

# Purchasing Power...

**Brexit is around the corner – how will the UK fare in this separation? And how will the world measure the success? And importantly - what can we all learn in business from this incredible experience?**

The main skill required by the UK representatives in Europe (and globally) is the ability to negotiate, and to negotiate well.

What are we learning from watching the politicians go through this process, and does the UK have the ability and confidence to purchase powerfully?

Is the ability to negotiate or barter becoming a dying art? And what impact has 'online purchasing' contributed to the possible decline of this skill?

In the world of travel, the act of going to RFI or RFP for the best 'negotiated' rate for a product or service has been historically how corporate and global mobility buyers have procured their products. Today, however, the RFI/RFP is just the starting block.

For a large buyer, the process of choosing 'the right' solution can take up to 2 years. Even after the contract has been awarded, the time needed to confirm the contract terms, review legal requirements including insurances and HSSE, and create the local/global SOW's can take the procurement and buying teams a further year.

These points considered, the time that's been allocated for the Brexit negotiations somehow seems a little challenging, even if you have the strongest and most experienced negotiators at the table.

## Instant Gratification

It is important to consider that the general public's experience of 'buying' products has changed immensely over the last 25 years. The online world has made it quick and easy to 'instantly' purchase almost anything online, with a credit card and on a mobile device. Welcome to the heady world of instant gratification.

Has the general population become unaccustomed to the vital steps of a full procurement process?

Knowing how to qualify, how to question the features and benefits, how to listen to (and respond to) objections, barter and know when to put the value add propositions on the table, is key to a successful purchase.

'Online' buying has taken the majority of the 'negotiation' out of our everyday world. Even with 'Artificial Intelligence' (A.I.) and sophisticated personal profiles being built from our shopping habits, we risk becoming faceless buyers and transactional sales people.

## Patience Is A Virtue

The need for steady, patient negotiators to build and develop trusting two-way relationships 'pre' a big purchase is key, after all, everyone knows how it feels to have buyer's remorse.

An area to consider (and not underestimate), is that even after the purchase has been made and terms agreed, you need excellent implementation of the contract, and caring, knowledgeable after-sales service and operations teams to ensure the on-going success of the contract – it's not just about the success of the sale or the contract, it's about the implementation, the on-boarding, the socialising and the performance. The senior teams need to keep everyone true to what was promised by both sides during negotiations, along with relevant changes in law, data management, and HSSE, that ensures compliance is always delivered.

Professional negotiators, in any line of work, will advise that communication, patience and compromise is necessary for a win/win situation. Staying at the table and keeping communication open is key.

## Core Skills

Has the way we now buy and sell in our personal lives impacted on the core trading skills that were historically very strong in the UK?

It is interesting to review the skillsets we have in 2018 (as individuals and professionals) that will help us to navigate these uncharted waters.

Social media and the online revolution took the world by storm - what core skills may have been impacted? – either positively or negatively?

Could the ease of online purchasing in 2018 have encouraged complacency and comfort in transactional buying and selling – knowing that you can return almost anything gives us confidence to purchase without fear. Most day to day buying decisions can be reversed.

Individuals and companies 'buy' online and 'compare' online, and we are happy to accept the apparent 'lowest' rates online.

The nearest the general population (online especially) comes to negotiating, is shopping through comparison sites that 'compare' for us. Our brains do not have to 'do the math' anymore, we have stopped bartering, and most of us are looking for 'instant gratification' for every transaction.

We do however, know how to auction – eBay has taught us that you can win or lose in the last 60 seconds – and the price that a product started at, will increase with the

more demand there is for it. So, we buy without negotiation, and we are used to auctioning 'upwards' for what we want.

## Enter The Corporate And Global Mobility Buyers...

Savvy corporate buyers have an outline of what they are looking for – they've 'researched' the need within their business, and they've had a few offline 'chats' with other experienced buyers of the same products. They know what's currently available on the market, and they know generally what's being paid for it.

Good buyers understand their company demand and what it's worth, they understand the needs of their 'population', and they know what's important to the majority of their stakeholders.

Successful buyers keep some of their sweeteners in their back pockets – things that can be 'thrown' in to the mix to help them get a better deal – maybe an extension to the contract, a future contract or a recommendation. The plus side is that savvy buyers or procurement teams fully understand the 'cost' of a service or product, and they fully understand there is a price to pay for both – they are not looking for 'free'.

## The Best Buyers Qualify Before Negotiating On Price

Qualifying is a great benchmarking exercise and one that can save a great deal of time if you do not have the resource or time to 'go to RFP'.

A buyer doesn't need to go to market if the perfect solution is sitting in front of them, especially if the solution is best in class and the product or service is not replicated anywhere else.

Price (for a savvy buyer) is not the starting point - value, on-going service, security and 'fit for purpose' easily pips price.

In the world of serviced apartments, the negotiated rate or city cap for a global programme has quickly become the 'rack' (highest) rate that the corporate will pay.

The online revolution helped this in 'accommodation' purchasing, allowing fast 'shopping' of available rates in markets – and ensuring that 'distressed' inventory rates are available to view for corporates as an effective benchmark of market forces.

The negotiations, and contracting after the RFI/RFP or proposal, sets the parameters and ticks the boxes. This is quickly and effectively supplemented with dynamic pricing.

**Switched On Sales People Know When To Listen**

Qualifying the needs means listening. No one can solve a problem well that they don't understand.

The best sales people know inherently that features and benefits of their products or services have a value and never underestimate them.

The sales role in the purchasing process is to connect the buyer to the product/service - and the most successful sales people are the ones that ensure that their product/service is what the buyer needs.

The action of understanding what the buyer needs, and delivering on it, builds trust. It also ensures that even when something slightly more 'sexy' is presented to the buyer from a competitor that promises more, is fresh, new and marketed (or packaged) better - the buyer will still refer back to their original sales person to 'check out' the new product for them - now that's called a relationship,

**The Impact Of Powerful Purchasing In The Relocation And Global Mobility Industry**

Buying at a senior level in the majority of organisations is completed confidently, carefully and with excellent due diligence.

How these decisions cascade through the organisation (both from the buyer's side and

the seller's) can be slightly more challenging. Even with the best will in the world, ensuring then that the decision that was made in the boardroom (and during hours of negotiation), is the solution that is provided to the buyer at grassroots level, is where the connection can be lost in translation (or slightly misinterpreted).

Communication, implementation, pull-through, and socialising are all key elements to the success of the process. They are as important as the initial sale.

The open and transparent communication of all key stakeholders at every level of the business and the sharing of anticipated challenges and potential areas of concern with the implementation and operational teams will create the most durable, lasting and successful sustainable solutions and relationships.

**Closing The Loop – Measuring Success Of 'Purchasing Power'**

Understanding that the 'instant gratification' of buying quickly and efficiently, (especially when the actual act of buying is at grassroots level), can undermine the initial goals of the programme, especially if it is not aligned with the agreed targets and needs of the buyer. A key area of focus for the negotiation teams of Brexit.

Setting quality time aside to audit and measure progress, i.e. 'viewing and reviewing'

the point of sale activity, ensures that it is in the majority of transactions the 'best option' that's purchased versus the 'quick and easy' one.

Continuously closing the loop through auditing, viewing and reviewing buying habits at point of sale, and keeping teams and leaders accountable to the results everyday, ensures that the positive buying (and selling) DNA cascades through every level of stakeholder involved, and is the true key to ongoing sustainable relationships and ultimately powerful purchasing.



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