

## **SPEED® Negotiation Process**

A structured approach to negotiating.



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## SPEED® Negotiation Process

### Background/Introduction

This short paper focuses on the negotiation process. It is based on research data gathered from the procurement community, but it has much wider application. Negotiation of course is not the exclusive activity of procurement professionals. The SPEED® negotiation process is just as relevant in sales, treasury management, human resources etc. The ability to achieve great outcomes through negotiation is a core skill in many roles, particularly for those people working in management and leadership positions.

As part of my research into procurement/contract management skills it has become apparent that negotiation skills are regarded as a 'core skill' for most roles. Based on this research, the following skills have been rated in the required top three skills by experienced procurement professionals:-

- Negotiation tactics and planning.
- Soft skills (influencing, persuasion etc).

There are many definitions of the term 'negotiation'. Based on my own studies and practical experience I would define it as:-

*.....an entire process that two or more parties go through in pursuit of reaching an agreement on a potential point of conflict where a resolution of some kind is desired or simply to reach a deal on a transaction.*

Of those who have contributed to my research more than 75% of respondents have consistently had the above two skills in their 'top ten', many had them ranked in the top three.

Based on this, I decided to investigate further in an attempt to gain a deeper insight into the negotiation process itself to achieve more clarity. It is easy to assume that a negotiation comprises three phases:-

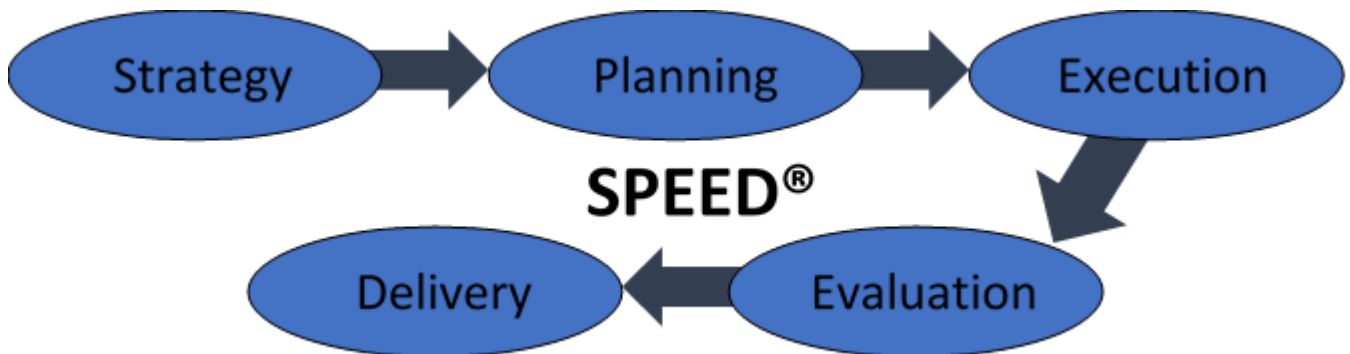
1. What happens before the negotiation.
2. What happens during the negotiation.
3. What happens when the negotiation is concluded.

Of course this is entirely valid, but it misses some key stages which could prove crucial to the success of more complex and protracted negotiations. That said, not all negotiations are complex in nature and some will be concluded (or at least reach an end point) very quickly. So, I am certainly not advocating over-complicating simple negotiations on, for example, low-value routine items. Although interestingly the process is still often followed but each stage is considered only very briefly and quickly.

That said, based on my research, it is clear that it is not always this straightforward, especially in more strategically important negotiations. From this research the SPEED® negotiation process has evolved, emphasising that there are actually five distinct phases. How quickly the negotiator progresses through each phase will depend on how important the negotiation is. For example on

routine/transactional items the process will take place quickly and might not include all stages. For more strategically important spend items the process will take much longer. But it is important to progress through the stage sequentially. The structure provided by the process gives a clear framework and is an ideal aid to supporting preparations ahead of a negotiation.

### The SPEED® Negotiation Process



Source: Colin Linton

Here is what should happen at each stage.

- **Strategy** – This is when the deeper and broader thinking happens. Understanding our internal strategies and drivers and the current market dynamics (including macro and micro factors). What is the relevant category strategy (if there is one)? How important is this item/negotiation to us as an organisation and how important is it to the other party(ies)? How many buyers and suppliers are there and what are the respective power levers between them? How much power do we have in the market? It can be seen that this stage might pass exceptionally quickly for low value/risk/importance items.
- **Planning** – It is dangerous to commence planning without having fully considered the deeper and broader issues. So, armed with the benefit of the more strategic background analysis, we can start making more tactical plans for the negotiation itself. There are many things to consider (again depending on the relative importance of the outcome of the negotiation). Here are a few examples:-
  - Logistics where, when, how? Face-to-face might not be possible so we need to consider the issues and implications of other approaches.
  - Who will be there both representing our organisation and from the other party? Do we know them? What tactics have they used before?
  - What tradeables do we have and what might they use? What must we not trade away?
  - What are our targets and what are they likely to be aiming for?
  - What if we cannot reach an agreement? Does either party have anywhere else to go if we cannot agree a deal?
  - What are our most powerful persuasive arguments and what other tactics might I use? How might the other party respond and what tactics might they use?

- **Execution** – This is about the negotiation itself and must not take place until due consideration has been given to the Strategy and Planning stages. The same considerations apply here whether execution is online, by telephone or face-to-face. There may be other consideration where, for example, execution is by email or a series of emails but fundamentally the approach is the same. The execution stage will have a start - the opening; a middle – the various exchanges; and an end – closure, summary. Planning for opening statements and messages is vital. It is very easy to say the wrong thing. Where the negotiating parties have not met before there may be a need for more extensive general discussion and rapport building. It is important to remember to execute based on the planning that took place previously. That said, where that planning proves to be invalid it is perfectly acceptable to take ‘time out’ to reconsider and maybe revise the planned approach. Remember though that it may be necessary to consult with stakeholders before varying the planned approach. At the end it is important to close the negotiation properly. This means summarising and documenting the points of agreement and any next steps.
- **Evaluation** – This is often a missing element. Negotiation is largely about soft skills and these can be improved. So, taking time after a negotiation to pause and reflect is really useful for self-development. Consider - what went well; what did not go so well; where could you have improved; what did the other party do that was effective; did you achieve your goals and if not why; if you did achieve your goals could you have achieved an even better deal; if you did not achieve your goals was your target realistic? Reflect and then incorporate changes into your negotiating routine. Where appropriate consider your future training and development needs.
- **Delivery** – The end of the negotiation is in many ways just the beginning. Credibility builds through delivering on the promises made during the negotiation. This is why it is so important to record what was agreed as it is vital that what you commit to in the negotiation actually gets delivered. Delivering on promises is key to demonstrating professional integrity which is important when establishing and maintaining relationships.

## Conclusion

The debate around whether negotiation is an art or a science has existed for many years and will no doubt continue for years to come. In the commercial world it is more a case of understanding how to achieve the best possible outcome from a negotiation. In this context I believe strongly that negotiation involves both art and science. Following a recognised process, such as SPEED®, will enhance the chances of success by ensuring nothing is missed. In addition it is important to understand the impact of behaviours and the application of soft skills as these can influence the outcome greatly.

## About the Author

**Colin Linton MRes MBA PGCHE DipM DipFS FCIB FCIM FCIPS FCIEA FHEA FInstLM** is an academic and trainer in procurement, finance and marketing. His initial research contributed to a Masters in Research at the University of Leicester and is now part of an ongoing programme of data gathering and analysis. Contact him at: [colin.linton@gideasolutions.com](mailto:colin.linton@gideasolutions.com)



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