

Negotiation Skills Workshop

Learning's Along The Way

Click to add subtitle

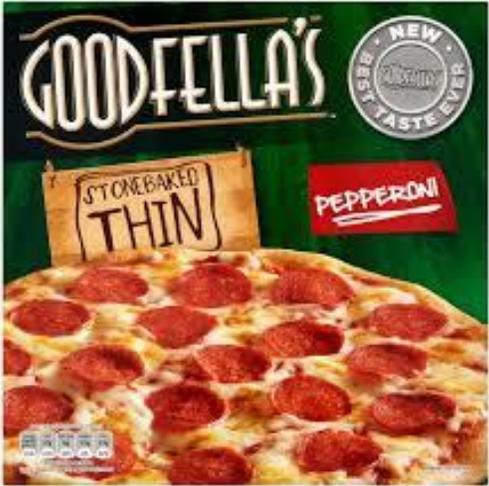
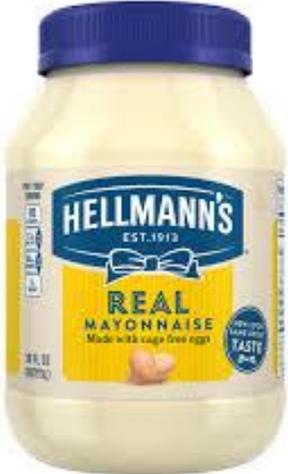
11 September 2019

Agenda

- 10.00 – 10.15 Introductions
- 10.15 – 10.45 Positioning Your Business
 - One Sentence Pitch
- 10.45 – 12.15 Meeting Preparation
- 12.15 – 13.00 Lunch
- 13.00 – 14.00 Managing A Buyer Meeting
- 14.00 – 14.15 Coffee
- 14.15 – 15.00 Post Meeting Follow Up
- 15.00 – 16.00 Role Play

So Who Am I ??

Ciarán Lally



Ciarán Lally





Group Introductions

A large white arrow pointing right, set against a green background. The arrow is positioned on the right side of the slide, pointing towards the right edge. The text "Group Introductions" is located on the left side of the slide, centered vertically relative to the arrow's height.

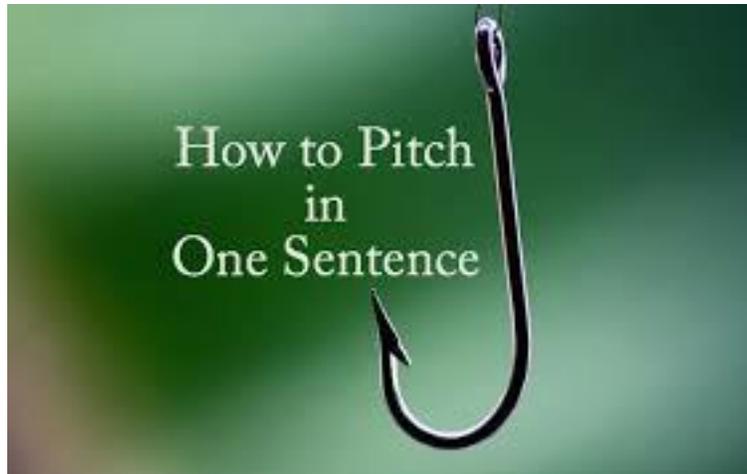
Learnings Along The Way

A large white arrow pointing right, set against a green background. The arrow is composed of a white triangular shape pointing right, which is superimposed on a green background that also forms the right side of the arrow's shaft.

Positioning Your Business

Lesson 1

One sentence pitch



One Sentence Pitch

If you can't summarise your position in one big bold statement....

How can you get...

- buyers attention?
- consumers to understand your proposition?

One Sentence Pitch

The healthiest and tastiest gluten free breads ever made



Group Exercise

What is Your “One Sentence Pitch”?

Lesson 2

Know Your Consumer



Know The Consumer

Superior Consumer Knowledge is Key

Don't assume buyers are experts on category insights, consumer behaviour

Often they only have surface level knowledge

Demonstrating your deep understanding of the consumer/category, gives you

- Great credibility with the buyer

- Great power

No longer a “celiac only” market

30% (92m) Americans Now Eat Gluten Free

The Trapped (7%)

Shoppers who MUST shop the category due to medical issue



The Choosers (23%)

Shoppers who choose a Gluten Free diet as a “Health and Lifestyle Choice”

Group that rapidly expands, large potential

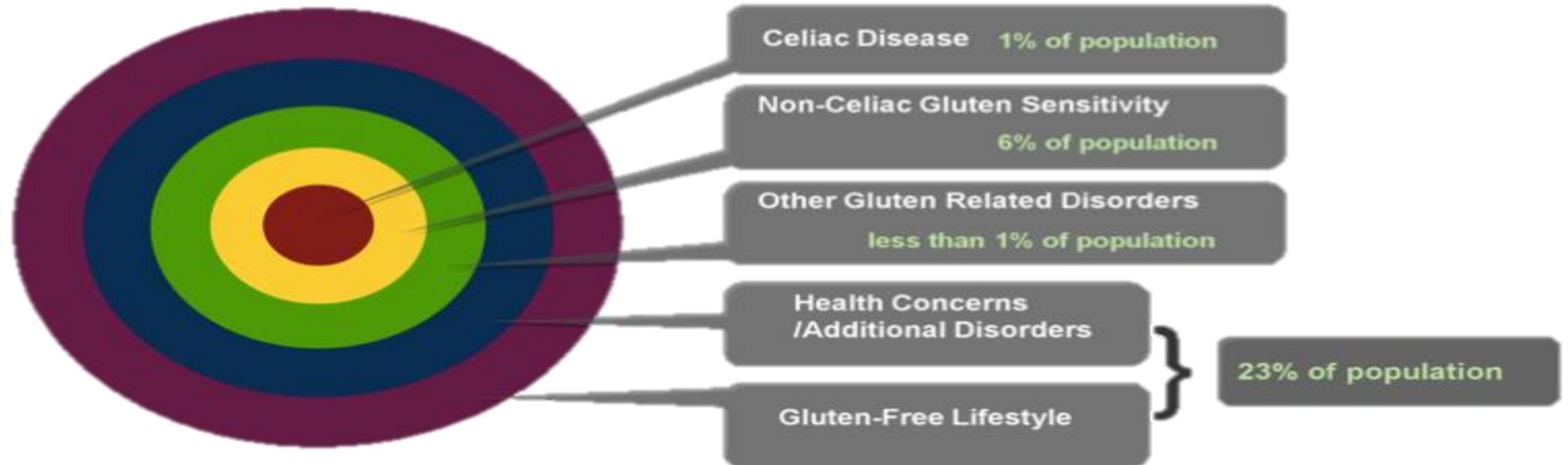


Source: NFCA

30% of US consumers now eat Gluten Free

Bord Bia
Irish Food Board

**SMALL
BUSINESS**



Who is Eating Gluten-Free?



©2014 National Foundation for Celiac Awareness.
All rights reserved.

www.CeliacCentral.org

@CeliacAwareness
NF Celiac Awareness



Yet 95% of GF consumers avoid GF Bread

Texture

- Bread is dry and crumbly. It falls apart and really only usable when toasted

Taste

- Dry and stale taste

Fat

- Massive fat content (up to 15%) makes the current offer unhealthy

Fiber

- Little or no fiber content. Gluten Free consumers find it very hard to get enough fiber in their diet.

100m “Millenials” in the US

Largest consumer segment in America

Eat smarter and exercise more than other American's

42% of Millenials buy Gluten Free

28% bought in the last week

Source: Goldman Sachs Global Investment & Nielsen



Know The Consumer

In my opinion

The most effective sales people.....

.....Understand the consumer really really well

If you are able to hire sales people with marketing backgrounds then consider doing so

Bord Bia have an extensive library and access to many reports – make sure you are maximising this service

Lesson 3

Position Your Brand /Company



Brand Positioning

Buyers do not want to see another “me too product”

Most supermarkets are reducing the number of sku’s they stock

In order to get listed..... Something needs to come out

Buyers will not be interested by another pitch from another brand with no point of differentiation

You need to clearly differentiate your brand from competitors

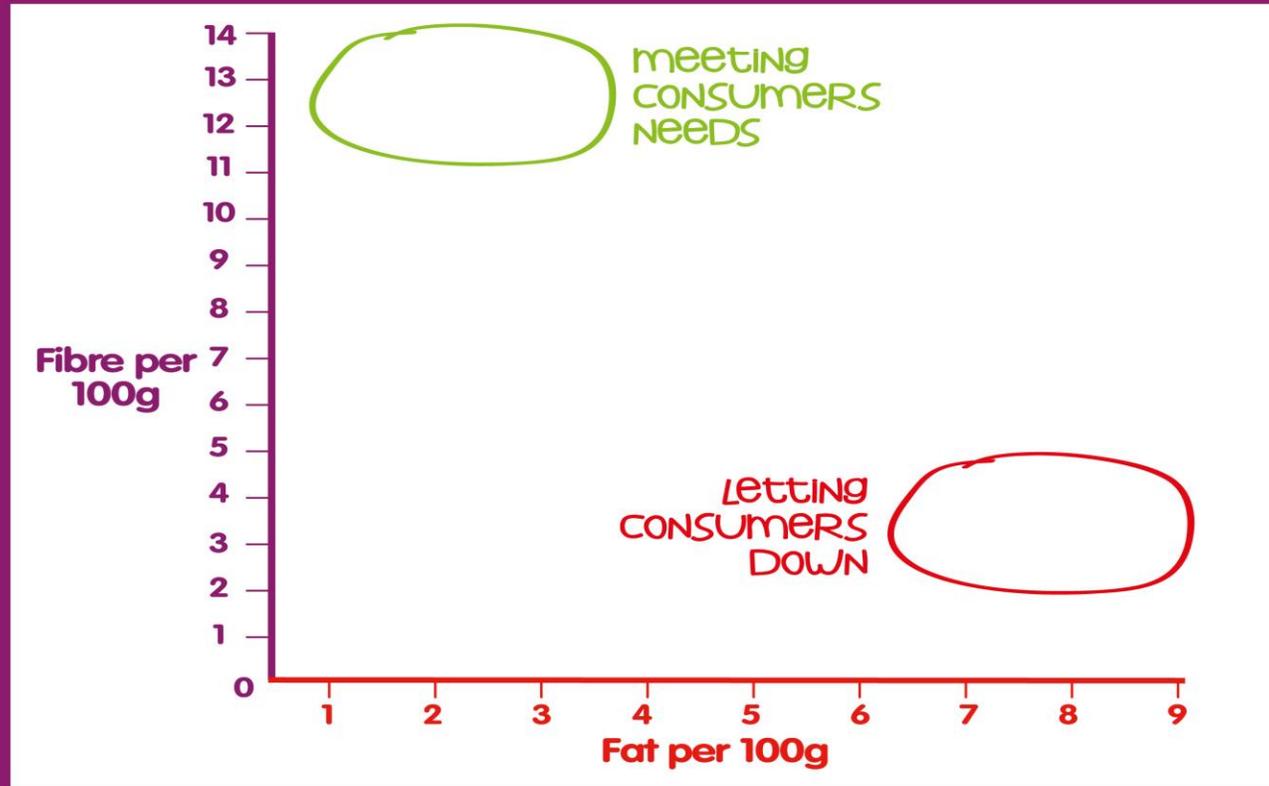
Demonstrating to the buyer why that point of difference is significant

The following slides illustrate how we differentiated our GF bakery products in USA

Only 1 brand delivers outstanding nutrition



What Consumers Demand – Fat and Fibre



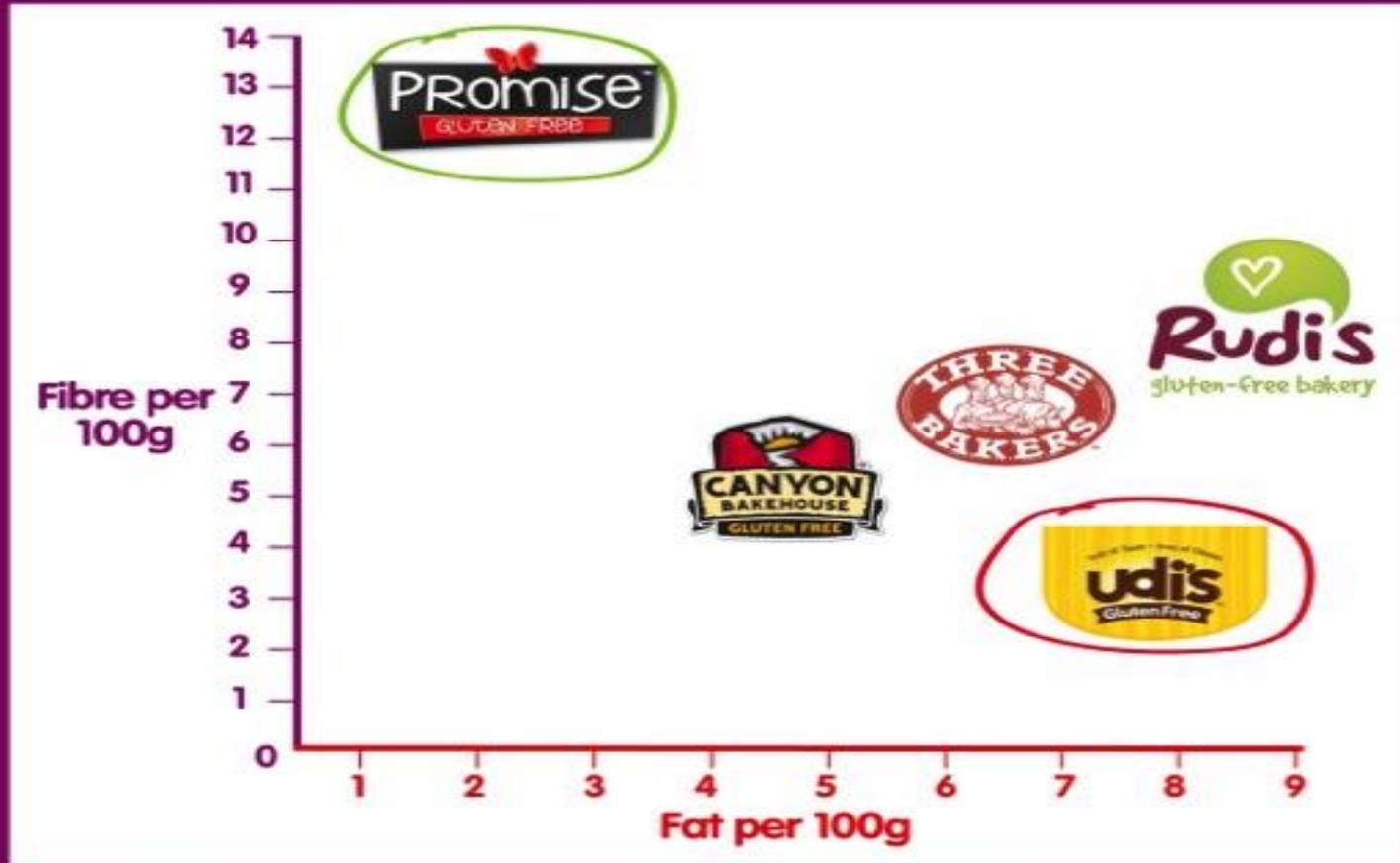
High Fibre Multigrain Bread



Wholegrain Bread



Clear Winner



High Fibre Multigrain Bread



Wholegrain Bread



Sugar Is Equally Important



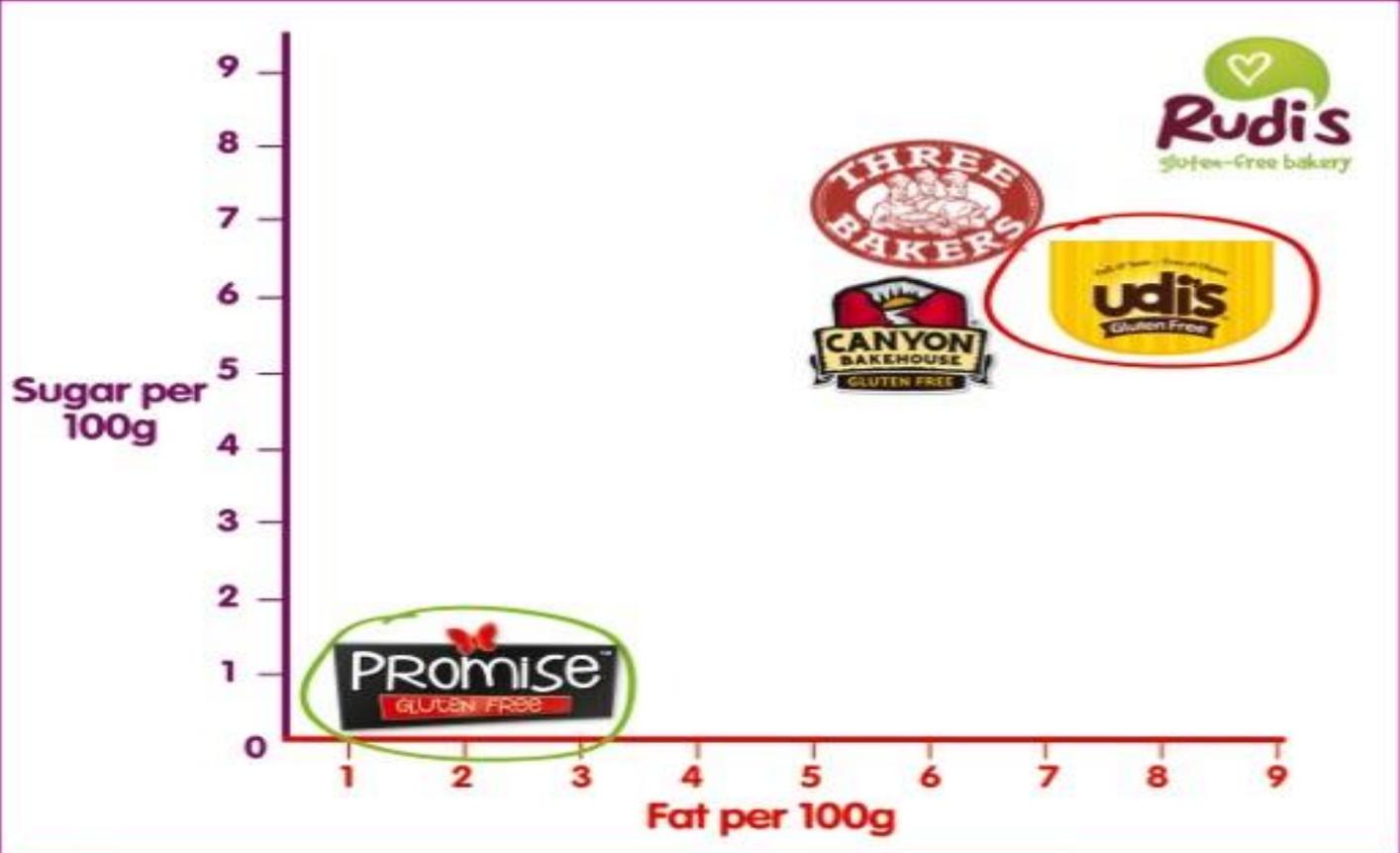
High Fibre Multigrain Bread



Wholegrain Bread



Clear Winner



 High Fibre Multigrain Bread   Wholegrain Bread



We Are The Only Brand Who Can Deliver What These Consumers Need

“There are downsides to following a Gluten Free Diet.

Gluten Free products tend to be expensive, and often have more fat and sugar than their gluten-filled counterparts. People who follow gluten free diets don't get anywhere near enough fiber, which ironically can lead to weight gain because fiber-dense foods keep you full longer.”

Millennial Magazine, August 20 2015



Brand Positioning

You decide on what attributes you can differentiate yourself

Origin of ingredients

Hand crafted

Organic

Award Winning

Taste

Packaging

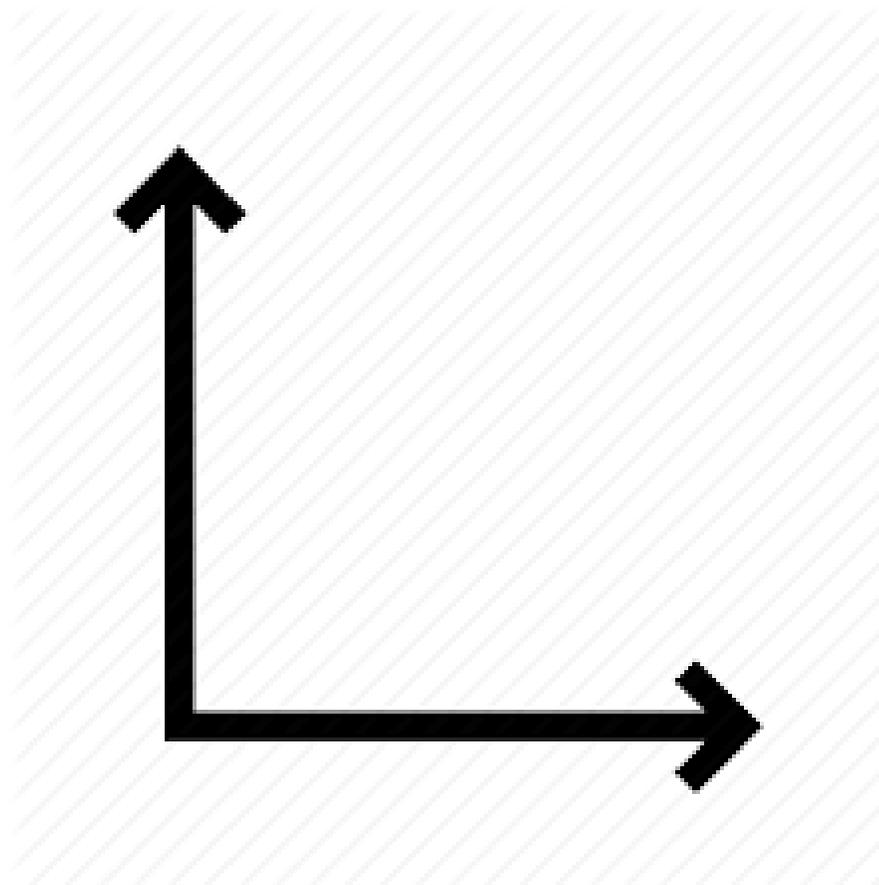
Nutrition

Quick Exercise

Pick 2 key areas for your X and Y axis

Plot your brand/company v key competitors

Have you clear differentiation?



Meeting Preparation

A large white arrow pointing right, set against a green background. The arrow is positioned on the left side of the slide, pointing towards the right. The background is a solid green color, and the arrow is a large, simple shape.

Lesson 4

Build Rapport



Build Rapport

Buyers are humans

Buyers prefer to deal with people they like

Place a call before the meeting date

Introduce yourself

How much you are looking forward to meeting him/her

Agree the agenda to ensure you have everything expected covered off

Double check meeting time and location

If you need cooking facilities, knives, boards etc,

Are you expected to bring them?

Has buyer a test kitchen booked?

Breaks the ice before you actually meet

Lesson 5

Clarify Meeting Start and Finish Time



Clarify Meeting Start and Finish Time

Need to understand start and finish time for the meeting

You have no idea what other issues the buyer is facing that day....

....or what meeting she has next

I've seen colleagues waste so much time on "small talk"

Buyer is getting anxious as she will be late for the next meeting

Has effectively stopped listening to the presentation

Meeting was a waste of time

Lesson 6

Never Be Late



Never Be Late

There is never an excuse for being late for a buyer meeting

You should leave time to allow for every contingency

Being late starts the meeting with buyer in a really negative mood – not a good place to be

My colleague was once late for a buyer pitch meeting – couldn't find the office

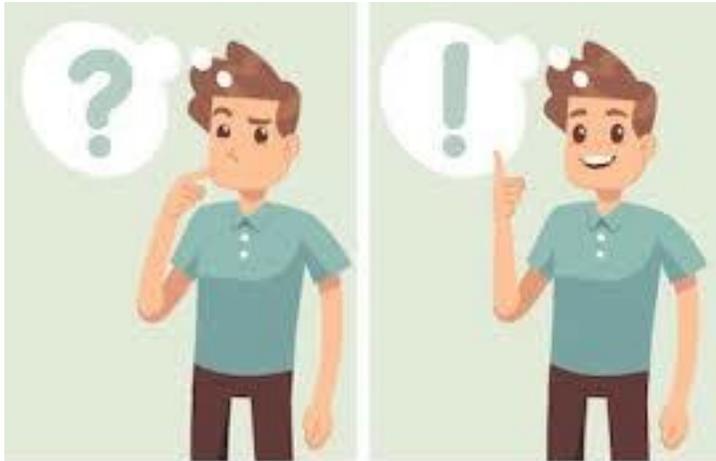
Might as well have not turned up at all

Her opening words were

“You have no respect for my time”

Lesson 7

Understand The Customer Incredibly Well



shutterstock.com • 1126103216

Understand The Customer

Asking questions shows you empathise with the buyer

Find out what issues she is facing and see if you can help

Coles in Australia had a fast growing Protein Bar category

Too little shelf space

Supplier noticed every bar was “landscape” – taking up too much shelf space

They re-designed their packaging “portrait”

2x the number of sku's per shelf

Rewarded with huge listings

Understand The Retailer



Lesson 8

Understand Your Competitors



Understand Your Competitors

No excuse for not knowing your competitors inside out

What are their strengths?

Why do you think consumers buy their products?

Why do buyers list their products?

What do you envy about them?

Brand

Packaging

Size of company

Distribution

Understand Your Competitors

Full analysis of all of their products

Simple positioning maps can be very useful

Play around with the “x” and “y” axis across different attributes

Price per pack

Price per gram

Pack size

Fat content

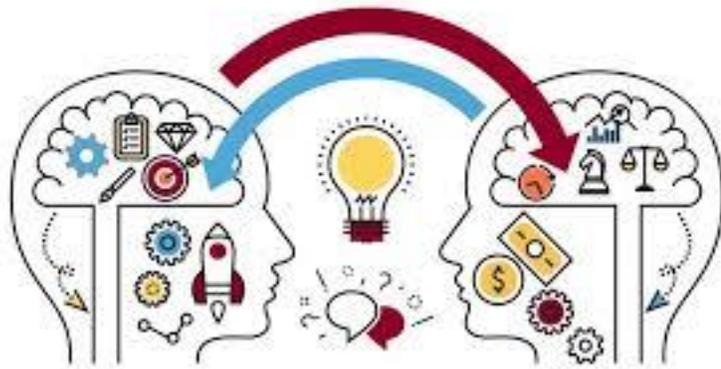
Sugar content

Very often you will gain insights you would never have seen before and see real market gap opportunities

Can also help identify reasons why a competitor should be delisted

Lesson 9

Understand The Deal Fully



Understand The Deal Fully

You need to fully understand the constraints the buyer is dealing with

Has she a firm timeline to make range review decisions?

Has she space constraints? On shelf and/or central warehouses?

Has she many other supplier options to replace you with?

Understand The Deal Fully

In my Green Isle days, the buyers generally reviewed the pizza category twice per year

We knew when these reviews took place

Plenty of time to plan and have a successful meeting

Answering these questions will tell you how much power you have and when you should look for a meeting

Lesson 10

Fully Prepared



Preparation

Dragons Den

Many contestants caught out with the simplest of questions

Don't know their business details well enough



Preparation

Anticipate every question you are going to be asked

Have a concise and confident answer

Pricing

Promotional allowances

Production capacity

Lead times

Why you are better than competitor offerings

etc etc

Lunch

A large white arrow pointing right, set against a green background. The arrow is positioned in the center of the frame, pointing from the left side towards the right side. The background is a solid green color, and the arrow is a solid white color.

Managing a Buyer Meeting

Lesson 11

Passion Matters



Passion Matters

Most of you are owners of your business

You should be bursting with passion about your business

Retail buyers can sense this

They prefer dealing with passionate people

Never be afraid to show your passion

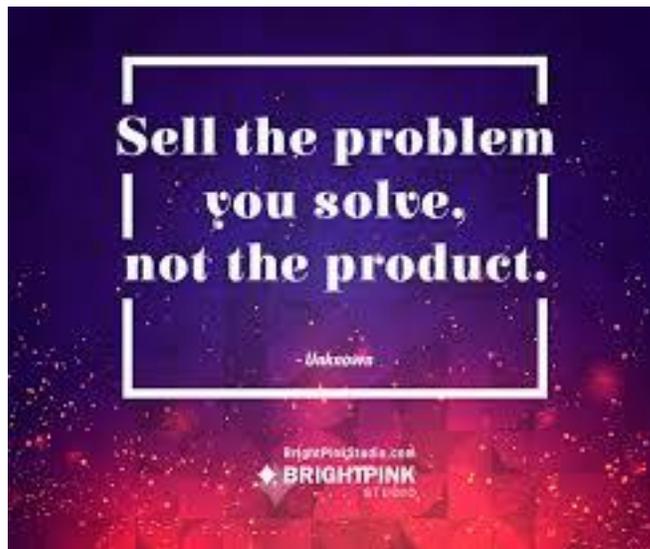
It separates you from competitors

The biggest deals I ever delivered were as a result of buyers feeding off my passion for my business

When hiring people, I always started the evaluation by scoring their passion higher than qualifications

Lesson 12

Sell A Plan – Not A Product



Sell A Plan – Not A Product

When you can sell a solution to a problem....

....it is much more powerful than selling a product

Our consumer insights told us that 95% of GF consumers don't eat bread at all

We uncovered the reasons why and addressed them with our product development

We sold our plan as much as our product

We promised to increase category penetration and average weight of purchase

Powerful argument for a buyer to take a punt and list us

Lesson 13

Get Buyers Attention Upfront



Get The Buyers Attention Early

You think you have the latest and greatest product

The buyer must be interested

What can go wrong !!

Buyers sit through countless pitches every week of every year of their careers

You need to get their attention early

A big bold statement can do that.....

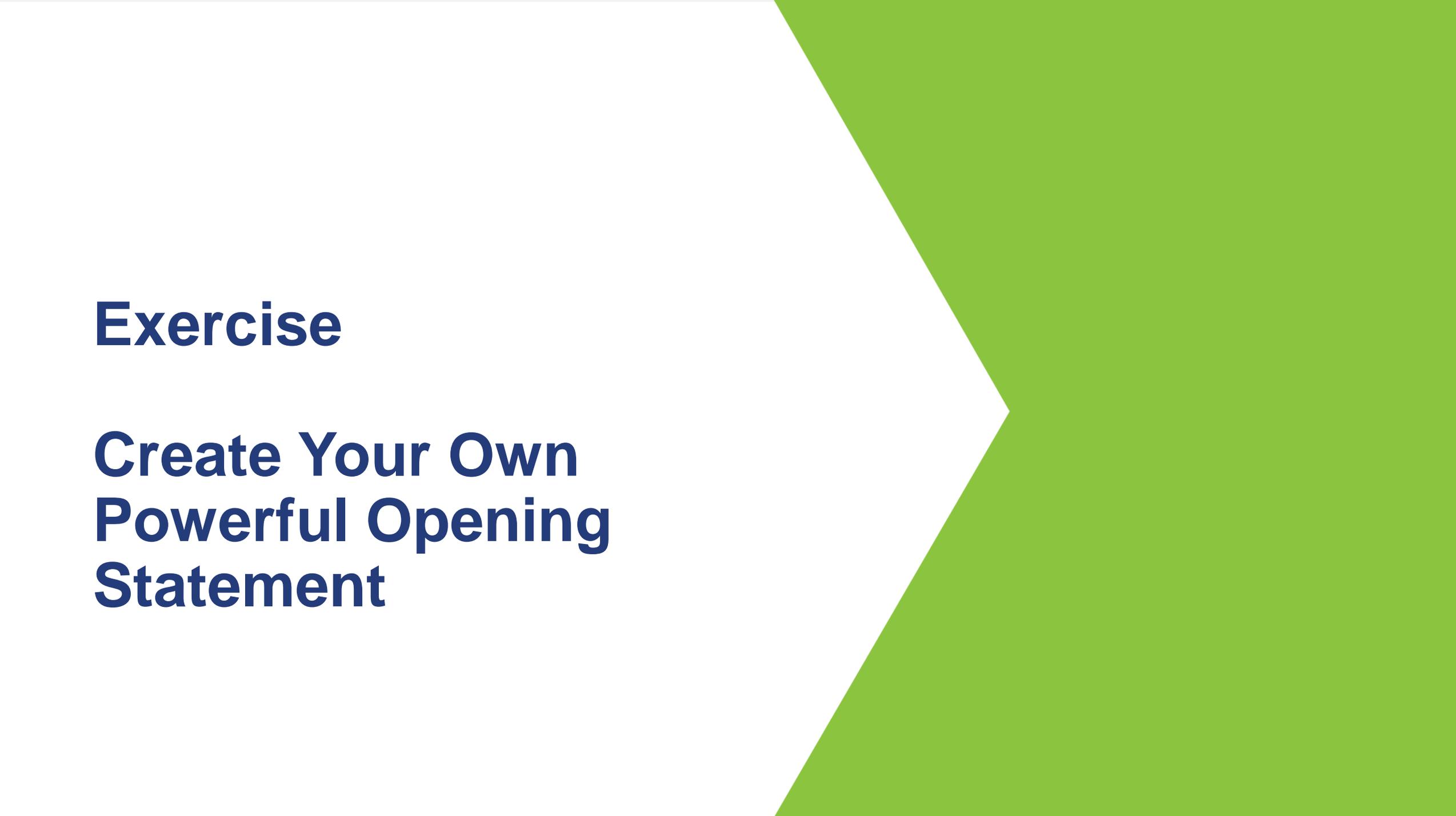
.....but you must back it up later !!

In the following slides

We are going to prove how you can realise
an incremental

\$43m sales per annum





Exercise

**Create Your Own
Powerful Opening
Statement**

Lesson 14

Who is the Decision Maker ?



Who Is The Decision Maker

Are you sure you are dealing with the ultimate decision maker?

Has the buyer full authority to close the deal ?

Often you conclude the deal with a buyer....

....then his boss looks for additional concessions as part of the “sign off”

Lesson 15

Understand The Deal Dynamics



Understand The Deal Dynamics

Sometimes the buyer is not the most powerful you are dealing with

In 2014 I met with Starbucks Product Development Team in Seattle

2 years development work to agree a product

Senior Development Mgr made the fatal mistake

“Ciarán, your product is awesome and we love it so much. I will put you onto procurement to agree the pricing and payment details “

I played very hard as I knew product development wanted our bread in their sandwich

Secured a very high price per unit, at huge margin with 30 days payment

Understand The Deal Dynamics

Understanding who was in power was vital

Buyer was not the ultimate decision maker

Product development team are more powerful in Starbucks

Lesson for you all to look out for

Lesson 16

Talk Less – Listen More



Talk Less – Listen More

Don't keep talking about your own business – enough to interest but not too much to bore

Important you ARE listening and buyer KNOWS you are listening

Buyers will appreciate you more if they think you empathise with their situation

I had a buyer in Coles telling me multiple times that they had issues with their frozen warehouse capacity

I didn't listen well enough and work on an alternative supply chain solution – it would reduce our margin

Another brand did and took away some of our listings

Talk Less – Listen More

Always ask questions and let the buyer talk more

What are your biggest category challenges

Sales growth?

Consumer penetration?

Average weight of purchase?

What opportunities are you looking for?

Buyer may well spark an idea in your head and generate a WIN:WIN situation

Lesson 17

Never Give Your Best Offer Upfront



Never Give Your Best Offer Upfront

In the same way as you should never accept a buyers first offer...

...they are trained to never accept your first offer

Always start with a higher price, tighter payment terms etc etc and negotiate down from there

Buyer has to feel they have negotiated a better price or they won't be satisfied

Never Give Your Best Offer Upfront

Sometimes you can get lucky

In Woolworths in Sydney, the buyer was less experienced than I thought

I went in with a really high price expecting to get negotiated down

Buyer only took a little nibble and was happy

I was ecstatic !!

Lesson 18

Don't Accept The First Offer



Don't Accept The First Offer

Most buyers are extremely well trained

They are conditioned to start off a negotiation with an unreasonable request

They work backwards from there to get the best deal

Be prepared for the unreasonable request and don't react

Lesson 19

Know Your Walk Away Position



Know Your Walk Away Position

You need to fully understand how far you can concede in order to agree a deal

Pricing is obvious

Payment terms

Exclusivity

Production and Supply Chain capacity

Sometimes you can commit to too much.

Can you produce the amount of product the customer will likely need?

Can your distribution partner deliver in full and on time to all stores and/or warehouses?

Have you enough working capital to keep going?

Know Your Walk Away Position

If a retailer gets an inclination you are desperate for the deal

It could frighten them

They could press you for even more unreasonable terms

Sometimes no deal is better than a bad deal

Lesson 20

If you concede – get something in return



If you concede – get something in return

Unrealistic to expect to negotiate without any concessions

Be prepared and have two lists

One list – what you could concede without costing you too much

- Exclusive sku's

- Exclusive promotions

- Exclusive marketing programmes

- Retailer logo when you advertise – e.g. available at Tesco

If you concede – get something in return

Second List – What you want in return

Increased number of sku's

Increased number of stores

Competitor delisted

Shelf location at eye level

Feature in retailer magazine

End display

Minimum period of listing e.g. guaranteed to keep full range in all stores until X date

If you concede – get something in return

Very often a retailer will have a list of things they are happy to concede

Huge value to you – little or no cost to them

You need to keep probing and asking until you reach a point where you can give them something of interest

And they give you something of interest

You can't do this on the fly

Must prepare both lists in advance



Group Exercise

Concession List

“Ask” List

Lesson 21

Keep Your Elk Meat



The Hunters, The Elk and the Wolves

Famous tale from Gavin Kennedy “Everything is Negotiable”

Hunters had tracked a group of elk for days

Finally shot one and tied it to a sled for the long trek home

Wolves smelt blood and followed the sled

Hunters were worried so decided to cut off a bit of elk meat to get the wolves to back off so they could continue their journey

Problem solved ??

The Hunters, The Elk and the Wolves

Not at all

Wolves ate the elk meat and then chased the hunters

Hunters again cut off more elk meat and threw it to the wolves

Problem solved ??

The Hunters, The Elk and the Wolves

Unfortunately not

The hunters had unwittingly trained the wolves

Act menacingly and the hunters will give away more of their elk meat

Until all the elk meat was gone

Concede too early or too easily to a buyer and you will lose all your own elk meat

The Hunters, The Elk and the Wolves

Real life example from my earlier career

Musgraves trading director kept demanding increased LTA terms

Our MD kept conceding to lock in for another 12 months

Cycle kept continuing

LTA grew to a mammoth number

Margin became very unattractive

Too late

Lesson 22

Park Issues



Park Issues

Sometimes you come across a major sticking point

Dangerous if you both become entrenched in your views

If this looks like becoming a big issue

Try to “Park It” and move on to the other aspects of the deal

When the buyer sees a deal completed aside from the one issue parked

Easier for the buyer to soften his approach to conclude the overall deal

Lesson 23

Go The Extra Mile



Go The Extra Mile

Along with passion

Going the extra mile not only sets you apart from competitors – it get's noticed by buyers

Buyers love suppliers who go the extra mile

Make them feel that their business is highly valued and not taken for granted

Go The Extra Mile

In April 2015

Flying on a Thursday to Minneapolis for Starbucks development meeting Friday morning at 8am

Connecting flight in JFK was delayed and delayed and delayed

Finally late Sunday evening, Delta told me they had me on a flight Friday morning getting in at 2pm !!

I begged and begged

Lady told me to run to the bus for the next terminal

Got a flight to Seattle arriving at midnight local time

1am flight to Minneapolis

Arrived into hotel at 6.30am for a shower and a shave and a change

Made the meeting on time

Starbucks could not believe the effort I made to make the meeting on time

Huge factor in getting the contract

Coffee

A large white arrow pointing right, set against a green background. The arrow is positioned in the center of the frame, pointing towards the right edge. The background is a solid green color, and the arrow is a simple, clean white shape.

Post Meeting Follow Up

A large white arrow pointing right, set against a green background. The arrow is positioned on the left side of the image, pointing towards the right. The background is a solid green color, and the arrow is a large, simple shape.

Lesson 24

Time Kills Deals



Time Kills Deals

I have rarely secured a deal that didn't close quickly

If you have a buyer interested you need to...

....ensure next steps are agreed with dates against them

Balance of politeness but firmness

Understand clearly when the buyer needs to make decisions for the range review

How much time is needed for admin set up etc

So frustrating to negotiate a deal.....and then run out of time !!

Time Kills Deals

My bad experiences with buyers include....

Forget how excited they were about your proposal

Move on to other projects

Get alternative proposals from competitors

They run out of time to get new products set up on the system

They run out of time to order products and have them shipped overseas for launch date

Get promoted and move to another position

Personal issues distract them

Time Kills Deals

If you have follow up actions from the meeting,.....

.....e.g. new pricing proposal

Ensure you respond really quick!

Lesson 25

Got to be rice in both mens bowls



Got To Be Rice In Both Men's Bowls

An early mentor of mine told me those words

If you are lucky enough to have a clearly differentiated product that every customer wants

DON'T be too greedy

Buyer will be “waiting in the long grass”

When a suitable replacement comes along you will pay the penalty

Lesson 26

Don't Over Complicate The Deal



Don't Over Complicate The Deal

You will need protection in a deal

To ensure buyer keeps their side of the bargain

Overall deal makes good commercial sense for you

However, in trying to attain this

Don't add in too many conditions or make it too complicated

Buyer may get anxious and back out

Lesson 27

Document The Deal



Document The Deal

Congratulations – you have finally concluded your deal

Very important you document all aspects of the deal

Don't want any issues down the track with the buyer...

...disagreement over an aspect that buyer may choose to decide she didn't remember agreeing to

Buyers frequently change roles, get promoted, maternity leave, resign etc

Important you have a documented deal so no issues with the new buyer having a different
“interpretation” !!!

Lesson 28

Always Be Professional and Courteous



Professional!

Always Be Professional and Courteous

Buyers notice and appreciate when you look and act professionally

Sometimes sales people can get too “familiar”

Language

Sloppy dress

Sloppy time keeping

Sloppy presentation

When you get too sloppy your competitors have an opportunity

Always Be Professional and Courteous

When you get bad news – even very bad news - always be professional and courteous

You never know where that buyer will turn up next

Always Be Professional and Courteous

Sue Campbell was the senior buyer for in-store bakery in Tesco UK

I dealt with her for 18 months in my Cuisine de France days

Sue was very demanding and difficult and our relationship was never casual or particularly friendly

2 years later our new business was struggling

Sue emailed me on LinkedIn out of the blue

She was a senior buyer in Coles in Australia – 760 large supermarkets

Changed my life forever

Follow Up

If any of you have an important retailer coming up

Please feel free to mail me the presentation and arrange a follow up callor

Talk through a particular negotiation or challenge you are facing

FOC

ciaranlally69@gmail.com

087-2541185

Thank You