

Changing the Conversation With Procurement

Live Webinar

Beliefs About the Professional Buyer

1

“Procurement is the Enemy”

REALITY:

- Charged with making the right decision
- Risk averse to making a buying mistake
- Want to truly understand what they are being asked to buy

2

“Procurement Always Defaults to Price”

REALITY:

- Highly trained in the art of the deal
- Know how to make pricing tactics work for them
- See price as the easiest common denominator to leverage

Does Procurement Care About Value?



*If they want to
do their job
right, they have
to care about
VALUE*



**“We DO understand value,
as well as price.
So please give us more of it.”**

*Chief Procurement Officer, 20 years
LinkedIn Procurement Professionals Group*

Negotiate Value Successfully



- 1 Create a Shared Definition of Value with the Customer
- 2 Align With the Business Requirements for Accepting the Deal
- 3 Keep the Focus on Value to Mitigate Risk for the Professional Buyer

Value Negotiation

Being able to capture value in a negotiation that's consistent with:

- The value your solutions create*
- The ongoing relationship you want to achieve*
- The way your company and your customers define a great outcome*

The Evolution of Negotiation Approach

ZERO-SUM

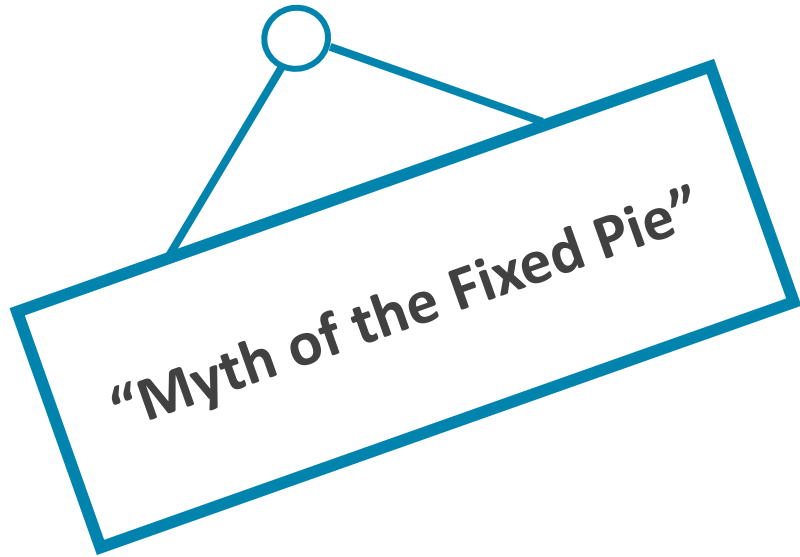
- Parties aggressively compete over the distribution of benefits
- Somebody wins, somebody loses

WIN-WIN

- Parties seek benefit by integrating each other's interests
- Everybody wins "something"

ASSUMPTIONS

- Somewhere along the sales process, value has been created and is now defined as a fixed set of items to be negotiated.



Benefits of avoiding the *“Myth of the Fixed Pie”*:

- ➔ Get credit for the value you create
- ➔ Expand the definition of value throughout the entire negotiation process
- ➔ Negotiate in a way that’s consistent with the desired long-term relationship

Value-Based Conversations



- Parties first create more potential value
- Parties then trade value
- Everyone captures more value

The Sales Cadence

Customer Engagement Model

SALES MESSAGE

*Articulating Value
& Differentiation*

SALES PROCESS

*Qualifying, Advancing,
& Closing Opportunities*

Management Operating Rhythm

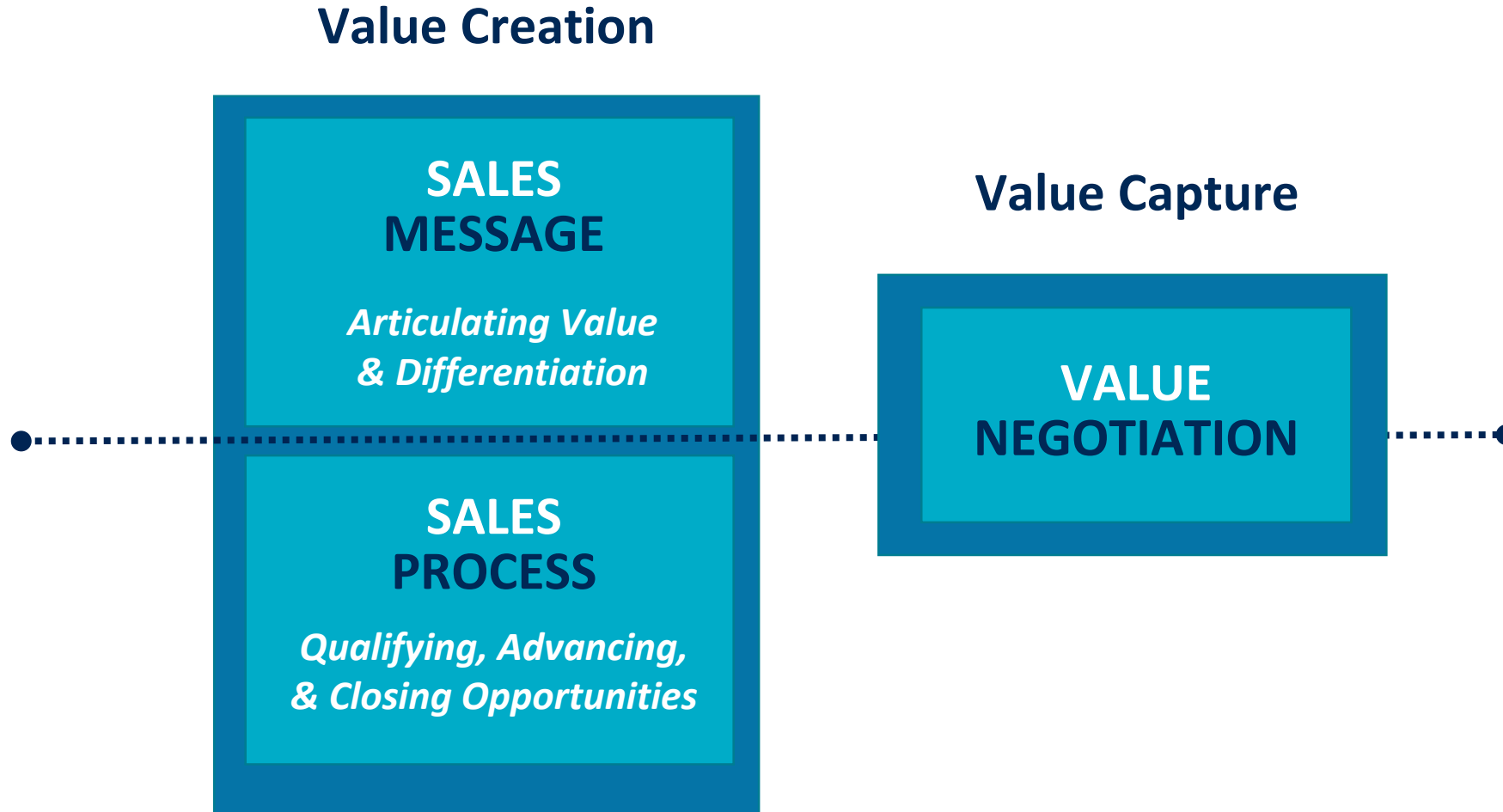
SALES PLAN

*Maximizing Revenue in
Territories & Accounts*

SALES TALENT

*Selecting, On-Boarding &
Retaining Top Performers*

The Sales Cadence



Framing the Negotiation

Value Creation

SALES MESSAGE

*Articulating Value
& Differentiation*

SALES PROCESS

*Qualifying, Advancing,
& Closing Opportunities*

Value Capture

VALUE NEGOTIATION

Value Negotiation



Alternatives
& Impacts

Great Outcomes

Anchors & Give/Gets

Multiple Options

Procurement Best Practice #1

Understand the Difference Between
Negotiating and Negotiation

Procurement Best Practice #2

Create Value Before You Divide It

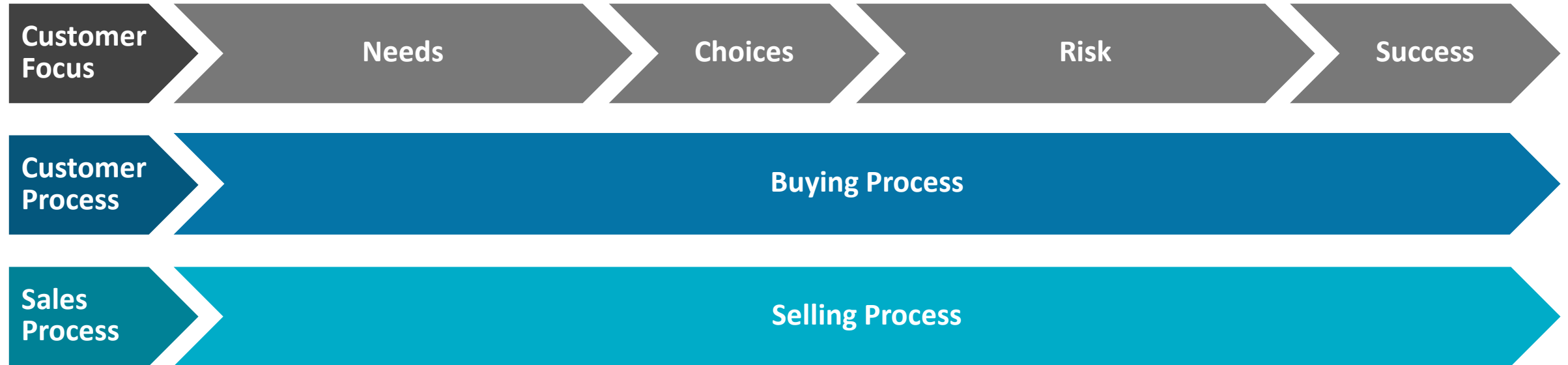
Procurement Best Practice #3

Agree on What
A Great Deal Looks Like

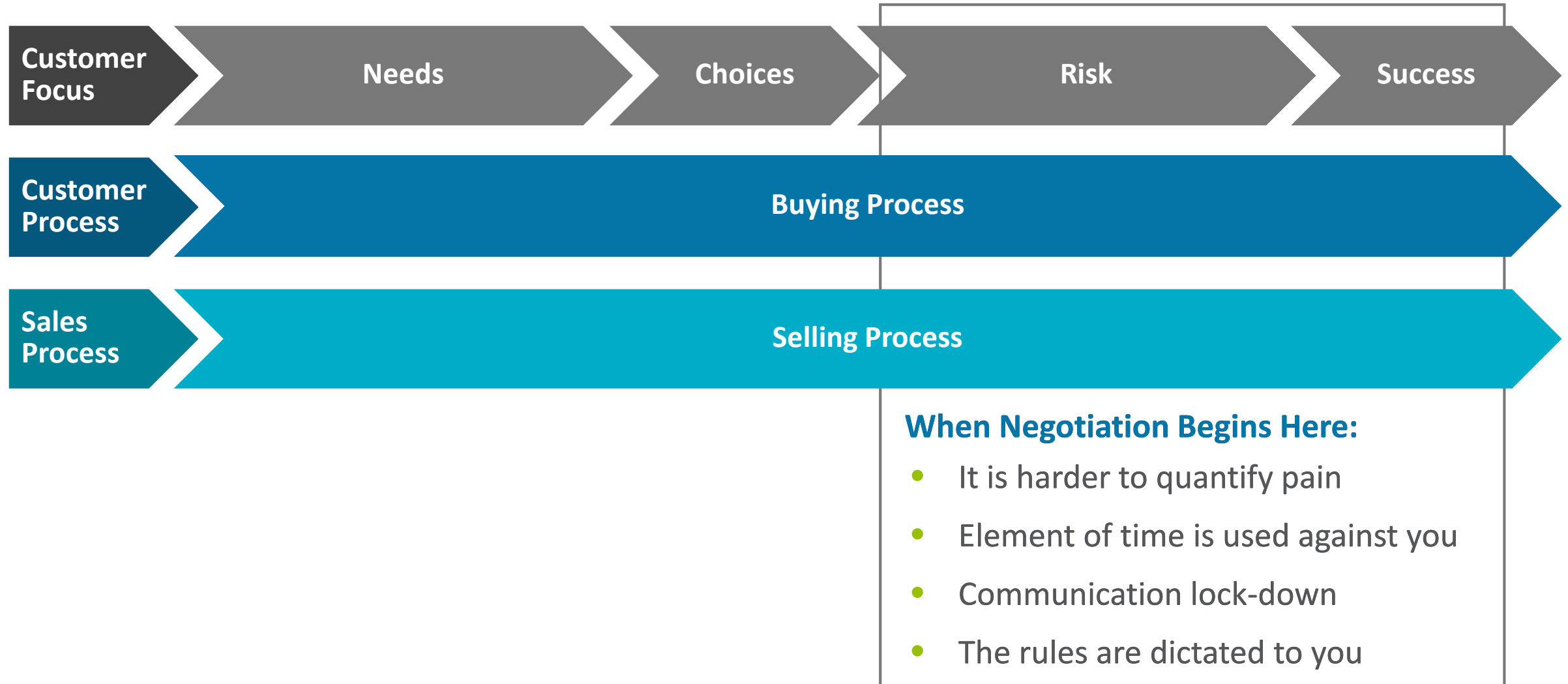
Procurement Best Practice #4

Integrate Negotiations Throughout
the Sales Process

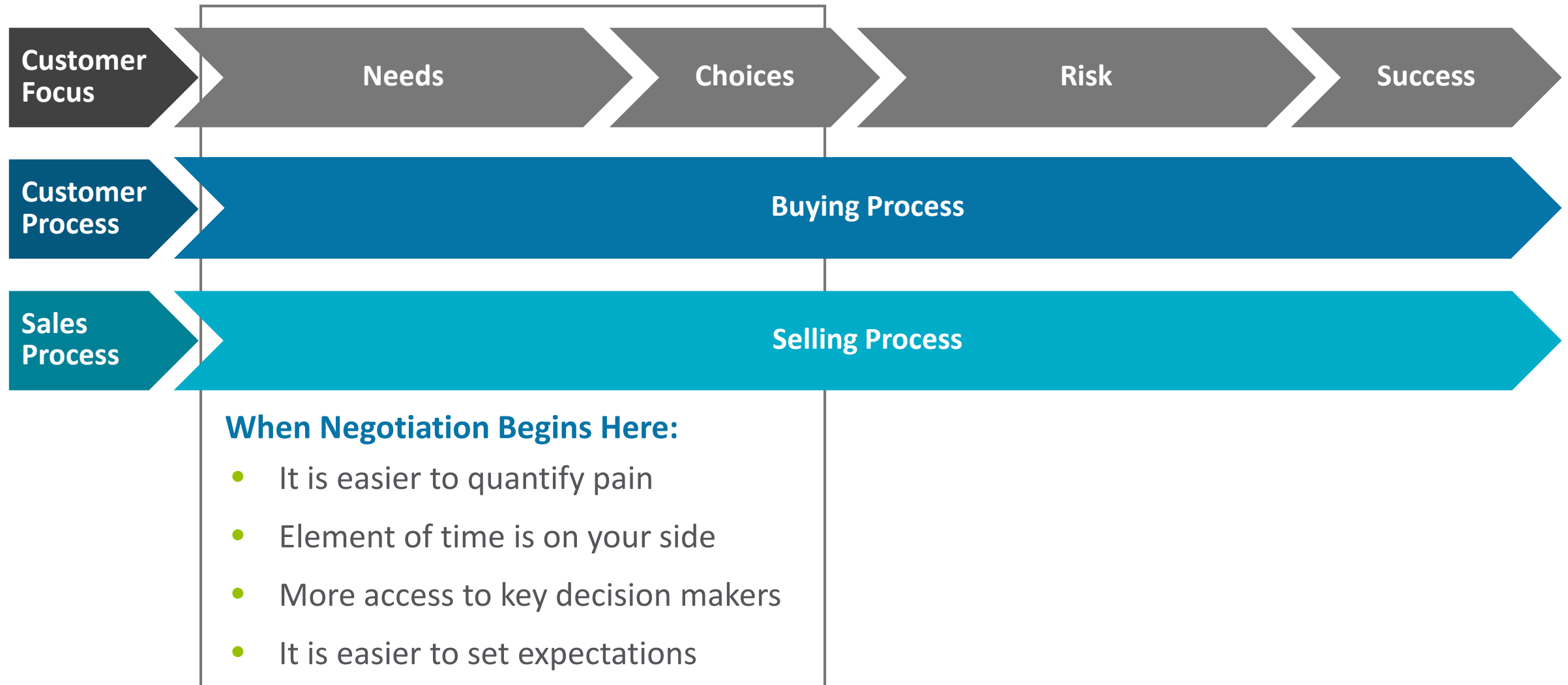
When Does Negotiation Begin?



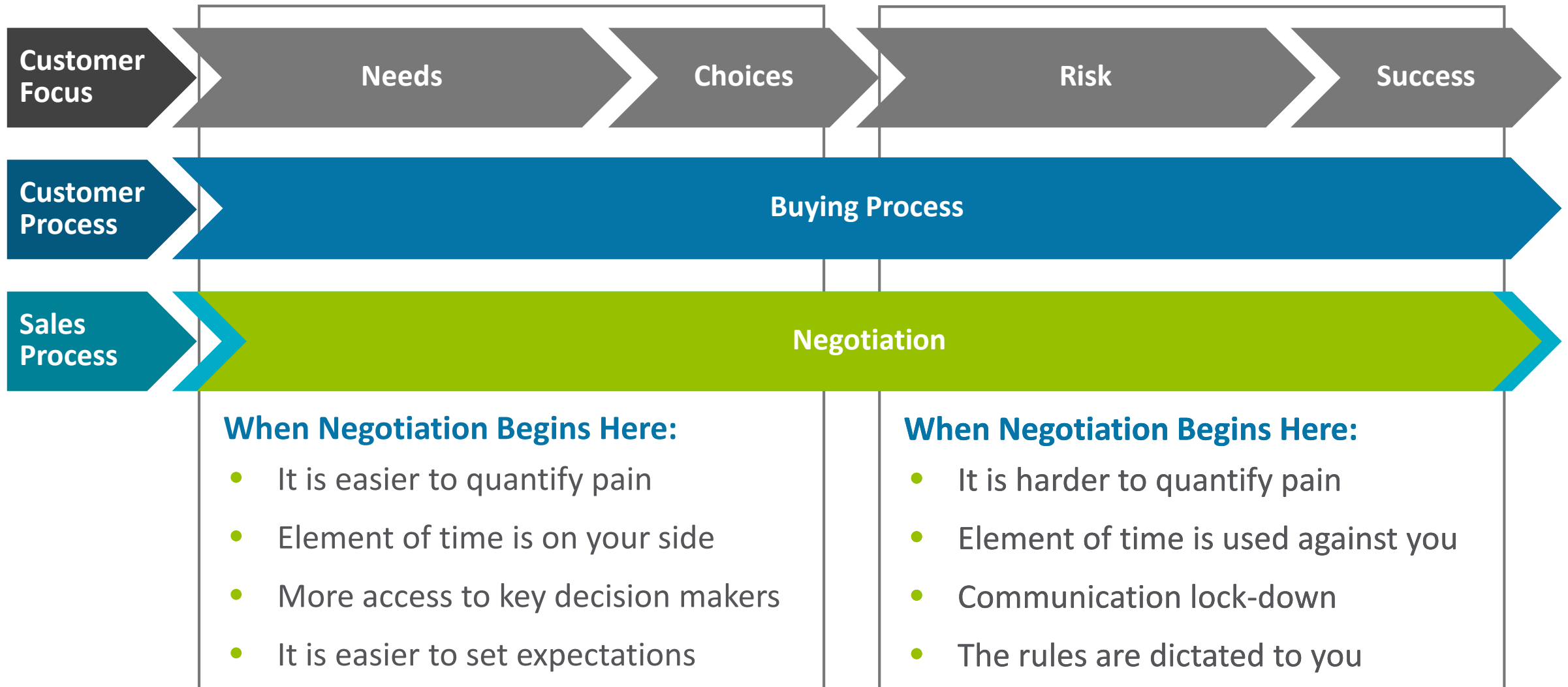
When Does Negotiation Begin?



When Does Negotiation Begin?



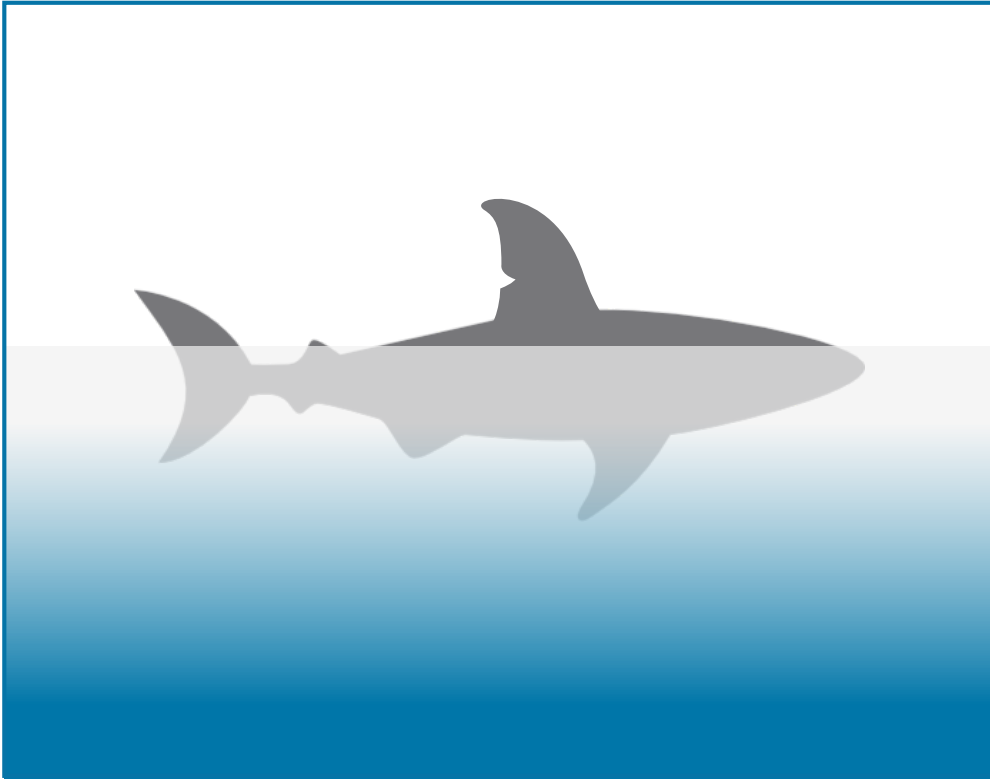
When Does Negotiation Begin?



Procurement Best Practice #5

Don't Stop Negotiating
When The Deal Is Signed

Things To Keep in Mind About Professional Buyers



- 1 All have Internal Customers
- 2 Conflicting Personal Metrics
- 3 Lack Subject Matter Expertise
- 4 Most only know Zero – Sum
- 5 Naively narrow the decision criteria

Help them participate in their own rescue!

Procurement Essential Questions



Who is procurement's internal customer for your deal?



Who will they go to for subject matter expertise?



What other interests should we both keep in mind, so that our negotiation does not default to price only?



What is the decision process procurement is managing?



How will we help them participate in their own rescue?

Value Negotiation Templates

Scenario	How did we get here?	What are our options?	How do we avoid this in the future?
Go Forward Price Reduction	<ul style="list-style-type: none">Did not attach to the biggest business issueDifferentiators are not tied to new customer valueDid not accurately anticipate Customer's Anchors	<ul style="list-style-type: none">Ask what Required Capabilities are not importantEvaluate list of Gives/Gets & acceptable rangesPresent Multiple Options tied to value for both sides	<ul style="list-style-type: none">Understand Most Likely Alternatives & ImpactsRegularly validate Required Capabilities & PBO's
	•	•	•
	•	•	•
	•	•	•
	•	•	•

Common Negotiation Scenarios

Gives/Get List	
Gives	Range (Min Max)
Payment terms/financing	
Extend term of contract	
Joint price announcement	
Gets	
Gets	Range (Min Max)
Access to higher volume/new business	
More favorable payment terms	
Executive Access (e.g., steering committee, CEO)	
Gives/Get Ranges TBD for each opportunity based on opportunity specifics. Management pre-approval required.	

Give/Get List

VALUE NEGOTIATION

A Sales Leader's Playbook for Success

Successful Sales Negotiation depends on more than just an individual seller's set of skills. Mastering tactical maneuvers will never provide the kind of framework your sales team needs to consistently win great deals for your company.

An effective Sales Negotiation process (1) leverages the value and differentiation of your company's offerings, (2) creates alignment across internal departments and (3) provides sellers with a repeatable framework to use successfully in the field.


This Playbook contains tools and techniques to help you define an effective Sales Negotiation process for your team; a process that places customer value at the top of the list and creates consistency for both your sellers and your sales organization.

Inside You'll Find:

- 3 Key Tools Every Seller Needs for Success
- Essential Questions to Help Develop a Great Deal
- Success Checklist for a Winning Negotiation

Use This Playbook To:

- ✓ Leverage Your Value and Differentiation
- ✓ Create Alignment Across Internal Departments
- ✓ Provide Sellers With a Repeatable Framework to Position Value



© 2017 FORCE MANAGEMENT

Sales Leader's Playbook

Thank You

CONNECT WITH US

Social | Podcasts | Sales Insights Blog

forcemanagement.com/connect



@forcemgmt