

A man with dark hair and a beard, wearing a blue button-down shirt, is sitting at a wooden desk. He is holding a smartphone to his ear with his left hand and looking down at a laptop screen with his right hand. He has a slight smile on his face. The background is blurred, showing what appears to be an office or library setting with bookshelves.

Selling to Procurement: 5 Strategies for Win-Win Negotiations



THE BROOKS GROUP

Why Procurement Matters to You

In recent years, more and more organizations have shifted to procurement as a central driver, not simply to cut costs and source supplies, but to streamline operations and even uncover new sources of revenue.

Dealing with procurement more frequently isn't well received by most sellers, who commonly regard procurement professionals as the adversary—there only to identify the lowest cost provider and squeeze profit margin even further.

The conventional stereotype of procurement professionals as “number-crunchers” is becoming less relevant as organizations begin to rely more heavily on them to create value rather than respond to cost pressures.

Price is no longer the sole driver of purchasing decisions (our survey results reveal only 7% of respondents cite price as their only consideration when making a purchasing decision.) On-time delivery, performance, and ability to meet required specifications were ranked over price by survey participants.

The key to working successfully with procurement is understanding the process they execute, their goals, and what they expect from a vendor relationship. Sales professionals must enter the buying process early, develop a deep understanding of an organization's purchasing process, and sell and negotiate with transparency in order to come out on top.

We surveyed 138 procurement professionals to understand their purchasing process and expectations they have when dealing with vendors. In this research paper we'll reveal our findings and the 5 strategies sellers must execute to succeed and get to the yes faster when dealing with procurement.

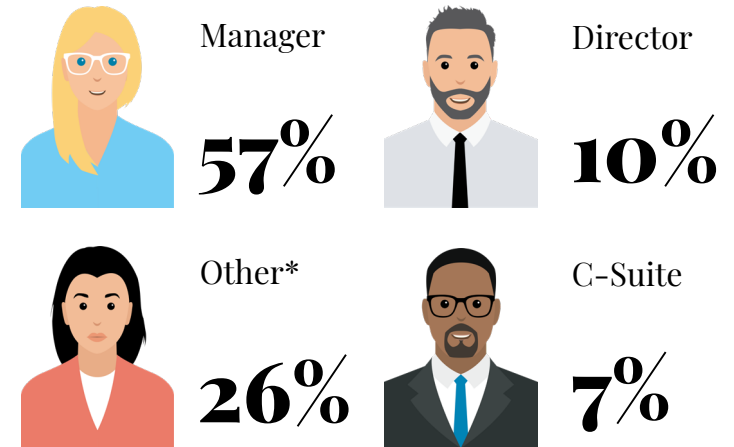




Survey Demographics: Who Was Surveyed

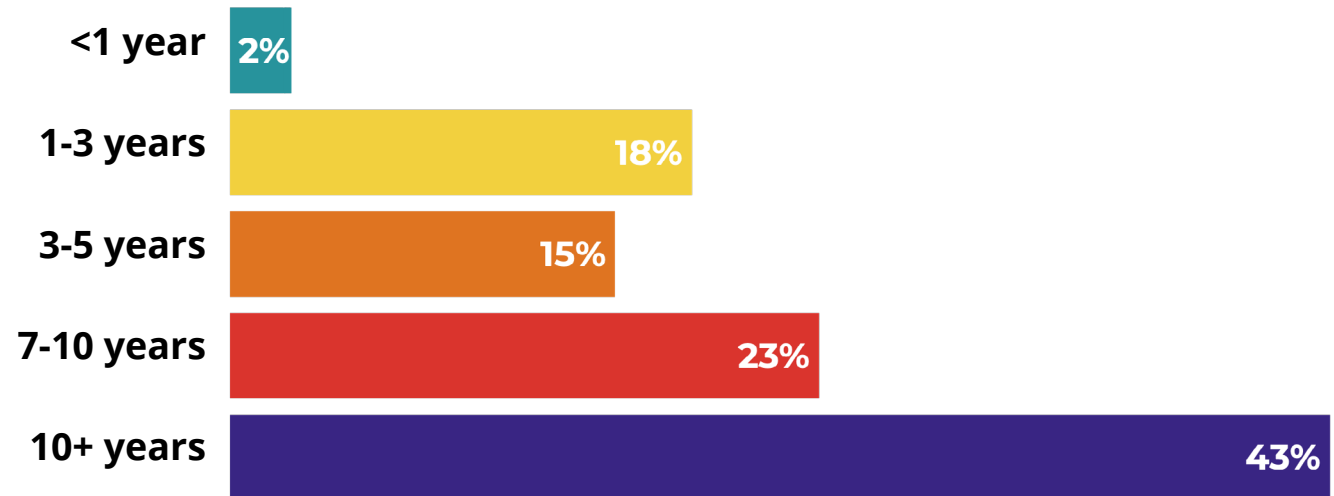
Industries Represented:

- Manufacturing
- Government
- Healthcare
- Retail
- Construction
- Food & Beverage
- Education
- Financial Services
- IT/Technology
- Agriculture
- Energy/Oil & Gas
- OEM with Distribution
- Professional Services
- Transportation
- Other



*Roles included procurement analyst, administrator, specialist, associate, etc.

Procurement Experience



When Does Procurement Enter the Buying Process?

Sellers must make connections as early in the buying process as possible—ideally in the Awareness or Consideration stage, in which the buyer is beginning to understand their challenge and explore potential solutions.

Through proper questioning, sales professionals can determine where the procurement professional is in the decision-making process, and even walk them backwards (if necessary) to make a collaborative diagnosis.

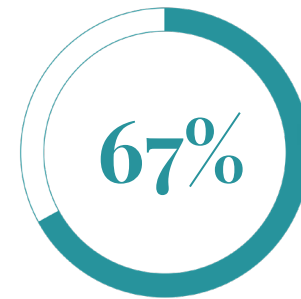
Engaging in a collaborative diagnosis of the challenge gives sellers a greater chance of closing the sale. They can focus on selling value, instead of responding to a request for a quote or proposal.

When procurement is involved from the beginning (which our survey results reveal is the most common scenario) sales professionals should avoid entering negotiations too soon, even if procurement pushes for a price quote up front. They should focus first on understanding business needs and building value.

When procurement enters later in the process, a sales professional's opportunity to develop a relationship is diminished. To combat this, sales professionals should invite procurement to the table as soon as they identify they will play a role in the decision-making process (even if they're only there to observe.)

Regardless of which stage of the buyer's journey sales reps enter, they must ask smart, targeted questions to fully understand the organization's purchasing process and procurement policies. Understanding the process will help them navigate it successfully.

Strategy 1: Make procurement relationship connections early in the sales process.



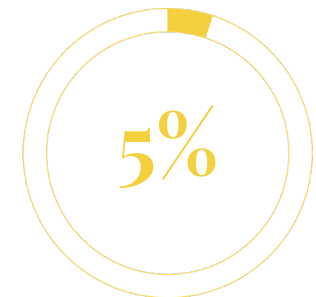
At the beginning of the buying process, during the needs identification



Midway through the buying process, during vendor solicitation and evaluation



Late in the buying process, once a solution and vendor has been identified



Other*

*Other answers indicated being involved in every stage of the process



Strategy 2: Understand the stakeholders and organizational dynamics, including decision makers at all levels.

How Many Stakeholders Are Involved in the Purchasing Process?

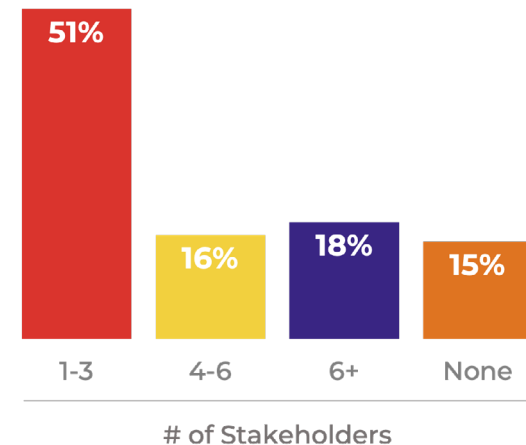
In today's complex selling environment, multi-person decision making units have become standard.

With more stakeholders involved, sellers must be capable of quickly mapping out the decision-making unit—and approaching each influencer in the most effective way.

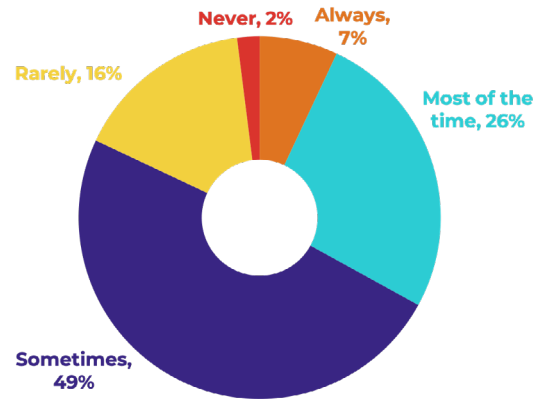
Each person on the committee will play a different role and have a different set of motivators. It's a sales professional's job to identify these roles and cater to the wants, needs, and behavior styles of each.

Training for the complex sale will enable sales teams to navigate multiple layers of decision makers— ensuring they have a place at the table when purchasing decisions are made or RFPs are written.

What if procurement doesn't allow access to other stakeholders, even if the sales professional tries? In this case, sellers must be vigilant in understanding the decision-making process, as well as the needs and priorities of the other stakeholders. Successful sales professionals will seek to develop advocacy with procurement and equip them to sell on their behalf.



How Often is Price the Only Consideration in Making a Purchasing Decision?



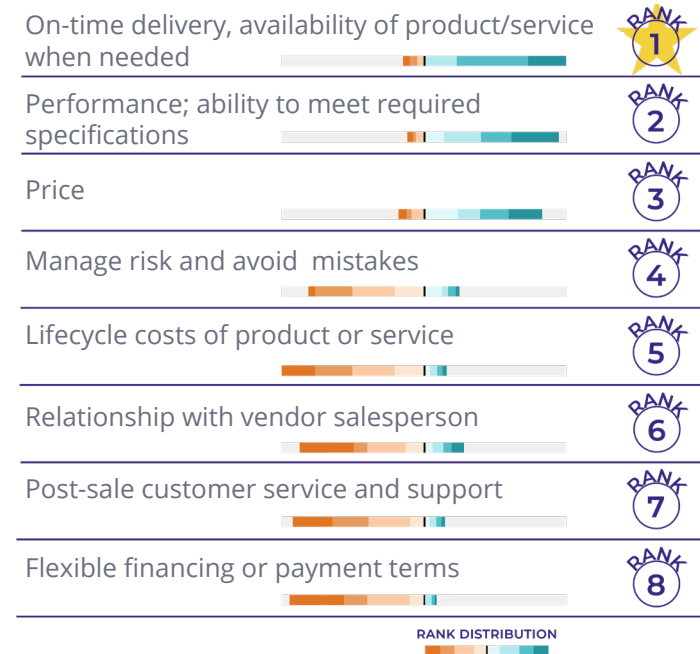
Price is rarely the only consideration for making purchasing decisions.

Each year the conventional stereotype of procurement professionals as “number-crunchers” is becoming less relevant as they play a growing and integral part of sourcing and securing value for their organization.

A mere 7% of respondents indicated that price is their only consideration. What the surveyed procurement professionals value over price is on-time delivery, availability of products and services when needed, performance, and the ability to meet required specifications. However, sellers may receive price pushback when they have failed to create enough value for these elements in the mind of the procurement professional. Sellers should ask enough questions to thoroughly understand procurement’s decision criteria, then use this information to present a more valuable proposal to justify a premium price.

Price cutting is avoidable as long as a sales organization is able to deliver on quality and value.

How Important Are the Following Elements When Considering a Purchase?



Strategy 3: Recognize the needs, wants, and priorities of procurement professionals, beyond just the lowest price.



Which Benefits Would Justify a Higher Purchase Price?

There are several things that will justify a higher price in the eyes of procurement—with transparency around the sale being at the top of the list.

Sales professionals must be upfront and transparent about their process when working with procurement professionals and any other stakeholders. When reps follow a buyer focused sales process, they are better able to level set with procurement professionals about next steps and procedures and avoid coming off as manipulative or self-serving.

Procurement professionals value working with a vendor who saves them time and frustration and is overall easy to work with. This speaks to the need for sellers to recognize buyer behavior style, adapt their communication approach to match, and provide resources that align with a contact's personal preferences.



Strategy 4: Sell and negotiate with transparency.

57%
likely

Vendor sells and negotiates with transparency

66%
likely

Vendor consistently delivers on time

66%
likely

Vendor is easy to do business with; saves you time and frustration

59%
likely

Vendor salesperson helps you minimize risk or avoid mistakes

59%
likely

Vendor products/services perform as promised



How Easy Is It to Get a Discount?

Sales professionals give in too quickly to discount requests.

High-performing sales professionals are skilled at building value and negotiating strategically to avoid lowering price and sacrificing profit margin. They recognize procurement negotiation tactics and avoid the common mistakes that invite procurement to ask for discounts.

70% of respondents indicated that they typically ask for a discount or price concession 1-2 times before receiving one.

Strategy 5: Don't discount too quickly.

Conclusion

In order for sellers to come out on top when dealing with procurement, they must fully understand the rules that procurement professionals are playing by.

The beginning stages of the sales process require sales professionals to play the role of investigator: to ask questions in a way that uncovers the most information possible while making the procurement professional feel confident and heard, not interrogated.

Their investigation will shed light on the purchase process, allow them to map out the decision-making unit, and build undeniable value in the eyes of procurement. Give sellers a process and a playbook to follow, and they will break through barriers and navigate the modern procurement organization with much greater ease and success.

About The Brooks Group

Founded in 1977, The Brooks Group is an award-winning B2B sales training company focused on bringing practical, straightforward solutions to your sales force selection and training challenges.

The Brooks Group provides a suite of proven sales and sales management development programs, industry-leading reinforcement tools, and best in class assessments.

For more information

The Brooks Group can be reached by phone at (800) 633-7762, by email at Contact@TheBrooksGroup.com or online at TheBrooksGroup.com.

