



QUEENSLAND FRUIT
& VEGETABLE GROWERS

GEARED UP GROWERS

HANDBOOK

NEXTGEN
Group



Proudly supported
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**Queensland
Government**

AGENDA

DAY 1

- The purpose of negotiation
- Understanding Retailers, Agents & Suppliers
- The importance of questioning & listening
- The negotiation context – who is looking for what and why?
- Where does the power sit in a negotiation?

DAY 2

- Recap of Day 1 – key learning take-outs
- Establishing and trading negotiation variables
- The power of no – managing your BATNA & build confidence
- Leveraging the ‘Codes’ in a negotiation
- Setting up the ‘game’ – what are tactics?
- Wrapping it up – hints and tips

Competition Clause

NextGen & QFVG will not enter into any discussion, activity or conduct that may infringe, on its part or on the part of participants, any applicable competition laws.

By way of example, participants shall not discuss, communicate or exchange any commercially sensitive information, including non-public information relating to prices, marketing and advertisement strategy, costs and revenues, trading terms and conditions and conditions with third parties, including purchasing strategy, terms of supply, trade programmes or distribution strategy.

This applies not only to discussion in formal meetings but also to informal discussions before, during or after meetings.

PROGRAM PURPOSE

- Help you establish the best way to engage with relevant parties and negotiate a fair agreement to improve your business performance
- Provide the opportunity for the discussion and ‘cross fertilisation’ of ideas
- Generate a ‘cohort’ of colleagues with similar challenges



NEGOTIATION PRINCIPLES

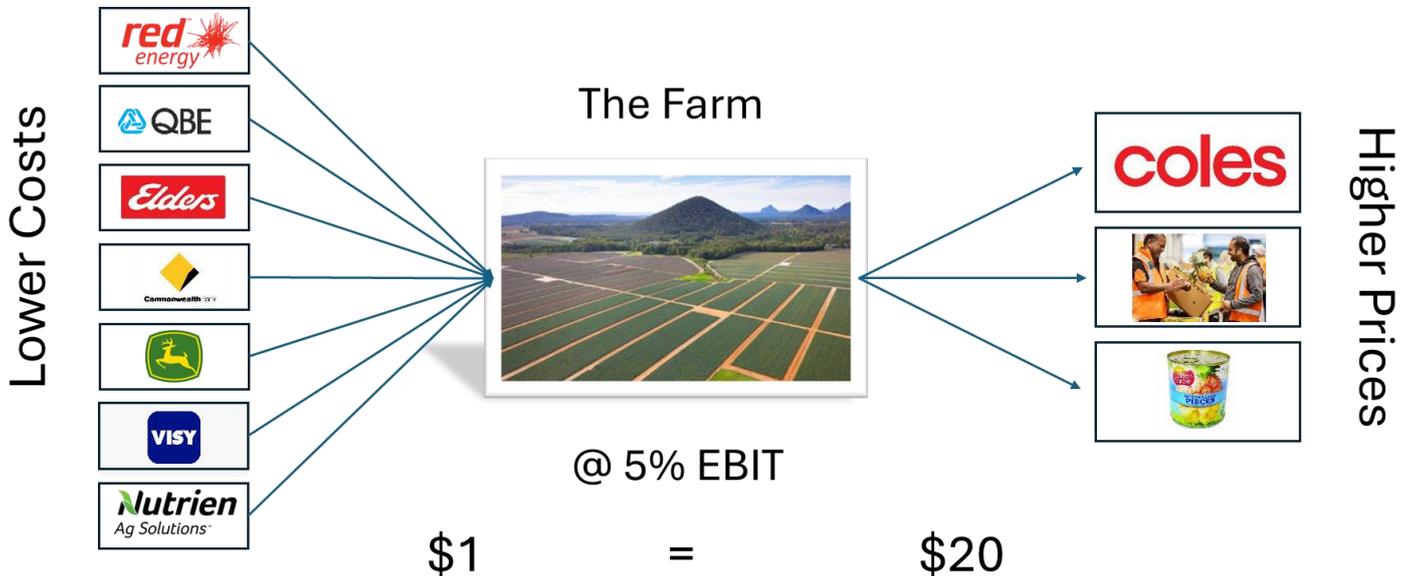
WHY NEGOTIATE?

- To obtain a **better outcome** for the business?
- To ensure that the other party has given us the **best** solution/offer/deal?
- To achieve an outcome that is **beneficial/acceptable for both parties** through the trading of variables?
- To ensure that we maintain or build our position of **'power'** in the relationship?
- To **defend** a potentially weak position or proposition?

NEGOTIATION PROCESS



HOW DO WE MAKE MORE MONEY?



REDUCE INPUT COSTS

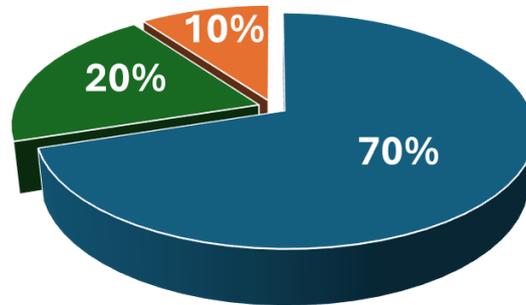
- Mostly in your control
- Some contracts, some spot buys
- Balance between cost, quality & relationship = value

SELL FOR A HIGHER PRICE

- Either direct or via agent
- Market forces can shape the landscape
- The 'buyers' are highly skilled – this is all they do!

\$1 = \$20

THE PROFIT PIE...

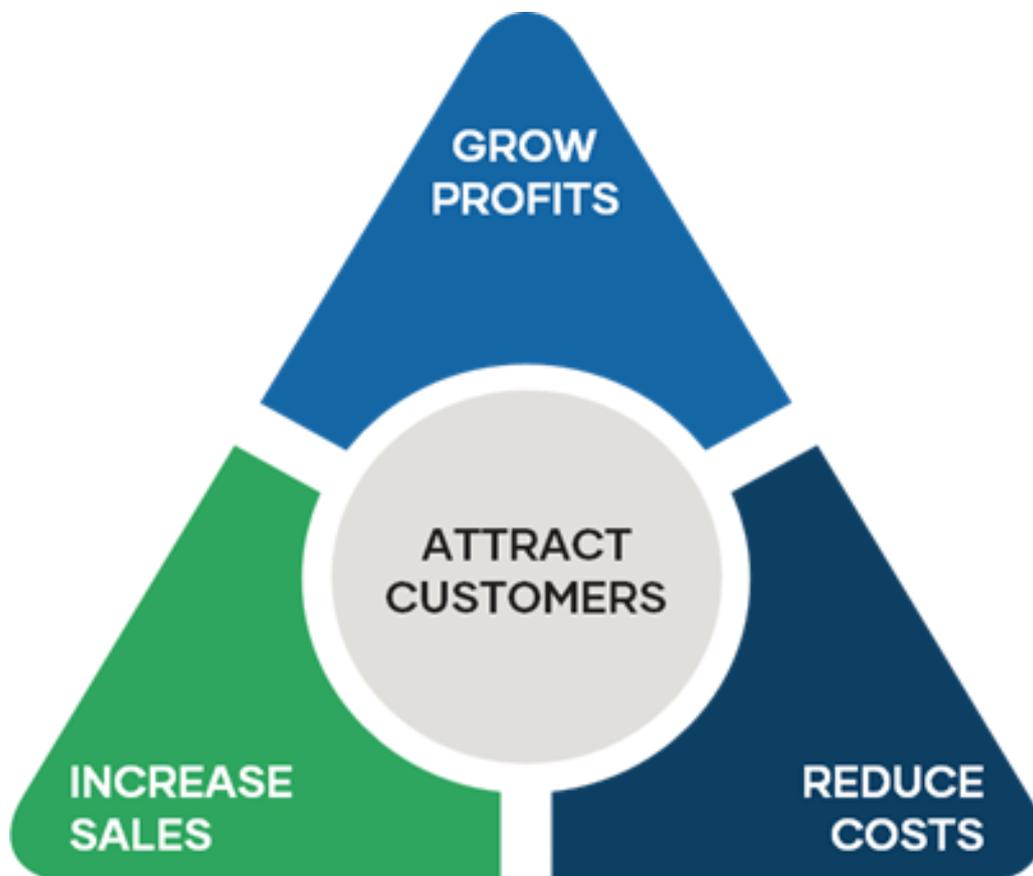


**It's all about who gets what
in the profit pie!**

My Notes:

BUYER KPI'S

- Market share
- Category margin
- Category sales
- Waste and shrink
- Availability / consistency
- In-store efficiency
- Competitive price points



AGENT KPI'S

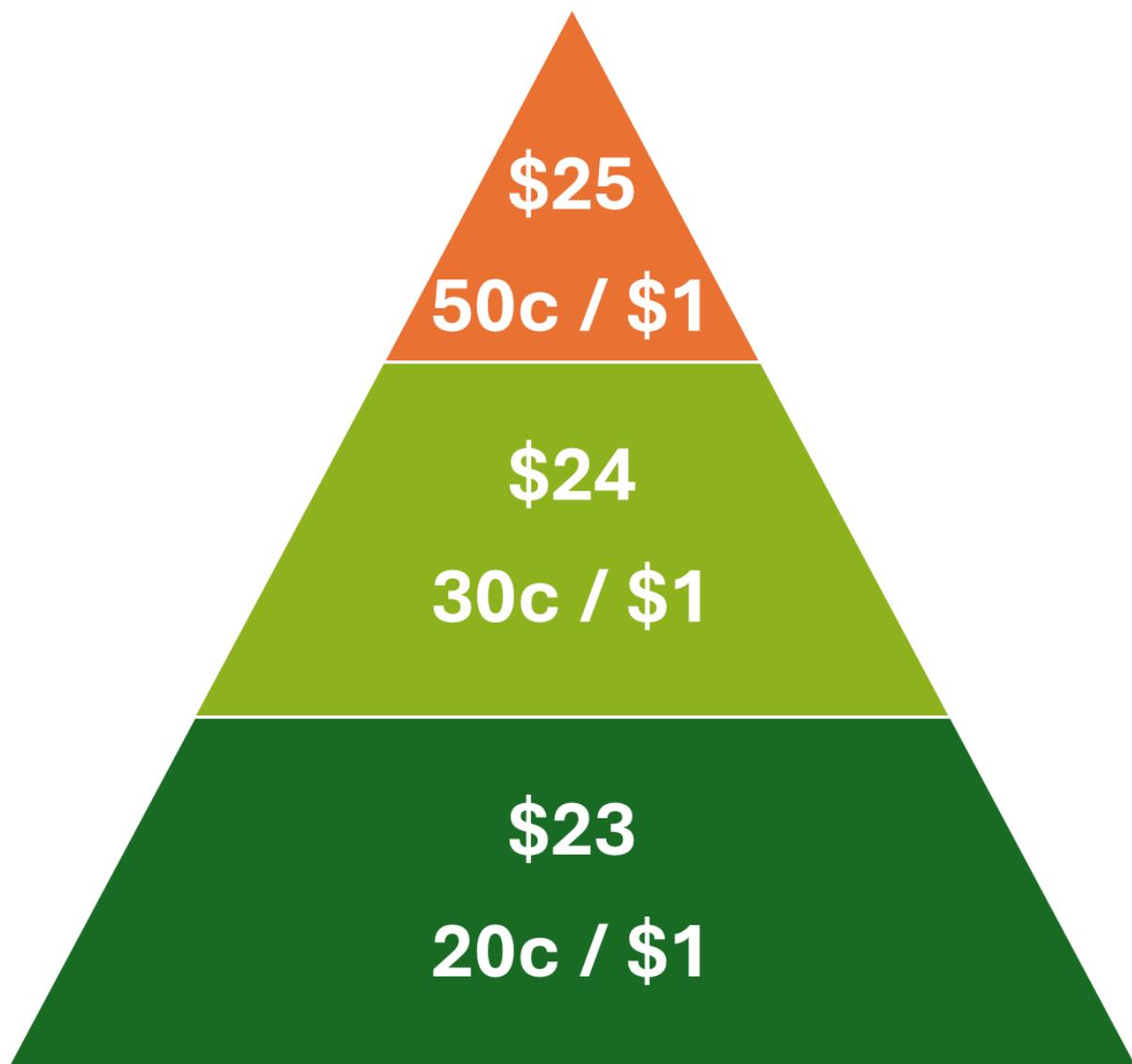
- Agency fee/commission
- Supply – always have something to sell
- Volume – high volume at low price is better than low volume at high price
- Quality – reduce rejections and issues with retailers (simple life is a good life!)
- Payment terms

CONFLICTED KPI'S?

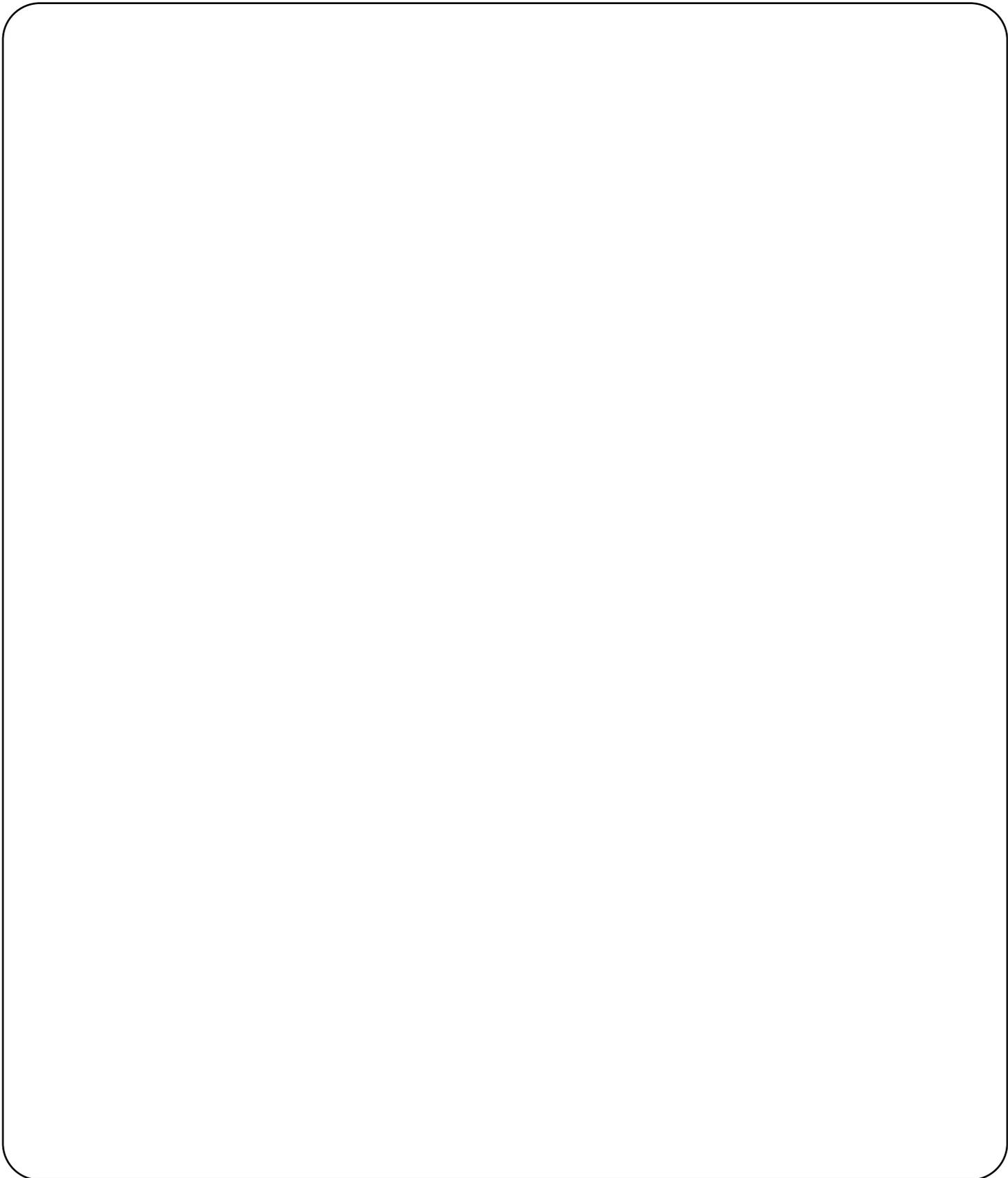
	GROWERS	AGENTS
VOLUME	Sell my crop	Sell as many cases as possible
PRICE	Make a profit	At whatever price get's me volume

HOW COULD WE INCENTIVISE THE AGENT?

- What's their 'give a shit' factor?
- Why will they go above and beyond for you?
- How much risk do they take on?
- How much skin in the game is there?
- What are the benchmarks for success?



MY NOTES

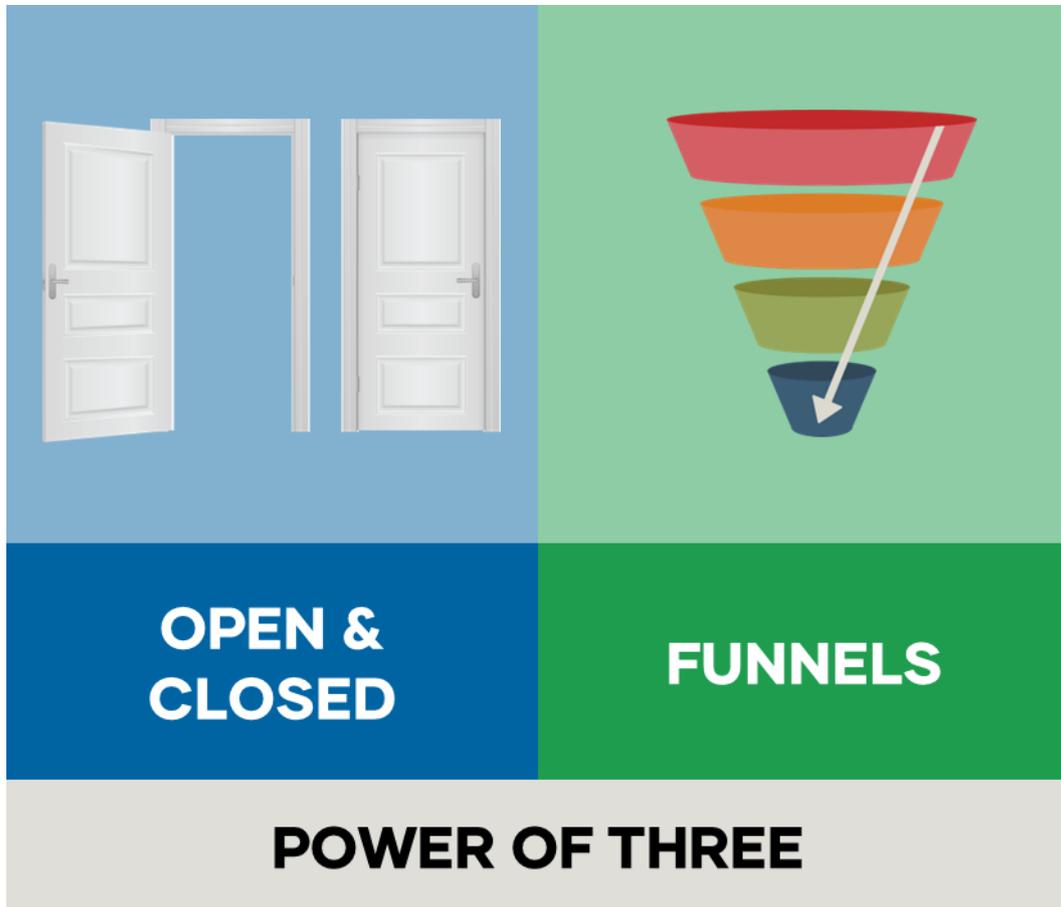
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MOST SUPPLIER KPI'S

- Best possible price per item
- Operating margin
- Repeat business – length of relationship
- New business acquisition
- Customer satisfaction
- Time/cost per customer



ASKING GREAT QUESTIONS



Gather information:



- Who
- What
- Why
- Where
- When
- How

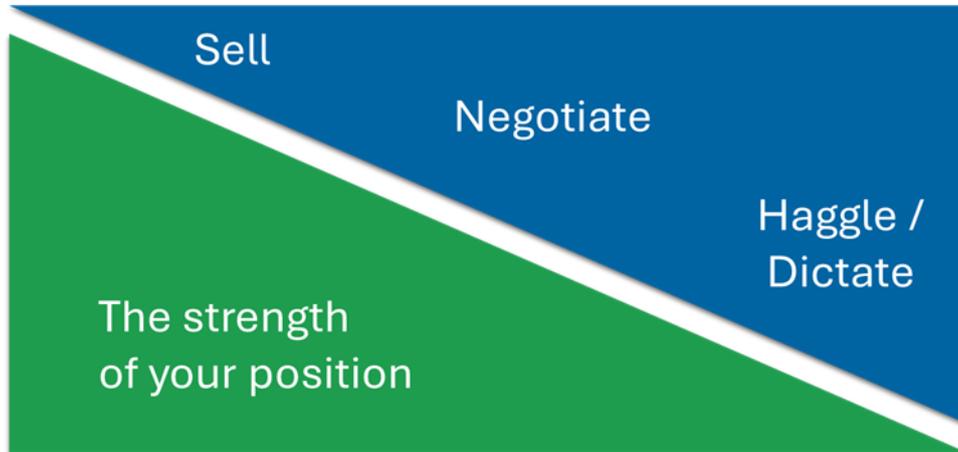
Confirm Understanding:



- Is
- Are
- Can
- Would
- Could
- Should

STRENGTH OF YOUR POSITION

“I have pretty much got the only ripe pineapples at the moment in QLD”



“Everyone’s mangoes have come good at the same time”

It is critical to know where you sit on this scale – so you use the right approach!

1



What is the real or perceived **‘worth’** to the other person in the negotiation

2



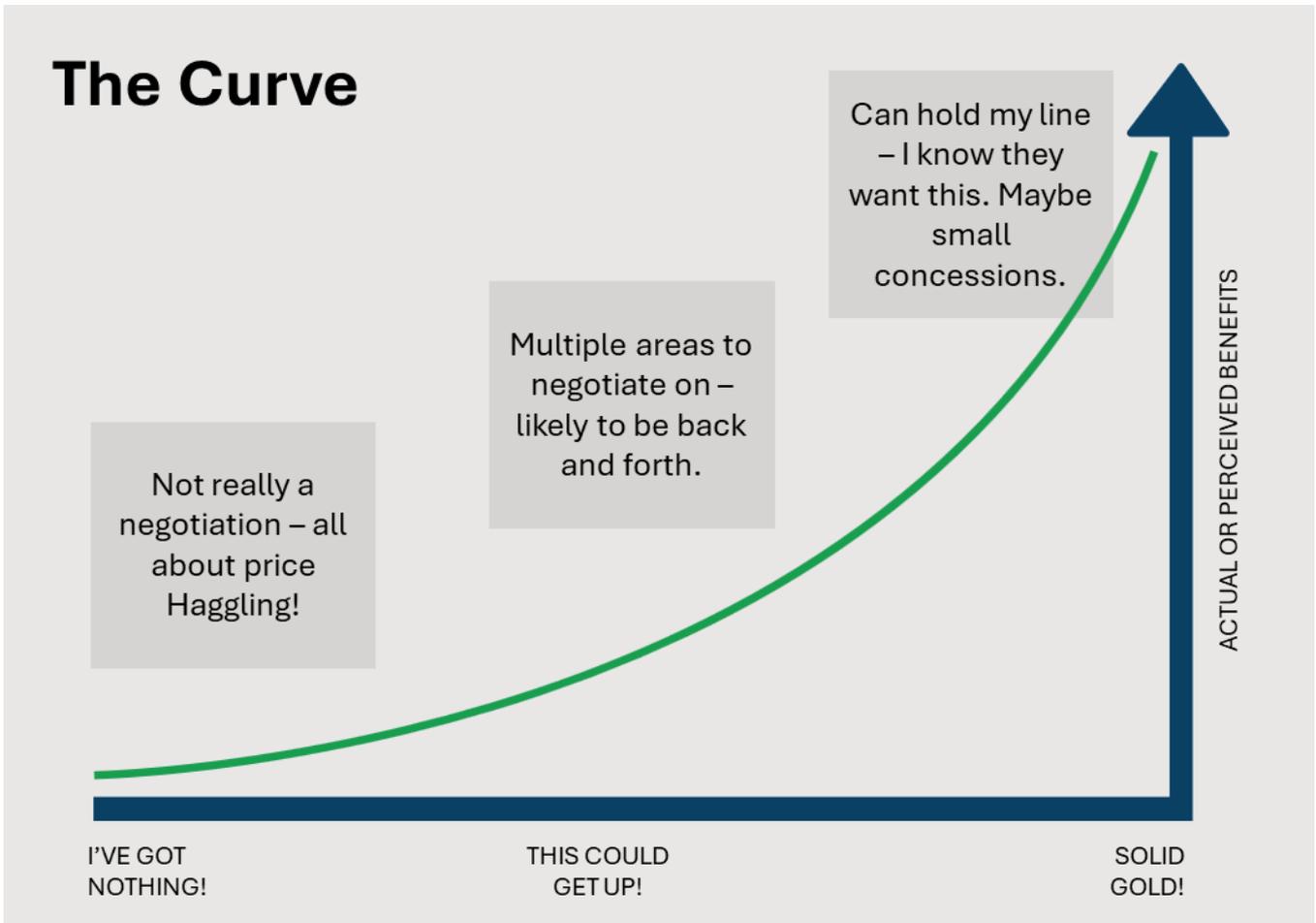
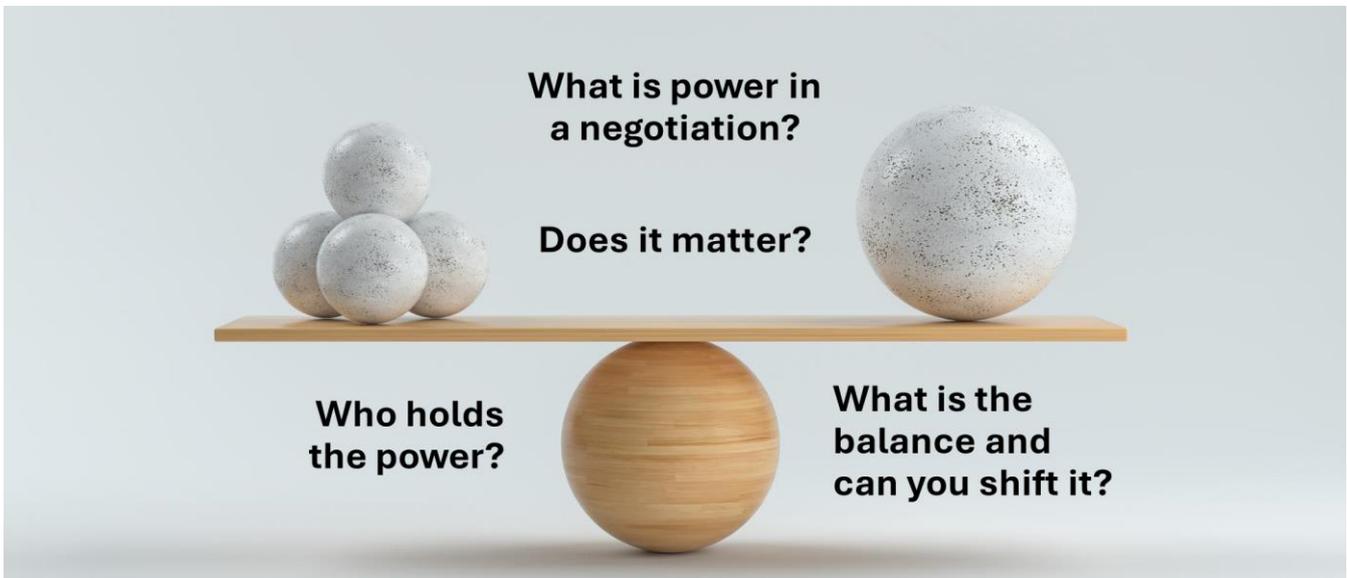
The authority or **‘power’** you bring to the negotiation

3

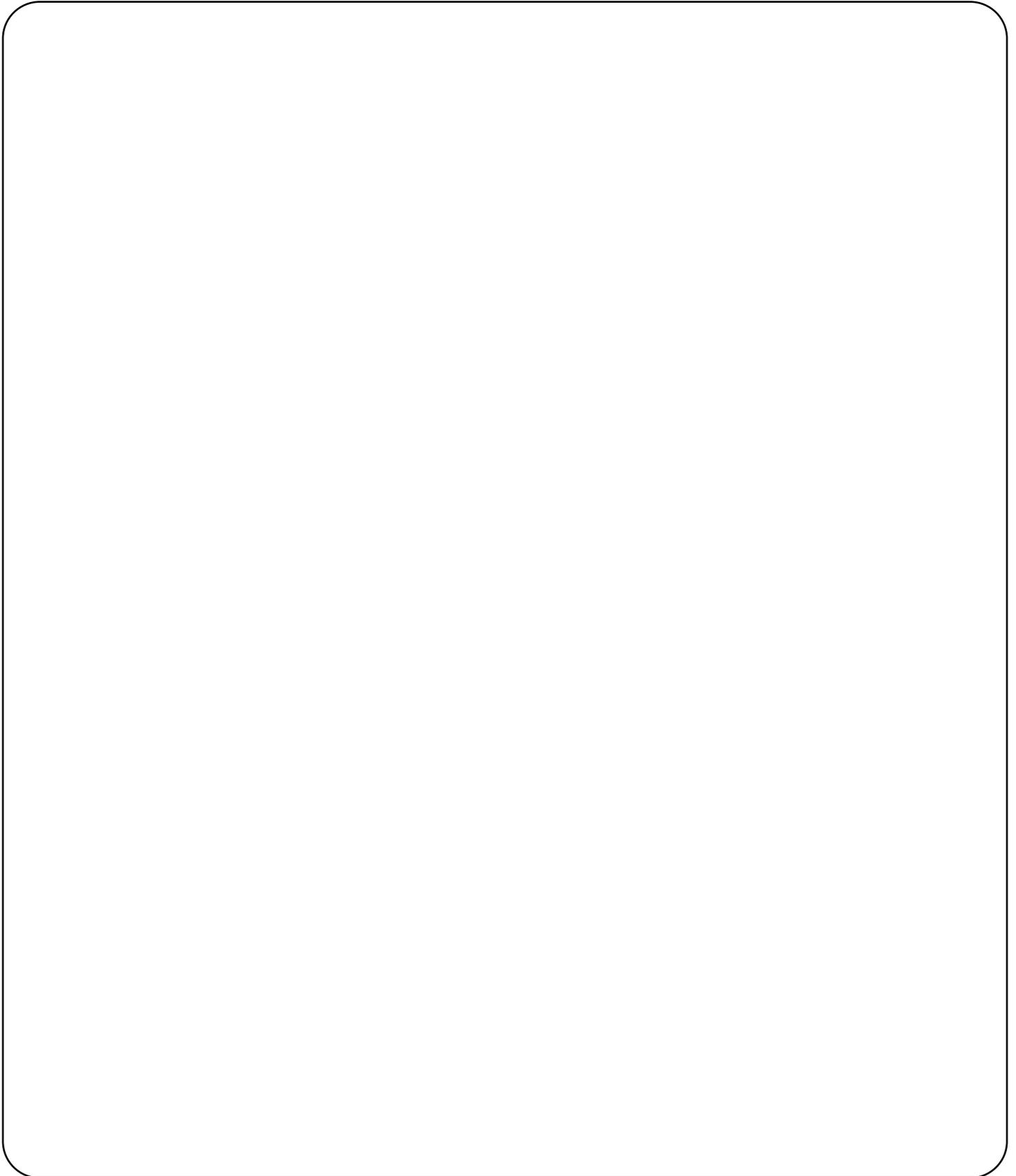


Ensuring that the **‘timing is right’** – when is a good time to do a deal!

THE POWER CURVE



MY NOTES

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NEGOTIATION IS MATH

- It's a numbers game...
 - We need to **know the numbers** better than they do!
- So, what numbers?
- The numbers, or variables, that we bring to a negotiation are based on a combination both parties **needs and wants**
- Which variables we choose to play, significantly **shape our negotiation** position

NEGOTIATION VARIABLES - EXAMPLES

Buying

- Price paid
- Delivery timing
- Length of contract
- Sale or return
- Payment terms
- etc

Selling

- Price paid
- Spec of products
- Delivery schedules
- Payment terms
- Commissions
- etc

ANALYSE EACH VARIABLE...

NEGOTIATION VARIABLE	COST TO ME	BENEFIT TO ME	COST TO THEM	BENEFIT TO THEM

We can then make some smart choices around which variables we want to prioritise

‘SAW’ PARAMETERS

Upper limit

- This what would love to achieve if at all possible – our **STRETCH** position

Somewhere in the middle

- A position we be happy with – a solid outcome – our **ACCEPTABLE** position

Lower limit

- This is the bare minimum that will work – we cannot go lower – our **WALK AWAY** position

NEGOTIATION 'GRAPHIC EQUALISER'

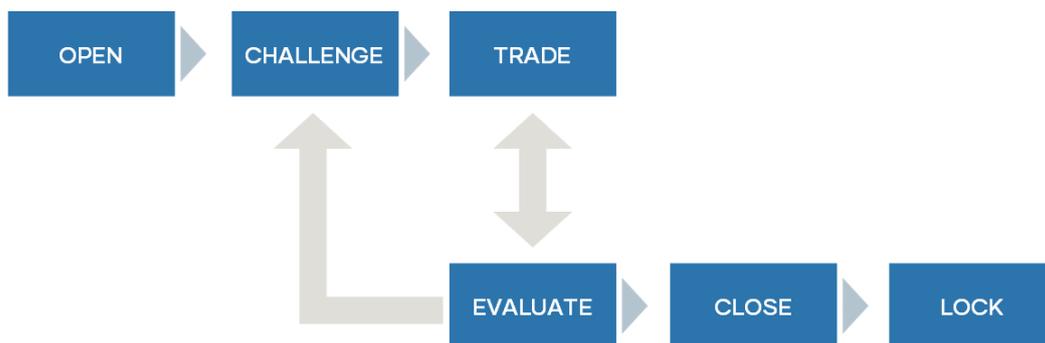
YOURS

Stretch					
Acceptable					
Walk Away					
\$					

THEIRS

Stretch					
Acceptable					
Walk Away					
\$					

GREAT PLANNING – SIMPLE STRUCTURE...



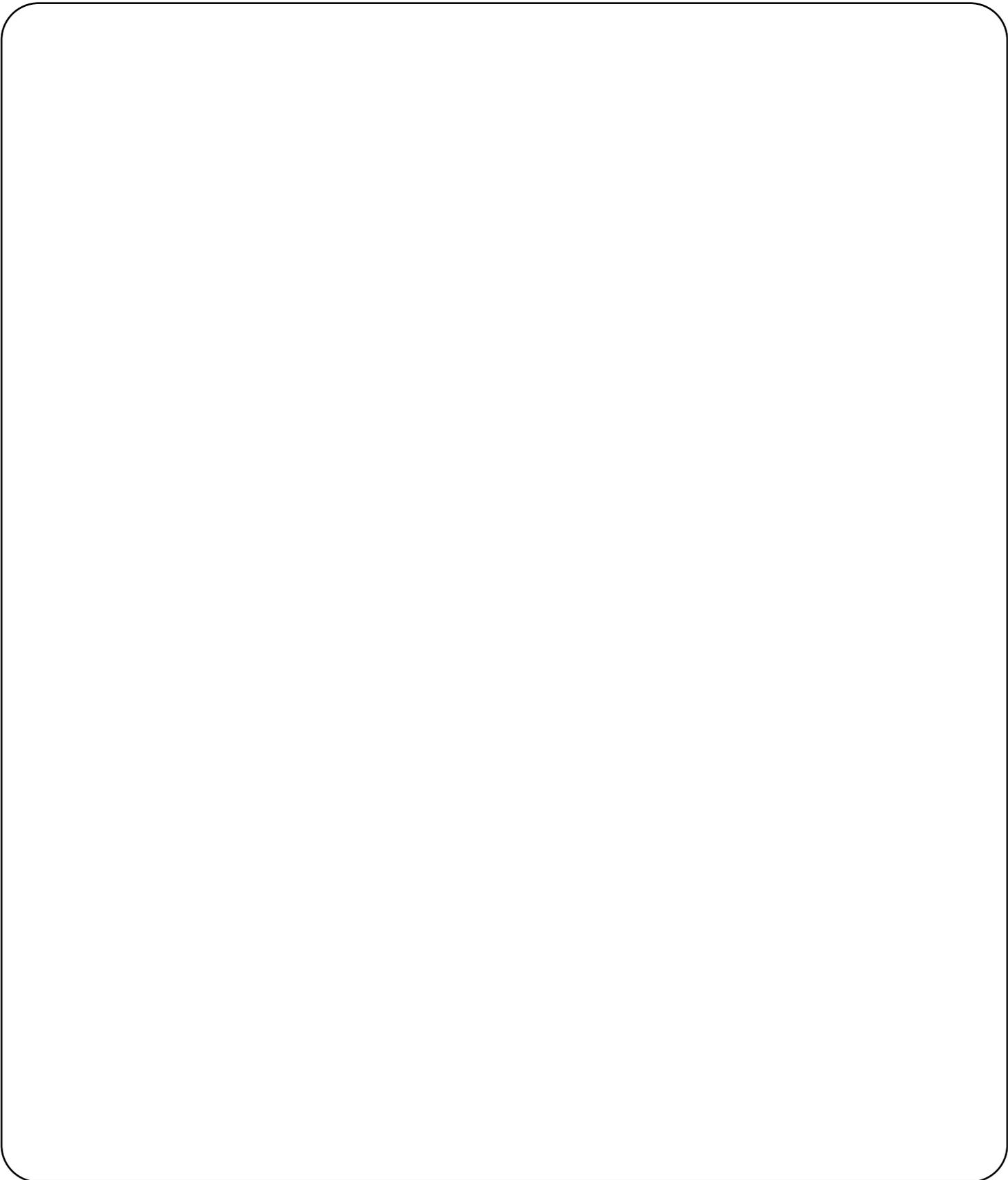
Simple steps
of the
negotiation

We set and
control the
negotiation
guide rails

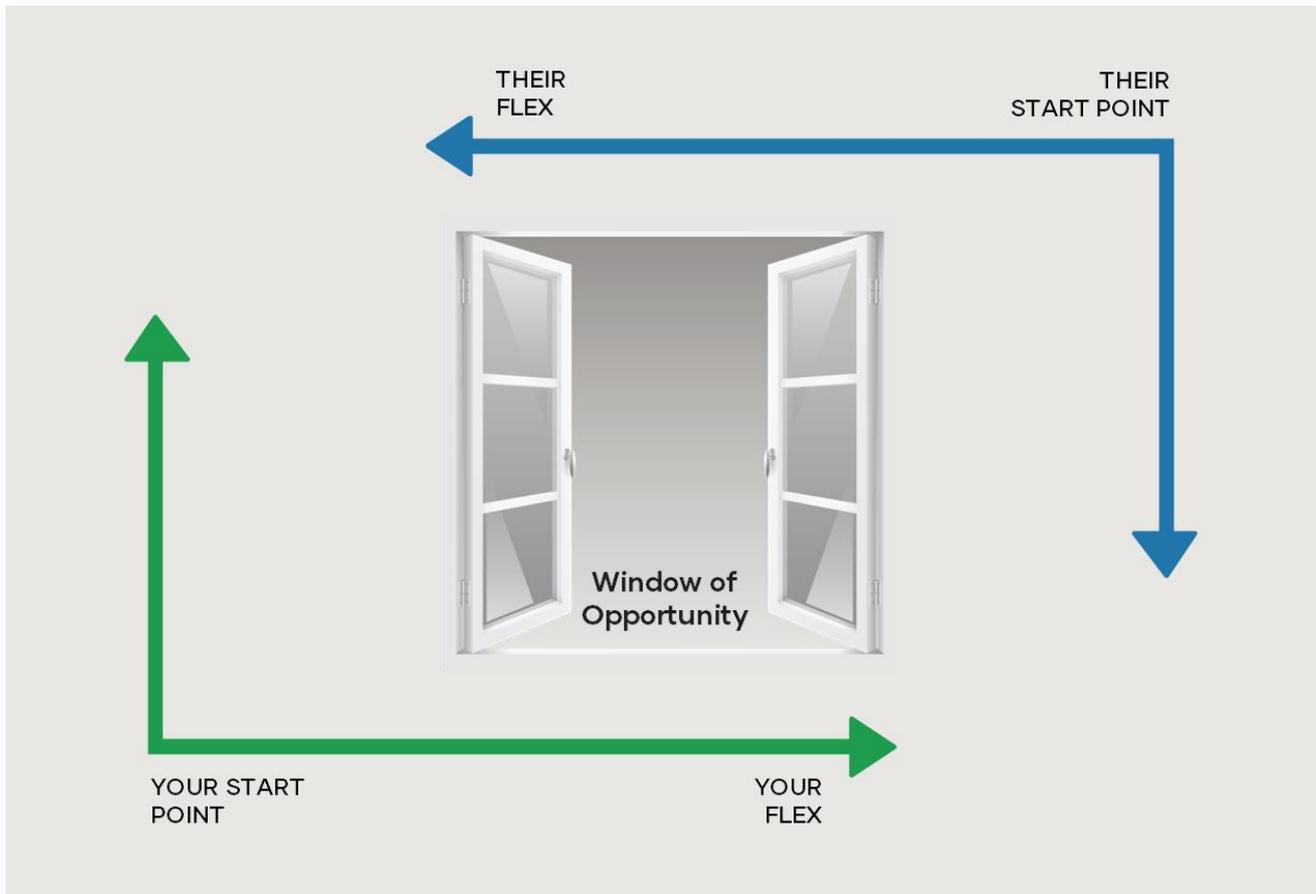
Fact based
negotiation

Looking for
mutual value
if possible

MY NOTES

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THE NEGOTIATION WINDOW



TRADE THE VARIABLES

- Remember the context
- Don't box yourself into a position
- Reflect the context of the negotiation
- Emphasise the benefits in the 'selling story'
- Remain credible



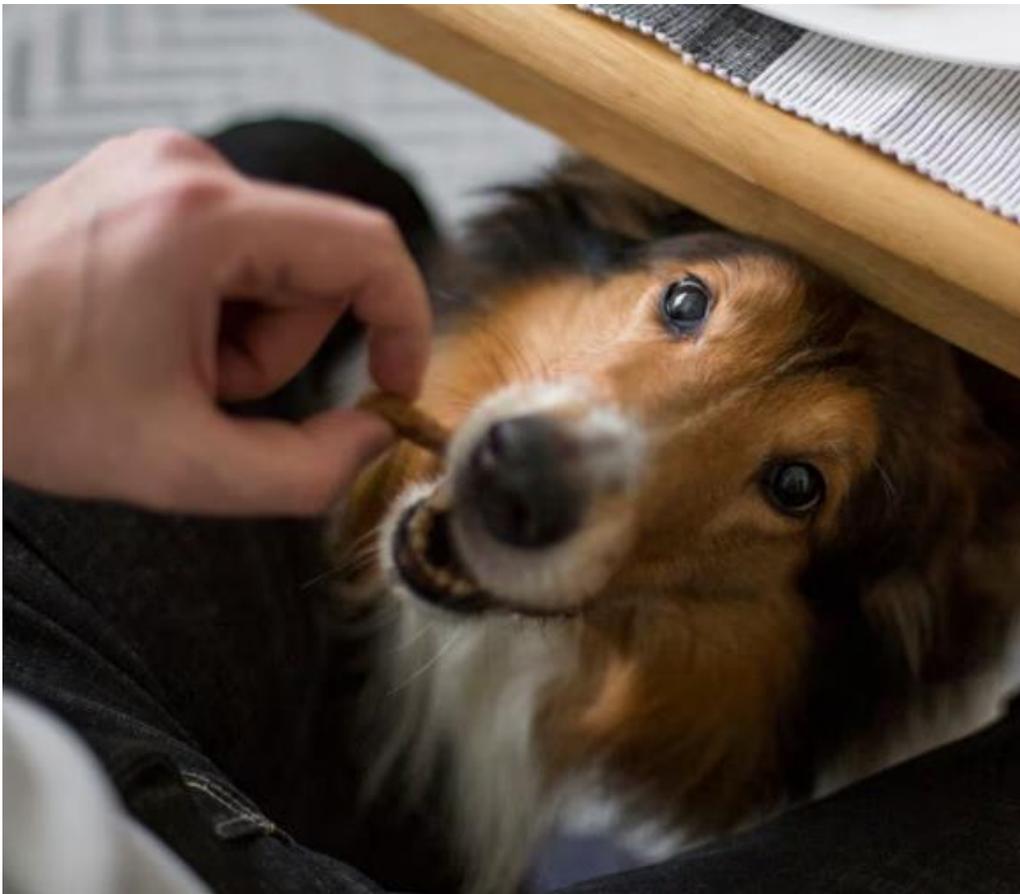
MAKE IT ALL COUNT

- **Never concede** in large steps – you may give away too much
- **Small steps** indicate value in what you are conceding
- The more they talk the more likely they are to give more!
- Decimal points are your friends!
- For everything you concede in a negotiation you need to **receive something back** – there are no free lunches in negotiations!
- Wherever possible try and obtain trades of **equal or greater value**
- Don't get yourself into a position of 'owing' the other party something



DON'T FEED THE DOG FROM THE TABLE!

- Roll over once in a negotiation – the other party **never forgets**
- Subsequent meetings will be more difficult as the other party will assume you will say 'yes'
- **Be consistent** – it makes life easier if the other party knows what to expect from you!



SUMMARISING

- Much is made of the “art of closing”, there are numerous techniques... The best of all is just to **ask for it!**
- But before you do that, let's just run through what we have agreed one last time, **the nodding technique:**
 - We've agreed on... Yes
 - Also this... Yes
 - Which will deliver you revenue of... Yes
 - We can sign the agreement today then...
- After **3 or 4 'yeses'** it's very hard for the other party to then say no!

LOCK IN THE DEAL

- Confirm the details in **writing**
 - lock it in
- As time passes – understanding of the facts can change
- Agree, confirm, move on!



ESTABLISH YOUR BATNA

Best Alternative To Negotiated Agreement*

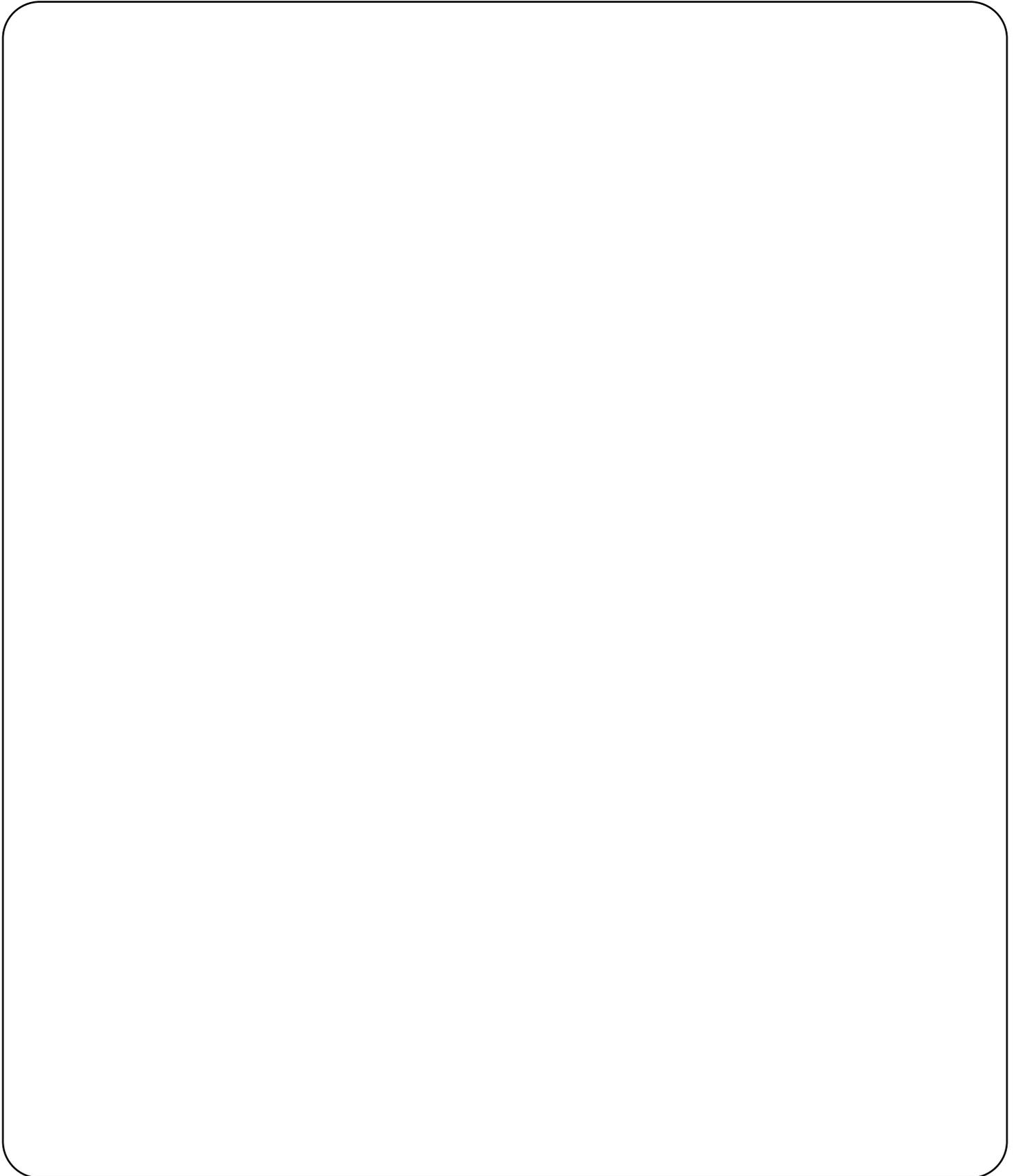
- What is the **fall-back position** for you if the deal is not done
 - e.g. the value of the equivalent deal from an alternative party?
- Establish the likely BATNA for both you and the other party if you cannot satisfactorily conclude the negotiation
 - Who has the greater exposure?
 - Who is subsequently likely to be hungrier to do the deal?

EXAMPLE OF A BATNA

- It costs me \$10 to grow it
- I want \$20 from my customer
- They are offering \$13.....

Plow it in \$1.50
Juice \$12.50
Prison service \$17
Cruise ships \$13.50
Baby food \$14.00
Dehydrate \$10.00

MY NOTES

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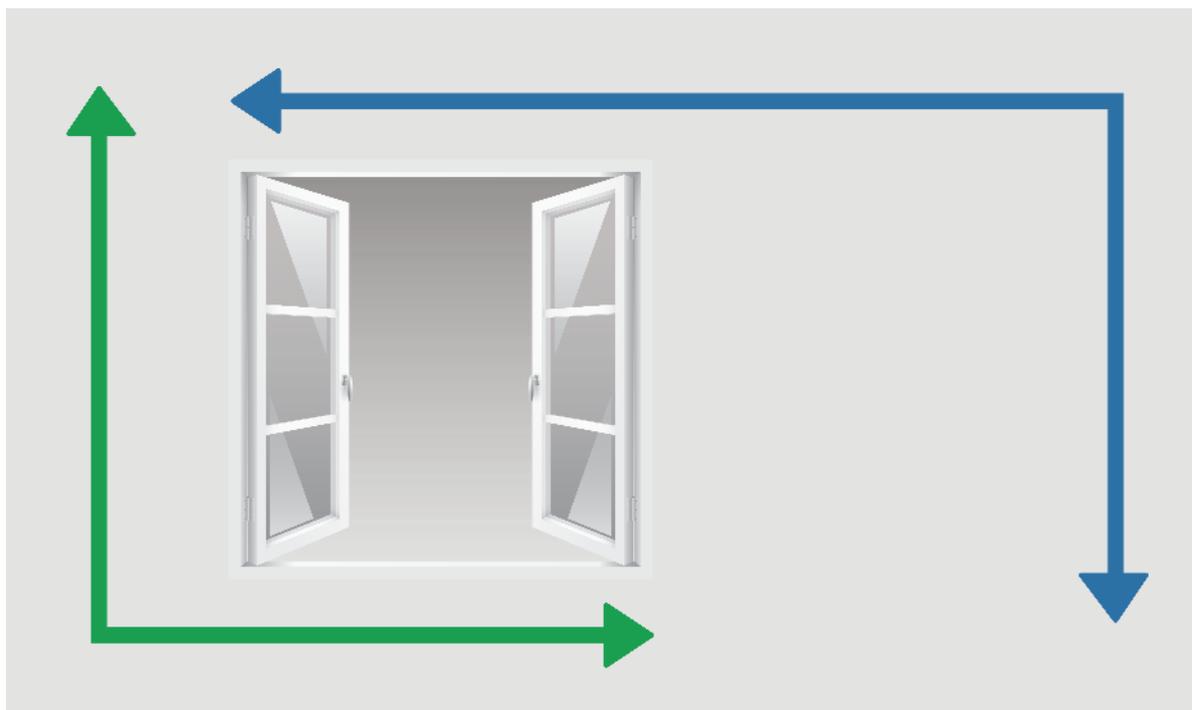
WHY USE TACTICS?

- We need to be **careful** using tactics...
 - The intention behind tactics is to manipulate the situation in our favour
 - This often creates a situation that is not reflective of the reality of the situation – there can be future **consequences** to this position
- There are however some basic tactics that can be very **effective** in creating legitimate **advantage**
- Tactics need to be used with reference to **'context'** of the negotiation and the role we want the other party to play in our business



TACTIC 1 – CHALLENGE & STRETCH

- The **broader** the negotiation window – the better the opportunity is for us!
- We need to create a **stretch** position that we can incrementally work back from (in small increments)
- Make it a **compelling** and believable start point



Balance stretch with credibility – don't push it so far as to be seen as taking the mickey!

TACTIC 2 – REJECTION WORKS

- We **never accept** the first position – it doesn't matter how good it is!
- The first offer from the other party is never likely to be the best!
- Plan for at least **four 'no's'** before you agree to a 'yes'
- Ensure you **never have to do the deal** in this meeting – a poor deal done today will haunt you tomorrow!



TACTIC 3 – COMPETITIVE TENSION

The greater the competitive tension the better our position

We always want to have choices – the more choices, the lower the need to do a deal with this person

Articulate the competitive position to the person – we are looking to de-power their position/offer

TACTIC 4 – ONE THING AT A TIME

- The other party will seek to negotiate ‘one variable at a time’
- We prefer to deal with the total package
- We are likely to get a better end result avoiding the ‘pizza’



TACTIC 5 – CONTROL THE TIME

- **Control** the momentum and energy of the negotiation
 - Your agenda – your meeting
 - Map out the allocated time – you know what is next
- The worst deals are often done under **time pressure**
 - 80:20 rule applies
 - Don't be pressured into a last-minute deal...
- Take a break
 - Change the energy



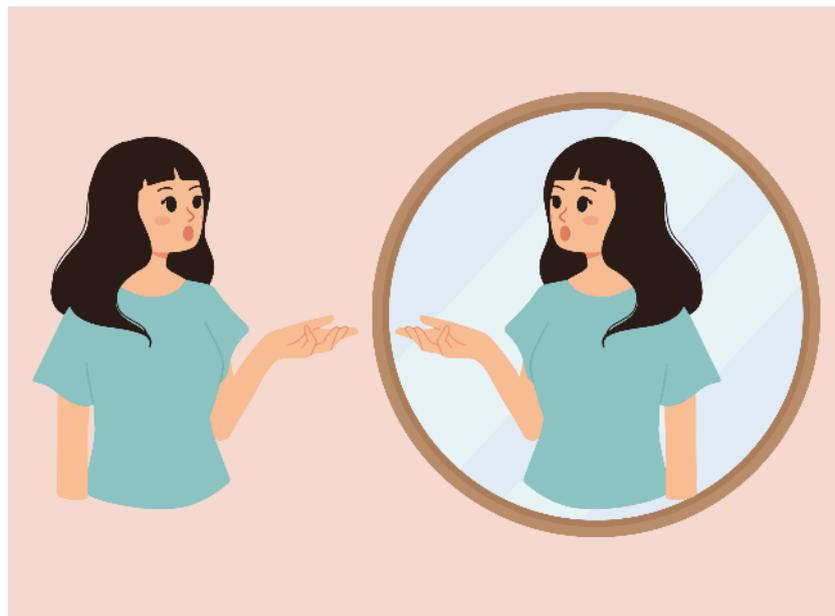
TACTIC 6 – SHUT UP!

- After you have put your position on the table – **let it be...**
- They who talks more – gives more!
- **Silence** is uncomfortable – enjoy it – discomfort is often mitigated with concessions
- **Plan your questions** – let them do all the talking – gives you time to think and plan your next steps...



WAYS TO BUILD YOUR SKILLS

- Write down what it is you are looking to achieve – the act of writing it down helps!
- Run through the negotiation with your partner, mate, mother, son, the mirror – anyone – practice practice practice
- Pretend to be the other party – shoot your argument down – find out where the weak spots are
- Give us a call – we can help!

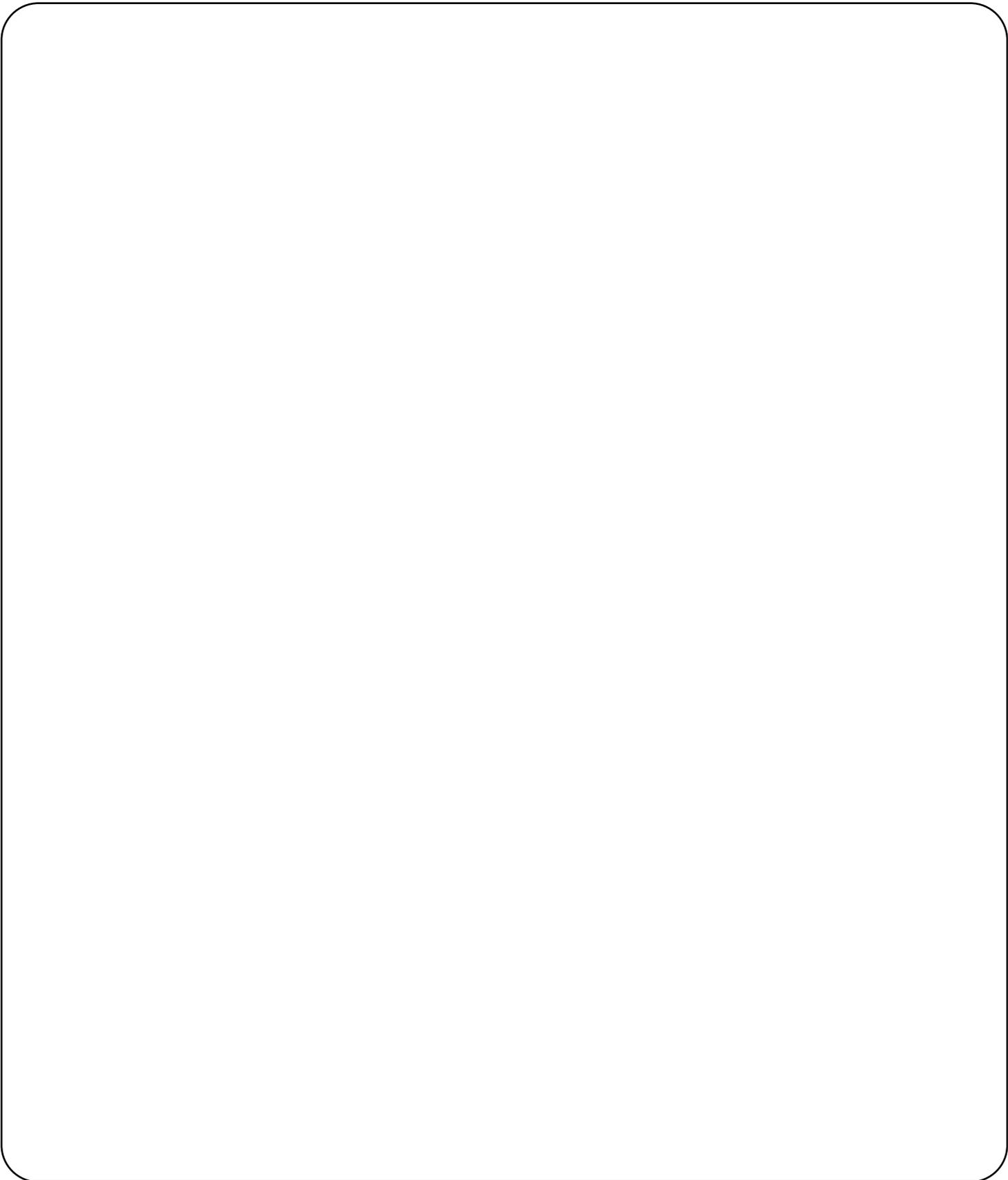


ACCESS TO THE SUPPORT CENTRE

**1:1 Support
available for
attending
growers**



MY NOTES

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KEY INSIGHTS

KEY INSIGHTS DAY 1:

My Notes:

KEY INSIGHTS DAY 2:

My Notes:

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QFVG has your back in an ever-changing landscape



Advocacy &
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Member 4
Our Members*



Access to
Projects



Member Rewards

* QFVG represents the interests of Members at a State and National level through our membership with the National Farmers' Federation (NFF), Queensland Farmers' Federation (QFF) and by our association with other industry bodies.

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