

NEGOTIATION DYNAMICS for PROCUREMENT

2-days Workshop, Instructor led

Customization of this training.

Negotiation Dynamics programs are fully customized for the organization involved. Before the training starts an assessment will be carried out to determine seminar focus. The outcome of the assessment is then used to write all cases, exercises, and practice negotiations from scratch to meet the company's needs. Next to this, real-world complexities and constraints your team actually faces are built in. Participants gain knowledge and skills they can immediately use.

The customization process includes four components:

1. Research

Research will be done in close cooperation with the client you to understand their business and their negotiation needs and make alterations to the pre-customization course outline to assure that the course addresses the specific needs of the company.

2. Create Original Case Studies and Exercises

Case studies, exercises, and practice negotiations will be designed and written based on interviews with you and team members selected focusing on the specific types of negotiations the procurement team can expect to encounter.

3. Applying the Concepts to Their World

Participants will have many opportunities to apply the program's concepts to their own real-life negotiation situations through a variety of interactive exercises.

4. Intensive Q&A process

Extra time is set aside time in the program to address everyone's key concerns and challenges. At the start of the program, each table identifies key negotiating questions they want addressed by the end of the session. These items are posted and then time is taken throughout the program to answer everyone's questions. This Q&A process guarantees that participants' real concerns are addressed. The team members leave with solutions that immediately impact—and improve—their negotiations.

Course Objectives

The objectives of this training are to:

- *Maximize the effectiveness of negotiators who must work in strategic, tactical, telephone and face-to-face negotiation situations.*
- *Increase profits through well-planned and executed collaborative negotiations.*
- *Minimize conflict and deadlocks by providing participants with the skills necessary to handle win-win negotiations.*
- *Coordinate the process of negotiation within the organization.*
- *Integrate learned skills with client and employee behavioral styles to enhance personal effectiveness as negotiators.*
- *Change the focus from negotiation tactics to planning and strategy while reinforcing key corporate values.*
- *Learn to focus upon interests and issues and not take dangerous positions.*
- *.Increase confidence of employees as negotiators through successful practice and extensive feedback.*
- *Successfully enhance communications through the development of a common negotiation language.*

Course Outline: Negotiation Dynamics for Procurement

DAY ONE

General Introduction

- The learning process for procurement negotiation skills
- Building your negotiation pattern vocabulary

Exercise

- Identifying negotiating patterns from past experience

Exercise

- Participant questions: each table identifies key negotiating questions that they want to be sure are addressed before the end of the two-day session.

Introduction to the Settlement Range

The Shopkeeper and the Tourist

A short practice negotiation designed to allow participants to discover settlement ranges, analyze negotiating tactics, and focus on risk taking behavior in the negotiating process.

- The Maximum Supportable Position (**MSP**)
The initial offer
- The Least Acceptable Settlement (**LAS**)
The last place where you are still better off making a deal as opposed to walking away.

Task One - Developing Your LAS

- Where you are buying a pure commodity and there are no differences among suppliers
- Where you are sole sourced
- Where there are differences in price, quality, features, etc. among Suppliers.

Exercise

Participants utilize a product or service that they are familiar with to quantify the value of differences in quality and features among suppliers in order to develop a LAS for each supplier.

Task Two - Identify the Supplier's LAS

Exercise

Information to Find / Information to Not Blab

The Procurement Negotiation Cycle

Managing the expanded negotiation team - i.e. individuals outside of procurement who have contact with suppliers.

Task Three - Develop your MSP (Where Needed)

Task Four - Managing the Supplier's Perceptions of Your LAS

Why people reach agreement when and where they do

Practice Negotiation

A major practice negotiation will be written to reflect accurately the kinds of procurement negotiations that participants actually encounter. The practice negotiation usually takes two-and-a-half hours to plan, run and debrief.

DAY TWO

Tactics and Strategies Review

The Zero Sum, Competitive Side of Negotiations

Problem Solving Negotiations - Three Preconditions

- Clarify goals/interests vs. hows/positions
- Share goals/interests
- Agree upon goals/interests

Asymmetrical Trades - Managing Negotiations That Involve Both Competition (Price) and Problem Solving

Exercise

Identify Asymmetrical Trades from both the supplier side and from procurement's side.

Win/Win - Myths and Realities

Power Based Negotiations - When the Other Side Refuses to Negotiate

Developing a Negotiation Plan

Exercise

In this exercise participants will utilize a real procurement-negotiating situation that they are currently facing to develop the key elements of their negotiating plan. Then, they will be asked to reverse roles and assume the position of the supplier and develop their negotiating plan.

Concession Strategies

Practice Negotiation

A second major practice negotiation will be written to reflect accurately the kinds of negotiations that participants actually encounter.

Conclusion and Personal Action Plan

READING AND DISCUSSION

Tactics and strategies are not covered in lecture form per se. They are assigned as reading homework the first night and are discussed as the first item of business the second morning. Tactics and strategies are also discussed extensively during the debriefing of the practice negotiation. Furthermore, since interruptions for questions and discussion are strongly encouraged throughout the program, many of the tactics and strategies are covered in this manner.

Negotiating Approaches

Managing Relationships • Signaling • Linkage and Separation • Silence • Agreement in Principle • Focal Points • Fair and Logical • Patience • Acting • Body Language • Adjustment Time • Telephone Negotiations • Face Saving • Helping the Other Party Sell the Agreement to Their Organization • Breaking Deadlocks • Communication • Controlling the Pace • Ego and Emotion • Ritual

Negotiating Tactics and Strategies

Authority Limits • Straw Men • Good Guy/Bad Guy • Resource and Policy Limits (Painting Yourself Into a Corner) • Arrangements • Delay • Speed-up • Leaked Information • Cherry Picking • Playing from the Weak Position • Final Offer • Broken Record • Playing Dumb • Change the Negotiator • Unpredictability • Mind Tricks • Walk Out

Planning - Other Considerations

Negotiation Planning as Fail Safe • Team Planning • Agenda • Timing • Choosing with Whom to Negotiate • Negotiating Site • Brainstorming and Role Playing

Power Based Strategies

Arena Strategies • End Run • Using Audiences • Involving Third Parties • Coalition • Threats • Fait Accompli • Divide and Conquer.