

Building Negotiation Strength

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July 14th, 2009

Today's economic situation is unprecedented and calls for unusual actions. As we know, suppliers are not reluctant to re-negotiate an existing contract when there have been substantial, unanticipated changes in the marketplace. Likewise, buyers should not be shy about doing the same. Although you may be under contract for the next six, nine, twelve months or longer you should approach your suppliers to discuss price relief where markets have declined substantially. Hopefully, you will have a "Meet or Release" clause to facilitate this process. Regardless, the strength of your negotiation skills becomes vital to your success!

Mark Trowbridge from Strategic Procurement Solutions recently penned an article for the Supply Chain Management Review entitled "**Seven Ways to Build Your Negotiating Strength**". This is one of the best I've read on this topic. In particular, Mark discusses how to avoid situations that weaken your negotiating position. A number of these have to do with getting internal alignment regarding the negotiation. All company members who interface with the supplier must have the same objective and speak with one voice.

The article then goes on to suggest seven ways to strengthen your position. These actions include:

1. Involve Supply Management Early and Often
2. Differentiate Between Competitive and Collaborative Negotiations
3. Prepare the Team to Fight the Tough Battles

4. Empower Negotiations through Factual Data
5. Negotiate all TCO Elements Before Entering Relationship
6. Shift the Supplier's Paradigm
7. Leverage the Buyer's Performance

This excellent article warrants an end-to-end read and should be archived for future reference. Your company cannot afford to be uncompetitive in this tough market which means that Procurement must deliver the most competitive prices for purchased goods and services. World class negotiation skills will help you to do that.

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