



## 7 Common Negotiation Mistakes

Negotiation process can be complex and that is certainly true when it comes to outsourcing contracts. Outsourcing contracts tend to come with heightened emotions, strict timelines and high expectations. Unless you avoid these common negotiation traps, you could be setting up your outsourcing agreement for frustration and failure.

### **Win-Lose Scenario**

Entering negotiations believing that one side must win and one side must lose can lead to an unsuccessful deal. Avoid the assumption that one side's compromise will lead to the other side's loss, when in fact it could be the best thing for both parties.

If the other side propositions fewer people than you first expected to fulfill your contract, allow them the chance to prove how they can handle the complexity and volume of your business before you decide you're getting the losing side of the deal.

### **Passive vs Aggressive**

An important part of the negotiation process is compromise. Negotiators must avoid the appearance of being too passive by agreeing to a deal that isn't in the best interest of the company. Always remember to keep specific business objectives in the forefront of contract negotiations and fight for what is best for the business.

For example, outsourcing should reduce expenses. Outsourcing vendors sometimes suggest or even recommend elements that don't align with the business goals, increase the costs, and add complexity to non-critical activity. Don't just walk away but RUN from a contract that leads to over spending in areas that are not essential for your success.

### **Starting Point**

When beginning negotiations, it is essential to determine one's starting point. Identify the necessary points for success. More often than not, each party to the contract will have a differing starting points and success measurements.

Negotiations with well defined starting points will be easier push in the direction of the business needs. Understanding the real cost to do the same process yourself is a huge win in the negotiation process. Recognize the value of someone else providing

the service. Predetermine the spending limits for the business. Identifying the starting points will lead to contract success.

### **Options**

Today's quickly evolving business world rarely provides only one option. Before beginning negotiations, it is essential to understand the best options available. Outsourcing offers options. Options for price, process, innovation, and time management. But if you haven't done the homework and identified available options, you'll never know if negotiations are leading to a good deal or not.

### **"Let's make a deal"**

Don't get lost in the sales process of negotiations. Some continue negotiations even when it is leading to a no-win situation. They somehow believe that continuing with the negotiation is a better option than walking away without a deal. Walking away from a bad deal might cost you time; however, making a non-beneficial deal will cost more in the end. Creating the right outsourcing deal for your business is more important than closing the deal. Remember the negotiation is only a process...it's not the end goal.

### **Confidence**

The decision maker should have a great deal of confidence in the business they represent. Identifying the businesses core competency, or in other words what it's good at is the first step in truly understanding where help is needed. This factor is a key step in making the right deal. However, don't allow confidence to impede your ability to recognize other options you may never have considered.

A successful contract negotiation should generate creative options to serve your business needs. Options you may never have considered or tried will hopefully lead to new successes.

### **Restrictive Deals**

Often, the end result of negotiations lead to restrictive deals. However, the ultimate negotiation power lies in the negotiator's ability to keep the options open. Avoid outsourcing negotiations that lead to iron-clad contracts that restrict early terminations, eliminate or control the ability to use a third parties, or limit your involvement in the standards used to fulfill your contract.

Successful negotiation strategies include remembering and following these simple steps to avoid common frustrations and headaches others have experience during contract negotiations. Businesses that lack the capability, time or desire to work through contract negotiations should consider a vendor partner that understands both sides of the outsourcing contracts.

## About Rosewood Partners, LLC

Headquartered in a rural East Texas town, Rosewood Partners, LLC is a unique management consulting group that builds on its small town roots of loyalty, partnership and commitment. Its team is comprised of industry specialists with centuries of combined practical hands on business experience in the areas of change management, operations management, off-site and staff augmentation services. Rosewood's leadership philosophy is drawn from actually having led teams located all over the world through corporate downsizing, merger and acquisition activities and everyday business operations.

With its down-to-earth small town roots Rosewood believes in keeping things simple. Real-life experience has granted its team members the ability to employ simplicity to solve real world business problems. The straightforward tasks that simplicity demands deliver the reward of constant and consistent results. It is this simplicity that drives Rosewood's OES methodology, Operational Excellence Simplified.

