

Improving **corporate** **negotiation** performance

A benchmark study of the world's largest organisations



Overview

This report illustrates how the world's largest organisations are trying to improve their corporate negotiation performance. It shares unique benchmarking data and real world examples of best and worst practice.

It gives an insight into ten critical performance areas and suggests ways to transform negotiation from an individual competency into an organisational capability.

Estimated reading time

Executive summary: 5 minutes
Full report: 60 minutes

This document is formatted for on screen viewing.

[Order a hard copy now](#)

Acknowledgements

We would like to thank again all 124 contributors that helped to make the research project a success. Although some organisations wish to remain anonymous, the following gave permission to be acknowledged as research participants:

- | | | |
|-------------------|--------------------------|------------------------------|
| Alcatel-Lucent | Honeywell | QinetiQ |
| Allianz | HP | Rockwell Automation |
| Allied Irish Bank | IMI plc | Sara Lee |
| Avaya | Invensys | Schneider Group |
| BP | Johnson Controls | Sealed Air Europe |
| Clondalkin Group | Joy Mining | Siemens |
| Computacenter | Microsoft | Teradata |
| CSC | Ministry Health Care | TNT |
| Domino Coding | Nexor | Western Services Corporation |
| Frigoglass | Oracle | Wheelabrator |
| General Motors | Orange Business Services | Xerox |

© Huthwaite International 2009

This document is the copyright work of Huthwaite International and may not be reproduced (in whole or in part, in any form or by any means whatever) without its prior written permission. Huthwaite International of the UK is not connected with Huthwaite Inc.

The copyright notices and trademarks on this document may not be removed or amended without the prior written consent of Huthwaite International.

Project team

Katherine Kawamoto, VP research and advisory services, IACCM
 Sandra Lewy, research analyst, IACCM
 Andy Moorhouse, research consultant, Huthwaite International
 Jo Golland, senior graphic designer, Huthwaite International

Introduction



Tony Hughes

CEO, [HUTHWAITE INTERNATIONAL](#)

As negotiation experts and solution providers, we wanted to invest in a unique research study – something that would be of real value to the global negotiation community. As part of our commitment to thought leadership, our research team spent nearly a year conducting interviews with sales and procurement leaders from the largest organisations in the world.

The objective was to identify how these organisations are improving their corporate negotiation performance. We also wanted to uncover any evidence that linked negotiation transformation with improved bottom line profitability.

You can use the insights to identify how you relate to the current global negotiation standards and map out a change programme for your business. Of course, if you need help, come and talk to us. We have successfully guided some of the world's biggest companies through this transformation.

Enjoy the report.



Tim Cummins

PRESIDENT & CEO, [IACCM](#)

Good business negotiators do not just 'do deals'. They know when – and when not – to engage. They achieve alignment between needs and capabilities, creating agreements that provide a framework for long-term, successful relationships and mutual economic value. They operate within rules and guidelines that support good governance and protect against reputational risk.

In today's global networked economy, many negotiations face unprecedented complexity, demanding new levels of knowledge, understanding and coordination. Yet as this survey reveals, many negotiators are left to rely on their personal expertise in an era that requires precision, speed and replicable methods, drawing from a base of common experience. World-class negotiation depends on more than luck, more than personal talent; it depends on the readiness of an organisation to build teams and capabilities that support successful negotiated outcomes. This study reveals how that is done.

Executive summary

During the last year, the net income of the Global 2000* declined by 30.9 percent. In that same period, the upper quartile of companies on our 'negotiation maturity' benchmarking scale** posted an average net income increase of 42.5 percent.

What accounts for this major variance in the bottom line profitability?

The successful companies are doing many things differently, but there is one common factor. They have all reengineered their organisational negotiation capabilities.

A global negotiation benchmarking study

In the first study of its kind, Huthwaite International and IACCM benchmarked the negotiation maturity of the world's largest organisations.

The unique research, involving 124 buy- and sell-side practitioners, found that negotiation performance improvement is being ignored, neglected or ineffectively addressed in many companies.

Negotiation is viewed as a very personal skill. But multi-million dollar deals are not solved by soft skills alone. In this study, companies with no negotiation process suffered an average net income decline of 63.3 percent from 2007 to 2008.

*The world's 2,000 biggest companies compiled by Forbes magazine - uses equal weighting of sales, profits, assets and market value to rank companies according to size. ** The negotiation maturity benchmarking model (page 11) describes the different stages of negotiation maturity as organisations go from an ad hoc approach to world-class with organisation-wide compliance on the negotiation process.

Having a formalised negotiation process is necessary but not sufficient for driving good business results. To some extent, negotiation capability is a reflection of overall business process discipline, and therefore symptomatic of success – and not the cause. If negotiation is unstructured, it probably means the organisation is unstructured – and hence it will have worse results.

Driving the change project

This report suggests ten critical negotiation areas to address in any reengineering project that will deliver measurable performance improvements. It contains powerful case studies from the world's largest organisations and illustrates how they have transformed their negotiation capabilities.

Identify the lessons learned from your global peer group. Use the real-world insights to engender change in your organisation. After reading this report, if you feel that you need some help, contact Huthwaite International and IACCM to see how we can support you on your journey.

Companies with no negotiation process suffered an average net income decline of 63.3 percent.

Contents

Background to the study.....	7
What we did.....	8
Identifying the critical areas.....	9
Benchmarking negotiation maturity.....	11
The ten critical areas	
1. Negotiation process.....	12
2. Cross-organisational collaboration.....	14
3. Data collection and analysis.....	16
4. Preparation and planning.....	18
5. Approval and escalation systems.....	23
6. Negotiation training.....	25
7. Measurement of negotiation success.....	28
8. Motivation for negotiation success.....	30
9. Common negotiation standards.....	32
10. Board level support.....	34
Negotiation transformation – the pay off.....	36
Summary.....	39
Participant demographic data.....	40
Example negotiation planner.....	42
Report authors.....	43

Background to the study

**By Andy Moorhouse,
Huthwaite research consultant.**

I was at the IACCM conference with the head of legal at a Global 500* company when he said, *“If only we could pick up all the money we are spilling in negotiation. It’s a huge number, definitely in the tens if not hundreds of millions.”*

He went on to say, *“We are at the infancy of our negotiation development and don’t have a consistent approach. We have no infrastructure for measuring negotiation success, our people already think they are good negotiators and there’s no real incentive for doing a good job negotiating.”* He ended the conversation saying *“Our failure to develop the skill of our negotiators across the company will not be evident until it’s too late.”*

Because effective negotiation can equate to millions in bottom line profits, many companies have embarked upon large-scale training programmes – but without a clear strategy behind the initiative. At the conference, another Global 500 company director explained, *“We delivered a one-hour online negotiation training module across the company to 90,000 employees... but the business doesn’t see the value in doing any more than this.”*

He then questioned the value of just doing a one-hour module and asked if I had any evidence that would convince his board to take the problem more seriously.

After conversations with other buy- and sell-side practitioners, it became clear that there is real dissatisfaction with the level of corporate negotiation strategy and the skill levels of individuals. But because the requirement to negotiate permeates the whole organisation, it is unusual (and probably unrealistic) to see ownership of the process within one department – and in many, it would be seen as politically unacceptable to allocate ownership to one place. All organisations have a sales and procurement director, but has anyone heard of a negotiation director? As a result, it is a competency without a rudder and with no one at the helm.

“If only we could pick up all the money we are spilling...It’s...in the tens if not hundreds of millions.”

Improving negotiation performance

To identify a best practice approach for improving corporate negotiation performance, Huthwaite International partnered with IACCM to design a unique global research project. This is the first ever research study to benchmark the different negotiation systems, processes and strategies in place within the world’s largest organisations.

It offers a unique insight into how some companies have implemented a world-class negotiation process and transformed negotiation from an individual competency into an organisational capability.

*The Global 500 is a ranking of the 500 largest corporations worldwide measured by revenue. The list is published by Fortune magazine.

What we did

To identify how companies are improving their corporate negotiation performance, we invited 3,820 Huthwaite client contacts and 1,540 [IACCM Negotiation Community of Interest](#) members to participate in our study. The response was overwhelming and we selected buy- and sell-side practitioners from the largest organisations to interview.

We chose to conduct very detailed face-to-face and telephone interviews using a semi-structured interview method. This approach takes a lot of effort and time but it gives rich and deep insights that are not achievable from an online survey.

By January 2009, we completed the interviews and had over 100 hours of recordings and 1200 pages of transcripts to analyse. Researchers from both Huthwaite and IACCM then spent six-months coding and analysing the results.

Who we spoke to

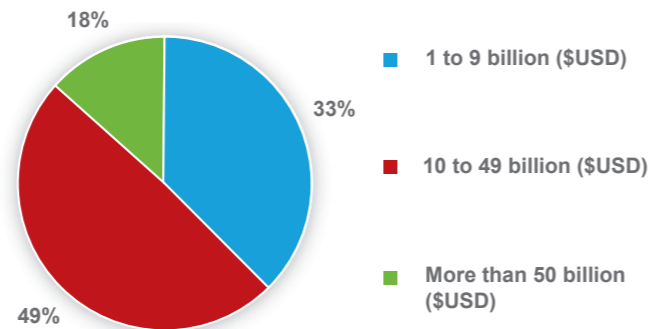
124 contributors offered their direct experiences, although all individual insights will remain anonymous and confidential.

74 percent of participating organisations are in Forbes' Global 2000 – and 42 percent are in the Global 500.

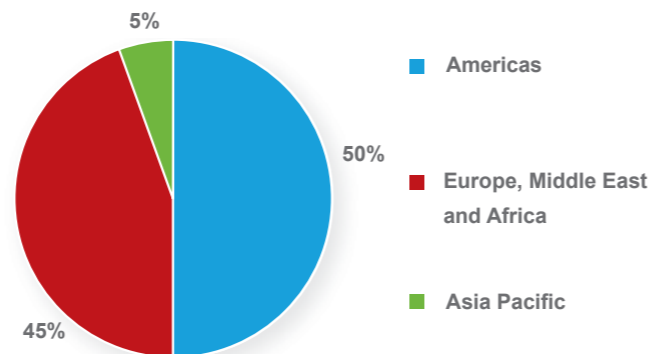
*See page 40 for industry sector and demographic data.

62 percent of participants are director level or above, they come from a wide range of industry sectors* and represent an even split between buy- and sell-side perspectives.

ANNUAL REVENUE



REGION



Identifying the critical areas

During the pilot interviews, we explored how companies are trying to improve their negotiation performance. Without our prompting them, ten areas were consistently mentioned as critical factors. Our statistical analysis validated their critical nature and we then used them as the backbone for the subsequent interviews and analysis.

We do acknowledge that a huge number of other factors influence negotiation performance (for example, the impact of new technologies and the role of external third parties – the 'hired guns' of the negotiating world) but if the ten critical areas overleaf are not addressed, then any negotiation transformation initiative will probably fail.



CRITICAL PERFORMANCE AREAS

Critical performance area	What we explored
1. Negotiation process	Is there a standardised, optimised and documented negotiation process? Do people actually follow this - is it applied as well as espoused?
2. Cross-organisational collaboration	Is there internal alignment between different negotiation stakeholders? At what point in the deal are they involved? Is there an embedded system in place for gaining stakeholder involvement?
3. Data collection and analysis	Is there a rigorous and systematic collection of data? How is this data turned into management information? Is it used to segment the negotiation approach?
4. Preparation and planning	Do any negotiation planning tools exist? Are they used? Do management know the level of compliance? How does this tie in with the data collection phase? Who calculates the value of concessions and tradeable issues?
5. Approval and escalation systems	How do negotiators gain their mandate to negotiate? Is there a formal approval system? Is there an escalation process? Are any automation tools used?
6. Negotiation training	Is there a structured training programme? Is the training knowledge, skills or process based? Is it continually reinforced or just a 'one off' event?
7. Measurement of negotiation success	What metrics are used to determine negotiation success? How is the outcome evaluated? How is negotiation failure dealt with?
8. Motivation for negotiation success	How are practitioners motivated to negotiate a long-term outcome? What goals are in place, how is performance measured over time? Is it linked to implementation success?
9. Common negotiation standards	Is there any formalised method of documenting and capturing the effective strategies? Are they shared across divisions, countries or business functions? Is there a corporate 'playbook' for dealing with onerous terms or difficult situations?
10. Board level support	Are the executives clear on the real scale of the problem? Is there even a desire for a negotiation strategy at a corporate level? Who is responsible for improving negotiation performance?

Benchmarking negotiation maturity

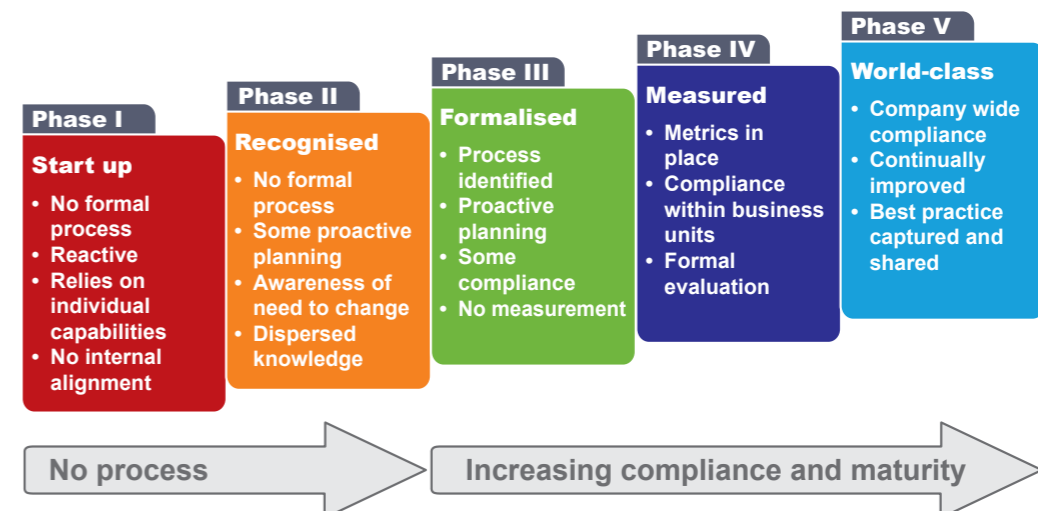
Nobody has ever benchmarked the negotiation maturity of the world's biggest organisations. To do this, we used the [IACCM Capability Model](#) as a foundation, and mapped out the stages of maturity for each of the ten critical performance areas.

Using the maturity model below, researchers from Huthwaite International and IACCM independently scored each organisation from Phase I to V across the ten critical performance areas. Results were compared and scores agreed for each participating organisation.

It's easy to glance over models and diagrams in any research paper, but we suggest you carefully analyse the ten capability areas and the model below to ensure you understand the messages in this report.

Using real world examples of best and worst practice, the remainder of this document illustrates how the world's largest organisations are trying to improve their corporate negotiation performance. It gives an insight into their negotiation maturity across the ten critical areas and suggests how to transform negotiation from an individual competency into an organisational capability.

NEGOTIATION MATURITY MODEL OVERVIEW



The ten critical areas

1. Negotiation process

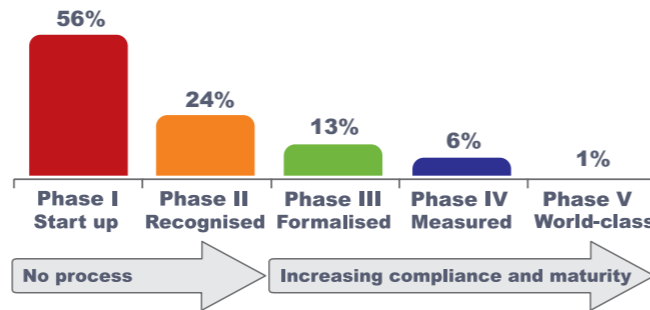
Is there a standardised, optimised and documented negotiation process?

Do people actually follow this - is it applied as well as espoused?

Improving corporate negotiation performance starts with a process that is defined, measured and continually improved. But for participating companies, this appears to be extremely difficult to implement. One Global 500 sales director explains, *"We don't prescribe how our employees should negotiate - there is no bible for this. We have 45 divisions worldwide and it is impossible to have a standard process."*

The global director of contracts at another Global 500 company recognises the need to change but explains, *"We have identified the need to approach negotiation with a more global mentality, but this is difficult as we are an old company - a dinosaur with 100 billion dollars in revenues and 500,000 employees."* He adds, *"No one has been assigned the task to implement a global process as nobody can reach into each country."*

Unfortunately, many other organisations see no need for going beyond the capabilities of the individual. One contracts director explains, *"We don't need a rigid process, as most negotiators understand the value of trades."* This belief is typified by a procurement manager who comments, *"There are no problems in negotiating for a long-in-the-tooth buyer like me."*



Almost all participants have a formalised buying or selling process, but there is often little integration with the negotiation phase. One procurement director admits, *"We have institutionalised a rigorous 12-step buying process but there are no hard or fast planning rules for the negotiation."* Commenting on the sell-side, a European learning and development director says, *"We have a formalised sales methodology and our sales people are clear on the selling process. However, there is no negotiation process and I don't feel we have a competitive advantage in negotiation."*

Whilst there are obvious difficulties with transforming negotiation capabilities, an incredible 80 percent of companies have no formal negotiation process (Phases I and II).

...80 percent of companies have no formal negotiation process.

Just six percent of participants (Phase IV) have a measured and managed process across a functional division - for example within sales, contracting or procurement. But only one organisation we analysed had successfully institutionalised a negotiation process across their corporation (Phase V).

Does a formal negotiation process add value?

The global procurement director at a Global 500 company explains what drove him to investment in a training programme for every procurement practitioner across the globe, *"Three years ago, there were no guidelines for preparation, planning or negotiation segmentation (having different negotiation strategies for different categories of supplier). Some individuals 'gave away the farm' in the negotiation, while others took such an abrasive approach with suppliers it often created huge problems in implementation."*

As part of the overall buying methodology, a new negotiation planning process was implemented. For any deal over five million dollars, the procurement managers now complete a negotiation plan and present it to senior management for review. They are not allowed to reach the negotiating table until a senior manager or director signs off their negotiation plan and gives them the 'Authority to Negotiate'.

Procurement managers have to suggest a suitable negotiation approach based upon the supplier segment, identify the top negotiation priorities for both sides, determine their alternative options and calculate the true cost of concessions and tradeable issues.

The procurement director admits, *"Can we go to market and not use this process? Yes, absolutely. But as we get more mature with the process, we will be more prescriptive. Our target this year was to use the negotiation process in 25 percent of all sourcing activity, next year it will grow exponentially."*

They are not allowed to reach the negotiating table until a senior manager or director... gives them the 'Authority to Negotiate'.

The pay off is that on a single deal, they saved 37 million dollars by following the new negotiation process. Extrapolate this to the thousands of negotiations that are being conducted across the organisation and you can see the return from investing in a formalised negotiation process.

2. Cross-organisational collaboration

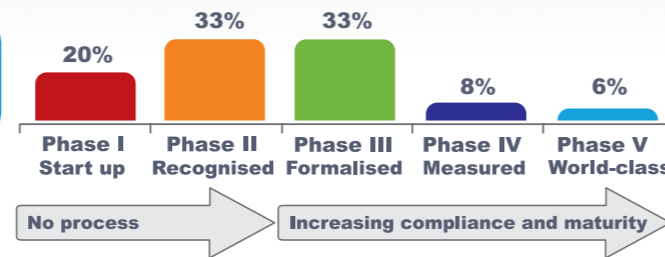
Is there internal alignment between different negotiation stakeholders? At what point in the deal are they involved? Is there an embedded system in place for gaining stakeholder involvement?

Getting internal alignment on the negotiation objectives between different business stakeholders can be very difficult – often more difficult than the external negotiation. A director of global contracting shared a story from when he was leading a deal with a large bank, which had requirements for IT systems in 28 countries. Before any commitment could be made, he had to obtain more than 160 internal approvals - and if any one of those 160 said no, the deal would not proceed. He explains, “There was no formal process for approvals and authorisation; even finding which 160 people to ask took weeks of effort.”

Getting internal alignment can be more difficult than the external negotiation.

He continues, “This is the sort of craziness that many of our negotiators face. And then of course, if the other side actually asks for something different, you have to run round the process all over again.”

Excluding stakeholders that have expertise also causes problems. A number of buy-side negotiators shared how they often have zero leverage in the negotiation because they are brought in only



after the sourcing decision is made. Amusingly, one procurement professional confirmed the lack of early involvement in his organisation when he was brought in to negotiate only after the invoice was received.

Failing to see the bigger picture

A sales director admits, “I don’t think that in terms of team working we are successful in planning for negotiation. The knowledge is held at different levels within the company and each function – be it project management, engineering or design – are all focused on their part. In fact they are so well focused on their role that they don’t see the bigger picture and don’t view negotiation as an added value activity.”

Another sales director confirms, “We don’t get involved in the final stages of the negotiations as we throw it over the wall to the legal department and move on.”

Effective collaboration brings improved results

In terms of maturity, 47 percent of participants have a system for achieving cross-organisational collaboration (Phase III or above), but only six percent have embedded this across all business divisions (Phase V).

To facilitate cross-organisational planning for the negotiation, the most effective organisations embed a step within the sales or acquisition process to bring the team together *long* before the negotiation. The catalyst for collaboration is a formalised risk review, bid review, RFP review or a business case review.

A global director of contracts and pricing explains, “A cross-functional bid review is not rocket science. It’s really a brainstorming exercise using a one-page form that identifies what you’re bidding on. You identify what you are willing to trade and what you need to shield. You engage your people in developing the negotiation plan and then at the end of that whole process you present it to the appropriate level of management for approval.”

“A cross-functional bid review is not rocket science.”

He goes on to suggest, “This is extremely empowering, because when a senior level leader says, ‘Yeah, I approve this negotiation plan’, he’s basically saying go out and settle this thing. The biggest issue previously without a negotiation plan, is that when the customer said ‘no’ to something, we could spend weeks, if not months, internally trying to

figure out how to respond mid-negotiation.”

Before this process was put in place, the average negotiation cycle time on complex projects was 12-18 months. Today 75 percent of those deals are done in less than eight weeks.

In terms of compliance he says, “I can’t even say what percentage of all those contracts we’re actually using it on, but we try to use that methodology on any contract over a million dollars. The people who’ve used it swear by it, because, no surprise, they end up getting a better deal at the end of the day.”

Getting a team to see the value of cross-organisational collaboration can be difficult. But achieving internal alignment is really the first step to improving corporate negotiation performance.

Before this process was put in place, the average negotiation cycle time on complex projects was 12-18 months. Today 75 percent of those deals are done in less than eight weeks.

3. Data collection and analysis

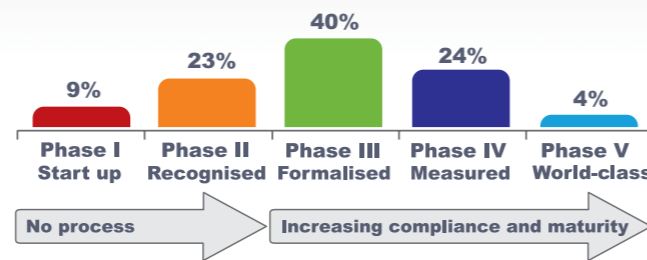
Is there a rigorous and systematic collection of data? How is this data turned into management information? Is it used to segment the negotiation approach?

Data collection and analysis is an essential step in ensuring a successful outcome to the negotiation. Many research participants have transformed their capabilities in this area, with 68 percent having a formalised process (Phase III or above).

A director of sales operations at a Global 500 company acknowledges that, *“Undoubtedly the customer is becoming a lot more savvy: in terms of competitive analysis, in performance benchmarking and in conducting a rigorous assessment of the supply base.”*

A senior director for strategic sourcing and procurement in another Global 500 organisation confirms this trend, *“Things are changing beyond a shadow of a doubt. Five years ago, our most rigorous piece of the process was ‘three bids and a cloud of dust’. But with globalisation the business environment is changing rapidly, the deals that we’re writing are fewer, larger, for longer term and there’s way more risk involved. Now we require higher level analysis and business forecasting to understand future implications.”* He explains, *“Without the analysis to turn that data into management information, perceptions from six months ago are not valid.”*

Although the overall maturity across the entire sample is high, digging deeper reveals a significant difference between buy- and sell-side participants.



Just 42 percent of sales versus 98 percent of procurement departments have a formalised process for data collection and analysis (Phase III or above).

Just 42 percent of sales versus 98 percent of procurement departments have a formalised process for data collection and analysis.

As the procurement function has institutionalised a rigorous process for data collection and analysis, it seems that the sellers have not advanced at the same pace.

Turning information into intelligence

A procurement manager from a global consulting firm describes their approach to data analysis as not just consistently applied but ‘fairly religious’. She explains, *“We do a lot of up-front analytical work before we go into the negotiations phase. The market research is very important because you’ll determine whether you have a competitive environment. We just did a telecom RFP and knew that we had the ability to have five or six viable suppliers in the procurement.”*

From a strategy standpoint, we were not locked into one supplier where we were going to have limited negotiation levers”.

She explains the value of this approach, *“In this particular case the incumbent supplier was at risk of losing the business so that gave us the ability to be fairly aggressive in the RFP for requirements but not at the risk of losing bidders. The worst thing to do is put out an RFP and only have one bidder. So, we were fortunate and tailored our negotiations to the environment that we determined up-front.”*

“From a strategy standpoint, we were not... going to have limited negotiation levers... and tailored our negotiations to the environment that we determined up-front.”

Segmenting the approach creates alignment

A global head of procurement in a Global 500 company explains their approach, *“Before we get started we develop a negotiation strategy based upon how we segment the relationship. We ask, ‘What is the type of relationship we want to have here? Or what’s our business objective?’ With the larger strategic suppliers, we do very detailed analysis and planning and they are very structured negotiations. We have a team that supports that strategy and we keep track of our targets, our options, our interests, the value proposition, even the sequence of negotiations.”*

He adds, *“On the other hand if we want a commodity type relationship we go out there and we beat the*

heck out of our suppliers, and drive low cost. And we don’t really care a whole lot about their margins and things of that nature; it’s a different value proposition.”

Having a negotiation framework that aligns with approved relationship types is crucial in segmenting the negotiation approach – so that the right type of negotiations occur with the right organisations. A mismatch can limit or even destroy value creation opportunities and extend the time taken to negotiate.

4. Preparation and planning

Do any negotiation planning tools exist? Are they used? Do management know the level of compliance? How does this tie in with the data collection phase? Who calculates the value of concessions and tradeable issues?

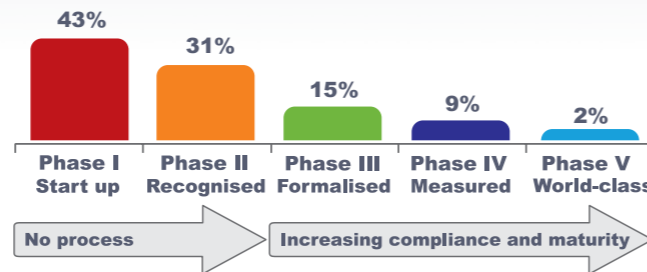
Once the data is collected, the most critical factor is working out how to use it in the negotiation. This area is where many organisations fail. The most common mistake is not distinguishing between collecting and analysing the data, what we call 'preparation', and identifying how to use this data to devise a negotiation strategy, what we term 'planning'.

But even in the Global 500, negotiation planning is the exception rather than the rule. One director explains, "Our planning is very tactical. In terms of time spent planning it is hours, rarely days." He gives an example, "For a recent 75 million dollar deal we spent just a few hours planning the evening before."

...even in the Global 500, negotiation planning is the exception not the rule.

I asked him if he could describe his negotiation planning tools. The response was sobering, "We don't have any. Nope, I can't think of any. We have never had any formal negotiation training."

There is also widespread belief that the skill of the individual will ensure a successful outcome. One director comments, "We don't have any negotiating



tools as such – pieces of paper don't help to generate business." A Global 500 sales director even suggests that it is impossible to have a standardised tool, "No single template would fit for a negotiation greater than one million dollars."

Of course, there may be difficulties in implementing any planning tools, but when we crunched the numbers; we found that 74 percent of companies have no formal negotiation planning tools (Phases I and II).

74 percent of companies have no formal negotiation planning tools.

Tools facilitate value creating strategies

26 percent of organisations have embedded the use of negotiation planning tools (Phase III or above). A global contracts director explains, "We use several different ones, and sometimes we use a combination of all of them. One of the critical team issues is identifying what options we are going to offer. If we can, we even identify some value creating options – some things that we could use to sweeten the pot a little bit and help them to agree to some of our wants or needs."

She admits that they do not use the negotiation planner 100 percent of the time, but explains, "Before we started to do integrated and cross-functional planning for the negotiations we came across as disjointed and seemed to be combating with each other. But now we use the tools, we normally get everything that we need out of the negotiations."

She gave an example from a recent negotiation where their prices were significantly higher than the industry benchmark. But by using the negotiation planning tools and (as a team) identifying a range of value creating options, they secured the contract at ten million dollars above the identified price benchmark.

Improving compliance

One director says, "With the time constraints on today's practitioners, can we say, 'Thou shalt always have a negotiation planning document?' Probably not." He explains they are trying to implement a policy whereby their people are 'required' to do a negotiation planning document and are offering training on the benefits of completing one.

They will initially implement this within the procurement process before moving into the sales and commercial areas. The logic being, "If we do this gradually, then people don't notice we are turning the screw on them."

Evidence from the world-class organisations suggests that to embed the use of the negotiation planner, firstly the benefits must be sold using real-world success stories. Secondly, it is impossible to mandate usage without proper management commitment to sign off on completed plans. Withholding the 'Authority to Negotiate' until a plan is completed is an extremely powerful strategy.

By using the negotiation planning tools..., they secured the contract at ten million dollars above the identified price benchmark.

Analysing the planning tools

Nine research participants kindly shared a sanitised version of their planning template. It was very reassuring to see that they are remarkably similar. The templates are not complicated, being typically a one or two sided sheet of A4 that has sections for identifying the problem, interests and objectives of both parties. We have combined all of the various planning tools to create a condensed summary document that you can use ([see page 42](#)).

However, do not expect the template to be a magic bullet for negotiation effectiveness. It is not the tool that makes the difference; it is how it is used.

Preparation is filling in the boxes, but planning is working out how to use this information in the negotiation. A cross-organisational discussion around the tradeable issues and value creating options is far more valuable than completing a negotiation planner in isolation.

Another essential group consideration is your fallback position— not your worst case scenario, but what other favourable options do you have if the deal fails? Feeling powerful in a negotiation comes from knowing you have other alternative options if a deal cannot be reached.

Preparation is filling in the boxes, but planning is working out how to use this information in the negotiation.

The negotiation objective:		Negotiation range:		
Our priority issues (what do we want?):		Opening position	Realistic	Exit point
1.				
2.				
3.				
4.				
5.				
Their priority issues (what do they want?):				
1.				
2.				
3.				
4.				
5.				
Value creating options:				
1.				
2.				
3.				
Tradable issues (low cost to us - high value to them):				
1.				
2.				
3.				
Our alternative options: (what options do we have if this deal falls through? How can we strengthen our position?)				
Their alternative options: (what options do they have if this deal falls through?)				

Dealing with onerous terms

The rise of onerous terms deserves a special mention, as negotiators must know when and when not to engage. They must be empowered to walk away from a deal that is not in the best interests of the company. Within this study, 85 percent of sell-side respondents report that they are facing a greater expectation of risk absorption and more onerous contract provisions. One contract manager estimates they qualify out 40 percent of potential deals due to the extremely aggressive terms in the contract.

85 percent of sell-side respondents report that they are facing more onerous contract provisions.

However, such aggressive qualification may not be necessary. A global director of pricing explains his situation, “What we are finding is more and more buyers who are saying, ‘We want you to cover consequential and incidental damages and we don’t want any cap whatsoever.’” He adds, “In fact, I had one buyer actually admit, that they’re restructuring their entire insurance portfolio and they’re going to be using vendors as an insurance policy!”

He explains how they deal with such opportunities, “Clearly we are not going to accept consequential or incidental damages and there will be a limitation on how much liability we expose ourselves to. At the end of the day our team must be willing to walk away from the business.”

He justifies this position, “Very, very few times - if at all - does the buyer say, ‘If you’re not willing to sign up for unlimited liability or consequential damages we’re not going to do business with you.’ We have clear guidelines so our team can stick to their guns and be consistent in their response. We have found through hard experience that when we give this signal, the buyer says, ‘Oh, okay, we really didn’t mean it’, and then we move on beyond that issue.”

Keeping the conversations going

There is no right or wrong way for dealing with this difficult situation. However, one Global 500 organisation has developed a non-confrontational approach for dealing with onerous provisions. The global director of account operations (sell-side) explains, “Car companies are terrible in asking you to chew off terms and conditions that are just terribly onerous and a lot of times they don’t even think it through themselves.”

He gives an example where they had just 48 hours to accept all terms verbatim or they would be out of the bidding, “Although there were 37 problems with the contract language, we came back and affirmed that we would be willing to use their language, but said we believe that the language today, as it exists, is not in their best interests and we asked for an opportunity to discuss areas of mutual interest.”

He explains why they have developed this approach, “The goal is to keep the ‘foot in the door’ for further discussions, so rather than walking away at the first sight of an IP ownership clause, we respond with a ‘conditional yes’. We say, we agree in principle to accept the terms, however upon award of an agreement, the parties shall finalise the final acceptance of such terms.”

He continues, “The customer is more willing to accept some of those variations when it’s worded softly, so we’re not really disagreeing. ‘No’ sets off a mental reaction in the customer’s mind that says ‘Okay, they haven’t been compliant on many aspects so they are no longer in the competition’. But if we soften the approach and say we agree in principle, we normally have some wiggle room to get some variations in there.”

He explains, “I would say this approach is hugely effective. We may not ultimately get everything we want, but who does? But we do get to keep the door open and that’s our standard approach, to allow the conversation to continue. When you have a huge value proposition that you’re standing on, continuing the dialogue is particularly important.”

“I would say this approach is hugely effective... When you have a huge value proposition that you’re standing on, continuing the dialogue is particularly important.”



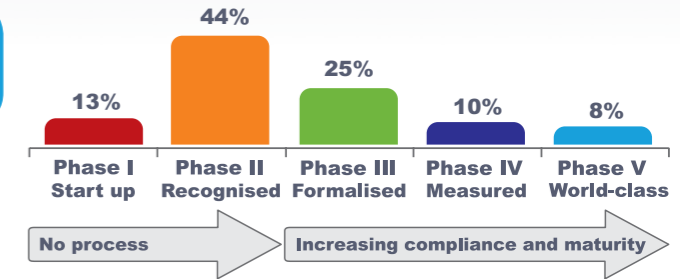
5. Approval and escalation systems

How do negotiators gain their mandate to negotiate? Is there a formal approval system? Is there an escalation process? Are any automation tools used?

A commonly cited problem for both buy- and sell-side respondents is that any form of negotiation authorisation process is time consuming, slow and often very frustrating. What is worse is that 57 percent of respondents have no formalised authorisation process at all (Phase I and II). A global director of contracts explains, “The biggest challenge is that there are lots of stakeholders who need to give their approval. You have to chase down multiple elements, but all in different directions, as your IP escalation goes one way and your limitation of liability escalation is approved by a different person and, you know, it’s a lot to keep track of in a large deal.”

...57 percent of respondents have no formalised authorisation process at all.

She explains how they have adapted to this complexity, “To deal with this, we have put in place a centralised, approval process. Each part of the organisation that has a voice in approval writes up the issues for their part of the deal. For example legal, finance and pricing. The consolidated summaries are then viewed together by a small group of decision makers.”



In terms of automation, she explains, “It is a home-grown ‘quasi-automated’ system. There is a consistent set of forms, which are used, collected and tracked. It is not a very sophisticated process, but we have a tool that collates all the individual reports so the decision makers can look at everything together. The individual business units don’t have access to look at the other person’s copies, but it all comes together for the decision makers’ slot.”

She goes on to highlight, “This has been a good thing because it allows us to come to one place, make a determination and be done with it, as opposed to having to chase down the different parts and waiting for the stragglers to come in.”

One of the other issues many practitioners face is routing the escalation requests at the right level within the organisation. This particular organisation has developed an ‘Approval Matrix’, which allows the negotiators to map the issues onto a guide that identifies escalating levels of risk tolerance and who to go to if approval is required.

Automating the process

Just eight percent of the participating companies have an automated approvals and escalation system. One global director in a Global 500 firm explains, “Our virtual approval process is an automated approval process where the request for authorisation is routed to different signatories. The system has specific service level agreements built in so that each stakeholder is charged with a specific response time. Most directors have 48-hours for approval of negotiation concessions, trades and contracts. This is a globally implemented system that crosses all functions.”

Although the benefits of automation tools are evident, by definition, a remote, virtual approvals process does not get the team together and facilitate cross-organisational collaboration before the negotiation.

Before investing in any technology solution, a system for resolving internal alignment issues must be in place. Rather than constantly seeking approval and speeding up the process with an automated system, a more effective strategy might be to prevent this situation from arising in the first place - by involving stakeholders at the inception of the deal and gaining a mandate to negotiate.

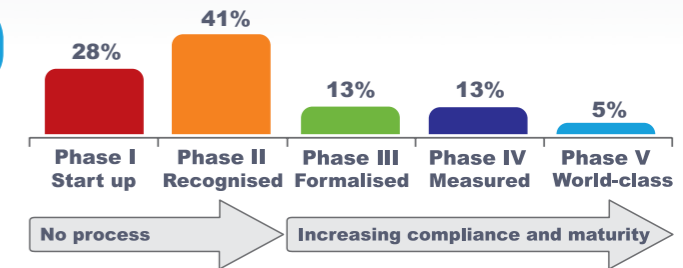
6. Negotiation training

Is there a structured training programme? Is the training knowledge, skills or process based? Is it continually reinforced or just a ‘one off’ event?

Transforming the negotiation capabilities of an organisation must include a certain level of training (or re-training). But because negotiation is viewed as a very personal competency, there can be huge challenges when it comes down to improving the skill of the individual. A Global 500 legal director explains, “We face a lot of resistance as people have a bit of an inflated view of their abilities as negotiators. People already think they are good negotiators so they don’t think they need any training. They think, ‘I don’t need the icing on this cup cake. I’m happy with this cup cake.’ What they don’t know is that training is the base mixture.”

“People have a bit of an inflated view of their abilities as negotiators... so they don’t think they need any training.”

A learning and development director at one of the Big Four accounting firms confirms this belief, “The partners think they are untouchable, above training and won’t commit any time to it. Unfortunately, it is the same partners who are wheeled in at the last minute to ‘save the deal’ and often end up giving huge concessions.”



Achieving global consistency in training is another big problem. A European sales director explains, “Our sales people all fall into the classic negotiation traps of making concessions too early and not getting things back when they give them away. But each country selects their own training provider and we have no structured negotiation training due to the language difficulties.”

Finally, the distinction between skills development and knowledge transfer is not sufficiently acknowledged – you cannot develop negotiation skill by viewing information on a computer monitor. The apathy towards this type of e-learning is evident in one Global 500 company where 90,000 employees received a mandate to complete a one-hour online negotiation training module.

Commenting on the success of this initiative the legal director says, “A lot of our employees use double monitors so they put the negotiation training on one monitor and continued to work on the other. Although it looked like they completed the training they didn’t do anything as they were doing their work.” He did not share the total investment, but even at 100 dollars per head, the cost of this training works out at nine million dollars.

Our analysis revealed the low levels of maturity in approaching negotiation training. Just 31 percent of participating companies have a formalised training approach (Phase III or above), with only five percent at a world-class level of maturity.

Improving skill levels improves performance

As the negotiation environment changes, so must your approach. The global procurement director at a Global 500 company explains how the supply markets tightened, forcing them to change from a, *“Hard nosed approach to a more collaborative negotiation approach.”* He clarifies this problem, *“Although the procurement team could negotiate short-term commodity contracts, not all of them had the skills to negotiate long-term collaborative deals. Our top tier suppliers need the relationship and the negotiation to be much more collaborative. However, some of the negotiations have broken down, because we revert ‘back to type’ (meaning an adversarial style) and to what is more comfortable for us. The business culture hasn’t embraced the strategic capabilities of our supply markets.”*

He continues, *“Tactics had to change; the skill sets had to change. We need people who are creative, who can come up with more options and focus on business objectives rather than it always coming down to price.”*

To remedy this situation, this organisation rolled out a global negotiation skills training programme for every single procurement practitioner. The training initiative equipped the procurement managers with face-to-face behavioural skills to negotiate in a more team based collaborative style.

...this organisation rolled out a global negotiation skills training programme for every single procurement practitioner.

As well as emphasis on the long-term consideration of implications, the training introduced procurement practitioners to a systematic approach for analysing and managing their power in the negotiation. The goal of this was to reduce the incidence of implementation failure.

Beyond individual capabilities

Although negotiation is a very personal skill, multi-million dollar deals are not solved by soft skills alone. A sales director comments, *“I feel that skills training is very important for the younger individual. But more important than personal skill is what you do before you get to the negotiating table.”*

Although negotiation is a very personal skill, multi-million dollar deals are not solved by soft skills alone.

The most mature organisations, not only invest in improving the negotiation skills of the individual, but continually reinforce the benefits of following the negotiation process and preparing and planning for the negotiation.



7. Measurement of negotiation success

What metrics are used to determine negotiation success? How is the outcome evaluated?

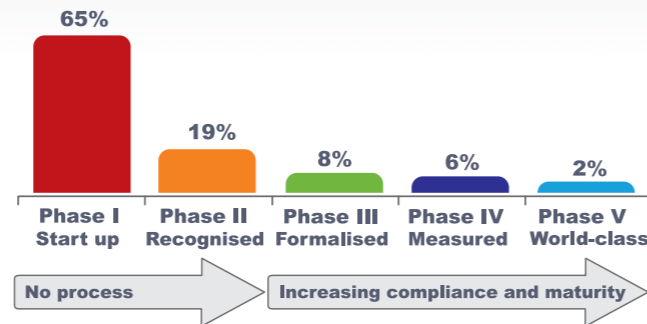
How is negotiation failure dealt with?

The frustration for many negotiators is that internal measurements and perspectives around success are frequently not harmonised. A director of legal explains, “A lot of negotiations are private affairs and very seldom do you have someone looking over your shoulder and critiquing it. All they see is the number. Did you close the deal? They are not going to go back and look at all the concessions you made. There is no analysis. You know you left five million dollars on the table but they are not going to know that, because it is constantly results orientated.”

Measuring negotiation performance

Some organisations have implemented a system to track the immediate success of the negotiation. A global procurement director explains, “On each negotiation variable, we have already identified: what is the ideal position, what is the walk away position and we assign each outcome a score. Based on the scoring criteria we put some weights against it and come up with a weighted average to measure the success of the deal.”

However, when asked about linking the quality of negotiation to implementation success he admits that they struggle with this, “We don't have a common set of P2P (purchase to pay) systems. We tend



to negotiate a great contract and then pass it off for someone to implement. We are just starting to identify how we can integrate the process around implementation: What's the negotiation cycle time? What's contract compliance? How much are we spending by business?" He concludes, "We're still looking at options and the answer on how to do this globally would be worth a lot of money."

As deal teams 'throw it over the wall' for implementation, there is often no measurement criterion other than, "Did you get the deal done?" Indeed, an incredible 84 percent of organisations (Phase I and II) have no formalised measurement of negotiation success beyond the contract signature.

84 percent of organisations have no formalised measurement of negotiation success beyond the contract signature.

A long-term measurement framework

To provide a framework for long-term, successful relationships and mutual economic value, negotiation effectiveness must be measured past the deal. A director of global contracts in a Global 500 company explains his measurement system, "Well, it's not just about the end of the negotiation for me. We certainly compare the results of the negotiation with the plan, the charter - the objectives that we set out to accomplish initially - but it doesn't end there."

"The art of assessing the effectiveness of our negotiations is not a project that has an end date; it's a process. Negotiations are done, handshakes are made, both parties go away happy, but the effectiveness of the negotiation is an ongoing process of evaluating the contract, evaluating the performance - financially, operationally, and the service delivery - against the objectives that were initially set out."

"The art of assessing the effectiveness of our negotiations is not a project that has an end date; it's a process."

He continues, "I have a portfolio of contracts that I'm constantly measuring and monitoring and making sure that 12 months, 18 months, 24 months after we've signed the paper, am I still delivering the benefits from the contract that I negotiated up-front when I signed the deal?"

This organisation has developed a negotiation performance dashboard, which is presented to the CFO at quarterly meetings. In terms of metrics, the

director of contracts explains, "We have developed common metrics that cut across all the agreements and we have specific metrics that are unique to a particular contract. Is it financial in nature? Is cost in line with what I anticipated it to be? What is the service delivery, in terms of SLAs (Service Level Agreements)? There are also vital signs that we've crafted around the health of the agreement: the turnover ratios of employees, the sustained costs of applications versus number of employees. I like to describe the vital signs as the health of that contract. The health of the patient".

The director of contracts suggests, "It's easy to talk anecdotally about how your contracts are performing. But what is a very big focus for me, is that if somebody asked the question, 'How is it going? How are the contracts doing?' I can answer that with precision as opposed to a number of unfounded anecdotal comments."

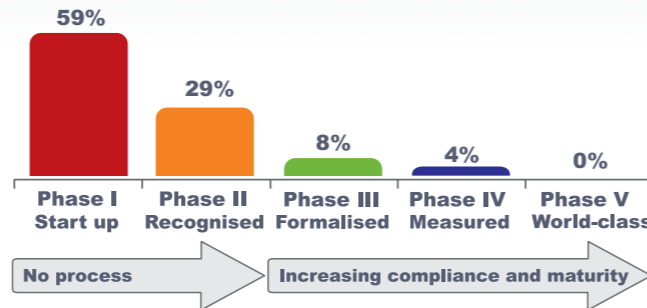
8. Motivation for negotiation success

How are practitioners motivated to negotiate a long-term outcome? What goals are in place, how is performance measured over time? Is it linked to implementation success?

Motivation for a long-term outcome is intrinsically linked into the way that negotiation success is measured. A director in a Global 500 company explains his problem, *"I'm trying not to sound pejorative, but I'm probably sounding very pejorative, but there is no real incentive to doing a good job negotiating."*

He qualifies this statement, *"Our salesmen look at it and say, 'I'm compensated and my bonus depends on me getting the deal done. If I can negotiate and get that number but have to give up some things that probably are not that good for my company, I am probably going to do that.' In a company of this size, the chances of that ever coming back to bite the company, or much less, bite them personally are relatively slim."*

"My bonus depends upon me getting the deal done. If I have to give up some things that are not good for my company I'm probably going to do that."



A Global 500 contracts director, supports this thought process, *"The sales guys are out there promising the world but what we can actually deliver is probably somewhere between what we want to negotiate and what they're offering, and we're very disconnected – especially in the new event when we're soliciting for new clients. The sales people don't have to live with the deal. They get the client in, promise them the world and then move onto the next deal."*

After years of living with this problem, this organisation has still not managed to overcome this disconnect. The contracts director says, *"Even though we try to provide lessons learned, even though we try to instil in them the necessity to be coordinated, they hear, but they don't listen."*

The problems of motivating long-term successful relationships and the temptations of focusing on one-dimensional deals are just as seductive for the buy-side too. When asked how he motivates his team, a procurement director responds, *"Anybody who is paid to reduce cost is unlikely to do anything other than get the best deal for the company."*

For all the talk about long-term collaborative procurement, we saw no evidence of procurement practitioners being compensated on anything other than short-term cost savings.

"Anybody who is paid to reduce cost is unlikely to do anything other than get the best deal for the company."

Long-term, successful relationships?

Only four percent of companies (Phase IV) have any formal method for linking the implementation of the deal back to the negotiation success.

One Global 500 company holds back 40 percent of the bonus for its strategic account management (sales) team. The bonus is only paid if they hit certain implementation key performance indicators. The director of international global accounts explains, *"Our global accounts team are compensated on hitting long-term implementation goals. This takes their mind away from doing short-term deals which can affect many (of our) businesses in individual countries – so it forces them to step back and say 'What is the best long-term deal for the company' rather than focussing on a short-term outcome for their own individual gain."*

Organisations are struggling to motivate a long-term perspective for negotiation. It is a bold move to play with compensation structures but until this is done, the negotiator's long-term mindset, may end at the contract signature.



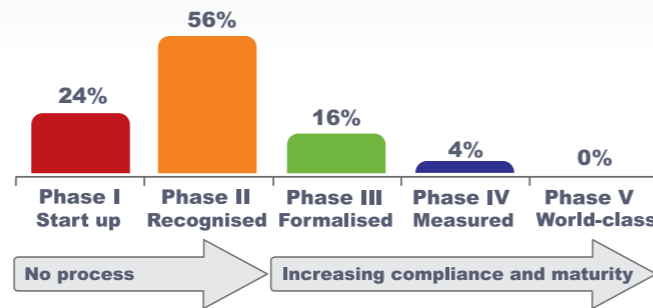
9. Common negotiation standards

Is there any formalised method of documenting and capturing the effective strategies? Are they shared across divisions, countries or business functions? Is there a corporate 'playbook' for dealing with onerous terms or difficult situations?

As deals get bigger and more complex, both buy- and sell-side practitioners must have a system for sharing negotiation expertise and experience within the organisation. World-class negotiation depends upon continual improvement from lessons learned. But knowledge management is an area where most companies struggle. When you may have over 100,000 employees, it can seem an almost impossible task.

Just 20 percent of companies (Phase III or above) have a formal negotiation debriefing process. Only four percent have a formalised mechanism for sharing the negotiation learnings within their business division (Phase IV). And no company in our sample has identified how to share them across their organisation.

...only four percent have a formalised mechanism for sharing the negotiation learnings across their business division.



The company playbook

Rather than every business unit and country reacting to a common negotiation situation in a different way, some organisations have pooled the expertise and experience to identify a best practice approach. A Global 500 contract director explains, *"The biggest problem is that with the spread of information we run into the situation where different divisions within our company have conceded on an issue... or even more embarrassing, they offer a less onerous term. As if the right hand doesn't know what the left hand is doing."*

He explains, *"If we have a provision we cannot budge on, at the very least we need to give the customer a consistent and well reasoned justification for that position. For them to get the answer of 'well that's just policy' is just a very unsatisfying answer both intellectually and practically."*

His legal department has kicked off a project to identify where a particular response has been successful, and developed pre-defined semi-scripted responses to ensure global consistency.

They have embedded this guidance within the contract template - so all global sell-side negotiators can see the arguments that have worked well on each contract provision.

A knowledge repository

Increasingly we have to find ways to provide negotiators with rapid and ready access to required knowledge; that may be through physical teams, virtual teams or the ability to access knowledge sources – for example, online databases or help desks.

A global contracts manager shares how her organisation has the policies, procedures and structure to get things done in an efficient manner. She says, *"We have an online knowledge base that works very well, it's a great repository for the deals we've done so if we wanted to go back and look at history we can go in there and pull them up so it has a multiple functionality. It also provides information to other groups such as the accounting team if they need to see certain information they have access to it."*



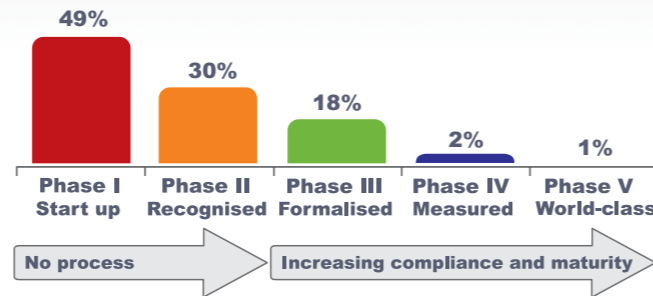
10. Board level support

Are the executives clear on the real scale of the problem? Is there even a desire for a negotiation strategy at a corporate level? Who is responsible for improving negotiation performance?

Transforming negotiation from an individual competency into an organisational capability requires commitment from the entire organisation, particularly from top level management. But the executive team must first be convinced on the potential gain from changing the corporate negotiation approach.

The situation mentioned previously on page 14, where 160 internal approvals were needed before a large deal could proceed, was one of the stories that led to board support for global reengineering at a Global 500 firm. Another was the (literally) wheelbarrow full of documents that a customer had to sign in order to reach a worldwide 'partnership' with the corporation. All they wanted was a consistent solution but no negotiator had a clue what they were presenting - not only due to the volume of paper, but due to the fact that it was in more than 30 different languages.

As it stands today, just one organisation in our study has implemented a company wide negotiation transformation project across all global divisions.



Just one organisation in our study has implemented a company wide negotiation transformation project across all global divisions.

Transformation improves business results

Commenting on the year two performance of their global negotiation reengineering project, the global contact manager says, *"The first phase has gone extremely well. We have changed the dynamic of business negotiation and the business results in a number of key deals with key customers around the world."*

He clarifies the pay off, *"Approaching the negotiations in this way has had an enormous impact on some break through deals in terms of margin creation and top line revenue."*

He explains that they did this through a process of executive awareness and executive training, *"Top level support was key in driving the change, but it needs to be done in a 360 degree approach so that people at the top are part of the process."*

They did training cross-functionally so there was consistency in process and the terminology of negotiation. He explains, *"Negotiation starts at the beginning of the sales or acquisition process – so having everybody using the same negotiation terminology is essential – top to bottom and horizontally across the organisation."*

He feels that a key step in embedding the change was the business case review which, *"Creates a huge desire to prepare for negotiation by having cross-functional planning. This is not just a form that needs to be filled, but it creates a dialogue around the negotiation plan, and having the approval to proceed is a useful milestone."*

Maintaining interest

Once you have board level buy-in, how do you sustain this? The contract director explains, *"My experience was that it took a huge amount of effort to get board level support but even more so to maintain it. This was not because of any opposition but rather because attention spans were short and there needed to be active re-enforcement."*

"This re-enforcement took the form of priming board members with key questions to help them assess and approve business cases and the associated negotiations. There was also the required annual review and re-approval of our segmented negotiation framework and standards, and the sharing of success stories. The objective was to move from a change programme to routine 'this is how we do things around here'."



Negotiation transformation – the pay off

Throughout this report, there are powerful case studies about the benefits of transforming the negotiation capabilities of an organisation.

War stories from successful negotiations certainly suggest that improving corporate negotiation performance will drive business value.

Start up

“If only we could pick up all the money we are spilling in negotiation. It’s a huge number, definitely in the tens if not hundreds of millions”

“There is no analysis. You know you left five million dollars on the table, but they are not going to know that”

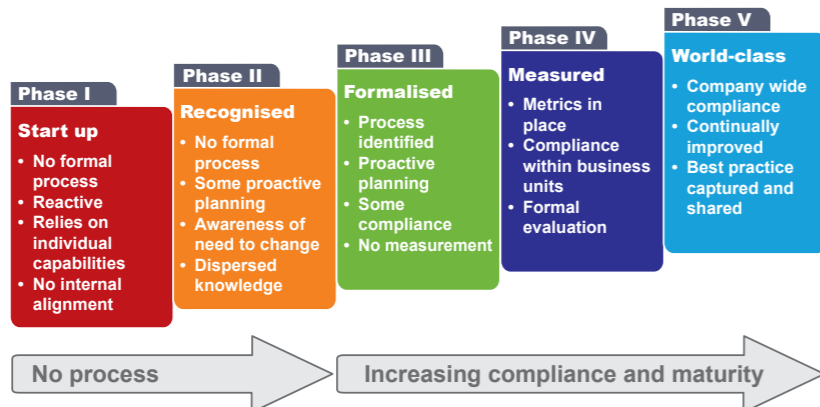
“Partners think they are untouchable and above training. Unfortunately, when they are wheeled to ‘save the deal’ they end up giving huge concessions”

World-class

“On a single deal we saved 37 million dollars by following this process”

“By working as a team to identify value creating options, we secured the contract at ten million dollars above the identified price benchmark”

“Before this process was put in place, the average negotiation cycle time on complex projects was 12-18 months. Today 75 percent of those deals are done in less than eight weeks.”



Negotiation transformation improves net income

Huthwaite International and IACCM researchers were not satisfied with anecdotal stories. They wanted to uncover any evidence that linked negotiation transformation with improved performance.

Although the corporate world is awash with performance metrics, there is one number that is a true measure of long-term negotiation success: bottom line profitability.

Using the [OneSource](#) online database, our research team pulled out net income data from the 2007 and

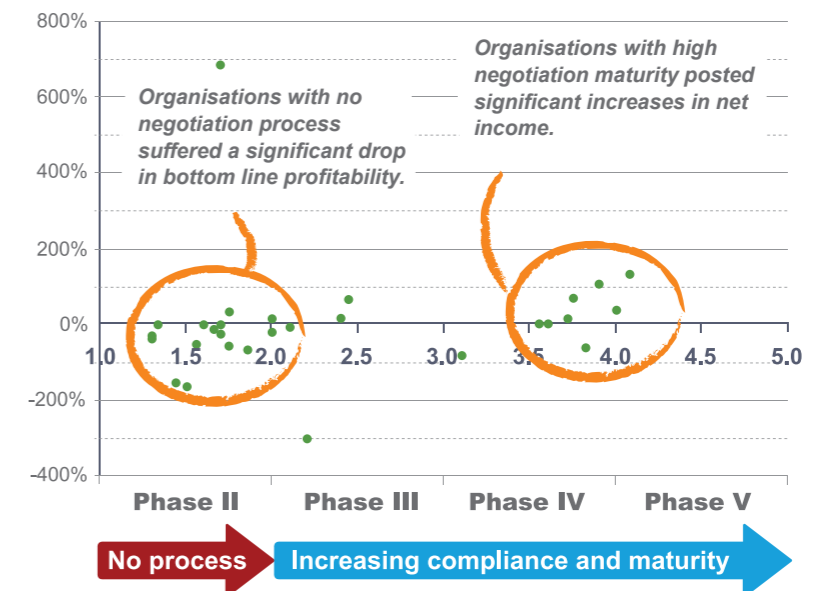
2008 annual reports for all participants. They then calculated the percentage change in net income and ranked the companies in order of income gain – so the most successful were at the top of the scale.

When the net income change was plotted against the negotiation maturity ranking, two distinct clusters emerged.

Organisations with a maturity rank at less than Phase II almost all suffered significant drop in annual profitability. These are the organisations with no negotiation process. Whereas, the organisations with maturity ranking greater than Phase III posted significant improvements in profitability.

NET INCOME CHANGE (2007 TO 2008)

NET INCOME CHANGE WITH NEGOTIATION MATURITY



NEGOTIATION MATURITY SCALE

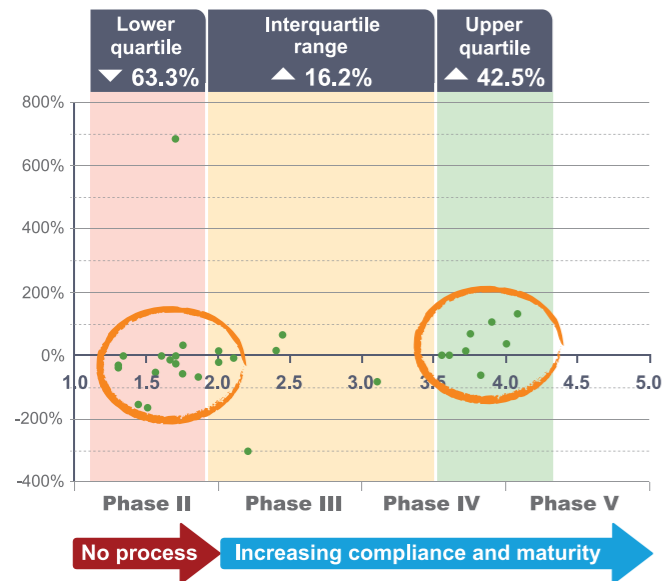
Pulling out the key trends

Splitting the results into easily manageable chunks reveals the true extent of the trend.

The companies in the upper quartile, the top 25 percent of organisations in terms of negotiation maturity, increased their net income by an average of 42.5 percent from 2007 to 2008.

Whereas, organisations in the lower quartile suffered an average net income decline of 63.3 percent in the same period.

NET INCOME CHANGE PER QUARTILE



NEGOTIATION MATURITY SCALE

The companies in the top quartile... increased their net income by an average of 42.5 percent.

Transforming business capabilities

Can we say that reengineering negotiation capability is the sole reason for net income improvement?

Having a formalised negotiation process is necessary but not sufficient for driving good business results. To some extent, negotiation maturity is a by-product of other things and therefore symptomatic of success, rather than the cause. The maturity of all processes in a company drives good practice, good negotiation and ultimately good business results. If negotiation is unstructured, it probably means the organisation is unstructured – and hence it will have worse results.

The real point is that successful companies align better with market needs, provide their dealmakers with a package of capabilities and then ensure negotiation is in line with the capability to deliver.

Organisations in the lower quartile suffered an average net income decline of 63.3 percent.

Summary

The current global negotiation standards exhibit disappointing levels of maturity. Especially when it comes to having an overall negotiation process (80 percent of organisations don't have one) and measuring negotiation success (84 percent don't measure it past the contract signature).

Due to the lack of cross-organisational planning negotiators are not empowered. They are reactive and are constantly seeking approval or authorisation to proceed. Success depends solely upon individual talent.

Worse still, due to the complex structure of global organisations, there seems to be little motivation to change this approach.

Changing the behaviour of an organisation is difficult. However, when companies with no negotiation process are “spilling millions of dollars in the negotiation,” status quo is not an option.

Improving your bottom line

Whilst it is acknowledged that, “Pieces of paper don't help to generate business,” a system for strategically planning for the negotiation must be in place to have consistently successful outcomes.

We recommend that at the very least, cross-organisational negotiation planning be implemented. There will be differing levels of compliance, but as a guideline, this should be in place for any deal greater than one million dollars. Remember, negotiation starts

at the beginning of the sales or acquisition process - so any planning activities will ideally be linked with the sales or buying methodology.

The key is to start small, generate some positive success stories and then use these to increase the buy-in across the business. Negotiators must be confident that this new approach will increase their performance. Mandating a process without adequate explanation of the benefits and potential pay off will result in huge resistance.

Who should drive the change?

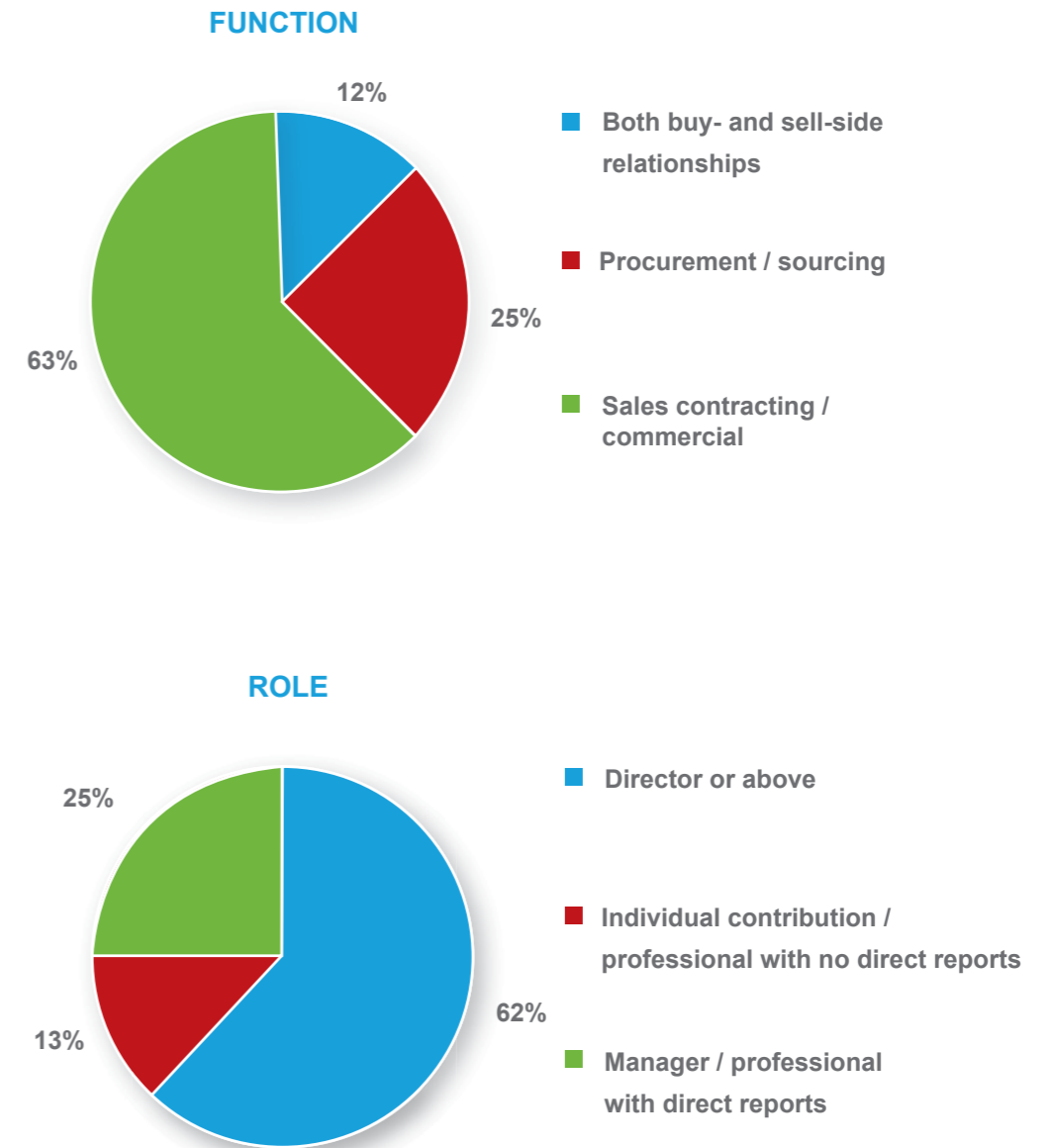
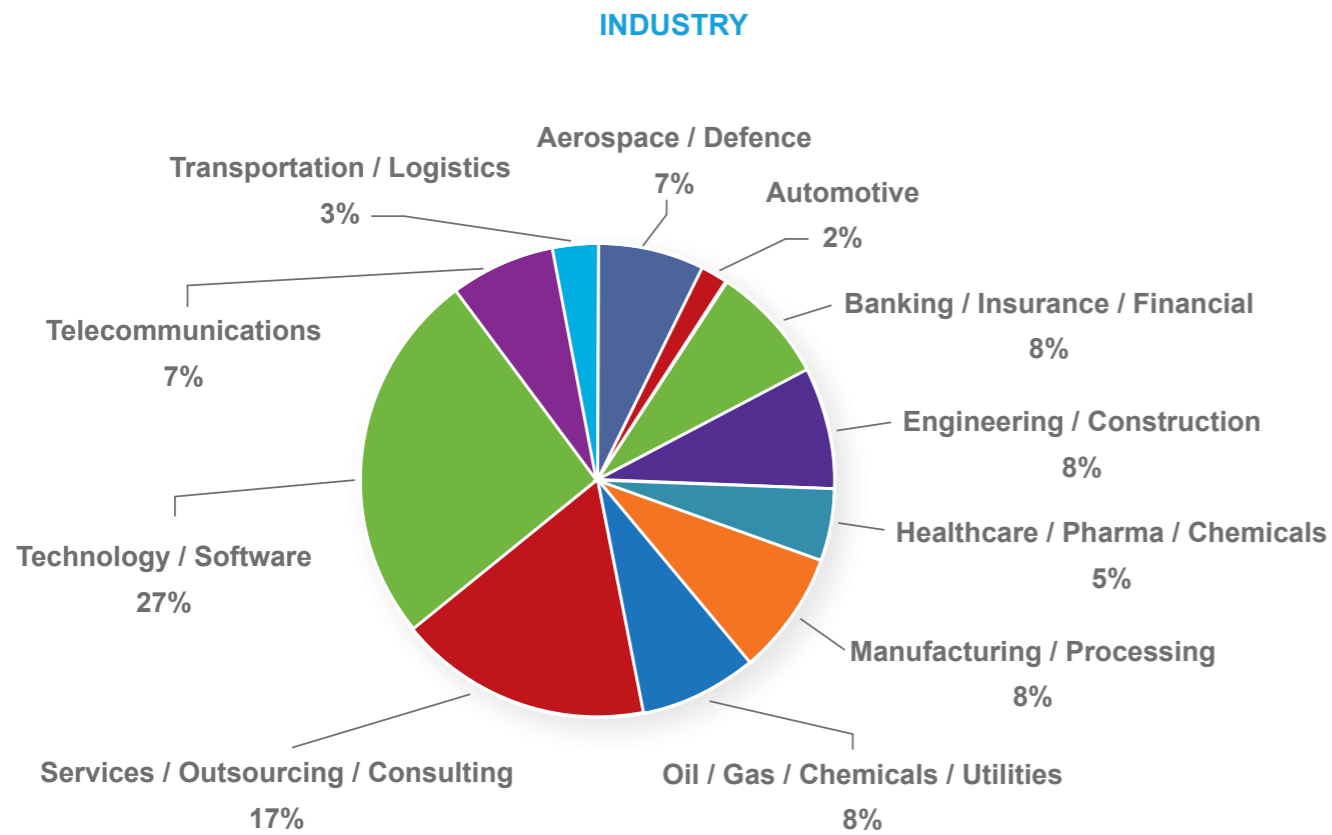
This report raises the negotiation problems faced by global organisations and identifies how leading companies are solving them. Review the benchmarking data to see where you sit within the global negotiation standards. Identify the biggest gap areas and take action.

It may be unrealistic to believe there will ever be a single (functional) owner of negotiation process or expertise. But something required so widely cannot be left to chance.

You can use the insights and learnings from this report to engender change in your organisation. Alternatively, use them to build a persuasive case for somebody that can.

You may have the in-house expertise to make this happen. If you need help on your journey, please contact Huthwaite International and the IACCM.

Participant demographic data



Example negotiation planner

[\(back to page 20\)](#)

The negotiation objective:			
Our priority issues (what do we want?):	Negotiation range:		
	Opening position	Realistic	Exit point
1.			
2.			
3.			
4.			
5.			
Their priority issues (what do they want?):			
1.			
2.			
3.			
4.			
5.			
Value creating options:			
1.			
2.			
3.			
Tradable issues (low cost to us - high value to them):			
1.			
2.			
3.			
Our alternative options: (what options do we have if <i>this</i> deal falls through? How can we strengthen our position?)			
Their alternative options: (what options do <i>they</i> have if <i>this</i> deal falls through?)			

Report authors

Huthwaite International

[Huthwaite International](#) are negotiation experts and solution providers.

We have successfully transformed the negotiation capabilities of some of the world's biggest companies - delivering globally consistent solutions across more than 40 countries in 30 languages.

Who trusts us?

For over 30 years, we have been investigating what separates successful negotiators from their less effective peers. Many of the world's biggest brands have turned to Huthwaite International to help them achieve long-term profitable relationships.

Clients who practise our negotiation skills include: BP, Ciba, IBM, Oracle, SKF, Sun Microsystems and Zurich Financial Services.

Contact us to explore how we could increase the negotiation effectiveness of your organisation.

Huthwaite International

+44 (0) 1709 710 081
info@huthwaite.co.uk
www.huthwaite.co.uk

IACCM

[IACCM](#) is the global authority on commitment management

The International Association for Contract & Commercial Management is a non-profit membership organisation, which provides a global forum for innovation and collaboration in trading relationships and practices.

Representing over 4,000 corporations from more than 110 countries - including more than half of the Global 500.

IACCM's objective is to raise the status, profile and professionalism of commercial contracting. In addition to specific services that focus on personal and functional excellence, our members gain from access to knowledge, contacts and training that differentiates members from non-members, enhancing careers and employment prospects.

IACCM

+ 1 203 431 8741
info@iaccm.com
www.iaccm.com

