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OPINION

Is your vendor smarter than a 5th grader?

Let's face it, the IT project bidding process contains a reasonable amount of gamesmanship. Particularly if you're playing multiple consultancies against each other. Let's look at some of the tactics often used in trying to gain an advantage.

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CIO | Jul 7, 2015 4:45 AM PT

In the classic adversarial negotiation, the parties reveal only as many details as required to get the deal done. Each side hopes that the information asymmetry will work in their favor. Once the other side is under contract, there'll be time enough for them to discover the ugly truths, skeletons in the closet, misunderstandings about the contract, and so on.

Of course, this means that the vendors have an incentive to pad the bids to account for "unknown unknowns" and use weasel words in the statement of work so that deliverables have a clear-cut boundary. And it means that the purchaser has an incentive to play dumb so they can get the most for their money.

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While economists would likely discuss this role-playing using Game Theory, I'm going to take it a step further by examining this behavior in the light of Game *Show* Theory:

- **The Price is Right!** This is the show where you try to find to the proper price for various products, weird appliances and exotic vacations that you wouldn't necessarily want to buy if given the choice. But since that's all that you're shown, you still have to guess the price to win. This seems to be the favorite negotiating tactic in software project bidding, particularly when the requirements document has been drafted by an out-of-touch committee or industry analyst. The gotcha? By focusing on price, you're not focusing on delivered business value.
- **Let's Make a Deal.** If you remember Monty Hall and the lovely Carol Merrill (OK, you don't), you'll remember all the strange tradeoffs you have to make to stand a chance in this game. The key to this show is that you don't know what you're trading *for*, only what you already have. This is a frequent

negotiating tactic among clients who have decided that they don't like their current consultant, but they can't put their finger on *why*. The gotcha? The infamous Zonk – in short, a crummy prize – where your project faces transition costs and learning curve issues with no clear benefit.

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- **Are you Smarter than a 5th Grader?** This is the game show where the adults are so caught up in the complexities of adult life that they get tripped up by kids who have unsullied knowledge, recently acquired. And in negotiations, this is the one where the client is more focused on politics, prestige and appearances during the sales cycle than such simple, obvious things as who will be doing the work, and what their actual capabilities are. While it's absolutely true that consultants must have flexibility in project staffing, it's the individuals who'll make the project successful. A fifth grader would ask to interview those individuals before signing the deal, and insist upon a clause limiting swap-outs during the project.
- **500 Questions.** This is the newest game show on this list, but the gaming principle is as old as negotiations themselves. It's called the RFI/RFQ process, a favorite of big clients who seem to make it almost a science experiment with their 100+ page tomes. Instead of doing their own research, they ask vendors to answer hundreds of out-of-context questions, where – as "Who's Line is It Anyway" says – the answers don't matter and nobody's keeping score. Typically, the RFI/RFQ cycle is used only to justify the short-list of vendors. The final choice seems to be made on the basis of other factors.

Fun and games

Obviously, I'm somewhat jaded about (OK, *really* jaded about) adversarial negotiations and inflexible purchasing processes. The games may save the client some time, but the cost is trust. And without trust, Agile projects don't really work. So you're stuck with Waterfall, which is unlikely to deliver something effective, efficient or truly fit-for-purpose.

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David Taber is the author of the Prentice Hall book, "Salesforce.com Secrets of Success," now in its second edition, and is the CEO of SalesLogistix, a certified Salesforce.com consultancy focused on business process improvement through use of CRM systems.



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