

File name: invest_supply_chain_webinar.mp4 (720p).mp4

Moderator questions in Bold, Respondents in Regular text.

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Steven Drummond: Good afternoon everyone. Thanks for joining us today and welcome to this webinar on negotiations. My name is Steven Drummond and I am joined today by my colleague Brian Durnian (ph 00.18). We're both supply chain advisors working in the supply chain development team within Invest Northern Ireland. This webinar is one of a series in supply chain topics that can be accessed via the INI website. We hope that you find them useful and they're available in the events section of the Invest Northern Ireland website. Today's webinar is aimed at developing understanding of the negotiation process and hopefully to leave you with more confidence about preparing for and conducting an important negotiation. Brian will take you through the presentation and we will jointly take your questions at the end. You can add questions in the chat box. Thank you very much for your attendance and I'll hand you over to Brian. Thank you.

Brian Durnian: Welcome. My name is Brian Durnian. I'm one of the supply chain team and I will take you through this negotiation webinar this afternoon. Supply chain support from Invest Northern Ireland is provided by the Supply Chain Resilience and Development Solutions team. We're a team of supply chain professionals seconded from business and have experience of implementing supply chain improvements in a wide range of industries. Our role is to work with businesses to analyse what they do, advise where their development is possible and provide mentoring and support to projects to deliver tangible value and cost savings. We can also provide financial support for the supply chain role in your company to develop improvements if this resource or skill is not currently available. In this webinar we're going to discuss supply chain negotiations and the elements that's needed for supply chain winning engagement. The webinar will cover research and preparation, analysis, negotiation strategy and how to conduct a negotiation session. We will be looking at information you need to gather, what insights analysis of data can give you and how this can form with-, inform with the negotiation you may choose. Let's have a look at the research and preparation you may need to do. Using freely available data you may find it helpful to look at the supplier's location, the type of structure they have, are they part of a larger organisation?

You will certainly want to review their financials. You'll look for trends. Have a look at the turnover, profit, the debt levels. These things are available to you. You can either use Companies House or some other websites to have a look at this but you should really have a look at what the company structure is and how it's based. When entering into negotiations it's very important to get a gauge on what points of leverage you may have. To find out what their potential opportunities are, what the strengths and weaknesses of your suppliers are and what their business is. Are they trying to grow or diversify? Can you position your business to help them to align with their vision and then formulate how you can try and

do a better negotiation where you sit with them? Other factors you may want to come up with in a negotiation is what their past performance is, what their commercial claims are and how long have they been in business? What their quality is like, their delivery, cost, customers? How strong is the relationship? How do you and the suppliers value the relationship and what is your history together? It's not always possible but you should try and find out as much as you can about the people you are going to negotiate with. Who they are. What their role is. What their negotiation style is. You certainly want to have the decision makers present around the table for any negotiations you take.

In this example I've just taken the first line and let's have a look at it. So we can see Justin, his department is Sales and Program. He's very experienced. He's an opinion shaper and a leader. He's an ex-consultant. He has strong financial skills. He likes to talk. He's recently been promoted. But at times he can-, doesn't really listen to the customer very well. He likes to be right so he may or may not be present in the negotiations. But it's really important for you to understand the players that you'll be talking to. What their role is, what they do and how they can influence the negotiation that you're sitting in on. This one I've just highlighted for you because the previous slide was a little hard to see so I've just brought it up to do that. To have a genuine negotiation position you need to have a viable alternative to the supplier you're talking to. To do that you need to test the market, see what else is out there. Are they interested in supplying your business? What are the terms they'll offer? You have to balance what you will gain from what you will lose if you change suppliers to do this. If you're going to do this, you identify potential suppliers, look for expressions of interest on it. Get a request for a proposal. At this point then you may think that these people are worth working with, request a quotation and if you're really keen on them, select them and award the contract to do that.

Let's step through some of the analysis that you may want to look at. So get your team to do their homework and then present their inputs and the research that they've done on the suppliers. Identify the key factors that are important to the business, the elements that will help you make decisions from this. So you should be looking at, say, for example some things, financial statements. The company is profitable but poor liquidity. This means that they may be cash strapped and that may help you then formulate a strategy on how you want to approach the company. What are you going to put on the table? What are you going to ask for to do that? If we look at another example, the website. You can read from their website they intend to grow rapidly. They want to grow their business. Could you be part of that strategy? Could you work with them to do that? We'll investigate this a little bit later when we talk about position versus interest but you want to widen the conversation away from just one or two things and look and see where the company's going. Once you've gathered your information you may want to put it on to your strengths and weakness analysis where you're having a look, and primarily what you're looking at here is where are the opportunities? Where can you partner with your supplier? How can you both become better and get win-win situations? So the opportunities is an area you really want to look for to do this.

Once you've got that done it's worthwhile putting it on a table such as this so that you can use this

template to organise your negotiation tactics to look at that. So in the first example of this line we can see here the financial statements that we previously talked about it. The company's profitable but they don't have a lot of cash. So you may go on to your negotiations looking to offer shorter payment terms or potentially consignments of stock for lower price. If we did talk about their website where the supplier is declaring strong intent to grow rapidly, well then you can share your company's growth plans. Look at purchasing to get some other vendors on board in this and bundle together in the supplies. So what we're trying to do here is find out what the research has done, what the analysis tells us and how that can flavour what our negotiation tactic is to go through with it. So let's now have a look at some of the negotiation strategies we may bring in place. So here we're looking at this chart and we're trying to see what is the mandate that we're going to do, right? So we're going to set out our targets for the negotiation. We're going to set out what our allowable range is for the team to, to talk through and we're going to show the relevant importance of each of these things and we're going to use this to measure success when we're finished.

So what we have here now it's a mandate. This is what we're going to go in with. This is what we're going to ask for. This is what we're prepared to walk away from and then, later on, we can look and say, 'This is what we were going to go in for. Did we succeed, did we not?' So the mandate is quite important to have in your mind before you enter into negotiations. Let's have a little look at what the negotiation team should look like. So you should have a clear team leader and make sure you assign the roles of each of these team members. And everybody should know where they are, right? It's important that people stay in their swim lane and that they know what they're supposed to do and where they are. At all costs avoid dissent within your own team. It looks very poor, it will weaken your position and it will give other negotiating teams some strength in this. So in this particular one here let's just take Abby from Procurement. So her position is Procurement Manager. In the negotiations she will lead the negotiations and present the case. She will record the points of agreement and any open issues on it. So you're documenting as you go through. People know their role and they stick to it as they go through. Once you've done a lot of your research it's worthwhile putting them on to a template like this. So this now is your negotiation approach.

It's very important if you look at the top right hand corner you'll see 'tactics' on this. This will basically formulate your pitch where you may then present to the company and you will say such things like, 'We would like a 10% reduction on our unit price and the reason we're doing this is because we make up 30% of your business. We want to align with you and grow. Our attempt is to consolidate some of our suppliers down into a small number of trusted partners,' and we do it. So you have your statement. This is my negotiation statement. This is what I want. This is the reasons why I want it. This is the research I've done to allow me to take this position to do that. So this page will let you clarify your ideas and your talking and have it in front of you as you go into that to look at this. But what happens if negotiation goes not the way you want to go? so-, and you don't get everything you want on this. As Mike Tyson the boxer says, 'Everyone has a plan until they get punched in the face.' So it's really worthwhile that you sit down with your team and you work out scenarios. What would happen if the other team say this? What would happen if the negotiation goes to this place? What would we do? You can't always legislate for what's going to happen but you should have some contingency plans in place. You should have some

organisation and you should look at the BATNA which is basically the Best Alternative To a Negotiated Agreement.

So what else are we going to get coming out of this? It's worthwhile putting these down and you and your team talking about them before you enter into negotiations. So let's look at the negotiations. Preparation takes time and resources so ensure you have planned to devote both. Preparation is key in element in the successful negotiations. You'll need to look at the timetable. What you're going to do with this. Send them off a letter or a phone call or start working with them. And where's it going to be? Where's the location, the date and time? And rehearse your discussions. Preparation's really key to do this. Create a positive and professional climate for the negotiations. Show respect and manners. It's really important not only to state your case but to actively listen to what the other negotiation team are saying. In doing that you can pick up some gems of what they're interested in, what their motivations are, what their value systems are. Here you can really start to connect with the other team and it will be good for you to be able to hopefully look at what that is. In some circumstances you can exploit that but you can work with them then to create more of a win-win situation. So it's very straightforward, in your proposal you've got to set out what you want. You've got to try and emphasise the benefits for both parties, constantly trying to get to this win-win situation to do that and be optimistic about what you're looking for when you come out of this.

As we step through all of the stages of the process it's important that you go through each line item. Keep a record of the negotiation process. Flip charts are really good. Everybody can see what's happening. You can either use Post-its or whatever. Just allow the negotiations just to sit round a table but it's important that people can see what has been negotiated, what the terms of it are and what has been asked for. If you get any wins make sure that you thank and bank and make sure that that's detailed. If you're making concessions stay within the mandate which we talked earlier on about. You and your team will have an agreed mandate. Don't deviate from that. Don't give away more than you have agreed to. Don't let the, the moment just take over and you start saying things that you're not authorised to say or that you haven't got the authority to say. So basically stay within your mandate. That's why it's important to have that mandate discussed and agreed before you go in. Re-state your position as you go through with it. Use any arguments that you've got on your templates to back up the evidence of why you're making your, your claim or what you want to make changes on to do that. And make sure it doesn't get heated and you get bogged down. Take time. If there's a problem, step back, re-, reassess, come back in again and state priorities (ph 15.32) .

If there's only a few things that remain and not agreed you could escalate these up to get a final deal. Talk to their bosses. But I do emphasise it's really important to have the decision makers at the table because you can thank and bank when you're given something but that can't happen if the decision makers aren't there. And don't leave the room without a signed document outlining what has been agreed, right? If, if failure to agree then discuss friendly exit terms to do this. These small steps will help you formulate your strategy to go through your negotiations. So negotiations are made up of two elements really. One is what

is the plan you're putting together? What is the negotiation you want to do? What do you want to get out of it? The second thing is who are your negotiators? What skill sets do they have? How can they go through it? In these next number of slides we're going to talk about some of the skills that a good negotiator should have. What questions to ask. Some of the tactics that are used in negotiations and we'll explain what they are. So what kind of a negotiator are you? If we look at this chart on the left hand side on the vertical we can see Concern for the Substance. That is the thing you're negotiating. That is the price. That is the item that you're negotiating for. If you really don't care about the individual you're negotiating with then that's all important to you.

If we look along the bottom axis we're talking about the relationship. If the relationship's really important to you then you might be more accommodating. You may say, 'Look, listen. I'm gonna lose some money on this but I've been working with this person for a long time. They're vital to our business. It's important that this relationship isn't soured in any way.' So you may then be down here in the accommodating side of things on this. So you're trying to balance what do I want to get from the negotiation and how am going to leave the relationship after we've had these negotiations? Sometimes when you look at this, this is how people will perceive you as a negotiator. If it's win at all costs, you don't care, then you may be regarded as a bully. If you're too concerned with the relationship you may be concerned with-, as a-, as a doormat. You may not be a strong negotiator or not. So it's just important to have an image in your head of what you're going in with. Where you're going to sit your negotiation. Is it hard nosed? Is it accommodating? Where is it? You need to know that. We're going to talk a little bit now about position versus interest and, and what I mean by that is that-, I've an example coming up but you really want to investigate the interest of what the person is negotiating in with you. So the position is always just the what are we talking about? What is it?

But when you look at interest it's more of the why are we doing this? I want to negotiate with you because I want to grow my business. So I might be talking to you about a price reduction. So the price reduction is the 'what', to grow my business is the 'why'. There's more to talk about when you're talking about the 'why'. I wanna help you grow your business so how do we do that? So it's better to move from a 'what' to a 'why' because then you can understand that. Now as an example I've pulled this one to have a look at. So in today's prices a Gibson Les Paul guitar out of the factory, what it costs, what you can buy it for is roughly £2,000. So there is a guitar. The material that goes into it, the labour that goes into it were basically presented as a price of £2,000. So that is the 'what'. That is the position. I can buy this guitar for £2,000. If we look here at this one, this guitar is from 1959. It's a Les Paul. Peter Green from Fleetwood Mac owned it and then later on Gary Moore did. Now Henry Music, Henry Guitar Shops sold this in 2014 to Kirk Hammet. But how much did they sell this guitar for? It's primarily physically the same guitar, same parts and what have you but primarily it's physically the same guitar, the position is it (ph 19.57) . But there's obviously a ton of interest now that goes into this. So this guitar then was sold for £2 million.

So all I'm trying to highlight here is we can move from the bricks and mortar of the deal to what is surrounding the deal. What is the interest surrounding the deal? And there's a lot more negotiations can

happen here because you can appreciate going up to £2 million there was a lot of negotiations about what the value of the guitar was in other terms, other than its physical make up. Okay. So now we're going to have a look at the BATNA. BATNA is the 'Best Alternative To Negotiated Agreement.' And what that basically means is this is what is the deal the seller's looking for, what is the deal the buyer's looking for, and where is this zone of opportunity between those two differences? So first of all you need to know or try to find out what the BATNA is of the other person and then you can do this zone of opportunity that we have in between these. So once you've figured that out this is the possible zone of-, a 'Zone Of Possible Agreement'. There's where the negotiation happens. There's no point in trying to negotiate at the far end of the BATNA because they're just not really going to happen. This is where the interest is. This is where the conversation should take part, in this. So let's have a look at a, a kind of small example to see if we can do this. So I wanna sell you my car, okay? I'm thinking, 'Okay, if I can get £4,500 for this I'm okay, I'll go for this.'

On a lucky, good day, stretch price, I get £6,000 for this I'm okay.' So now I'm looking at my low price is £4,500, my high price is £6,000, and the buyer, they're coming along and they're saying, 'Look, I have £3500. I'll be very pleased if we get a car for £3500. Alright. But, I don't have any more than five and a half. I'm just going to walk away if the price is higher than five and a half.' So, if we take those two boundaries as conditions, and we put them in here, we can see now between £4500 and £5500, we can have a conversation. This is the zone where we can have that opportunity to get an agreement. We can talk with this. If, if someone comes in and tells me, 'This car is gonna be, you know, 7000, 6000, I've only got five and a half.' There's no point. I'm not anywhere near that. So, it's, it's important to try and have a look at where this area of opportunity exists. You can only get to that by having a conversation. Listening to the person and seeing the, kind of, thing they're saying.

Another element of this zone where the opportunity exists, is not only on the price but on time. And, we've all been to shops where you're trying to buy something. Be it bread. Furniture. Settee. Whatever. The shop will tell you, 'Yes, I can get that to you now, it's this price, it'll be six weeks before you get it.' Or, if you want me to expedite that, it's going to cost you more. You can constantly now on online deliveries, where people will pay for delivery the next day. So, this is really where there's opportunities. They're negotiating with you on both the time front and the price front. And, that's a negotiation.

I want to bring up this element of framing, where we talk about framing within negotiations. So, this little cartoon, I think, goes a long way to explaining that. So, Calvin says to his mum, 'Can I set fire to my bed mattress?' And, she says, 'No.' He said, 'Can I ride my tricycle on the roof?' And, she says, 'No.' And then, he says, 'Can I have a cookie?' And, she says, 'No.' And, he walks away saying, 'Well, she's onto me.' So, the deal here was that he wanted the cookie, but if he had framed these other outrageous things first, in the scale of things, then when he actually comes in with what he wants to say, what he actually wants to get, he thinks that by reducing that down from a very outrageous thing, he has a better opportunity to do that. So, he's framing his negotiation with his mum in this case.

So, anchoring is another tactic. And, what anchoring is, it's a cognitive bias that we have, that we really want to attach ourselves to the first piece of information we hear. And then, decisions around that are made. So, during the decision-making, anchoring occurs when we put an initial piece of information out there. Lots of times, it's the price. And then, we subsequently adjust our thinking based on that price. Someone will say to you, 'This is £90, this is £100.' You start thinking, wait, could I get that for 80, right? But, who's to say the £100 is right in the first instance? But, we've, kind of, anchored to that. We're thinking, right, our negotiations are based off what was that first price. But, what if the first price is really nothing to do with it at all? What if it's way up-mark? How can you do that? Well, to, kind of, nullify the effect of anchoring, you just need to know your subject. You need to know, no, that's not a fair price. You are way off with that, and this is what needs to happen. So, what you need to do is your market research. Your, your homework. You need to figure out, where is this before an anchoring effect can happen with you? You have a tendency to do this, so you need to make sure you're aware of it, aware of it.

Another tactic that happens in negotiations is escalation. And, this, this can be difficult. And, sometimes it loses negotiations because things escalate out of hand on this. So, ego can be a big part of negotiations going wrong, where people start to escalate the process. Now, what's the main causes of this? Sometimes it can be intense rivalry, especially if it's a one-to-one situation, where two people are a team and don't get on very well. If there's a time pressure or if you're in a spotlight to get a decision, things can escalate an awful lot to do that. To try and minimise the opportunity for escalation, limit the roles of someone who is particularly intense. Manage the time and spread responsibilities to the people, to, to one person. So, it's not a spotlight. Remember we talked about, who's your team? What are the responsibilities? What can they do? What is their swim lane? What do they stay in? And, this is the, kind of, thing that we're talking about that will help you arrive at a negotiation that is well-managed, proceeds in a good professional manner, and goes along (ph 27.06).

So, we've prepared a few checklists for you on this, when you're looking at negotiations. And, these are things really important to consider. Some of the templates I taught you earlier might be a little bit of an eye-test. Apologies for that. But, you'll also get them in the pack when you look at this. It's important that you pull out all the elements and go through it. So, you're gonna be looking at the history of where you've been with this. The stakeholders that are involved in it. Options. If there's no deal for both sides, what are you gonna do? What is the goal you're trying to accomplish? Sit down. What's the minimum results you need to close the deal? What's your walk-away points? What does success look like for you to do that? Is there any deal-breakers? What are the timelines and who's in negotiation teams?

So, if you haven't engaged with the supply chain team so far, one of the tools that you can have is to do our checklist. If you go through our checklist, it'll, kind of, help you find out the health of your supply chain. It covers things like risk management, risk mitigation, inventory management, and supply chain management. You can get in touch with the team through the supply chain query at Invest NI. Or, you can

actually pick up the supply chain checklist at this website, which is given here, to this. So, thank you very much and that ends the webinar.

Steven Drummond: Okay. So, first question then, I have here Brian is will I need to do all of this before every negotiation?

Brian Durnian: Short answer is, is no. If, if you're making a, a small decision, then no. You don't need any negotiations on this. It depends on basically, you know, how important the negotiation is. How long-term it is and how strategic it is. That merits the amount of work that you need to put into it. If the opposition, they're doing negotiations with you, then they will have prepared. And, what I would say, Steven, is that at the minimum, you need to go into it knowing what you want, what you can walk away with, and what you will accept. Those are the three terms and conditions I would say you at least need to know in any, any negotiations. The small stuff, small decisions, no. You just go ahead and do it. And, the other stuff that we've talked about, and the preparation for it, just helps crystallise your views and what you need to do to do that. I hope that was helpful.

Steven Drummond: Excellent, Brian. The next one then. What is the most important thing to think about going into negotiations? So, I'll have a go at that. So, for me, it's, it's, it's having your preparation done. And, the presentation that Brian just went through there, on, on slide nineteen, the outcome of that preparation is, is really what, what you see on slide nineteen. So, that's, that's basically your script when you're going into the negotiation. It plans out your talking points. How you're going to pitch that. You know, where, where you're gonna set that negotiation up. And, how you're gonna defend your arguments. Having that behind you should give you confidence in the arguments that you're gonna put forward. And, and as you go through it, you know, you need to bear in mind as well, as well as just saying, 'What's your walk-away?' You know, what am I not prepared to accept? And, and then, anything better than that is, is a positive outcome. During a negotiation we'd just probably stress as well, try and stay calm. Even if the odd person raises the, the emotional level, you know, sometimes they do it on purpose just to try and throw you off. But, keep your composure and, and stick to the script. And, listen to what the other people are saying. And, you should be able to get through it okay.

Alright. So, the next question, I'll just scroll down here a wee second. Brian, it's for you. How do I deal with someone who gets emotional in negotiations? We just, kind of, touched on a little bit there.

Brian Durnian: Okay. So, for me, it's, it's important that you don't join in. If emotion starts to rack it up, don't join in because then, well, you just lose control in this. And, like you said there, Steve, sometimes people use that as a tactic. You know, they want to be really rude or whatever to do that. The issue is, is not to get too excited about it. To stay calm. To listen to what the other person's saying because maybe they're not articulating themselves very well. They're, they're losing their temper or whatever, but there

might be gelling with something in there. So, you have to listen to what they're saying. And then, try and reframe it back to them. So, what I'm hearing you saying is this. And, that may help them calm down if they think that you're listening to them. And then, when you've got the nugget of what they're after, you can negotiate on that point. But, it's, it's very hard to have any negotiations or reasonable conversation if someone's losing their temper or, you know, they're not really in control of what they're saying or what they're doing. Things slip out all the time. So, the, the thing I would say on this is, if someone is getting emotional, try and calm it down a little bit. Use softer words. Speak slowly. Don't engage in the emotion as well. Don't, don't get into that. Try and just listen to what they're saying. Reframe it back to them a little bit, and see how that goes. At best, that usually works. If it continues on, you may have to stop. You may have to stop. If someone's being unreasonable, you may just have to stop and tell them, 'We're going to take a five-minute break here and come back again.' And, if they have a team on their side, maybe somebody in the team is saying, 'Right, let's calm this down a little bit.' So, that's, that's the, kind of, tactics I would use if I'm doing that myself, Steven.

Steven Drummond: Okay. Now, the next question is, what does a successful negotiation look like? Well, for me, a, any, any negotiations really, usually with a party that you, you want to do business with in the future. It's not, it's not, like, a one-off event. Even, even buying a car. You know, when somebody sells you a car, a dealer sells you a car, they're now looking for repeat business. They're looking you to come back or to send them your, your kids or your, your partner to buy a car from them as well. So, so, it's in their interest not to win at your expense. You know, to, to overprice a car, over-charge you for a car. So, so, what you're looking for in any negotiation, well, is a win-win. You know. You're getting something out of it and the other party's getting something out of it as well. And, well, that comes down to compromise because you'll never arrive where you are and get everything you want out of a negotiation. But, you have to do your preparation. Be prepared to say, well, what do I really need? What can I get and what do I need to take? So, if you have that preparation done, again, then, then you should be able to get to that win-win position, which both parties should be looking for in any reasonable negotiation. And, and, and the outcome of that is, you should be able to maintain a, a long-term, healthy relationship with the other party.

Brian Durnian: Yeah.

Steven Drummond: Okay. So, (talking over each other 34.16)-,

Brian Durnian: I'll just add to that, Steven, if I might. And, in one of the slides we taught, there's a little graph that shows, you know, how important is the relationship to you and how it's important, the thing you're dealing with to try and get out of it? And, good, healthy negotiations, as Steven rightly says, it's a win-win. We are balancing that. How is this relationship gonna look like after this negotiation? What's it gonna look like? If it's in a worse state, you might wanna have a little look at how you're balancing what you're doing in that because you want to have a long-term, healthy relationship with your supplier. So, that your business can grow. You can do that. So, just supporting what Steven's saying there, about the win-win and looking at the, the strength of a relationship after, too.

Steven Drummond: Okay. So, the next one, there's, two questions that are, kind of, asking the same thing. So, so, I'll read them both out, Brian, if you can have a go at this. What do you do when the other parties stonewall and refuse to negotiate? And then, the other question is, what technique can you use if you can't come to an agreement after the initial negotiation meeting, having applied the methods discussed?

Brian Durnian: Okay. So, so, let's take stonewalling. So, if you've done good work and you're prepped, and you go into negotiation, and you know who's going to be sitting on the other side and you've done as best you can, but the person starts to moan and they're just, nothing's gonna fly at all in this. You should be sitting there with your plan B. You should know what's gone wrong. Because, before you go into negotiation, you should run the scenario. What do we do if this doesn't happen? What happens if there's no negotiations? If people aren't playing ball, what is it, what do we do? So, you should have your plan B. And, we talked about in the slides, your BATNA. What's your best alternative to negotiate an agreement? Like, what are you gonna walk away with? Do that. And, if you're getting no joy in the meeting, then you need to exercise that right. You need to say, 'Okay, plan B, we're gonna, you know, fail to negotiate, we're gonna move off and do this.' Sometimes the, the opposition can have a tactic in this and they're wanting to see where you'll go. If you wanna leave the table or whatever, and then, sometimes when you're gonna enact your plan B, you're gonna remove yourself or whatever. They'll, they may re-engage again. They may have a conversation with you and re-engage. But, what I would say to you is, you should know what your actions are going to be, as best you can, before you go into the negotiation. What is my plan B? What is my BATNA? What is my walk-away? What's happening? And, remember, negotiations are two-way things. If someone's just stonewalling you and giving you nothing whatsoever, it's not really a negotiation. It's, it's more of a confrontation. And, that's, that's, that's something you wanna move away from to do that. And then, the second part of that was, what happens if negotiations don't go anywhere, or? Is that right, Steven? Is that what you're asking?

Steven Drummond: No. Well, it's, kind of, the same question. What, what, what technique can I use if, if I can't come to an agreement after initial negotiation, having applied the methods discussed? So, so, failure to agree.

Brian Durnian: Yeah. Yeah. Well, whenever you're going into your negotiations, you, you are assuming that you're gonna have to give something away. And, what you've done with your-, with your mandate is you've agreed with your team what you're gonna give away. Where you can go. What you can do. What's your upper and lower limits on that? And, if you've got to that and there's still no agreement, then it's outside your mandate. It's outside your gift to give, and the negotiations aren't really delivering what you need with this relationship. So, you may have to end the negotiations with no agreement, and you've done some work in the background to find an alternative supplier or a plan B to do this. That's what you may need to do because if you've really looked and earnestly done your prep work, you'll know what you can give and what you can't, and you'll know what's good for your business and what's not. Don't overstretch just because you're at a-, at a meeting. That's why it's really important to prep. Don't go in there and just start shooting off, and giving away things you can't-, you can't support to do that. But, that's what I would think on that. Steven, if you've got any other points on that.

Steven Drummond: No. That's covered it well. So, last question here, guys. Do you feel it's valuable to document our recent (ph 38.25) negotiations as they're agreed and why? Okay. So, so, the short, the shorthand for this, really, is thank and bank. Okay.

Brian Durnian: Yeah.

Steven Drummond: So, so, as, as you go through a negotiation and, you know, negotiation is very worthy. Just one, you know, one binary yes or no, or, or, or, or, or number. You know. It's usually a number (mw 38.44). So, as, as things are agreed, as, as the negotiation proceeds, it's, it's very good practice to thank and bank. Now, that means writing down what's been agreed, so it doesn't get lost as, as the conversation develops, you know. So, for example, if, if you agree delivery terms then, you know, ideally, you write that down on a Nobo board or, or, or on a whiteboard. And, and, make sure both parties are buying into it. And, that works, that works for both sides. So, so, as you give stuff to, to, the, the other party, you know, that gets written down again. And, they're basically thank and banking you. And, and as you make concessions, or if they make concessions to, you know, make agreements with you, then write those down and, and you say, 'Thank you, we're gonna bank that, that particular element of this negotiation.' And, and then, move on. So, it's a very good question, and, and, and, it's, it's, it's very good practice, okay. So, so, what's the best way to engage the supply chain team for help?

Brian Durnian: Just, there's some links on the presentation. That is there. You can come in through the enquiry. We can have a look at this again and see where it is on this. There is a link and then you can drop some of the emails. Yes. Here we are. This is the best way to come in in the first instance, and then, one of our team will get back to you. They'll have a conversation with you about that. And, we're more than happy to come on-site, have a conversation with you about your supply chain needs. And, do an audit with you. Have a look. Have a conversation and take it from there. So, these, these links that we can see on the screen now should be a good first port of call for you.

Steven Drummond: Okay. There, there is a specific question here, then, around electronic components. So, I'll raise a question. Electronic component suppliers, they seem to have the upper hand in all negotiations. They're sold for years in advance, with more demand than supply available. What tools do we as smaller businesses have to improve our ability to negotiate with this extremely competitive marketplace? Okay. So, so, that is, that is a, a really difficult area at the moment, you know. Aircraft manufacturers are, car manufacturers are, are seeing production interruptions due to lack of, of electronic components. And, you're absolutely right. They do have the upper hand at the moment in negotiations. You know, me-, well, what I-, what I would say to you is that, if you have suppliers that you have been working with in the past and you have a good relationship with, then, then I would try to, to appeal to their, you know, their better nature, if that's possible. Also, bear in mind that the supply almost follows demand. You know, so, that's the situation at the minute. There, there is more demand than there are components. But, there, there is certainly a lot of additional capacity gonna come into that. That supply chain in the, the, the, sort

of, short- to medium-term, you know. This is, frankly, it's been built, the, the supply of those components. And, that will balance itself out, you know. It, it won't be the situation forever. So, what you need to do there is, sort of, be a bit pragmatic about it and, and, you know, if you do need to pay more for the components and, and, and secure your supplier that way, then that's what you have to do, you know. It's not-, it's not always gonna be the case that, that you get everything you want out of a negotiation.

Brian Durnian: Yeah.

Steven Drummond: Just be in a position where you can take advantage when, when the, the lower capacity comes online. And, and try and do your homework on that as well, and see where that capacity's coming in and how you can access it.

Brian Durnian: And, and, I'll add to that as well, Steven. And, and, you're right. It is a very difficult situation when you're the small player in this. But, have a look and see, is there the opportunity not to be as small a player? And, what I mean by that is, can you partner with someone else? Can you get a number of other people in your, your work-, your work, kind of, (mw 42.53) in that, and see, can you get together as a little cluster group that gives you more buying power? What can you do in that respect? Also, have a look at any agreements that you have in place. Can you get a longer-term agreement for supply at a price more happy. You have to have a look at those things as well. But, those are the biggest challenges when you don't have much of the business and you're a smaller player, and you're almost treated as someone who's a commodity buyer. Then, people move, kind of, quickly off those. But, as Steven was saying, those are the, kind of, areas you can look at as well.