

# Get a Better Deal from your Suppliers

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Your role as a buyer is one that holds strong importance to the retail company that you work for. The product that you buy could sometimes make or break a retailer, it could hurt the cash flow of the business if your inventory is too high, or it can give the retailer double digit growth in sales because you have picked the winning range.

Most buyers forget where buying success is made. It is in the ability to get the outcomes that you want for your category through using the trading terms of your company to full advantage.

The problem is that the trading terms that your company uses are too strong the language that is used, that you may feel that you are asking the supplier too much. What you need to understand is that your company has a unique offer in the market place, whether it is its size, what the brand means to the consumer, coverage in the market, or outstanding service that the sales staff give. You must use this to your advantage.

Here we will give you the strategies and techniques that are required to negotiate with a supplier.

## The Process of Negotiation

I prefer to call buyers 'hustlers', because it is easy to buy, but it is more difficult to get a better deal. Negotiation is a game. There are tactics, diversions, mind games, play acting, and so on. Understand this principle and you'll start to have fun getting a better deal for your company.

**Preparation** - Define what outcomes you would like to achieve from the negotiation. List the **Issues** and write your realistic expectation or what you **Intend** to achieve against each **Issue**. Then write your minimum acceptable position against each Issue. This is what you **Must** achieve or **Must** avoid, in relation to that item.

**Rapport building** - Develop the right atmosphere from the start. Ensure that you have positive body language, maintain eye contact, watch facial expressions, match the suppliers voice, posture etc.

**Opening bargaining** - Establish the norm and aim to establish business like atmosphere. Whilst you are getting the formalities out of the way check for their personality style, are they dominant, are they focused on detail, or are they quiet or loud. Match and mirror the person(s) who you are dealing with. Remember that people like to buy from those who remind them of themselves.

**Bargaining** - Bargaining is the climax of negotiation. At this stage busy processing information and making decisions. Here are some key points to bargaining

- Understand both positions
- Explore all possibilities for reaching agreement
- If you concede, concede slowly. Don't panic and rush through the deal, remember time should always be used to your advantaged
- Confirm agreement

**End with a commitment** – Always aim to get a firm commitment from the supplier that they wanting to go ahead with the trading terms in its original or adjusted format.

## **Top Ten Tips for Successful Negotiation**

### **1. Your Power lies in your Walk-Away Alternatives.**

Make sure that you have real, viable options that don't require an agreement:

- You'll be empowered to support your interests.
- Your confident attitude will compel others to listen to and meet your interests. They'll realize that they have to if they intend to obtain agreement.

### **2. Do Not Disclose your Walk-Away Alternatives.**

When you remind others of the options you have should they not acceptably satisfy your needs, your commitment to negotiation falls into question, and the environment becomes hostile. This draws the attention away from underlying needs, and the climate becomes less conducive to the development of creative options.

### **3. Figure out the Walk-Away Alternatives of the other Parties.**

Knowing what options they have if no agreement is reached will help you construct options that are favourable relative to their specific negotiation. In other words, you'll be able to construct an agreement that improves on their alternatives are fair agreement without giving away too much.

**4. No Offer is too High.** Any offer is valid provided you can present objective criteria that prove each term of the offer fills to some extent the underlying needs of all parties.

**5. Don't react emotionally.** When you encounter tactics intended to intimidate, rush, draw out discussions, or otherwise derail the focus from underlying needs and mutual gain, patiently react to the problem at hand: The discussion needs to be refocused. Anytime a personal stack is made, get everyone back to the original agreement of working on a win/win outcome.

## **6. Remember that all the Needs presented are not of equal importance.**

Focus time on building an understanding of which needs are most likely to influence the outcome. Strive to create options that satisfy those interests.

## **7. Listen More than you Talk.**

As a listener, you are gathering information that can help you figure out which of the other side's needs must be met for an agreement to be considered acceptable, and to what degree those needs will have to be met. Listening gives you the advantage. The better your understanding, the more flexibility and creativity you'll have as you create options. Talking gives this advantage to the other side.

## **8. Know the Authority of each Person in the Room.**

Make sure you know whether or not you are negotiating with someone empowered to make the final decision. If you are not, make sure you present options in such a way that they meet the perceived needs of the negotiator and the other members of their organization.

## **9. Analyze Concessions.**

Look for patterns in the types of concessions made by the other parties, and be attentive to the messages sent by your concessions:

- Small concessions give the impression that the bottom line is not far off.
- Large concessions indicate that a lot more can still be conceded before the bottom line is reached.
- Rapid or large concessions undermine the credibility of the initial offer.

## **10. Never be Bludgeoned into Splitting the Difference.**

When an apparent impasse has been reached, splitting the difference is widely regarded as the ultimate fair solution. But the suggestion to split the difference is often used to induce guilt. Guilt is likely to lead to concessions on your part æ maybe even concessions that lead to an outcome worse for you than splitting the difference. Additionally, splitting the difference rarely results in an outcome that surpasses anyone's expectations, and it does not ensure that the interests of all parties are satisfied.

## **Using Trading Terms in Negotiation**

Buyers need to understand that if the supplier wants your business, that they will eventually come around to your terms, so remember to always use time to your advantage. If a supplier leaves the room in disgust, give them some time to come around. Send them an email, stating how many suppliers have come to the party, and what benefits they have got out of the arrangement.

Here's a good trick. If one of your suppliers gives you co-op advertising dollars, and a competitor hasn't, sell the products of the complying supplier in your marketing

material. You know, give them the best spots, or the most space. If the non-complying supplier gets upset, explain to them the reasons why you always support those, who have supported you. You will be amazed how quickly they will come around, and sign on the dotted line.

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