Optimizing Client Relationships:
Building Productive Partnerships with Procurement

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J. Francisco Escobar
Themes of Today’s Discussion

“An Investment in Knowledge ALWAYS Pays the Best Interest.”

Benjamin Franklin
Keys to Successful Negotiations

- 3 Key Focus Areas
- Statistical breakdown of what drives success
  - **Preparation** – don’t just wing it
  - **Research** – every negotiation is unique
  - **Initial Communication** – develop rapport
  - **Non-Verbal Cues** – act non-threatening
  - **Meeting Flow** – be the least important person
  - **Emotional Elements** – remain dispassionate
How Agency Roles Impact Outcome

**CEO / Executives**
- Set the tone of relationship
- **NOT** present during negotiations (*)

**CFO / Finance**
- A must if Client Procurement involved
- Limit to commercial issues; the “heavy”

**New Business / Account Leads**
- Face of relationship; brings the enthusiasm
- Cross-sells -- present other network solutions
TOP 10 for Effective Negotiations

10) In business, as in life, people who EXPECT more, ASK & DEMAND more, GET more

9) Negotiate in person, matching numbers of participants and functional roles (*)

8) Make best use of body language, reflecting self-confidence and winning attitude (*)

7) Elevate others’ egos and never make them feel belittled or devalued

6) Talk about money last, start with value, partnership, and meeting of mutual objectives

5) Be stingy with concessions; look for trades of unequal value.
Effective Negotiations (cont.)

4) **SHUT-UP** and listen; yet in some cases, it may be best to set first anchor.

3) **DON’T** be defensive -- **Negotiate on your front foot**

2) **Say “NO”** one more time; **make time your friend**.

1) You are the least important person / party in the negotiation, NOT the ultimate decision-maker

**PR Council Special:** Forget about winning or losing -- EVERY negotiation should strive to meet common goals and create / build upon a valued relationship
Importance of Developing Agency Standards

1. Selling Process – Prospecting & On-Boarding
2. Compensation / Pricing Models and Parameters
   - Competitive Exclusivity / Client Conflicts
   - Billing and Payment Terms
   - IP / Ownership Rights
   - Indemnification / Limitation of Liability
   - Data Privacy & Security
   - Audit Clause
   - Termination / Force Majeure
4. Client / Agency Feedback Loop
Negotiating in a ZOOM World

- **DON’T** assume you know who all is on the “call”

- Start with empathy, asking soft personal questions

- More important than ever that you know all that you can about every disclosed participant (maximize LI)

- Like a new business pitch, rehearse every aspect of the call and ensure that everyone knows their role

- Assume that other party knows everything about everything; don’t hesitate to say NO or put them off !!
Procurement Types
The Purpose of Business

“... the purpose of business is to create and keep a customer; the business enterprise has two, and only two, basic functions: marketing and innovation.

Marketing and innovation produce results; all the rest are costs.

Marketing is the distinguishing, unique function of the business.”

Peter F. Drucker – The Practice of Management (1954)
Procurement Continuum

Cost (Manufacturing)
- Lowest Cost Providers
  - Cost
  - On-time Supply
  - Quality

Revenue (MarComm Svcs)
- Best Value Providers
  - Quality
  - Service Delivery
  - Cost

General Procurement
Value for $ Procurement
Core Procurement Types

- III. "Cost-Cutter" Corporate Hero
- IV. "Relationship Optimizer" Enlightened Procurement
- I. "The Obstacle" Box Checker
- II. "Rubber-Stamper" Amiable Simpleton

Expertise vs. Personality

- High Expertise vs. Relationship
- Low Expertise vs. Adversarial
Procurement’s “Burning” Issues

- Cost savings and Agency consolidation
- Cash-flow management – Payment Terms
- Working vs. Non-Working Dollars
- Budget scrutiny – efficiencies, fraud/waste, etc.
- Renegotiation of commercial Ts & Cs
- Re-bundling, in-housing, and “À la carte”
Final Q&A

francisco@jfeintl.com
Other Back-up Slides
Core Procurement Type Characteristics

- **Type I – Box Checker**
  - Conscientious tendencies; guarded when speaking
  - Stickler for details, not the big picture
  - Requests unnecessary information; expects administrative excellence
  - Uneducated in marketing services spend category; likely to treat supplier-partner like any other vendor

- **Type II – Amiable Simpleton**
  - Supportive tendencies; listens and speaks empathically
  - Avoids confrontation, not very demanding
  - Cares about service provider being focused on his own internal customers
  - Applies traditional purchasing mentality and processes to “buy” marketing communications services
Core Procurement Types (cont.)

- **Type III – Corporate Hero**
  - Domineering tendencies; comes across as aggressive
  - “Bottom line” approach without exhibiting flexibility
  - Cost is the main driver; likely to (mis)use benchmarks
  - Although educated in marketing services category, will try to tell suppliers how to run their business

- **Type IV – Enlightened Procurement**
  - Influencing tendencies; speaks readily and persuasively
  - “Team player” that focuses on positive outcomes
  - Trust builder; constructive manipulation of all parties
  - Objective voice of reason that ensures fairness, promotes dialogue, and stewards partnerships
Characteristics of Fair Compensation

- Is the relationship principally based on Trust?
- Does it motivate the “right” behavior, on both sides?
- Will the relationship endure and withstand an audit?
- Does it drive efficiencies and marketing effectiveness?
- Do both parties truly perceive a “win/win”?
Optimizing RFP Process

When evaluating candidate agencies, are they:

- Enthusiastic
- Punctual (or early)
- Inquisitive
- Thorough
- Accurate
- Competitive
- Self-Confident