

## **PROCUREMENT & CONTRACTS MANAGEMENT SKILLS**

The ability to negotiate successfully is one of the most basic of the business person's skill sets. Significant positive or negative impacts are made to every organization's bottom line from the results of the negotiations conducted by their employees either with internal or external customers or suppliers. Therefore, it is essential for the continued success of any organization that employees are well trained and experienced in the planning, strategies, and conducting of negotiations. This seminar is designed to provide strong competencies in the methods and strategies that will result in successful negotiations with suppliers and contractors.

### ***LEARNING OBJECTIVES***

Understand the importance of planning and preparation in successful negotiations.

Be able to identify various approaches and styles in Negotiations.

Appreciate how to determine, rate, and value the issues in a negotiation.

Enhance their knowledge in the practice of competitive purchasing and link this to the negotiation.

Review and understand the cost drivers in the purchasing cycle.

Understand supplier margins by knowing how suppliers derive prices through the cost recovery method.

Be able to use a model for determining strengths and weakness of both parties.

Be aware of the importance and impact of various contract clauses.

Recognize the need to discuss the issues before negotiation.

Understand Common negotiation tactics & countermeasures.

Gain experience through the actual negotiation of sample cases.

### ***Who should attend?***

Managers and professionals involved in projects, contracts, purchasing, operations, maintenance, engineering, quality and other company activities that expose them or their staff to negotiations with contractors and suppliers and who want to improve their competency in this critical area of performance.

### ***Course Content***

#### **Module 1: Negotiation**

Introduction

Purpose of the programme and objectives

Negotiation – a definition

The four phases of negotiation

The three types of negotiator – red, blue and purple

Comparing Approaches in Negotiations

Win/Win Win/lose or lose/lose approach

Exercise: Defining Negotiation Skill sets

### **Preparing for a negotiation**

Preparation - the critical first step?

The most important thing to remember in negotiations

Steps in Negotiation Preparation

### **What is negotiable?**

Identifying the “tradables”

Entry & Exit Points

Prioritising

### **Time – reality or perception?**

Business cycle

Market conditions

Lead-time

Time limits – time as a tactic

### **Module 2: The Purchasing Process**

Supplier/buyer positioning

Rights and obligations of both buyer and seller

Raising and managing competitive invitations to tender

Requirements definition and prioritizing – the prelude to the negotiation

Tender evaluation criteria – ranking and weighting

Evaluating the proposal

Assess Strengths & Weaknesses

Setting the negotiation strategy

Pricing & Payment terms

Interim Payments – stage or milestone

Through life costs and considerations

Cost drivers - Transportation issues – title and risk transfer

Cost implications of inventory - JIT

Volume, Specification and Quality Standards

### **Module 3: the Supplier's View**

Understanding elements of supplier cost to price structure

Understanding Supplier margins

Reducing Supplier prices without attacking their margins

Page 3 of 5

### **Contracts and Special Clauses:**

Types of contract

Warranties – standard, extended, design defect

Conditions – the core of the contract

Acceptance criteria – who, what, how, where and when

Spares, repairs, documentation and training

Failure to perform – remedies including Liquidated damages

### **Contract Price Adjustment Criteria**

Fixed price or firm price?

Contract Price Adjustment Criteria & Clauses

Use of Price Indices

### **Module 4: Preparing the Negotiating Strategy**

The Discussion Phase

Team or individual negotiations

Preparing the team for pre-negotiation discussions

Confirming assumptions about initial positions

Negotiation objectives matrix

Information gathering and recording

Impact of available competition

### **Final Preparation**

How to handle the issue of authority

Determine strategies

Where and when

Planning the agenda

Team negotiations and roles

### **Module 5: Common Negotiation Tactics & Countermeasures**

Non-verbal communication

Undermining

Delaying Action

Questioning

Concessions

The “if” Statement

Comparative Options

### **Final Learning Review and analysis**

Delegate feedback forms

Analysis against objectives