



Tanya: Hi everyone. It's Tanya and welcome to your Procurement Zen. I'm sitting here with Phil.

Phil: Hi everyone.

Tanya: And today we will talk about framing and anchoring. Really under the context of influencing, but still an important point nevertheless. It can really be used in many different formats in all avenues of life. It can be used in stakeholder discussions, it can be used in change management. However, of course, today's focus will be on supply relationships, negotiations, and on procurement.

Tanya: So Phil, framing and anchoring. Initial thoughts.

Phil: Yes, very important topic for every negotiator I think and also very important for us in procurement, as negotiation I would say is our bread and butter business. There are a lot of concepts in which we will dive in deeply today and ideas and hopefully you as the audience can get something out of it. As always, you can download additional material in regards to framing and anchoring a little cheat sheet over at procurementzen.com/012, that is for episode number 12. Shall we discuss what framing and anchoring, which is synonymous from my point of view for the same approach. Shall we discuss Tanya, what is it all about and why we should use it?

Tanya: I think it's really critical in pushing what you want. So framing and anchoring is really about setting the scene. It's really about getting your agenda across to the other party. It's making them understand all the way. Oh, and I don't want to say this in a negative way, but in a positive way, it is a way of manipulating the conversation in order to get what you want out of it. There are many I would say different ways to begin framing and then an anchor ... We can talk about that a bit later. But in my opinion, an anchor is really about giving someone a goal, giving for example the supplier a goal, whether it be price, whether it be expectation. And so when they go away from this conversation, they will have that anchor that you've given in their brain, they will have that in mind. So it's just another stronger mechanism basically to get what you want.

Phil: Absolutely.

Tanya: I think as procurement you can tell the suppliers as much or as little as you want. Due to that it makes framing and anchoring so important.

Phil: Yes. And I always, I really like this ... I mean there's a, would you say there's a slight difference between setting a frame and setting an anchor? Or is it absolutely the same just different times from your point of view?

Tanya: No, I think it's slightly different because I think framing is more setting the scene. So you set the context around it but I think anchoring is actually giving direction or really explicitly naming what you want. So one maybe is more implicit and then the other one is more explicit, if that makes sense.



Phil: Exactly and I see it absolutely the same. From my point of view as you said, it's the one is the boundaries in which we move which may not be exceeded. And the other one is yes so to say, a kind of reference point that sets the ground. And from my experience it's a very strong psychological tool because it really tends to speak to this so called Lizard brain from my point of view and we're again, not psychologists and stuff like that. But I think everyone also in our audience agrees that psychology is a huge factor when it comes to negotiating. So yeah, I see it exactly the same. Framing and anchoring slightly different but like brother and sister, siblings so to say of a similar concept.

Tanya: And I think what's also really important is that one frame might be different with each supplier. So you could be buying the same thing, but the way you set the scene and the way you tell the story to one supplier could be very different to another.

Phil: Absolutely.

Tanya: It depends on expectations, dependent on what the supplier actually wants. Dependent on the outcome of the tender or how far stage you're in. And I think that's also pretty important to note.

Phil: Absolutely. And I think there is no one size fits all. I'm 100% with you here. I also think it is dependent to a certain extent at least to the relationship that you have with your counterparty and this may be different from person to person and also from supplier to supplier. Maybe even within the same supplier. You may use different frames depending on what person you're talking to.

Tanya: Yeah, absolutely. Absolutely. And I think that's also very exciting, right? Because you can set different stories and different messages, but at the same time get a similar outcome that you want in the way you deliver it or in the way you discuss it with others. So yeah, pretty, pretty cool. So let's just, so maybe we talk first about framing and then we can go into a deeper discussion about anchoring later. But maybe when we talk about setting the scene, there are of course many different ways to begin framing. I would say the most easiest one and the most simple one is through introductions. So when you're introducing yourself in the meeting, when you're introducing your counterpart, when you're introducing the context of why you're meeting. I also think, and I don't know about you feel that if procurement has called the meeting or if that you're having a meeting with a supplier, you should always try and open it because you basically put your own stamp on the meeting straight away, and you share your agenda and your expectation straightaway.

Tanya: And you're there to do a job and make sure that what you want out of the meeting is met. And I think that's a really important to kind of set that turn up front.

Phil: Absolutely. And I think it is also important because quite honestly in the perfect world, procurement is early involved at the earliest possible point but looking at real life, oftentimes this isn't the case. And I think especially in introductions as you said, Tanya,



it is quite important that we introduce ourselves the way we see it. Just compare it to if someone else introduces you and saying things like, oh by the way, and we also have procurement with us and they take care of the purchase order processing. That would be terrible, hence I think that it is quite important as you said that we set our own frames so to say.

Tanya: Absolutely. And it also doesn't let the supplier go off topic because sometimes as you know, you give them an inch, and they will take a mile. So if you're here to discuss price, just as an example, we know procurement doesn't only buy on price. But just say for example, you wanted to talk about price and they wanted to talk about implementation. It's really important in your first introduction to say we are here to discuss price, because if they start they will start talking about implementation. Potentially maybe someone in the business will happen and then you've talked for 25 minutes and you haven't gone anywhere near the topic that you want to say or that you want to discuss today.

Phil: Exactly. And one thing also quite important and that again refers back to the anchoring part is as you said in your example, if we talk about implementation 30 minutes, 40 minutes, whatever. It does not only limit our opportunities, but it's also like they have multiple chances then to set their own anchor is to say, okay, we agree on this and this and this and this. And for example, determine and agree on volumes which puts you as a commercial negotiator in a very bad position. So yeah, 100% with doing our own introductions and also stating our expectations.

Tanya: Yeah, I think the other one is maybe storytelling. I think, and I know we will go into storytelling a bit better, but I really think that storytelling is a really good frame. It kind of sets the scene. You bring them all along on the journey and I think it's really important to kind of win hearts and minds, if that makes sense. So you obviously have to sell as well. You have to sell opportunity, you have to sell what this could mean for both your businesses. You have to tell a story from beginning to end why you're doing things, your motivation for change. You kind of need to, yeah, you need to build a bridge to seeing the supplier getting that win, getting your business and then trying to influence them on the points that you would like to make or put forward.

Phil: Exactly. And I really like the idea of storytelling because I think it helps in so many cases, not only negotiations. But it's very important as you said in negotiations, especially because this is the part as you said, where you win the hearts of your supplier. And that makes it much easier afterwards also to discuss topics that if you haven't won their hearts could be very hard to discuss later on, so to say. And yes, it's not about all like we love ourselves so much and everyone's bad and so, you know what I'm talking about. But it is I think storytelling is oftentimes underestimated because it is such a great tool to convince people maybe internally or as in this case our counter parties in a negotiation, convince them about your point of view.

Tanya: And convince them that they want this business.



Phil: Exactly.

Tanya: They will go internally to their own people and they will fight for this business and they will fight for this account. Not only because they will make a commission, but of course it's obviously a big part of it, but because they want to do business with you and because that is sexy.

Phil: Absolutely. Yes.

Tanya: Shall we do another one?

Phil: Yes please. So the next one is also quite important. It's about framing can be used to anticipate potential objections. We can not only showcase in a more like partnership approach, although I sometimes shy away from that term when I'm talking about a customer supplier relationship. But nevertheless, in partnership approach, it shows that it's not like us pushing all the way through, but having something like a joined goal in mind.

Tanya: Absolutely. And I also think that by anticipating the objection you also kind of take the steam out of the argument, if that makes sense. But if you want, I don't know, delivery to be the first of December they in their RFP response said, I don't know, 1st of February. You could say, I know you've said first of February, however, it is critical that we get it from 1st of December because of X, Y, Z. So you anticipate that you know that they're going to say no, no, we can't do it. And then you counter with ways that why it's important to you, which kind of I would say takes the steam or takes the heat out of the argument, which kind of invalidates it.

Phil: Absolutely. And it's not like this unspoken fact that cooks all the time below the surface. But like you achieve a lot of thing and when this topic, this objection boils up. All of a sudden everything else you have achieved is already in danger. And so I think it's also very clear that it chose yes, I understand your point, but let me show you why I think mine is important.

Tanya: And then in order to, and I guess another one that is probably a bit more powerful and a little bit more trying to take the steam out of the argument is kind of this, or that. So for example, you might say \$100 per object is what we require to make this deal. Or we will go to eAuction and we will go out to the market. So you either give them kind of an ultimatum. That they either take this now and this is the deal, or we do something else. And then that potentially could make them lose business or consequence.

Phil: Absolutely. And here is where it differs from interna; discussions that I have all day long. Internally I say, let me show you what benefits strategic procurement brings you. Where in this situation where I'm dealing with a counterpart, we're negotiating with the supplier. I can utilize policies which I don't want to use so much internally, but I can utilize policies and say, you know what, our standard payment terms is X, Y, Z, and you



want like 10 days net and that is not impossible. And if you want to book the revenue like 1st of December, we surely do not have time to get that special approval for that very short term payment term. So you can decide which way you want it. Want early revenue or you want to stick to your payment terms for that.

Tanya: Exactly right and it's still setting a context and a boundary, although it is a bit slightly more aggressive.

Phil: I like the next one that we have on our secret list, which you can get again if you download it over @procurementzen.com/012 for episode 12. The next one is about open questions and leading the audience or maybe even more specific leading the supplier into our frame, right?

Tanya: Yeah. Absolutely. So maybe an example Phil about an open question.

Phil: Yeah. So a closed question is something that you usually cannot answer with yes or no. And the worst example that I always use for a closed question is, I assume there is no better price possible, right? I mean, what else can you say then? No, you're right. I even have to make it more expensive. But an open question is assuming that X, Y, Z, and we can make the purchase order go through quickly and you can book the revenue and issue the invoice as fast as possible. Which would then ... Or what would you, what do we have to do additionally that you can come down to the price of whatever, 100 or whatever we requested from them. It is not, you cannot answer this with yes or no, but you have to come up with ideas. It's an open question, right?

Tanya: Absolutely. And open questions are really good when you're kind of fishing for information where you don't know a 100%, you're trying to draw information out of the supplier. So you might ask an opening question to get to know them a bit better. And then more closed questions when you were probably crunching them or getting closer to results. Because you don't want to reopen one. And I think that's probably a point worth noting. And once you've kind of shut down a point, so you've agreed on a point you never want to reopen that. Sorry, as Phil has said, once you've ticked off your payment terms, you don't want to open that, you don't want them to come back and then say, or counter signal or signal and say, oh well you know we can do better pricing if then you come down on payment terms. Well payment terms five minutes ago and we just agreed upon. So we never want to try and reopen a point once it's agreed.

Phil: Absolutely. And I think one very easy way to also carve this in stone so to say, is to do exactly that. Have a flip chart, have a whiteboard or anything on the wall and simply write down okay, payment terms are 90 days. Look at them, say agreed. And if they've just agreed, make a check mark on anything because if it's written it has more power because then in return, if someone wants to reopen that and you want to fight it and say, okay, so you mean I have to strike this through again? And that's like a little tool that may help you to-



Tanya: Well, it's an anchor.

Phil: Yeah. Exactly.

Tanya: It's another way to anchor. I never thought of it like that. But yeah, I think that's true. Yeah. The other one obviously closed questions. We've talked about that signaling and counter signaling. So you know, and I think it's really important that if you have a very intelligent sales person and there are a lot out there, everything say they will take note of. Everything you say, every cue, and they're very nuanced and they will pick up on language that can mean two different things. But they will kind of take the bait and ask anyway. And I think it's really important to pick up, to send signals if you're satisfied in one area but not so satisfied in another area. If you're fishing, but at the same time listen to their signals and what are they saying? Is payment terms a hard nail for them? And you open the door on payment terms if pricing is a bit cheaper? And I think yeah, it's very important to understand their signals and also if they're trying to counter signal.

Phil: We also something that is to a certain extent related to storytelling and is using analogies. I think that helps, especially like niche suppliers get the overall picture better, which is the just understanding is always a good thing when it comes to negotiations. So they see again the frame that we are walking in.

Tanya: Absolutely. And analogy is a great way to bring the abstract into real life. Say everybody knows an analogy, everybody knows a good analogy and a bad analogy. And if you can kind of, and I don't want to say dumb it down, but if you want to really make your point in a basic manner to make sure that it's really clear and concise, use an analogy. I mean everybody knows what different analogies alike. Everybody can then kind of get on the same point of view and the same point of mind. And the only other one I would say before, of course we get to anchoring, which you know is a sister to the brother framing, is reframing. So sometimes, and I think this is really important as well. Sometimes no matter how hard you try to frame, no matter how hard you try to set the scene, you story tell, you anticipate objections, this or that. Whatever you do, sometimes the meeting doesn't go the way you plan and it goes into a different direction.

Tanya: That could be for a multitude of reasons. But I think it's really important that you can always reframe. So if you are getting stuck in the detail, you can always or if a technical person is carrying on and on and on about some technical scope of work, we have all been there. We all know exactly what you're talking about when the objection is to talk about high level things. There is nothing wrong with interrupting or politely instigating yourself once someone has finished talking to say, listen guys, let's get back to the agenda. We're here to talk about X, Y, Z. Let's try and bring it up a level. So you re-institute the frame if I'm making any sense.

Phil: Absolutely, absolutely. And again, as we have said in other episodes as well, here's where another "anchor" helps very much, which is actually the agenda. Because if you send out an invitation, as a procurement person and set the anchor or the frame of the



agenda also well the goal maybe, what do you want to achieve? You can always refer back to that and say, okay, we now have 35 minutes left and we haven't even touched on commercial points. So I really want to ask for you for your acceptance dear supplier that we can now cover topics X, Y, Z whatever.

Tanya: Yeah, that's a great point. And really should have been at the front. But I think sometimes it's so obvious that we forget it, but yeah, absolutely agreed. That should be really the first. So before we do our introductions, of course we need to set the scene and we need to do that through the agenda.

Phil: So shall we maybe talk a little bit about a potential framework?

Tanya: Yeah. I really like this one. And it's from a book that you read, right?

Phil: Absolutely. It's from a book called Pitch Anything by Oren Klaff, which is more sales oriented, but whether you're in sales and listening to this podcast, all you are in procurement and listening to this podcast, get this book. It is amazing. It is full of great stories and also these stories, we're headed in storytelling, right? These stories help you to get what this framework is all about. So what is this framework? Actually the author calls it the strong framework and it's actually S-T-R-O-N-G and each of those letters stands for a particular part of the framework. So would you mind Tanya if we dive little bit deeper into that framework before we cover all the other topics in anchoring?

Tanya: Let's do it.

Phil: Okay, great. So as in strong stands for set the frame it is like try it to be the first maybe to set the frame to set the boundaries in which the discussion and the negotiation takes place. Because this often times can help you being the reference for any future discussions and however it is quite important that you consider this frame or that you really think about what the frame will be because sometimes it's a pretty ... So sometimes it's really a thin balance between simply being ridiculous because you asked for way too much and you showed that you obviously are not so much connected to what the market is like and asking for too less. So it's quite important to find a good balance. And I'm not saying that you should consider only have your counter parties or your suppliers benefits in mind, but if something gets ridiculous and you send a signal that says, obviously you have no clue and just pump out numbers that are in no way realistic. That doesn't help as well.

Tanya: Yeah, absolutely. I think you need to understand your expectations. What do you actually want to get out of the supplier or out of the discussion or whichever case? And then how can you best display your arguments and your research in order to get there?

Phil: And a very good example here that I use a lot is when I am involved in contract negotiations, not talking about any numbers, but I'm always saying, when we're talking about penalties, I always say penalty is never an indemnification for any loss that we



have. A penalty is more like financial motivation that people perform to the expected level. If you have a penalty of X, Y, Z percent, it usually is never enough money to cover all your potential losses and you would find other clauses in there. But that is like framing. What is the idea of the penalty all about? And this is more like an internal frame, maybe not someone something that you state with your supplier. But it's an internal frame and you just manage expectations with this kind of stuff so to say.

Tanya: That's so true. And the T?

Phil: The T is about tell the story and we already heard that in story telling also in analogies, but how did we come up with the frame? What's the reasoning behind it? Is it a benchmark? Is it experience? Is it a market price? Is it a combination of all these things? As we always say, strategic procurement is so much more than 10% off is always possible. Yeah, I mean that's ... There is no reasoning behind it and a good sales person could easily get you on this one. But if you have a good reasoning behind it, why did you come up with 100, 3000, 557? Now let me show you the calculation. This is how it came up with this. One thing you could also do here is you can also appeal to higher authorities and a potential way to approach this using higher authorities is yeah, but we have only a certain budget, dear Mr sales guy. And we simply cannot deny the fact that a more budget is still not possible.

Phil: And you would be surprised how many times people or how many times suppliers are willing to go the extra mile without de scoping the service or product you you're buying.

Tanya: Yeah. Absolutely. And sometimes it makes me a bit nervous because it makes me think how much margin or how much fat do you actually have in this product? But other times, sometimes some supplies are actually willing to buy the business because it's part of their growth strategy. Of course, they are financially viable. We've already talked about that in a previous episode. But sometimes they really want this business and they're willing to do what it takes and even if they go to a lean margin to win this.

Phil: Absolutely. So the R in STRONG stands for Reveal the intrigue and this sounds spooky, doesn't it?

Tanya: Sounds mysterious.

Phil: Mysterious, so it's the procurement X files here. The truth is out there, under [crosstalk 00:27:31].

Tanya: I like that.

Phil: So reveal the intrigue. So from my perception it's like showing that you exactly know what is going on their site. So. say things like, I know that you and sales are often driven by revenue recognition and we will surely find a way that works for both of us. But, and then you can come up with your frame. And sometimes and I think, I'm not sure what



you think about it Tanya, but sometimes this is a little bit guesswork. You are not 100% sure what really drives and motivates them. But again it always worth a try to testify your assumptions, I would say.

Tanya: Yeah, absolutely. And sometimes you can just ask because I really think that if they're are a good salesperson or an interested salesperson, they will tell you enough for the deal to be made. So maybe they care about price themselves, but maybe they care about a fixed volume or maybe they care about contract period. Maybe they want a five year contract rather than a two year contract. So I definitely think that if they have certain expectations from their side, we should also ask, and I mean, if they give it, that's another story, but it's still really important to reveal their intrigue as well.

Phil: Yeah. And again, I know it sounds stupid and I repeat it over and over again, write this down. if they give some information to you that is valuable and they say they care about the contract period, write it down and simply refer back to it. Another anchor so to say that you can use in your favor.

Tanya: Yup. Absolutely.

Phil: So STR, so next one is O, stands for Offer the price. And that is a little bit of a visionary image of the desired outcome. It is especially important if sometimes you feel in negotiations that the other party may have the perception they're losing their frame or they are losing the battle all lose their face. So it's quite important not to paint an image of the desired outcome. So of the price that you can offer if you come to an agreement. And that is quite important, especially if you feel that the other party has the emotion, they're losing their face, they are losing a battle, they are maybe demotivated. It's time for you to build them up again. So it is a little bit about, right? Their victory speech for them, so to say and give them back their face. So you have also as you said, Tanya, you have their buy in and internally fight for the deal. If they feel totally destroyed, they might not be motivated to fight for a deal internally, especially if they have to get some approvals as well.

Tanya: Absolutely and particularly with large companies. I mean, I think with large companies, the closer you get to the finish line, and the longer a project or a tender takes, the more skin they've got in the game because they've probably promised their management that it's coming, it's probably on their SRM systems that it's coming. And if it doesn't come or if things are tricky and they can feel it slipping away and they're kind of over it, absolutely I completely agree with you Phil. It's good to give them a small concession. Not a big concession just [crosstalk 00:31:09] that you feel.

Phil: No. We never give big concessions.

Tanya: No and you never give something without getting something, right?

Phil: Absolutely.



- Tanya: That's important as well. Are we going to N now or we finish?
- Phil: Yes. No we go to N. Okay. So N, Nail the hook point. Once again, it's quite important that you mentioned the cornerstones of the deal and you have maybe heard me saying that before. If you wrote it down, this one is really an easy win. It is quite important that you avoid any potential misinterpretation afterwards. And again, referring back to writing. Usually I try to write the summary. Not that only my perception "wins" but so that we as the procurement people stay in the driver's seat.
- Tanya: I mean the last thing that you want again, is that you've gone through your internal approval process. If you have a long winded approval process, I definitely have a long winded approval process. You go through that process and then at the end they say, oh well we forgot to price for X or Y because that wasn't our understanding. And from my side or the contract is signed. And then they come to you later in your initiation or your kick off and you say, hey you guys, you didn't ask for this and it's going to cost X, Y, Z and all your negotiating power is out the window. And so that's why it's really, really critical that when you close a deal, when you close a contract, there are no interpretations.
- Tanya: And I actually ... Sometimes I really stress that at the end and I know it sounds a bit harsh but of course it depends on your context. But sometimes I say, listen, when we agree on this deal, it is fixed. We are not paying an additional amount of money. So please do not come to us with things that we've forgotten. The scope is what it is, and if you feel that there's room for misinterpretation, please come and speak now because when this contract is signed, that is it.
- Phil: Exactly.
- Tanya: And I really say that sometimes just to spell it out and I find that it works.
- Phil: Yeah. And the final one is G which stands for Get the deal. And for most people this seems obvious, that's why we're sitting here. But to a certain extent it's still like in marketing they say call to action, tell the people what to do. But in procurement, it is quite similar. It would be something like, so the license price is whatever, \$72,000 and the 90 days payment term. So I would say we have a deal now, right? And then I want the buy in from the people on the other side. And I really ask them, do we have a deal now? And that's quite important because I think people or humans want to stay consistent and this is quite important that you get a buy in on this consistency.
- Tanya: That's actually a very simple point, but something to be honest that I've never really thought about before. I think that's really interesting. And yeah, I like it. I like it. Do we have a deal? I like that actually.
- Phil: Yeah and again this framework is not originated by us, but by Oren Klaff and his amazing book Pitch Anything. Again, if you're in procurement, you should definitely get a copy and we will have a non affiliated link to the book in the show notes to this episode,



which you can find at procurementzen.com/012 for episode 12. So shall we dive deeper from framing into anchoring? We already covered some topics, but I think we want to cover anchoring a little bit more in detail, right?

Tanya: Yeah, absolutely. The deal's done so - kaching - but before we've gotten to that point. We definitely need to discuss anchoring. So the definition of anchoring, negotiation.com states that it is an attempt to establish a reference point around which a negotiation will evolve and it will often use this reference point to make adjustments. So it can also, it's often used when the first offer is presented in the beginning. So, it can be something like, you are now short listed or something like that. Thank you very much. You are now short listed. However, from a pricing perspective, we're just not there yet. We would be expecting a price of \$10,000 in order for an offer to be accepted. So the \$10,000 is the anchor because you have put a number on the table, then they are mentally going to refer to that number when they're making their calculations.

Phil: And I mean the calculation, what I really like about this concept is that the calculation always needs two parts, so to say. It needs an upper level and the lower level. And if you're setting from our point of view, if we are setting the lower level, everything in the calculation in between has to also refer to this lower level, and that's quite important I think from at least to a certain extent, mathematical point of view. But we cannot just like shoot for number. So what would you say are important influencing factors to come up with a realistic anchor as we said initially?

Tanya: I mean it has to be believable, absolutely. So you have to look at what is the market? What is your current pricing? What was your past pricing? And then what is your budget? I think they're the real key considerations. And then you need to make a believable and achievable anchor. So the price expectations absolutely should be realistic and they should be able to be explainable. And I'm not saying that you need to explain how you've calculated the price, but you can explain that this figure has come up due to, we've looked at the market and we've looked at our past pricing and we believe that this is an offer or this is a figure where it's actually believable and then a deal can be done.

Tanya: One thing I will say is that round numbers, and I know previously I just talked about 10,000 euro, but maybe it should be 10,234 euro. Maybe, maybe not. But if you come up with kind of a more complicated figure, it obviously shows that you've put more effort in, and I'm sorry to say, but 10% off is stupid and won't cut it. So when you think about percentage price changes, please just don't say 10% off, I don't believe it. I don't in my opinion think it's believable for anyone. It's just all procurement just want price reductions and it's better to do, I don't know, 12.4 or 15.2 or whatever it is.

Phil: Absolutely. And I think this also refers back as I said to the point that it has to be explainable because I want to avoid where I would ... You don't just shoot these numbers, right? As you said, you have to be believable and it is quite important. So if I were in sales, my first question after such an anchor would be, okay, 10.2% wow, that's



quite a lot. How did you come up with this number? And if I cannot explain this at least to a certain extent, my anchor is destroyed. So to say.

Tanya: But also your personal credibility?

Phil: Absolutely, absolutely. And it makes it very difficult in future discussions, whether in the same meeting or later on to set new anchors because you work from below average point score, so to say because you lost credibility. And you have to make it up at least to break even again to have the same sending. So it's always good to have a certain reasoning, certain explanations why you need this. And it has to be believable I think to a certain extent.

Tanya: In the beginning sometimes you don't have a target price and that could be because you've never bought the service before or it could be because it's a niche market, and there's not a lot of market research on it for a multitude of other reasons. But at the same time that's why you go through your RFP RFQ period to give you that kind of knowledge or that acceptable behavior. But the other thing that I guess you could also do to create an anchor is you could basically look at their costs bottom up. So if we I guess take the example of temporary labor and a temp that you want to work with, you know that, some of the percentage will be on their own cost. So on their retirement funds, on their actual wages, on their overtime, all of those kinds of statutory regulatory charges. You know that some of the costs will come from margin and markup. You know that some of the costs will come from overhead and from there as well you could create your own bottom up plan of what you feel it should cost. And then you've got your anchor.

Phil: And if you're a demand owner listening to this podcast, Tanya gave you the perfect reason to early involve us. Because not only is this type of calculation that she explained and this example a lot of work that we're very much willing to help you with, and to do for you demand owners, but it also takes time. We couldn't do this in the coffee break between two meetings, so we have to research our suppliers, research situation, research the market, have our own experience be calculated in and so it's a good point why we should be early involved as early as possible so to say. Yeah, but that's a different topic which we covered already in another episode. It's very dear to our hearts.

Tanya: It really is, and you know that emoji where you've got two hands lifted up in the air, like preach. That's the emoji that I would show now if we were chat board, maybe in the short notes.

Phil: Yes we do, definitely.

Tanya: Is there anything else Phil from an anchoring perspective that you wanted to cover before we can talk about how we can start implementing them?



Phil: No, that's very good so far, and I mean there is no one recipe that fits it all as always. However, just to showcase some of the results. And I'm not sharing any detailed numbers here, but I really achieved significant savings in the past in certain projects with these techniques which were at least we can say without sharing any specific numbers, way above the average that we usually had in this area. Because we calculated them, we explained them very well and we even had situations where a supplier once said to me, this all sounds very reasonable. I understand where you're coming from. What else can I say? I think we can agree. I mean it was like, oh, okay, that's a little bit surprising for me, but fine.

Tanya: That sounds great.

Phil: Okay. So definitely a vote for using these techniques. So talking about using these techniques, how could we apply this to ... Or how could a negotiator apply these techniques to their negotiations? What do you think?

Tanya: I think obviously you first storyboard them. So you think about your expectations, what you want to get out of it. Think about what their expectations could be and then build a convincing enough story. I think you can always practice them with a colleague. So I think that that's something that to be honest particularly early on in my career, we did quite a bit. And I think that that's, it really helps too. I'd say practice the conversation, let your colleague be devil's advocate. Let them play the supplier to some extent, anticipate what they're going to say, and then of course build different scenarios on how to deal with that.

Tanya: And then really bring somebody with you into the negotiation to play so you can play off one another. So if you've forgotten something they can jump in and if you've missed a point and it's going over your head because of the mood or however the compensation has gone, they can, pick that up and one of you can always take notes and refer to that as well. I would never say bad cop, I really hate that term. I just feel it is so old fashioned. I feel that there is no such thing as good cop, bad cop and I think that maybe we can talk about that in a different episode. But I really just think that the days of procurement being bad cop or beating suppliers over the head really doesn't add as much value as other techniques.

Phil: Absolutely. And that's again, as we said, it's not strategic procurement that's at best if you can say that cost cutting, which is not what we're aiming for. It's not providing value other than very, very short term goals. And I'm not even sure if such short term goals could be realized off the paper once projects and things start running. So I'm absolutely with you. I don't like this type of game at all because it's so good easily to destroy and it is simply also not worth the effort and the time to prepare. It is more like good cop, bad cop, but it's more like again, something like maybe siblings or twins that act with different personalities but in a similar manner, with the similar goals that they have aligned upon upfront. And that's so much more promising than using good cop, bad cop games.



Tanya: Yeah, absolutely. And I mean, you don't have to be negative or confrontational to get a good result or a desired result. I really don't think that that's the way. And everyone has different styles and yeah that's not the way to achieve things. Of course, sometimes you have to be aggressive, but or sometimes you will come into conflicts, but at the same time I just think that role playing is just old fashioned and something that really doesn't really deserve worth mentioning. But that's pretty much it. So shall we just do a quick summary?

Phil: Yes, absolutely.

Tanya: Okay. Framing and anchoring really under the context of influencing, and I'm sure we will have a few more podcasts about influencing later on. Can really be used in many different formats. So framing is the context or the background setting the same, and anchoring is really giving an explicit direction or an explicit kind of anchor in your mind. There's many different ways to frame. You can do it through the agenda. Through introductions, through anticipating the objectives, through questioning, open and closed questioning. You can use ultimatums, this and that. You can use analogies. You can signal and counter signal and of course you can use an anchor in order to set up a frame. We suggest reading the book of Pitch Anything and utilizing the strong artificial framework and Phil doing it quickly just run through the strong artificial framework.

Phil: So strong again is an acronym that stands for S set the frame, T tell the story, R reveal the intrigue, O off the price, N nail the hook point and finally, and not to be forgotten G, get the deal. And that surely will help you set better frames and also to come up with good anchors and I would say for today, that's it.

Tanya: Over and out.

Phil: Over and out. And again, you can go to procurementzen.com/012 for episode 12 where we also provide a handy little cheat sheet. If you want to ask us any questions, also go over to procurementzen.com/ask, send us the question, send us your comments in the show notes to this episode. Contact us on LinkedIn or wherever you want. And we're happy to answer any questions in this regard or to any future topics that you might want to hear.

Tanya: Absolutely. And if you are using any different techniques on framing or anchoring, please let us know what they are and so we can share them and start communicating better.

Phil: Perfect.

Tanya: Have a very nice day. And from Tanya it's goodbye.

Phil: And from Phil as well. Bye, bye.



Tanya: Bye.