

Supplier Negotiation checklist

Six Step Supplier-negotiation for Streamlined Sourcing

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Introduction

Supplier Negotiation is much more than just handling cost management. And when it comes to setting the bar for supplier performance, it is an under-utilized yet critical business skill that requires a broader approach. It may comprise multiple criteria like timely delivery, robust customer support, supply chain risk, communication, quality, and good management.

For many businesses nowadays, the balance of power has dramatically shifted from buyers to suppliers. Thus, by being communicative, responsive, and approachable, professionals build a positive rapport with suppliers to gain a competitive advantage over decision-making.

Being prepared for upcoming scenarios means everything for a good negotiator. From start to finish, a negotiator must always be one step ahead during the **supplier negotiation process** to build a performance framework early in the relationship.

This **Six Step Supplier-negotiation Checklist** will help you to build the foundation for critical negotiations with your chosen suppliers. It will be a key to developing your offer, recognizing your Best Alternative to a Negotiated Agreement (BATNA), and planning any walk-away points when required.



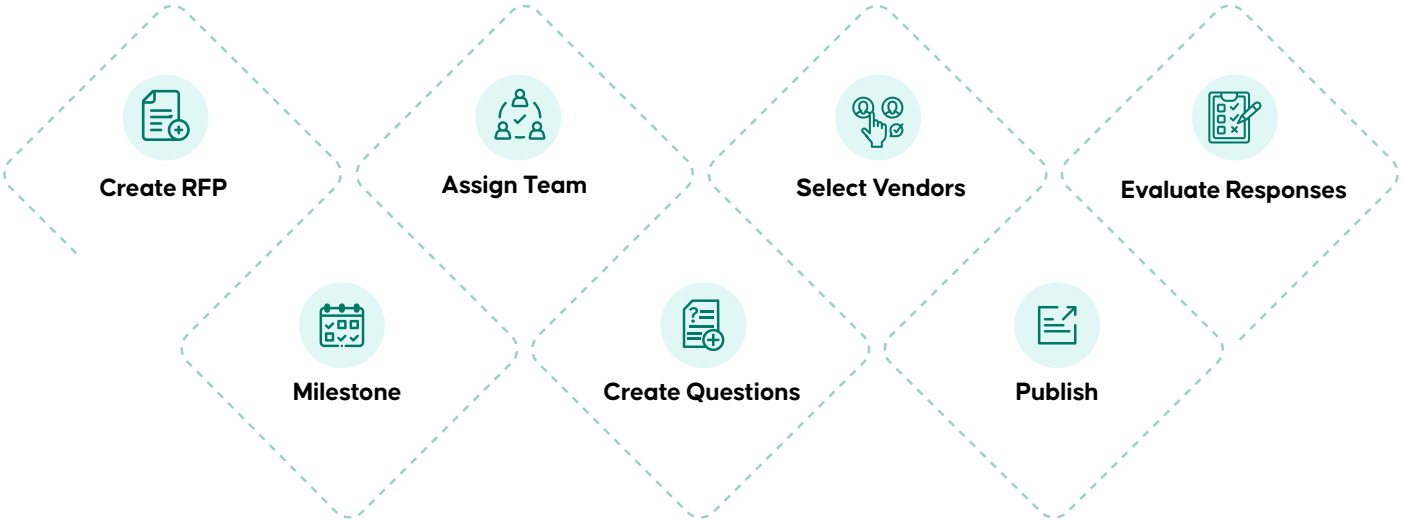
Supplier Details	
☐	Name of the supplier (person/company)
☐	Job title of the Supplier
☐	Supplier's company
☐	Keep an alternative supplier option in mind in case you don't reach an acceptable agreement
Prepare a Team	
☐	Scrutinize the skills and experience required for this particular supplier
☐	Get a team based on facilitation skills, experience as a negotiator, technical/subject matter expert, legal support, and financial analysis skills. Allocate their roles
☐	Ensure that the team has the authority to negotiate and get the contract recorded in writing
Identify the Format	
☐	Determine the medium of communication
☐	Phone
☐	Email
☐	Face-to-face
☐	Others
☐	Identify the location of the negotiation sessions
☐	Learn about the primary negotiator
☐	Invite the supplier and know more about the primary negotiator
☐	Ensure that the supplier's negotiator holds the decision-making power

Decide your Negotiation Strategy	
☐	Decide which strategy works best for each supplier, including competing, accommodating, avoiding, compromising, or collaborating
☐	State all the terms that you will negotiate
☐	For each term, set targets and the least acceptable alternatives
☐	Apply negotiation tactics like defining the future benefits of the deal or warn to switch the supplier
Points Before Making Any Action	
☐	Determine the Best Alternative to a Negotiated Agreement (BATNA). List all the options and try to improve upon them. Choose the best option
☐	Determine what to concede if required to make a deal
☐	Preset a timeline for negotiation
☐	Consider the risks in determining your terms and conditions, and plan accordingly
☐	Make an internal communication plan and define what needs to be confidential
☐	Review previous notes, if any, or online courses to be prepared
Begin Negotiation Confidently	
☐	Observe the supplier's every reaction to your tactics
☐	Create the negotiation agenda and practice it with your team members
☐	Keep a contingency plan in mind in case negotiations don't go well
☐	Document every agreement and share it with the supplier ensuring all are on the same page
☐	Draft a final agreement
☐	Foster a positive feeling of win-win about the new relationship for both

Have any questions? Talk to the sourcing expert at Aavenir.

Aavenir's All-in-One Sourcing Software

Streamlines your procurement processes over a unified and integrated system by



RFPflow

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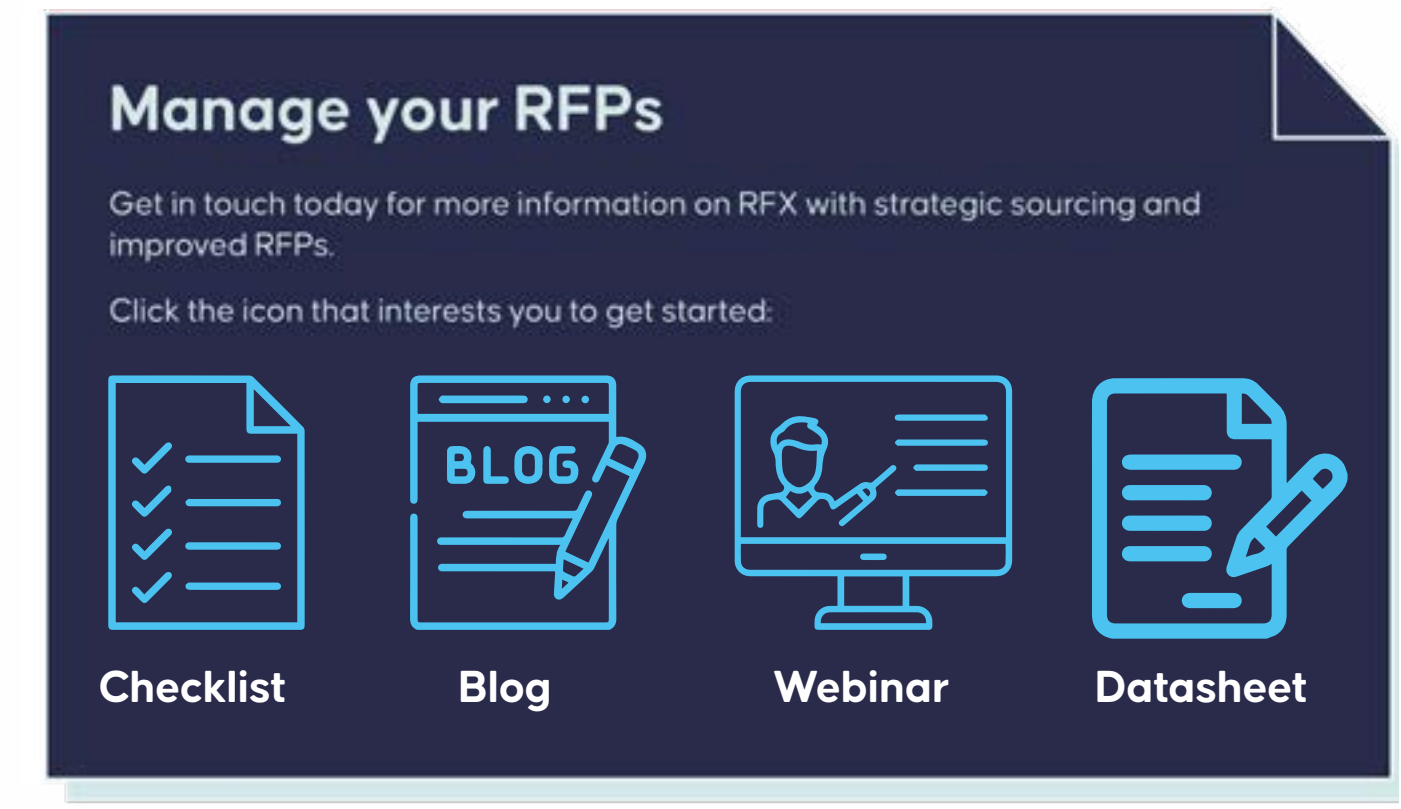

About Aavenir

Aavenir revolutionizes age-old procurement processes with AI-enabled Source-to-Pay solutions, including RFPflow, Onboardingflow, Contractflow, Obligationflow, and Invoiceflow. Built on ServiceNow, Aavenir solutions streamline procurement, legal, and accounts payable work processes using the latest technologies such as AI, ML, and NLP to

Explore Aavenir Source-to-Pay Solutions on ServiceNow



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