

# TODAY'S AGENDA



ISM—Twin Cities, Inc.

***Noon - 12:10***

***Welcome & ISM Update***

***12:10 - 12:55***

***Keynote Presentation***

***12:55 - 1:00***

***Wrap Up & Dismissal***

# Mission and Value Proposition

## OUR MISSION

We advance the strategy and practice of integrated, end-to-end supply chain management through leading-edge data-driven resources, community, and education to empower individuals, create organizational value, and drive competitive advantage.

## OUR VISION

Foster a prosperous, sustainable world.



Education

Certification

Leadership Development  
& Career Growth

Resources & Tools

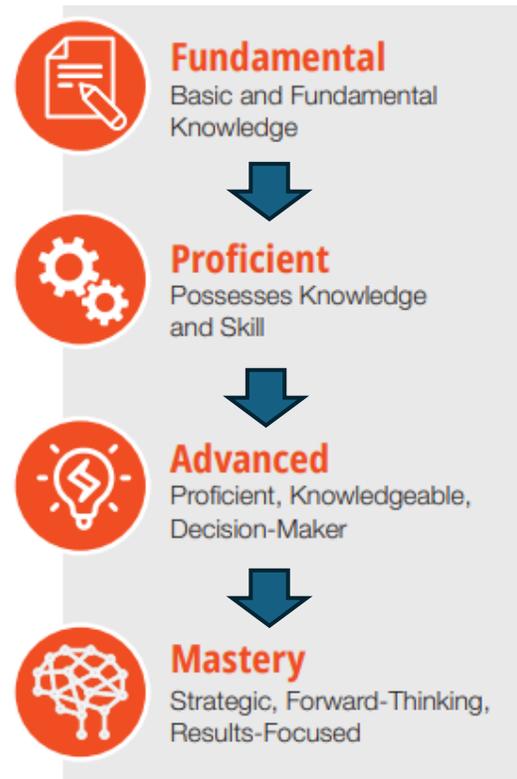
Events & Networking



ISM—Twin Cities, Inc.

# The ISM Supply Chain Capability Model

TOPICS COVERED IN CONFERENCE



Comprised of **16** core competencies and more than **70** sub-competencies

**A big thanks to our Annual Sponsor!**



ISM—Twin Cities, Inc.

 **Assent**<sup>®</sup>

*Real depth. Sustainable growth.*<sup>™</sup>

**Helping Complex Manufacturers Lead the Way in Compliance.**

**For more information, contact: Jonathan Nauth**

Director, Sales

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+1 613 852 0929



# ISM-TC Upcoming Free Events for Members

## PLANNED SUMMER PROFESSIONAL DEVELOPMENT MEETINGS

- Supply Chain Talent Management
- Social Outing
- Local Plant Tour
- Supplier Recognition Programs

**Watch your email, LinkedIn and our website for more information soon!**



# Planned 2025 Workshops & Seminars

**Mitigating Supplier Price Increases & Collaborative Cost Reduction with Suppliers (4 hours)**

**How to Effectively Prepare for Any Negotiation**

*Led by Benedict Negotiating (8 hours)*

***Dealing with Challenging Technology Vendors + Tips and Tricks for Negotiating and Contracting Technology Spend (4 hours)***

**Building a Best-in-Class Supplier Diversity Program**

*Led by Lisa Westgate of LN Westgate LLC (4 hours)*

**Reach out to Randy if you are interested in hosting or attending any of these outstanding classes!**

# Want to Learn More? Contact Us!



[twincities.ismworld.org](http://twincities.ismworld.org)  
[ismworld.org](http://ismworld.org)

## ISM Membership

480-752-6276, Option 8  
[membersvcs@ismworld.org](mailto:membersvcs@ismworld.org)

## General Inquiries

[info@ism-twincities.org](mailto:info@ism-twincities.org)

## Chapter Leadership

[execdirector@ism-twincities.org](mailto:execdirector@ism-twincities.org)



Join Our  
LinkedIn Group!



ISM - Twin Cities an affiliate of ISM

 Standard group



ISM—Twin Cities, Inc.

# **“The Power of Data-Driven Negotiating”**

**Rod Sherkin, Founder & President  
ProPurchaser.com Inc.**

**Please fill out the e-survey which will be sent to your email following the event. Your feedback helps us improve!**

**Hope to see at our next ISM Event!**

# The Power of Data-Driven Negotiating

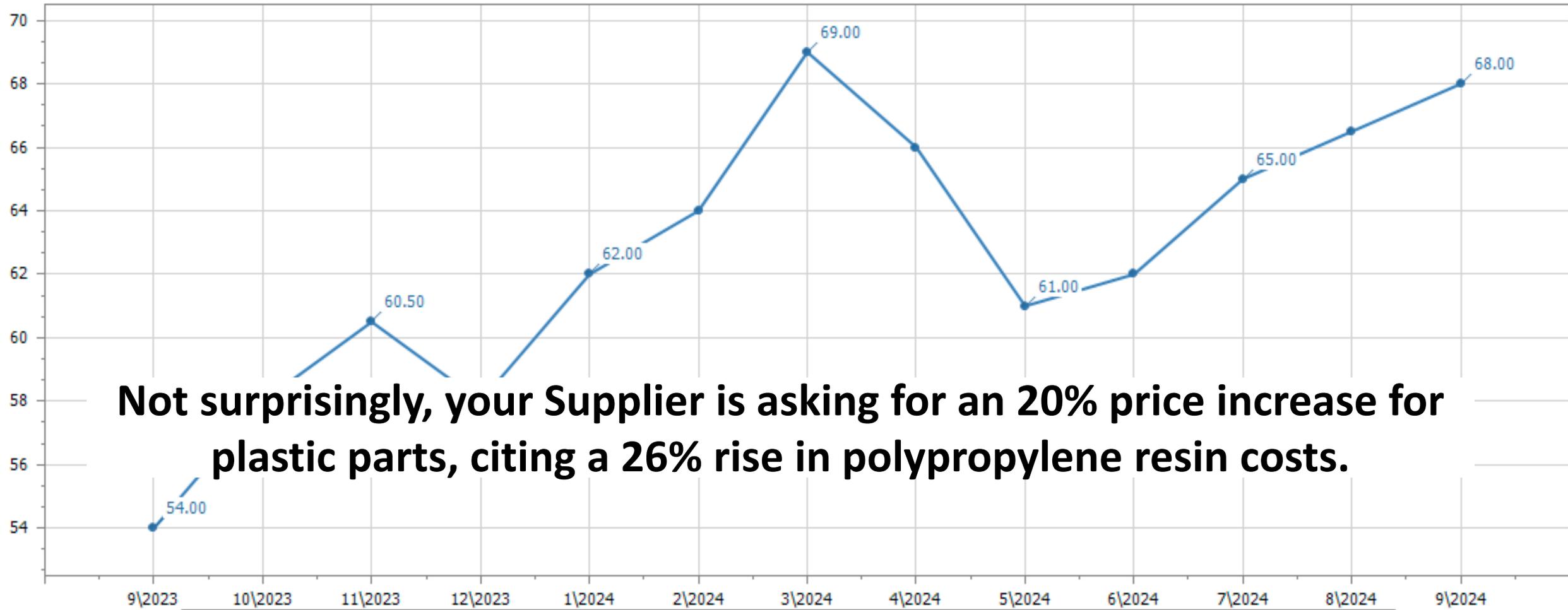


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# Two Keys to Success

1. Tie prices you pay to “Changes to Suppliers’ Direct Costs”.
  - ✓ Build a “Negotiators’ Should Cost Model”
  - ✓ Prevent Price & Margin Creep
2. Initiate and Champion cost savings projects with chosen suppliers.



**Not surprisingly, your Supplier is asking for an 20% price increase for plastic parts, citing a 26% rise in polypropylene resin costs.**

Name	Description	Difference	% Change
● Polypropylene Homopolymer N. America	US Cents per lb	14.00	▲ 25.93%

# Practice #1

**Tie prices you pay to “Changes to Suppliers’ Direct Costs”.**

## Practice #1

1. Tie prices you pay to “Changes to Suppliers’ Direct Costs”.

**The good way to do this is to  
build a “Negotiators’ Should Cost Model”.**

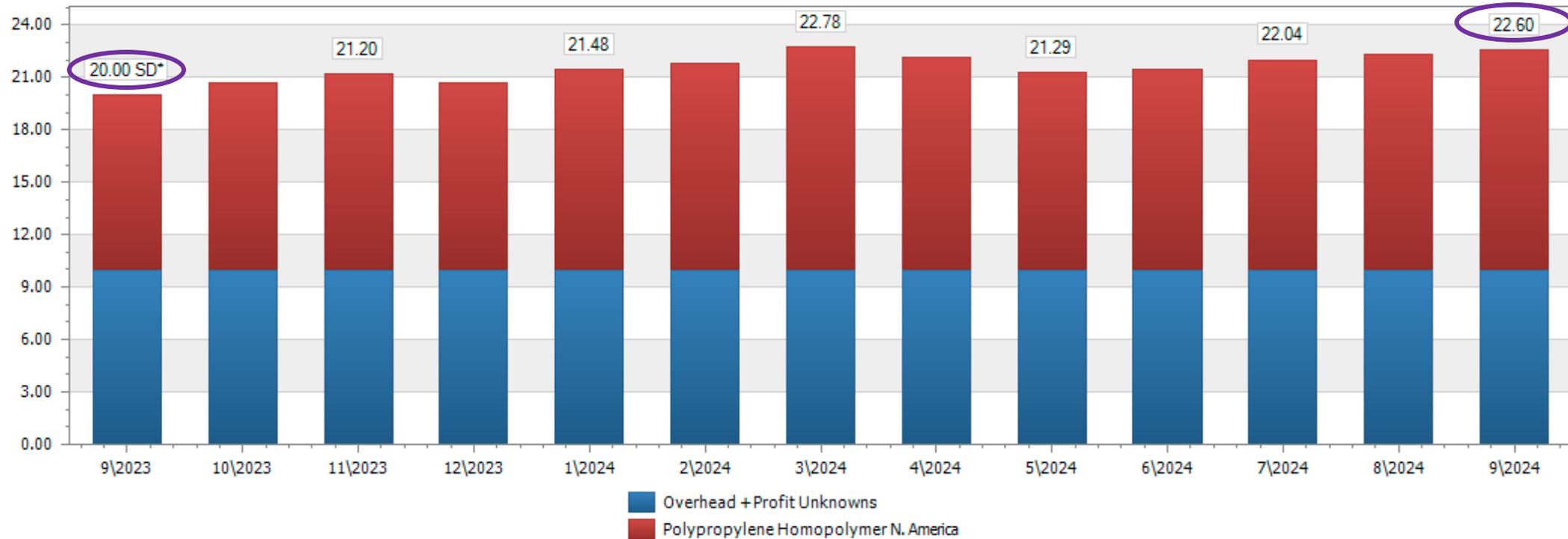
- 1. It ties “Changes to Suppliers’ Direct Costs” to the price you pay.**
- 2. NSCMs prevent Price and Margin Creep, on an ongoing basis.**
- 3. And they also free up precious time by reducing hassles over pricing.**

# First pass - NSCM using the 50/50 Rule of Thumb (using your Supplier's reason for an increase)

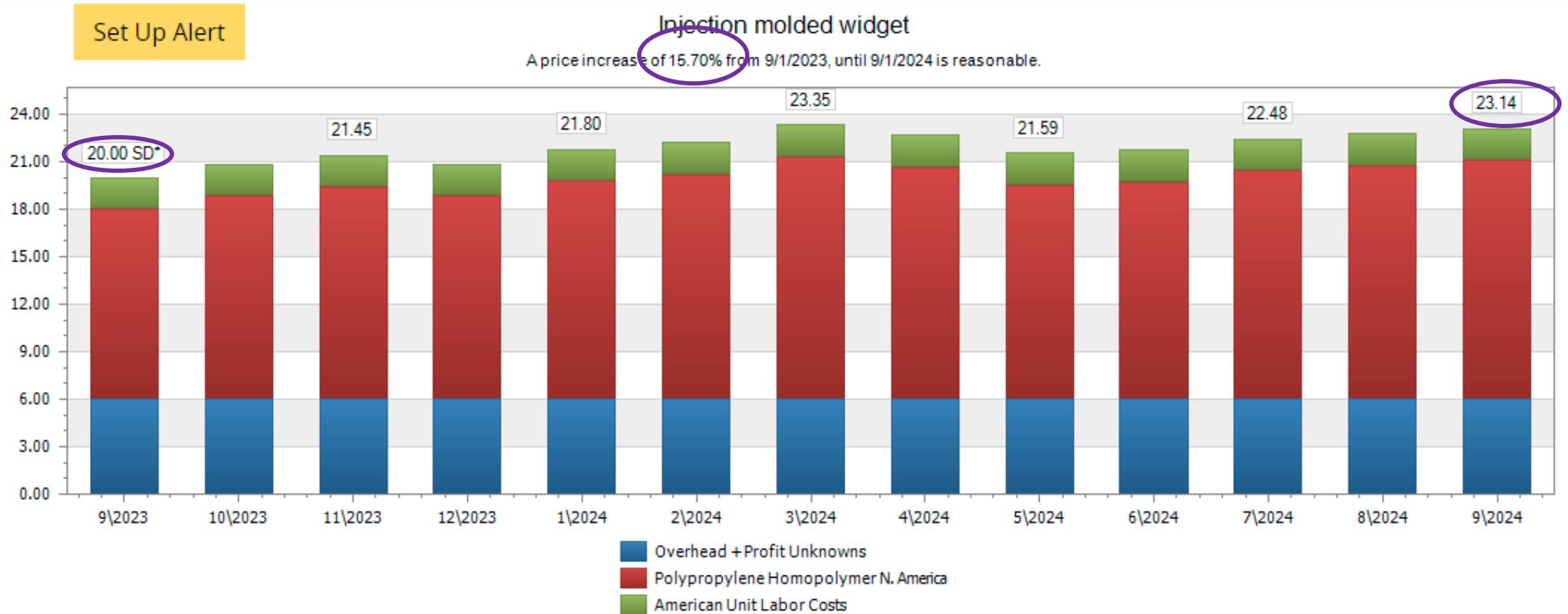
Set Up Alert

Injection molded widget

A price increase of 13.00% from 9/1/2023, until 9/1/2024 is reasonable.



# Second Pass - Supplier's response – 60% resin; add 10% labor



***You can put a stop to hassles over pricing by simply accepting all your supplier's changes, as is.***

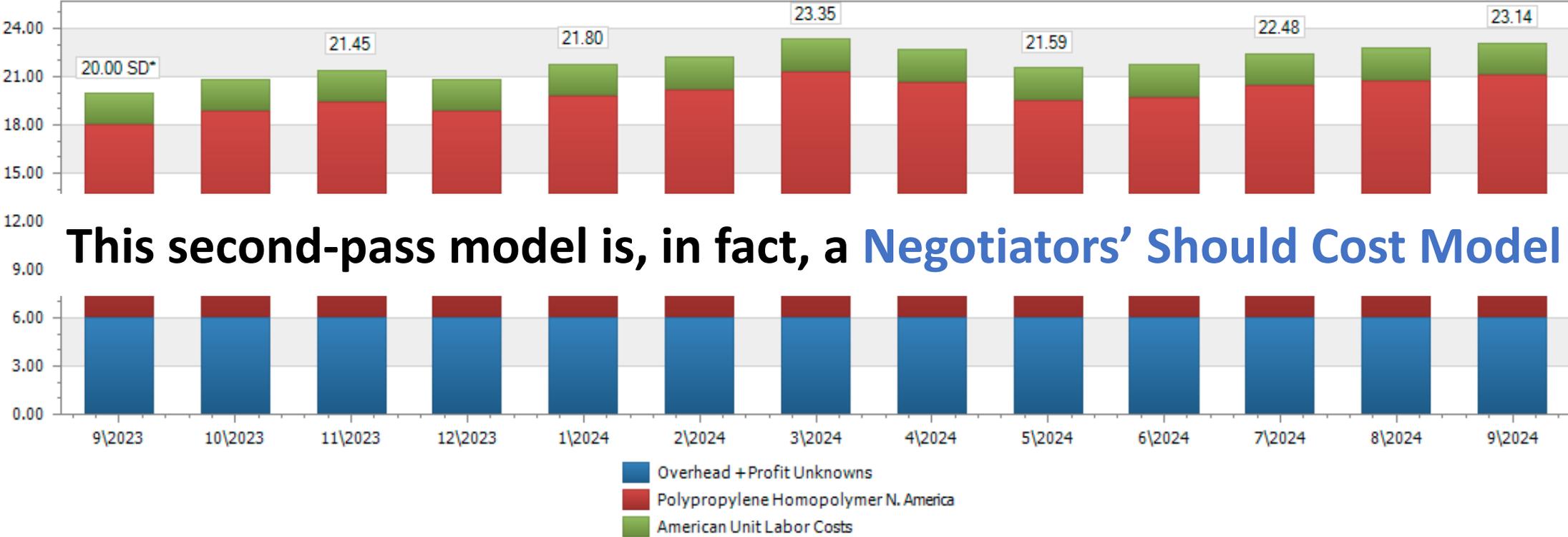
You can put a stop to hassles over the price by simply accepting all your supplier's changes, as is.

**By doing so, your supplier becomes an *'owner'* of the model too, since it is now based on *their* data.**

Set Up Alert

### Injection molded widget

A price increase of 15.70% from 9/1/2023, until 9/1/2024 is reasonable.



This second-pass model is, in fact, a **Negotiators' Should Cost Model**

# Preventing Price and Margin Creep

# Two Opportunities for Suppliers to Creep Up Margins

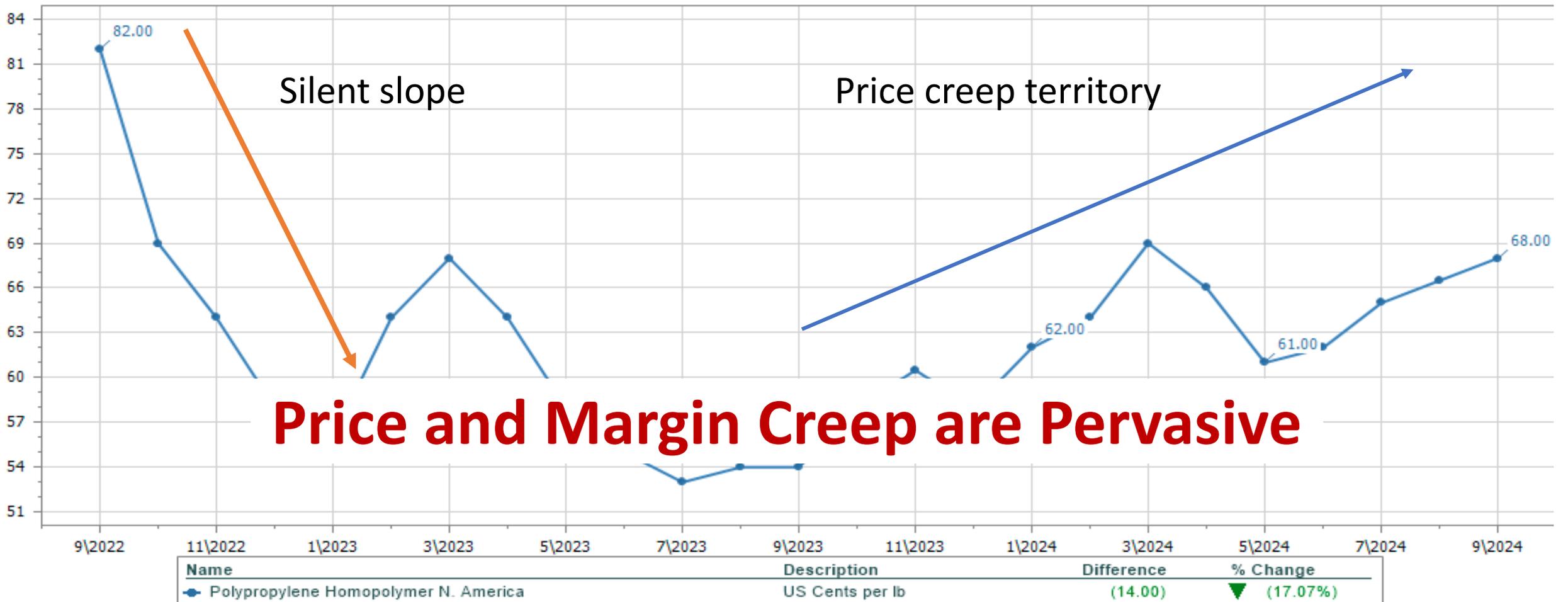


# Two Opportunities for Suppliers to Creep Up Margins



**Every Company Will Improve Margins  
Whenever Possible**

# Two Opportunities for Suppliers to Creep Up Margins



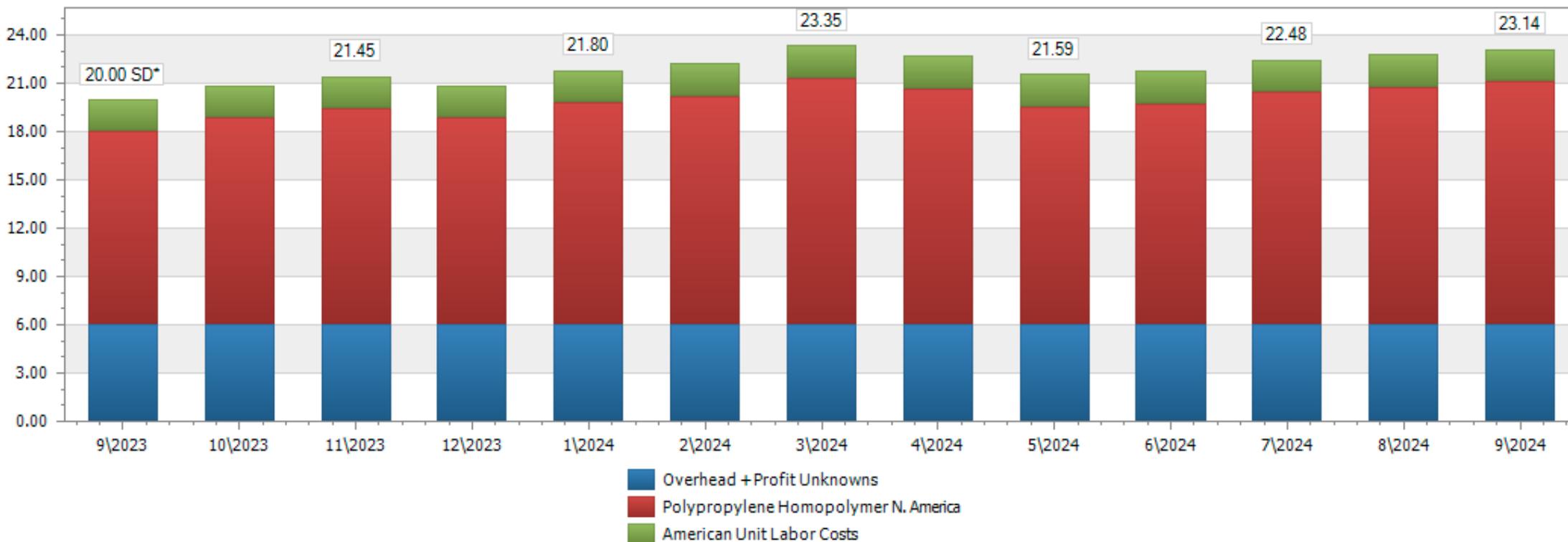
**Pervasive..... but not inevitable!**

# Make a habit of building Negotiators' Should Cost Models

Set Up Alert

## Injection molded widget

A price increase of 15.70% from 9/1/2023, until 9/1/2024 is reasonable.

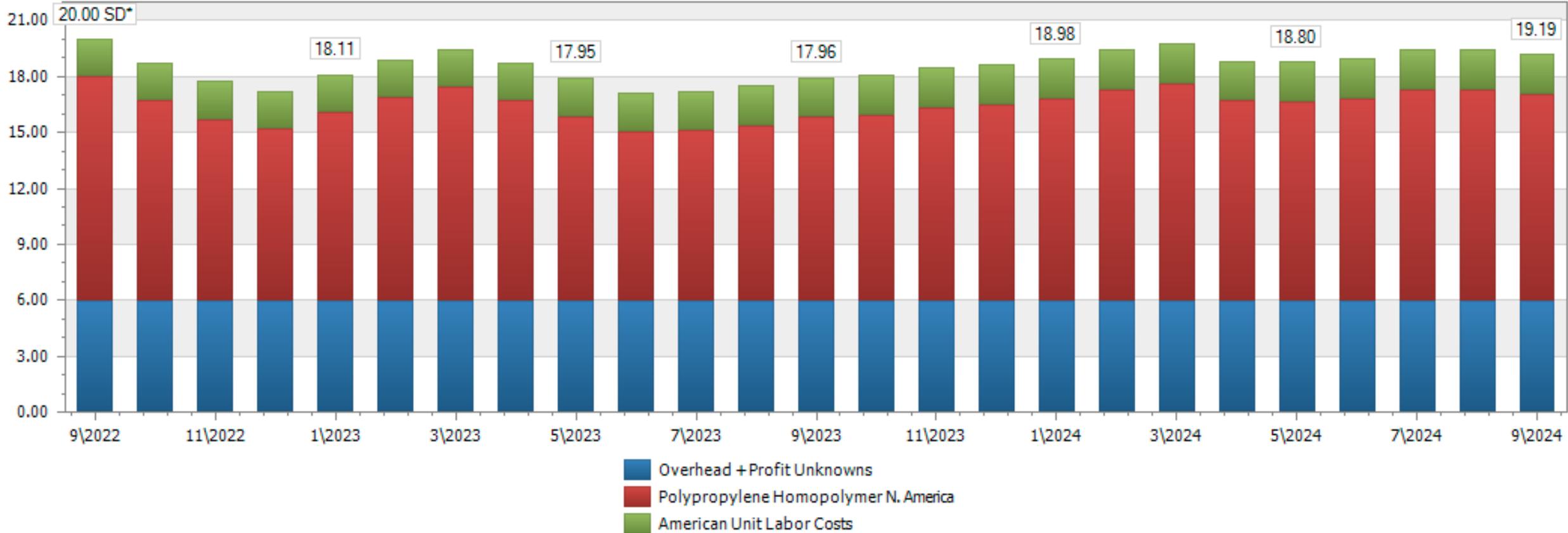


# Looking back 2 years

Set Up Alert

## Injection molded widget

A price decrease of 4.05% from 9/1/2022, until 9/1/2024 is reasonable.



**Now that you have price negotiations on autopilot,  
what do you do with your new-found time?**

## Practice #2

**Initiate and Champion cost savings projects with chosen suppliers.**

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Initiate and Champion cost savings projects with selected suppliers.

**Where are the best cost savings opportunities usually found?**

Where are the best cost savings opportunities usually found?

**Inside your suppliers' organizations:**

**Knowledge and ideas inside the heads of their managers, engineers, operations & planning staff.**

**Suppliers know a lot about the outside world.**

**They also have deep technical knowledge  
about their own products.**

# How to make Joint Cost Savings projects succeed

- **Find the right kind of suppliers** (hint - they welcome cost modeling; they also welcome plant tours).
- **Start by choosing simple projects.**

# Tips from Seasoned Pros that Make Projects Work

- **Nothing succeeds like success.** Start with a simple project that is very likely to succeed, even if it is a modest one. Don't hesitate to ask suppliers and colleagues for help choosing
- **Jump in!!** You can *learn* something watching a webinar, but you can only *master* something, by *actually doing it*. Nothing substitutes for experience. Everyone is nervous the first time: you *will* get over it and succeed.
- **Communicate, communicate, communicate.**
  - Stay in touch with all participants, help and encourage, never criticize, remove obstacles - grace under pressure. Ask Suppliers the “magic question”.
  - Make sure projects are visible throughout the company: circulate regular progress reports, copy top management on important events, publicly celebrate milestones and successes.
- **You cannot be too modest.**
  - Spread the credit and kudos around.
  - There's a saying in project management: “More credit - more results.”

# Review

1. Tie prices you pay to “Changes to Suppliers’ Direct Costs”.
2. Initiate and Champion cost savings projects with selected suppliers.

# Review

## Top 2%

1. Tie prices you pay to “Changes to Suppliers’ Direct Costs”.
2. Initiate and Champion cost savings projects with selected suppliers.

# Review

1. Tie prices you pay to “Changes to Suppliers’ Direct Costs”.

**Top 0.2%**

2. **Initiate and Champion cost savings projects with selected suppliers.**

# The Power of Data-Driven Negotiating

Thank You for Attending

[www.propurchaser.com](http://www.propurchaser.com)

