

Lesson 5.1

What should I do if an Owner wants to change suppliers, won't pay extra, and won't extend the delivery date?

Discuss Paying Additional Costs

Agenda

- Skills
- Situation
- Practice
 - example questions
 - pollev.com/ericgabriel
- Wrap-up

Skills

- How to correctly present alternative solutions to clients.
- How to explain that [YOUR COMPANY]'s supplier is more than qualified to provide the high quality the client expects.
- How to correctly express to the client that they will have to pay more for additional work.

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Situation: Outfitting Design

The vessel is going to be delivered on the 20th of April, which is in a few weeks. During a sea trial, a test was conducted on the water cooler equipment that cools the engine (like a radiator), and **found that the output temperature of the water cooler was 12 degrees, which is 2 degrees higher than the required 10 degrees.** Both parties agree the problem needs to be addressed since a slight change in the water cooler's ability to cool the engine could cause major damage to the engine and other systems. It seems that nobody has done anything wrong as well as all parties have approved the designs.

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Tip: Negotiating Strategy

Bring attention to the effect the change has on other systems.

- If you want to change the entire system we would have to cut a big hole in the side of the rig. **Are you willing to do that?**
- The engine oil has already been flushed, so we would have to re-flush that system which would take a lot of extra man-hours and additional cost. **Would you be willing to pay for that?**

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Situation: Positions

Owner/ Client

- The owner/client wants to **change the water cooler equipment**, which will solve the problem **at a significant cost.**

[YOUR COMPANY]

- [YOUR COMPANY] wants to **increase the thickness of the pipes**, which will solve the problem **easily and cost effectively.**

Have you ever had a owner/client request an acceptable solution that cost much more than your acceptable solution?

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How do I give a client alternatives to choose from and explain that one is worse?

We've come up with [#] alternatives*. (Let us know which one sounds better.) We could [OPTION #1], or we could [OPTION #2]. There will be [NEGATIVE RESULT] [UNDESIRABLE OPTION #2]. Therefore, I think [BEST OPTION #1] would be the best.

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Outfitting Engineer's Email (1 of 4)

Joe,

Thanks for contacting me about this.

We've come up with two alternatives*. (Let us know which one sounds better.)** We could increase the thickness of the pipe, or we could replace the entire system. There will be significant additional costs if we replace the entire system.

Let me know how you want to proceed.

Best Regards,
You

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*alternatives, options, choices
formal standard casual
**optional (Let us know which...)
Let us know how you would like to proceed.

Examples (1 of 4)

1. We've come up with two options. (Let us know which one sounds better.)** We could assemble the parts at the factory then ship them, or we could ship them then assemble them at the yard. There will be some more customs fees if we ship them already assembled.
2. We've come up with two options. (Let us know which one sounds better.)** We could modify both pieces of equipment and extend their warranties, or we could cover the upgrade on this piece of equipment and disregard the other upgrade that we talked about. There will be additional costs or delays if we upgrade the equipment.

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Examples (1 of 4)

3. We've come up with two options. (Let us know which one sounds better.) We could (1) repair the equipment or (2) replace the equipment. If we repair the equipment, there won't be any additional costs. In addition, the vendor might be willing to provide a small credit with an extended warranty. If we replace the equipment, there will be additional transportation costs, customs duties, labor costs, material cost, and delays that we cannot cover. I will get a more detailed breakdown of the costs next time I talk to the vendor.

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Practice A
Practice B
Practice C

cover = be responsible for paying
breakdown = list/accounting

How do I politely disagree, make a recommendation, then make additional requests?

I don't think [DISAGREEMENT]. I think we should [RECOMMENDATION]. In addition, I'd like to [REQUEST] if (it is) possible.

Owner's Reply (2 of 4)

You,

I don't think that would work. I think we should replace the entire system.

In addition, I'd like to use our supplier if (it is) possible.

Joe

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Examples (2 of 4)

1. I don't think we should ship the equipment then assemble it at the yard. I think we should assemble the equipment at the factory.

In addition, I'd like to have an FAT scheduled for next week if (it is) possible.

2. I don't think we should repair the equipment. I think we should replace it.

In addition, I'd like to get additional parts from the vendor if (it is) possible in case the issue happens again.

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Examples (2 of 4)

3. I don't think we can accept the modifications. I think we should upgrade the equipment. In addition, I'd like to be assured that there won't be any additional costs if (it is) possible

Practice A
Practice B
Practice C

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How do I politely explain the **negative implications** of a **client's choices**, ask for approval, firmly give a **recommendation** then **explain the experience and benefit of using your supplier?**

If you want to [CLIENT'S CHOICE], we will/might need to [NEGATIVE IMPLICATIONS]. [ASK FOR APPROVAL]?
I strongly encourage you to [RECOMMENDATION]. Our Korean supplier has [EXPERIENCE] as well as [BENEFIT].

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Outfitting Engineer's Email (3 of 4)

Joe,

If you want to change the entire system, we will need to change the delivery date and charge more. Is that acceptable?

I strongly encourage you to consider just increasing the thickness of the pipe and using our supplier. Our Korean supplier has a well-established track record as well as a close relationship with us, which makes using them more cost effective.

Please let me know how you want to proceed.

Best Regards,
You

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Additional Costs (1/2)

Useful Expressions: When an owner requests more of something and you want to tell the owner that they need to pay for it.

you need to pay for the extra cost(s).

you need to pay for the extra charge(s).

you will need to pay for the additional charge(s).

you will need to pay extra (money).

you will need to pay more (money).

you will be charged extra (money).

you will be charged more (money).

it will cost extra (money). *usually "cost" is used as a verb.

Additional Costs (2/2)

Useful Expressions: When an owner requests more of something and you want to tell the owner that they need to pay for it.

it will cost more (money).

you will need to pay for the difference

(between the two)

you will need to make up the difference

(between the two)**

Practice

**there are two thicknesses of tubing 1mm tubing \$10,000 and 1.2mm tubing \$11,200. [YOUR COMPANY] will pay for what is required in the specs, which is 1mm tubing. The difference between the specs and the desired thickness is \$1200 USD/ship. You need the client to pay an extra \$1200 USD/ship.

Examples (3 of 4)

1. If you want to order spare parts, you will need to pay for the difference between what is stated in the specs and what you are requesting. Is that acceptable?

I strongly encourage you to consider just increasing the thickness of the pipe and using our supplier. Our Korean supplier has a well-established track record as well as a close relationship with us, which makes using them more cost effective.

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Examples (3 of 4)

2. If you want to upgrade the system, you will need to pay for the difference between what is stated in the specs and what you are requesting. Would you like to move forward on the upgrade?

Practice A

I strongly suggest to consider just modifying the current system. The vendor has experience modifying these kinds of systems as well as a warranty as insurance if any flaws arise in the next 2 years.

Practice B

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How do I **ask for additional information** and **explain what I will investigate**?

Send me more details about **[ADDITIONAL INFORMATION]**. I'd like to look into **[INVESTIGATE]** further.

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Owner's Reply (4 of 4)

You,

Send me more details about your proposed changes.

I'd like to look into your proposal further.

Joe

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Examples (4 of 4)

1. **Please send me more information about your suggestions.**

I'd like to look into your proposal further.

2. **Could you send me more details about your proposed upgrades such as:**

1. Desired output
2. Amount you are willing to pay
3. Desired FAT date

I'd like to look into this option further.

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Post-Assessment

You will receive an email with the post-assessment

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