

THE SCIENCE AND PROCESS OF NEGOTIATING

This is the third in a four article series about The Science and Process of Negotiating by Philippe Lavie and Rob Gullet.

Best Practices in Negotiations

How many times in the course of a day do you find yourself negotiating a situation? I would be willing to guess that you encounter both planned and unplanned opportunities for negotiation several times a day, yet more often than not, you may find the act of negotiation difficult. If you push too hard, the deal goes astray. If you're too soft, you become known as a pushover. The key to sound negotiation is ensuring the appropriate approach to the kind of negotiation at hand.

Using IT as an example, there are many kinds of negotiations; IT directors are continually involved with users, partners, executive management, and staff and, of course, suppliers. The environment in which we negotiate is now so specialized that a generic approach no longer delivers the best results.

There are similarities between the approach to best practices in negotiations and that of implementing best practices in the workplace supported by the deployment of IT solutions. To facilitate the achievement of corporate objectives through negotiations, IT departments often employ an organizational negotiation capability. As in the IT environment, strategy drives process, which, in turn, drives implementation and support. This means that a negotiation strategy can be defined, a supporting negotiation process designed and implemented, and a negotiation supporting infrastructure established to continuously drive the improvement of negotiated outcomes while minimizing the losses associated with sub-optimal supplier and end user agreements.

Negotiating with IT

As IT executives acting as custodians of valuable company resources, it is incumbent that they ensure the appropriate application of negotiation strategies and tactics to achieve key company objectives. In this context, it is key to understand that there are a number of different negotiation engagement models available to them, depending on their objectives.

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IT PURCHASING STRATEGY CONSIDERATIONS



It would be unlikely for them to engage in collaborative negotiations with a supplier that is providing products or services at a commodity level. Similarly, it would be equally unwise to engage in highly competitive negotiations with suppliers that are providing solutions that will have a significant strategic impact on their organization.

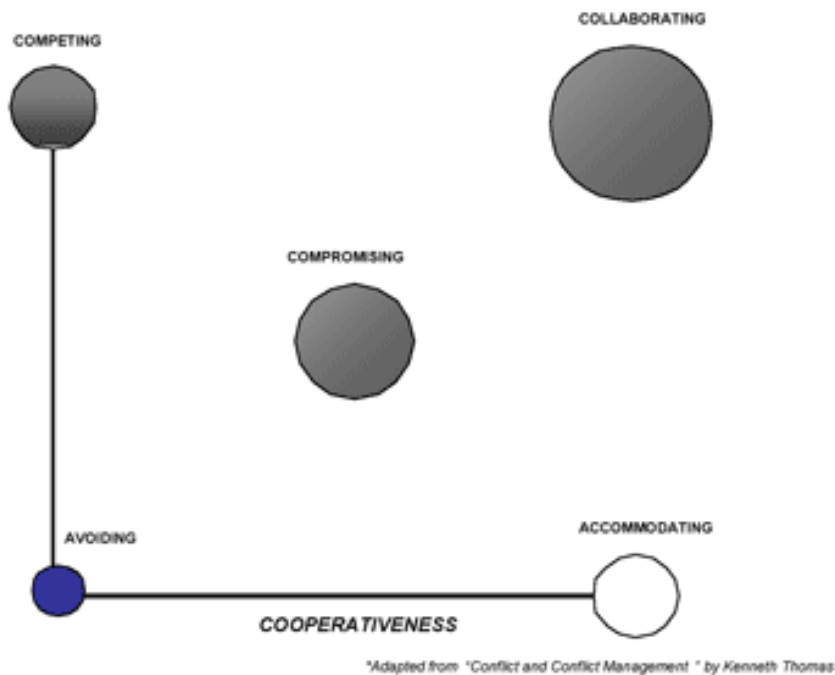
We know that in negotiations, as in life, victims have a tendency to become aggressors. It therefore follows that if they are too competitive in their approach to negotiation, they can often leave suppliers feeling that they need to reclaim what they believe is rightfully theirs. We can recognize the symptoms of a deal that was negotiated too competitively by the issues that they pick up subsequent to closing the deal - issues with service level agreements, escalations and so forth. If deals are not profitable for their suppliers, they will go to great lengths to cut corners so they

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can meet their profit objectives - often to the detriment of the clients who drove too hard a bargain.

When buyers enter into negotiations with suppliers providing strategic solutions that have a high value to their organization, they generally create a collaborative frame for the negotiations to ensure that they are able to extract maximum value from the proposed partnership.

'FIT FOR PURPOSE' NEGOTIATION ENGAGEMENT MODELS



When negotiating in the IT environment, it is critical for practitioners to approach the entire negotiation process (preparation, engagement and debriefing) from a whole brain perspective and to apply the appropriate negotiation strategy in support of organizational objectives.

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