

Plug & Play Negotiating

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www.mltweb.com

Objective:

◆ *Win without fighting!*

Sun Tzu

*Prepare for war
and do everything you can to
win before it starts*

The Right Frame of Mind

- ◆ Personal planning & commitment
 - Prepare to win
- ◆ Company & organizational goals
 - Long term success is a shared responsibility
- ◆ Teamwork & leadership
 - We win together

Build the Sand Box

- ◆ What we need vs. what we want?
- ◆ What does the other party need/want?
- ◆ What is motivating each party to be at the table?
- ◆ Why/when would either of us walk away?
- ◆ Is failure an option?

Start Now

- ◆ Most negotiations are over before they start
- ◆ Common mistakes
 - You're the sole source...
 - Competitor can't...
 - I have a deadline...
- ◆ First impression sets the stage
- ◆ Competition is a powerful friend!

Fact Finding

- ◆ Gather information
- ◆ Tour, travel and read
- ◆ Hard questions are easier when not negotiating
 - What is the failure rate? Ease of repair? Service response time?
- ◆ Listen (don't give up information)
- ◆ Confirm all assumptions
- ◆ Record (save it for when you need it)

Pick the Person, Place and Time

- ◆ Who will make the decision?
- ◆ Who stands to gain the most if an agreement is reached?
- ◆ When is the best time to negotiate with a salesman on a commission?
- ◆ Be ready to close the deal? (With an order)
- ◆ Include powerful friends
 - Precedent, policy, president

Don't Negotiate With Yourself

- ◆ If you don't ask for it, you won't get it
 - How long is the extended warranty?
- ◆ If you haven't asked you don't know.
 - How extensive is the included spare parts kit?
- ◆ We are ready to place the order today if you accept it that way
- ◆ [Article: Don't be afraid to ask](#)

Leading Questions

- ◆ Shape the answer you want with the question you ask
- ◆ Make sure you get the answer
- ◆ Focus the question on the issue not people
- ◆ Article: [Leading Questions](#)

Leading Questions

- ◆ Is there a competitive product?
 - What makes yours better than the competition?
- ◆ How many have you had to fix?
 - What is the turn time for fixes?
- ◆ Why can't you.....?
 - How can we make this happen?

Ask Better Questions

- ◆ Do I get a price break?
 - How much is the price break?
- ◆ Do we get maintenance service?
 - How long is the maintenance coverage?
- ◆ Can I buy a warranty?
 - What warranty?

A Better Way to Ask?

- ◆ Does it come with a spare tire?
- ◆ Is mounting hardware included?
- ◆ Has “it” been approved before?
- ◆ Are your personnel qualified?
- ◆ Do you have references?
- ◆ Are you registered in CCR?
- ◆ Will you get a DUNS number?

Serve the Ball

- ◆ Who's problem is it?
 - Price is too high
 - Doesn't meet specs
 - Can't deliver on time
 - No qualified personnel
- ◆ Don't waste energy fretting about it, *serve the problem to the other side*
 - I'd buy today if the deal was right
- ◆ Make the other person turn the deal down.
 - Are you saying we can't reach an agreement?
 - You mean we have to start all over?

Break A Deadlock

- ◆ Change the terms
 - If we agree to a 2-year purchase can we make a deal?
- ◆ Change the people
 - Is there someone who does have the authority?
- ◆ Everyone “saves face”
 - Don’t make them admit it. Blame it on a typo
- ◆ Market the agreement
 - This is a great opportunity for long term business

Short-Term Strategies

- ◆ I'm on your side, the boss won't like it
- ◆ Just one more thing after another
- ◆ I thought we agreed?
- ◆ It isn't in the budget
- ◆ Our Procedure/ policy won't allow it
- ◆ The plumber principle

Build Consensus

- ◆ Each point of agreement is one step closer to a deal
- ◆ Solve the “needs” before the “wants”
- ◆ Build the contract as you go
- ◆ After a lot of little steps, it’s a long way back

Personal Strategy

- ◆ Review the checklist before you begin
 - Mark all important issues
 - Assumption/ Confirmed/ Source
- ◆ Post a cheat sheet of common questions
- ◆ Don't forget the net as a research tool
- ◆ Failure analysis
 - We do it for equipment, why not our negotiating skills

Win –Win Negotiating

- ◆ Can we both win a negotiation?
 - Personal example of win-win
 - Best deal = runs smooth for a long time
- ◆ Can we both loose a negotiation?
 - Common enemy = malformed contract

Resources

- ◆ www.mltweb.com
- ◆ [Purchasing Toolbox](#)
 - Newsletter articles
 - Links
- ◆ Seminar and program handouts

MLT web

RESOURCES, LINKS AND FUN STUFF

INFORMATION

TOOLS

REFERENCES



Purchasing Toolbox

Information, articles and links for my friends in the purchasing profession about E-Commerce, Negotiation, Professional Development, Job Searching and more.

- o [Toolbox](#)
- o [BuyTrain News Archive](#)
- o [Hyperlinks](#)
- o [Job and Career Resources](#)
- o [B2B E-Commerce](#)
- o [Computer Fraud and Virus resources](#)
- o [Puzzles](#) - Just for fun, Supply Chain puzzles



Programs and Seminars

Mike Taylor presents programs and seminars on purchasing and management topics. Contact Mike if you would like to schedule a program for your organization.

- o [Scheduled events](#)
- o [Handouts from workshops and programs](#)
- o [Program possibilities](#)
- o [Bio](#). *Who is Mike Taylor?*

NEGOTIATION



- [Planning Better Negotiations](#)
Seminar outline (a little out of date, but still a great place to start planning.)
- [Negotiation Checklist](#)
What issues should I consider negotiating in a contract? The big list!

Articles & Essays

- [Bottom-Line Questions](#)
March 2008, get to the facts when negotiating with the boss
- [Is That A Personal Question?](#)
If not, maybe it should be.
- [Negotiation: An Art of Details](#)
May 2006
- [Win Win Opponent](#)
Is there a loser if both the Buyer and Seller win?
April 2004
- [Creative Negotiation](#) (part 4)
February 2004
- [Creative Negotiation](#) (part3)
January 2004
- [Creative Negotiating](#) (part 2)
December 2003
- [Creative Negotiating](#) (part 1)
November 2003
- Negotiation Exercise; [Personal Style](#)
- [Serve the Ball](#)
In a negotiation, you don't own every problem...
- [The Full Meal Deal](#)
Don't forget to negotiate the details
- [It's Never Too Soon to Start](#)
A negotiation can be over before you know you've started!
- [The Whole is Greater than the Parts](#)
- [Negotiating With a Friend](#)
Sometimes you have to do it!
- [Leading Questions](#)
Shape the answer you want by the questions you ask.
- [Don't be Afraid to Ask!](#)

Ross Reck

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Negotiation Checklist

- ◆ What can be negotiated?
- ◆ Don't leave home without it!
- ◆ <http://www.mltweb.com/tools/what.htm>

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ISSUES TO CONSIDER NEGOTIATING

Excerpts from the seminar: [PLANNING BETTER NEGOTIATIONS](#)

MICHAEL L TAYLOR, C.P.M.

Review this list before you negotiate any contract. Take advantage of all the opportunities and cover all the important issues.

- | | | |
|--|--|--|
| <ul style="list-style-type: none">• Availability• Administrative charges• Alternate Dispute Resolution• Amortization schedule• Audit rights• Bank & Finance institution• Barter arrangements• Cancellation charges• Confidential information• Contingencies• Copyright• Changes• Consignment inventory• Cost Breakdown• Counter trade• Currency• Customer visits• Damages• Delivery• De-mobilization costs• Discounts• Electronic data interchange• Electronic funds transfer• Escrow company• Exchange rates• Exchanges• Extended warranty• F.O.B. point• Fee• Freight method, costs and charges | <ul style="list-style-type: none">• Installation• Insurance• Intellectual property rights• Inventory Costs• Invoice method• Invoice terms• Labor rates• Lead time• Legal venue• License agreements• License fees• Maintenance• Marketing support• Manufacturer's allotment• Mediation• Meeting locations & schedule• Mobilization costs• Multiple deliveries• Obsolete Inventory Responsibility• Overages• Packaging• Payment terms• Payment method• Performance specifications• Price• Price escalation• Problem escalation path• Profit | <ul style="list-style-type: none">• Progress payments• Quality rate• Raw materials• Recycled content• Residual value• Restocking charges• Returns• Risk of loss• Safety Stock• Scrap recycling• Spare parts pricing/availability• Special marking• Specifications• Stand-by rates• Start-up assistance• Storage of unused materials• Subcontracting• Termination Provisions• Terms and conditions• Testing• Tooling• Training• Travel expenses• Upgrades• Wage Adjustments• Warranty• Vacation / Shutodwn• Work Schedules |
|--|--|--|

Add these to the list when Negotiating Long Term Relationships

- | | | |
|---|---|---|
| <ul style="list-style-type: none">• Access to Computerized Inventories• Access to Computer Systems• Authorities and limitations• Computer Security Program• Controlling problem people• Cost cutting procedures• Disposition of user data• Efficiency improvements | <ul style="list-style-type: none">• Ending the contract relationship• EXTRANET ordering relationship• Fair profit vs fair value• Goals of the relationship• In-Plant Support, inventory• Internet Web Page Sharing• Key players• Legal recourse• Operating procedures | <ul style="list-style-type: none">• Power balancing• Problem resolution process• Product improvements• Reporting• Removal of packaging materials• Sharing of cost savings• Structure of the agreement• Term• Training programs• User Catalog Maintenance |
|---|---|---|

Evaluate Your Skill – Here

www.machiavellisworkshop.com/index.htm

The screenshot shows the homepage of Machiavelli's Workshop. At the top, there is a navigation bar with a logo consisting of a triangle with orange dots at its vertices and a dashed line connecting two of them. Below the logo, the text "Machiavelli's WORKSHOP" is displayed. The main content area is divided into several sections. On the left, there is a "Welcome To Machiavelli's Workshop" section with the subtitle "Online negotiation skills resources, role-plays, and tournaments". To the right of this section are two orange buttons: "Students & Trainers Login >" and "Subscribe to Newsletter Email" with a "Subscribe >" link. Below these buttons is a grid of four boxes. The top-left box is titled "Machiavelli's Mindgym" and describes a relaxed way to improve negotiation skills, with a link to "The Mindgym >". The top-right box is titled "Online Role Plays" and describes honing skills through complex role-plays, with a link to "Role Plays >". The bottom-left box is titled "Free Trial Tournament" and lists prize money, chances to win, and that registrations are closed, with a link to "Registrations Closed!". The bottom-right box is titled "Further Information" and lists links for "Our approach >", "Machiavelli's Musings >", and "Contact us >".

Welcome To Machiavelli's Workshop
Online negotiation skills resources, role-plays, and tournaments

Machiavelli's Mindgym
A relaxed and informal way to improve your negotiation and influencing skills through course materials, literature summaries, newsletters and online role-plays.
[The Mindgym >](#)

Online Role Plays
Hone your skills in a series of increasingly complex of online role-plays against other members of our Mindgym, supported by comprehensive debriefs and access to online mentors.
[Role Plays >](#)

Free Trial Tournament
\$100 prize money
Two chances to win
Guaranteed 5 negotiations
Registrations Closed
[Registrations Closed!](#)

Further Information
[Our approach >](#)
[Machiavelli's Musings >](#)
[Contact us >](#)

Discussion

Definitions

- ◆ **Good negotiator**
 - Consistently reaches an agreement
- ◆ **Win-win negotiator**
 - Buyer and seller continue business relationship
- ◆ **Ethical negotiator**
 - Earns respect – not revenge

Great Negotiator = all of the above

More Preparation

- ◆ Practice "positive speak"
- ◆ Say what you want others to think.
 - This is really a mess, I hope we can justify it."
 - "This justification would be better if we..."
- ◆ Train your co-workers.
 - Give people credit and recognition
 - They won't feel like they have to take credit by making grandiose statements.

Is There a Better Way...

- ◆ “Your price is preposterous”
- ◆ “You’re trying to cheat me”
- ◆ “You’re not the low bidder”
- ◆ “You can’t be serious”
- ◆ “I want to buy”
- ◆ “I need”
- ◆ “I can’t accept”
- ◆ “You are the worst salesman...”

Infamous Cow Pie Example:

- ◆ While trekking across the field, I make a simple decision:

Avoid the cow pies

.....I decide ahead of time to pay attention and develop a personal action plan to avoid problems