



## **Podcast Series - "About Managing Contractors and Vendors"**

### *Episode 3 Transcript: Manipulation - Games that Vendors Play*

This episode is the first of two parts where we look at what I call "client-vendor manipulation". That is to say, we will cover a few of the games that some vendors have been known to play. In the second podcast on manipulation, we'll look at games that clients can play. So whether you are a client or vendor, we won't let you off the hook.

Not all vendors play games. And games can be played at different times in the relationship, such as during the proposal phase, or during the delivery phase. Or games may only creep in only when there is a problem.

Sometimes a game may be deliberately dishonest, with the intent of deception. At other times it may be simply a belief that it is a game that everyone plays and understands. In either case, as a client it is in your interests to get past game playing and into more honest and objective discussions and relationships with your vendors and contractors.

I don't want to suggest that all or even most vendors play games. But sometimes it is how a few vendors handle their customer dealings. And sometimes, it is simply one individual within the vendor company. That may be the account manager, sales person, or even one of the contractors.

The point here is not to create mistrust with vendors, but to help you be on the lookout for common traps. That way you can enter into a contract and relationship with the vendor with greater confidence and comfort.

We're first going to look at several of the more common games that get played in the proposal stage, when the vendor is bidding or pitching on a job. Then we'll identify some games played during delivery by the vendor.

### **The proposal stage**

**Today's low bid.** The vendor proposes on a job on the assumption that everything will go smoothly, there will be no problems or changes, and no possibility of incremental requirements.

However when the contract is drawn up, there is wording that sets out that all of these will be additional costs. And, surprise, as a job progresses there are additional costs. As a client, your best approach is to ask for these costs and conditions up front, so that you can get a better sense of what the total cost is likely to be.

**Vaporware.** In this case the vendor wins the contract on the promise of a product or service yet to be developed. When reviewing the proposal and discussing it with the vendor, make sure you are clear on which elements of what they are offering are already in place, or what it will take for them to complete the development.

**Safe boilerplate.** Some vendors are very averse to risk when asked to develop an innovative solution or approach. They may try and force fit an existing solution that has worked in the past, that may not necessarily meet your needs. If you want a vendor to stretch themselves and take a risk you may need to build some protection for them into the contract.

**Bait and switch.** When the vendor is doing their initial presentation, or introducing members of their team, they may trot out their stars and best people. However when the job gets under way, the people they give you to work with are less experienced, less qualified and not as strong in their field. If the success of the project is dependent on skill levels of individuals, you need to make sure that you specify in the contract who will be working on the job, or the minimum level of experience and expertise you need.

**Scare tactics.** A vendor may present several different pricing options, and imply that there is a high risk associated with a low-cost option. In this case you need to go through each option with the vendor, and make sure all the risks and consequences for each option are discussed and set out in the contract.

**Ego ransom.** A vendor may create the sense that unless you pay a higher price, you are somehow a second rate player in the marketplace. You can guard against this by being very clear in advance on the job that you need to be done, and do some due diligence to establish in your own mind what the fair market rate is for this work.

## **The delivery stage**

**Scope stinginess.** This becomes evident when every time you ask the vendor for a small additional item, or a change that seems reasonable, their response is "Oh, you want that? That will cost extra!". You can cover yourself against this by discussing what additional items or changes will be included within the bid price or rate, and building this into the contract. It is also helpful to ensure that you document all the assumptions on both sides when you're drawing up the contract.

**"Everything is going great!"** The vendor only ever delivers you the good news about the project. The risk here is there may be problems developing that you are not aware of that will suddenly come up and bite you. Make sure that you have an agreement and relationship with the vendor, where they understand that you expect to be notified of any problems or potential problems. Work out and agree on a process for handling problems.

**Paint job.** The vendor hides internal issues within their own company that are impacting or may impact the ability to deliver according to contract. It is important you have some way of finding out how robust the vendor company is, or to establish trust so the vendor feels comfortable to tell you about problems. This lets you take steps to minimize any negative impact.

**"Just us workers."** When you have vendor employees or contractors on site, they may avoid responsibility by claiming to have no authority to act on a problem. You need to be clear in the initial discussions and in the contract just what scope of authority and responsibility the vendor has, and at what level within their company. Be clear what your expectation is on how they will take action when problems occur.

**"Big Job" Bluff.** When changes occur or are necessary in an ongoing project or program, some vendors may try and build up what will take to implement these changes, thereby increasing the cost. If this happens, you need to put as much effort into scoping out the changes as you did with the original contract, to guard against over-inflation of additional work or changes.

**Over-confidence.** If you get the sense that a vendor is under estimating the amount of work that will be required to make a change, or meet the deadline, it's a good idea to sit down and go through with them what it will take.

This is the opposite problem of the Big Job Bluff. Either the vendor is not very good at estimating the scope of work, or their ego or self-image is such that they want to impress you with their abilities.

In either case, they will soon find out that there is more work than they anticipated, and may try to cut back in other areas. Or they try and do it all and then become resentful of you as a client. Ironically, in this case, you may need to make it comfortable for the vendor to ask for more money.

**Intimidation.** Sometimes a vendor can be a bully. They create a situation where a client is fearful of raising problems or questioning additional billing. You may want to consider whether this is the kind of vendor you want to do business with.

And if you have no choice, then make sure you have a very thorough and accurate contract drawn up. It is much easier to call this type of vendor to order, if you have a written agreement that is clear and sets out the rules and exceptions.

So there are some of the games that vendors play.

In the proposal phase, the games we looked at were: Today's low bid; Vaporware; Safe boilerplate; Bait and switch; Scare tactics; and Ego ransom

In the delivery phase we covered: Scope stinginess; "Everything is going great!"; Paint job; "Just us workers"; "Big Job" Bluff; Over-confidence; and Intimidation

All of these were based on actual situations - either from our own experience or that of our clients. In Think180's MER workshops we spend time going into these games in more depth, and helping clients develop their own specific skills and approaches for dealing with them to get better results.

I hope this has been helpful to you - I'm interested to hear from people who listen to this series, either how it has helped you, or questions you have.

Just drop an e-mail to [podcast@think180.com](mailto:podcast@think180.com). You'll also find more helpful information, articles and forms that you can use on our website at [www.think180.com](http://www.think180.com).

This free audio series is an introduction to a more comprehensive video curriculum under development from Think180. If you'd like more information, or want to be on the mailing list to be notified when it is completed, please send an e-mail to [podcast@think180.com](mailto:podcast@think180.com).

In our next audio podcast, we will look at some of the games that clients play - yes, clients! And we will show how these can have an adverse effect on your vendor's performance and work quality.

Thanks for listening.

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