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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 morning everyone, and welcome to today's webinar on effective negotiation skills, my name is Clive Stewart, and I lead the supply chain solutions team in Invest Northern Ireland. I am joined by my colleagues Stephen Drummond, and Jo McVeigh who will be presenting the material today. This webinar is part of a series that we've developed on key supply chain topics and further details can be accessed on the Invest NI website. Today's webinar is aimed at developing your understanding of the negotiation process, and hopefully leave you more confident about preparing for and conducting an important negotiation. We will also highlight how our supply chain team can actually help you. We will now go through the presentation, and there will be an opportunity for questions afterwards.

Jo McVeigh: During today's webinar we'll be covering the topic of effective negotiation skills, what can be helpful in, and preparing for a successful negotiation. These skills are vital in the running of a successful supply chain, but also in many other aspects of business. We'll be looking at the information you need to gather through research and preparation, what insights the analysis of this data can give you, and how to develop your negotiation strategy, and finally conducting the negotiation itself. The first section we'd like to cover is research and preparation. This section can be the most important piece, yet this can be the part of the process that gets the least amount of time devoted to it. Have you ever entered in a negotiation without any preparation? There are many ways to conduct good research, you will certainly want to review the financial trend of the company you are dealing with, for example, turnover, profit, debt levels from their published accounts. Using freely available data from open sources is a great place to start, as shown on the slide. You may find it helpful to look at supplier's locations, what type of structure they have, and are they part of a larger group. The supplier's business, when entering into negotiation, it's very important to gauge what points of leverage you may have, try and find out what are the potential opportunities for you, what are the strengths and weaknesses in your suppliers business? Are they trying to grow or diversify? Can you position your business to help them and align with their vision? There are other less obvious factors about your supplier you will want to consider when doing your research, such as supplier relationships.

There may be some areas in this slide you haven't considered before, which is the level of trust with supplier, how cooperative are they, and what level of flexibility do they have when it comes to changes? You can even ask people who are already working with them. Finding out about the decision makers can be really useful. It's not always possible, but you should try and find out as much as you can about the who people you'll be negotiating with. Who are they? What is their role? What is their negotiation style? This can be harder to find out for first-time interactions, but if it's repeat negotiations, you'll have some

history of how they've negotiated in the past. You certainly want to have the decision makers present around any negotiation table to make sure you maximise the time spent to get a successful outcome. Test the market, to have a genuine negotiation position, you need to have viable alternatives to the supplier you are talking to, you need to test the market. Who else is out there? Are they interested in supplying to your business? What terms might they offer? Can these balance as gains against what you might lose if you change suppliers.

After you have collected all the relevant information, the next step is to find out what it tells you. This is the analysis stage of the process. Identifying key facts from the research. Some of the information you'll have gathered will be important, some will not. You need to take the time to distil this information. It can be useful to get your team to present their inputs from the research on the suppliers, you can then identify the key facts that are important in your business, the elements that will make your decisions as to how you will proceed. Using the SWOT analysis matrix helps you visualise and organise where you see the strengths, weaknesses, threats and opportunities ahead. Think of the supplier's strengths and weaknesses relative to you. Key opportunities and threats that relate to the market potential. Look for potential benefits for both you, and the supplier that will be useful in negotiation. The aim is to focus on a win-win outcome. Remember, your supplier's success is a key contributor to your own success. You want to then translate these insights from analysis into negotiation tactics. There is a lot of information in this slide, but it offers many examples of how this could be done. One of the first is if the insight is your supplier is struggling as a result of poor cash flow, then a negotiation tactic could be offering shorter payment terms, which is a benefit to the supplier without huge hardship to your own company.

Stephen Drummond: At this stage you've completed the analysis of information gathering to date. The next step is the development of the negotiation strategy itself. In this next section, we will use a number of different examples to illustrate some tools and templates (ph 05.33) you may find useful. The Negotiation Mandate sets out the targets for the negotiation. It shows the range of outcomes that work for each area. It also shows the importance of each objective and the metrics used to measure the successful negotiation outcome. Low priority goals for you can be easy gives that allow you to get what you need on more important aspects of the negotiation. In this example, after an interview, the employer may start to discuss terms and conditions. The employer may ask, 'What is your expectation on pay?' And try to close out the deal there and then, putting you at a disadvantage as the employee. If you are unprepared, then it may be better to get their position, and delay the negotiation discussion until you are ready. If you as the employee have thought about this in advance, you may have considered the points shown in the example on the screen. These may be some of the objectives you want to achieve to cover more than just salary, or factors such as pension, flexible working could be very important to you. On the screen is another useful template to help you logically set out your negotiation pitch. It can help you present to the other party what you believe is a reasonable position and the evidence you have gathered to support that theory.

In the example of the employee negotiating pay and conditions, rather than just read out a list which may come across as demands, the employee can set out how they can add value to the employer and could be compensated accordingly. This strategy or approach is more likely to be successful. You may want to set

out a script for each point. This will allow you to focus on the arguments you are making. This slide using a different context for negotiation, for example if you buy a car, could be some of the areas that you may want to discuss, per market price, low trading, sales targets, etc. Pulling the list (ph 07.30) further, it's also important to consider what the counter arguments from the other party will be and what your response may be to that. Again, the slide shows some of the counter arguments you may want to prepare a response for. All of this pre-work allows you to be more in control of the events as you will have considered the other possible outcomes in advance.

When you think back to the corporate world, this slide shows the typical make-up of a company-, a company negotiation team. It's important to be organised. Who will be your negotiation team, and what roles will they play? Appoint a team lead. It's really important that your team players stay in their swim lanes and don't speak to points outside of their knowledge or responsibility. At all costs, avoid dissent within your team. Don't argue in front of the other negotiation team. A useful tool used in negotiation is the BATNA. This is the best alternative to a negotiated agreement. The idea of a BATNA is to plan for situations where you can't reach an agreement. To develop this, sit down with your team, and decide what your options could be. You may have a supplier who refuses to engage in negotiations, and you are forced to find another supplier. It may be that you agree on a holding position with the current supplier until you can organise this work to be transferred to another supplier. Another tool in negotiation is the ZOPA, zone of possible agreement. For each party, there will be a position where the deal does and doesn't make sense for them commercially, the ZOPA is found between these two points. There may be more than one critical factor in the negotiation as the slides show, such as time-frame and price. Deals, deals with more than one critical area need all aspects agreed for the total deal to be acceptable for both parties. So, after the research analysis, and developing the strategy has been completed, the next step is the actual negotiation. This normally takes place face to face.

For a face-to-face negotiation, these are some of the things to consider. Preparing for the meeting, the opening discussion, proposing your deal, and then bargaining. It's important to set the stage, this step also requires preparation from time-tabling to inviting the suppliers. Take time to get this right, create the right climate and impression, coffee and snacks perhaps. Be aware that negotiations often over-run, let them know there is a deadline, get the right people at the negotiating table, in person or virtually, and ask for any information you need, that they should supply prior to the meeting. Preparation and practice are key elements of a successful negotiation. It's good to be in control of the pace, but don't be inflexible, try and avoid getting side-tracked. Using a parking lot for side issues can be a useful ploy. Tell them why the deal is needed, why it's important to your company. It's really important not only to state your case, but to actually listen to what the other negotiation team are saying. Be prepared to adjust your strategy if necessary. The proposal, here you want to set out what you want, using material you've prepared earlier in the preparation stages. The focus here is to emphasise the benefits for both parties. If possible, this should support the win-win approach. You do want to start with your optimistic goals and outcomes, and then support this with evidence. It's likely that the other party will present their presentation at this stage. This naturally leads into the negotiation, into the bargaining phase. The bargaining part of the process can be the sticky part, your skill at this will develop as you practice. You'll see lots of suggestions on the slide, but one of the simplest things is to thank and bank. When points have been agreed, put them on a board.

This creates a more positive situation to move forward. These, sort of, flow chart electronic white boards are also good because everyone can see what has been agreed, and what has been parked, etc.

Jo McVeigh: Getting your facts and figures together is a key part of your negotiation preparation. But it's equally important to think about how you will negotiate. Over the years, negotiation was seen as having a more confrontational approach attached to it, almost as if it was a competition between one party and the other party. This has led to some more negative behavioural traits creeping into the process, which you may have experienced yourself in the past. Today in business, we rely more on collaboration and partnership, taking the competitive element out of the negotiation equation can lead to a better way of doing business, and lead to stronger deals, which can be more robust. When we are actively considering the people we negotiate with as part of how we negotiate, this can also strengthen relationships. Sometimes, if we take a win-at-all-cost approach, that could mean not fully disclosing key information to the other party, or appearing to take a tougher character than usual. The idea of winning almost becomes the driving force of the negotiation, rather than the commercial and operational needs of the deal. So, the aim is to create a healthy approach to negotiations, so how do we do that? Having an open mind to how the negotiation is being perceived is useful. The ability to have a flexible and open minded approach can also help you come up with more creative solutions during the process. Honesty is also a key element of this. We are not trying to mislead the other party, and remembering we are all humans in this process.

It's always good to have clear expectations of your negotiation, so know what you want, think about what they may want, and how you may react, and be prepared. Remember the reason of why you want to be negotiating, you want something from the other party, and they want something from you. The key is to find out what is important to each of the parties. Simple questions can be very powerful to find this out, so firstly ask yourself, 'What do I want from the other party, and what can I give in return?' This should be clear when you've completed the preparation for negotiation, as discussed in the earlier part of this webinar. The simple art of communication can help you establish clearly what you need from the negotiation, and the other party's needs also. Knowing what you want is important, however, the ability to clearly communicate that to the other party is vital to getting success. So, there are a few dos and don'ts to keep in mind. There are many ways you can approach a negotiation, however keeping a focus on integrity, respect and trust will play a vital role in building professional and long-term relationships. We may think we need to be leading the conversation in a negotiation, however do not underestimate the power of listening. When we actively listen, we glean much more information of what the other party actually wants, and we don't miss potential opportunities. So, when you ask good questions and listen, really listen, to the other party, then you can get insight into the other party's perspectives. This can lead to a greater focus on meeting those needs. Perhaps adjusting your own strategy and bringing better options to the negotiation table.

Not only do you gain a better rapport, but this can lead to increased trust, and greater credibility, potentially a better deal. Rapport building is a key part of strong relationships, whether inside or outside the business world. When it comes to rapport building, a smile can go a long way to break down barriers, even the simple act of introductions, who everyone is and what's their background. Many times we

assume levels of experience or underestimate the other party's knowledge. Key is a genuine interest in the other parties, otherwise you're just going through the motions, just waiting to negotiate. Emotional intelligence is a big part of getting a successful outcome. Firstly, being aware of your own emotions and your potential trigger points, and the impact your emotions have on others. It's good to remember that not everyone will respond as you do, so the ability, and more importantly the willingness, to see that others have a different perspective to you, to your own, is a very important part of negotiation.

Patience is another under-valued skill. In the business of business, we want to get results and we want them now. This can lead to rushed conversations and outcomes that may not be exactly what you need. But try not to rush these discussions, check for understanding, and don't assume that everyone heard the same things during the conversation and the negotiation. Think of the words we're using, remember you leak emotions through your body language. So, don't have your words say one thing, and your body language say something different. Remember to focus on building relationships during the negotiations. These are for the long term, respect, trust, and integrity are key parts of this process. So, in conclusion, when you enter negotiations, think about the people you'll be negotiating with. Think about how you're showing up, how to ensure you are in control of your emotions, manage your ego. Try and consider the other perspectives outside of your own, and remember that compromise and win-win are good outcomes. When you are taking time to prepare for negotiation, remember the people side of negotiation side of negotiation has a very important part to play.

Stephen Drummond: Well, thank you for listening. Feel free to get in touch with us, our contact details are on the screen. We will get back in touch with you and set up a quick call to discuss the problems you're having or experiencing, and take it from there. Thank you very much.

Jo McVeigh: Thanks.

Moderator: Okay. Thank you, Stephen and Jo, for running through, as I say, the, the presentation. There is an opportunity in the chat function to add in additional questions, we have a number coming in. And just before we, we go into the question and answer session, there'll be a short poll, just-, it'll appear now on the screen, we'll just give you a minute to fill that in before we go to the Q&A. Okay, thank you. So, the first question that-, that's coming in is, 'There looks to be a lot to the preparation, should we do this before every negotiation?' Jo, if I can hand that to you?

Jo McVeigh: Thanks, Clive. Actually, as I, I was going back over that myself, sometimes it just can seem a huge amount, and actually, the bit at the beginning which said, 'This is what you tend to use for, like, a big negotiation,' there's stuff that we deal with in our everyday that doesn't need huge amounts of preparation for. I was thinking of the supply chain world, you know, there's lots of stuff that we have to do and think of in the moment, 'A supplier didn't deliver on time, the quality wasn't as good as what was expected,' you know, the firefighting element of it. But I think when it comes to some of the bigger negotiations that we're doing, then the, the preparation side becomes key. You know, if you-, if you know

when your contract is due to expire, for example, if it's going to be six months from now, do you typically wait to a couple of weeks before before you, kind of, start this thinking process? Or, that, that idea of building in some of this into it so that you can start with the, 'What do you-, what do you actually want out of this negotiation? Who else might be involved?' If it's a big negotiation you might actually have a big team, so therefore it's a bit of a divide and conquer idea, so it doesn't seem as much. I think one of the things now is that when we enter into these negotiations, the outcome of that we tend to have to live with for quite a while. So, the bit of putting in some, some thought process behind it, 'What do you actually want? What might they want?'

You know, the chances are you, you end up that negotiation goes a little bit more smoothly. And be under no illusion, we're gonna prepare. So, the idea of going into negotiation without this, you know, can make it much more difficult. But again, breaking it down, the-, there's some of those templates that we've used, you may not use all of that. But, but thinking about it, you know, and actually putting that-, building that time into your diary to actually give it some thought I think is probably more the, the most important bit of that. Anything else you'd like to add to that?

Moderator: I think it, it, it leads nicely into, I guess, a second question, Jo, as well around that, about what's the most important thing, thing to think about going into negotiation? You know, which, which very, very much ties with that and, you know, Stephen, what do-, what are your thoughts on that one?

Stephen Drummond: Think good, good idea in negotiation is you, kind of, need to think about the way into the negotiation, and the way out of the negotiation. So, in terms of the way in, as Jo's already alluded to, you need to have your preparation done, and you need to be clear about the objectives that you're trying to achieve. What, what are the outcomes that you're looking for? As well as, as, you know, like, it's, it's-, the answer to that question a, a number, it's a range, you know? So, you have to establish the range that, that-, that's acceptable to you. What-, what's a really good outcome? What's an acceptable outcome? And have those things clear in your head. As well, in terms of the preparation, going into a negotiation, you need to know what are the points you're going to make? What, what, what is it, the tactics or the strategy that you're gonna use to, to actually conduct the negotiation? What are the arguments that you're gonna use? How, how are those gonna affect the, the, the, the other party? And what you can offer the other party as well, you know, 'cause that-, that's important, you know, just saying, 'Look, we can give you things that'll help you, that, that aren't gonna be really difficult for us to, to, to, to give.' So, that, that-, that's the way in. The way out, you know, there-, there's two or possibly three outcomes. The, the, the, the, the, the clear outcome is that they can get a-, an agreement.

The second outcome is you get a partial agreement where, where both parties aren't getting exactly what they need, but it-, it's a-, it's a, a way forward, you know? And the third-, the third is-, it's obviously that you don't reach an agreement. So, you need to know where those markers are (talking over each other 23.02) what, what is-, 'What is my way out of this?' And if the way out is that, that you don't reach an

agreement, you need to have a clear alternative already, already established, 'cause then you can't just walk away and say, 'Oh, we no longer have a supplier,' you need to have a plan B.

Moderator: Alright. I mean, I think, Jo, I suppose that ties back to the-, you know, your first question you were asking about, is there anything else? I think preparation is obviously key in all cases, and I think it's about making it appropriate and proportionate to, I guess, the, the size of the negotiation, the impact of, of it to your-, you know, to, to your own businesses there. But, you know, planning and thinking about how you approach something, I suppose, is the key vital point we're, we're picking up from these questions.

Jo McVeigh: Yeah. I, I think the other point is this idea of a-, of a script in a sense. It, kind of, makes it sound like you are doing a, a production of a play-,

Moderator: Yeah.

Jo McVeigh: But there is that, that element of, 'Here's what I might want,' and they might hear that, and when they hear that, this may be their thinking on it. And being able to, to, to have thought that out in advance does tend to mean that your negotiations go a little bit more smoothly, rather than that idea of going, 'Well, this looks-, well, this looks a fair deal. You know, why on earth would they have an issue with it?'

Moderator: Yeah.

Jo McVeigh: And then the first time that you're dealing with that is actually in the negotiation room, and they say something and you go, 'I, I, I didn't even think of that.' You know, we're really trying to get that bit of-, that perspective aspect of it as well.

Moderator: And, and that actually leads on-, I, I see a, a-, another question that's, that's come in here about-, it says, 'You know, in the webinar we mentioned about looking at an alternative supplier. What if one doesn't exist or isn't viable? How do you negotiate if you're reliant on the supplier?' And that's a-, that's one we do come across on a-, on, on a regular basis when the-, when we're-, when we're working with businesses. So, who wants to add to that?

Stephen Drummond: It's, it's a difficult position, and, and, you know, the, the, the, the, sort of, the, the premise that we used is that the-, (inaudible 25.21) normally, or, or normally there, there will be an alternative supplier, an alternative way to do things. It's very difficult, if you're stuck the one supplier, and, and, and completely dependent on them, then it's, it's a really, really difficult situation to be in. So, probably the advice I would give a company in that situation is develop a relationship with that supplier.

You know, look for opportunities to, to build in a relationship, let them see that, you know, you're willing to add-, to add to their business in some way or add some value to their business in terms of, you know, giving them business or, or, or, or, or proving their product or whatever. But it's difficult if you don't have an alternative, it's a really, really difficult situation to be in.

Moderator: Yeah.

Stephen Drummond: So, the only advice I can give is just if you find yourself in that relationship, do think outside the box and see, 'What, what else can we do? Can we redesign? Can we look further afield for suppliers?' The other thing that brought in mind, if, if, if, if it's not broken, you know, sometimes you don't need to fix it. If, if, if they're giving you a good service as a supplier and there, there, there isn't a big issue there, you know, unless they're, they're acting unfairly to you, you know, imposing price increases or, or, or poor performance, then sometimes it's just go along with it.

Moderator: Yeah. It, it actually takes us into, you know, another webinar we've got around, you know, risk and, and assessing and looking at, you know, that sort of supplier risk. Where I think the-, you know, in, in a case like that it's vital that the company understands how critical that supplier is to them, and how they can work and develop, as you were saying, Stephen, the relationship with the business. Trying to create that, sort of, mutual-, you know, the hope is that your business is growing, and that mutual benefit as you're working with the, the supplier while in parallel exploring the areas you mentioned around, you know, redesign of the product or, you know, as a-, as a material substitution or whatever can, can be looked at. And, you know, having as best mitigation plans as you can in place. The, the next one is, 'How, how do you feel when someone gets emotional in a negotiation?' And we all see different types of tactics in negotiation, so Jo, do you want to give some input on that?

Jo McVeigh: Yeah, 'emotional' is a-, is a-, is an interesting word in these. You know, it's-, I suppose one, one of my areas is I, I look at, I suppose, that bit of where, where the human sits in the side of, of business and negotiation, and very much, in my experience, it was if you weren't getting emotional in the negotiation, you weren't taking it seriously. If you weren't making the other party feel under pressure in some ways, it wasn't-, it wasn't going the right way, and I am thankful that the world is changing, I am thankful that that negotiation element, or that, that, that bit of-, I think we talked in the webinar there about, you know, bringing trust, and respect, and integrity to, to these situations. But, I mean, for me, maybe it's you understand behind, 'Where is the emotion coming from?' I mean, sometimes there's something that the other party gets very passionate about, and, and really trying to get their point across, and sometimes the emotion levels rise. You know, one simple thing to do in that is to actually listen to what are they trying to say? And, and, kind of, give them the space. As long as it's not abusive in a sense, but let them, like, working that out, and maybe even feeding that back to say, 'You know, what I think I heard you say is-, ' so that they feel, kind of, listened in it. And it's a bit like, you know, fire doesn't exist without, without oxygen, you know, if you're not bringing, you know, the emotional level up to the same point-, which is, kind of, what we used to be taught, you know, 'Bring it up to bring it back down again.'

Moderator: Yeah.

Jo McVeigh: And, I, I, I would-, I would completely, you know, disagree with that. I think it's the-, if, if emotions are getting to the point that it feels personal, or it feels like it's really getting heated, you know, calling a-, calling a pause on that, taking a break. In the coaching world you call it a break of states, but it's the bit of actually, if you stop that and you, kind of, go back in again, it's, kind of, very hard to take that same level of emotion that you had beforehand. So, really trying to bring that element of if you-, if, if someone feels that you're not being honest with them, that can trigger something. So, that idea of if you were trying to go into that negotiation and you weren't giving all, all of-, all the key facts, then you're really trying to pull the wool over somebody's eyes, and that, kind of, will come back to, kind of, haunt you. So, I think that the being the one that remains calm in it, and I think that sits with our preparation. You know, if you, kind of, know-, if you know that somebody's style before has been to be quite heated, then you're, kind of, prepared for that.

Moderator: Yeah.

Jo McVeigh: One thing I do, it did bring to mind there was, you know, we are negotiating all over the world now and sometimes that understanding of what another culture, or how they do business is key to understand. Some cultures are very passionate in their discussions, some are very, very, very quiet in terms of what they bring. And if you're matching that energy with something that kind of jars with that, that can affect the relationship. So it's thinking about what's behind that element of it, is it a bad day for the negotiation? You know, is it a point of going, 'Actually look, maybe today's not the day, can we take some time? Can we do some more research into that? Can we regroup?' But most definitely matching it, you know, with a level of either aggression or otherwise, you know thankfully I believe that that's kind of, that doesn't necessarily sit in a supply chain that's looking for collaborative relationships to move in the future.

Moderator: Yes, no, I think that international bit is really important as well and I suppose it ties to understanding again who your customer or supplier is? Who you're negotiating with, you know? And doing that preparation work. You mentioned about it mightn't be, you know, about maybe not being a good time for negotiation. There are also, you know, important points depending on what you're looking for, there may be good times to actually be negotiating as well. So being able to sort of look at it all. I'm thinking in cases, you know, Stephen was talking about cars, you know, is the end of quarter a better position than the start of the quarter? Or whatever, you know. So being mindful just across the board as to when it's the right scenario, so it really ties back to preparation. Another question is, says, 'I'm a small SME purchasing from some larger companies without any contracts.' And again this is something we see a lot of with companies not necessarily having service level agreements, or contracts in place, 'We feel like a small fish in their large pond. We like the products, however their quality and delivery is good, but they're frequently driving up increasing costs without any warning or explanation. Can you give us a couple of starting points how best to engage and broach the subject of potentially contract negotiation with that particular supplier?'

Stephen, do you want to?

Stephen Drummond: Yes so, let me just see that one again, two seconds.

Moderator: Yes, so it's really, I'm a small company and I'm looking at obviously, don't have any contracts and wanting to, you know, really, you know, how to start, you know, engaging with that particular company to think about the contract negotiation, or think about (talking over each other 33.26).

Stephen Drummond: Two things, two things to bear in mind and, and, and this is a mind set I, I, I hear quite a lot from companies that we're engaging with at the minute. You know, we're, we're, we're, we're a small fish and they're big fish, it, it's-, there's been research published that it's five times more expensive to find a new customer than it is to retain a, an existing customer. So, even if you, you, you perceive yourself to be a small fish, that, that's the wrong thing to, to think about. Your business is valuable to any supplier, okay? So, that's the first thing to bear in mind. The, the, the second thing is there, there, there are usually alternatives, so usually other companies that you can go to. So, the thing, just as we said in the webinar, before you enter into that negotiation, then you need to get in to do some research, 'Where else can I get this product?' You know, 'What are the-, what are the market dynamics?' You know, 'Can I get it cheaper? Can I find a, a, a supplier that's closer to me so as I don't have all the risks of logistics and all of that stuff?' You know, so it's the whole process that we set out in the webinar, that they could need to, sort of, start considering. Even if you don't do it to that extent, even testing the market and going out and saying like, 'Here's an RF2 for the stuff that we need.' Call half a dozen suppliers, send it out and see what comes back as a starting point. But certainly the thing I would emphasise is this mind set that they're a small fish, I think it's the wrong way to think about. In my experience, even dealing with big companies, you know, who you would probably consider that your business wasn't important to them.

When you actually look down the road of moving to one supplier, 99% of cases that I've come across, the incumbent supplier comes back and says, 'What's going on? What do we need to do to retain your business?' And it's the same, you know, I, I'm a-, I'm a just-, in person, I'm sure Virgin Media have thousands of customers? But as soon as I go to leave Virgin Media, I know that I'm going to get a phone call you know? So it's the same sort of thing, you know. You've got to consider yourself important to the supplier in terms of business. One other thing I would say as well is, advice I would give, you know, to the overall business, you're a small part of their business, but to the regional manager, or the account executive, or the key account manager, you know, you're probably a big component of their portfolio, you know. So maybe start at that level and have a discussion with them and see what can be done there. There's a couple of things you can think about.

Moderator: Yes, yes, so it's really about, sorry Jo?

Jo McVeigh: I was just going to say, actually one of the things I know we were hampered by during COVID times was the lack of travel. And one of the things I've found for, for a couple of the clients I've been working with is they are in that situation of being, you know, a small SME. And actually when they-, when they go and visit and actually make themselves known and, and work again on that relationship, then you find that some of these bigger companies actually begin to care about that relationship. They know who you are, they know you by name. You know, you're the one who always pays on time, you're the one who always follows up with a thank you email whenever you've done something for them. And, you know, don't underestimate that side of it, it's very easy to become just a number if that's-, if you're just a purchase order on a screen, but that element of actually making the effort can really make a difference when it comes to some of this.

Moderator: Yeah, so becoming a, you know, a customer that's easy to, to do business with.

Jo McVeigh: Yeah.

Moderator: You know, in terms of that side and I think the other point I suppose I would add to that as well is in terms of, you know, it's, you know, if you're a small business and you've got growth potential and your ambitions for growing, you know. Having those type of discussions and really being as positive and open with this, with your, you know, your supplier as you can as well in terms of things to actually, you know, show that, you know, you are on the way up. That, you know, there may be more growth and we can, you know, we can both benefit. So it's keeping that good dialogue going is really important. Another question that's coming in and I suppose there's two sort of almost tied together, but, you know, 'What are the most effective strategies for negotiating with a counterpart who appears unwilling to compromise? And what do you do when another party stonewalls or refuses to negotiate?' So Stephen do you want to start?

Stephen Drummond: Again, you know, in the webinar we talked about the BATNA, you know, which is a based alternative to a negotiated solution. So going into negotiation you should think, 'Well what, worse case, you know, we're not going to get an agreement, so I need to obviously to have a supplier, so what's my plan b?' Right, so you should have thought that through already before you go in the negotiation. And probably as well we're suggesting that you test the market, if it's slow, it, it, it's really powerful if you can go to a supplier and say, 'Look here's what your competitors are offering us okay.' And again as I said earlier, worst comes to the worst and they just refuse to negotiate then you have to be prepared. And it's difficult, you know, going out and developing a new supplier, go through all of the teething stuff that you'll get with a new supplier, it's difficult. And you probably won't get an awful lot of thanks for it from the rest of the organisation, but it's necessary sometimes. And as well your sort of body of suppliers will watch your behaviour, you know. They will say, this is a company that are prepared to change supplier. So if you think of big companies like Boeing and Airbus, you know, on a regular basis they will change their suppliers. You know, they won't stick with the same suppliers for many, many years, particularly in the lower level. So they will have a rolling process where they regularly challenge their suppliers to give them better pricing and are prepared to move to another supplier if they don't get that. And it's not just pricing, obviously it's performance as well.

So your behaviour sends a message to your supplier base and once in a while, sometimes you just have to make those hard decisions in a (ph 40.23) model.

Moderator: Okay and Jo, anything to add to that?

Jo McVeigh: I was just going to say one of the things that can be really important in those situations is having your data and your facts. That bit of-, I mean, I work with a lot of clients who don't actually have performance management on their suppliers. So the bit of, you know, a supplier comes in and says, 'Well this is the price, the price is going up by 10, 15%.' And you don't necessarily have the data in terms of, 'Well, actually your quality has been deteriorating over the last number of batches.' Or, 'You're consistently late.' Or, you know, what we have accepted, in a sense, in that scenario, because I think it comes down to as well, you know, where's your reputational risk? If you're working with a supplier who seems to hold all the cards, in a sense, then if you're going into-, you know, you're signing up to a customer order. And you know that you're going to be reliant on these key suppliers, so I think, I think it's getting your own house in order and knowing and beginning to actually flag some of that up as it's happening. You know, a supplier is meant to deliver in 100 and they typically deliver in 99. And you kind of go, well that's okay I've got enough to get me going, you know, and that's never flagged up. And that's, you know, so the supplier's sitting going oh great, or delivered early and they pay me. And again those things, you know, begin to become known if you like. I mean I know we have a, we'll have another session that we're going to talk much more about building that supplier relationship and really looking into those key things.

And again, I mean I know we all sound like a little bit of a broken record with this which is you need to know what you don't know in terms of data and knowledge. The chances are the other party do, you know, and they're not going to bring up the point that their quality hasn't necessarily been great. But they're going to (inaudible 42.16) prices, key pre-price drivers have dropped and they haven't necessarily told you about it. So the more you know about their product in a sense the better position you have in that kind of negotiation. Sometimes you just have to pay it until you have something further on down the line.

Moderator: Yes and I think, you know, I would fully agree with that. I think the, another question and that ties on again is, 'Are there any other areas I should consider in a negotiation other than price?' Well I suppose from my perspective there, you need to consider what else is important to your business. You know, price is one major factor, but other things like quality, performance, you know, the risk, you know, of the, you know, to your business of this product not arriving on time. You know, what else is there? Reliability of the products, the reliability of delivery, you know, what the relationship is like? What the lead times are? You know, again even growth opportunities in terms of that and get the balance that's right for you as a business. Because if things go wrong, there are huge reputational risks, not just to, you know, to yourself and ultimately to your business if you haven't got the right sort of contract, or the right, actually supplier in place. So I suppose I

would, from my perspective I would encourage people to think about the wider factors that are important and then sort of go from there. So I know, anything to add to that?

Stephen Drummond: No I think you've covered it.

Moderator: Alright. Another question, Jo this one's for you, I think is how does think and bank work?

Jo McVeigh: I mean, thinking, I mean, sometimes you go to-, into a negotiation, you've, kind of, this big wish list, you know, all the things that we, kind of, want to cover. And, and, and the idea of when you first get agreement on something, then the idea of think and bank is to basically record those. You know, we've agreed on, you know, 40-days payment terms, brilliant. You know, we've, we've agreed on whatever percentage up-front payment there is, or whatever, whatever that sits. And the-, and the idea here is to capture that, so that as you move forward, you can actually see progress. Especially if a negotiation doesn't all happen on the one day, so the ability to even maybe break for lunch and come back and be able to turn around and say, 'Look this is where we've got to.' And there's, kind of, this, kind of, law of reciprocation with it, of, you know, you begin to, to give something, somebody else, kind of, kind of, does the same. It also stops a little bit of loss of memory that can sometimes happen. You know that, how, you know, you started negotiation and then the next day you've picked it up and somebody goes, 'Oh no, I don't, don't think we agreed to that.' So, if you're in a physical room, you know, having a Nobo board or a whiteboard can be useful in that. Again, we know we were doing a lot more in the hybrid world, so even in terms of this kind of platform, you can have virtual whiteboards or collaboration tools. But record where you've got to and there is the bit of going, 'Actually, you're making progress.' You know, something-, there might be some stickier stuff at the end, but this begins to give you an idea of how things are going and it is as simple as, 'Thanks for that.' And bank that to the side and then you move on. Rather than in a sense taking those as if those didn't take any effort or any compromise on either part.

Moderator: Yes I think really valuable lessons there, you know, about capturing the information and just noting where you're at in terms of things. And that helps to bring that sort of clarity of agreement between both parties as well as you're moving through the process. Stephen, anything to add to that?

Stephen Drummond: No I think that covers it, yes.

Moderator: Okay and a question for you Stephen is what does a successful negotiation look like?

Stephen Drummond: Well obviously it's a win. Both parties are leaving the table, any negotiation from personal experience, you never get 100% of what you're looking for you know. But if you get enough, both parties are getting enough that they can take something back, that they've achieved the outcomes that

they needed. Rather than everything that they absolutely wanted, there's a song in there somewhere, then that's a successful outcome. I think the other thing I'd probably add to that as well is negotiation's very rarely a one off event, you know. It usually, it's usually a process you know. Every couple of years companies will get around a table and negotiate price or terms or whatever. So I think being able to maintain the relationship and have the door open where, you know, both parties aren't going to go in the negotiation in a completely negative sort of mindset you know. Whereas this is going to be a Battle Royal and, you know, we've got to come out of this losing our shirts, you know, knowing that, that both parties are going to be fair. And within business, you know, it's not your interest to put another company out of business, you know, because they're effectively your partners, you know. Your business kind of a little bit depends on their success, their success depends on your success. So it's a case of trying to find a win win, something that works for both parties that gives them what they need to keep the process going. And basically generate a little bit of profit for both parties at the end of the day.

Moderator: Yes and I think you talked about that sort of business partner. I know when I've been, you know, speaking with companies who are really progressive and proactive and stuff, they would see their customers as being key strategic partners. Even though those customers might be large, multinational companies and they are SMEs. And I think that just creates the mindset of how they engage and probably back to some of the points earlier about being seen as being a high performance supplier, easy to do business with etc. Just in terms, before we finish up, there's another question, just the last question that's come in around this, 'How do you access Invest NI Supply Chain Solutions support?' So that, in terms of that you'll see on the screen a QR code. If you click on that it'll take you straight to our web page and you'll see more details there where, you know, you can fill in an expression of interest and actually just follow through from there to reach us. Or if you're an Invest NI client you can actually speak to your client executive and they'll refer through to us in terms of things. Or email supplychainquery@investni.com. So that concludes the questions that we've got from today, there were a few people who were asking just about slides for webinar, you know, belonging to today's webinar. We will make this available online as a tutorial in the next sort of short period. So we will highlight when that's sent online and you can go in and follow through from there. So other than that I think we've had lots of discussion, thanks again to Jo and Stephen for your support today. And thank you to everyone who's attended today's webinar, we hope it's been useful? And this now concludes today's webinar, thank you.

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