

Commercial Negotiation [L4M5]

Target Audience: If you have over 2+ years of relevant experience in a business environment, our Level 4 Diploma will be for you. You'll develop the technical skills, knowledge and competencies employers are looking for.

Hours: 60 Hours

Pre-requisite: Basic understanding of how supply chain works. This is the third entry level qualification, there are no formal entry requirements.

1.0 Understand key approaches in the negotiation of commercial agreements with external organisations

1.1 Analyse the application of commercial negotiations in

the work of procurement and supply

- Definitions of commercial negotiation
- Negotiation in relation to the stages of the sourcing process
- Sources of conflict that can arise in the work of procurement and supply
- Team management and the influence of stakeholders in negotiations

1.2 Differentiate between the types of approaches that can be pursued in commercial negotiations

- Collaborative win-win integrative approaches to negotiations
- Distributive win-lose, distributive approaches to negotiation
- Pragmatic and principled styles of negotiation
- Setting targets and creating a best alternative to a negotiated agreement (BATNA)

1.3 Explain how the balance of power in commercial negotiations can affect outcomes

- The importance of power in commercial negotiations

- Sources of personal power
- Organisational power: comparing the relative power of purchasers and suppliers
- How suppliers gather information on purchasers
- How purchasers can improve leverage with suppliers

1.4 Identify the different types of relationships that impact on commercial negotiations

- The relationship spectrum
- Building relationships based on reputation, and trust
- Repairing a relationship

2.0 Know how to prepare for negotiations with external organisations

2.1 Describe the types of costs and prices in commercial negotiations

- Types of costs: direct and indirect, variable and fixed
- Break-even analysis: cost volume profit formulae
- Costing methods such as absorption, marginal or variable and activity based costing
- Volumes, margins and mark ups and their impact on pricing
- Negotiating prices

2.2 Contrast the economic factors that impact on commercial negotiations

- The impact of microeconomics and market types on commercial negotiations
- Macroeconomics and its influence on commercial negotiations
- Sources of information on micro and macro economics

2.3 Analyse criteria that can be used in a commercial

negotiation

Criteria such as:

- Setting objectives and defining the variables for a commercial negotiation
- The bargaining mix
- Positions and interests
- Openings and presenting issues

2.4 Identify the resources required for a negotiation

- Choice of location
- Involving appropriate colleagues
- Use of telephone, teleconferencing or web based meetings
- Room layout and surroundings

3.0 Understand how commercial negotiations should be undertaken

3.1 Identify the stages of a commercial negotiation

- Defining the stages of a negotiation such as: - preparation, opening, testing, proposing, bargaining, agreement and closure
- How behaviours should change during the different stages of a negotiation

3.2 Appraise the key methods that can influence the achievement of desired outcomes

- The use of persuasion methods
- The use of tactics to influence the other party

3.3 Compare the key communication skills that help achieve desired outcomes

- Types of questions
- Effective listening
- Push and pull behaviours

- Nonverbal communication
- The influence of culture in commercial negotiations
- The use of emotional intelligence in commercial negotiation

3.4 Analyse how to assess the process and outcomes of negotiations to inform future practice

- Reflecting on performance
- Opportunities for improvement and development
- Protecting relationships after the negotiation