

Get everyone on board for best results

Negotiating is a key procurement skill, but its success depends not just on the individual but the whole organisation, says Mark Hubbard

Most business people are familiar with negotiating, procurement professionals more than most. It is their job to face suppliers, exchange positions and eventually reach an agreed goal - usually a price plus volumes, quality, delivery times and other elements of the deal for the goods or services in question.

But apart from following established best practice - deciding on the best alternative to a negotiated agreement (BATNA), for example - there are other important factors at work.

A buyer in the throes of negotiations with a prospective seller is only as good as the team backing them up. The best negotiating tactics in the world will come to nothing if the buying organisation as a whole is not standing solidly behind its buyer.

So identifying what kind of support the negotiator needs from their organisation and how to go about gaining it is a key challenge for procurement professionals.

It is crucial, for example, that attention is paid to relationships between business unit leaders in the buying organisation and their existing suppliers. Often long-standing and sometimes based on personal friendship and trust, these are influences that must be taken seriously.

Legacy relationships can place a burden on the negotiator who is made to feel circumscribed by loyalties and established practice. Crucially, for example, a negotiator does not want to put forward a bargaining position only to be told by the supplier across the table that such-and-such a key senior manager will not support it.

Overcoming this barrier is largely a matter of developing excellent relationships with all those in key positions within the business and using these relationships to lead and educate.

Managers must be enabled to understand what procurement is doing on their behalf. They need to understand that existing relationships may be important to them but that other factors may be much more important to the business as a whole.

Without this kind of understanding it is impossible for business unit leaders and others to properly support the negotiator.

Another danger is that the negotiating process is often invisible to those on whose behalf it is being carried out. If business unit leaders are completely ignorant of what is being said in their name, it is extremely unlikely they will be able to provide the kind of backup which may be needed at crucial points in the negotiations.

Procurement people, like other professionals, may sometimes be tempted to create a mystique about what they do. If, after all, others do not understand the complex rules of the game, they are more likely to respect the procurement professional's role and less likely to interfere.

This line of thinking is mistaken. Fellow-business professionals are more likely to feel excluded and antagonistic if they are left in the dark. That is not a recipe for support and co-operation.

A much better approach is to fully involve non-procurement managers in the process, explaining fully in advance what needs to be done and discussing the best ways to go about it. That way, they are much more likely to support the negotiator, provide vital background information and suggest potentially useful tactics.

To make this possible, it helps if there is a preparation process which can be shared with non-procurement managers to clarify roles and communication and negotiation strategies so that it is clear to all how success will be achieved.

Very often the problem is not only one of understanding but of time. Forging excellent relationships with internal stakeholders, discussing negotiating strategies and involving them in the process in a constructive way is likely to be extremely time-consuming.

The alternative, though, is potentially disastrous. Having your business unit leaders on your side can be crucial when it comes to the crunch. Not having their support can leave the procurement professional powerless to clinch a really effective deal.

By involving your stakeholders in the procurement process, on the other hand, they can provide the support you need, understand your professional skills and appreciate the successful outcomes you can achieve for them.

Mark Hubbard is director of Positive Purchasing

www.positivepurchasing.com

t: +44 (0) 845 331 3312

e: team@positivepurchasing.com