

# Effective Purchasing and Contract Negotiation Strategies

## INTRODUCTION

- This Effective Purchasing and Contract Negotiation Strategies training seminar challenges the belief that anyone can purchase well, and within that belief everyone can negotiate effectively. Neither of these beliefs is true. Organisations large and small waste their energy and profit in this belief. This training seminar could prevent your organisation losing significant sums of money as it firstly establishes a solid understanding of the benefits good purchasing offers and how to create a function capable of delivering those benefits through organisational excellence.
- The second fundamental to achieving success is the ability to negotiate, not only with the marketplace but with internal departments e.g., Engineering, Production, Finance, and Safety functions. Unfortunately such negotiation is often delegated to those least able to deliver an effective outcome. This failure impacts upon the whole organisation resulting in reduced profitability and increased business risk, and an increase in personal stress and operational costs.
- The delegates are expected to compare their understanding of their capabilities against the key principles that support effective purchasing and to take away concepts and ideas that will benefit both their business and them personally.

This training seminar 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
- Importance of getting the right specification to reduce both cost and risk. Evaluating potential suppliers and managing the supply chain
- Tenders & bid evaluation & analysing 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

## OBJECTIVES

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

- Build an efficient and effective purchasing function
- Communicate more effectively inside and outside of the organisation
- 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 organisations
- TRAINING METHODOLOGY
- This training seminar is highly participative; delegates are expected to relate the teaching to their experience and to challenge current thinking in group discussion. Team based exercises cover key learning stages where delegates explore problems and offer solutions to set exercises. Small scale negotiations throughout the seminar lead to a more complex negotiation on the final day. Each delegate is expected to develop an action plan through which to implement learning back in the workplace.

## ORGANISATIONAL IMPACT

- Identify the key failures which prevent the purchasing operation from being successful
- Develop a more confident individual, comfortable at 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 better understanding of negotiation and contracts
- Make performance improvement a key element in managing the business

## PERSONAL IMPACT

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

## WHO SHOULD ATTEND?

- This training seminar 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 to 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 Outline

### Where is Purchasing Failing & Introduction to Negotiation

- What is Purchasing?
- Why is professional purchasing in decline?
- Is your organisation 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

### 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
- Globalisation & Supply Chain Risk
- Price / Cost / Value

- Pricing Mechanisms
- Price & Cost Validation
- Total Cost of Ownership

## 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 / Privity
- Agency
- Failure to Agree

## 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

## 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?

