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Negotiations policy

This template policy is provided for guidance only. It is recommended that your shed adapt this policy to meet your specific needs. For further assistance please contact Men’s Sheds of WA at [admin@mensshedswa.org.au](mailto:admin@mensshedswa.org.au)

To replace ‘Name of Shed’ with your sheds name, use your mouse to click on the yellow highlighter text, the text will appear to be bound in a grey box. Type the name of your shed and then using the mouse click out of the content box. All ‘Name of Shed’ references throughout the document will change to your sheds name.

Click on the edge of this disclaimer box and use the back space or delete key to delete it.

(Credit: Institute of Community Directors*)*

|  |  |
| --- | --- |
| Responsible person | Name Surname |
| Version | 1.0 |
| Date approved by Committee | Click here to enter a date. |
| Scheduled review date | Click here to enter a date. |

# Introduction

[Name of Shed] will endeavour to minimise the risk any operation, project or activity poses to our organisation, our staff, our volunteers, our members, or the public.

This guide is intended to provide an overview of the main issues that need to be considered when negotiating on the organisation’s behalf.

It is strongly recommended that officers who are involved in negotiations particularly for large expenditure or critical purchases:

* possess the appropriate skills and experience.
* consult the relevant organisation representative (See Delegations Policy and Schedule).

It is not intended that this guide replace expertise and other valuable resources that are required to produce successful outcomes for agencies.

# Purpose

This guide provides information about the anticipated key issues in negotiations. This document is not an exhaustive resource and will not cover all eventualities of a negotiation.

It also provides practical advice to assist officers perform effectively during negotiations with suppliers.

# How is this guide to be used?

This guide should be read in conjunction with the following organisational documents:

* Committee Code of Conduct
* Delegations Policy and Schedule
* Code of ethics
* Constitution
* Risk Management Policy
* Strategic Plan (Including vision, mission, values, priorities and goals)
* Communications Policy
* Social Media Policy
* Stakeholder Management plan
* Ethical Fundraising Policy
* Equal Opportunities Policy

# What do we define as negotiation?

Negotiation is the bargaining process between two or more parties, each with its own viewpoints and objectives. The aim being to reach a mutually satisfactory agreement on, or settlement of, a matter of common concern.

Effective negotiation should result in an agreement that is fair, durable, meets the legitimate needs of both parties, represents value for money and improves the relationship between parties.

# Policy

[Name of Shed] acknowledges that negotiation is about forming relationships with stakeholders and suppliers. In all negotiations [Name of Shed] representatives should endeavour to find the best possible outcomes for both parties, whilst endeavouring to work in the best interests of the organisation (as per the Constitution).

Negotiations should not result in a situation where the organisation is not operating within the parameters of its constitution, not operating legally and where the outcome cannot guarantee a safe workplace for its staff, volunteers and members of the public.

Negotiation procedures

# Responsibilities

The principal lead on any negotiation will correspond with the Delegations Policy.

For significant negotiations, a team of negotiators may be appropriate – this will be arranged by the Committee, as appropriate.

Consideration should be given to the who will acts as the lead negotiator:

* technical expertise
* financial expertise
* historical knowledge of the contract or situation
* negotiations expertise and training
* role and level of responsibility in the organisation

If negotiations are an ongoing activity in the agency, consider having a number of skilled negotiators who can participate in a team.

It is the responsibility of the Committee to outline the relevant risks associated with the negotiations (please refer to the Risk Management Policy).

Negotiations should comply with the Organisations Code of Ethics and Conduct. Representatives should never act in a manner that is unethical or unfair in their attempts to gather information during negotiations.

Good written notes should be kept throughout the negotiations process. These may be required for a record of the process and to inform the final agreement.

# Negotiating Style

Negotiations should always be courteous and in keeping with the organisation’s Vision, Mission and Values.

Negotiation situations can often be tense and should not result in conflict.

All negotiators should try to identify their own naturally preferred styles. These may include one or more of the following:

### Collaboration

This is the preferred organisational approach where possible, characterised by a desire to satisfy all interests in a ‘win-win’ solution. Collaboration is the key to building strong relationships with all stakeholders. Collaboration will often lead to:

* finding a long lasting or creative solution
* both sets of interests finding compromise
* reaching a consensus
* developing and maintaining a positive relationship with the stakeholder/ supplier

### Compromise

This approach ensures that both parties meet at a midpoint that is mutually agreeable and where both parties can achieve a moderate but incomplete satisfaction with their agreement. Compromise is an appropriate style when:

* issues are not worth the effort to be negotiated in full
* a temporary settlement to a complex issue is needed
* an expedient solution under time pressure is needed.

### Competition

In this approach, one party seeks to have their requirements recognised without reciprocal recognition to the needs of the other party. Competition may be an appropriate approach when:

* quick, decisive action is required
* their is agreement by the delegated authority/ies that the organisation is in the right
* the issues are important and the organisation will be adversely affected from the consequences
* unpopular actions need to be taken
* other options are not possible.

### Accommodation

A softer approach to negotiation’ where the issues are more important to the other party and there is an opportunity to build the relationship. This approach may involve making strategic concessions.

### Avoidance

Where issues need to be disregarded. This can be an appropriate style when the issues are trivial or a distraction from more important / pressing issues. This can also be an appropriate approach where it is anticipated that the outcome of the negotiation will be conflict between the two parties.

# Negotiation Planning

In all significant negotiations it is important to understand both party’s needs, wants and objectives. The attached Negotiation Plan *(Credit: Institute of Community Directors)* will help representatives to prepare for the negotiation and determine any risks that need to be raised with the Committee.

# Documentation

### Contracts

Most negotiations may results in a written contract or other formal written documentation (e.g. an MOU/ formal agreement). A written contract is not essential for the agreement to be legally enforceable.

### Minutes and records

All representatives are required to keep full written records of all negotiation meetings. This is essential for tracking the negotiation process and keeping track of the content (e.g., what concessions were offered and by whom and what follow up actions need to be taken). Proper record keeping is also an important part of ensuring proper accountability for the negotiation process. Negotiation records may be required if the outcome is subjected to external scrutiny.

# Making an Offer

The outcome of the negotiation will require an offer from one or both parties to clarify the interests.

Once an issue has been thoroughly explored, representatives should be prepared to make or accept an offer. This offer must be first approved by the delegated responsibility from the Delegations Policy.

A concession offer may be required should the principal offer be rejected. This offer must also be approved by the delegated responsibility from the Delegations Policy.

*Contracts*: Contracts must be first approved by the delegated responsibility from the Delegations Policy.

# Authorisation

[Signature of Committee Secretary]

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

[Date of approval by the Committee]

[Name of Shed]

## Identify negotiation issues and objectives

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Other parties position statement/s** | | | | | |
|  | Issues | Interests | Need? | Want? | Influence  H / M / L |
| 1. |  |  |  |  |  |
| 2. |  |  |  |  |  |
| 3. |  |  |  |  |  |

|  |  |  |
| --- | --- | --- |
|  | **Our Issues** | **Issues Other Party** |
| 1. |  |  |
| 2. |  |  |
| 3. |  |  |

## Objectives

|  |  |  |
| --- | --- | --- |
|  | **Our Objectives** | **Objectives Other Party** |
| 1. |  |  |
| 2. |  |  |
| 3. |  |  |

## Needs and Wants

|  |  |
| --- | --- |
| **Need or Want?** | **Item** |
|  |  |
|  |  |
| **Want** | Restore communications with past members to assist in supporting the organisation. |

## Information matrix

|  |  |  |
| --- | --- | --- |
|  | We know | We don’t know |
| They know | *Arena*  History | *Blind spot*  Their need |
|  |  |
|  |  |
|  |  |
| They don’t know | *Facade*  Our unpublished | *Unknown* |
|  |  |
|  |  |
|  |  |

## Assess strengths and weaknesses

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Key Criteria** | **Other Party** | **Our Organisation** | **Power Influence** | **Strategy to Shift / Keep** |
| **Financial** |  |  |  |  |
| **Resources** |  |  |  |  |
| **Political** |  |  |  |  |
| **Relationships** |  |  |  |  |

## Other party roles

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Key Criteria | Role (e.g., CEO) | Level (e.g., Senior Management) | Authority to sign-off negotiations (yes/no) | Additional info relevant to negotiations (e.g., cultural sensitivity/ gender/ ability/ prior relationship to organisation). | Number of people required in negotiations (to maintain accurate records and to ensure personal safety where required). | Location of negotiation (to maintain personal safety where required). | Lead relationship (from our organisation) |
| **Lead negotiator** |  |  |  |  |  |  |  |
| **Other negotiators** |  |  |  |  |  |  |  |
| **Additional relationships** |  |  |  |  |  |  |  |

## Risks

|  |  |
| --- | --- |
| **Risk** | **Contingency Plan** |
|  |  |
|  |  |
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