

CASE STUDY

HUAWEI - HIGH LEVEL NEGOTIATION SKILLS



THE CHALLENGE

Chinese Multinational Company in IT-Industry; Global Market Leader in Telecommunication Equipment Manufacturing

- Client situation: Strong Growth in Revenues but Slow Growth in Profits:
Internal analysis had shown that contract quality with Global Key Accounts had dropped over the years; average size of contract value is above 250 Mio US\$
- Mercuri was invited to support an initiative for enhancing contract quality regarding selected Key Performance Indicators such as Margin, Payment Terms, Liability and others

OUR SOLUTION

- Benchmark existing client's negotiation process with world-class industry standard
- Analyze and document client's negotiation process "as-is" and "should-be"
- Develop working methodologies, tools, guidelines and competence profiles to improve process-quality and results:
Measure current competence profile of client's Top-100 lead-negotiators globally and identify competence gaps on individual level
- Develop and run training courses to close competence gaps in selected areas with room for improvement:
Trainings were designed as a business simulation of "competitive negotiation":
Participants had to undergo an intense 5-days realistically simulated and complex negotiation process. Within this scenario-based learning experience, all teams had to prepare, execute and follow-up a number of critical activities including communicating with internal and external negotiation partners to achieve the best possible contract quality
- Each participant was constantly assessed during all 5 days to identify his remaining improvement-potential as a basis for further individual coaching and other competence-building measures

HIGHLIGHTS

During the analysis of the negotiation process it turned out that the key-issue for deteriorating contract-quality was NOT predominantly caused by negotiations with EXTERNAL partners but by INTERNAL negotiations with team members from various departments. Once the partly conflicting internal interests were early anticipated and aligned, it was a much easier to successfully achieve acceptance for own interests from clients.

The audience of Top-100 lead-negotiators are very experienced Business Executives, who “have seen it all”. Still it was perceived as a real “eye-opener”, that it is almost impossible to achieve excellent results in “final negotiations” as long as the long lasting-sales process (12-24 months) prior to the final negotiations is not regarded as an internal and external negotiation process where all different contractual elements must be carefully aligned and communicated.

It was recognized as an illusion that you can “heal” major shortcomings in the sales process in just a few final negotiations; both sales and negotiation process have to be strictly linked and must be regarded as one entire combined process of achieving high contract quality.

THE RESULT

Targeted Key Performance Indicators of contract quality have improved by over 5% in average within 12 months period

Re-defined negotiation process as combination of sales and negotiation activities

Clear definition of team-approach for top-negotiations with team members from all involved departments

Clarification of roles & responsibilities of all team members: re-organize reporting-lines/communication lines and synchronize with different stages of newly defined process

