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Optimizing Client Relationships:

Building Productive Partnerships with Procurement

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Themes of Today's Discussion

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

Benjamin Franklin

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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
3. Key Contractual Provisions
 - 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 !!**





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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)

Revenue
(MarComm Svcs)

General Procurement

Value for \$ Procurement

Lowest Cost Providers

- Cost
- On-time Supply
- Quality

Best Value Providers

- Quality
- Service Delivery
- Cost



Core Procurement Types



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"





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Final Q&A

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



Agency Responses Scenarios



Optimizing RFP Process

When evaluating candidate agencies, are they:

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

