



*Contract Negotiation Strategies & Effective Purchasing*

21-10-2024

# Contract Negotiation Strategies & Effective Purchasing

Course code: CL175 From: 21-10-2024 Venue: - Course Fees: £

## Introduction

This Contract Negotiation Strategies & Effective Purchasing training course challenges the belief that anyone can purchase well and negotiate effectively. Neither of these assertions is correct. This belief wastes both large and small organizations' energy and profit.

This training course may save your company money by establishing a solid understanding of the benefits of purchasing offers and how to create a function capable of delivering those benefits through organizational excellence.

The ability to negotiate, not only with the marketplace but also with internal departments such as Engineering, Production, Finance, and Safety, is the second fundamental to success. Unfortunately, such negotiations are frequently delegated to those who are least capable of producing effective results. This impediment has a ripple effect throughout the organization, resulting in lower profitability, increased business risk, increased personal stress, and increased operational costs.

Participants must compare their understanding of their skills to principles that support effective purchasing and address concepts and ideas that benefit both the organization and themselves.

## This training course will highlight:

- The objectives of a well-run purchase process and how to reach your internal customer. Establishing a basic understanding of the process of Negotiation
- Significance of getting the specification to reduce both cost and risk. Evaluating potential suppliers and managing the supply chain
- Tenders & bid evaluation & analyzing Price Cost and Value through financial management /analysis
- The purpose of a contract / Legal needs / Terms and Conditions. Preventing contract failure. Discovering your personal negotiation capability
- Obstacles to good negotiation. Tools of the successful negotiator. Essential elements of negotiation AND developing a personal action plan for improvement

## Course Objectives of Contract Negotiation Strategies & Effective Purchasing

### At the end of this training course, you will learn to:

- Build an efficient and effective purchasing function
- Communicate more effectively inside and outside of the organization
- Understand your personal strengths and weaknesses

- Understand contract needs and eliminate contractual risks
- Plan and deliver a successful negotiation and negotiate with different cultures
- Have confidence in your ability to negotiate at all levels with all organizations

## Course Methodology of Contract Negotiation Strategies & Effective Purchasing

This training course is very participatory. Participants are expected to associate lessons with their experiences and challenge current thinking in group discussions. Team-based exercises cover key learning phases in which participants examine problems and provide solutions for specific exercises. Smaller negotiations during the course lead to more complex negotiations on the final day. Each representative is expected to develop an action plan to bring learning back to work.

## Organizational Impact of Contract Negotiation Strategies & Effective Purchasing

- Create confident employees who will challenge the way things are and improve purchasing performance at reduced cost and risk, thereby increasing company profitability.
- Identify the key failures which prevent the purchasing operation from being successful
- Develop a more confident individual, comfortable representing the function at all levels in the Company
- Reduce total cost of purchased materials, equipment, and services at reduced risk
- Change from being reactive to needs to being proactive in all aspects of performance
- Protect the Company's interests through a better understanding of negotiation and contracts
- Make performance improvement a key element in managing the business

## Personal Impact of Contract Negotiation Strategies & Effective Purchasing

- Have the understanding of what good practice looks like and the courage to stand up for change where it is needed.
- An appreciation of what is possible in Purchasing and how you may contribute more
- An understanding of your present capabilities and where you should invest in personal improvement
- Increased confidence in operating in different environments/cultures / business levels
- Greater comfort and confidence when placed in "difficult" negotiating positions
- An appreciation of other people's problems and how to persuade them to your way of thinking
- Become more challenging of existing methods and systems and less accepting of the way things are

## Target Audience of Contract Negotiation Strategies & Effective Purchasing

This training course benefits those who make policy as well as those whose role is to apply policy. Status / Job title / Role in the Company is irrelevant. It is applicable to those new to the purchasing as well as those experienced in the process.

This training course is suitable for a wide range of professionals but will greatly benefit:

- Those who are new to purchasing
- Those with some years experience in purchasing but who wish to regenerate their thinking or attitude
- Those at all levels in projects/site contract management/engineering with supply chain involvement
- Those in a Company who influence the selection of materials/services/source of supply
- Any person regardless of background or present role/position who wishes to understand the purchase process

## Course Outlines of Contract Negotiation Strategies & Effective Purchasing

### DAY 1

#### Where is Purchasing Failing & Introduction to Negotiation

- What is purchasing?
- Why is professional purchasing in decline?
- Is your organization infected with the virus of purchasing failure?
- Should We Outsource the Process
- Can we be Effective without being Efficient?
- The Importance of Reaching-out to the Internal Customer
- Purchasing Strategy □ Where does your money go?
- Introduction to Negotiation
- Styles of Negotiation
- Uncertainty in Negotiation
- How the Supplier Evaluates You

### DAY 2

#### Are you a Good Negotiator & Understanding the Offer?

- Knowing yourself - What you value, what you don't
- Who are you? - Myres Briggs Analysis
- The Mental Traps of Negotiation
- Importance of Social Skills
- Competency or Skill
- Analysis of Personal Competencies
- Competencies of the Negotiator
- The Importance of Market Research
- Globalization & Supply Chain Risk
- Price / Cost / Value
- Pricing Mechanisms
- Price & Cost Validation
- Total Cost of Ownership

## DAY 3

### Contract Needs and Making the Contract Work

- Contract Structure
- Supporting Documents
- Terms and Conditions
- Payment Options
- Warranty and Guarantees
- Insurance
- Ownership
- Making the Contract Work
- Legal Needs
- Undue Pressure Duress / Mistake / Misrepresentation
- Frustration / Breach of Contract / Variation / Private

- Agency
- Failure to Agree

## DAY 4

### Finding Reliable Suppliers & Culture in Negotiation

- Do We Select the Right Supplier?
- Supplier Evaluation
- Tenders - The Process
- Tenders - Do they deliver what we desire?
- Long Term Supplier Relationships - Good or Bad
- Electronic Commerce Advantages and Dangers
- Ethics □ Impact of Bribery and Corruption in business
- Corruption - Personal
- Corruption - Global
- Corruption - What can be done?
- Self-awareness in Negotiation First Know Yourself
- Negotiating with Different Cultures
- Personal Cultural Comfort Zone

## DAY 5

### What Makes a Successful Negotiation?

- Listening and Persuasion
- Asking the Right Questions
- Reading Body Language
- Timing the Negotiation / Venue
- Dealing with Power and Authority
- Telephone Negotiations
- The Importance of Planning

- Engaging with the Other Side
- Bargaining
- Making Concessions
- Dealing with Tactics and Threats
- Closing the Deal
- Essential Things to Do in Every Negotiation
- Review - What three things will you take away with you to discuss in your business?