

NEWDAWN BRIEFING

#2

July 2017

PROFITABLE RELATIONSHIP MANAGEMENT (NEGOTIATION) AND MANAGING SCOPE CREEP

“TURNING A PROBLEM INTO A VIRTUE”

In the Services sector, negotiations with clients are notoriously fraught and festooned with complexity around prices, over-servicing and scope creep. Our view is that this is an opportunity, not a problem!

In our last issue of NewDawn Briefing, we described why Services Businesses are so vulnerable when it comes to Negotiation. We highlighted five key themes:

- The preconditions are stacked against the sellers
- There is a lack of commercial information and acumen
- There is a preponderance of unassertive behaviour
- Many sales people exhibit poor persuasion communication skills when under pressure.
- There is an inherent failure to learn.

In this issue, we will look at the solutions to these challenges and how to turn the 'problem into a virtue'

Profitable Relationship Management

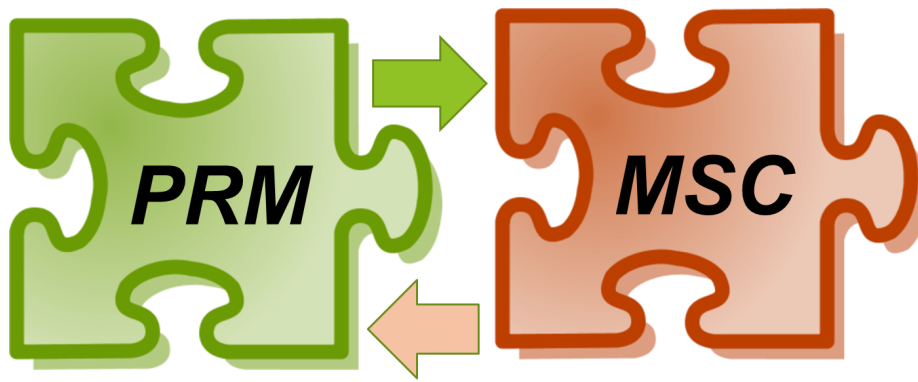
“Superb course, packed full of insight and a solid process to follow – and plenty of time for practice too. A great use of 2.5 days. Thank you.”..”

- MD Services Business



In This Issue

- Real Business Needs in the Services Sector
- Complementary programmes; Profitable Relationship Management, and Managing Scope Creep
- The NewDawn Approach



Two Complementary Programmes

'Profitable Relationship Management' and 'Managing Scope Creep'

BUSINESS NEEDS AND ISSUES

Business needs are at the heart of all NewDawn Services, and a clear understanding of these is a pre-requisite to our work with Services Businesses. Whilst each Business is unique in its style and challenges, there are a raft of very common themes which we have identified over the last 10years of working in this sector. Typically, the business management and leadership teams in these businesses bring us in when...

- Existing customers are demanding **price and /or fee cuts** (and the maintenance/increase of existing services) – more for less. Often, this is being led by professional procurement staff who have been trained in negotiation and have adopted a 'More for Less' approach to suppliers.
- There is a clear **lack of confidence** in dealing with complex negotiations. This manifests itself in lack of belief that their business can win.
- Business **differentiation and value** is not clearly understood nor defined. Thus, negotiations are about price.
- Alternative **styles of negotiation** and persuasion are not fully understood and the business has adopted a one-size-fits-all approach to negotiations. This is compounded when staff show a high propensity for 'avoiding' tough negotiations or making expensive concessions too easily.
- The business is vulnerable to **over-servicing and scope creep** from opportunistic clients. Client management and service teams are often more driven by the importance of the relationship than by commercial outcomes and this puts the team involved in delivery into a very difficult position. This focus also leads to giving away value today for a loose promise for a bigger opportunity tomorrow.
- Clear **negotiation processes and plans** are not clearly defined – consequently preparation, planning and execution is poor, mistakes are repeated, and there is no mechanism for measuring success nor improvement.
- **Win/loss reviews** are not properly executed or managed. The same mistakes are made time and again without any methodology for improvement.
- **Cross-functional team-working** and management is inconsistent. Consequently, this is a highly exploitable situation and it seems as if clients are doing this regularly.

The consequences of these issues:

- Value is lost due to money being 'left on the negotiating table' throughout the client life cycle.
- Margins are reducing even when revenues are increasing.
- Businesses are vulnerable to 'Scope Creep' and 'Over-Servicing'.
- Staff feel frustrated, under-valued and de-motivated.

Addressing the Issues

NewDawn offers a suite of programmes including '**Profitable Relationship Management (PRM)**' and '**Managing Scope Creep (MSC)**'; these have been designed specifically to address the issues above. The real power of these solutions is delivered when all the internal stakeholders within the business work as a team, from CEO to the delivery personnel, with regard to standing up to efforts by clients to drive scope creep as a fundamental part of their "More for Less" strategy. The solutions are diluted if taken individually and are vulnerable to being dismantled by the client. The key is bringing it all together in a coordinated way.



Bringing the pieces together

THE NEWDAWN APPROACH

“To help client managers and service teams see and apply **alternative perspectives** through **innovative analysis** to provide confidence and belief that enables the delivery of truly **exceptional results** by using highly effective **negotiation practices and behaviours**”

Our approach is built around **four key pillars**:

1. **Processes.** Clearly defined end-end processes for planning, developing the right strategy, and managing complex negotiations.
2. **Behaviours.** Ensuring that the right behaviours are maintained throughout the negotiation so that they help rather than hinder the negotiations.
3. **Leadership and Team-working.** Identifying exactly what leaders and team members really need to do in cross-functional negotiating teams to be effective
4. **Winning Spirit.** Understanding how to manage our own frame of mind, and the mood of our team, to generate the belief we can really win.



The Ingredients of Success

The Profitable Relationship Management (PRM) Programme

The aim of the PRM programme is to upskill the MDs, CFOs, and Client Account Directors in managing their accounts in a more profitable way in order to secure better deals, significantly reduce over-servicing, and grow top line revenue and bottom line margin. Thus, the primary goals for the delegates are to be:

- More effective in **face to face negotiation** and proposals
- More confident in their ability to apply a **well-structured negotiation** and pitching process within a relationship framework
- Able to articulate more effectively **the true value** of our brand and services to ensure the other party sees the real value
- More aware of how **the other party** might think and prepare
- Acutely aware of the impact of **over-servicing and scope creep**, how to recognise when it is happening and how to change behaviours so that it is managed effectively
- Better prepared so that the team can and will **believe in their own position** more effectively
- In a position where the team goes into a pitch or proposal **attitudinally on at least equal terms** with the other party.

PRM Benefits.

MDs, CFOs, and Client Account Directors will return to work with the skills and tools to better manage their accounts and with the confidence to negotiate in a more professional manner. Top line revenues and bottom line margins from these clients will improve significantly shortly after the principles are applied. Furthermore, the relationship with the client will be enhanced as the true value of this will be recognised and respected. This in turn will improve the focus of client work and reduce over-servicing and scope creep opportunities. Staff motivation and retention will improve and account directors will receive the appropriate positive recognition from their team members.

The Managing Scope Creep (MSC) Programme

We define Scope Creep as **“Doing activities that are outside the agreed scope of work without charging a fee for putting in the extra hours required to do the work”**.

The aim of the MSC programme is to upskill the account teams in recognising scope creep and managing it in their accounts to their own business's advantage. Thus, the primary goals for the delegates are to be:

- Able to recognise and **manage " Scope Creep "** to their advantage i.e. grow revenue and profit
- To ensure they are better positioned to **understand their clients'** motives and behaviours.
- **Assertive and confident** enough to be able to say 'NO' without causing offence.
- Comfortable **negotiating with people we have got to know well**, or who are more senior, and who are very focused on their own specific goals
- Confident in **negotiating additional benefits** for us post contract
- Able to find the time to **plan and manage negotiations** well, even when there is not enough time
- Understand the implications of negotiation on **E Mail and Phone**. Practising a phone negotiation toward the end of the programme on a realistic live issue

MSC Benefits.

Account teams will return to work with the skills and tools to recognise and better manage scope creep. **The real power of this programme comes when the team recognises Scope Creep as a low-cost sales aid to grow top line revenue and bottom line margin for little extra effort.** This in turn will improve the focus of client work, reduce over-servicing and scope creep opportunities and empower the team to turn these situations into revenue and margin generating opportunities. Staff motivation and retention will improve and account directors will receive the appropriate positive recognition from their team members.

“I thought it was excellent. A really good balance between theory and execution. The programme absolutely met my needs. It was the best external training I have done”.

*Client Relationship
Manager*

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