

# A SUCCESSFUL USE OF NEGOECONOMICS



**R**ecently, Danish kitchen supplier HTH (part of Nobia) was invited by a major Danish pension fund — to submit a proposal for a number of kitchen installations. HTH fulfilled the RFP’s detailed requirements, produced a proposal and emailed it off to the prospective client. But instead of waiting passively for a reply to the

proposal HTH’s sales rep went to visit the client in person. The client informed him that HTH’s proposed price of DKK 7.8 million was above their expectation, which they had set at DKK 7.5 million.

Upon learning this, the sales rep requested a break, returned to the HTH office and met with his colleagues to discuss the next step.

In a traditional zero-sum negotiation, the prospective supplier would be looking for possible cost reductions, discounts, and other opportunities for price reduction.

All because the client had clearly stated their projected budget. HTH could either take a loss or walk away from the negotiation empty handed. Or so it would have seemed, with a traditional negotiating approach.

But instead of travelling the traditional road, HTH invited the client’s project manager to a meeting at the HTH offices.

They opened the meeting by introducing the client to a new set of tools, changing their perspective on what a negotiation could and should be, then suggested potential variables to bring in play.

These variables included:: Internal transportation, grout work, product changes and price.

The client accepted this new and different approach and engaged actively in identifying Negotiation Economic potentials. The parties discovered and capitalized on NegoEconomics opportunities, reaching an agreement advantageous to both — and without the need for HTH to reduce its asking price.

*Figure 1*  
*A HTH kitchen*

Nobia is one of the largest kitchen companies in Europe and registered on the Swedish Stock Exchange. They conduct both manufacturing and sales in seven countries: the UK, Denmark, Sweden, Norway, Finland, Austria and the Netherlands.

Nobia has several kitchen brands and their products are produced and sold to both consumers and professional customers. In the UK, Nobia is present with the operations Magnet, Gower, Rixonway Kitchens, Commodore Kitchens and CIE. In Central Europe, Nobia manufactures kitchens with the brands ewe, FM and Intuo in Austria, and Bribus in the Netherlands.

Nobia employs more than 3,200 people and has annual revenues exceeding USD 1,4 billion.

For more information, please visit [www.nobia.com](http://www.nobia.com)

Keld Jensen is an international author, professor, speaker and advisor—an acknowledged expert in negotiation and trust. He has worked with leading global companies, governments and individuals as an advisor and trainer.

His clients include Siemens, Thermo Fisher, Carlsberg, Vestas, Novo Nordisk, Rolls Royce, SABMiller, LEGO, and the governments of Denmark, Great Britain, Australia, Canada and Lithuania.

A prolific author, Keld has published 24 books to date, His works have been published in 17 languages and 37 countries, with a readership of more than 2.8 million.

Mr. Jensen is an associate professor at the Arizona State University's Thunderbird School of Global Management, and at Aalborg University in Denmark, BMI Institute in Lithuania, and UC Louvain/BMI in Belgium. He frequently serves as a commentator in local and national electronic and print media, with more than 200 TV appearances in recent years.

His concept of SMARTnership negotiation strategy is listed on the world's top 10 best negotiation training programs and most recently, he was named to Global Gurus' 2022 Top 30 Negotiation Professionals list. [www.keldjensen.com](http://www.keldjensen.com).

The client achieved its financial objectives through Total Cost of Ownership.

The contract was signed at a total price of DKK 7.9 million — DKK 400,000 more than the client had originally requested, and DKK 100,000 more than HTH had originally proposed.

Time of the negotiation project, from beginning to conclusion, was less than 14 days.

Takeaway:

What did HTH do differently?

- 1.They avoided obsession with the price variable, so the “anchor effect” was not present.
- 2.They were creative in identifying variables that offered mutual values, reducing costs for one party but not at the expense of the other.
- 3.They opened the process with their counterpart by discussing how to negotiate, before beginning the actual negotiation. This successfully changed the way the negotiation was conducted, to the benefit of both parties.
- 4.They worked as a team, with defined roles and discipline.
- 5.They secured mandates to close the deal for both parties.