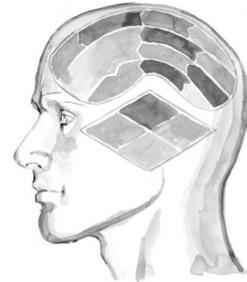


“I WISH I’D KNOWN THAT
WHEN...”

MARC SARIS



Several years ago, whilst working for a large oil and gas company, I was tasked with tendering and negotiating the oil wells-development contracts for a middle eastern country. The company I was working for was responsible for developing one of the largest oilfields in the country on behalf of the country’s government. This added to the complexity of negotiating with our suppliers because every strategy, negotiation, and concession had to be pre-approved by our client, the government.

After joining The Gap Partnership and being exposed to the different methodologies we apply to our consultancy projects I was able to look back on that experience and how I would do things differently knowing what I know now. Key elements of our consultancy projects, such as ensuring that objectives are clear and aligned, and proper stakeholder management can make the difference in the outcome of the negotiation.

Objective Alignment

After a long and complicated tendering process we entered negotiations with the technical acceptable lowest bidder. The negotiation strategy, the variables, and possible concessions all had to be approved by the government prior to entering the negotiation with our supplier. One of the key challenges we faced was that the government had different objective than us, mainly focused on the number of wells to be developed under the contract; the government wanted to develop as many wells as possible, whilst we wanted to limit the size of the investment. It



was a key element that needed to be negotiated with the government before we could enter negotiations with our supplier.

Looking back, there were several misalignments between the client and ourselves which meant that our objectives were not clearly aligned and due to time pressures, we entered the negotiation with the supplier with unclear objectives and significant misalignment with our own client.

Setting clear aligned objectives that are SMART is the one of the very first fundamentals on which we challenge our clients when supporting a negotiation: “If you don’t know where you’re going, you might end up somewhere else” Yogi Berra.

Stakeholder Management

Whilst preparing for the strategy and defining our objective we had to seek approval from the government. It soon became clear that they had significantly different interests and expectation than we had. I recall a meeting with the most senior governmental decision maker who, during the meeting, showed us meeting minutes which involved colleagues from our organisation that directly contradicted something that we had just stated as a fact. This was a large exposure as it damaged our reputation as well as showing internal misalignment to the government. The issue was that interactions between governmental stakeholders and our staff was a daily occurrence across numerous levels. The outcome of that meeting resulted in us having to accept a major concession with the government which significantly affected us.

We underestimated how well the governmental stakeholders were able to gather all the information from all the different engagements as well as their ability to communicate this information up to their most senior managers. Had we spent more time mapping out all the daily interactions between us and our governmental client and aligning internally we would have avoided that situation and making an unnecessary concession.

This highlights the importance of ensuring proper internal alignment on objectives as well as having a proper stakeholder management plan in place. This is a key element in the development of strategic negotiation plans and is an area where we spend a significant amount of time on during our consultancy projects. During such projects we identify all individuals who communicate with the other party, the influence and the relationship they have with the other party. We then actively plan the level and content of communication required to be successful. Once this is set out and clearly identified the organization is briefed and aligned to avoid the issues that we faced.

The Outcome

The negotiations with the suppliers were initiated whilst there was still misalignment with the governmental client. This resulted in a protracted negotiation spanning more than a year as our client would not agree any deal that didn't meet their own objectives. In the end, after spending 14 months negotiating this contract, it was awarded. We had to give significant concessions on the level of scope that we were committing to.

