

Effective Purchasing & Contract Negotiation Strategies

PIN014

Course Description

In today's highly competitive market, organizations need to achieve substantial improvements in their purchasing operations to stay ahead. Effective Purchasing & Contract Negotiation Strategies focuses on equipping professionals with the critical skills and knowledge required to become leaders in negotiating and securing cost-effective contracts. This course covers the strategies, techniques, and processes necessary for reducing costs through improved purchasing and negotiation practices. By focusing on both strategic procurement and the negotiation of contracts, participants will gain hands-on experience in achieving cost reduction and enhancing supplier relationships.

Course Goal

To enhance the participants' knowledge, skills, and abilities in negotiating purchasing contracts and applying effective strategies to reduce procurement costs, enabling their organizations to secure value-driven contracts.

Course Objectives

By the end of this course, participant will be able to:

- Understand the importance of performing purchasing gap analysis and how it influences contract negotiations.
- Grasp the concept of Total Cost of Ownership (TCO) and its application in negotiations.
- Use methods of price and cost analysis to evaluate supplier offers.
- Develop "should cost" models to guide negotiations.
- Identify cost reduction opportunities within the purchasing process.
- Apply various contract negotiation approaches to secure favorable terms.
- Understand the tendering process and apply best practices in supplier qualification and selection.
- Master negotiation tactics and strategies for achieving win-win outcomes.
- Analyze strengths and weaknesses in negotiation positions and improve negotiation preparedness.

Who Should Attend

- Procurement and technical staff involved in specifying and procuring services and supplies.
- Contracts, Purchasing, and Procurement Personnel.
- Engineering, Operational, Project, and Maintenance Personnel.
- Anyone involved in negotiating and managing contracts.

Course Duration

5 Working Days

Course Outlines

1. Introduction to Purchasing & Contract Negotiation

- Overview of the purchasing process and its strategic importance.
- How purchasing is perceived by other organizational functions.
- Understanding the role of contract negotiation in procurement.

2. Continuous Improvement & Cost Reduction Strategies

- Defining Continuous Improvement (CI) in the purchasing process.
- Implementing cost reduction and productivity enhancement strategies.
- Using Pareto analysis to identify strategic cost-saving opportunities.

3. Total Cost of Ownership (TCO) Models

- Defining TCO and why it goes beyond just price.
- Methods for calculating TCO and assessing supplier offers.
- Identifying cost reduction initiatives through TCO.
- Additional factors to consider in the purchasing decision process.

4. Cost Reduction Opportunities in Contract Negotiation

- Exploring cost reduction techniques in purchasing.
- Analyzing company purchase price indexes compared with external benchmarks.
- Examining supplier pricing strategies and resisting price increases.
- Supplier performance measurement and how it impacts cost-saving strategies.

5. Methods of Price Evaluation & Cost Analysis

- Techniques for justifying prices and evaluating supplier offers.
- Methods of price and cost analysis to ensure value for money.
- Developing "should cost" models to guide negotiations and improve outcomes.

6. Effective Contract Negotiations

- Key negotiation skills and preparation steps for successful negotiations.
- Persuasion techniques and strategies for negotiating favorable terms.
- The Win/Win negotiation strategy and its application in purchasing and contracts.
- Determining negotiation issues and prioritizing key contract terms.

7. Strengths, Weaknesses, and Negotiation Positioning

- Understanding Better Alternatives to Negotiated Agreements (BATNA).
- Techniques for analyzing the other side's position and interests.
- Tools for setting clear negotiation objectives and creating negotiation teams.
- Practical tips and case studies to enhance hands-on negotiation experience.

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