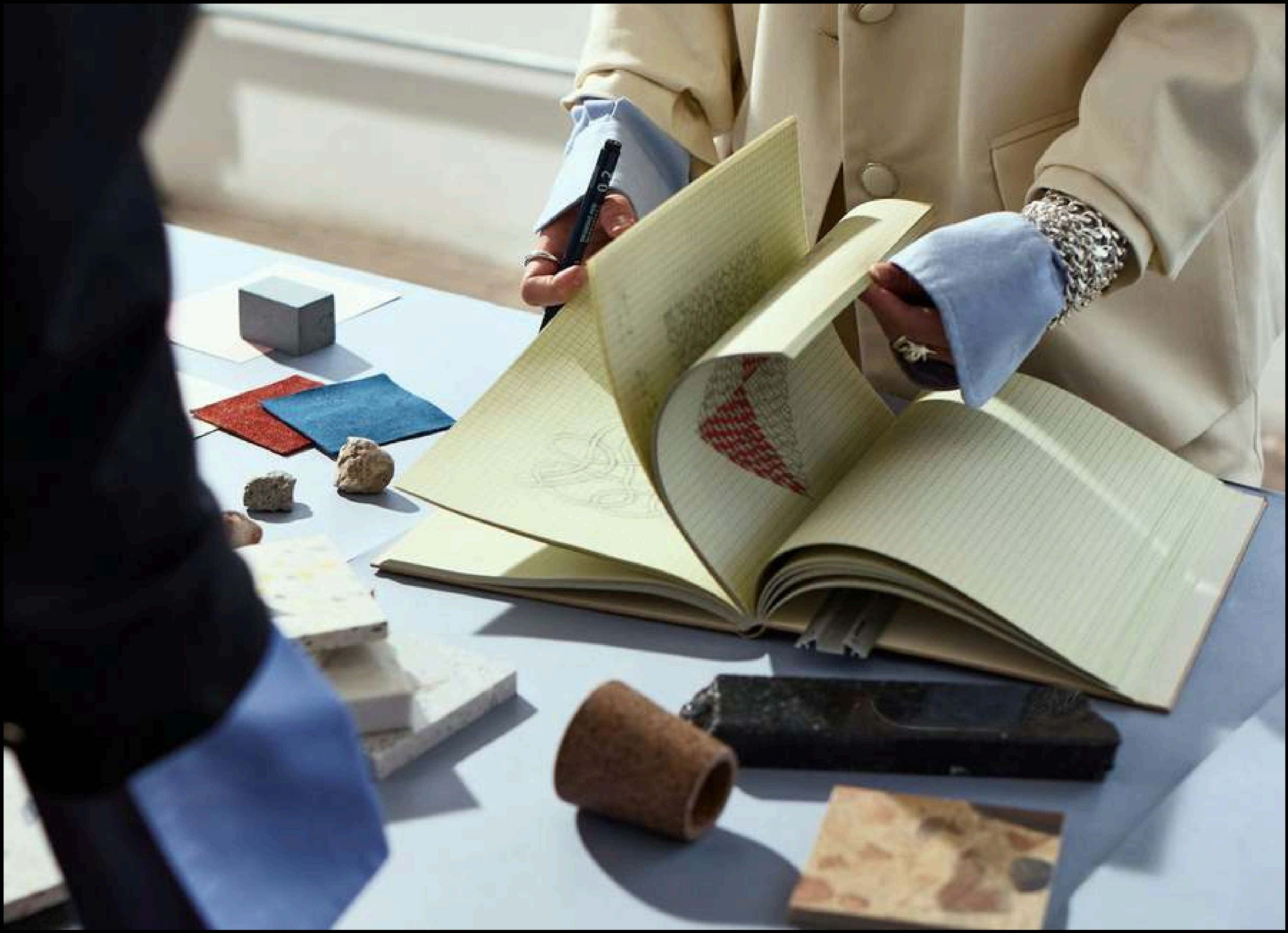
The Negotiation EDGE for PROCUREMENT

What's costing procurement teams leverage in 2026, and how leaders can fix it.



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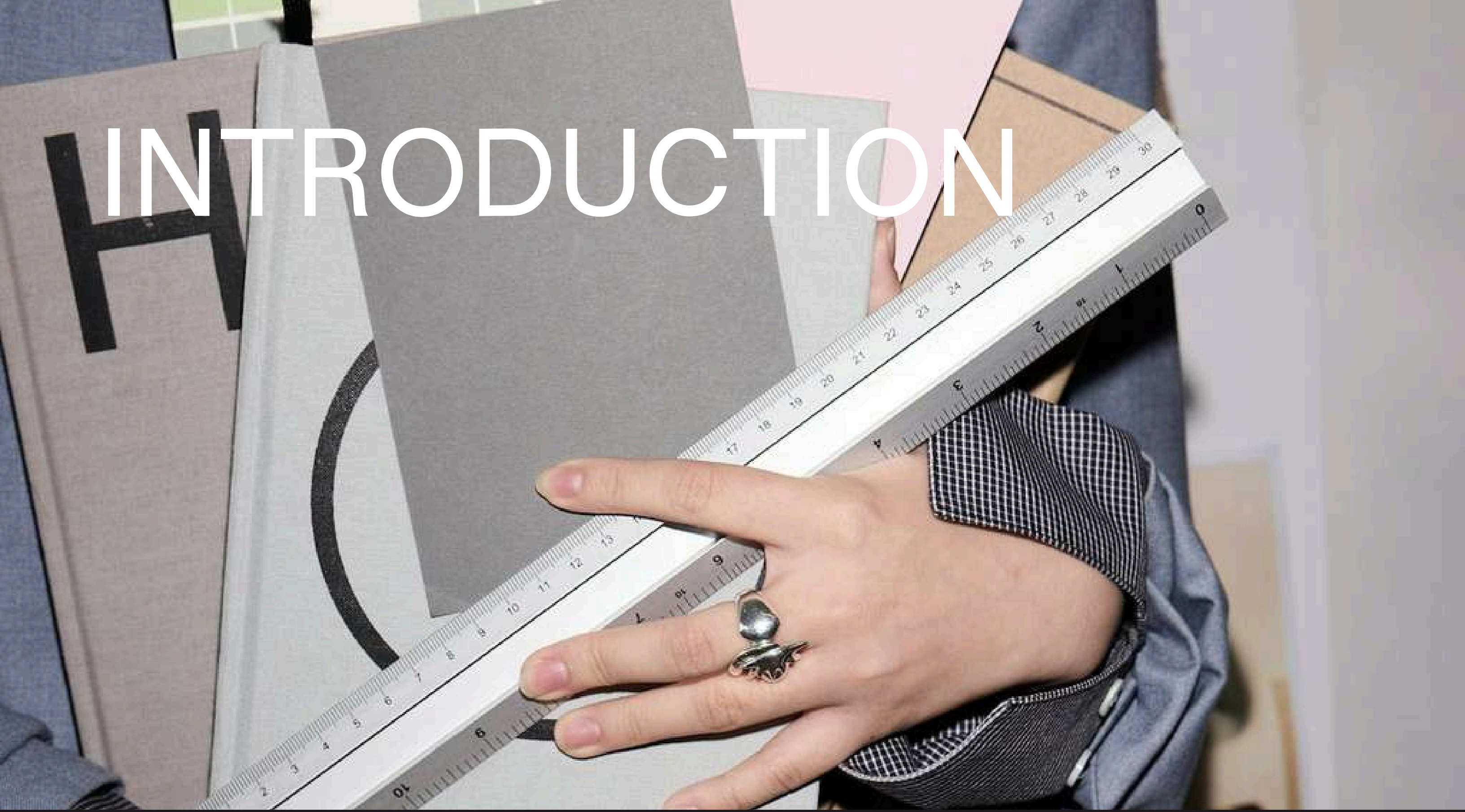
INTRODUCTION



Top-performing procurement teams aren't following the standard playbook.

In this guide, we outline how they avoid making the 5 most costly negotiation mistakes – and what you can do to get the same edge.

Across the hundreds of procurement teams we've trained at Aligned, we see the same patterns repeat. Negotiation consumes more time than almost any other activity, yet the same expensive mistakes show up again and again.

A supplier sends over a price increase citing "raw material pressures," and it gets accepted without challenge. A critical contract renewal lands on your desk with a week to close, and you're reacting to their terms instead of driving your own. An internal stakeholder locks in a multi-year deal before you even know the conversation is happening.

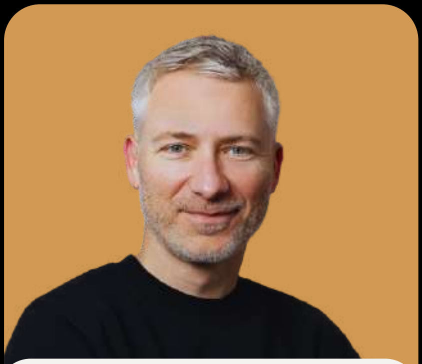
The gap isn't category knowledge or sourcing strategy. It's negotiation discipline. When procurement teams don't prepare strategically, challenge supplier narratives, or align stakeholders internally, leverage erodes fast.

If any of these sound familiar, this guide will show you what to do differently.
It's time to get the edge.

Modern procurement only.

Pennywurth × Aligned.

And we brought in one of the most TRUSTED VOICES in modern procurement...



MATHEW SCHULZ, FOUNDER

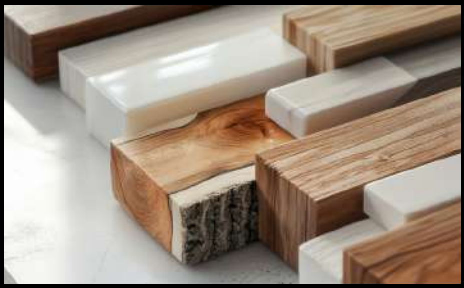
Mathew founded Pennywurth – a new-age media & advisory agency that operates at the intersection of technology, media & procurement. They exist to inspire & activate practitioners and partner & work with procuretech startups to shape the future of modern procurement.

He held leadership roles at Ramp, Airbase, & Forrester, leading go-to market initiatives, building procurement functions, & helping organizations navigate rapid growth. His insights have appeared in Fast Company, Amazon, Forrester, Spend Matters, & LinkedIn, and has partnered with Ramp, Ironclad, Tropic, Sudozi, Abra, Aligned, DPW, & more.

Mathew likes good people, great design, & the art of travel.

FIRST THINGS FIRST...

Are you in the top 5% of procurement pros?



How does your team stack up?

TAKE THE 60-SECOND SCORECARD:

Rate your procurement team on each of these five negotiation practices.
(Be honest – this is about understanding where you stand, not where you wish you were)

1 = NEVER | 2 = RARELY | 3 = SOMETIMES | 4 = USUALLY | 5 = ALWAYS

We challenge supplier price increases with independent benchmarking data

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

We negotiate for total value, not just unit price

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

We align stakeholders internally before entering supplier negotiations

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

We prepare strategically with clear goals and walk-away points

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

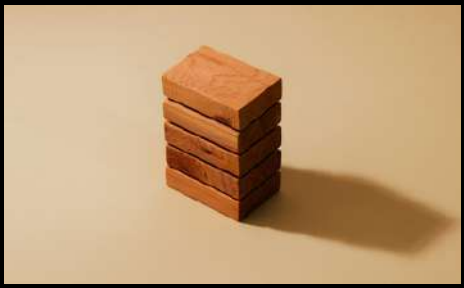
We build collaborative supplier relationships, not adversarial ones

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

Now, add up your score (max 25 points) and see where you rank at the end →

MISTAKE #1

Accepting supplier price narratives without challenge



WHAT IT LOOKS LIKE

Your supplier sends a price increase notice citing "market conditions," "raw material costs," or "inflationary pressures." Your team reviews it, maybe pushes back lightly, but ultimately accepts it because the supplier sounds confident and you don't have hard data to refute their claims.

WHY IT HAPPENS

- Lack of independent market intelligence or benchmarking data
- Time pressure to finalize contracts and avoid supply disruption
- Assumption that the supplier knows their costs better than you do
- Fear of damaging the relationship by challenging too hard

THE REAL COST

Accepting price increases at face value compounds over time. Recent studies show that more than half of procurement managers reported flat or rising supplier quotes even when market indices showed price declines of 9-15% in aluminum, resins, and corrugated materials. When procurement doesn't challenge supplier narratives with data, you're essentially negotiating blind.

WHAT TOP NEGOTIATORS DO INSTEAD

Build "should-cost" models using independent data
Use third-party market indices (commodity prices, freight rates, currency) to understand real cost drivers.

Ask for transparency
Request supplier cost breakdowns and compare them to your benchmarks.

Negotiate cost-sharing mechanisms
If raw material costs truly increased, propose dynamic pricing tied to actual index movements – not blanket increases.

KEY TAKEAWAY

"Data is more democratized than ever, and top tier talent are using it to ensure they're getting fair deals and building long-term partnerships with suppliers."

MISTAKE #2

Focusing only on price instead of total value

WHAT IT LOOKS LIKE

Every negotiation becomes a fight over unit price. Your team benchmarks cost per unit, runs reverse auctions, and awards to the lowest bidder. But six months later, you're dealing with quality issues, delivery delays, and hidden fees that wipe out your savings.

WHY IT HAPPENS

- Leadership pressure to report cost savings as the primary KPI
- Procurement tools and dashboards optimized for price comparison
- Lack of structured frameworks for evaluating non-price value
- Siloed decision-making that doesn't account for operational impact

THE REAL COST

A 10% price reduction that leads to supply disruptions, quality failures, or increased internal handling costs isn't a win. Total Cost of Ownership (TCO) includes price, but also payment terms, warranty coverage, delivery reliability, technical support, innovation capability, and risk mitigation. When procurement only negotiates price, you miss opportunities to create value across multiple dimensions.

WHAT TOP NEGOTIATORS DO INSTEAD

They shift from Bargaining (single-issue, zero-sum price fights) to Trading and Creating (multi-issue, value-expanding negotiations). They ask:

"What would make this partnership more valuable beyond price?"
"If we adjusted payment terms or contract length, does that change the equation?"
"What innovation or service improvements could you offer that reduce our operational costs?"
"Can we structure a volume commitment in exchange for better pricing or priority capacity?"

By expanding the negotiation beyond price, they create solutions where both sides gain.

KEY TAKEAWAY

"Modern procurement is becoming more strategic than ever, and pros that are moving beyond only cost savings are building long-term partnerships with suppliers."

MISTAKE #3

Poor cross-functional alignment on strategy

WHAT IT LOOKS LIKE

Procurement has a plan. But operations wants faster delivery, finance wants extended terms, engineering prefers the incumbent. Internal stakeholders pull in different directions. Suppliers sense it and exploit the gaps.

WHY IT HAPPENS

- Procurement is brought in too late, after requirements are already set
- No formal stakeholder alignment process before negotiation begins
- Different functions have competing priorities and no shared success criteria
- Lack of executive sponsorship to enforce a unified approach

THE REAL COST

Internal misalignment is one of the biggest sources of lost leverage, resulting in weak terms, unnecessary concessions, and eroded credibility.

WHAT TOP NEGOTIATORS DO INSTEAD

They align before the negotiation begins
Run a cross-team prep session to agree on priorities, trade-offs, and walk-away points.

Establish clear roles and decision authority
Who leads? Who can make concessions on delivery timelines vs. price vs. quality?

Create a unified negotiation mandate
Document what's negotiable, what's not, and what requires escalation.

Present a single face to the supplier
Even if there's internal debate, the supplier should see a coordinated, aligned team.

KEY TAKEAWAY

"Building a better buying culture starts with people, which means the best pros are connecting with colleagues up, down, and across the organization."

MISTAKE #4

Reactive negotiation over strategic preparation

WHAT IT LOOKS LIKE

A contract is up for renewal. A supplier sends a proposal. Your team reviews it and responds. No deep preparation. No scenario planning. No clear understanding of supplier alternatives, market dynamics, or your own walk-away point. You're reacting, not leading.

WHY IT HAPPENS

- Time pressure and competing priorities
- Assumption that procurement expertise = negotiation readiness
- No structured prep framework or checklist
- Negotiation seen as a "closing" task, not a strategic phase

THE REAL COST

Without prep, procurement teams get caught off-guard, make reactive concessions, and miss value creation opportunities. A 2025 report found that 80% of procurement professionals feel pressure to "do more with less," leading to rushed, tactical decision-making over strategic planning.

WHAT TOP NEGOTIATORS DO INSTEAD

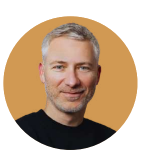
They use what we call the Prepare phase of the Aligned Strategic Framework (ASF):

Clarify Goals:
What's our ideal outcome? What's our walk-away point? What are we willing to trade?

Understand Relationships:
What's the supplier's position? How dependent are they on us? Who are the decision-makers?

Map the Process:
What's the timeline? What's negotiable? What requires internal approval?

This takes <60 minutes. But it's the difference between reacting and leading the negotiation.



KEY TAKEAWAY

"The future of procurement won't be built doing what we've always done, and that's why pro's implementing proactive approaches and operating models are seeing their value soar."

MISTAKE #5

Treating suppliers as adversaries, not partners

WHAT IT LOOKS LIKE

Every negotiation feels adversarial. Procurement squeezes suppliers on price. Suppliers resist and withhold innovation or priority service. Trust erodes. The relationship becomes transactional, and both sides lose long-term value.

WHY IT HAPPENS

- Procurement KPIs focused only on cost savings, not relationship quality
- Short-term thinking driven by annual budget cycles
- Lack of training on collaborative negotiation vs. competitive tactics
- Supplier consolidation creating dependency, but no shift in negotiation approach

THE REAL COST

A zero-sum negotiation approach leads suppliers to pull back on innovation, delay orders, inflate quotes, and reduce transparency on cost drivers or risks.

WHAT TOP NEGOTIATORS DO INSTEAD

They balance Relationships, Process, and Goals – the three pillars of the ASF. They recognize that different negotiations require different approaches:

- **Bargaining** for spot buys and commodities
- **Trading** for standard supply agreements
- **Creating** for strategic partnerships
- **Partnering** for critical suppliers and innovation

They invest in supplier relationships, run joint business reviews, and create shared value – not just extract cost. And when market conditions shift (tariffs, shortages, price volatility), they have suppliers who want to help them solve problems strategically.

KEY TAKEAWAY

"The best procurement negotiators see beyond contract negotiations, to build lasting partnerships that create competitive advantage."

HOW DID YOU SCORE?

Your negotiation maturity score

21-25 POINTS: ELITE PERFORMER (TOP 5%)

Your team operates at the highest level of negotiation discipline. You're balancing leverage, relationships, and strategic value creation. Keep refining and consider becoming a benchmark for others.

16-20 POINTS: STRONG PERFORMER (TOP 20%)

You're doing most things right, but there are still gaps costing you leverage. Small improvements in preparation, data usage, or stakeholder alignment could unlock significant value.

11-15 POINTS: AVERAGE PERFORMER (TOP 50%)

You're in the middle of the pack. Some practices are solid, but inconsistency is limiting your results. Strategic training and process discipline will move the needle fast.

6-10 POINTS: REACTIVE PERFORMER (BOTTOM 30%)

Your team is firefighting more than strategizing. Suppliers likely control the conversation, and you're leaving money and leverage on the table. It's time to build foundational negotiation skills.

5 OR BELOW: HIGH RISK (BOTTOM 10%)

Negotiation discipline is absent, and it's costing your organization significantly. Immediate intervention is needed to build capability, confidence, and results.

HOW TO IMPROVE

So then, what's next?

WHAT THIS MEANS FOR YOU

If you scored in the top tier, congratulations. You've built a procurement function that creates real competitive advantage. The work now is to maintain that edge, share best practices across your organization, and continue refining your approach as markets and supplier dynamics evolve.

If you scored lower than you'd like, here's the good news: negotiation discipline is learnable. It's not innate talent. It's a structured skill set that can be built through the right training, frameworks, and practice. We've worked with procurement teams at every maturity level, and the ones that commit to improvement see measurable results fast.

HOW ALIGNED CAN HELP YOUR PROCUREMENT TEAM

At Aligned, we train procurement teams to negotiate with structure, confidence, and discipline. Unlike generic negotiation programs, we customize workshops around your real supplier scenarios.

Meaning that your team practices in live simulations that mirror:

- Actual RFP negotiations
- Contract renewals
- Supplier business reviews

They learn to prepare strategically, communicate with clarity, propose with confidence, and align stakeholders.

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RESULTS OUR CLIENTS SEE

→ Stronger outcomes with measurable cost avoidance

→ Improved supplier relationships and collaboration

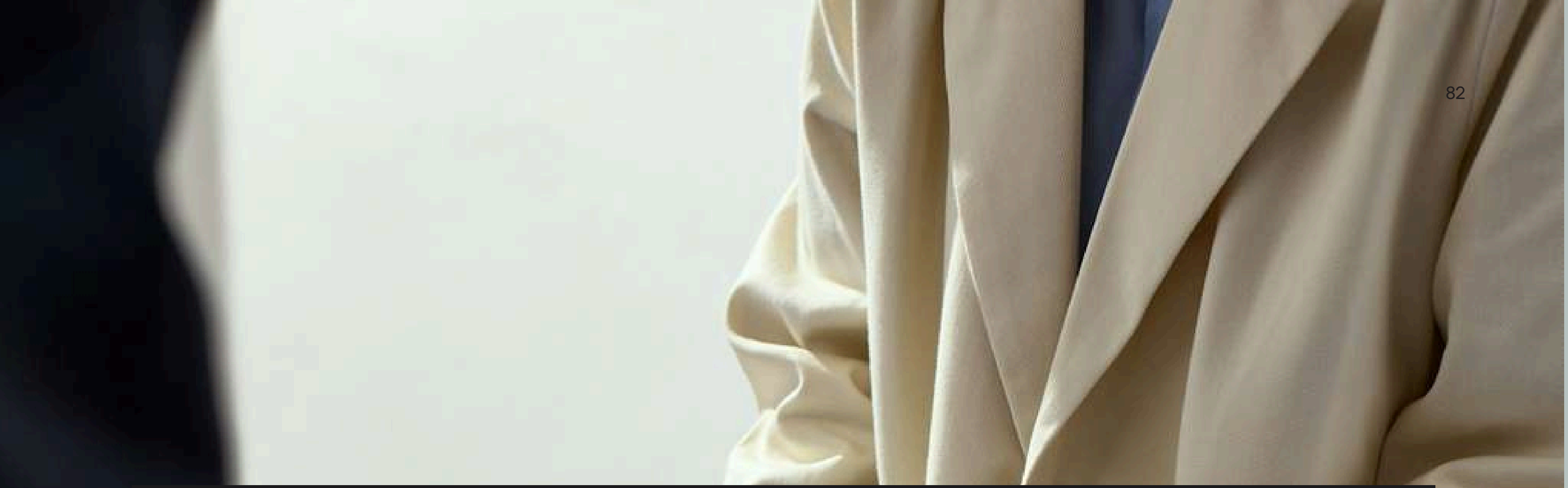
→ Better cross-functional alignment on sourcing strategy

→ Reduced dependency on adversarial tactics

> "Aligned negotiation training was phenomenal. We are getting immediate ROI at all levels of the organization."

ALEX WORLEY | CEO | HAPPY EGG

PROTERIAL Berkshire Hathaway Inc. Mets Cargill Twins SAMSUNG Happy egg CITADEL Marmon McCANN WORLDGROUP



Book your COMPLIMENTARY negotiation consultation today.

READY TO TRANSFORM HOW YOUR PROCUREMENT TEAM NEGOTIATES?

Schedule a free consultation with our negotiation experts to:

- ✓ Assess your current negotiation strategies.
- ✓ Identify opportunities for improvement.
- ✓ Develop a customized action plan to achieve your objectives.

BOOK YOUR CONSULTATION NOW

Or visit alignednegotiation.com to learn more about our procurement negotiation training.

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Pennywurth is a new-age media agency & advisory firm shaping the future of modern procurement.

We exist to inspire & activate procurement practitioners and partner & work with modern procuretech companies. We operate at the intersection of media, technology, & procurement – creating trusted content and driving technology impact & innovation.

Our newsletter is read globally by 5.5k+ practitioners, leaders, & founders to stay ahead of the curve on modern procurement.

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