

# Turning the tables

In the second of two articles on so-called 'back-door selling', **Bob Benedict** reveals the dangerous questions salespeople ask – and how you can turn them around to benefit you

**I**n my previous article (*SM*, 20 July) I dealt with five "classic" questions, suppliers ask to gain an advantage in subsequent negotiations. This follow-up piece will deal with additional supplier back-door enquiries – three of which can immediately lead to unnecessary single or sole-source situations.

## What's your budget for this item?

This is often asked of engineering or information systems people previous to any seller discussion with purchasing. While answering this question directly can severely

damage hope for a better price, the technical person feels they are being helpful – not understanding that they are giving away proprietary information.

Usually professional suppliers won't even stop when they receive the answer to this question. The follow-up questions will be as follows:

"How firm is that budget?"

"Are there any additional budgets that might affect this?"

There are several ways of responding to questions regarding budget. Recommended responses include:

"Sorry, that's proprietary information."

"That's not the point. The point is, what's the best you can do?"

## How do we compare with others?

Any positive comparisons you make with other suppliers will be used repeatedly by the seller in the formal negotiation. For example:

"As you said earlier, our quality is outstanding and we know how vital the quality of this product is to your customer."

Your recommended response to prevent such a situation occurring would be:



“As with your competitor companies, you meet specification.”

### Does purchasing have veto power?

This can be a real landmine, because in some organisations purchasing simply places orders whereas in others it has veto power and does the final negotiations. If the seller rightly or wrongly believes that purchasing has no veto power and simply places the order they will not enter into a meaningful negotiation with you. They feel they don't have to give concessions since the deal was already concluded with the technical people.

Recommended response:

“It's a team buy. You need to convince the technical community as well as us.”

### Could I have a plant tour?

Be very careful with this one. The seller has been trained to look for additional sales opportunities and to see who their competitors are. And unless the seller has a confidentiality agreement with you, they may share information about your operation with your competitors.

Recommended response: “If you are selected as the supplier of choice, a plant tour may well make some sense, but at this point it would be both premature and a waste of time.”

### How's business?

If you say, “Great! We're running every assembly line three shifts a day, seven days a week,” the salesperson may assume that profits are up and that delivery may be more important than price.

If you say, “Wow, things are really tough,” they may wonder if they are wasting their time.

Recommended response:

“Our business is steady. How's yours?”

Purchasing and technical people should feel free to quiz the salesperson in return. If the seller asks you a question, they have just given you permission to ask them questions on the same topic.

If the seller says, “Great! We're running every assembly line three shifts a day, seven days a week,” you better be careful regarding any capacity problem that the seller might have in getting you the product on time. If they say, “Wow, things are really tough,” your follow-up questions may determine that the seller is really hungry for the order.

### How are you evaluated?

This question is addressed directly to the buyer. The salesperson would like to know if your management evaluates you on the

number of orders placed – in this circumstance, you'll be less concerned with price than with speed of getting the order completed. You could also be assessed on the difference between the original quote and the final agreement. In this situation the salesperson will beef up the original quote to make you look better.

Recommended response:

“On the total package. So, how are you evaluated?”

### How firm is the specification?

This question is asked after the request for quote (RFQ) and specification have gone out to tender. The supplier may suggest an alternative process or product that could make their quote cheaper or the delivery

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faster, and so on – but only if the specification could be slightly altered.

This could be a win/win question, so it's important to invite the supplier to provide any alternative suggestions as an addendum to their quote. However, in fairness to the other bidders, everyone has to bid on the same specification.

### Sole-source situations

One of the most painful negotiating situations for buyers is with single or sole-source suppliers who play “I win/you lose”.

These are suppliers who know they are “locked into” the business – and know that it would be expensive and time-consuming for your company to re-tool or qualify another supplier.

The resulting lack of leverage makes it gruelling for the buyer to obtain any type of concessions – even though the supplier may be gouging them on price and taking their business for granted. The “negotiation” becomes a take-it-or-leave-it situation.

The worst part is that many of these single source situations are unnecessary. Where did this situation start? Usually in the pre-negotiating design phase with the supplier asking the following back-door questions:

“You seem busy. Would you like some help from our company's technical people in writing the specification?”

“Could we be of assistance in doing the drawings?”

“If budgets are tight, our company might be willing to do the drawings and prototypes for free. Would that be of interest to you?”

What often occurs from these “free offers” of help is a specification designed around the supplier's patented product or process – or a specification written so tightly that no other product other than the seller's can meet it.

If time or expertise is needed internally for assistance with the drawings or specifications, spend the money upfront to contract with an outside firm. In many cases, a small amount spent upfront can save a large amount of money later on.

### The cost of back-door selling

Back-door selling is happening in businesses across the world. Despite the huge potential payback, this is a sensitive issue to address. Purchasing often feels that engineering and information systems departments are giving away the negotiating store. Technical people feel purchasing would sacrifice quality to save a few pennies.

This issue can be addressed and solved fairly quickly by educating technical people and buyers alike as to what questions salespeople are taught to ask – and why.

Calculate your company's losses and add up your company's negotiating pain due to back-door selling. Then you'll see how important it is that your company deals swiftly with the problem.

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