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- Be prepared with the supplier's sales history to you.
- Know who they talk to and what kind of relationships they have.
- Understand the supply base and exactly how much leverage any given supplier may have (e.g. sole source status versus obvious commodity).
- Know what leverage you have with the supplier (ex. is there more business that they could get?).
- Do you have a contract (of any type) – know the terms inside and out.
- Understand the “critical” spends.

PREPARATION IS KEY

- Know the supplier's company inside and out. Know their ownership structure, their metrics (including with the reps and their management is incented on, etc.).
- Do we have a scorecard? What are our expectations? Both hard and soft impacts.
- Know our weaknesses (ex. in the last earnings call – communicated profits and looking for cost reductions)
- Control the discussion (share: agenda, keep to yourself: objective, know your negotiating space including “need” versus “like to have”).

KNOW WEAKNESSES

- Know and study your key suppliers cost drivers, if they are material based or if their manufacturing moves off shore, for instance, know more about those costs than the sales rep calling on you. That information destroys price increase requests and can lead to price decrease requests from you to the supplier.
- When you know it's coming or are actually presented with justified or contractual price increase or other requests that hurt the business make sure :
 - You communicate the timing and probability to the Carpenter sales leadership team right away.
 - Carpenter pain is less than our competitors.

UNDERSTAND YOUR COSTS

- Then: First things first... the longer it takes to schedule price discussions with the supplier and the more separate levels of the organizations that are required to be involved in separate meetings that need to be scheduled can buy you time. Time is your friend as it gives the company's sales force more time to adjust pricing to customers.
- Always ask for a waiting period. This delays increase implementation until after all your competitors have been hit... this gives your sales organization more time to react and raise price in an environment where the competition may be more supportive of price moves.

INTERNAL COMMUNICATION

- ALWAYS demand most favored nation contractually. It protects us and is a sustainable competitive advantage.
- Ask for better terms or early pay discounts in return for ANY price moves.
- Ask for consigned inventory.
- Ask for offsetting R&D and/or other relevant resources to support your specific projects to lower your operating costs.
- Never ever lose control... there is a difference between firm aggressive behavior and emotionally charged anger.

ASK FOR SOMETHING

