

# CASE STUDY

## NEGOTIATION

# Problem Statement

---

Progress had stalled on high value (>\$100M) strategic contract negotiation resulting in delays across all involved parties

## Details

**Client Industry:** Aerospace / Defense

**Company Size:** >50,000

**Negotiation Context:** Multinational production agreement with 4 involved parties / entities in addition to 2 parties directly involved in negotiation

## Disagreements / Complexities

1. Money involved required certain stipulations & requirements
2. Fundamental lack of trust between both parties at the table
3. Internal policies created critical point of friction that prevented the negotiators at the table from closing the deal

A focus on “winning” was preventing either party from looking for opportunities to bridge the gap



# Root Cause

---

Client was demanding a specific payment structure while other party refused to agree to these terms

---

## Findings

---

1. Client did not trust other party, citing past attempts to improperly access proprietary information. This lack of trust led to client leadership requiring that payment from other party be based on monthly invoicing rather than performance-based milestones
2. Other party cited accepting this would be against company policy and too risky from a technical and capability perspective
3. Risk to client of losing opportunity if they were not able to reach an agreement
4. Negotiations had devolved to demands and were often highly emotional and adversarial



# Solution / Outcome

---

Utilizing an empathetic approach to negotiation, client was advised to understand root cause of other party's opposition as well as investigate opportunities for arbitrage in terms

## Solution

1. Client uncovered that other party would in theory be willing to compromise on the payment structure, but other decision makers prevented it. As such, continuing to demand this was never going to produce results. This also softened client's understanding of the opposition
2. Client uncovered that other party was not concerned about cash flow. Because client's biggest priority was cash, they assumed this was the same for other party. Other party's priority was capability & speed

## Outcome

Client proposed relenting on monthly invoicing if other party was willing to provide a large enough down payment on contract signature to satisfy client's stakeholders

Other party agreed to 20% payment on contract signature, which client initially never considered as a reasonable ask.

Client achieved cash flow terms which far exceeded need and solved issues in other areas of the company while other party satisfied with capability terms resulting in a stronger relationship for future partnerships

