

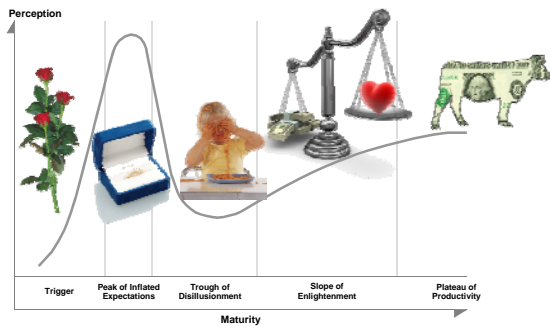
Top Ten "Hardball" Negotiating Tactics for Difficult Vendors

Stewart Buchanan

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What Did You Expect From a Relationship?



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Key Issues

- When should you adopt a hardball negotiation strategy, and what are the risks of playing win-lose?
- What are the top five ways to conduct extreme "hardball" negotiations with difficult or intransigent vendors?
- What are five more extreme negotiating approaches, and how can we use them carefully?

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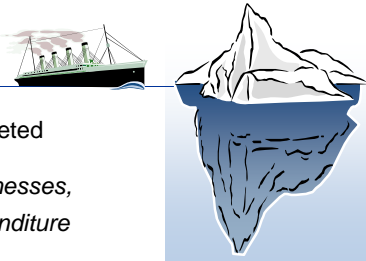
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Spending Is Not Cost

- Budgeted spending
- Costs (TCO), some unbudgeted

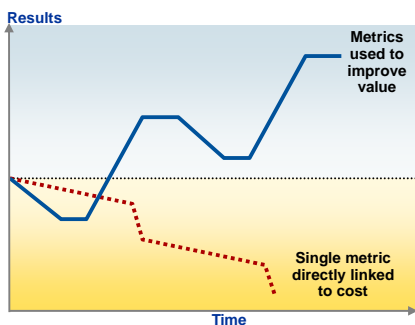


Costs sink businesses, not capital expenditure but cash flow ...

[Findings From Inquiries: IT Spending Cuts Don't Always Reduce Cost](#)

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How to Ruin a Vendor Relationship



Vendor performance is multidimensional. Focus on one area damages others:

- Process
- Value
- Risk
- Quality
- Timeliness
- Alignment
- Your value...

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Is There a Relationship Left to Wreck?

Are you in denial?

- Financials
 - Paying the price for unequal status, but are you ready to walk out?
- Delivery
 - Can they "pull the plug" on you, or can you make it on your own?
- Technology
 - Count your switching costs — are you digging an even deeper hole?



[Negotiating Without Competitive Leverage: Aligning IT Procurement Best Practices With Vendor Relationship Management](#)

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What if You Play Win/Lose... and Lose?

- Never bet your business on a single result
 - Spread the risks
- Always have a realistic backup plan
 - Alternatives must be serious!
- Define realistic success criteria
 - Get real-world pricing benchmarks



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What Are You Negotiating For?

What You Really Want

- Value for money
- Predictability
- Ethics
- Facts
- Relationships
- Efficiency
- Mutual benefit
- Revenue

How to Make It Happen

- Understand requirements
- Set realistic expectations
- Do not ask vendors to lie
- Mean what you say
- Compromises carefully
- Know when you've won
- Negotiate a lasting agreement

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1. Don't Play Hard to Get — Be Hard to Get



Show the vendor how you feel ...

It's not enough that you don't talk to the vendor anymore if other people still do.

- Senior Executives
- Business Managers
- IT Line Managers
- Technicians

[Top 10 Extreme Negotiation Tactics](#)

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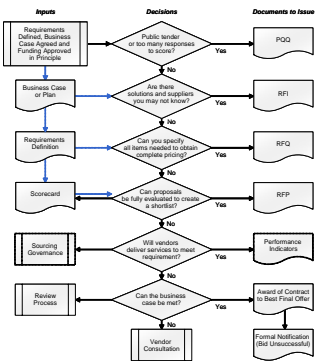
2. Commoditize Pricing

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3. Cancel Contracts

Lay Siege to Vendor Revenues ...

4. Reset the Rules for RFPs



- Follow a process
- Adapt the process
- Keep asking until you get the right answer
- Pick winners, not least worst losers!

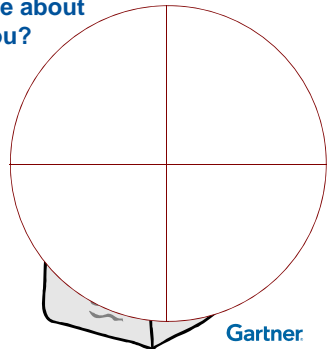
[Toolkit Sample](#)
[Template RFP Process](#)
[and Checklists](#)

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5. Give Nothing Away for Free

Do vendors know more about your business than you?

- Eliminate their intelligence networks!
- Everything your organization says and does in a negotiation has a value...



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6. Keep Options Open for Reducing Budget

Review strategic decisions until vendors comply.



Keep on going
around the loop!

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7. Switch Roles in Your Negotiating Team

"Good Cop, Bad Cop"

Why does IT Procurement
always have to play
the "bad guy?"

[Use Sales Psychology to Develop
Best Practices in Vendor
Relationship Management](#)

8. Use Services to Compete With Products

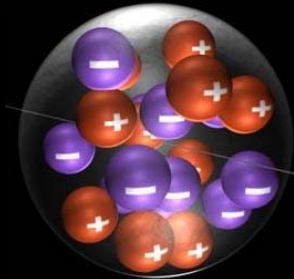


IT Procurement Best Practice:
Leverage Services to Buy
Products More Competitively

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9. Play Negative Factors for a Positive Result

- Score vendors
- Undermine value propositions
- Use under-performance
- Offer win-backs



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10. Delay Purchase Until Compliance

- Time is a lever
- Make the vendor wait...



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Recommendations

- ✓ Understand that everything is negotiable, at a price.
- ✓ Prepare negotiating positions, and plan what you can afford to concede. Never make decisions during a negotiation.
- ✓ Maintain stakeholder and budget holder support by not compromising on the business case or requirements.
- ✓ Keep a diary of the promises made during sales visits and negotiations. Use it to check contracts and manage vendors.
- ✓ Walking away is the loser's option. Keep going around the process until you make it work for all parties.

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Further Reading

- "Top 10 Extreme Negotiation Tactics for Problematic Vendors" (G00164942)
- "Negotiating Without Competitive Leverage: Aligning IT Procurement Best Practices With Vendor Relationship Management" (G00168876)
- "Toolkit Sample Template RFP Process and Checklists" (G00155525)
- "Use Sales Psychology to Develop Best Practices in Vendor Relationship Management" (G00154722)
- "IT Procurement Best Practice: Leverage Services to Buy Products More Competitively" (G00155509)
- "IT Procurement Best Practice: Optimize Your Supply Chain as Part of Vendor Consolidation" (G00165684)
- "IT Procurement Best Practice: Develop Multisourcing Capabilities" (G00165463)

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