

# Beyond the Table: Insights on Contract Negotiation & Management

Research findings on negotiation practices, AI applications, and future competencies

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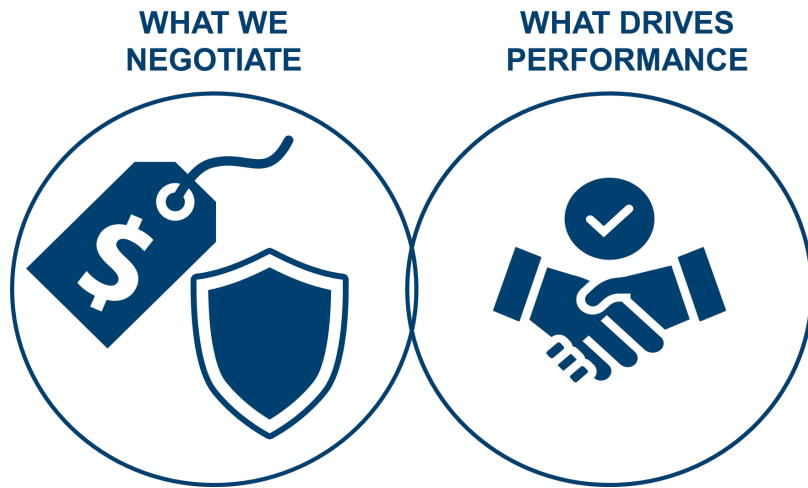
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# The Critical Disconnect



- Research shows a **persistent misalignment** between heavily negotiated terms and those that impact performance
- Organizations invest significant resources on terms that rarely come into play
- **"Preventism" mindset** focuses on failure prevention rather than enabling success
- This approach stifles innovation and damages relationships



# Key Study Findings – 2024

## Most Negotiated Terms

### Predominant contract types

#### Firm-Fixed-Price (FFP)

**78%** of buyers  
**88%** of suppliers

#### FAR-based contracts

**72%** of buyers  
**81%** of suppliers

#### Other notable contract types:

Indefinite Delivery / Indefinite Quantity (IDIQ)  
Requirements  
Single Contracts

- Research involved **600+ contracting professionals** with focus on US government procurement
- **Government priorities:** Cost reduction (72%), regulatory compliance (65%), improving quality (62%)
- **Supplier priorities:** Intellectual property protection, scope clarity, liability management
- Significant power imbalances shape negotiation dynamics



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# The Misalignment Problem

## Most Negotiated Terms

Government buyers (% frequency)		Suppliers (mean score)	
1	Amendments / Changes to Contract (60%)	Scope of Work (3.0)	
2	Price / Charge / Price Changes (58%)	Price / Charge / Price Changes (2.9)	
3	Delivery (56%)	Delivery (2.9)	
4	Scope of Work (55%)	Indemnification (2.9)	
5	Term (Period / Length) (54%)	Amendments / Changes to Contract (2.8)	
6	Communications and Reporting (53%)	Confidential Information / Non-disclosure (2.8)	
7	Cybersecurity / Data Privacy (52%)	Intellectual Property (2.8)	
8	Options and / or Option Year Terms (52%)	Limitation of Liability (2.8)	
9	Ordering Details (51%)	Payment / Payment options (2.8)	
10	Payment / Payment Options (51%)	Cybersecurity / Data Privacy (2.6)	

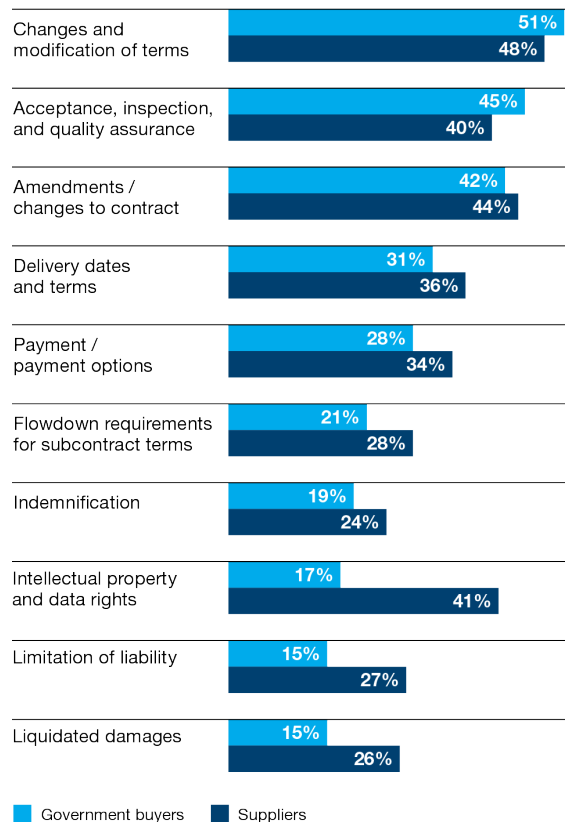
## Most Important Terms

As a buyer of goods or services (% citing)		As a supplier of goods or services (% citing)	
1	Acceptance, Inspection and Quality Assurance (58%)	Scope of Work (52%)	
2	Scope of Work (51%)	Acceptance, Inspection and Quality Assurance (48%)	
3	Contract Type (45%)	Contract Type (44%)	
4	Changes and Modification Terms (38%)	Delivery Dates and Terms (44%)	
5	Delivery Dates and Terms (34%)	Changes and Modification Terms (42%)	
6	Price / Charge / Price Changes (32%)	Intellectual Property and Data Rights (41%)	
7	Amendments / Changes to Contract (31%)	Payment / Payment Options (39%)	
8	Contractor Qualifications (26%)	Price / Charge / Price Changes (38%)	
9	CLIN Structure (Line Items on Contract) (26%)	Amendments / Changes to Contract (31%)	
10	Payment / Payment Options (25%)	Limitation of Liability (25%)	

- **Government buyers** negotiate most on "Amendments/Changes" (60%) and "Price/Charge/Price Changes" (58%)
- Yet they consider "Acceptance, Inspection and Quality Assurance" most important (58%)
- **Clear disconnect** between **negotiation focus** and **performance priorities**
- Negotiation behaviors driven by control/risk avoidance rather than outcome optimization

# Disputes and Disagreements

## Most Disputed Terms



## 1 in 4 contracts face significant disagreements during performance

- **Primary sources:** Changes/modifications (51%), quality assurance (45%), amendments (42%)
- **Significant disparity in IP and data rights concerns:** Government buyers do not report it as a dispute area (17%) nearly as often as suppliers (41%)
- **Key insight:** Disputes emerge from operational issues more than heavily negotiated terms



# The \$100 Billion Opportunity

Suppliers estimate **13.3% potential cost reduction** if government improved negotiation processes

**= \$100 Billion**

## Key barriers:



Lengthy approval processes

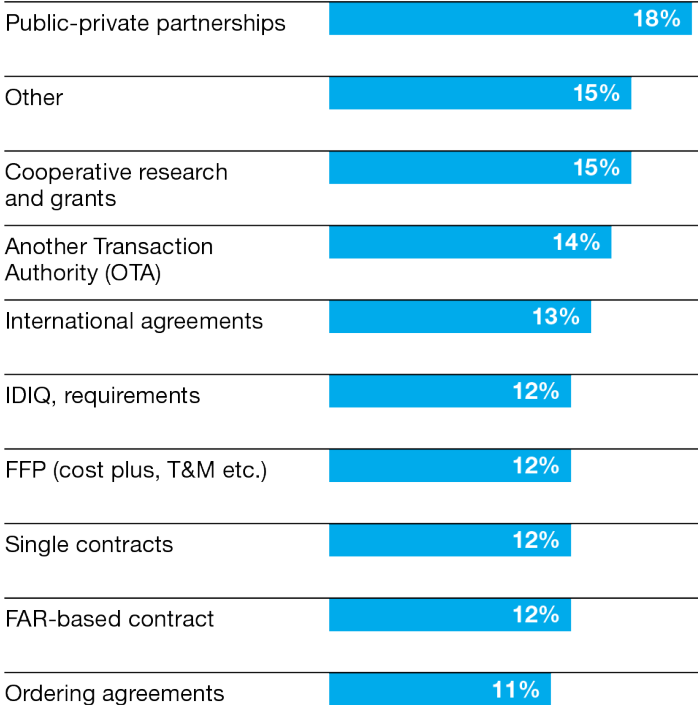


Rigid terms



Complex compliance requirements

## Cost savings of simplified public sector processes





A close-up, blue-tinted photograph of a microchip with the letters 'AI' printed on it, set against a background of a complex circuit board.

AI

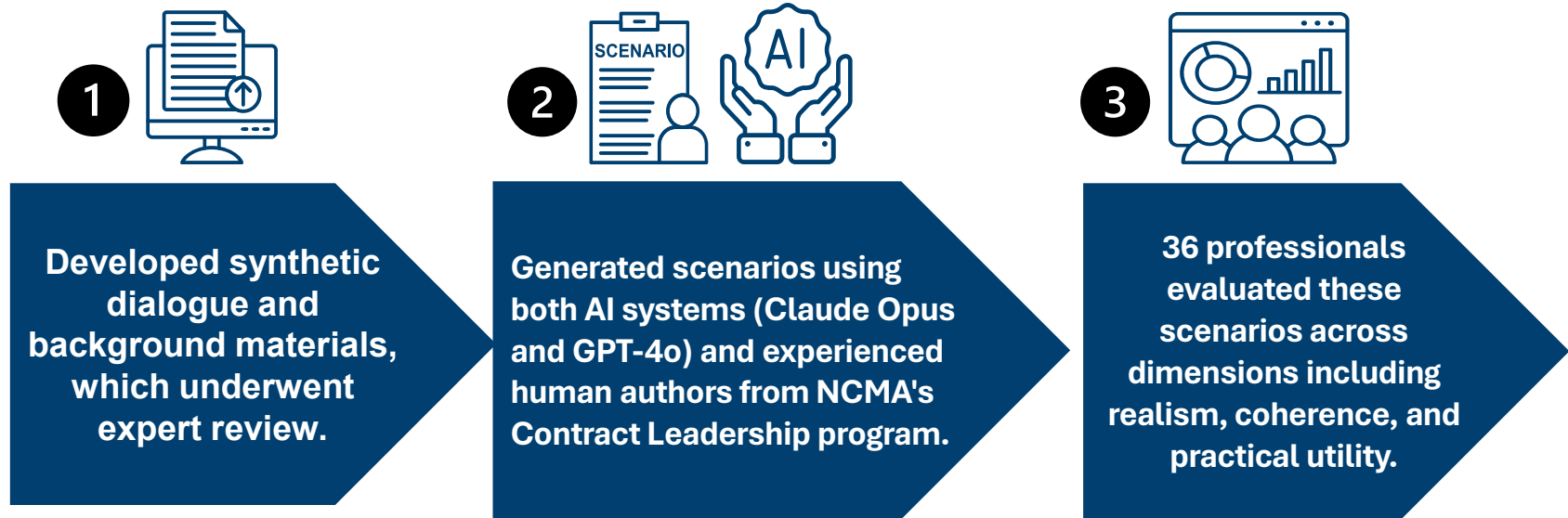
# AI in Negotiation Training



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# AI in Negotiation Training – Study Design



- AI scenarios created in **3-4.5 minutes** vs. human scenarios in **2.5-3.25 hours**
- Professional evaluators rated scenarios on realism, coherence, and practical value

**Study design: Three-phase approach with expert review, scenario generation, evaluation**

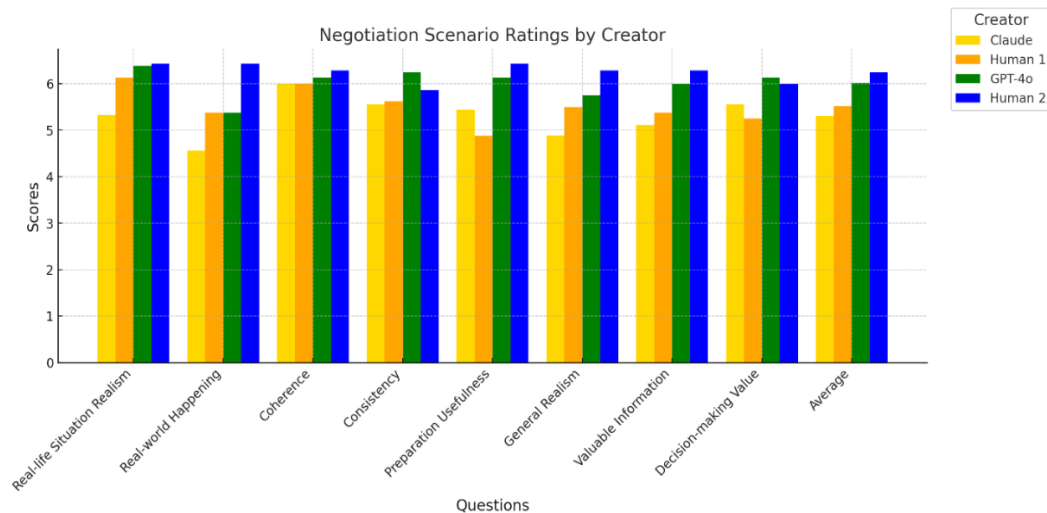


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# AI vs. Human Scenarios - Results



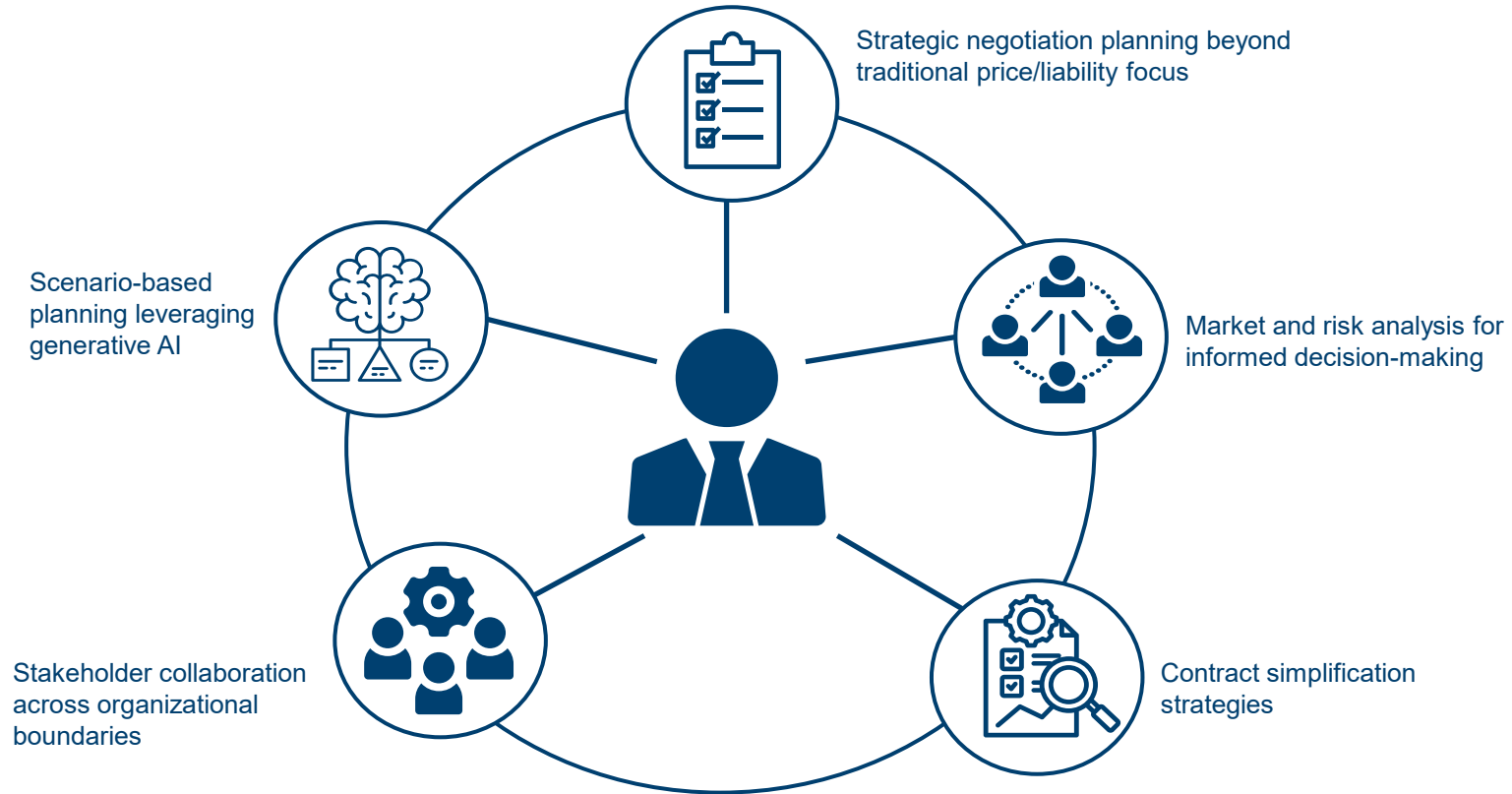
- **AI scenarios** performed well on coherence and consistency
- **Human scenarios** maintained edge in real-world applicability

- **Human-authored scenario** achieved highest overall rating (**6.25/7**)
- **AI-generated scenario** using GPT-4o achieved strong second place (**6.02/7**)

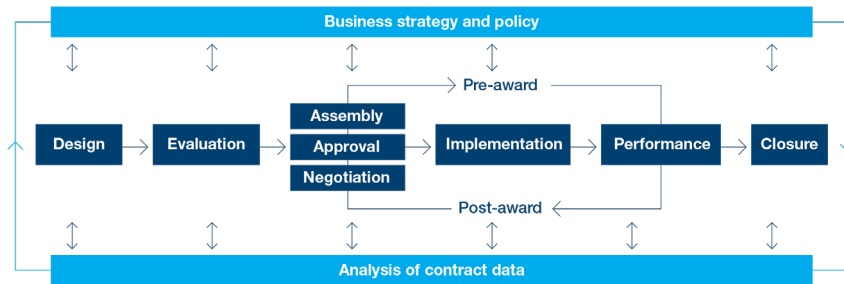
**Key finding:** AI can produce high-quality negotiation training materials in minutes vs. hours



# Critical Competencies - Pre-Award Phase



# Critical Competencies - Award & Post-Award Phases



Source: WorldCC, 2025



Performance-focused contract drafting with clear expectations



Contingency clauses that account for operational uncertainties



Proactive risk management and dispute resolution techniques



Proficiency in Contract Lifecycle Management (CLM) tools

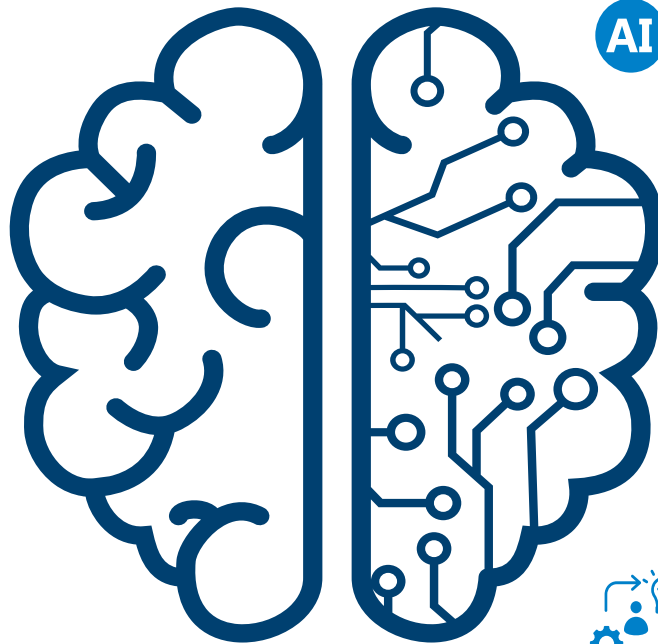


AI-augmented monitoring and predictive analytics

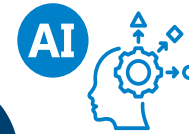
# Emerging Competencies Beyond Traditional Models

## TRADITIONAL COMPETENCIES

- Understanding requirements and market research
- Negotiation skills
- Ethics and integrity in contracting
- Conflicts resolution
- Ensuring compliance with terms



## EMERGING COMPETENCIES



AI-augmented negotiation and decision-making



Behavioral economics and negotiation psychology



Ethical contracting and ESG integration



Emotional intelligence (EQ) and adaptability intelligence (AQ)



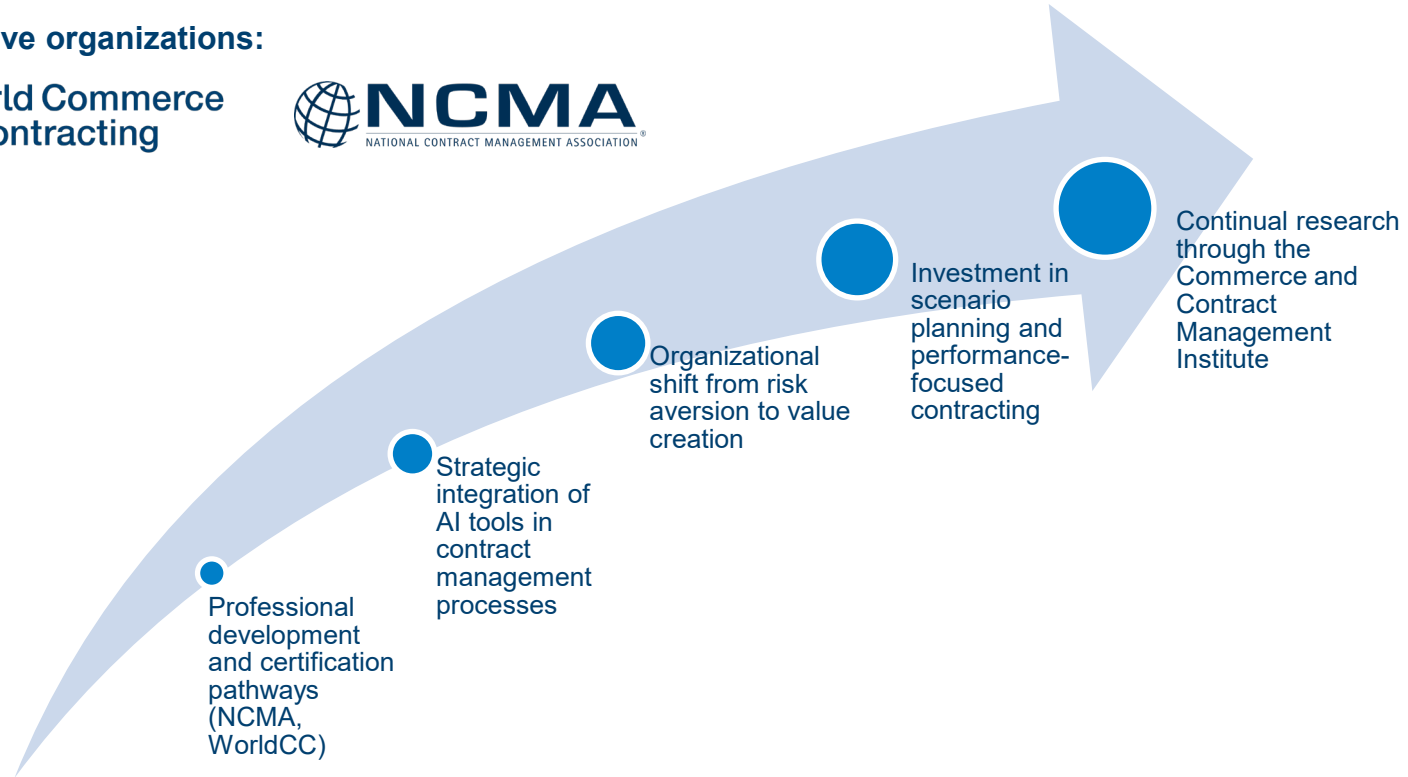
Moving from "rules-based to judgment-based" approaches



# Implementation Path Forward

## Future of contracting

### Supportive organizations:



A diverse group of business professionals, including men and women of various ethnicities, are seated in an audience. They are all smiling and clapping their hands, suggesting a positive event or presentation. The background shows a modern building with large glass windows.

# Thank you



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