



EFESO
MANAGEMENT CONSULTANTS

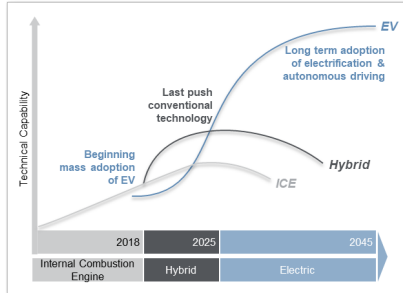
NEXT LEVEL NEGOTIATION RESULTS

How to unlock hidden savings in your supply base

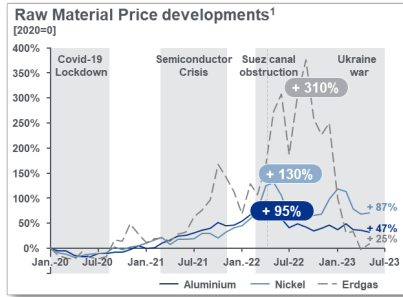
PROCUREMENT
INSIGHT

Due to market and external challenges, purchasing departments of discrete product manufacturers face high pressure with a sharply increased number of negotiations

**Tech-
nology
transfor-
mation**



**Market
volatility**

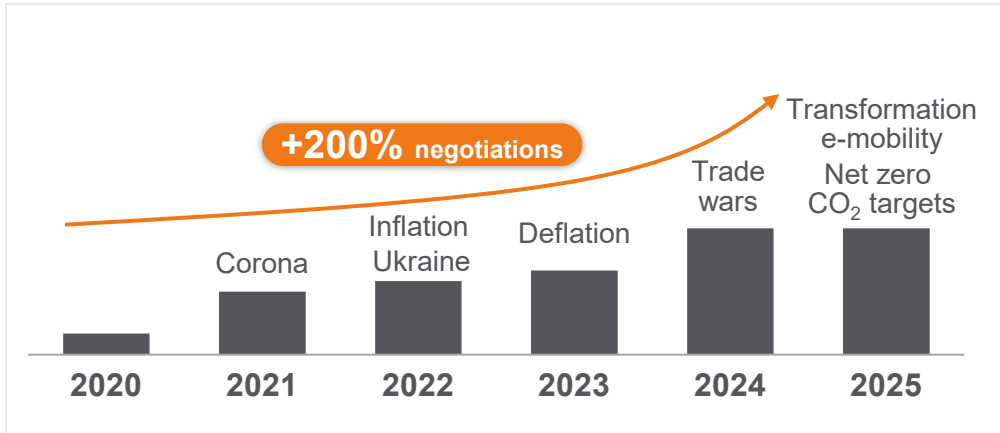


**Trade
wars &
regiona-
lization**

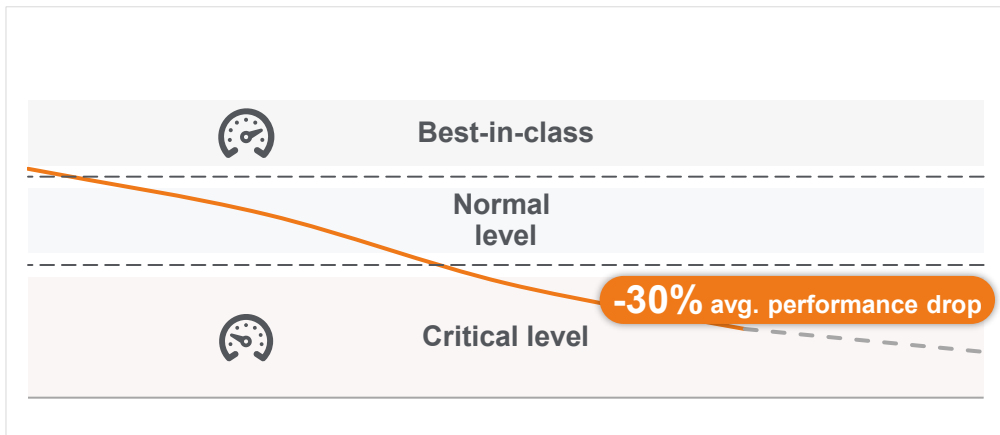


Development of negotiation intensity & performance

**Number of nego-
tiations**



**Nego-
tiation
perform-
ance**



Drastically increased number of negotiations

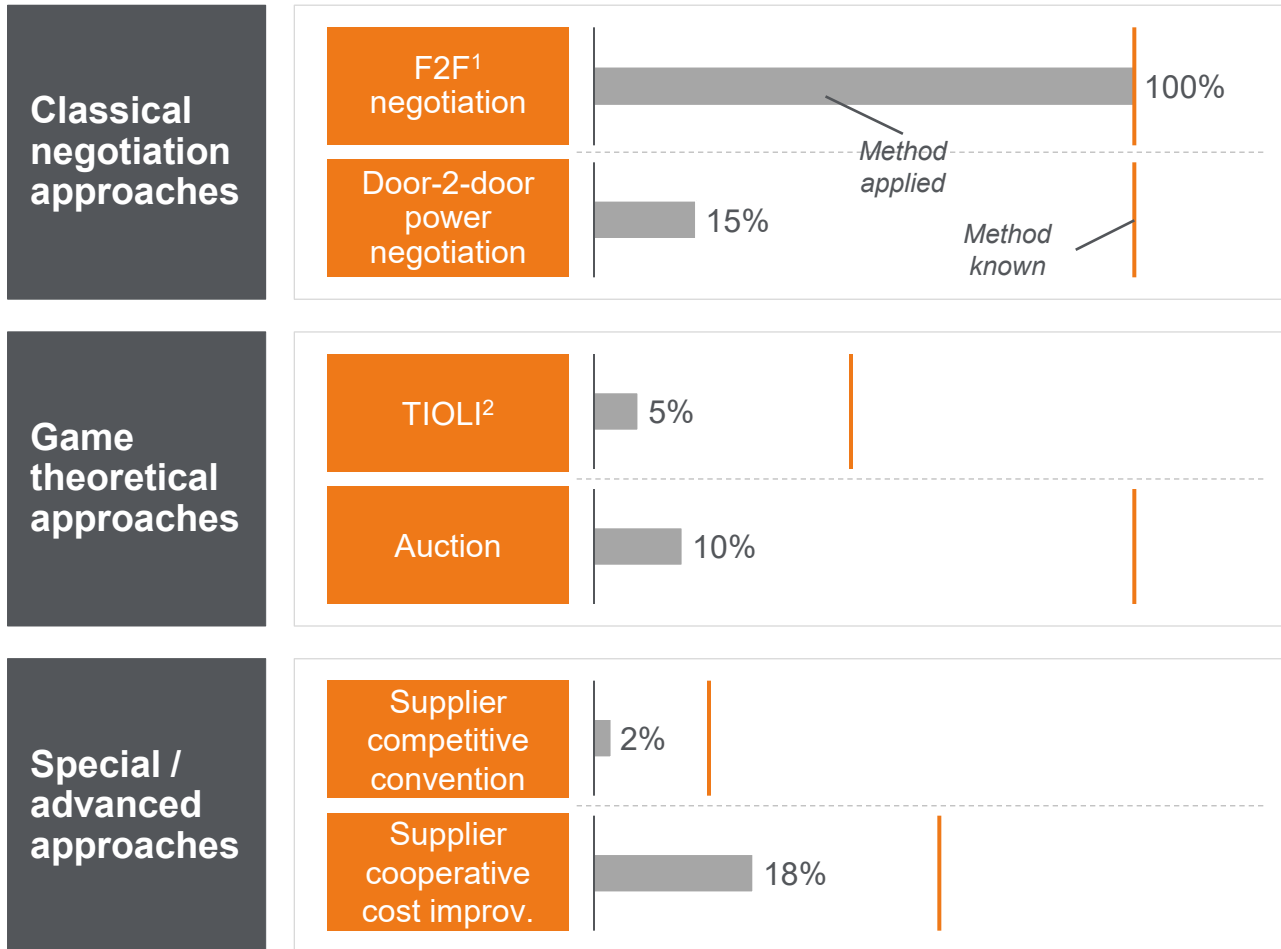
- Transformations need to be handled
- Highly volatile markets
- Trade wars and regionalization trends

- Limited preparation time
- Lacking processes & tools for efficient preparation
- Missing know-how or usage of advanced negotiation methods

Decreasing negotiation performance

Negotiation teams are often not able to keep their negotiation performance.

Our EFESO project and customer survey shows that supplier negotiation know-how and usage of advanced methods is limited, classical negotiations approaches are preferred

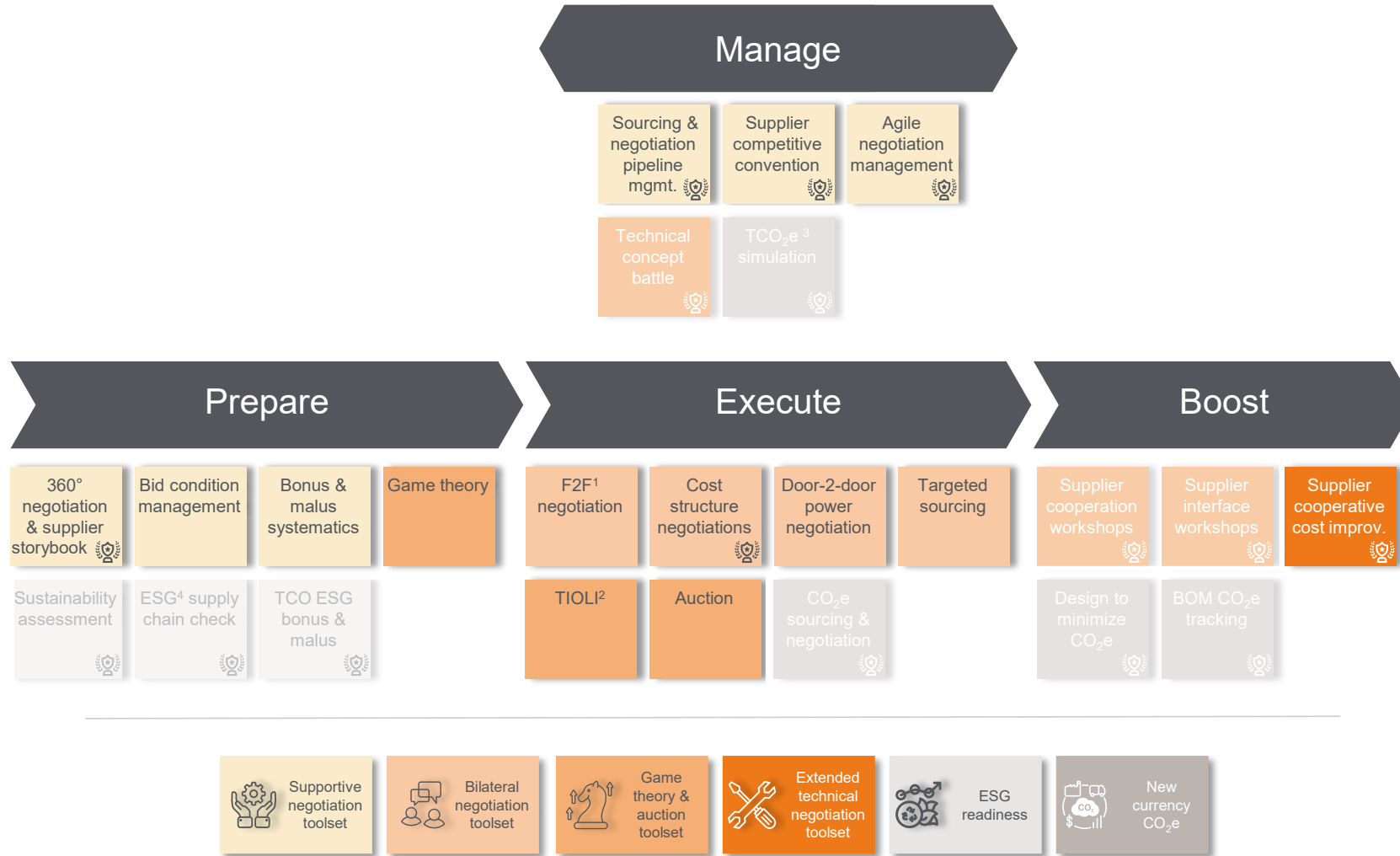


Purchasing departments often **fail to leverage their full negotiating power**, leading to **suboptimal outcomes** for various reasons:

- › *Insufficient preparation for negotiations*
- › *Lack of transparency in data, cost levers, and key insights*
- › *Unclear strategy, roles, and responsibilities*
- › *Not every purchaser possesses strong negotiation skills*
- › *Limited cross-functional support and stakeholder alignment*
- › *Advanced negotiation methods and tools are often unknown or not used*

Billions are left on the table! How can negotiation performance be improved to realize hidden savings in the supply base?

Our comprehensive best-practice toolset for negotiation and awarding management covers all phases of the negotiation process



Detailed approach

The EFESO negotiation and awarding framework provides tools and methods to enhance cost savings in purchasing and procurement across four key stages:

- **Manage:** enable selection of best-fit approach according to specific situation (timing, competition, region) with comprehensive transparency
- **Prepare:** provision of preparation material to facilitate an efficient and effective negotiation process
- **Execute:** define and apply negotiation approach and strategy considering full range of advanced negotiation formats
- **Boost:** holistic and cooperative improvement of total cost along the entire value chain including next product generations



Source: EFESO project experience

1) Face-to-Face 2) Take-It-Or-Leave-IT 3) Total-Cost vs. CO₂ 4) Environmental Governmental Social

Leveraging structured negotiation preparation and selecting the right negotiation method are key for teams to regain negotiation effectiveness

I Understand

- Establish team, transparency over sourcing cases, maximize bundling
- Define negotiation scope, bid conditions, bonus/malus, and targets
- Setup performance tracking and reporting

II Prepare

- Develop strong negotiation tactics and strategies (story- and playbook approach) with expert support
- Select right negotiation method and setup
- Align negotiation strategy targets and escalations path with stakeholders
- Set supplier targets
- Drive and report progress of pre-negotiations

III Execute & Follow-up

- Execute negotiations, applying strategies, and manage escalations
- Analyze and evaluate negotiation results
- Report results
- Perform lessons learned
- Follow-up open tasks, with suppliers considering bonus/malus

With EFESO's best-practice negotiations methods, negotiation teams can achieve next level of savings performance.



Proven negotiation preparation and best-practice methods unlock hidden savings of over 13% within our clients' supply base.

Client results utilizing EFESO's unique negotiation approaches

Next level of savings unlocked



30+

Supplier competitive conventions executed



3.000+

Negotiations supported



€2.3 bn

Spend savings realized



>13%

Savings realized

Benefits

- 1** Full transparency on sourcing and negotiation scope 
- 2** Professional negotiation preparation and stakeholder alignment 
- 3** Maximized bundling and competitive lever 
- 4** Improved negotiation setups and usage of advanced methods 
- 5** Improved negotiation results 



