

**CLASS MODE: REMOTE ONLINE TRAINING (ROT) / CLASSROOM TRAINING**

# MISI Short Courses

**COURSE FEE**  
**RM 1,400**



## Procurement Fundamentals: Negotiation

Program Code: (R/345/7/0208)(07/2022)  
MQA Code:(MQA/FA 2296)

### INTRODUCTION

This course provides an introduction to negotiation in a procurement context (i.e., negotiations between a buyer and a vendor/supplier). Negotiation is one of the most important skills you need in supply chain management and procurement. By attending this course you will start your journey towards becoming an effective negotiator.

### PROGRAM CONTENT HIGHLIGHTS

#### Preparation for Negotiation

- Learn why is preparation important and how it can affect your negotiation process. BATNA and Reservation Price.

#### How to Understand People

- Learn in negotiation; Building relationships and trust; Cultural differences.

#### Conducting the Negotiation

- How to conduct effective negotiations from start to finish.

#### Ethics in Negotiations

- Learn about Questionable Tactics; What is Permissible? Lost Opportunities; Bluffing, Fraud and Lying. Post Negotiation Analysis is key to future success.

### OBJECTIVE

Provide the participant with a structured foundation in the preparation and conduct of negotiations. Since practice is key in building up expertise in negotiation, case studies and exercises/games will be used to supplement lectures.

### WHO SHOULD ATTEND

This course is designed to have a broad appeal and provide an understanding of how negotiation in business can be performed effectively. Professionals from procurement and purchasing organizations will particularly benefit from this program.

### COURSE DATES

- NOVEMBER 2<sup>nd</sup>, 2021  
9:00AM - 5:00PM

### THE FACULTY



**Dr. David Gonsalvez**  
Former CEO & Rector,  
of MISI

Dr. Gonsalvez is the former CEO & Rector at MIT Global SCALE Network's Malaysian Institute of Supply Chain Innovation. Prior to this he was Director of Supply Chain Strategy for General Motors Global Purchasing and Supply Chain.

*Please note: Faculty is subject to change.*

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# Procurement Fundamentals

## Negotiation

## Schedule

### DAY 1

Session	Topic	Description
Session 1	Introduction to Negotiation in Procurement	<ul style="list-style-type: none"> <li>– What is Negotiation? What are the different types of negotiation?</li> <li>– How to classify a particular negotiation?</li> </ul>
Session 1	Preparation for Negotiation	<ul style="list-style-type: none"> <li>– Why is preparation important? What constitutes good preparation?</li> <li>– How do you prepare for an important negotiation?</li> <li>– What is BATNA? Reservation Price? How do you develop your BATNA?</li> <li>– Barriers and Power in negotiation; Unintended consequences from preparation</li> </ul>
Session 1	The People Factor	<ul style="list-style-type: none"> <li>– The “Opposition”: Knowing your “opponent”; Difference between organization and individual objectives; Organization levels in negotiation; Building relationships and trust; Cultural differences and similarities</li> <li>– Your Team: Subordinates &amp; Bosses; Aligning Roles &amp; Responsibilities</li> </ul>
Session 2	Due Diligence on Supplier Cost Structure	<ul style="list-style-type: none"> <li>– Importance of knowing the supplier’s cost structure</li> <li>– Finding out about your supplier’s cost structure</li> <li>– Identifying key cost drivers in your supplier’s operations for this RFQ</li> <li>– How to best use this information</li> </ul>
Session 2	Understanding your Supplier’s position	<ul style="list-style-type: none"> <li>– The real motivation behind your supplier’s need to negotiate</li> <li>– Their financial situation and performance in the stock market</li> <li>– Do they have specific objectives for this negotiation?</li> </ul>
Session 2	Data at Your Fingertips – Tools & Analysis	<ul style="list-style-type: none"> <li>– Total Landed Cost / Total Cost of Ownership estimation analysis</li> <li>– Overall market analysis for this commodity/component</li> <li>– Impacts of FX variability, INCO terms, other specific negotiation parameters</li> </ul>
Session 3	The 10 Negotiation “Rules”	<ul style="list-style-type: none"> <li>– Know your stuff; Establish a baseline; Involve your experts</li> <li>– Check the market; Don’t bluff, but play your cards close</li> <li>– Maintain integrity; Use tools available; Review all the facts</li> <li>– Be unpredictable and fast; Find the way that’s a “win-win”</li> </ul>
Session 3	Conducting the Negotiation	<ul style="list-style-type: none"> <li>– The Physical Setup; The Players; Making the First Offer?</li> <li>– Distributive and Integrative Solutions; Tactics, Emotions and Conflicts</li> </ul>
Session 3	Ethics in Negotiations	<ul style="list-style-type: none"> <li>– Questionable Tactics; What is Permissible?</li> <li>– Lost Opportunities; Bluffing, Fraud and Lying</li> </ul>
Session 3	The Post Negotiation Analysis	<ul style="list-style-type: none"> <li>– How well do you think you did? How was conflict handled?</li> <li>– Type of solution achieved; Buyer’s and Seller’s Surplus Estimates</li> <li>– State of the future relationship; Storing the “lessons learned”</li> </ul>
Session 4	Negotiation Exercises	<ul style="list-style-type: none"> <li>– Case Studies &amp; Negotiation Games</li> </ul>