

22

Negotiation
secrets:

**Get the best
price on parts
and supplies**

Before the price tag was invented in the 19th century, people were pretty comfortable haggling to get a good deal.

But since the advent of the price tag, we've become too comfortable just paying the marked price, and most of us have lost our negotiation skills.

However, when it comes to sourcing parts, there's always a bit of wiggle room. Follow the tips below to get the best prices for parts and inventory, and save yourself some cash in the process.

22 Negotiation secrets

1. Know what you want...

Know exactly what you want (technical specs, performance, material, size, etc.) and have this information in front of you when negotiating.

2. ...and when you need it

Know exactly when you need the product or service. Giving enough lead time to vendors allows them to consolidate orders and get better discounts from their suppliers, which they can pass on to you. Avoiding 'we need it now' scenarios lets you spend more time negotiating.

3. Know your vendors, brands, and manufacturers

Identify three separate product vendors if you want a specific brand, or three manufacturers if brand is not important. Know the names of the manufacturer or supplier (especially the name of their sales reps) and don't be afraid to name drop during negotiation. Finding three suppliers is not always easy, which is why we built a tool inside our CMMS that can find parts across multiple vendors, compare specs and pricing. There are over 2,000,000 parts from the world's biggest MRO vendors in it, so just about anything you need is in there.

4. Know your last best price

If you've purchased the product or service before, know what your last and best price was. A CMMS with a purchasing module in it will be able to tell you what your last or best price was so you don't pay too much.

5. Show you're serious about the purchase

Vendors don't like spending a lot of time and effort preparing a quote that's only for budgeting purposes, so make sure you indicate that funding is available, and that you have the authority to make the purchase.

6. Don't volunteer or initiate pricing with the supplier

Let the vendor come to you with a price first.

7. Don't be afraid to ask for what you want

- Always ask for their best price and delivery, and ask if they can do better than this, as you have other competitive quotes for the same product.
- Ask if they can cover the shipping cost.
- Ask for additional things at no charge that don't cost them much or are high margin items for them such as upgrades or an extended warranty (extended warranties are especially nice options if they don't have any room to move on price and they are confident about their product).

8. Be flexible

You're only interested in the bottom line, but the sales rep you're dealing with may not be. Understand how the rep makes their money and structure the deal accordingly. For example, some reps are on a base salary and only get commission on accessories and warranties. By suggesting you pay full price on these, the rep may be able to provide a deeper discount on the base unit.

9. If the vendor doesn't come in with the best price, let them know

Once you have a few quotes, you can follow-up with the rep and tell them they didn't offer the best price, and suggest that they call you again if they have a special, a sale, or could otherwise provide a better price in the future. This gives them an easy way to come back with a better price without losing face.

10. Carefully consider timing

If timing isn't critical, consider making the order near the end of the month, end of quarter, or end of year. Sales reps may need a quick sale to boost their overall numbers if they haven't met their quota or are going for a bonus based on sales targets. If so, they're more likely to cut a deal at these times.

11. Know the market

If your preferred supplier is local and there's a cheaper offshore knockoff, you can indicate you'd really like to purchase local, but they'll need to be flexible on price. Sales people are very aware of their offshore competition, and it's a big motivator for a better deal.

12. Remember to factor in delivery time

If delivery timing is the big issue, you may want to accept a higher price but with faster delivery. Delivery can be sped up if you stress that this will be an important factor in selecting them for the next job or order. Sometimes the local sales rep will hand-deliver at no charge if you ask.

13. Ask for payment terms

Partial prepaid discounts, or 2% discounts for 10-day payments are the most common. If there are no term discounts available, ask for extended payment terms (60+ days is a good starting point). Companies with over-extended lines of credit or who have third parties collecting customer payments are more likely to give worthwhile incentives for quick or pre-payments. You can figure this out by looking at their previous invoice and seeing if the “Remit To” is the same as the company address. If not, the company may be in some financial trouble and might be more flexible with their pricing.

14. If it's a big capital purchase, tie in the final payment with performance criteria

For example, it must perform according to an agreed-to specification to have the final payment released. This often allows you to get an additional discount if or when the product underperforms, as equipment rarely performs according to specifications in a production environment.

15. Offer referrals for good customer service

Tell the sales rep that they can use your name as a referral if the sales process has been exceptional. Be explicit that your testimonial will be based on your overall level of satisfaction, which includes: Price, terms, quality, service, delivery, and performance. Don't underestimate the value of a testimonial. Testimonials are a big deal and companies are willing to go to great lengths to get stellar reviews they can use for marketing.

16. Refuse to accept any gratuities, kickbacks, referral fees or gifts

These things actually reduce your ability to negotiate a better deal for the company and usually have less value than the discount. Suggest that they reduce the cost of the purchase by the equivalent dollar amount, or apply it to your next purchase.

17. Get suppliers to email you their quote

If it's verbal, you should write it down in your daily journal with product specs, names, phone numbers, pricing etc. A paper trail is your ammunition to show your manager you've done your homework, and your clout for future orders. An RFQ provides a nice digital paper trail that will really help in your negotiations and serve as a record of the supplier's official offer. Be sure to check it against your purchase order and what you ultimately end up receiving. Your Fiix software includes all the checks and balances in our purchasing module to make sure you get what you've negotiated for.

18. Search for discounts

If you're purchasing online, many vendors have discount codes hidden somewhere on their website or in some online promotion they recently ran. Do a web search for the manufacturer's name and the words "discount" or "promotion", and you may uncover a discount code that still works, which could save you a bundle at checkout time.

19. If you're buying retail, then check out the competitor's flyers

Most retail chains and many small vendors will match the best price on the same product offered by competitors.

20. Don't be afraid to clip coupons

All that junk mail you get is loaded with coupons and discounts, so you may want to spend a little time sifting through them if you plan on spending a few hundred dollars or more.

21. Ask about overstock

You'll be surprised to find that even retail and big box stores will cut deals for overstock, out of box items or even just because. Ask a store rep or the service desk if there are any deals available to you.

22. Go into your negotiations confident and focused, but always stay cool and friendly

Don't make threatening or insulting comments if things don't go your way— you don't want to anger your supplier. Negotiating with a hot head is a sure way to spend more money than you need to.

Remember: No purchase is too small to negotiate. The price and terms are always negotiable, but you have to ask with confidence.

But wait, there's more...

Looking for more ways to cut costs at your facility? A CMMS is a great first step towards streamlining your maintenance strategy, which can help you save big in the long run.

Other resources:

- > [11 reasons to invest in a CMMS](#)
- > [Choosing a CMMS: A short guide](#)
- > [The 4 big benefits of maintenance software](#)