Negotiation Role Play - MilkSoft

Parties: Jersey and MilkSoft

Jersey, a company head quartered at Ahmedabad, collects, processes, packs and sells milk and milk products. Though it is a very successful company with revenues exceeding thousand crores, the company is not technologically advanced. In January 2018, Sekar Patel, a young, dynamic individual is appointed as the CEO. As a first step, he decides to automate several systems to improve operational efficiency.

Sekar instructs Jersey's IT head, Madhava Rao, to implement his plan by July. Madhava takes three months to shortlist a suitable company from Bangalore, MilkSoft, to develop and implement the software for Jersey. Having earlier provided software services for large milk multi-nationals such as Danone, London Dairy, etc, MilkSoft is excited about developing an indigenous software for Jersey, and promises to put its best efforts in completing the project by July, 2018. In its proposal to Jersey, MilkSoft states in part:

"...

iii. Pre-existing code developed for other entities can be used to complete software development within the specified timelines; ...

x. Knowledge of the milk industry enables MilkSoft to build quality software that not only adds value to its customers, but also cuts operational costs substantially; ...

Xii. MilkSoft's expert team will train Jersey's employees to achieve optimum adoption;

xiv. Estimated cost of project is twenty-five crores. Additional fee will be payable for training and support
..."

Madhava is happy with the proposal, and after discussing with Sekar, sends out a term sheet to MilkSoft. Some of the important terms of the term sheet are:

i.   The software must automate and integrate all processes from milk collection to sale;

ii.   The software must be developed and implemented/installed by 31st July, 2018. For every day delay thereafter, MilkSoft will be liable to pay one lakh rupees per day;

iii.   Jersey will pay MilkSoft a total fee of five crores for development, installation and training.

iv.   MilkSoft must provide training to its employees at Ahmedabad, Delhi, Chennai and Bangalore. Special training must also be provided to supervisors at all Jersey's chilling centers, storage units, distributors and retailers;

v.   MilkSoft must appoint three full time software experts to work at Jersey's premises until the software is completely integrated and used. Round the clock support must be provided for one year without any extra cost;

vi.   Any dispute will fall within the jurisdiction of courts at Ahmedabad; ...

The parties set up a meeting at Ahmedabad to negotiate the final terms, and draw up a contract.

MilkSoft is represented by its CEO, Shradha Murthy, IT Head, Sunil Casabianca, and legal counsel, Mohammed Aziz

You must strike a deal.

Guidelines for MilkSoft

a.   You really want this project as this will give you a good insight into the Indian milk industry, but do not show this eagerness. Keep insisting on your unparalleled expertise in the field;

b.   State that you have done several similar projects, and that the price being offered is too low for a big project like this. Use this tactic to avoid any restrictions on working with other milk companies;

c.   Do not agree for placing full time employees or training/support without payment. Stick to your proposal.

d.   Take one-minute breaks whenever they bargain hard for internal discussion. Come back and state that you understand Jersey's perspective, but may not be able to accommodate the same;

e.   Do not agree to any penalty for delay. Software development delays are common, and the penalty is unreasonable from your perspective. Also, insist on extension if delay is because of Jersey's actions; and

f.   Use any other tactics you deem fit to strike the deal.