



Top Companies in Negotiation

IACCM Survey 2009

Background

In 2008, IACCM published a highly acclaimed study and report on 'The Most Admired Companies in Post-Award Contract Management'. Building on this success, the Association undertook a similar study in the period June to September 2009, to assess the most admired companies for negotiation.

As with the previous analysis, there was no established baseline to define the characteristics of excellence in negotiation. While it would have been possible to assemble a group of experts to establish criteria, there were concerns that such an approach is inevitably subjective. It also creates difficulties in establishing which companies are best, since any assessment would depend upon some process for nomination and validation. Consequently such an approach becomes somewhat exclusive.

For the study on contract management, IACCM sought the views of its worldwide membership, asking them to tell us about the companies they admired and the reasons for their view. We followed the same approach for the study on negotiation. Firstly, since our members interact and negotiate with other companies on a frequent basis, we believe their practical experiences offer unique insights. Secondly, in depth interviews with the top performers in the previous study appeared to validate this approach.

Our goal in undertaking this study is not so much about applauding a set of winners. It has more to do with gaining attention for this important competency and – in particular – enabling an objective analysis of the behaviors and characteristics that enable success. Our primary goal is therefore to encourage the spread of good negotiation practice. We aim to do this by highlighting top performers and describing the approaches that helped them reach this position.

The results do not represent a judgment or view by IACCM. Indeed, we were also surprised by some of the companies nominated by the membership and have started to explore why they made these assessments. This report provides some explanation of their views.

Demographics

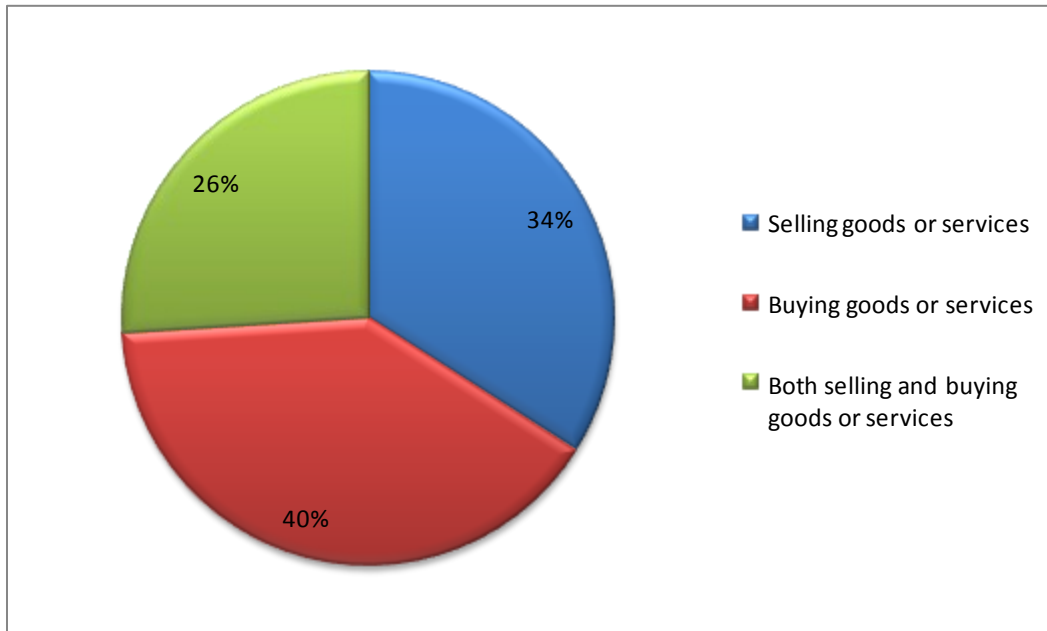


Figure 1: Buy, sell or both

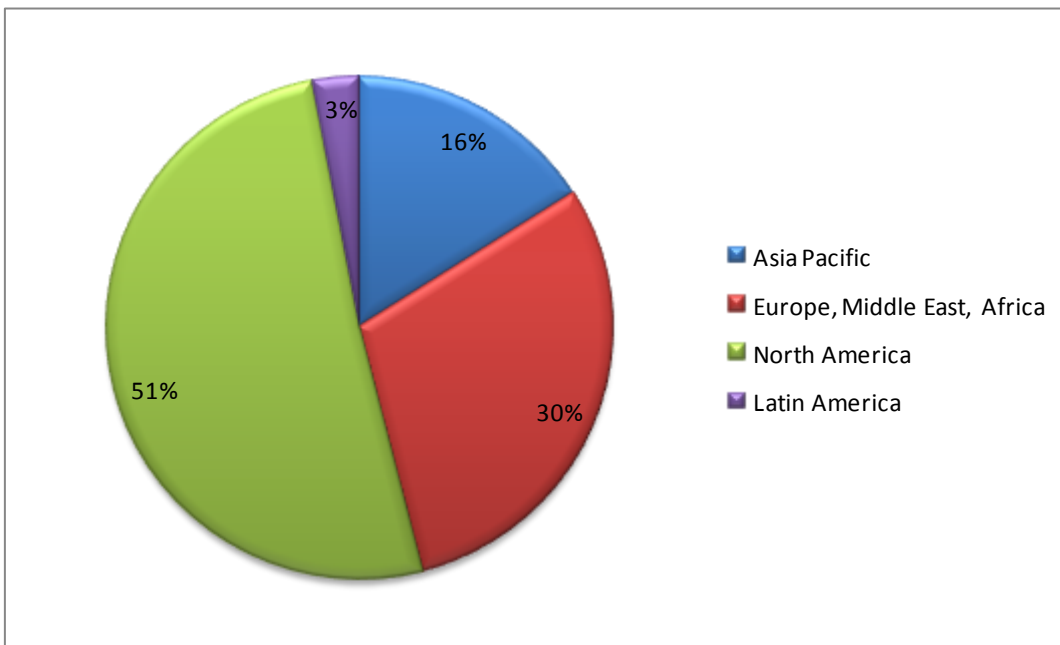


Figure 2: Region

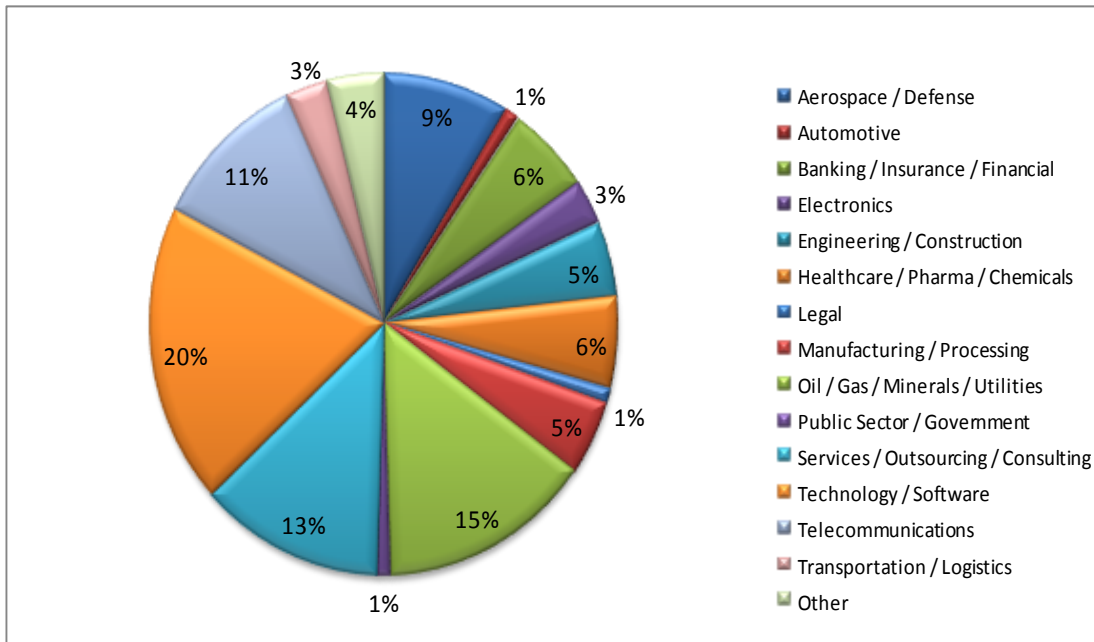


Figure 3: Industry

Findings

In conjunction with the survey of IACCM members, the Association worked in partnership with Huthwaite, a leader in negotiation training and research. Together, we organized interviews with 126 qualified participants, to understand the practices and processes that influence negotiation capability at an organizational level. The results of those interviews will be published at the end of October 2009.

This report focuses on announcing the winners of The Most Admired study. But as part of that study, certain basic information also emerged.

- Many believe that flexibility is the most important characteristic of 'good' negotiations. But in fact this survey reveals that quality of planning is considered most important, with teamwork tied for second place with flexibility.
- The reason that planning matters so much is that it tends to confer authority and clarity during the negotiation process. Those with whom we negotiate are made more confident that commitments reflect capabilities. This contrasts with the behavior of many sales groups which may offer flexibility, but leave concerns that their promises will not be met.
- The quality of teamwork is also fundamental to instilling confidence that commitments are honest and will be honored. Both teamwork and planning tend to result in greater responsiveness, avoiding the frustration of requests disappearing into 'a black hole' or taking unacceptable amounts of time to answer.

- Planning and teamwork are typically accompanied by an ability to offer clear and coherent explanations. It is critical for the other side to understand why positions are being taken.

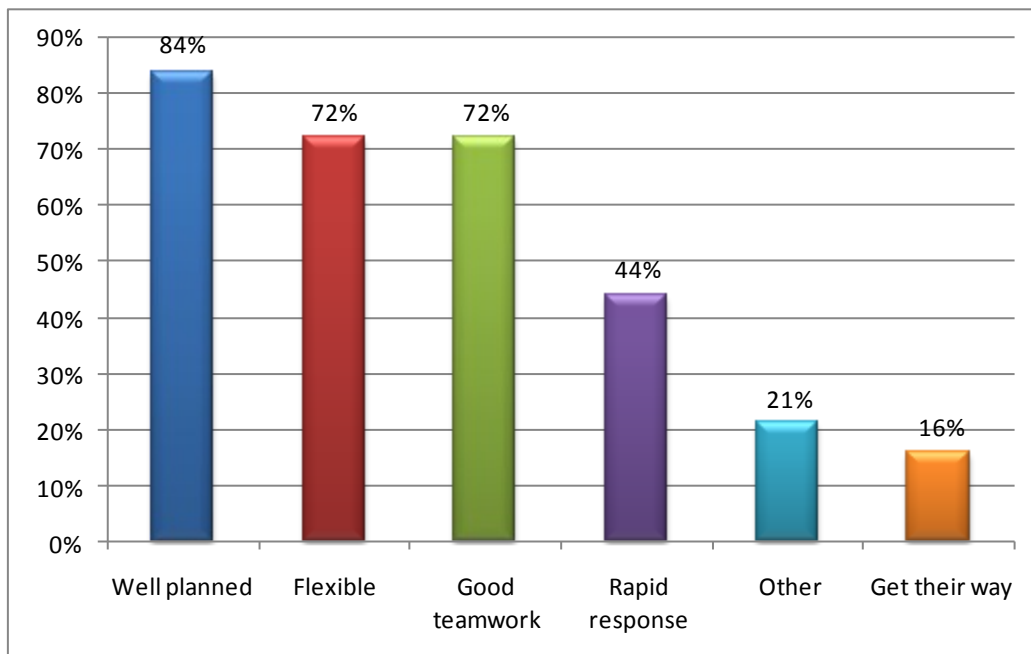


Figure 4: Key Characteristics

The companies that emerged at the top of our list of the most admired are not necessarily renowned for their flexibility. Indeed, some are among the least flexible.

Their success was based on the perception that they knew what they were doing, they promised what they could achieve, they met their obligations and they were able to explain their negotiating positions in ways that – if not entirely acceptable – could be understood.

However, it is also evident that reputation is based on historic experience. Some of the highly placed companies will do well to consider whether recent changes in approach will damage their status.

Feedback from industry suggests that several of the leaders in our study have responded to concerns about governance and the recession by becoming more risk averse and introducing greater rigidity in their negotiations. This has led to increasing complaints about their practices.

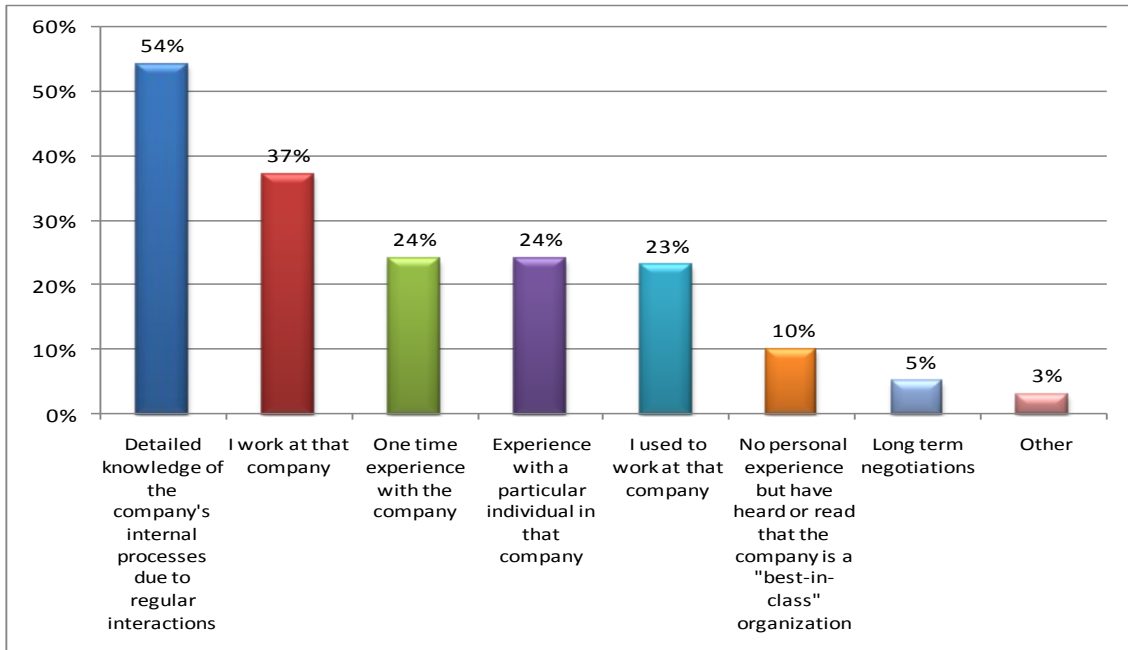


Figure 5: What are your selections of the companies based on?

*A weighting system was used to eliminate inconsistencies that could result from people voting for their own company

Most Admired Companies For Sales Negotiation*

Ranking	Company	Sell or Buy Side
1	IBM	Sell Side
2	Microsoft	Sell Side
3	HP	Sell Side
4	Accenture	Sell Side
5	GE	Sell Side
7	Cisco	Sell Side
6	Oracle	Sell Side
8	BAE	Sell Side
9	EDS	Sell Side
10	Northrop Grumman	Sell Side
11	SAP	Sell Side
12	CSC	Sell Side
13	Honeywell	Sell Side
14	Lockheed Martin	Sell Side
15	Halliburton	Sell Side
16	NCR	Sell Side
17	Siemens	Sell Side
18	BT	Sell Side
19	Dell	Sell Side
20	Bechtel	Sell Side

Most Admired Companies For Buy Negotiation*

Ranking	Company	Sell or Buy Side
1	GE	Buy Side
2	Exxon Mobil	Buy Side
3	BP	Buy Side
4	IBM	Buy Side
5	Cisco	Buy Side
6	HP	Buy Side
7	Shell	Buy Side
8	Intel	Buy Side
9	Walmart	Buy Side
10	Chevron	Buy Side
11	Novartis	Buy Side
12	Toyota	Buy Side
13	Lockheed Martin	Buy Side
14	Oracle	Buy Side
15	AT&T	Buy Side
16	Northrop Grumman	Buy Side
17	Vodafone	Buy Side
18	Fluor	Buy Side
19	American Airlines	Buy Side
20	BAE Systems	Buy Side

Top 100 Companies*

Ranking	Company	Sell or Buy Side
1	IBM	Sell Side
2	Microsoft	Sell Side
3	HP	Sell Side
4	Accenture	Sell Side
5	GE	Sell Side
6	GE	Buy Side
7	Exxon Mobil	Buy Side
8	Cisco	Sell Side
9	BP	Buy Side
10	Oracle	Sell Side
11	IBM	Buy Side
12	Cisco	Buy Side
13	HP	Buy Side
14	Shell	Buy Side
15	Intel	Buy Side
16	Walmart	Buy Side
17	BAE	Sell Side
18	EDS	Sell Side
19	Northrop Grumman	Sell Side
20	SAP	Sell Side
21	CSC	Sell Side
22	Honeywell	Sell Side
23	Lockheed Martin	Sell Side
24	Chevron	Buy Side
25	Ford Motor Company	Buy Side
26	Novartis	Buy Side
27	Halliburton	Sell Side
28	NCR	Sell Side
29	Siemens	Sell Side
30	Toyota	Buy Side
31	BT	Sell Side
32	Dell	Sell Side
33	Bechtel	Sell Side
34	Lockheed Martin	Buy Side
35	Oracle	Buy Side
36	Apple	General Side
37	Google	General Side
38	EXL Services	Sell Side
39	Thales	Sell Side
40	AT&T	Buy Side

41	Northrop Grumman	Buy Side
42	Vodafone	Buy Side
43	Fluor	Buy Side
44	Raytheon	Sell Side
45	CCGVeritas	Sell Side
46	Emmerson	Sell Side
47	Ericsson	Sell Side
48	American Airlines	Buy Side
49	BAE Systems	Buy Side
50	BHP-Billiton	Buy Side
51	Koch Industries	Buy Side
52	L-3 Communications	Buy Side
53	Microsoft	Buy Side
54	Procter & Gamble	Buy Side
55	Southwest Airlines	Buy Side
56	Total S.A	Buy Side
57	Disney	General Side
58	Shell	Sell Side
59	Texas Instruments	Sell Side
60	Vodafone	Sell Side
61	BNSF Railway	Buy Side
62	Citibank	Buy Side
63	Ericsson	Buy Side
64	Qatar Petroleum	Buy Side
65	BMC	Sell Side
66	Boeing	Sell Side
67	Ernst and Young	Sell Side
68	A.T. Kearney	Sell Side
69	AT&T	Sell Side
70	Atkins	Sell Side
71	Avnet	Sell Side
72	Cerner	Sell Side
73	Chevron	Sell Side
74	Deloitte and Touche	Sell Side
75	FedEx	Sell Side
76	Heinz	Buy Side
77	Herman Miller	Sell Side
78	Jacobs Eng. Co	Sell Side
79	Johnson & Johnson	Sell Side
80	L-3 Communications	Sell Side

81	McLane Advanced Technologies	Sell Side
82	Panasonic	Sell Side
83	Pricewaterhousecoopers	Sell Side
84	Schlumberger	Sell Side
85	UPS	Sell Side
86	WIPRO	Sell Side
87	Xerox	Sell Side
88	ADNOC	Buy Side
89	Alcoa	Buy Side
90	Amazon	Buy Side
91	AP Moller Maersk	Buy Side
92	Bank of America	Buy Side
93	Barclays	Buy Side
94	BSkyB	Buy Side
95	BVT Surface Ship Solutions	Buy Side
96	Cargill	Buy Side
97	CH2M HILL	Buy Side
98	China Mobile	Buy Side
99	Coloplast	Buy Side
100	Diageo	Buy Side

What Next?

Our hope is that this report will generate debate about the qualities it takes to be good at negotiation. In conjunction with the previous study of post-award contract management, it should offer companies the opportunity to consider their position and to determine the need for improvement. Therefore we urge recipients to ensure that executive management have visibility of the results and are encouraged to support steps to build negotiation capabilities.

Overall, the ability to structure, negotiate and manage relationships through successful contracts has become increasingly important to bottom-line success. The companies doing well in these areas are also doing well in their overall performance. While good contracting and negotiation are not in themselves drivers of corporate excellence, it certainly appears to be the case that corporate excellence will not be achieved in their absence.

** A weighting system was used to eliminate inconsistencies that could result from people voting for their own company*