NEGOTIATION TACTICS

TO MANAGE PRICE CHANGE COMMUNICATIONS

Sample backup strategies to deploy in the event of price increase resistance

Emphasize Available Services

Utilize existing breadth of value-add services

- Technical services
- Product training
- Engineering capabilities
- Marketing support

Reduce Services

Lower commitments to existing services

- Frequency
- 1:1 versus group
- Customization

Substitute Product

Offer alternate product to enable margin enhancement

- Are technical requirements met?
- Does margin improve?

Substitute Raw Material

Offer alternate raw material to enable margin enhancement

- Are technical requirements met?
- Does margin improve?



Hold Price for 3 Months

Provide a price guarantee for no longer than 3 months

- Consider limiting the order size
- Require to take last delivery prior to a certain date

Defer Increase for 30 Days

Defer increase on select products for no longer than 30 days

- Allow customer to place one last order at the existing (lower) price
- · Consider limiting the order size
- Require to take delivery prior to a certain date

APPROACH IS...

- Recommended
- Take Caution
- Not Recommended

Reduce Increase Selectively (e.g., by Product)

Reduce price increase on select products only

 Be wary of price reductions on high-running / low-margin products

Trade Price for Longer- Term Contract or Volume

Reduce price increase on select products in exchange for a longer contract or additional volume

- Ensure additional volume is above the price-volume breakeven point
- Request a firm order that warrants the lower price, with fixed release schedule

Reduce Increase More Broadly

Broad reductions without any tradeoff should be avoided

- Avoid across-the-board reductions as it undermines the value determination used for the original price recommendations
 - Be wary of price reductions on highrunning / low-margin products





