

# Negotiating and Contracting in Procurement & Supply

## INTRODUCTION

- One of the core business competences is the ability to negotiate effective agreements. Individuals and teams that negotiate with customers and contractors can contribute to the development of better external commercial relationships. The teams involved in purchasing and contract management in particular can generate competitive advantages for their company. However, they need to be aware of the strategies and tactics others may attempt to use that could lead to less favourable outcomes.
- This engaging and immersive training course will help participants get to grips with all the key issues concerned with contract creation and negotiation within a customer-supplier relationship. The training course will make extensive use of role-play and other participative techniques, so that delegates get the chance to practice the tips and avoid the traps that can arise in the creation of commercial agreements.

Participants on Negotiating and Contracting in Procurement and Supply training course will develop the following competencies:

- Understand the legal issues that relate to formation of contracts
- Understand the principles and alternative strategies for the negotiation of commercial agreements
- Understand how to prepare for negotiations with contractors and suppliers
- Understand the key negotiation issues around costs and prices
- Understand how commercial negotiations may be undertaken

## PROGRAMME OBJECTIVES

- Refresh participants' knowledge about the contracting process
- Review the documentary contents of legally-binding agreements
- Learn the necessary elements to form a contract
- Recognise the role of contract terms in managing commercial risks
- Differentiate between alternative negotiation styles, and understand their benefits and disadvantages
- Plan a negotiation and then implement the plan
- Practice tools and techniques to reach agreements
- Analyse costs and prices for the purpose of a negotiation
- Apply negotiation skills at different times and stages of the contracting cycle

## WHO SHOULD ATTEND?

- The Negotiating and Contracting in Procurement and Supply training course is suitable for a wide range of professionals employed in procurement and supply chain management, but it will be particularly beneficial to:
- Contract Team Leaders and Administrators
- Contract Engineers and other Contract Professionals
- Project Managers and Coordinators
- Specifiers and Buyers
- Procurement Executives
- Service Delivery Professionals
- Anyone who uses negotiation as a business tool with contractors, external suppliers, customers or commercial partners

## TRAINING METHODOLOGY

- In the Negotiating and Contracting in Procurement and Supply training course, the facilitator will deploy a full range of dynamic and interactive training methods, including practical negotiation exercises, role plays, case studies, question and answer sessions and discussion groups. Each topic will be underpinned by a presentation that highlights key issues to focus on.
- The learning experience will be supported by training materials containing reference examples. Participants must be prepared to participate in the exercises and receive personal feedback on their performance. Discussions will cover current negotiation practices and how these can be applied 'on the job'.

## PROGRAMME SUMMARY

- Negotiating and Contracting in Procurement and Supply is a fast paced but content-rich training course, developed for business people who need to develop enforceable and commercially effective negotiated agreements. It expects that participants already need to operate within the context of customer-supplier relationships and that they desire to become better negotiators.

## Programme Outline

### Governing Issues Relating to Contract Creation

- The process of getting to a contract
- What documents make up a typical commercial agreement?
- The inter-relationship between the different contract parts
- Types of commercial agreements between customers and suppliers

- Legal rules that turn agreements into binding contracts
- Managing commercial risk using contract terms

### Principles of Contract Negotiation

- Alternative strategies to negotiate successful agreements
- Using Distributive negotiation to drive the bargaining process
- Benefits and Pitfalls of win-lose approaches
- Using Integrative negotiation to address underlying interests
- Benefits and Pitfalls of seeking the 'win-win'
- BATNA – Developing a Plan B

### Practical Tools and Techniques to Prepare for Commercial Negotiations

- Planning the negotiation
- Analysing sources of power in the relationship
- Setting negotiation objectives
- Defining roles and responsibilities
- Obtaining the mandate to negotiate
- Practising key skills to improve outcomes

### Analysing and Negotiating Costs and Prices

- Costs and prices – what's the difference?
- Cost based pricing techniques
- Pricing approaches - the market dimension
- Using cost breakdowns and open book information in the negotiation

### Using Negotiation in Contract Development and Management

- Negotiation opportunities within the contracting cycle
- Making Proposals and bargaining to transfer contract risks
- Developing better contract terms through negotiation
- Negotiation of contract variations and Change Orders
- Negotiation in claims and disputes
- Using third parties to facilitate a negotiated settlement