



Creating an Effective Negotiating Culture in Your Purchasing Team



Welcome to The Cloud Conference

Attendees will be in listen only mode

A recording of this presentation and the slides will
be available on the APD Website



Jeff Burris

Principal

Advanced Purchasing Dynamics

Experience:

Purchasing, Supply Chain and Business Unit Leadership

Ford, Metaldyne, Magna and Advanced Purchasing
Dynamics

- ▶ Defining the requirement
- ▶ Assessing competencies
- ▶ Preparation
- ▶ Post-negotiation evaluation
- ▶ Periodic coaching
- ▶ Measuring



PURCHASING LEADER PAINS -TOP FEARS OF 2016-

**Webinar
February 16, 2016**



apd

Strategic Negotiations Training

Your goal is to achieve more from negotiations while increasing collaboration. The solution is found in our Strategic Negotiations course.

*March 3, 2016
and
April 21, 2016*

Clinton, Michigan

8:00 am - 5:00 pm





Creating an Effective Negotiating Culture in Your Purchasing Team

The Cloud Conference will start in ...

1:00



Creating an Effective Negotiating Culture in Your Purchasing Team



Welcome to The Cloud Conference

Attendees will be in listen only mode

A recording of this presentation and the slides will
be available on the APD Website



Jeff Burris

Principal

Advanced Purchasing Dynamics

Experience:

Purchasing, Supply Chain and Business Unit Leadership

Ford, Metaldyne, Magna and Advanced Purchasing
Dynamics

- ▶ Defining the requirement
- ▶ Assessing competencies
- ▶ Preparation
- ▶ Post-negotiation evaluation
- ▶ Periodic coaching
- ▶ Measuring



PURCHASING LEADER

PAINS

-TOP FEARS OF 2016-

Webinar

February 16, 2016

Strategic Negotiations Training

Your goal is to achieve more from negotiations while increasing collaboration. The solution is found in our Strategic Negotiations course.

*March 3, 2016
and
April 21, 2016*

Clinton, Michigan

8:00 am - 5:00 pm



- ▶ Would you like to be registered for our February 16th Webinar?
 - ▶ Yes
 - ▶ No

- ▶ Provide knowledge and tools that will enable purchasing leadership to improve negotiation skills in their groups.



What is Negotiation?

▶ Skill

- ▶ Define the skill requirement
- ▶ Provide training
- ▶ Provide feedback
- ▶ Track outcomes



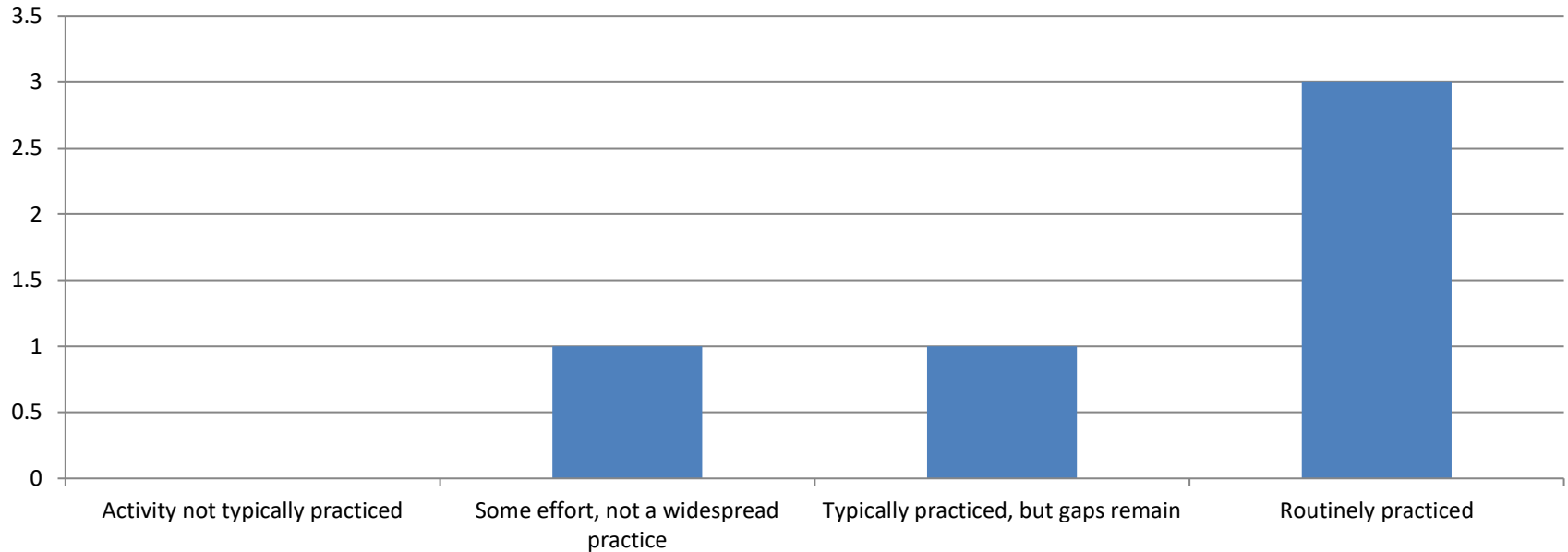
Who else has skills?



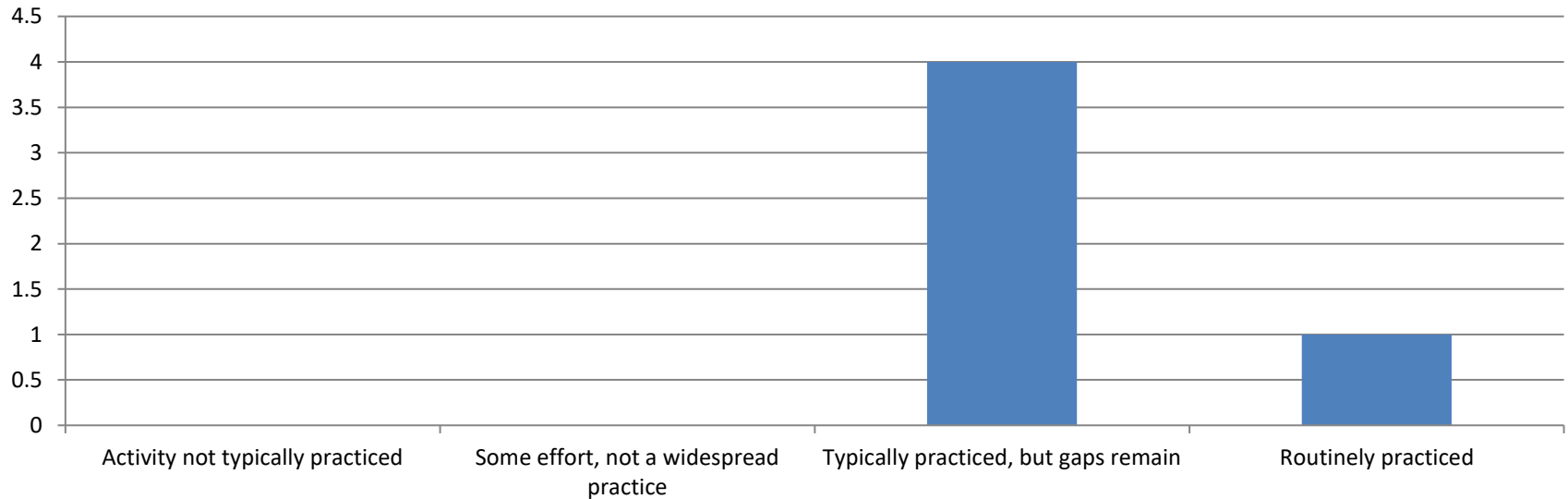
Skills are required to obtain the jobs



Negotiation training is required for career advancement.



Negotiation skill requirements are clearly defined in job descriptions for buyers and managers.





Make it a skill requirement

▶ Entry level

- ▶ Initially, buyer will work with supervisor to determine negotiation strategies and preparation. Buyer will be expected to show progress to independent negotiations as a buyer (see below).

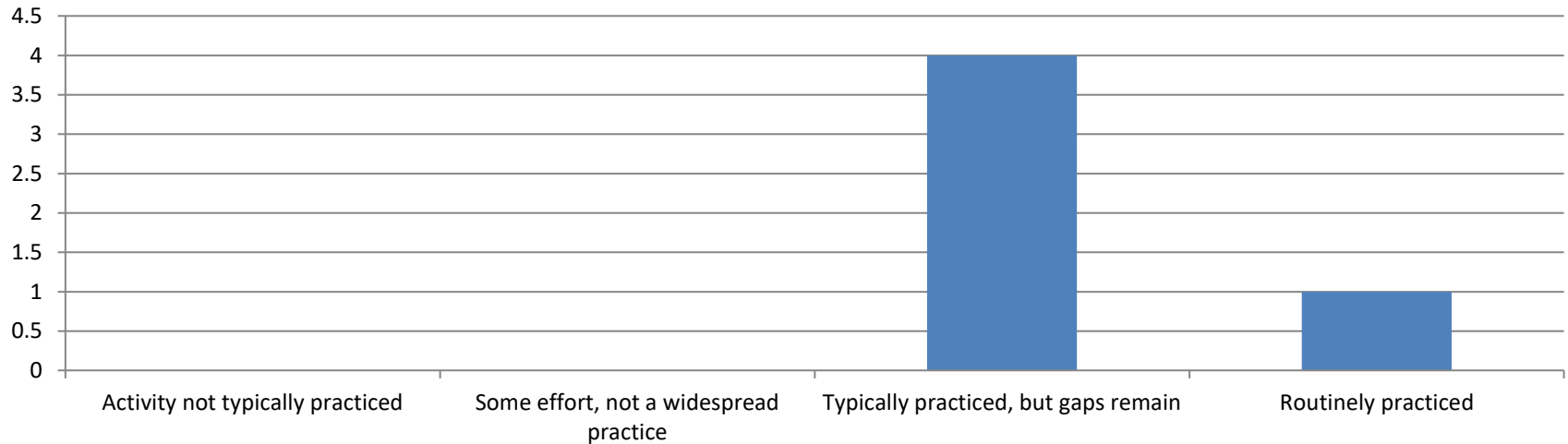


Make it a skill requirement

▶ Buyer

- ▶ Prepare and conduct negotiations in a manner that achieves our interests while building collaborative supplier relationships.

Application of negotiation skills is specifically addressed in performance reviews and other performance management activities.





▶ Buyer skills on Performance Appraisal

Competencies	Rating 1 seldom 5 always
Preparation - buyer adequately prepares for negotiations.	
Listens – buyer utilizes effective listening and questioning skills in negotiations	
Management – buyer involves management in negotiations as appropriate as part of her negotiation strategy	

What do athletes do to perfect skills?

- ▶ Have coaches who:
 - ▶ Understand their strengths and weaknesses
 - ▶ Help them develop
 - ▶ Provide feedback
- ▶ Practice
- ▶ Prepare/Strategize
 - ▶ Learn about their opponents
 - ▶ Develop a game plan



If you were about to have surgery would you want a surgeon who?

- ▶ Has not received additional training since med school
- ▶ Operates alone – not part of a great hospital or medical team
- ▶ Does not prepare for each operation
- ▶ Does not know the outcomes of the operations she has performed





Assess the skill

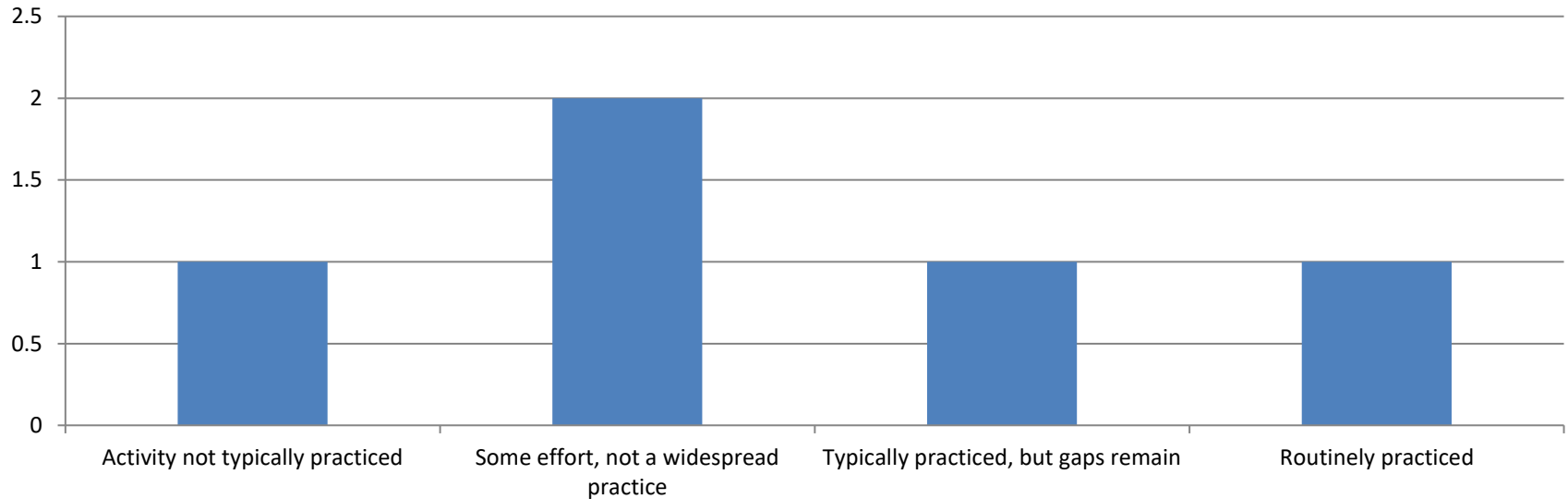
Competencies	Rating
Preparation - buyer adequately prepares for negotiations.	
Listens – buyer utilizes effective listening and questioning skills in negotiations	
Management – buyer involves management in negotiations as appropriate as part of her negotiation strategy	

Negotiation Coaching

Periodic Coaching

Measurement

A quick glance negotiation checksheet is available and reviewed prior to negotiations.



- ▶ Prep sheets –
 - ▶ Competitive
 - ▶ Collaborative

- ▶ Final Checklist/
Cheat Sheet





- ▶ Use when:
 - ▶ No time for a prep sheet
 - ▶ As a final check off

The other party:

1. How do they negotiate? Competitive/collaboratively
2. What do they want:
 - a. Interests
 - b. Positions: Majors/Minors/Don't Give a Damn
3. Who makes decisions?
4. How have we confirmed what they want?

What do we want?

1. Relationship – Do not give away interests or positions to build relationships!!
2. Results
 - a. Interests
 - b. Positions: Majors/Minors/Don't Give a Damn
 - c. What results will make my boss happy?
 - d. What are my trip wires that identify when to involve my boss?

Involve the Team

1. Have I prepared or reviewed with someone else? Even if negotiating alone?
2. If negotiating as a team:
 - a. Who will take notes? It is the most important role.
 - b. Agree: What info will and WILL NOT be shared
 - c. Take breaks if new information surfaces like interests/majors/minors/DGAD's
 - d. Have a shut up signal

Remember:

1. Shut up – listen – ask questions
2. Do not give away interests/majors/minors/DGAD's to build the relationship
3. When they are agitated, attack or define a position/interest:
 - a. Ask questions
 - b. Summarize what you have heard
4. Immortalize the meeting – be the party that issues the minutes/agreements



What is the manager's role?

- ▶ Advisor – helps prepare/sets goals
- ▶ Active participant
- ▶ Observer/coach

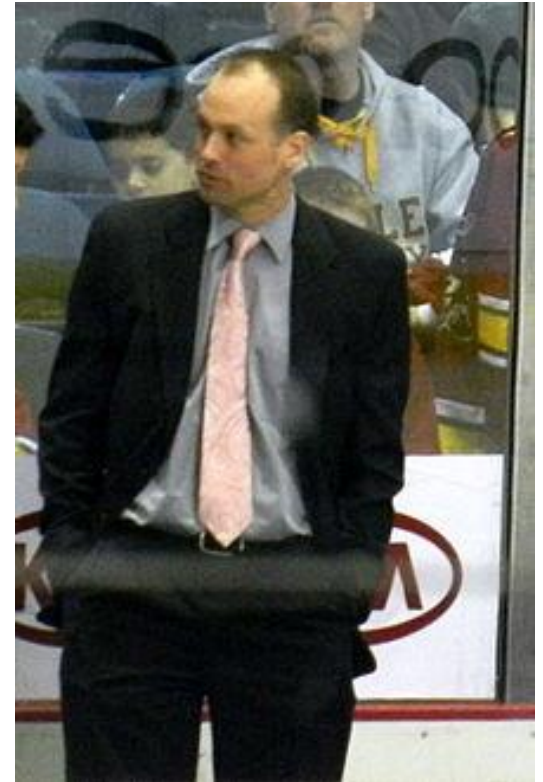
What is the manager's role?

- ▶ Advisor – helps prepare/sets goals
- ▶ Active participant
- ▶ Ensure preparation
- ▶ Without taking ownership

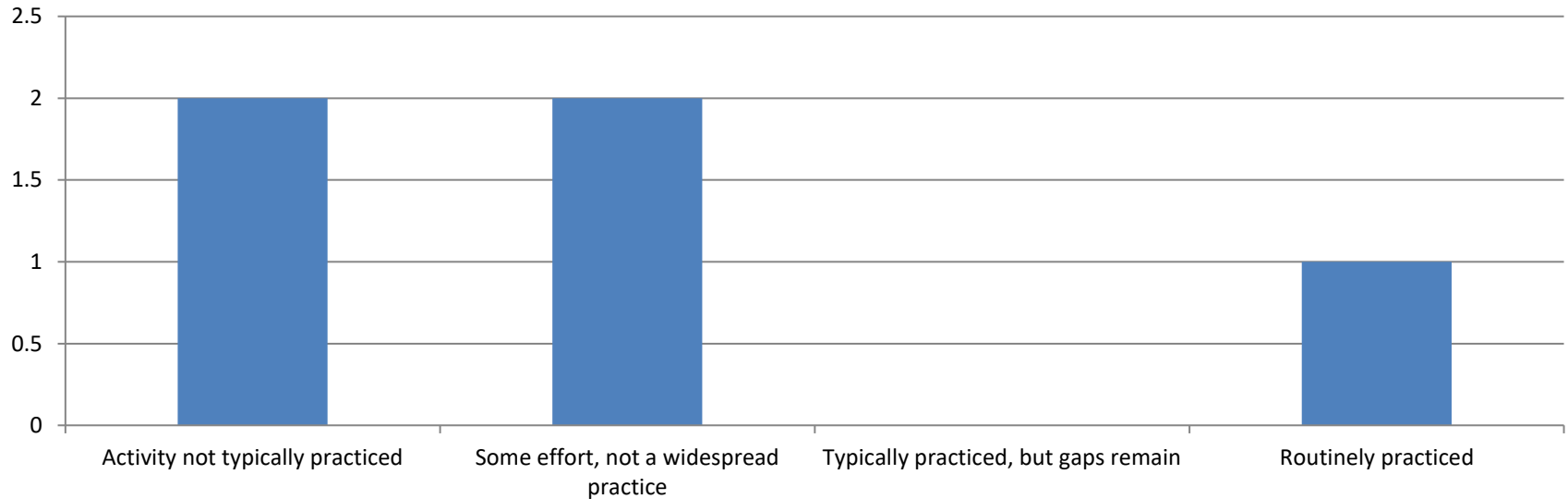


Watch the game

- ▶ How often do you sit back and watch each buyer negotiate?



Buyers and managers use the post-negotiation debrief sheet for all major negotiations.



- ▶ What went right?
- ▶ What went wrong?
- ▶ What would we do if we had a do-over?





Understand



Why you lost



Why you Won



Debrief Sheet

Results – Did we:

1. Achieve the best possible results?
2. Leave the relationship where we wanted it?

How well did we prepare:

1. Did we know before how they would negotiate? Competitive/collaboratively
2. How accurately did we know them?
 - a. Interests
 - b. Positions: Majors/Minors/Don't Give a Damn
 - c. Decision making

Did we go into the negotiation with a clear understanding of what we wanted?

1. Relationship
2. Results
 - d. Interests
 - e. Positions: Majors/Minors/Don't Give a Damn
 - f. What results would make my boss happy?
 - g. What were my trip wires that identify when to involve my boss?

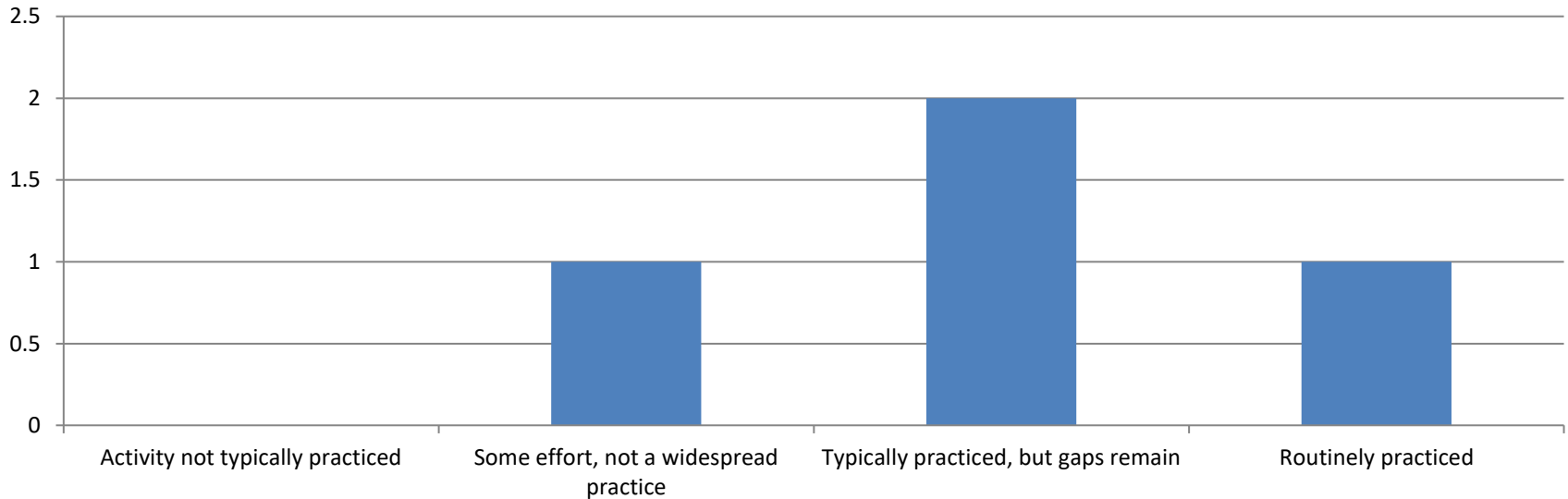
Did we involve the Team:

1. Did we prepare or review with someone else? Even if negotiating alone?
2. If negotiating as a team:
 - a. Did we have one negotiator?
 - b. Did we keep to our strategy on what info would and would NOT be shared
 - c. Did we take breaks if new information surfaced like interests/majors/minors/DGAD's
 - d. Did we have and use a shut up signal

Did we:

1. Shut up – listen – ask questions
2. Not give away interests/majors/minors/DGAD's to build the relationship
3. When they were agitated, attacked or defined a position/interest:
 - a. Ask questions
 - b. Summarize what you have heard
4. immortalize the meeting – were we the party that issued the minutes/agreements

Buyers and managers have periodic one-on-one coaching sessions with all buyers to debrief negotiations



- ▶ Weekly to monthly
- ▶ Engage your buyers 1 on 1 regarding negotiations they have completed
- ▶ Help them reflect strategically by asking questions
- ▶ Remember people don't change because of your opinion they change because of their own



Periodic coaching

Tell me about your supplier negotiation activities last week. . . .what happened?

Did you achieve your goals for the week? Why or why not?

- What success did you have?
- What failures did you have?
- What could you have done better?

Tell me about your negotiations with people inside our company last week....what happened?

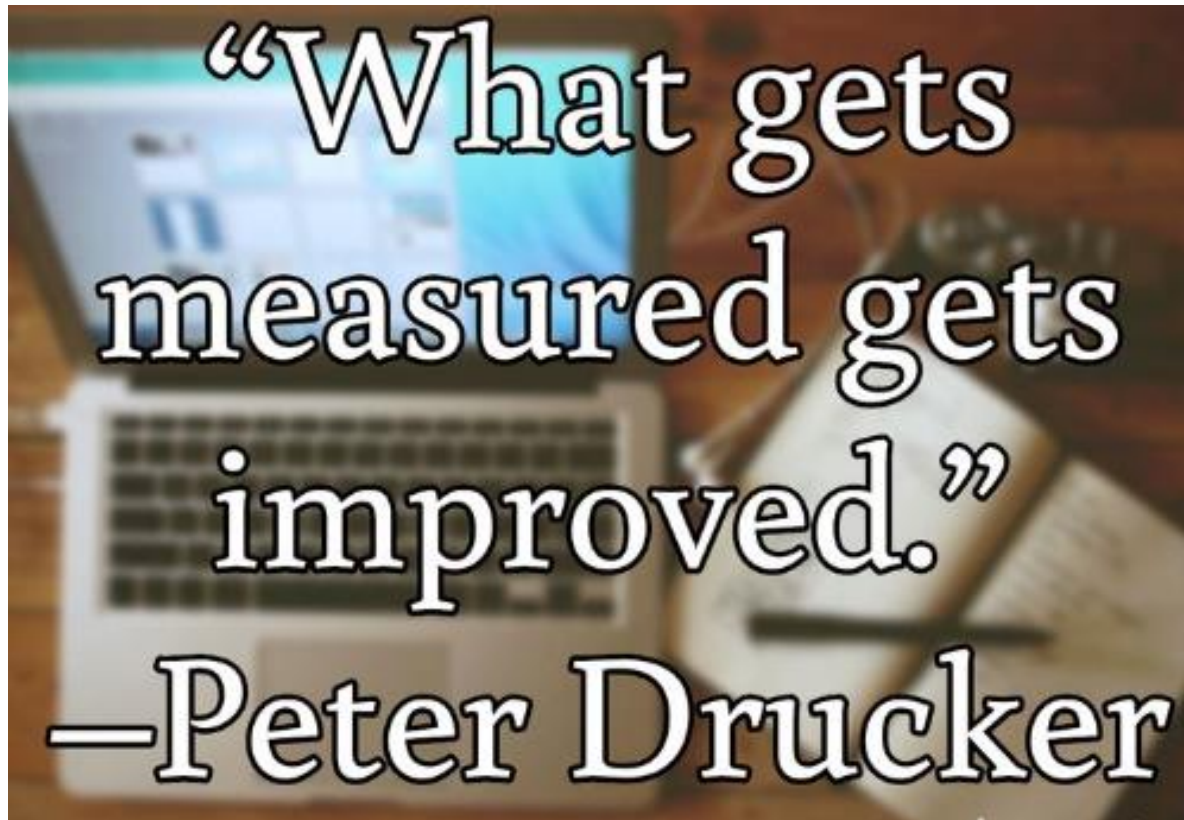
What are the three most important negotiations for the next week can be internal or external)?

What have you done and do you need to do to prepare for next week's negotiations?

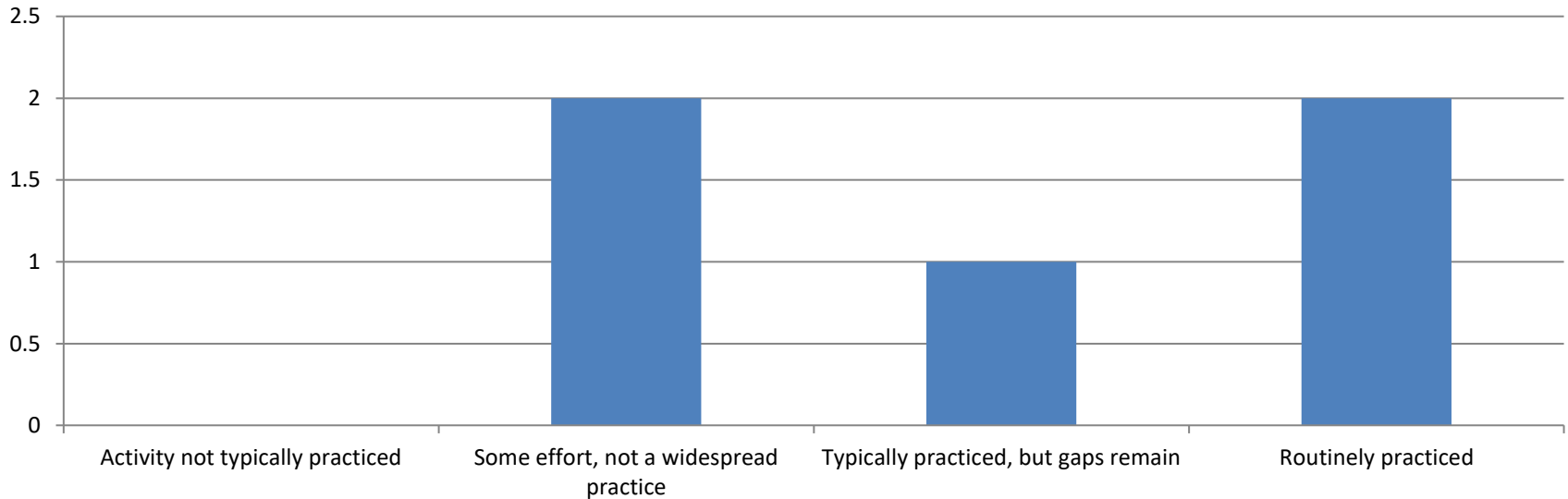
How can I help?



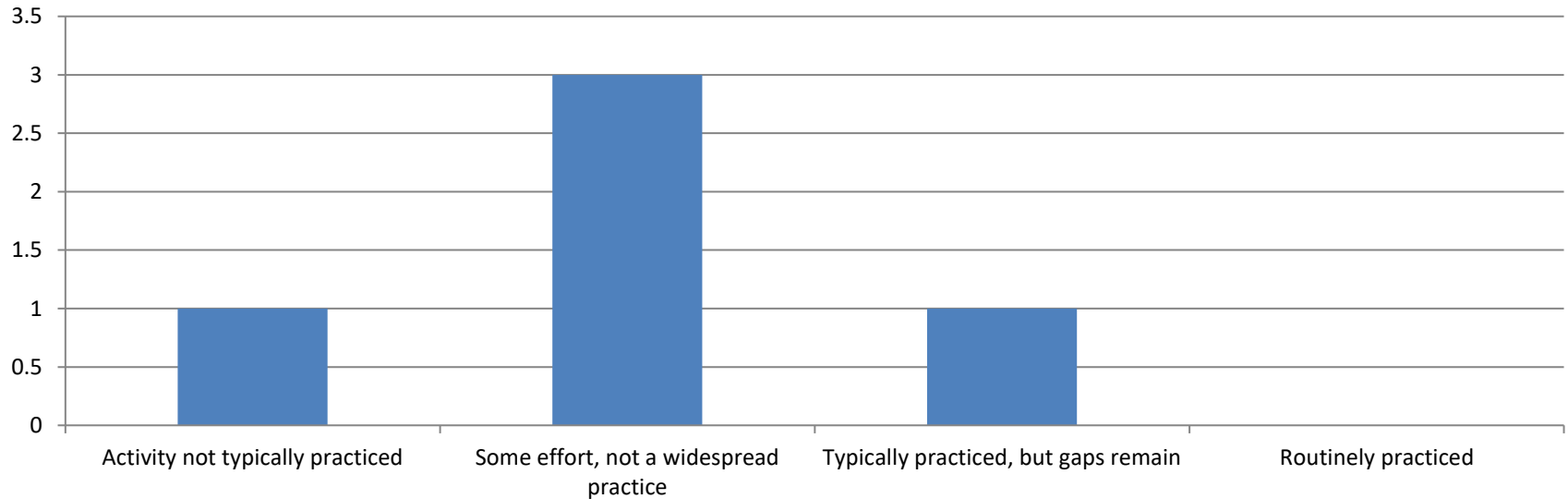
Question	Comments	Notes
Tell me about your supplier negotiation activities last week. . . .what happened?	Share what actually happened. No “great negotiation” allowed!	
Did you achieve your goals for the week? Why or why not?	Sales goals include activities and results.	
<input type="checkbox"/> What success did you have? <input type="checkbox"/> What failures did you have? <input type="checkbox"/> What could you have done better?	Analyze what you did and didn't do during your selling activities in the last week	
Tell me about your negotiations with people inside our company last week....what happened?	There should always be some internal negotiations.	
What are the three most important negotiations for the next week can be internal or external)?	Write them down for the next sales debrief.	
What have you done and do you need to do to prepare for next week's negotiations?	Who makes the ultimate decisions? How do they negotiate?	



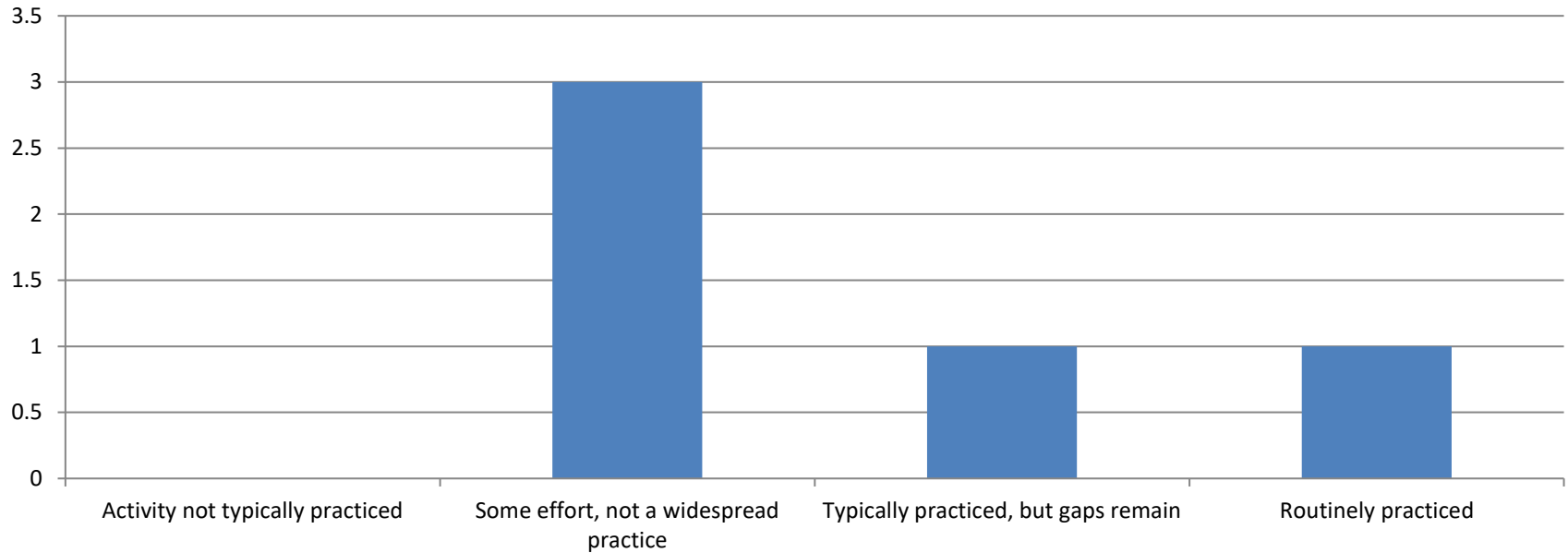
A tracking process for major negotiations exist so that we all understand the negotiations occurring in our group.



Negotiation preparation metrics exist and are tracked for all negotiations.



Negotiation results metrics are tracked and shared.





Simple Tracking

Negotiation	Lead	Prep Sheet Completed	Goal	Trip wire	Target Completion	Settled At	Settled Date
ABC Pricing	Smith	Yes	\$1,000,000	\$850,000	12/23/2015	\$925,000	12/1/2016
Initial Sourcing Stampings	Jones	Yes	At 10% less than target.	At 5% less than target.	1/16/2017		

- ▶ Are negotiations being tracked?
- ▶ Timing/Quality of performance reviews
- ▶ Are negotiation feedback sessions occurring?
- ▶ Are periodic coaching sessions occurring?

We reviewed:

- ▶ Defining the requirement
- ▶ Assessing competencies
- ▶ Preparation
- ▶ Post-negotiation evaluation
- ▶ Periodic coaching
- ▶ Measuring

Are you:

- ▶ Likely to change what you do with your buyers as a result of this meeting?