

Negotiating After Backdoor Selling

By Charles Dominick, SPSM

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How Can You Negotiate After the Deal is Done?

Backdoor selling occurs when a requisitioner commits to a deal with a supplier without your involvement or approval. Negotiating with a supplier who believes he's already won the order is one of the toughest situations you will ever face. Practicing the techniques below will help shift control of the negotiation back in your favor!

Rally The End User To Your Cause – Meet with the requisitioner and get them to share your pain by pointing out the problems caused by their actions. Has a policy been broken? Do they realize their order is in jeopardy and the supplier may be barred from doing business with your company? Once the requisitioner understands the issues, ask them to participate in the negotiations by explaining that this is the fastest way to solve the problem. The supplier's strength stems from their relationship with the requisitioner. Including them both in the negotiations sessions reduces supplier leverage.

Use Benchmark Data to Increase Your Leverage – If your company has purchased the same item or similar items previously, use your average historical cost, last price paid or similar data to lower the costs of this transaction. Where available, use benchmark cost data published by periodicals, industry trade groups, recent quotes from other suppliers, etc. to help you determine if the supplier is charging you a fair price.

Attack The Contract – You can't always lower the price once backdoor selling has occurred; sometimes you have to focus on making other aspects of the purchase better. Look for weaknesses in the contract and gain concessions by negotiating for a longer warranty, better service maintenance agreement, or free upgrades. If buying software, negotiate for an enterprise-wide license instead of user licenses. Gain future leverage by using a Most Favored Nation or Material Adverse Changes clause in the contract. Improve your company's cash flow by negotiating extended payment terms or an early payment discount.

The best way to avoid the hassles of negotiating a "done deal" is to prevent backdoor selling from happening in the first place. Make it easy for the supplier to do the right thing via open communications and clear policies.

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