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Moderator questions in Bold, Respondents in Regular text.

KEY: Unable to decipher = (inaudible + timecode), **Phonetic spelling** (ph) + timecode), **Missed word** = (mw + timecode), **Talking over each other** = (talking over each other + timecode).

Moderator: Good afternoon everyone, thanks for joining us today. You're welcome to this webinar on negotiations. My name is Stephen Drummond and I'm joined today by my colleague, Brian Durnin. 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 Durnin: Welcome, my name is Brian Durnin, I'm one of the supply chain team, and I'll be taking you through this negotiation webinar this afternoon. Supply chain support from Invest Northern Ireland is provided by the supply chain resilience & 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 through projects to deliver tangible value and cost savings. We can also provide financial support for a 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 the information you need to gather, what insights analysis of data can give you, and how this can form with-, inform with the negotiation strategy 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 placed.

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, 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, 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 say Justin, he is department of sales and program, he's very experienced, he's an opinion shaper and a leader, he's ex consultant, he's strong financial skills, he likes to talk, he's recently been promoted, at times he can-, doesn't really listen to the customer very well, he likes to be right, so, and 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 just highlighted for you because the previous slide was a little hard to see, so I 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 their terms, their offer? You have to balance what you will gain and 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, 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 they'll 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 to do that? If we look at another example, the website, you can read from their website they intend to grow rapidly, they wanna 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 they company's going.

Once you've gathered your information, you may wanna put it on to a strengths and weaknesses 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 negotiations 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. The company's profitable but they don't have a lot of cash, so you may go into negotiations looking to offer shorter payment terms or potentially consignments of stock for a lower price. If we did talk about their website with a supplier who's 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 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 could 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. We're going 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 in to 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 the other negotiating team some strengthening. So, in this particular one here, let's just take Abby from procurement, she's in her position as 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 we go through. Once you've done a lot of your research, it's worthwhile putting it all onto 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 in this. This will, basically, formulate your pitch, which you may then present to the company, and you will say such things like, 'We would like a 10% reduction on our unit price, the reason we're doing this is because we make up 30% of your business, we want to align with you and grow. Our intent is to consolidate some of our suppliers down into a small number of trusted partners, come and 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 in to that-, to the (audio distorts 11.42). Well, what happens if negotiation goes not the way you want to go, so, and you don't get everything you want in 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 gonna 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 gonna get from 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 element in successful negotiations. You'll need to look at the timetable, what you're gonna do with this, send them off a letter or a phone call or start

working with them, and where is it gonna be? Where is 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 (inaudible 14.05). 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-, a lot of negotiations just sit round a table, but it's important that people can see what is being negotiated, what the terms of it are, and what is being asked for. If you get any wins, make sure that you thank and bank, 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 that you has agreed to, don't let the, the moment just take over and you start saying things that you're not qualified 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.

Restate your position as you go through with it, use any arguments that you've got from 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, reassess, come back in again and stay (inaudible 15.31) If there's only a few things that remain 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, if, if failure to agree then discuss friendly exit terms to use. 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 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 I 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 on it. So, it's just important to have an imagery 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 what I mean by that is-, I've an example coming up, but you really want to investigate the interest of what the person is negotiating with you. So, the position is always just the, 'What are we talking about? What is it?' But when you look at interests, 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, the grow my business is the why, there's more to talk about when you're talking about the why. 'I want to 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 it.

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 will basically present it as priced £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 the-, 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, 'cause 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 is looking for, what is the deal the buyer is 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 figure that out, this is the possible zone of-, or 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 have it. This is where the interest is, this is where the conversation should take part in it. So, let's have a look at a, a, kind of, small example to see how we can do this. So, I want to 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. For the buyer, they're coming along and they're saying, 'Look, I-, £3,500, I'll be very pleased if I get the car for £3,500, right. But I don't have any more than 5,500, I, I'm just going to walk away if the price is higher than 5,500.' So, if we take those two boundaries conditions and we put them in here, we can see now between £4,500 and £5,500, we can have a conversation, this is the zone where we can have that opportunity to get an agreement, we can talk about this. If, if someone comes in and tells me, 'This car is gonna be, you know, 7,000, 6,000,' I've only got 5,500, 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 anything 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 a bed, 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 see that now on online deliveries will 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 that 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 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 on to me.' So, the deal here was that he wanted the cookie, but he 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, here's 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, 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 was 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 off 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're 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 and out of it. Another tactic that happens in negotiations is escalation, and this is-, 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 at the team

don't get on very well. If there's a time pressure, or if you're in the spotlight to get a decision, things can escalate an awful lot through that. To try and minimise the opportunity for escalation, limit the roles of someone who's 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 is your team? What is 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 ride at a negotiation that is well managed, proceeds in a good, professional manner. So, we prepared a few checklists for you, on this, when you're looking at negotiations, and these are things really importantly to consider. Some of the templates I talked to 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 all out all the elements and go through with it. So, you're gonna be looking at the history of where you've been with this, okay, 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 result that you need to close the deal? What's your walk away points? What's the-, what does success look like for you to do that? Is there any deal breakers? What are the timelines? And who's your 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 supplychainquery@investini or you can actually pick up the supply chain checklist at the website which is given here to do this. So, thank you very much, and that ends the webinar.

Moderator: Okay, so first question then, I have here Brian, is, 'Do I need to do all of this before every negotiation?'

Brian Durnin: The short answer is, is, 'No,' if, if you're making a, a small decision, then no, you, you don't need any negotiations on this. It depends on, basically, you know, 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. But what I would say, Stephen, is 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. But 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. So, I hope that was helpful.

Moderator: Thanks for that, Brian, the next one then, 'What is the most important thing to think about going into a negotiation?' So, I'll, I'll have a go at that. So, for me, it's, it, it, it's having your preparation done, and the presentation that Brian just went through there, on, on slide nineteen, the, the outcome of that preparation is, is really what, what they say on slide nineteen, so that's, that's basically your script when you're going into the, the negotiation. It, it plans out your talking

points, how you're gonna pitch that, you know, where, where you're going to 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 will-, you need to bear in mind as well, as Brian has just said, what, what's your walk away? What-, you know, what are we not prepared to accept? And then anything better than that is, is a positive outcome. During the negotiation I would just probably stress as well, you should try and stay calm, even if the other person raises the, the emotional level, you know, sometimes they do that on purpose just to try and throw you off, but keep your composure, 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 want to just scroll down here a wee second. Brian, it's for you, 'How do I deal with someone who gets emotional in negotiation? Which we've just, kind of, touched on a little bit there.

Brian Durnin: Okay, so, for me, it's, it's important that you don't join in, if emotion starts to racket up, don't join in, 'cause then we just lose control of this, and like you've said there, Stevie, is 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, just 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, whatever but there might be (inaudible 31.45) 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, 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 in 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. To be honest 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, and tell them, 'We're going to take a five minute break here and come back again.' And they have a team on their side, maybe somebody on the team is saying, 'Right, let's calm this down a little bit,' but so, that's, that's the, kind of, tactics I would use myself, if I'm doing that, Stephen.

Moderator: Okay, then the next question is, 'What does a successful negotiation look like?' Well, well for me, a successful-, any, any negotiation's really, usually, with a party that you, you wanna do business with in the future, and it's not-, it's not, like, a one off event, even buying a car, you know, when somebody sells you a car, or a dealer sells you a car, they're looking for repeat business, they're looking for you to come back or send them your, your, your kids or your, your partner to, 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 the car or sell-, or overcharge you for the car. So, so what you're looking for in any negotiation really is a win win, you know, you're getting something out of it, and, and the other party's getting something out of it as well. And a lot of that comes down to compromise, 'cause you'll, you'll never, or very, very rarely, get everything you want out of a negotiation, but you have to, when you do your preparation be prepared to say, 'Well what, what do I really need? What can I give and what do I need to take?' So, if you that preparation done, again, then, then, then you should be able to get to that win win position, which I think both parties should be looking

for in any reasonable negotiation. And the outcome of that is, you should be able to maintain a, a long term profiting relationship with the other party.

Brian Durnin: Yeah.

Moderator: Okay, so the next one, Brian-

Brian Durnin: Can I-, can I just add to that, Stephen, if I might? In one of the slides we talk, there's a little graph that shows, you know, how important is the relationship to you, and how's important the thing you're dealing with, to try and get out of it? And good, healthy negotiations, as Stephen rightly says, is 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 Stephen's saying there about the win win and looking at the, the strength of the relationship after too.

Moderator: Okay, so, next, well, well two questions are, kind of, asking the same thing, so, so I'll read them both out, Brian, if you can maybe 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 Durnin: Okay, so, so, let's, let's take stonewalling. So, if you've done good work and you've prepped, and you go into negotiation, and you know who's gonna be sitting on the other side, and you've done as best you can, but the person starts stonewalling you and they're just-, nothing's gonna fly at all and this, you should be sitting there with your plan B, you should know what's going on, because before you go on the 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 or 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 a Negotiated Agreement? Like, what are you gonna walk away with to 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 other-, 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 reengage again, they may have a conversation with you and reengage. 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, Stephen, is that what they're asking?

Moderator: Yeah, well, it's, kind of, the same question, 'What, what tactic can I use if, if I can't come to an agreement after the initial negotiation meeting, having applied the methods discussed?' So, so failure to agree.

Brian Durnin: 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 gone 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 for 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. That's what I would think on that, Stephen, if you've got any other points.

Moderator: No, that, that's covered it well, so last question here, guys. 'Do you feel it's valuable to document areas of negotiations as they're agreed, and why?' Okay, so, so the short-, the shorthand for this really is, 'Thank and bank,' okay?

Brian Durnin: Yeah.

Moderator: So, so as you go through a negotiation, you know, a negotiation is very rarely just one, you know, one binary yes or no, or, or, or, or number, you know, it's usually a number of elements to it, so as things are agreed, as a-, as a negotiation proceeds, then it, it's very good practice to thank and bank. That means writing down what's been agreed, so that it doesn't get lost as a conversation develops, you know, so for example, if you agree delivery terms then, you know, ideally 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, as you give stuff to, to the, the other party, you know, that, that gets written down (inaudible 39.23) and they're basically thank and banking you. And, and as you make concessions-, and as they make concessions to you or make agreements with you, then write those down and, and you're saying, 'Thank you, we're going to bank that, that particular element of this negotiation,' and, and then move on. So, so it's a very good question, and, and, and it's, it's very good practice, okay? Okay, so, so, 'What's the best way to engage the supply chain team for help?'

Brian Durnin: Just-, there's some links on the presentation, it is there, you can come in through the enquiry, we can have a look at this again and see where it is, unless there is a link, and then you can drop some of the emails. Yeah, 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, to 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.

Moderator: Okay, there, there's a specific question here then, around electronic components, so I'll read the question. 'Electronic component suppliers now seem to have the upper hand in all negotiations. Books filled 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 market place?' Okay, so, so, that is, that is a, a, a really difficult area at the moment, you know, aircraft manufacturers or 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. The only-, well, what, what I-, what I would suggest 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, their, their better nature, if that's possible. Also, bear in mind that, that supply always follows demand, you know, so that's the situation at the minute, there's more demand than there are components, but there, there's certainly a lot of additional capacity gonna come in to that, that supply chain in the, the, sort of, short to medium term. You know there, there's, there's factories being built that, that'll supply those components, and that will balance itself out, it won't be the situation forever. So, what you need to do then is just be a bit pragmatic about it, and, and, you know, if you do need to pay more for the components and, and secure your supply 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 Durnin: Yeah.

Moderator: Just-, you'll be in a position where you can take advantage when, when the, the other capacity comes online, and try and do your homework a lot as well, and see where that capacity's coming in and how you can access it.

Brian Durnin: And, and I'd to that as well, Stephen, it's-, and you're right, it is 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, arena, 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, and what have you? 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 Stephen was saying, those are the, kind of, areas you can look at as well.