HRNINJAS
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British Assessment Bureau
UKAS MANAGEMENT SYSTEMS
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INFORMATION SECURITY MANAGEMENT

Negotiation

Covers basic concepts, guidance and more...

A Reference for the Rest of Us!

element**suite**
Powerful. Smart. HR Software.

From last time...

A recap

In our previous sessions we have taken you through 'step-by-step' the first 6 essential stages of selecting People Tech, that is right for **YOUR** business.

We have provided guidance on how to structure your journey, with overview packs and downloadable documents that **YOU** can populate with **YOUR** company information

"So what's next?"

Justify the Business Case

Build the business case for your HR needs. What does success looks like? Define measurable outcomes on time saved and cost benefits across your organisation.

Supplier Beauty Parade

Create a long-list of possible suppliers. Don't get bogged down or swept away with sales. Make sure you objectively compare solutions side-by-side.

Supplier Shortlist

Create a shortlist and request more in-depth information from suppliers. Use a simple weighted scoring framework for assessment and compare critical features across suppliers.

Negotiation

Avoid pitfalls in negotiation, and balance pricing with partnership. Make sure you're clear on delivery approach and ongoing support as well as the raw tech.

Desk Research and Exploration

Work out where to start, when to make a change, how to save time. Identify your needs, and move forward. Seems daunting but heatmaps and structured questionnaires can help.

Organisational Structure

Get ahead by flushing out any changes to jobs, structures or processes, along with working out how you will measure organisation performance. It will help reduce risks later.

HR Data

Don't underestimate the time it will take to check, and clean up your data. Data Protection is an increasingly hot topic, so make sure you're in control.

Procurement and Contract

Navigate procurement and contract with care and pragmatism. Don't forget the importance of data protection but try not to lose the essence of the partnership agreement.

Initiating and mobilising your project

Get your tech implemented painlessly. Mobilise your team, and set yourself up for success by using the best project management and tracking techniques.

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Negotiation

Getting serious

After having been through your RFI/RFP process and shortlisting your vendors, you will eventually get to a point where you are comfortable that you have identified a vendor that is a good match for your business. You will want to proceed with negotiations and commercials to move towards selecting the vendor and establishing a sound commercial basis for the partnership.

There are many good books regarding the "art of negotiation" – this session does not attempt to tackle the wider behavioural aspects of this topic!

Instead we highlight some of the most important things that should be considered when entering into a negotiation phase with your chosen vendor:

1. When to announce selection

2. Making sure that you're sure

3. The importance of matching behaviours

4. Understanding the vendor's delivery approach

5. Moving to commercials and contract

6. Key DOs and DON'Ts

1 When to announce selection

Timing is everything...

During the selection process you have been assessing and shortlisting your vendors. They will have been trying to impress during the process and if shortlisted will be anxious to understand whether they've been selected and moving into negotiations and commercial discussions. No doubt their sales team will also be impressing upon you the importance of a quick decision!

Competitive tension during negotiation is important but it's also important to get the timing right for announcing that a vendor is selected.

There will of course be numerous timing considerations for you – particularly if you have a "burning platform" and/or if you are still awaiting approvals for capital expenditure.

Too fast and you risk:

- Not having approval to proceed
- Not having people lined up
- Misalignment of vendor constraints and approach
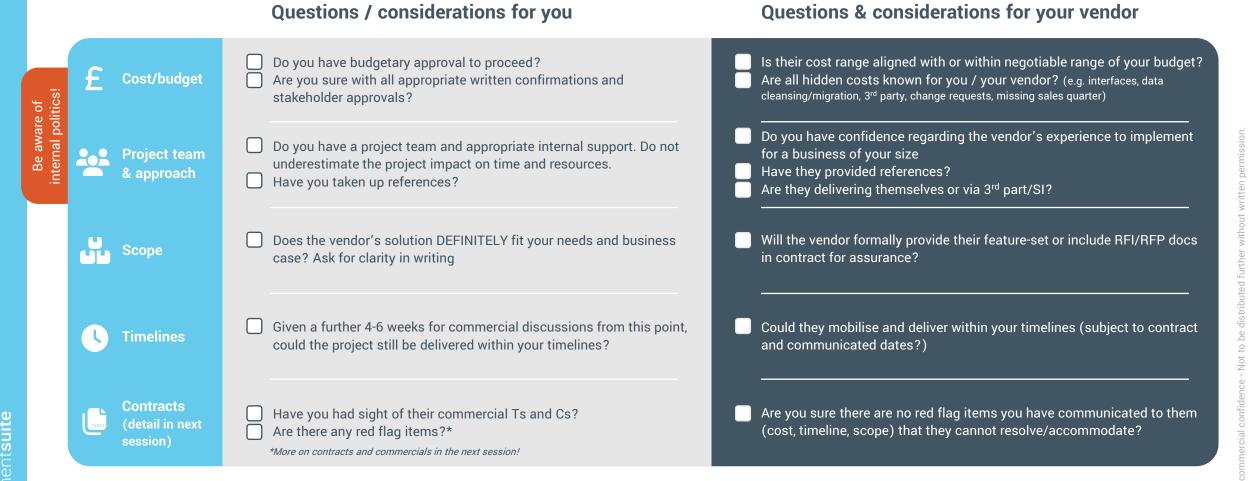- Not being ready for commercials

Too slow and you risk:

- The vendor losing interest
- Missing budgetary approval cycles
- Cost of burning platform renewals
- Paralysis by analysis

On balance - in our view it is always worth going slower to make the right decisions and go faster later.
BUT be as clear as you can as early as you can with your vendor about timing so that trust is not forfeited

Making sure that you're sure

Things to consider

Before announcing to the lucky vendor they are selected, its important to **make sure that you're sure** about proceeding to contract with your chosen vendor. Take some time to work through some of the key points below in order to ensure alignment with your vendor:

Questions / considerations for you

Questions & considerations for your vendor

£ Cost/budget

- ☐ Do you have budgetary approval to proceed?
- ☐ Are you sure with all appropriate written confirmations and stakeholder approvals?

- ☐ Is their cost range aligned with or within negotiable range of your budget?
- ☐ Are all hidden costs known for you / your vendor? (e.g. interfaces, data cleansing/migration, 3rd party, change requests, missing sales quarter)

Project team & approach

- ☐ Do you have a project team and appropriate internal support. Do not underestimate the project impact on time and resources.
- ☐ Have you taken up references?

- ☐ Do you have confidence regarding the vendor's experience to implement for a business of your size
- ☐ Have they provided references?
- ☐ Are they delivering themselves or via 3rd part/SI?

Scope

- ☐ Does the vendor's solution DEFINITELY fit your needs and business case? Ask for clarity in writing

- ☐ Will the vendor formally provide their feature-set or include RFI/RFP docs in contract for assurance?

Timelines

- ☐ Given a further 4-6 weeks for commercial discussions from this point, could the project still be delivered within your timelines?

- ☐ Could they mobilise and deliver within your timelines (subject to contract and communicated dates?)

Contracts (detail in next session)

- ☐ Have you had sight of their commercial Ts and Cs?
- ☐ Are there any red flag items?*

More on contracts and commercials in the next session!

- ☐ Are you sure there are no red flag items you have communicated to them (cost, timeline, scope) that they cannot resolve/accommodate?

…and importantly – do you like them/their people and can you work with them?! Ask to meet the team you'll be working with…

The importance of matching behaviours

Moving to commercials

When you're sure that you're sure and you're in a position to announce selection to your vendor − always make sure your communication is clear that they are selected "SUBJECT TO…" contract/references/other provisions
This ensures ongoing competitive tension and can help awkward situations later in the contracting process

We've all seen films of tough negotiators and bad business behaviours. It can seem tempting to think that when moving into a negotiation and contract phase, that creating tension is the right approach to get the best outcome for you and your business. However the opposite is probably true − now is the time to be open, reasonable and transparent.

Your relationship is changing

CUSTOMER & VENDOR

PARTNERSHIP
It is critical from here on that you understand that your behaviours will be matched by your vendor as you move into partnership − think of it as a marriage!

This will become even more important when moving into contracts, where mutuality and reasonableness from both sides is key to progress to an effective contractual and commercial arrangement.

Consider also the relative size of your company vs your vendor's company as this can influence where the balance of reasonableness should lie…

Remember also that your vendor will have a presence in the market, with their own HR network − reputation for you both is important!

4 Understanding the vendor's delivery approach

Things to consider

One of the key areas we have found to be a problem during negotiation is a misunderstanding of the vendor's delivery approach. This is typically because sales and delivery teams are often not well aligned and compensated differently!

…and in the case of large vendors the delivery team is a separate organisation altogether – be VERY wary of this…!

KEY QUESTIONS

How are they being paid for the SaaS?

- From contract signature?
- At Go-Live?
- Partial on signature, partial on Go-Live

How are they being paid for the Professional Services delivery?

- Fixed price or Time & Materials?
- Upfront?
- Milestone based?
- At the end?

How will you know they (and you) are on track?

- Is there an on-line / transparent way of tracking project progress?
- How are issues escalated

Can you terminate the contract?

Can you terminate the contract
- For convenience
- For lack of delivery
- For poor performance

Will they be delivering themselves?

- Or using a 3rd party?
- If 3rd party have they been involved throughout the process?

What happens if there is a delay?

- Caused by you?
- Caused by them?

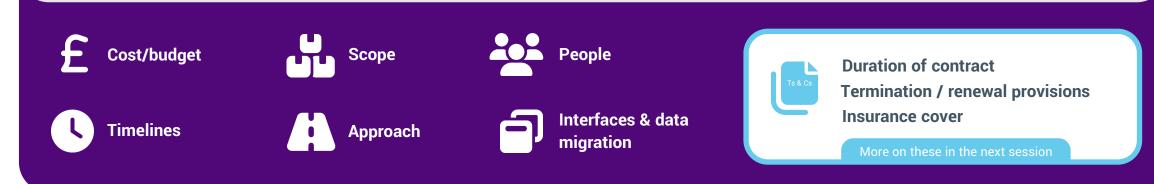### Do you get compensated?

- For late delivery caused by them

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5 Moving to commercials and contract

Things to consider

Navigating through the commercial and contract process can seem very daunting – especially if you've not done it before.

Also external lawyers are VERY EXPENSIVE!

…and if you have internal legal counsel they can be very difficult to get hold of.

You also need to decide whether you can work with the vendor's contract as a baseline (which is usually the most pragmatic approach). Vendors have refined their contract templates over many years and unless you have a very strong procurement team who are used to buying SaaS software, your internal template is likely not to be such a good start point as a contract baseline provided by your vendor.

HOWEVER – be aware that the initial "boilerplate" version provided by the vendor will likely be written in their favour, so try to informally establish as much clarity as possible with the vendor on the following key points BEFORE going into formal commercial and contractual negotiation.

£ Cost/budget

Scope

People

Timelines

Approach

Interfaces & data migration

Ts & Cs
Duration of contract
Termination / renewal provisions
Insurance cover

More on these in the next session

6 Key DOs and DON'Ts

DO

- Give as much clarity to your chosen vendor regarding timelines – honesty and transparency will repay in commercials and delivery
- Make sure you definitely have financial authority to proceed – the vendor will thank you with delays of their own if you delay
- Make sure you've estimated impact on your own internal resources – (and then double this!)

- Be respectful and reasonable with your shortlisted and chosen vendors – reputation is important
- Be aware of the size and experience of the vendor in relation to your own size and expectations around carrying financial risk
- Consider hidden costs outside of the "shiny software" itself – interfaces, data migration, 3rd parties
- Consider a press release or combined promotional video (subject to conditions you are happy with) to help a negotiating position

DON'T

- Involve legal too soon, wait until you're clear – don't expect lawyers to clarify things – they typically create conflict to test boundaries
- Select the vendor until you are crystal clear about the costs (including hidden costs) of the software and the project delivery
- Let the vendor bully you into making a decision based upon their quarterly targets – reasonable partners will carry over discounts
- Select the vendor until you are crystal clear that the software will meet your needs – ask for clarifications where there is ambiguity

- Select the vendor until you are crystal clear about the approach and assumed timelines for the project delivery
- Announce selection unless it is "subject to…" contract/references/commitment to dates/anything else you think is important to you

AND FINALLY
Get into a partnership with a vendor you're not culturally aligned with or don't like

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