

How to Negotiate with Procurement



EACA, May 2021

Some personal learnings about
negotiation and procurement

Personal learnings

- Typically, only around 20% of agency leaders and senior staff have ever had any negotiation training
- Negotiation is as much a leadership issue as it is a personal skills development issue
- Negotiation is a really difficult skill to do well
- We still don't "get" procurement in clients

Commonly heard during negotiations

“Price is the most important factor in our decision”

“If you don’t cut your prices by 20% you will not go through to the next round”

“Before we can make a decision you need to sharpen your pencil”

“Your rates need to be reduced by 10% next year”

“This is the most expensive proposal we have ever seen”

“Our benchmarks show your rates are 20% higher than the next agency”

“Conditioning”

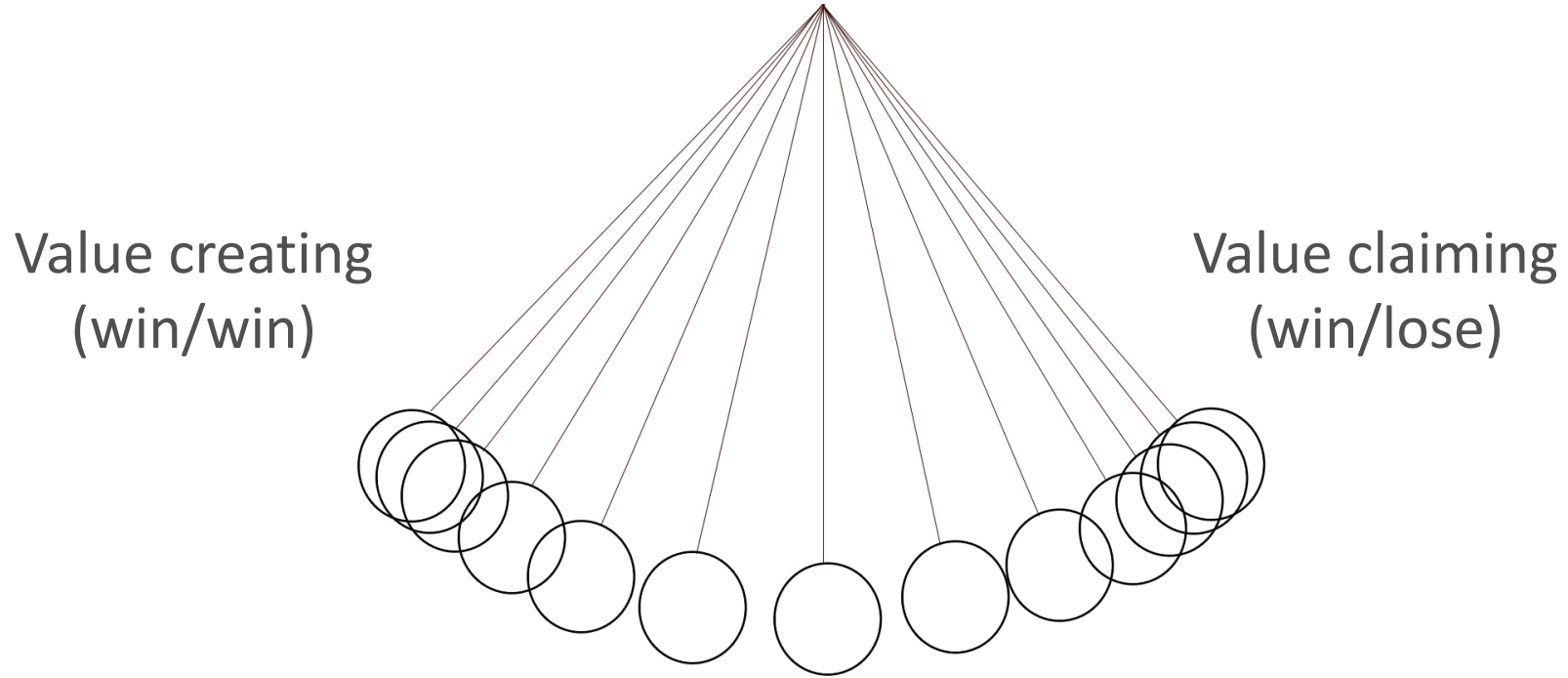
How agencies often negotiate with clients

Following an outrageous demand from a client:

- Be outraged
- Persuade the client that they are wrong
- Panic
- Problem solve (with more persuasion)
- Outrage and panic together
- Haggle (while ramping up the persuasion)
- Escalate to the agency boss (and blame the client)
- Give in

The essentials of good negotiation

The negotiation pendulum



Three habits of great negotiators



- Have a clear process roadmap



- Propose solutions in packages and options



- Ask lots of questions

A negotiation roadmap

Prepare

Establish

Explore

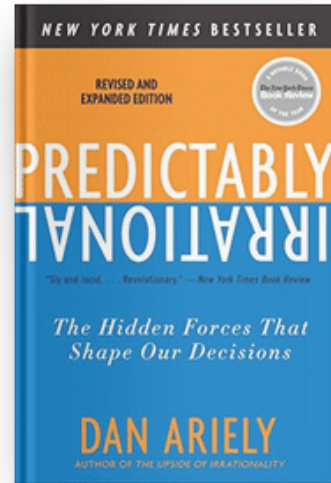
Invent

Close

The power of options

“Most people don’t know what they want unless they see it in context”

Dan Ariely, “Predictably Irrational”



Great negotiation questions

- Help me understand how you see things
- What are your priorities ?
- Why is that important to you ?
- What other things do you care about ?
- Under what circumstances would you be prepared to ?
- Can you please explain the basis of your proposal ?
- What factors might influence your decision ?
- Is there anything else I should know ?
- What problem are we trying to solve ?

Why is negotiation so difficult ?

We negotiate for

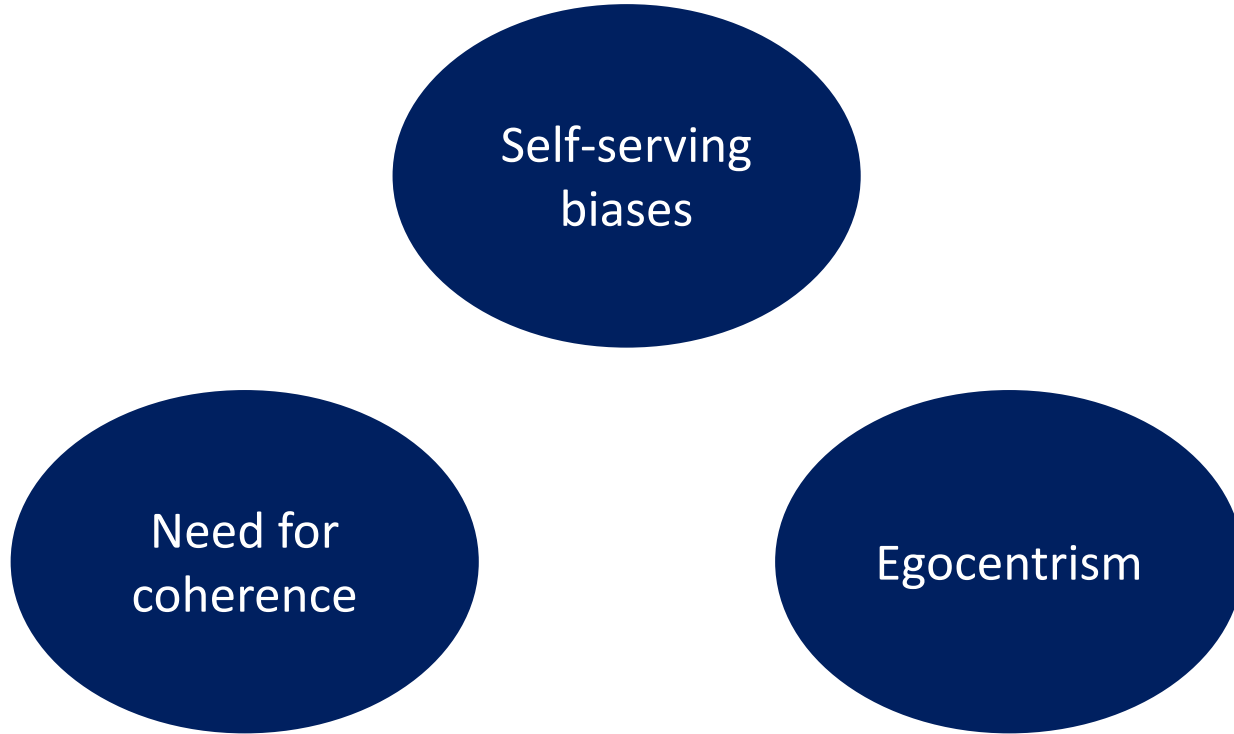
Material
goals

Relationships

Managing
emotions



Psychological biases in negotiation



Moving negotiation discussions from price to value

From price to value



Clients want

- A quality product
- High service levels
- A competitive price

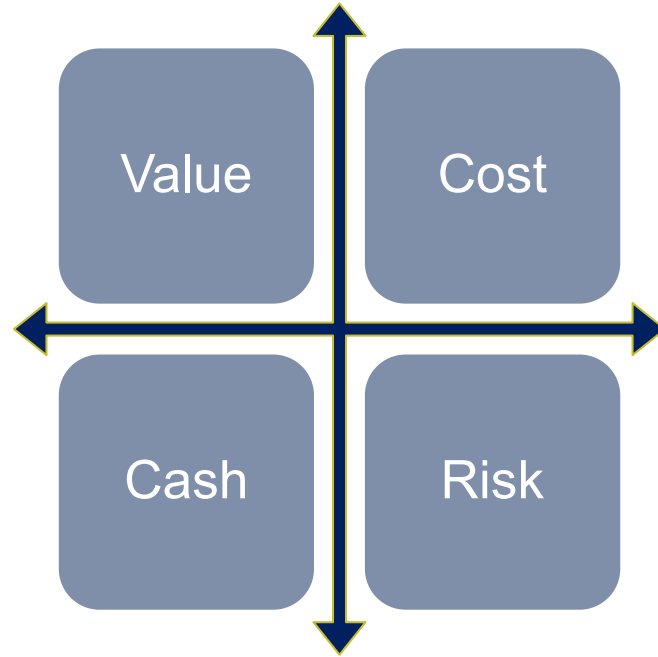


Clients want

- The agency to solve a problem or maximise an opportunity

And what about procurement ?

Procurement aims to deliver



Procurement secrets



Procurement's job is to get the best deal for the agency that the marketing client wants to use



Procurement are rarely the decision makers



Procurement work on the basis that “if you don't ask, you don't get”, and they'll keep asking until you say no



There are many ways for Procurement to claim a saving – not just money off your fees



What's on marketing procurement's mind ?



Project Spring

Revolutionising the perception and contribution of global marketing procurement

A WFA's Global Sourcing Board initiative



WFA's Global Sourcing Board will aspire to:

1. Behave as strategic brand business partners;
2. Focus on both top and bottom lines and recognise that value is greater than just cost;
3. Identify gaps and invest in learning and development;
4. Adapt our processes to use right and fair selection criteria;
5. Choose agency collaboration over creating artificial market-place tension;
6. Champion diverse, responsible, and sustainable relationships;
7. Strive for commercial terms that enable a viable ecosystem for all parties involved, including agencies;
8. Be authentic and honest with our external partners;
9. Be transparent with confidentiality respect and treat our partners fairly; and
10. Focus on issue resolution before pitching as a solution.



Changing negotiation behaviour in agencies

Behaviour change starts with you

- Recognise that leaders set the tone of “how we negotiate around here”.
- Train your key people in the skills of negotiation
- Train close to the real world
- Training alone doesn't guarantee that behaviour will change

Kinnaird Negotiation courses for agencies

A negotiation training and coaching experience with Tom Kinnaird:

Negotiation Mastery

- two-day course
- online delivery
- max of 8 participants

Negotiation for Leaders

- one-day course
- online delivery
- max of 8 participants

To find out more, contact tom@kinnairdnegotiation.com

And finally

“Pessimists are usually right, and optimists are usually wrong, but all the great changes have been accomplished by optimists.”

Thomas Friedman,
“The Earth Is Flat”



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NEGOTIATION

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