CASE STUDY #1: B2B SELLER – PROTECTING MARGIN

Company and participant names have been changed or removed to respect Non-Disclosure Agreements and protect the privacy of all involved.

The Situation

A Client (SaaS industry) was bidding on a large enterprise role out for a new customer. They were working with the end user community at the EVP level. After 2 months of work scoping details a "handshake" agreement was reached, and the EVP said they would have "Purchasing cut a Purchase Order".

The following week the EVP contacted the Client and said, "I spoke with our CFO, they said we don't have the **budget** (tactic) and you'll need to **do better** (tactic)".

The Client wanted to maintain their great relationship with the EVP but had already put together an aggressive offer to win the large deal (1.27M). They wanted to make the EVP happy and still protect their margin (22%), so the Client contacted TableForce.

The Negotiation

The TableForce Negotiator began by scripting a list of questions (part of the **planning process** TableForce teaches in its **workshops**) and reviewing the known **Buying Game™ clues** (unique intellectual property developed and taught by TableForce – how a seller can know if they have the order or not prior to negotiating).

It was concluded that the Client was likely already awarded the business, but their new customer was "just negotiating" (**try** is foundational rule #1).

The Client asked the EVP questions about the budget; what is the budget (1.5M, 1.2M for the supplier costs, 0.3M for internal costs and travel) how it was developed (estimate based on previous experience), who approved it (the EVP and the CFO), who would be able to grant any exceptions (the CFO) and lastly, what was included ("everything"; supplier invoices, internal labor, travel, etc.).

The Client and TableForce Negotiator brainstormed how they could reduce the quote while protecting margin. If the Client simply reduced their margin they could meet the .07M ask and be done. But that's not why TableForce was engaged. The next 2 obvious choices were to **de-scope or to re-scope** (tactics). The new customer seemed very happy with the original scope, so de-scoping was the second choice and effort was put into re-scoping and a list of questions was developed (planning – make assumptions, then test the assumptions).

The Client asked their potential new customer if they had any meetings or events planned where the employees were already traveling? A planning calendar of the potential new customers meetings and events was supplied, and the Client began a detailed review. It was also discovered that employees were given "travel days" (1 day to get to a destination, 1 day to return, and their daily rate was charged against the projects they were working on).

After a thorough review of rollout and resource calendar the Client decided they could adjust their role out schedule around the potential new clients already scheduled travel. With minor changes on the Clients side they were able to reduce the potential new clients internal time and travel costs by an estimate .25M. The new all-in budget cost to the potential new customer would be 1.32M; 1.27M (the Client held their margin) + .05M (their potential new customer's time and travel costs combining this with other existing projects).

The Client presented this offer to their potential new customer:

> We heard your request, "take out .07M to help us meet our 1.5M budget" and we have great news! Without sacrificing service or quality, we found a way to save you .25M and come in at a total of 1.32M, as the subject matter experts, here's what we recommend you do" (adjust the schedule).

The Client's potential new customer selected Option B and turned into their new customer. The Client was able to protect their margin. **<u>Win-Win</u>**!

Conclusion

When sellers stop being afraid of their customer and/or losing the order and start to have courage and confidence in their value and ability, they can stop giving away margin and start negotiating over **<u>costs vs price</u>**. Just because a customer has a budget problem doesn't mean the supplier has to have a margin problem.