

Part 1: The Fundamentals of Collaborative Contract Negotiation



Unlocking More Profitable Business Relationships with Contract Automation Software

For too long, business leaders have taken an adversarial approach to contract negotiations. Each side maintains an extreme partisan view of success and must win at the expense of the other.

Outdated negotiation practices only encourage one-sided behaviors. Stakeholders huddle in their respective headquarters, carefully inspecting every clause for hair triggers that may detonate landmines hidden by the other side. They are misled by technical jargon and legalese. Inevitably, oversights and errors feed into misunderstandings and conflict.

Haphazard mazes of redlines, runaway comments strewn throughout multiple versions of documents, flurries of phone calls, and email chains that run for pages add chaos and confusion to an already circuitous process.

Negotiations devolve into an opportunistic power struggle in which each side seeks to convince their opponent of their superior strength and force as many concessions as possible.

But do you really want to treat your business partners as opponents?

Isn't there a better way to establish relationships than through a hostile process in which there can be only one "winner"?

Contract Negotiations for Business Partners, Not Opponents

Yes, in fact there is. Parties can gain much more from negotiations if they drop the adversarial approach and work collaboratively to uncover potential opportunities for creating additional value from their relationship.

Despite all the time-consuming efforts described above, businesses leave up to 42% of the potential value of their relationships unexploited, says award-winning negotiation expert [Keld Jensen](#).

Jensen's popular "SMARTnership" strategy offers negotiators techniques to discover mutually beneficial solutions during negotiations. For example, parties may opt to reduce the purchase price in consideration for an advance on costs. They may change payment or delivery terms or alter any number of factors to enhance the relationship in ways that benefit both parties.

It all boils down to: Stop fighting for the biggest slice of a small pie! Work together, make the pie bigger, and you can both walk away full.

However, finding new ways to add value to a relationship requires a shared commitment to mutual success that can only be based on trust. Negotiations must occur in a positive and cooperative environment in which parties can work together seamlessly, confident that they are fully informed of all the facts and aware of all potential risks. This is exactly what Parley Pro is designed to achieve.

How to Ensure Seamless and Informed Cooperation in Contract Negotiations

You probably already know that contract lifecycle management (CLM) software simplifies, speeds and eases contract creation and management processes.

But negotiation-focused CLM software goes even further to ensure seamless and informed cooperation, encouraging negotiators to set aside combative behaviors and focus on increasing value in their business relationships. It provides an open environment for collaborative negotiations built on trust and transparency.

Real-Time Collaboration Builds Trust

Advanced CLM software brings parties together during negotiations, quite literally. They work in the same document and communicate with one another in real time.

Parties rely on artificial intelligence to easily locate specific language and automatically identify risks, opportunities, and obligations. Consequently, negotiators drop their suspicious mindsets, assured that AI will instantly flag inconsistent or contradictory language and identify suboptimal clauses. It also verifies the accuracy and validity of parties' shared data.

Parties are freed to proactively tackle issues as they arise rather than waste time reviewing minutia and questioning motives. They can immediately begin discussing one another's strengths and goals and come up with creative strategies for a more profitable partnership.

Transparency Supports Cooperation

Negotiators ditch the endless email chains and long calls in favor of an interactive CLM platform that logs stakeholders' questions and serves as a single source for answers. Chatbots can even be set up to respond to FAQs.

All comments and redlines are resolved in one centralized location. Negotiators work with a single, easy-to-read version of the contract that reflects the latest edits. Meanwhile, the software maintains prior versions in an easily accessible audit trail.

The result is a clean, transparent, consolidated record of all negotiations. It contains all the communications and supporting documentation needed to effectively consider alternatives for increasing the relationship's value.

A Losing Battle for Businesses that Delay

Businesses that continue to rely on outdated, adversarial methods to negotiate contracts face an uphill battle that only ever gets steeper.

First, contracts are no longer just for legal departments. Today, sales, marketing, customer support, finance, human resources, compliance and other departments require more contracts with increasingly diverse and complex needs.

Second, more stakeholders are now involved in negotiations. They approach negotiations with varying levels of commitment to the relationship and competing priorities that result in inconsistent efforts and contradictory decisions.

Without a cooperative environment to work in, negotiations can draw out for months, even years. Delaying critical business decisions extends the time-to-market for products and increases the time-to-revenue on deals. [Harvard Business Review](#) reports that inefficient contracting causes firms to lose between 5% to 40% of value on a given deal.

That's if they seal the deal at all. Companies that remain stuck in never-ending negotiations typically have no lack of nimble competitors eager to jump in and capture a lucrative deal or business arrangement.

Unlock More Opportunities with Collaborative Contract Negotiations

Negotiations can be a win-win for everyone when they're used to establish mutually beneficial relationships. But that can happen **only** in an open and cooperative climate where parties can develop the trust to work together as partners and colleagues, not adversaries.

Negotiation-focused CLM platforms like Parley Pro provide a collaborative environment in which parties can more easily identify opportunities for mutual gain. But the longer you wait to take advantage of them, the more opportunities you stand to miss out on.

Coming up next in Part 2, we will dig deeper into the benefits derived from collaborative contract negotiation and focus on the competitive advantages your organization gains by using a negotiation-focused CLM platform. [Schedule your free demo](#) of the Parley Pro Platform today and see firsthand how your organization can benefit from a more collaborative contract negotiation process.