



## Strategic Negotiations

Achieving better outcomes.



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### Introduction

This paper focuses specifically on strategic negotiations. The structure recommended (the SPEED® negotiation process) is based on research data gathered from the procurement community. But negotiating has a much broader application. Indeed, negotiation skills apply to almost every single job role.

The first thing to say is that ‘strategic negotiating’ is not the same as ‘negotiating strategy’. You need to at least consider your negotiation strategy for all negotiations; however, not all negotiations are strategic. Whilst this might sound confusing it is quite straightforward. You can easily tell if a negotiation is of strategic significance.

### Drivers

Diagram 1: Negotiation Drivers (Source: Colin Linton, 2021)



Diagram 1 shows a continuum, end-to-end, between tactical and strategic negotiations, but there are points along the way of course. In addition, there will be other characteristics – the diagram is intended by way of an example only. Strategic negotiating applies mostly to higher risk and/or higher value transactions. These are more significant contracts and are likely to be more complex and the negotiation itself is likely to be held over a series of meetings. There will also probably be the added complexity of negotiating as a team and involving more stakeholders in key decisions, as part of the preparation.

## Deciding the approach

Diagram 2: Identifying Strategically Important Contracts (Sources: see below)

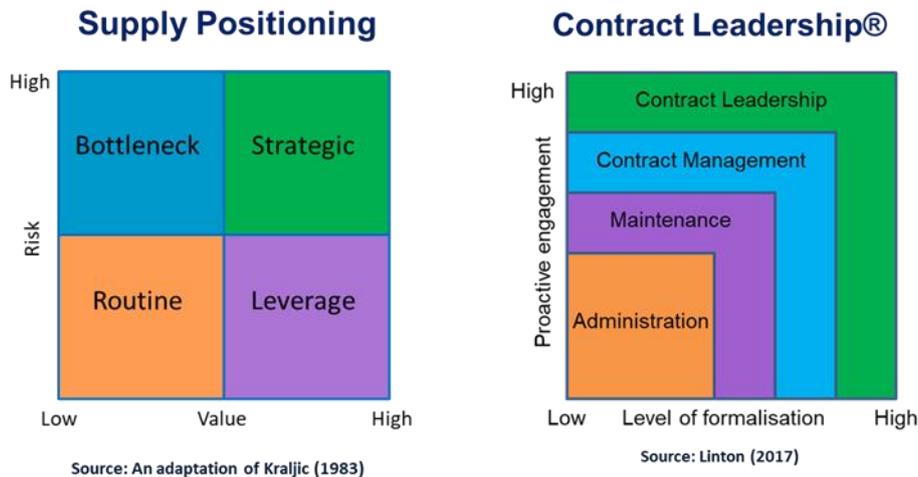


Diagram 2 shows two key tools in the procurement professional’s toolkit. Supply positioning, developed originally by Kraljic, considers importance (of suppliers, contracts and categories) in terms of risk and value. Contract Leadership, which is based on more recent research, considers importance in terms of the amount of formality and the level of proactive stakeholder engagement that are required on contracts. Based on supply positioning, strategic negotiations are most typical on strategic items. Strategic negotiations would be most typical in Contract Leadership® situations.

### A good strategic negotiator

Of course, everyone can negotiate, although there is no doubt that some people are much better at it than others. In relation to strategic negotiating these first two points are crucial, because the strategic negotiator will work very hard to continually develop their skills to improve the outcomes they achieve. A really good strategic negotiator will understand that the art of negotiation is largely about behaviour and they will be prepared to adapt their behaviour if necessary in order to get the best deal. It is crucial to understand this next point - when you are representing your employer in a negotiation you are a professional negotiator. You are being paid by your employer to get the best possible deal for them. Professional negotiators are ‘smart’; they are efficient and effective in what they do. But what does being a ‘smart negotiator’ actually mean?

### Be a ‘smart negotiator’

Smart negotiators do not just leap into a negotiation unprepared. These negotiators use the same process over and over again for every single negotiation. It becomes second nature to them. Obviously, not every negotiation requires the same amount of detail and preparation. So, in some cases, parts of the process will happen more quickly than on more complex negotiations. The SPEED® negotiation process covers all the key stages:-

1. What happens before the negotiation.
2. What happens during the negotiation.
3. What happens after the negotiation.

We will work our way through the process now so you can see what needs to be considered and when during a strategic negotiation.

*Diagram 3: The Speed® Negotiation Process (Source: Colin Linton, 2021)*



### Strategy

In strategic negotiating it will come as no surprise that this stage is really important. The focus here is on analysing and understanding the backdrop, the bigger picture. How important is this item to us? What are our organisation's drivers, for example in terms of value and sustainability? What is happening in the market, what is changing? Which companies comprise the supply market and how important will we be to them? Options give us leverage in a strategic negotiation – how many options do we have? If there are only very few, can we create more to enhance our position in the negotiation?

### Planning

Planning cannot commence until the strategic backdrop has been assessed, otherwise the plan might not be relevant. By 'planning' we are talking about preparing for the negotiation itself. There are many things to consider in strategic negotiating, because the contract under negotiation will be one of the most important to our organisation. We must consider things like:-

- Stakeholder needs.
- Our own goals – we must always set a range of targets for a strategic negotiation.
- Tradeables – what things can we trade and what are our 'must haves'?
- What might the goals and tradeables of the other party be?
- We need to think about the logistics – when and where and of course who will be conducting the negotiation – for us and them? A face-to-face meeting might not be possible so think about the communications medium that will be used. If you will be using an online application that you are unfamiliar with ensure you have time to practice. Ensure your team members also do the same. Making sure the 'technology works' and that you can work the technology are crucial in a strategic negotiation.

Strategic negotiating often involves a team. Everyone in our team needs a clearly defined role and we will need to have meetings beforehand to run through our approach and the tools and tactics we might use. These tools and tactics are important and will impact on the outcome. You ought to use influencing and persuasion tools too and be prepared for the other party to do the same – how will you respond to the tools they use? In your planning focus on using scenarios, so you are prepared for different situations that might arise. Importantly, think about what you will do if a deal cannot be reached. Do you have another option? If the answer is ‘no’, then you know that you must reach a deal above all else. You may need to compromise to achieve this.

Importantly, think about what you will say at the very beginning. Your opening statement is very important. You will need to be confident and professional. Set the scene but be careful that you do not give anything away too soon.

### Execution

So far, we have spent a lot of time getting ourselves ready for the negotiation. ‘Execution’ is about putting this all into practice. Keep to the plan but you must also be prepared to change if necessary. Remember to listen and observe – look out for body language and the signals this creates. Be confident, firm but polite and professional. Summarise frequently and make sure you seek clarification to check your understanding. If things do not go to plan or if you need to ‘re-group’ with your team, call a recess. It is perfectly acceptable to take a ‘time out’ in a complex negotiation. At the end, always ‘ratify’ what has been agreed – this means summing up everything that has been agreed. It is important to end the negotiation on good terms even if a deal has not been concluded. You never know when you might need to use the other party again.

### Evaluation

For personal development we can all probably self-reflect more often. After a negotiation meeting we should think about how well it went; what worked well; what did not work so well; what they did that was effective; what can we learn from them? We need to find a way to change our behaviour for the better. Practice makes permanent, so we need to be able to increase our toolkit of skills and behaviours to become more adaptable. Adapting our behaviour is not easy, because when we are next in a pressure situation we will tend to revert automatically to what feels like our normal position.

### Delivery

The deal is not done until everything has been delivered. So always follow through on your side of the agreement. This is professional behaviour and will develop trust. If you do not deliver on your promises why should the other party respect you and deal with you in the future, unless they have no choice of course – but even then the relationship would be a difficult one. Strategic negotiating is most likely to occur on more collaborative and therefore longer-term contractual relationships. Acting professionally will help with the development of that relationship.

### Conclusions

In summary:-

- Whilst a strategic negotiation is of course about a deal, the outcome will be significantly impacted by the behaviour of the negotiating parties.
- Professional negotiators understand that they must adapt their behaviour to get the best outcome, but behaviour can only be changed successfully if it continues to appear authentic.
- There is nothing wrong with attempting to influence and persuade the other party. All successful negotiators do this. Of course, we know that they too will be trying to influence and persuade you and your colleagues.
- The success of the negotiation often comes down to the strategic and planning preparations. These up-front activities should be viewed as an investment in time and will produce a better outcome.
- Finally, be prepared to reflect, learn and adapt your behaviour in the future, otherwise you will not improve your strategic negotiating toolkit and skills.

### About the Author

**Colin Linton MRes MBA PGCHE DipM DipFS FCIB FCIM FCIPS FCIEA FHEA FInstLM** is an academic and trainer in procurement, finance and marketing. The research mentioned in this paper contributed to a Master of Research award by the University of Leicester and is now part of an ongoing programme of data gathering and analysis. Contact him at: [colin.linton@gideasolutions.com](mailto:colin.linton@gideasolutions.com)



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