

Think! Inc.

business negotiation, redefined

Value Blueprint App for Buyers



PRIMARY OBJECTIVES OF THE VALUE BLUEPRINT

1. Connect strategy and leadership priorities to purchasing negotiations
2. Engage internal customers earlier in the process to embed their priorities into the negotiation
3. Build credibility of purchasing with leadership and internal customers
4. Lower acquisition price while maintaining safety, quality and supplier relationships to assure supply
5. Provide buyers with helpful, relevant and real time data by commodity type
6. Provide a common framework for all stakeholders to strategize and execute supplier negotiations
7. Create organizational learning across negotiations

HOW IS THIS CLOUD BASED TOOL DIFFERENT THAN MOST?

- Most technology based negotiation tools fill out a form/answer questions with free text. In essence zero basing each negotiation. Our tool has pre-loaded custom answers to questions (in drop downs) such that negotiators can benefit from organizational best practices and negotiate reflecting the priorities of leadership and internal customers. This process frees up negotiators to spend more time developing insight and strategy.
- The tool is flexible and can be customized based on geo's or commodity type. It is designed to be able to adjust to and reflect your business strategy.
- Provides a framework for determination of internal customer needs and provides a common platform for buyers, leadership and internal customers at early and late stages of negotiation.
- Employs a weighted attribute decision matrix that assists all stakeholders in determination of which supplier provides most value and the investments and risks associated with acquiring that value.
- Extremely easy rollout, done at the workshops in a matter of hours

OVERVIEW OF BLUEPRINTING SUPPLIER NEGOTIATION

The Think! Value Blueprint framework relies heavily on answering the two most relevant questions for negotiating with suppliers:

1. What are the consequences to both sides if we don't agree (what we call CNA)
2. What are the likely terms in the event we do agree (what we call trades)

Our emphasis is on having better, deeper data on the two most relevant aspects of negotiation vs. long lists of behaviors and countermeasures, etc. This approach is designed to aid negotiators in becoming better decision makers on behalf of your company.

97% of the behaviors in a negotiation flow through the data that answers these two questions. (Think! study 2009.) This blueprint becomes the foundation for making better decisions based on fact.

CNA (Consequences of No Agreement)

Business negotiators reach agreement when both sides come to agreement better than their alternatives. Most business negotiators do not have relevant data for multiple stakeholders on both sides of the negotiation and end up stalling good deals or accepting sub-optimal ones due to that fact.

TRADES

Exceeding both side's alternatives in a business negotiation is the first step to value creating business deals. The second step of creating trades grows that value and allows us to lower acquisition price and assure deal quality. Negotiation blueprinting requires that we are aware of the multiple items for multiple stakeholders on both sides of the deal to be understood. We also need a sense of the importance rating and high to low acceptable ends of ranges. Like CNA analysis, most negotiators do not have a clear view of that picture and end up focusing on items out of context of the larger deal.

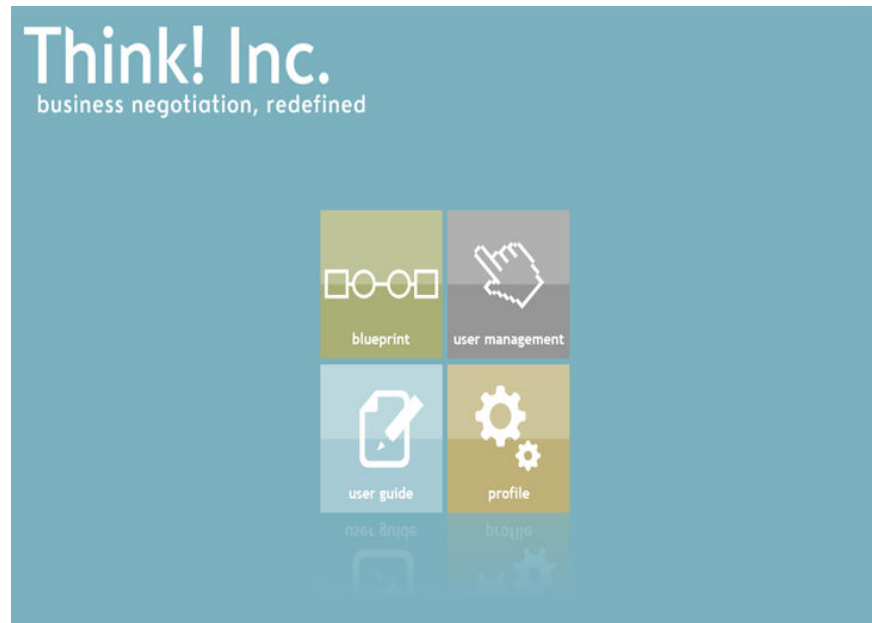
Having more complete data earlier will put your negotiators in the driver's seat and enable them to make optimal decisions that reflect the strategy and priorities of leaders and internal stakeholders.

“The problem with making decisions is that all the reasons pro and con
are not present in the mind at the same time”

- Benjamin Franklin

The Think! Value Blueprint allows negotiators to have all reasons pro and con from multiple stakeholders on both sides present in the mind at the same time.

WELCOME SCREEN



COMMODITY TYPE SCREEN

The most important aspect of our Value Blueprint App is the ability to create a strategy to tactics connection. We call this the framework of the Blueprint. Upon initiation of a negotiation blueprint, the user will be asked what “commodity type” and “alternative type” is relevant to this negotiation.

In advance of users executing Blueprints, these framework fields are completely custom to your needs and built with you and your stakeholders as part of our upfront consulting. The framework is custom for each client but might reflect:

- Commodity type
- Geographic differences
- Different alternative such as source from another supplier or build it yourselves

This framework is built based on the results of our cross functional current state/desired state diagnostic.

The first field, “commodity type” would have pre-loaded “trades” and suggested high to low end of ranges associated with each stream. The relevant internal stakeholders would be consulted up front to populate these drop downs for our side. We would also pre populate the list of trades likely to be desired from our suppliers.

(these drop downs answer the question “what are the likely terms in the event we do agree”)

The second field “alternative type” would have pre-loaded decision criteria to help us compare one supplier vs. another given this stream. Just like trade data, these fields would be built based on the needs of relevant internal stakeholders. The data also reflects the consequences to suppliers if they don’t reach agreement with us.

(these drop downs answer the question “what are the consequences to both sides if we don’t agree”)

Once a negotiator chooses commodity and alternative types, subsequent screens will only display data relevant to the type of supplier negotiation they are executing.

blueprint

dashboard save cancel cover cna trades meo all

supplier value analysis

log out

BluePrint: Cover page

NOTE: Completion of all fields is required

Supplier Name
Oil and Pipe Supply Distributors

Name of this Opportunity
2013 opportunity

Estimated Cost
10,000,000

Expected Close Date
21 Dec 12

Current Status
In Progress

Check this box if you have been coached by either a Think! consultant or your manager on this blueprint

Commodity Type All

Commodity A

Commodity B

Operations

IT

HR

Facility Services

Login ID
mbrown

Our Alternative All

Go with Supplier X

Do nothing

Build it ourselves

My Name
Marie Brown

save cancel

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CONSEQUENCES OF NO AGREEMENT SCREEN

What happens to both sides if you don't agree?

After selecting commodity types, the first step for a negotiator is to execute Consequence of No Agreement Analysis (CNA) on both sides of the deal. Recall this is important as both sides should only consider accepting a deal when it exceeds both side's alternatives.

On the left hand side, the data you see is not free form text but is chosen from pre populated drop down menus. This data is also broken out by supplier stakeholder. Our recent research shows that most buyers focus mostly on their own side and if they do consider the sellers alternative, they do not look beyond the impact to the sales rep. Having CNA data on multiple stakeholders for the suppliers gives an advantage to your team.

On the right hand side, the data is also chosen from pre populated decision criteria from multiple internal stakeholders. These criteria are used to determine how the supplier you are negotiating with meet or exceeds your alternative. Negotiators have the ability to rate the criteria high, medium or low and determine whether the alternative is +, - or = to the alternative.

The screenshot displays the 'Supplier Value Analysis' software interface. At the top, there is a navigation bar with icons for 'dashboard', 'save', 'cancel', 'cover', 'cna', 'trades', 'meo', and 'all'. A search bar on the right contains the text 'supplier value analysis'. Below the navigation bar, the title 'SUPPLIER NAME - Oil and Pipe Supply Distributors' is centered. The main content area is split into two columns: 'Consequences of No Agreement: Sell side' and 'Consequences of No Agreement: Buy side'. The 'Sell side' column is titled 'Oil and Pipe Supply Distributors' and 'Impact'. It lists several items with red minus signs in the right margin: '(P) Market share', '(P) Strength of customer's brand', 'Loss of \$10 million in annual revenue', 'Loss of great customer', and 'Loss of potential expansion to worldwide locations'. The 'Buy side' column is titled 'Go with alternative supplier' and 'Criteria'. It lists several items with red minus signs in the right margin: '(P) Opportunity for reduction in TCO', '(S) Minority business status', 'Disruption of critical supply for drilling sites', 'Potential for new ideas from new vendor', and 'Switch to a different supplier - cost and pain'. At the bottom of the screen, there is a footer with the text 'Think! Negotiation Blueprint software is for use by permission only. © 2011, Think! Inc. All rights reserved.' and 'Developed by Azul Arc'.

TRADE SCREEN

What are the likely terms in the event you do agree?

After completing CNA analysis the negotiator now moves to trade analysis. This step is important as it assists the negotiator in determining those areas that can create value for the supplier in and allow us to leverage price, supply or safety.

The left hand side has pre populated items typically important to suppliers given this “deal type”. Again, deal types could be a stream or something more specific such as energy. These desired trades are broken out by supplier stakeholders such as legal, sales, sales management, marketing, product managers etc. and aid the buyer in thinking more strategically about their sellers;

The right hand side are our desired trades as submitted by internal customers and other stakeholders, Where desired, high to low acceptable ranges are also populated.

log out

blueprint

dashboard save cancel cover cna trades meo all

supplier value analysis

SUPPLIER NAME - Oil and Pipe Supply Distributors

compact Trades: Sell Side Sort		compact Trades: Buy Side Sort	
Trade	Range	Trade	Range
Discount	10% - 20%	Discount	15% - 20%
Contract length	3 - 5 years	SKU(s) sourced thru OPSD	1000 - 2000
Price changes	30 - 45 day notification	Contract length	3 - 5 years
24x7 access to online ordering		Enterprise-level contracts	
Codevelopment opportunities	2-3 per year	KPI's	Quarterly - Semi-annually
Consignment inventory kept onsite	\$50K - \$75K investment	30-day rolling forecast for likely spares required	30 - 60 days
Emergency telephone number for emergency	5x24 to 7x24	Access to executive management	
Reporting of monthly usage by part	Top 50 - 100 parts	Joint research	1-2 projects per year
Site visits to evaluate process	5-7 per year	Rationalize parts and part numbers across multiple sites	Top 200 - 300 parts
		Recommended on-hand inventories	Top 200 - 300 parts
		Worldwide site potential (ie, growth in Indonesia)	

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TOTAL BLUEPRINT SCREEN

With trades for each side in the center and CNA analysis for both side at the left and right, the Blueprint now contains most of the key moving parts for multiple stakeholders on both sides of the negotiation. This data changes over time as we learn more or change our priorities such that it is a living, real time document. It allows for sharing among multiple internal stakeholders if desired and creates common language and process for discussing supplier negotiation.

SUPPLIER NAME - Oil and Pipe Supply Distributors

Consequences of No Agreement: Sell side

Oil and Pipe Supply Distributors

Impact	Trade	Range
(P) Market share	Discount	10% - 20%
(P) Strength of customer's brand	Contract length	3 - 5 years
Loss of \$10 million in annual revenue	Price changes	30 - 45 day notificati
Loss of great customer	24x7 access to online	
Loss of potential expansion to worldwide	Codevelopment opt	2-3 per year
	Consignment invento	\$50K - \$75K investm
	Emergency telephon	5x24 to 7x24
	Reporting of monthly	Top 50 - 100 parts
	Site visits to evaluate	5-7 per year

Consequences of No Agreement: Buy side

Go with alternative supplier

Criteria	Trade	Range
(P) Opportunity for reduction in TCC	Discount	15% - 20%
(S) Minority business status	SKU(s) sourced thru	1000 - 2000
Disruption of critical supply for drilling	Contract length	3 - 5 years
Potential for new ideas from new vendors	Enterprise-level cont	
Switch to a different supplier - cost	KPI's	Quarterly - Semi-ann
	30-day rolling foreca	30 - 60 days
	Access to executive i	
	Joint research	1-2 projects per year
	Rationalize parts and	Top 200 - 300 parts
	Recommended on-hi	Top 200 - 300 parts
	Worldwide site poten	

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SUPPLIER ANALYSIS SCREEN

This tool can be exported from the tool and is used for dialogue with internal customers. There are two tabs:

- Supplier value analysis
- Investment and risk analysis

We will cover supplier value analysis first. This data is embedded into a multi attribute, weighted average decision matrix and allows us to work with internal customers adding, changing, weighting criteria and scoring suppliers to determine which on average provides most overall value. This data pulls from the main blueprint and pre populates the decision criteria for this specific negotiation.

The screenshot displays the 'Supplier Value Analysis' interface. At the top, there is a navigation bar with icons for 'dashboard', 'save', 'cancel', 'cover', 'cna', 'trades', 'meo', and 'all'. A search icon labeled 'supplier value analysis' is also present. Below the navigation bar, there are two tabs: 'Supplier Value Analysis' (active) and 'Supplier Investment and Risk Analysis'.

The main area contains a decision matrix. The columns are labeled 'key', 'Weight', 'S and D Supply', 'Grainger', and 'Oil and Pipe Supply'. The rows list decision criteria such as 'Switch to a different supplier - cost and pain', 'Disruption of critical supply for drilling sites', 'Potential for new ideas from new vendor', '(P) Opportunity for reduction in TCO', and '(S) Minority business status'. Each cell in the matrix contains a set of five colored circles (black, grey, red, orange, green) representing a score from 1 to 5.

A legend titled 'Weighting' and 'Supplier Score' is shown in the bottom left. It defines the weighting levels: Low (black circle), Medium (grey circle), High (red circle), and then a scale from 1 to 5 using combinations of red, orange, and green circles. An 'ok' button is also present.

At the bottom of the screen, there are 'Supplier Scores' for each column: 24 for 'S and D Supply', 40 for 'Grainger', and 34 for 'Oil and Pipe Supply'. There are also buttons for 'ok', 'reload', and 'clear'.

At the very bottom, there is a footer: 'Think! Negotiation Blueprint software is for use by permission only. © 2011, Think! Inc. All rights reserved. Developed by Azul Arc'.

MULTIPLE EQUAL OFFER SCREEN

The last screen also pulls relevant data to this negotiation and allows us to brainstorm and prepare three different relationships we might have with this supplier at three different investment and effectiveness levels. This allows us wide flexibility and creativity in keeping negotiation from defaulting to a zero sum discussion.

These offers can be presented first to a supplier or in counter to their offer. They can be presented all at once as a choice or one at a time such that negotiators have back- up prepared.

This tool also allows us great internal brainstorming with internal customers.

The screenshot displays the 'blueprint' software interface for a supplier named 'Oil and Pipe Supply Distributors'. The interface features a navigation bar with icons for 'dashboard', 'save', 'cancel', 'cover', 'cna', 'trades', 'meo', and 'all'. Below the navigation bar, there are three columns of offer options labeled 'Basic Renewal', 'Expansion', and 'Global view', each with a 'Trades' section and a 'MEQ Builder' dropdown. To the right, there is a 'Missing Information, Notes, Questions' section with a list of tasks and their due dates.

Basic Renewal	Expansion	Global view	Missing Information, Notes, Questions
Type in additional description here	Type in additional description here	Type in additional description here	- identify the joint development opportunities for better service
Trades	Trades	Trades	- what information was gathered during site visit by supply chain people?
Discount	Discount	Discount	<input checked="" type="checkbox"/> blueprint complete
Contract length	Contract length	Contract length	Due 31 Oct 12
Price changes	Price changes	Price changes	Responsibility mbrown
KPI's	24x7 access to online ordering	24x7 access to online ordering	<input checked="" type="checkbox"/> Internal customer review
30-day rolling forecast for likely spare	Consignment inventory kept onsite	Co-development opportunities	Due 24 Oct 12
	Reporting of monthly usage by part	Consignment inventory kept onsite	Responsibility lcoates
	SKU(s) sourced thru OPSD	Emergency phone number for emerg	<input type="checkbox"/> Supplier signaling complete
	Enterprise-level contracts	Reporting of monthly usage by part	Due _____
	30-day rolling forecast for likely spare	Site visits to evaluate process	Responsibility _____
	Recommended onhand inventories	SKU(s) sourced thru OPSD	<input type="checkbox"/> MEO preparation
	KPIs	Enterprise-level contracts	Due _____
		KPIs	Responsibility _____
		30-day rolling forecast for likely spare	<input type="checkbox"/> MEO presentation
		Access to executive management	Due _____
		Joint research	Responsibility _____
		Rationalize parts and part numbers a	<input checked="" type="checkbox"/> MEO presentation
		Recommended on-hand inventories	Due 15 Nov 12
		Worldwide site potential (ie. growth ir	Responsibility _____

REPORTING AND LINKAGE TO OTHER SYSTEMS

The App comes with standard reporting but nearly any data can be exported and reported on. Linkages to existing systems are relatively easy depending on the amount of data shared.