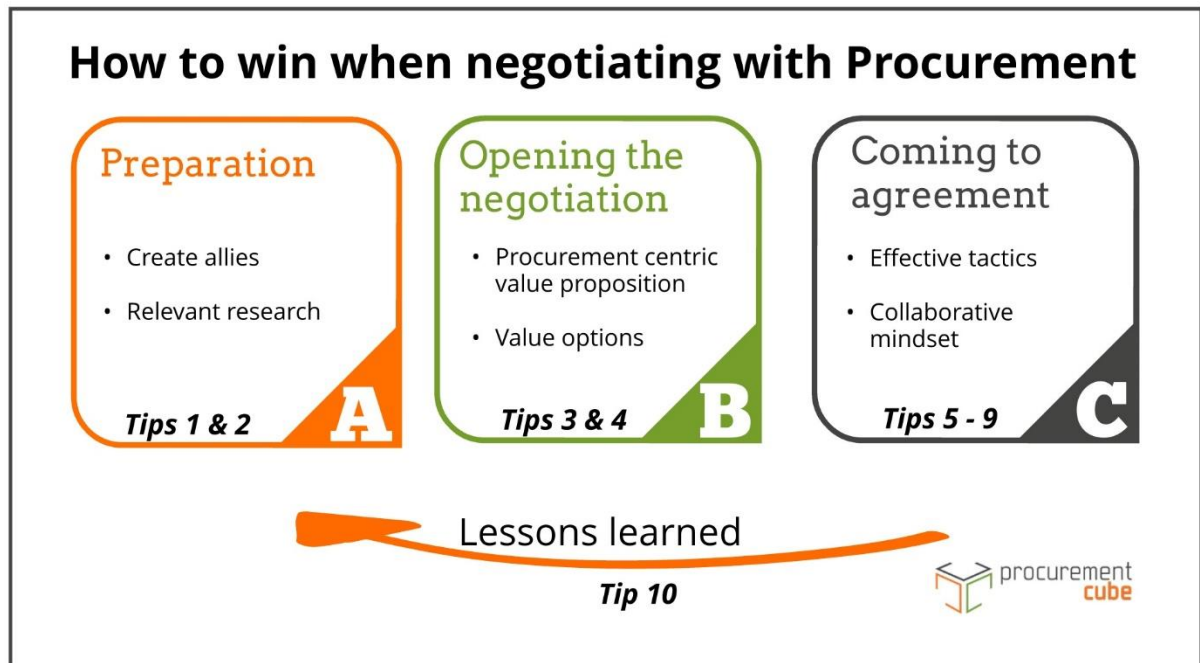


10 *INSIDER TIPS* TO PUT YOU AHEAD OF THE GAME WHEN NEGOTIATING WITH PROCUREMENT



A. Preparation

- 1. Lead with a low-cost offer to create allies before you meet Procurement.** Procurement people are busy and only tend to get directly involved when someone in the company wants to spend money above a certain threshold. In private sector mid-sized and large companies that threshold is often somewhere around £/\$/€ 50K. Below that level, Procurement will have little or no direct involvement. The Economic Buyer still needs to adhere to some basic procurement processes and principles, but they are relatively “light touch”. So, if you have a low-cost offer with strong upsell potential – e.g., a feasibility study – then you have an opportunity to build relationships and internal preference for your solution. Once you pitch for the larger follow-on sale, Procurement will get involved. But you will be in a stronger position, as you will already have earned the trust and support of the Economic Buyer and other stakeholders.
- 2. Know who you are up against.** Knowing as much as possible about the person you negotiate with is always good advice. And it’s no different when the person on the other side of the negotiating table is a procurement professional. These are the types of things you need to know:
 - a. What some common Procurement thought patterns and paradigms are
 - b. What makes the procurement professional you are negotiating with tick
 - c. What their professional goals and aspirations are
 - d. What they are rewarded for achieving and how they are rewarded
 - e. What procurement professionals tend to fear the most

- f. What misalignment there may be between Procurement and stakeholder views

Having these insights will help you see the situation from Procurement's point of view and uncover things like their basic interests and underlying reasons for objections and attitudes.

B. Opening the negotiation

3. **Articulate a value proposition Procurement connects with.** Your current value proposition may connect very well with Economic Buyers. However, Procurement often sees the world through different lenses. So, it's important that you articulate your value proposition differently when you speak to them. I'm not talking about price. In fact, Modern Procurement functions don't really care that much about the numerical price tag. Instead, they look for suppliers who can offer:
 - a. value for money;
 - b. lower total cost, without compromising quality;
 - c. tangible business value that can be expressed in monetary terms; and
 - d. transformational change in the spend category your product, service or solution relates to.

If you can, create four credible versions of your value proposition – one for each of the four items above. It's almost certain that the procurement professional you will be negotiating with is looking for one (or more) of those. Your four Procurement centric value proposition versions give you the flexibility to customise your proposition further once you know precisely what is most important to the person you are negotiating with. That will increase your odds of being perceived as a supplier offering something Procurement really wants and values.

4. **Provide different price/value options.** In the previous tip I talked about "value for money". That's the optimal mix between price and quality. The problem, however, is that you don't know what consensus the Decision Making Unit (which Procurement is part of) will reach in terms of what "optimal" means. You may have some rough idea based on conversations with the Economic Buyer, other Decision Making Unit members or Procurement itself, but you can't be sure. So, if at all possible, provide a few options. For example, 3 price points with 3 different service levels.

C. Reaching agreement... or not

5. **Push back against unreasonable contract terms by making them mutual.** It's quite common for B2B sales people to be presented with unreasonable contract terms when negotiating with Procurement. It is, after all, Procurement's role to secure the most advantageous terms for their companies. Therefore, the first set of T&Cs they give you are the "best scenario" T&Cs – seen from their point of view. That means you are likely to find some of the clauses unreasonable. So, what can you do? If it makes sense from a deal perspective, you could ask Procurement to make any unreasonable clause they won't back down from mutual. The principle is that it's fair if it applies to both parties. It's hard

for anyone reasonable to argue “against fairness”, so by using this approach you stand a good chance of having the clause amended, removed or made mutual.

6. **Get something in return for concessions.** When you have just given a concession, Procurement has a habit of asking for another one and another one and another one. It’s part of their negotiation training. If you have moved, they know you will likely move again. They will keep pushing until you have nothing left to give. It’s one way of knowing that the “best deal” has been achieved. The way to counter this behaviour is to never give a concession without getting something in return. Also, when giving concessions, move slowly in small increments. If Procurement learns that their requests will be met with counter-requests and slow small movements, their desire to ask will be tempered.
7. **Stay focused on solving the problem.** It’s easy to get caught up in emotions, but when negotiating with Procurement it really pays to keep those emotions in check. When you lose your composure and engage in finger-pointing, you also lose control. You’re reacting, not responding. A better approach is to understand where objectionable attitudes and behaviours are coming from. You may have some idea if you followed my second tip above. If you’re able to not take these attitudes and behaviours personally, but instead focus on solving the problem, you’ll be able to move the negotiation forward in a constructive way.
8. **Avoid bluffing.** Establishing and maintaining credibility vis-à-vis Procurement is very important. So, always act with integrity when dealing with the function, and avoid bluffing when negotiating. That means you need to be prepared to follow through on what you say you will do. Empty “threats” undermine trust and means you won’t be taken seriously the next time around.
9. **Be patient.** Patience is a secret super power. It may sound boring and run contrary to your personality, but it works very well in a negotiation. That’s because the party in a negotiation that is under the most time pressure is at a disadvantage. People under time pressure make rushed and poor decisions, such as offering significant concessions (e.g., End of Quarter Discounts) to quickly close the deal. Signalling to Procurement that you are under time pressure puts you at an immediate disadvantage in a negotiation.

Practice and Learn

10. **Practice to get better at negotiating with Procurement.** As a B2B sales person, your natural instinct may be to try to avoid interactions with Procurement for as long as possible. However, this approach often creates problems and delays down the line, and you are missing out on valuable opportunities to practice negotiating with Procurement. If you always avoid them you don’t get to practice getting better at dealing with them- plain and simple! My [LinkedIn Selling to Procurement newsletter](#) gives you weekly tips on dealing with Procurement. You will **not** be asked to enter an email address to subscribe.

“Thank you for downloading these tips. If you have any feedback or suggestions of other types of resources that would be helpful to you, [please drop me a line.](#)”

- Armand Brevig, Managing Director, [Procurement Cube](#)

