

NEGOTIATION PLAN TEMPLATE

PUBLIC AUTHORITY USER GUIDE

- In accordance with the Sourcing Policy, a Negotiation Plan must be completed for all complex and strategic procurements. A Negotiation Plan may also be beneficial for transactional or routine procurements.
- This template is designed to meet the requirements of the *South Australian Government Procurement Framework* and provides suggestions about the details to be included in a Negotiation Plan.
- The *Sourcing Policy* and *Negotiation Guideline* also informs the outline and recommended content of this Negotiation Plan.
- Public authorities can tailor this template to ensure it is fit-for-purpose and meets internal procurement and contract management framework requirements. Public Authorities can determine the appropriate authority to approve the Negotiation Plan. This should be set out in the Public Authority's internal procurement framework.

User specific instructions

- User notes for this template and suggested considerations are in *orange italics*.
- The guidance notes and suggested considerations should be used as prompts to help public authorities prepare for and navigate the negotiation process.
- All user notes, suggested considerations, and **orange text** can be deleted prior to finalising the Negotiation Plan. This user guide should also be deleted.
- The amount of detail included in each section of the Negotiation Plan and the effort put into completing this template should be commensurate to the complexity of the contract (considering the scope, value and risk level of the contract).
- Parts of the template contain suggested wording or tables that can be used to input key information. These are examples only and can be updated to suit your procurement needs.
- If you would like assistance in preparing your Negotiation Plan, or a constructive peer review of your draft, please contact your public authority's procurement team or contact Procurement Services SA at procurement@sa.gov.au.

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Other resources are available at: <https://www.forgov.qld.gov.au/procurement-guides>

Further information: Procurement SA
Contact Email: procurement@sa.gov.au

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Value for
money



Creating
jobs



Innovation and
new business



Climate smart
economy



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[Insert public authority logo (optional)]

Negotiation Plan

Procurement Name:	Click or tap here to enter text.	
Procurement Reference Number:	Click or tap here to enter text.	
Public Authority:	Click or tap here to enter text.	
Division:	Click or tap here to enter text.	
Key Stakeholders (of public authority and supplier(s))	Click or tap here to enter text.	
Version Control:	Date	Version #
	Click or tap here to enter text.	Click or tap here to enter text.

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1. Purpose

This Negotiation Plan details the requirements and process for the negotiation of offers related to *<insert procurement name>* by the Negotiation Team and sets out the guiding principles and procedures by which the Negotiation Team will undertake the negotiations.

Negotiations will be entered for the purpose of:

- resolving any departures from the specification
- achieving improved terms and conditions
- maximising the potential value of money available
- *[insert other purpose here and below]*

Negotiations may take place on any aspect of the proposed contract. Any amendment to the supplier's offer occurring as a result of negotiations, or as a result of a request for further information or clarification between the parties, will form part of the offer.

[Insert procurement name] was released to the market on *[insert date]*. A total of *[insert number]* offers were received in response to this market offer/invitation.

The purpose of this procurement process is to *[insert relevant details]*

Following an evaluation process, it was decided to enter into negotiations with:

- *[insert shortlisted supplier name]*
- *[insert shortlisted supplier name]*

This Negotiation Plan should be read in conjunction with the following documents:

- *[insert document name(s) e.g. acquisition plan, evaluation plan, and market approach documents]*

2. Background and Context

Summarise the project background in the context of the negotiations, considering issues such as:

- *nature of the procurement in terms of risk, value, and complexity*
- *the nature of the market and any market issues*
- *one-off negotiation versus the need to maintain long-term relationships*
- *the existing relationship with the supplier*
- *political or community sensitivities*
- *skill and experience of the Negotiation Team*
- *the balance of power in the negotiations.*

The Negotiation Guideline provides further guidance on understanding the context of the negotiation and the important issues to consider.

3. Roles and responsibilities

Public authority representatives

In the table below, broadly detail the roles and responsibilities to be undertaken by each Negotiation Team member. Example roles may include chair, minute taker, principal negotiator,

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support negotiator, technical negotiator etc. It is also important to identify who has decision-making authority.

The *[Insert public authority]* negotiation team consists of the following representatives.

Name and position title	Role	Responsibility	Decision maker (Y/N)
<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Y/N]</i>
<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Y/N]</i>
<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Y/N]</i>

The rules for participation and conduct in the negotiation is outlined in Attachment 1.

Supplier representatives

Wherever possible, confirm in advance who will be representing the supplier at the negotiation. It is also important to identify who has decision-making authority.

The *[Insert supplier's name]* negotiation team consists of the following representatives.

Name and title	Role	Responsibility	Decision maker (Y/N)
<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Y/N]</i>
<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Y/N]</i>
<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Y/N]</i>

4. Negotiation Objectives and Key Messages

It is important to understand the broad objectives or desired outcomes of the procurement. Broadly detail the primary objectives for the proposed negotiations. Refer to the Negotiation Guideline for further guidance.

The *[Insert public authority]* priorities and intended negotiation outcomes are detailed below:

- *[Insert key objective]*
- *[Insert key objective]*
- *[Insert key objective]*

Key messages are the main points you want the supplier to hear. They may relate to the outcomes sought, value for money, key technical requirements or other details specific to the procurement. Each member of the negotiation team should understand the key messages and maintain these throughout the negotiation.

The following key messages will be relayed during the negotiation and repeated as necessary:

- *[Insert key message]*
- *[Insert key message]*
- *[Insert key message]*

5. Negotiation Details

Issues to be negotiated are detailed below. The Negotiation Guideline provides further guidance on determining what is to be negotiated (e.g. financial aspects, timeframes, performance incentives) and the intended outcomes and priority of the negotiation.

Duplicate this table for each negotiation outcome. The table at Attachment 2 may also be used.

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Outcome	[Insert details]
Priority of issue	[Insert details e.g. low, medium or high]
Our minimum outcome	[Insert details]
Our target outcome	[Insert details]
Our strengths in negotiating this outcome	[Insert details]
Our weaknesses in negotiating this outcome	[Insert details]
Our points of leverage in negotiating this outcome	[Insert details]
Our possible concession points in negotiating this outcome	[Insert details]
Our best alternative to a negotiated agreement (BATNA) in negotiating this outcome	[Insert details]

Information about the supplier(s)

Gather useful information about the supplier to assist in developing alternatives to the solution being proposed by the supplier. The more information about the supplier's background including matters such as their financial situation, deadlines and costs, the easier it will be to understand the supplier's likely approach, strategies and position on key issues, and to negotiate options which address these issues and find innovative and mutually beneficial solutions to the negotiation. The Negotiation Guideline provides some tips on where to locate this type of information on suppliers.

Information collected	Details
[Insert details]	[Insert details]
[Insert details]	[Insert details]
[Insert details]	[Insert details]

Logistics and meetings

Allow sufficient time for the negotiation. The negotiation process may be made up of multiple meetings. Formal meetings should only be called where the likely result outweighs the costs involved.

The following negotiation meetings have been scheduled:

Item	Details
Location	[Insert details]
Date, time and duration	[Insert details]
[Insert details on other relevant logistical details]	[Insert details]

6. Strategies and tactics

There are a range of different styles and tactics that can be used during a negotiation. Clarifying both party's interests and discussing options for mutual benefit can develop into the making of an offer. Once an issue has been thoroughly explored, offers should be put clearly and firmly and show an understanding of each party's position. Refer to the Negotiation Guideline for more information.

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Public Authority's approach to the negotiations

Provide information about the style of negotiation and any tactics or approaches the negotiation team may employ on behalf of the public authority. The Negotiation Guideline provides further guidance on negotiating styles.

Supplier strategy and tactics

It is also good practice to document the potential strategies and tactics the supplier may employ and consider strategies in advance to counter any such approaches.

It is anticipated the following strategies/tactics may be used by the *[Insert supplier details]* and the following counter approach and strategies will be deployed:

Potential strategy or tactic	Possible counter approach or strategies
<i>[Insert details]</i>	<i>[Insert details]</i>
<i>[Insert details]</i>	<i>[Insert details]</i>
<i>[Insert details]</i>	<i>[Insert details]</i>

7. Risks

The following risks have been identified in relation to the negotiation process. Refer to your public authority's risk management framework to determine the likelihood, consequence and risk ratings your public authority uses.

Risk	Likelihood	Consequence	Risk Rating	Mitigation Strategy	Risk Responsibility
<i>[Insert Risk]</i>	<i>[Insert the likelihood of the risk occurring]</i>	<i>[Insert the consequence if the risk occurs]</i>	<i>[Insert the risk rating]</i>	<i>[Insert the identified risk mitigation strategy (or strategies)]</i>	<i>[Insert who is responsible for managing the risk]</i>
<i>[Insert Risk]</i>	<i>[Insert the likelihood of the risk occurring]</i>	<i>[Insert the consequence if the risk occurs]</i>	<i>[Insert the risk rating]</i>	<i>[Insert the identified risk mitigation strategy (or strategies)]</i>	<i>[Insert who is responsible for managing the risk]</i>
<i>[Insert Risk]</i>	<i>[Insert the likelihood of the risk occurring]</i>	<i>[Insert the consequence if the risk occurs]</i>	<i>[Insert the risk rating]</i>	<i>[Insert the identified risk mitigation strategy (or strategies)]</i>	<i>[Insert who is responsible for managing the risk]</i>

8. Recommendation

At the conclusion of negotiations, the Chair will prepare a Recommendation which should include the following information relating to the negotiations:

- all negotiations undertaken, and the outcomes of these;
- any variations to specifications resulting from negotiations, and any required management strategies for these variations;
- post invitation risks identified and any management strategies developed;
- concessions agreed to or negotiated which vary the approved acquisition plan; and

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- a summary of final offer value for money outcomes and any additional benefits (for example, cost reductions or value adds) achieved by negotiations.

9. Negotiation Team Endorsement

Endorsement of this Negotiation Plan should occur before commencing negotiations. Negotiation team members should also complete a conflict of interest and/or confidentiality agreement.

I have read this Negotiation Plan for *<insert procurement name>* and agree to abide by it.

Name	
Position Title	
Division and Department	
Signed	
Date	

Name	
Position Title	
Division and Department	
Signed	
Date	

Name	
Position Title	
Division and Department	
Signed	
Date	

10. Approval

Approval for this negotiation plan should occur before commencing negotiations.

I approve this Negotiation Plan for *<insert procurement name>*

Details	
Name	
Position Title	
Division and Department	
Signed	
Date	

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Attachment 1 - Rules of Participation and Conduct

An **example** set of rules are set out below.

The fundamental goal of the negotiation is to achieve improved outcomes while ensuring acceptable results for both parties. The Negotiation Team must not make unnecessary concessions simply to reach agreement.

Roles and Responsibilities

The Chair is responsible for ensuring the objectives of the negotiation are met and the rules for negotiation, as detailed in this plan, are followed.

One Negotiation Team member will minute all negotiated outcomes and provide minutes to all members of both parties for agreement.

All Negotiation Team members are to be present at all negotiations unless they have been given an 'as required' status.

The Chair may approve the attendance of additional advisors or subject matter experts if required. Where **external** assistance is required (i.e. from personnel not employed under the *Public Sector Act 2009*), then a Code of Conduct and Confidentiality Form must be signed.

The Chair will obtain appropriate authority prior to negotiations to allow commitment to appropriate negotiated outcomes as they occur.

Probity

The negotiation process must be transparent, documented and undertaken in a fair and equitable manner.

Negotiation Team members must notify the Chair of any possible conflicts of interest. Where a conflict of interest exists, the team member should be excluded from the decision-making processes which concern the relevant matter and from any aspect of the project where the team member has the ability to influence the result.

All negotiation matters are confidential and must be treated as commercial-in-confidence and must not be divulged to any other person who has not been authorised by the Chair to receive that information.

The Negotiation Team will not, for themselves or others, seek or accept gifts or benefits. The Negotiation Team will comply with the Code of Ethics for the South Australian Public Sector and any policies of their public authority in relation to accepting, declaring and/or recording the receipt of gifts or benefits.

Negotiation proceedings must be documented to provide a clear audit trail.

Process

The Negotiation Team will meet prior to each negotiation to:

- reaffirm the negotiation objectives;
- understand the negotiation approach, in accordance with this Plan; and
- understand the roles and responsibilities of each Negotiation Team member including confidentiality and probity principles.

Prior to the negotiation, the Chair shall advise the supplier(s) of the agenda of items to be discussed in the negotiation.

Conduct During Negotiations

It is important when conducting negotiations that the following conduct is maintained:

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- Maintain confidentiality;
- Do not give the supplier(s) the impression that they have secured the contract;
- Maintain an ethical approach at all times;
- Resolve internal differences away from the negotiation room;
- Retain an open mind at all times;
- Look for long term results;
- Negotiation Team members must conduct themselves ethically at all times;
- Ensure that negotiations being undertaken are 'subject to contract'; and
- Ensure that essential terms have been actually agreed to when proposing to enter into a contract

The list is not exhaustive.

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Attachment 2 – Determining Negotiation Points and Outcomes

The table below, notes the following for both the *[Insert public authority and/or procurement/project details]* and *[Insert supplier/s details]*.

- Most Desired Outcome (the best possible scenario)
- Least Acceptable Agreement (the minimum agreement you are willing to accept)
- Best Alternative to a Negotiated Agreement (a planned course of action in the event you cannot reach an agreement)

Insert the key points to be negotiated into the table below, noting the Most Desired Outcome, the Least Acceptable Agreement and Best Alternative to a Negotiated Agreement for both the public authority and the supplier.

It may be necessary to populate the supplier outcomes based on assumptions, however, this can be updated/corrected as more information becomes available during discussions. Consider which points may be negotiable and which are not negotiable, along with the priority of the various points. In some instances, it may be possible to concede certain items to get a greater overall value for money or service outcome. Overlap between the public authority and supplier's positions may indicate the best points of negotiation.

Public authority outcomes				Supplier outcomes		
Key points to be negotiated	Most Desired Outcome	Least Acceptable Agreement	Best Alternative to a Negotiated Agreement	Most Desired Outcome	Least Acceptable Agreement	Best Alternative to a Negotiated Agreement
<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>
<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>
<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>	<i>[Insert details]</i>