

Seven Rules for Making a Great Deal

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Every commercial business transaction affects the bottom line. As a result, the procurement officer has a vital role in every corporation's well being. And the bigger the deal, the greater your responsibility and the higher your visibility. Here are seven rules to assure that every deal you make is a great deal for your company.

1. Assume an active role at the planning stage for the transaction and take responsibility for researching the supplier market. Position yourself to facilitate one-on-one technical discussions with potential sources to refine your acquisition objectives and insert non-technical or business considerations when appropriate.

Assign someone (or accept the responsibility yourself if necessary) to help the team discuss the entire range of organizational objectives and constraints for the planned sourcing and reach a recorded consensus on those issues. To the extent that you can get the team to reach consensus on prioritizing these objectives, you've established parameters for Requests for Proposal (RFP) and contract statements of work and the offer-evaluation process.

2. Establish yourself as the single point-of-contact for supplier representatives. (Note: this is not to say that other members of the team won't have interaction with the marketplace, but that you will be the conduit for and—at your option—a participant in such exchanges).

This interface control function covers all written and oral communication. If you don't do this, there is a greater opportunity for bidders' sales representatives to work around the procurement channel. They're trying to acquire more information about your requirements and evaluation criteria than you want them to have at this point. Remember they are trained and rewarded for acquiring a competitive advantage for their company. It is why you must maintain control.

“Statement of Objectives” is the core of the process

3. Develop clearly stated requests for information or proposals. The core of this solicitation is a *Statement of Objectives*, not the more typical *Statement of Work*. This approach will produce more solutions-based competition, rather than getting demonstrations of how adept the bidders are at writing to your pre-conceived solution.

Whether you ask for a RFP (Request for Proposal) or, if the timing and situation warrants, RFIs (Request for Information), the request requires optimum clarity concerning your organization's objectives for the intended services. In addition it must describe the performance environment, intended service-level criteria, evaluation criteria, proposal instructions and your pro-forma contract agreement.

4. Establish a total-value perspective, as opposed to lowest-price, for vendor selection. This path provides a systematic offer-evaluation process in which documented inputs furnish enhanced objective vs. subjective, decision criteria. In addition, the process will give you a discipline that will result in narrowing the vendor selection to at least the two best-value offers.

5. Position yourself as the lead team representative during all phases of offer fact-finding or clarification sessions and actual negotiations conducted with the final two prospects.

Ensure contract includes all agreed requirements

6. Once a final selection has been made ensure that the contract documents include all agreed requirements and negotiated offer features.

7. Stay involved after the contract is signed. Don't fade into the background and let the user representatives take it over. Hopefully your organization has adopted the concept of contract management. (If not, do what you must to advocate using this business tool. There are several software-supported CM systems available and Maxelerate consultants can guide you through this process.)

Contract Management systems require continued participation by the procurement officer. In every contract both buyer and supplier have contract obligations. The timely recording of the fulfillment of those obligations goes a long way toward ensuring that the desired outcomes of the transaction are achieved. Procurement representatives can be seen as the on-going monitor of the relationship, and the most likely repository of documentation that represents obligation fulfillment.

Following this seven-step outline will allow you to construct great deals for your organization. The process enables you to research the market and gain knowledge of viable suppliers. It helps you calibrate their responsiveness and creativity during the information-gathering phase and develop a selective source list instead of relying upon the catalogue of unevaluated suppliers that would be created by full and open competition, such as that required by federal acquisition regulations.

You will be able to negotiate deals that pass muster with your company's procurement rules and procedures as well as the Uniform Commercial Code (UCC). You will be able to negotiate market driven, value oriented deals that will withstand the scrutiny of investment analysts and the stock market that evaluate all business decisions. You will be able to make the best deals for you and your company.

Maxelerate's goal is to help Sourcing, Procurement, Purchasing, Engineering, IT and other professionals in all industries and government agencies to get better deals from suppliers. We accomplish this by providing Consulting, Training, Seminars and Leadership Implementation.

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