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| **Checklist – Negotiations** | Tick |

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| Five key steps to an effective negotiation |
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| **1** | **Establish the negotiation team** |
| **Activity** | **tick** | **Top tips** |
| **a** | Form the negotiation team. Consider the mix of skills and experience required: * Facilitation skills
* Negotiator experience
* Subject matter expert/technical expert
* Financial analysis skills
* Legal support.
 | ⬜ | Depending on the nature of the procurement activity, a team of three or four people is ideal. Avoid negotiating on your own. |
| **b** | Agree the roles people will take:* Lead the negotiations and facilitate discussion
* Track concessions and points of agreement.
 | ⬜ | The leader should be a credible, skilled negotiator.Brief senior managers about the negotiation.  |
| **c** | Check that the team has the authority to negotiate, agree all of the contractual terms and commit the agency to a contract. | ⬜ | Get your authority recorded in writing.Check what signoffs are needed and when. |

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| **2** | **Analyse the parties and the deal** *“If I had nine hours to cut down a tree I would spend six sharpening my axe!”* |
| **Activity** | **tick** | **Top tips** |
| **a** | Your key concerns – the big picture:* What are your goals?
* What are your key issues and pressures?
* What sort of supplier relationship do you want?
* What timeframes do you need to meet?
 | ⬜ | For example, are you seeking a short-term transactional relationship or a long-term collaborative relationship?The relationship you are seeking with the supplier will influence your approach to the negotiation. |
| **b** | Understand the supplier:* How does the supplier view you?
* How does the supplier view the potential deal?
* What’s its position in the market?
* What are its needs, goals and pressures?
* What concessions can it give?
* Who are the key decision-makers?
* What is its culture and style?
 | ⬜ | Conduct some research into the current market and the supplier’s place in the market.Try to gain an understanding of the supplier’s needs.Assess the likely balance of power in the relationship.Early in the negotiation, test your understanding by asking questions. Fill information gaps. Check assumptions. |
| **c** | Analyse the variables & define the negotiating range:* What are the variables in the negotiation?
* For each variable, define the value and relative importance to you and the supplier
* For each variable, identify outcomes that would be (a) very good, (b) acceptable and (c) not acceptable
* Identify any ‘deal breakers’.
* What concessions can you give?
* What concessions can you gain?
* What is your ideal outcome?
* What is a compromise outcome?
* What is your fallback position?
 | ⬜ | Variables are the different factors or elements of the negotiation. Parties can expect some ‘give and take’ over the variables.You might value the variables differently from the supplier. It’s useful to identify the values you place on variables – this will show you where the best concessions are. |
| **d** | **Identify your BATNA*** List everything you could do if you don’t reach agreement.
* Explore each of your options and try to improve on them.
* Choose your best option. This is your BATNA.
 | ⬜ | **BATNA is your** Best Alternative to a Negotiated Agreement |

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| **3** | **Decide the strategy and tactics** *“An objective without a plan is a dream.”* |
| **Activity** | **tick** | **Top tips** |
| **a** | **Develop strategies to achieve one-way movement:*** Develop strong and logical explanations for your key positions. Use facts and evidence
* Prepare ‘emotional’ responses using concepts such as ‘trust’, ‘loyalty’, ‘collaboration’, ‘partnership’, ‘disappointment’ and ‘fear’
* Prepare responses that allude to potentially negative outcomes e.g. that something is a deal-breaker.
 | ⬜ | ‘One-way’ movement is where you seek concessions from the other party without needing to offer any concessions in return.A good strategy for one-way movement incorporates a mixture of logic, emotion and threat (of a negative outcome).Plan to seek one-way movement early in the negotiation. |
| **b** | **Develop strategies to achieve two-way movement:*** Identify a credible bargaining range based on your analysis of the variables
* Identify what you want to gain in return for trade you’re willing to make
* Don’t focus only on price. There are other measurements of ‘value’ such as volume, payment terms, early payment discounts, length of contract and exclusivity.
 | ⬜ | ‘Two-way’ movement involves bargaining and compromise by both parties.Try to identify concessions that have a lower value than the concessions you might receive in return.Plan two-way movements late in the negotiation as a means of closing the deal.Don’t be too greedy or you could alienate the supplier. |
| **c** | **Make a contingency plan in case the negotiations don’t go well:*** Identify the various situations that could derail the negotiations
* For each situation, identify a plan to defuse the situation and get things back on track.
 | ⬜ | In planning the negotiations, include ‘time-out’ so that parties can re-evaluate. This can also be helpful if things become heated.At worst, suspend the meeting and reconvene another day.However, if the worst case scenario happens, you might need to revert to your BATNA. |

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| **4** | **Negotiate and record the agreement** |
| **Activity** | **tick** | **Top tips** |
| **a** | **Arrange the initial meeting:*** Set the agenda
* Send the agenda to the supplier in advance
* Organise the venue – allow for breakout rooms
* Arrange a way to record points of agreement – whiteboard or flip chart
* Arrange regular breaks and refreshments.
 | ⬜ | The agenda should deal with your most important issues first.Ensure the venue is large enough for the group.  |
| **b** | **Rehearse with your negotiation team:*** Run through your approach:

 - Initial clarifications - Opening proposal - Trade-offs - Closing tactics* Ensure everyone is clear on their role
* Check that the facilities and technology are ready and operational.
 | ⬜ | There may be information that you need to control carefully. Make sure the whole team is aware of what it is and appoint one person to manage how the information is released and when. |
| **c** | **At the meeting:*** Start by getting everyone to introduce themselves
* confirm that the supplier’s team has the authority to close the deal.

Test assumptions and ask questions.Table your position:* Assess the reactions and gauge the supplier’s position
* Use your tactics to attempt one-way movement.

Signal movement:* Probe with tentative proposals where you might be willing to make concessions
* Seek the concessions that suit you best
* Respond to signals from the supplier
* Exchange concessions
* Close the deal.
 | ⬜ | Try to make everyone comfortable. Take time to build rapport.Be respectful of cultural differences.Take care to be polite but firm and always professional.Chair the meeting – own the agenda.Regularly summarise and record agreements throughout the discussions.Avoid putting down the first marker.Be creative: “If we agree X, would you concede Y?”Bargain by reducing increments.*“Effective negotiation should result in a cost-effective agreement that is fair, durable, meets the legitimate needs of both parties, and improves the relationship.”* |
| **d** | **Record the agreement:*** Record in writing exactly what has been agreed
* Confirm with the supplier exactly what has been agreed before ending the meeting.
 |  | These records will need to be incorporated into the contract. They must be clear, accurate and unambiguous. |

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| **5** | **Reflect all negotiated points in the contract** |
| **Activity** | **tick** | **Top tips** |
| **a** | * List the negotiated points.
* Identify where they need to be reflected in the contract.
* Check each point off as it is written into the contract.
 | ⬜ | Fully brief the legal team who are preparing the contract on the importance and impact of each of the negotiated points.Make sure their wording in the contract reflects what has been agreed.  |