



Fending Off Inflationary Demands

A TACTICAL TOOLKIT

Price rises are the norm, and probably will be for the foreseeable future.

Some requests for increases will be legitimate, many will be opportunistic.

As the front-line defence, it is incumbent on supply and procurement managers to be ready.

With this in mind, here are some of the key things to consider when preparing your defences against creeping costs...

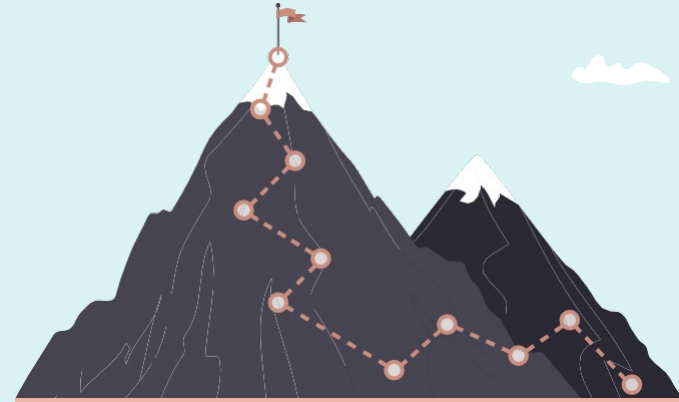
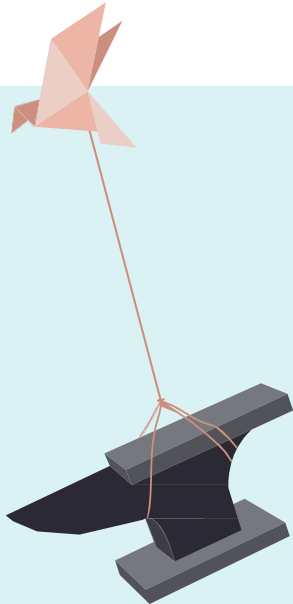


01 Exploring the power balance

Just because they want to raise prices, doesn't mean they have the means to make you accept it!

Explore the power-balance:

- Their incentives/sanctions and your incentives/sanctions
- The likelihood they will follow through with any sanctions
- How quickly they would follow through with sanctions



02 Be aware of your must achieve positions

Undoubtedly, you probably don't want a price rise from your suppliers...

But for many of your customers, the continued and uninterrupted access to your product/service is more important than the price they pay.

It is critical you are aware of:

- The order of priority (price/quantity/quality/timing/etc)
- Your ultimate limit on price rise before you choose not to continue buying

03 Qualify the demands

One thing that has become apparent is that the flood gates have been opened, and the general sentiment is that organisations have become accustomed to accepting price rises... given this, suppliers across the board are jumping on the band wagon.

While some price rises will be legitimate, many will be ambit.

It is incumbent on you to qualify their price rise demand – ‘walk me through how we make up 4.8% rise?’

If they have trouble explaining some of their rise, it is a fairly big clue that some of it may be ambit.

Paying attention to their reasons will help you stay in control moving forward. For example, if they link their price rise to fuel... pay attention if fuel goes back down later!



04 Control the pace/timing

Even if you don't have a lot of ability to stop prices going up, you may have the ability to influence the timing of when this happens.

This could be as simple as when rises kick in... or as sneaky as deliberately stalling (setting meetings to discuss further out in the diary/engaging in circular argument to prevent things from progressing).

Alternatively, in some cases it could also be strategic genius to speed it up! There will be scenarios where it is in your interest to get in front of proposals you know are inevitable... and make a pre-emptive proposal of your own (at your end of the bargaining arena). Instead of you trying to pull their price down, you have anchored the price rise and they would need to work hard if they want more!

05 Have your own agenda

Probably most important...

If the reality is that you will need to absorb price rises, making concessions is a great opportunity for you to trade them for your own demands.

If they want you to open the contract back up, think about what you want too!

For example, this could include:

- Operational – Changes in reporting, holding of stock levels, supply schedules, size of boxes, etc
- Tactical – Is this an opportunity to set a new rhythm around price rise cycles?
- Strategic – Is there something that you could trade into the deal to improve your power in the relationship / or position in the marketplace?



Don't let it be a surprise when a supplier knocks on your door and asks for a price rise.

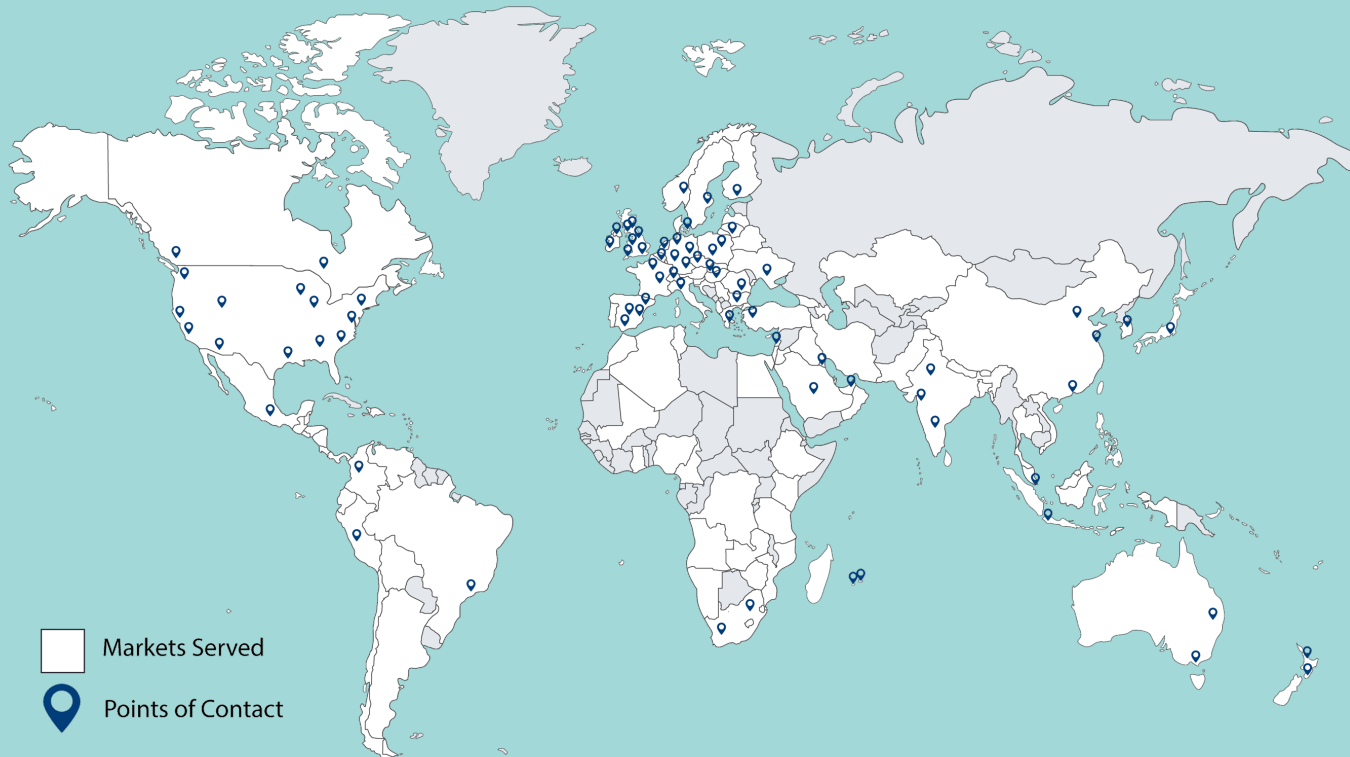
Be deliberate about how you respond, qualify demands, and don't forget it is equally an opportunity for you to ask for something in return!

While some price rises will be legitimate, many will be ambit.

About Scotwork

MAKING A REAL IMPACT WORLDWIDE

Scotwork has coached hundreds of thousands of senior managers in 29 languages. We have grown into the world's number one independent negotiation consultancy, operating in 46 countries. We work with organisations large and small across all sectors. After more than 45 years we are still giving people powerful skills that transform their lives, and handing businesses more successful futures.



- Australia
- Belgium
- Brazil
- Bulgaria
- Canada
- China
- Colombia
- Czech Republic
- Denmark
- Finland
- France
- Germany
- Greece
- Hong Kong SAR
- Hungary
- India
- Indian Ocean
- Indonesia
- Ireland
- Italy
- Japan
- Kingdom of Saudi Arabia
- Kuwait
- Lithuania
- Lebanon
- Luxembourg
- Malaysia
- Mauritius
- Mexico
- Netherlands
- New Zealand
- Norway
- Poland
- Reunion Island
- Romania
- Singapore
- Slovakia
- South Africa
- South Korea
- Spain
- Sweden
- Switzerland
- Turkey
- Ukraine
- United Arab Emirates
- United Kingdom
- United States of America

Please contact us to find out more
Email info@scotwork.com
scotwork.com