Purchasing Negotiating Skills



Getting more for your money is a skill we'd all like to have in our back pocket.

Negotiation is an especially important skill for procurement professionals (and small business owners), since optimizing pricing, terms, penalties, and incentives can transform purchasing from a source of cost savings to a source of value creation.

In addition, purchase negotiating skills can open the door to more productive conflict resolution, better supply chain management, and greater productivity and profitability.

By following a few simple guidelines, you can elevate your negotiation game and ensure you're getting the greatest value for every dollar spent on the purchase price, whether you're operating a small business or part of a large purchasing team.

Effective Purchase Negotiating Begins with Preparation

As someone once noted, failing to prepare is preparing to fail.

By investing adequate time and energy into your pre-negotiation research and planning, you'll be much more likely to achieve mutually satisfactory results for everyone involved in the negotiation itself.

- Research the product or service thoroughly, as well as standard pricing, delivery terms, etc.
- Research the vendors you're considering as well. Develop a complete knowledge of their reputation, capabilities, and customer satisfaction history.
- Determine your specific needs and best price for the goods or services to be purchased, and any potential opportunities and special considerations, such as discounts, unusually large quantities, or rare materials.
- Draft a list of your most important questions before you begin negotiations. If possible, have as many as you can answered to your satisfaction prior to the start of negotiations. If others crop up, be sure to add them to your list and have them answered before you finalize any agreement.
- While you may find certain commonalities across all negotiations, every one will present unique opportunities and challenges. Prepare a standardized prep list for negotiation, and use it as an outline and checklist:
    - Who is my negotiation partner/counterpart?
    - What is the purpose of the negotiation? Do I have a specific negotiation strategy?
    - Where are we negotiating? Could a different venue be more beneficial?
    - Is this negotiation time-sensitive? If so, what is the timeframe?
    - What are the highest priorities to be achieved during this negotiation? Are there any objectives that are desirable but non-essential to a successful outcome?
    - What information is available to support my initial offer? Do I have data to back up my estimate of a fair price, as well as my benchmarks for spend? How much flexibility is built into the budget for this negotiation if the asking price is higher than anticipated?
    - What trade-offs, concessions, and compromises have I considered? Is there room for additional modifications in order to

achieve a better deal that's more than just a lower price?
- What would make this a win/win negotiation? A win/lose?
- What strategies are in place to break logjams in the negotiation process?

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Traits of a Strong Purchasing Negotiator

Used car dealers and real estate agents get a bad rap for their "salesy" personalities, but the truth is there's wisdom—and, quite often, a good deal—to be found in strategic negotiation tactics.

Consider strengthening your command of these traits, and make every negotiation more successful:

Patience and Emotional Reserve

Negotiations, especially for large projects or big-dollar items, can be lengthy, complex, and contentious.

Keeping your cool not only helps you develop and maintain strong positive relationships with your suppliers, but also gives you the perspective necessary to identify opportunities that may emerge during the negotiation process.

Patience is also essential for the often meticulous and detailed review required to thoroughly articulate the particulars of a complex deal—and get the answers to questions that may arise.

Strong Communication Skills

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Listening—or, more properly, *active listening*—requires not only your attention, but a close eye on body language and a genuine desire to achieve shared goals with the other party.

Setting aside defensiveness and focusing on finding creative, collaborative solutions to conflicts will not only keep tempers from flaring, but create an environment where compromise, rather than confrontation, sets the tone.

On the other side of the communication coin, being able to make your expectations clearly understood, and readily clarify any points of confusion, keeps misunderstandings to a minimum.

Collaboration and compromise are powerful tools, but achieving the outcome you're after also requires the ability to be direct, firm, and unequivocal when outlining your needs.

Creativity and Versatility

Gaining the upper hand in any negotiation can be a mixed blessing, since being too confrontational or rigid can cost you on the back end even if you lock in high-value items.

If you are in a strong position aggressive tactics, such as a lowball offer, may work to get a low price but are unlikely to get the best value and commitment from your supplier.

Creative thinking and a willingness to break problems down and approach them in unorthodox ways can help you get what you want while still respecting your negotiation partner on the other side of the table.

Versatile, creative problem solving can turn a contentious deadlock into a tactical trade-off, or open the door for innovative collaborations with a supplier to ship, produce, or sell in mutually profitable ways.

Willingness to Learn

Not every deal will be smooth sailing from the start—or at all.

Everyone makes mistakes, and being open to learning from yours will give you valuable insight for your next negotiation.

Integrity

To be effective, negotiation requires trust.

Negotiators need not just empathy, knowledge, and understanding, but an ethical and honest approach to the purchase negotiating process.

Meeting the obligations you've agreed to once the bargaining's complete will help build a reputation for honesty, fairness, and integrity—and ensure you're greeted with enthusiasm, rather than suspicion, at the negotiation table.

Tech Savvy

One of the skills you might not have considered for your negotiation tool kit is powering up your purchasing with a cloud-based procurement solution.

The same artificial intelligence and machine learning that make automated workflows and centralized document management a breeze can strengthen your negotiations by providing comprehensive, at-a-glance access to essential supplier and contract information.

Having a centralized document repository also simplifies contract construction using snippets and templates pre-approved by legal, ensuring every deal is built for compliance as well as value.

Now You're in It to Win it

Like marathoners training for a grueling race, winning negotiators know the race is won not on the day, but in the weeks and months beforehand.

Taking the time to strengthen your bargaining skillset will pay rich dividends in the form of smoother, faster, and mutually satisfying deals.

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