

Contract Negotiations



This week...

Max and Chris are working on the details for an upcoming contract negotiation with a new supplier. They are debating the best strategy.

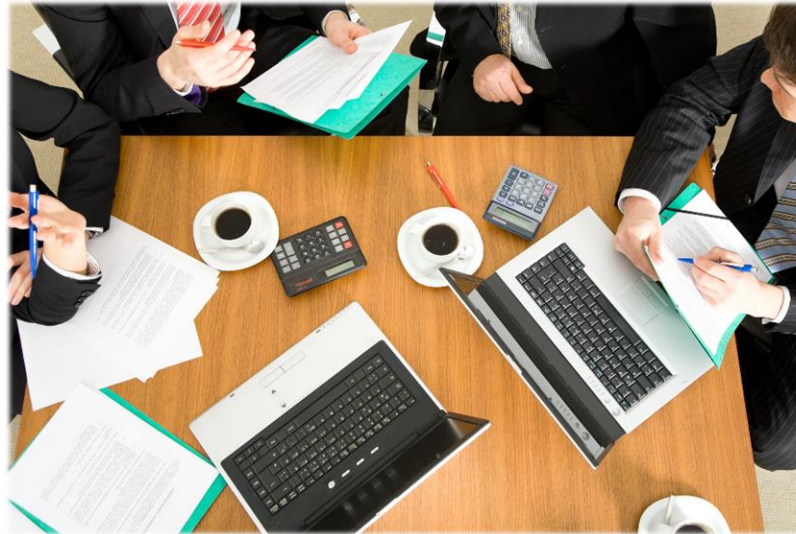
Lesson Objectives...

- To discuss contracts
- To practice negotiating

Business English Conversation

Super Class

Warm Up – Topic Question



Have you ever been involved in contract negotiations at work before?

Picture Description

What documents are they signing?



B



A



Max	Thanks for making the time to meet me, Chris. I've been worried about the upcoming contract negotiation with our supplier.
Chris	It should be fairly straightforward . What's bothering you?
Max	I've heard on the grapevine that they are going to push for higher prices.
Chris	That's understandable. They are just trying to stay in the black. Manufacturing costs are shooting up at the moment.
Max	What strategy should we take? We can't afford to raise prices for the consumer. It'll hit our bottom line .
Chris	We'll go into the negotiations hard. We'll threaten to break the contract and find a new supplier who sells at more reasonable prices.
Max	We'll need to research their competitors. Shop around for a better deal .
Chris	If we make this play, they'll be forced to offer us a better deal, a deal that works for both sides. They won't want to lose us as clients.



Student A is worried about ongoing contract negotiations with one of his/her suppliers. Student A asks Student B for advice about how to handle the negotiations.

Key Phrases

- I'm really concerned about my current contract negotiations.
- My worry is that they will
- What do I do if?
- What are you most concerned about?
- You could always
- Have you considered?
- Sometimes you just have to be ruthless.
- *Other*

Concerns

- price
- contract length
- legal issues
- other side will pull out
- burning bridges
- *other*

Tactics

- lowball on price
- threaten to pull out
- find another supplier
- speak to the legal department
- be ruthless
- *other*



Talk about one of the following topics for one minute:

1. Closing a deal.
2. The legal complexities of negotiating.
3. The skills required to successfully negotiate in business.

*Other students in the class, ask one question each to the presenter after the speech

- What is the most challenging aspect of negotiating?
- Do you need a good legal understanding to negotiate a contract?
- Should the outcome of every negotiation be a win-win for all sides?

I have offered you the best terms and conditions I could. The **ball is in your court** now.



win-win – resulting in an outcome that is good for everyone who is involved

- In the end the negotiations went well. It was **win-win** for everyone!

back down (from something) – to yield in one's position during negotiations, to not continue with a threat to do something

- They were threatening to pull out of negotiations but eventually they **backed down**.

ball is in (someone's) court – it is the decision of another person or group to do something

- We've stated our position and what we're willing to offer. The **ball's in their court** now.