

# Competitive and collaborative negotiation

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# About ArcBlue

- Operated around the world for over 30 years
- We deliver over 1,000 workshops annually to 10,000 people around the world
- Our assessment tools have been used over 10,000 times around the world
- Professionally qualified consultants
- We have a flexible and responsive range of resources based in key locations around Australia and New Zealand.

# Procurement and Supply

A U S T R A L A S I A



We offer both global reach and local knowledge with offices across five continents and the capability to deliver in 10 different languages

# What we do

ASSESS

DEVELOP

DELIVER

Skills Assessments  
Training Needs Analysis  
Procurement HealthCheck  
Procurement Capability Assessments  
Technology diagnostic  
Contract Management assessment

Procurement Change Programs  
Negotiation  
Cost reduction programs  
Sector Development Programs  
Social Procurement and economic development  
Contract Management  
Procurement Projects  
Spend analysis  
Strategic Collaboration/shared services  
Probity support  
Category expertise

Training  
Mentoring  
Procurement Roadmaps  
Organisational Design  
Category Management  
Policy/procedures development  
Document development  
Guidance material  
Best practice Templates  
Contractor Health and Safety  
Procurement strategy development

# What we will cover today:

- What is collaborative & competitive?
- When might a collaborative relationship be appropriate?
- Types of relationships and negotiation approaches
- Methods of persuasion
- Tactics and when to use them
- Importance of trust

## Competitive versus Collaborative

### **Competitive**

Price down  
Risk averse  
More threat  
Seek leverage; Use power  
Opportunistic  
Short term  
Manipulative  
Own goals/targets

### **Collaborative**

Cost out  
Risk sharing  
Less threat  
Power sensitive  
Goodwill  
Long term  
Authentic  
Both parties goals/targets

**Discussion:** can a  
buyer/supplier relationship  
be **truly** collaborative?

When might a  
collaborative relationship  
be appropriate?

# Supply Positioning

The relationship from the buyers  
point of view

# Supplier Preferencing

The relationship from the suppliers  
point of view

# When might a collaborative relationship be appropriate?

When we have the right mix of buyer/supplier strategies

# Types of relationships and negotiations

# Strategic Relationship Building



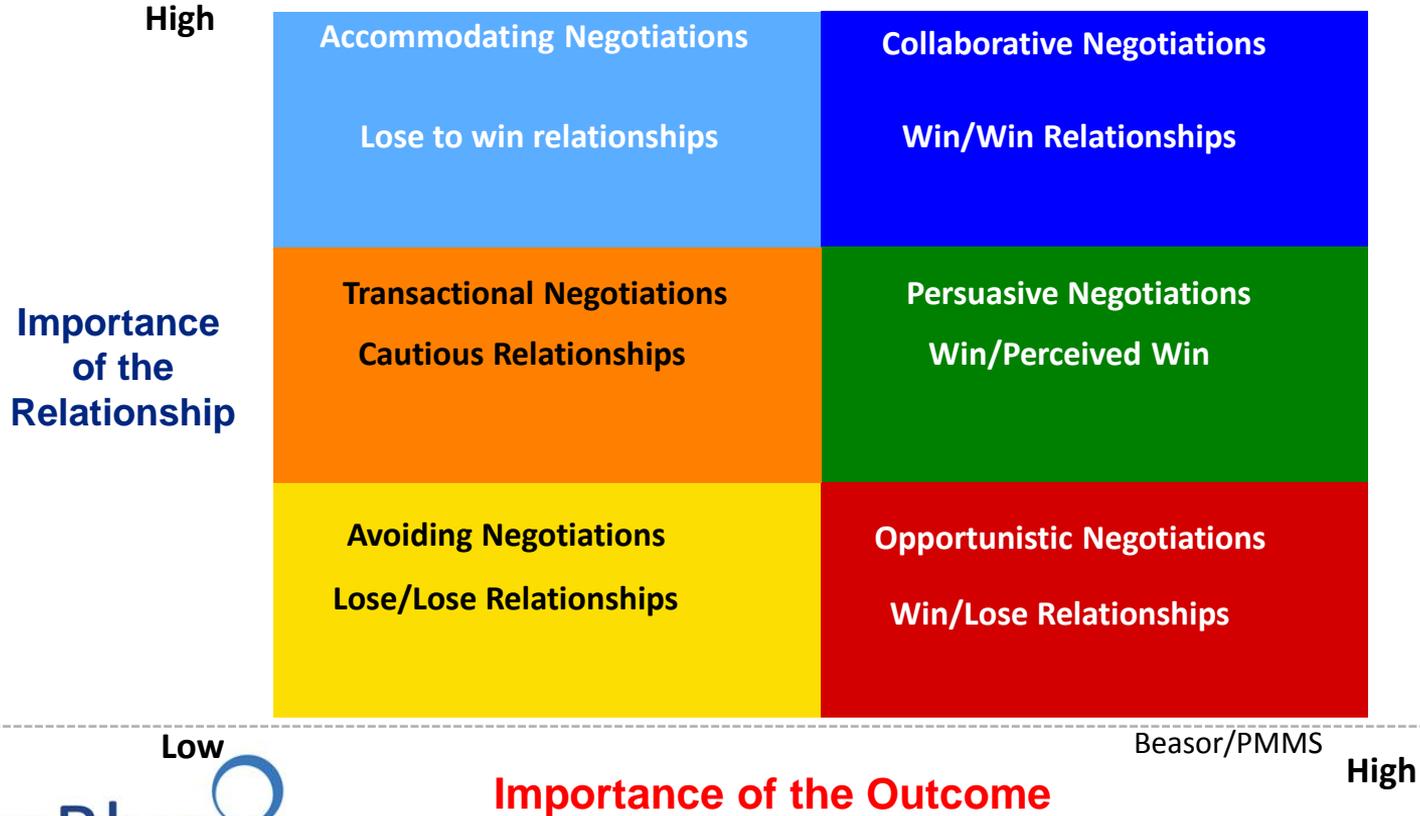
### Relationship Questions

1. Is there a relationship?
2. Is it positive or negative?
3. Is a future relationship desirable?
4. What is the length and history?
5. What is the level of commitment?
6. What is the level of interdependence?
7. How much open communication exists?

### Outcome Questions

1. Do you need to win at all costs?
2. How many points can you concede?
3. Is your reputation on the line?
4. What is the power balance?
5. Have you surveyed your strengths?
6. Are there issues of principle here?
7. Who won last time?

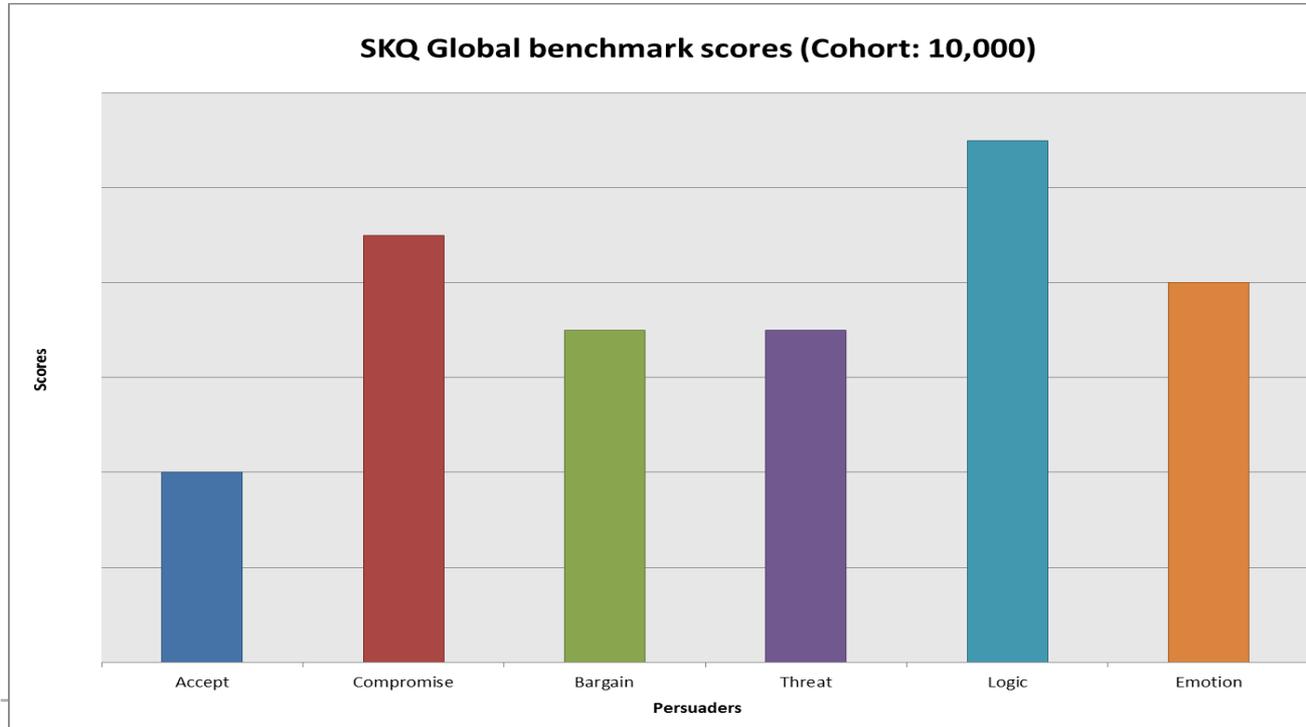
# Supplier Relationship Matrix

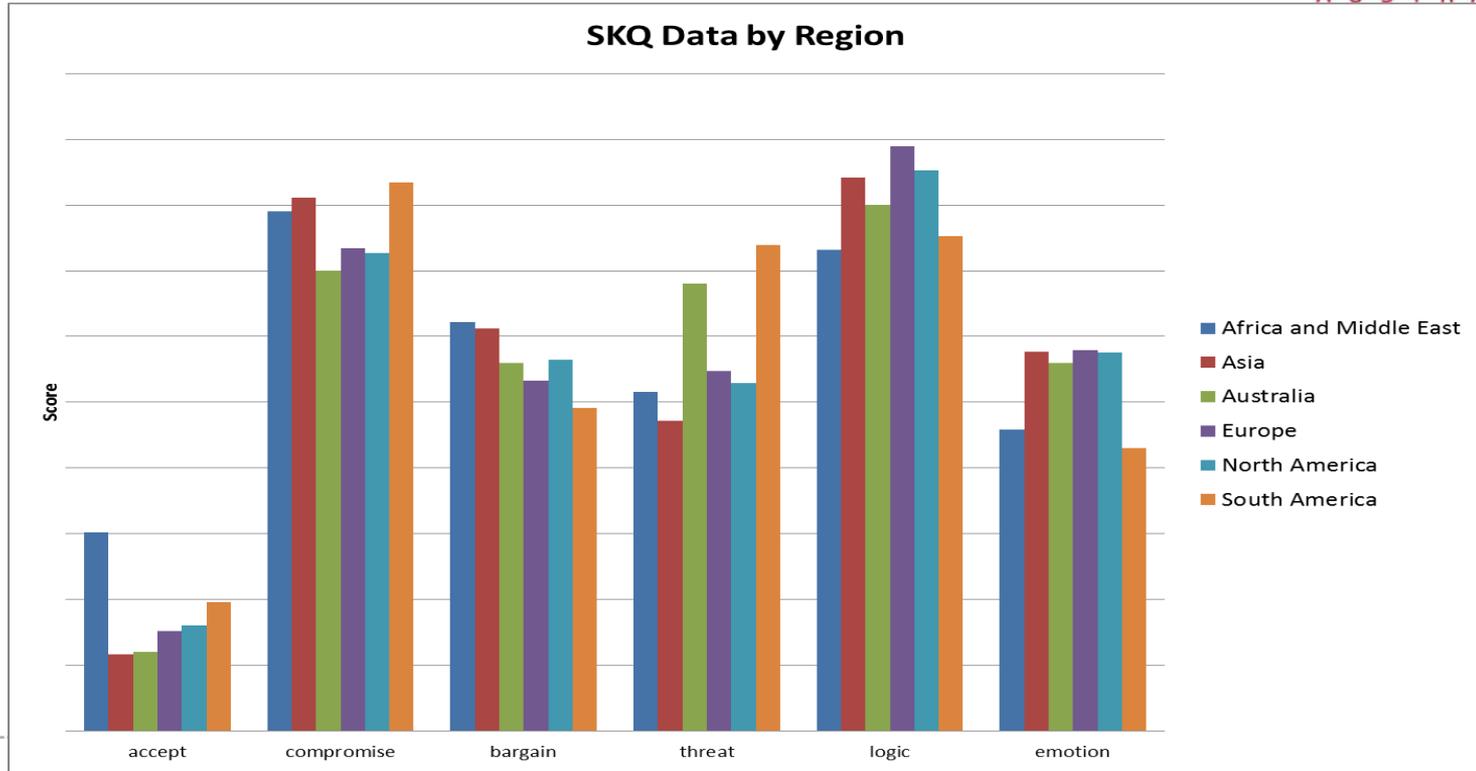


Should our **methods of persuasion**  
vary depending on the type of  
relationship?

# ArcBlue Procurement Skills Assessment

Global benchmark for Negotiation Profile

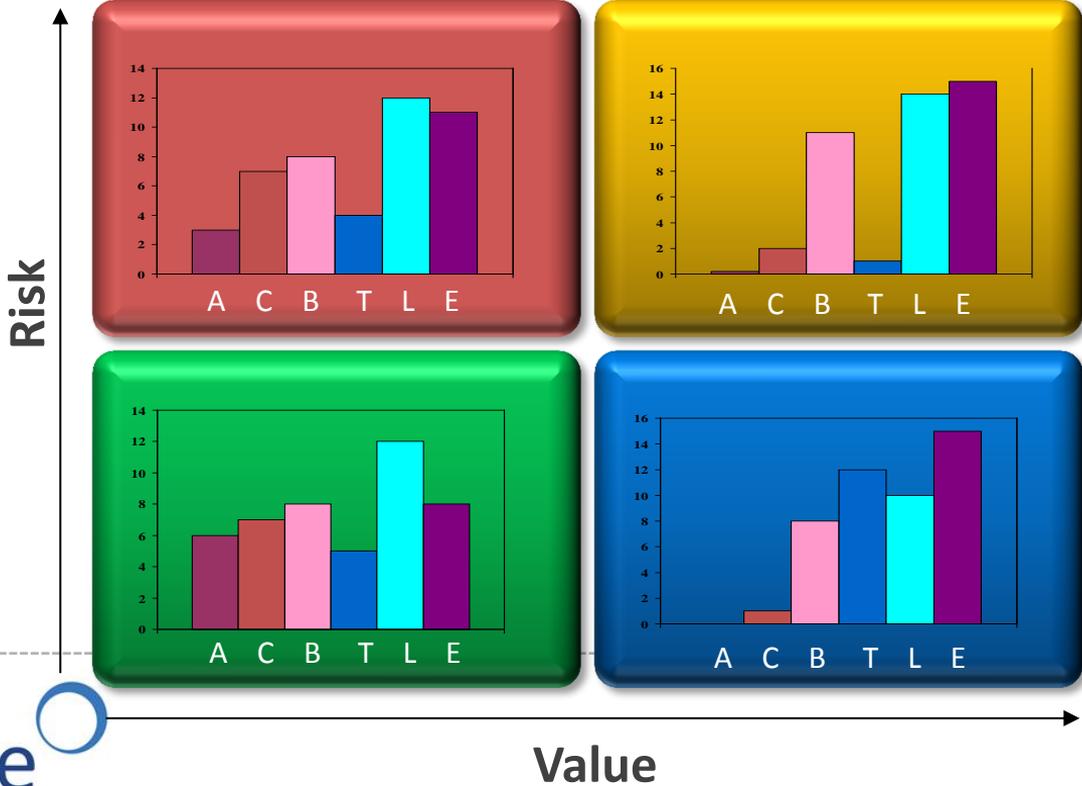




# Supply Positioning

THE RELATIONSHIP FROM A BUYERS POINT OF VIEW

- A- ACCEPT
- C- COMPROMISE
- B – BARGAINING
- T- THREAT
- L- LOGIC
- E - EMOTION



# Trust

*“An expectation held by one trading partner about the other, that the other behaves or responds in a predictable and mutually acceptable manner.” SAKO*

# Trust

1. An expectation that the other party will behave in a predictable and mutually acceptable manner
2. Trust means being able to predict what other people will do and what situations will occur.
3. Trust means making an exchange with someone when you do not have full knowledge about them, their intent and the things they are offering to you.
4. Trust means giving something now with an expectation that it will be repaid, possibly in some unspecified way at some unspecified time in the future.
5. Trust means enabling other people to take advantage of your vulnerabilities—but expecting that they will not do this.

# Collaborative negotiations

# Summary of relationships

	Competitive	Collaborative
<b>Planned Duration of Relationship</b>	Short Term, fixed duration	Long term – no end in sight
<b>Barriers to Exit</b>	Few, Some	Major, Traumatic
<b>Expected Benefits</b>	Value for Money/Volume	Market Protection and Competitive Adv.
<b>Teamwork</b>	Minimal	Cross, Inter-company integration
<b>Planning</b>	Separated	Integrated
<b>Communication</b>	Transactional and Contractual	Mutual Initiatives
<b>Balance of power</b>	One-sided	Balanced
<b>Trust</b>	Contractual	Goodwill
<b>Targets and Measures</b>	Contractual	High Profile , mutually developed Improvement Targets

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# Happy negotiating !

For more information, training or support on negotiation or  
any other procurement issues contact us at :

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