

# 42 NEGOTIATING FROM ROCK BOTTOM



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Carlos is concerned.

He's the business development manager for Manufacturing Mammoth, a company that supplies products to major retailers throughout Europe.

Carlos thought he was the lead supplier to REX, for the particular type of products they manufacture, and they have been trusted trading partners for at least 10 years.

Recently, however, Carlos has seen a marked decline in the level of business from REX, which coincided with Peter taking over as the lead buyer of his products.

It quickly became evident that Peter placed little value on the legacy relationship that REX had with Manufacturing Mammoth, and he did not appear to appreciate the added value that Carlos' business had offered in the past, and was continuing to offer.

Even worse, despite gradually moving parts of Carlos' existing business to competitor suppliers, the new buyer still negotiated hard for improved trading terms and insisted on better pricing on the now diminishing business volume with Manufacturing Mammoth.

In an attempt to avoid being viewed as confrontational, and wishing to help Peter with his own internal objectives and reputation, Carlos acceded to some of the demands. He did this in the hope that Peter's initially strong stance would soften and the mutual relationship would improve in the longer term.

However, as time passed, Peter's demands intensified whilst the business value to Manufacturing Mammoth continued to shrink. Even more worryingly, the relationship between Peter and Carlos became increasingly strained and disengaged.

The REX account represented a significant chunk of Carlos' total business turnover; sales that Manufacturing Mammoth could ill-afford to lose. However, Carlos recognised that the relationship had reached a critical point and he had to make a strategic decision. Should he say nothing and suffer in silence because the risk of speaking out is too great, or should he take a firm stand on principle?

Carlos had a few stiff drinks one night; he discussed the situation with his wife, who, at one point said to him, *'Carlos, are you a man or a mouse? For goodness sake, you can't let this b\*\*\*\*\*d walk all over you!'*

This was the turning point for his decision. He decided to be firm. If nothing else, he had to show his wife that he was strong.

However, the next morning he took care to present his position, and that of his manufacturing organisation, as positively as possible.

He acknowledged absolutely that it was Peter's right to choose where to place his business, but also that it was their choice as supplier to allocate resources and support as appropriate for their own business. Fair is fair, action and reaction, demand and response, challenge and defence, sanction and counter sanction...

Carlos laid out all the marketing support, advertising, funding and account staff that he would now be disproportionately reducing to reflect the reduced size of business with REX. He made it very clear that he and his company were fully prepared to accept the consequences of this, but that he could no longer tolerate demands for additional concessions whilst the business with REX continued to shrink.

Peter's response, whilst not immediate, was both surprising and rewarding.

Within a month of declaring his position, Carlos was invited to pitch exclusively for a sizeable new business opportunity in which he was able to negotiate more favourable trading terms and secure price increases for two of his company's core ranges.

Carlos' relationship with Peter improved markedly, as did his access to the buying team.

Carlos' wife was very happy for him, and he felt proud for standing up for himself in the face of a corporate bully.

## **INSIGHTS AND LEARNING**

Firstly, some people will try to bully the other party, yes, even in so-called 'professional' negotiation settings.

Secondly, Carlos made the mistake of giving in too soon and, by so doing, showed that he could be pushed around (though of course he later redeemed the situation).

Thirdly, he made the classic mistake of making concessions without asking for anything in return.

Fourthly, Carlos did push back, and when he did he was cool, unemotional, logical and he pointed out the natural consequences of Peter continuing along this path. This was a very wise, assertive and commendable path to take.

Finally, Carlos demonstrated that if Peter did not like it, then he would be prepared to walk away from the deal and the relationship would end. Well done, Carlos!

So, how can we learn from both Carlos' mistakes and his positive actions?

## HOW CAN I USE THIS?

Firstly, do not allow yourself to be bullied.

Easier said than done. However, in any adult-to-adult negotiation don't give in to demands without asking for something in return. Meet demands with counter demands. Say you may be able to do B, but only on the express condition that the other party can do C. Make all of their demands conditional on them reciprocating in some way that has value to you.

Maybe Carlos' first mistake was to accede without asking for something in return, such as a higher unit volume, better payment terms or a longer contract, etc.

After Carlos gave in to a couple of requests, Peter's demands intensified. Could it be that in seeing Carlos appease, Peter regarded him as weak, and thought that if he got X last time he can demand twice X this time? Thus, Carlos was inadvertently 'training' Peter that if he bullied him, then Peter would get what he wanted. It's little wonder that Peter pushed for more the next time around.

If the other party does not value and respect your relationship, then do you really want to be doing business with this person? Probably not. Life's too short, and there are plenty of nicer kids to play with in the playground!

Whilst Carlos clearly wanted to protect the relationship, and he even acceded to some demands in the hope that the new relationship would improve, there comes a point when he has to protect his own interests, and those of his company. This is especially the case if the other party is being unreasonable, overly demanding, aggressive, hostile or even acting in a bullying manner.

Be prepared to walk away. This negotiation could have ended differently, but Carlos was prepared for any outcome and, as we know who Carlos is in real life, we know that he had the backing of his boss. So, whilst from the outside it might have looked like a bold move, Carlos felt confident and secure in pushing back. Carlos knew he could walk away and still keep his job.

Strength in position, knowing you have the support and backing of those above you, gives you considerable confidence to hold your ground in tough negotiation situations.

Finally, as illustrated by Carlos' story, a few glasses of wine in the evening, time to reflect with wives, husbands, partners, whomever, can be very helpful in clarifying matters and crystallising decisions in negotiations!

You have to draw upon all of the tools in your negotiation toolkit – in moderation.