work. The maintenance is time sensitive and Sally made it clear to you, Bob and the contract manager that she expects Vendor A to do the maintenance work this fiscal year. And she made it quite clear that Vendor A should be told that the Agency will waive the Liquidated Damages fee in lieu of the vendor performing the work for her department at no charge (an off-set of sorts). Sally is deeply respected by the Agency Director and the Vendor's leadership team, but she can be single minded at times.

What techniques would you use from today's discussion to facilitate the conversation about these two interconnected issues (Liquidated Damages for late equipment and no allocation for mission critical maintenance performed by the same Vendor A)?