

# Realizing Financial & Environmental Benefits, by Changing

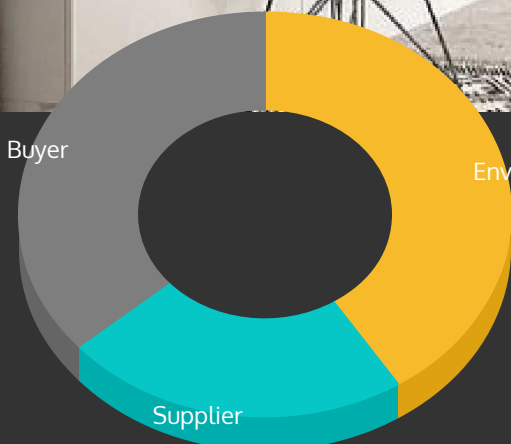
## Negotiation Mindsets

Creating a WIN for the supplier. A WIN for the buyer. A WIN for the Environment and a WIN for the user

A change of mindset that generated more than

**\$1 Million**

annually,  
+ huge a benefit to the environment



How to improve the environment in a

**\$30 million**

annual deal

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# Introduction

## Changing the way, we negotiate can substantially improve the climate







Nobia and Heimstaden did so in a recent negotiation on delivery of thousands of kitchens, resulting in a million-dollar saving utilizing the asymmetric values in Negotiation Economics, while at the same time create a win for the environment and the residents.

Values and environmental benefits they would not have realized, had they followed a traditional negotiation process.

Their agreement concerned installation of an annual number of 2.600 kitchens in Denmark and Sweden.

Both parties enjoyed greater financial success, reduced the environmental impact and learned invaluable lessons along the way. All as result of embracing the philosophy and techniques of SMARTnership and NegoEconomics.

Both Nobia and Heimstaden focused on:

-  Working actively to identify the NegoEconomic potentials in the transaction
-  Creating an atmosphere of mutual trust
-  Following a SMARTnership strategy
-  Forging an early agreement on the "rules of the game" for their negotiation
-  Improving the environmental impact
-  Changing the negotiation from a zero-sum approach to collaboration

I am impressed of how effectively Nobia applied the principles, strategies and behaviors in improving the agreement while making a more sustainable product process.



Keld Jensen, founder of SMARTnership and NegoEconomics

A stylized, handwritten signature in black ink, appearing to be 'KJ' with a large flourish.

# Executive Summary



Modern contracting and tendering processes typically take a zero-sum approach: the buying side seeks changes to variables that will improve their own bottom line only—without considering the *supplier's* costs or benefits. In fact, the majority of procurement processes today are zero-sum oriented. One party wins at the expense of the other, and no one knows of the asymmetric cost or value including the carbon footprint.

Negotiators who typically operate on the zero-sum approach damage trust and leads to less-than-optimal outcomes.

Nobia is Europe's leading kitchen specialist. Every week they deliver 10.000 kitchens and meet more than 60.000 customers. Annual revenue is USD 1,4 billion.

Heimstaden is a leading European residential real estate investor and manager with an evergreen perspective and a mission to acquire, develop, and manage Friendly Homes. 2.100 employees, more than 300.000 customers, represented in 330 cities and 10 countries.

Towards the end of 2020, Heimstaden announced the acquisition of a property portfolio of 6,237 residential units diversified across Denmark. The transaction value was USD 7,1 billions and was closed in early 2021, after which Denmark became Heimstaden's largest market in terms of value. Heimstaden required a kitchen supplier to be able to secure delivery of high-quality kitchens for their residential units in various countries.

Heimstaden had been working with one of Nobia competitors, but Nobia managed, using the concept of SMARTnership and NegoEconomics, to win the frame agreement, at an annual value of more than USD 30 millions.

Nobia and Heimstaden confronted some major challenges, which led to the improvements and developments they ultimately achieved:

- 1) Heimstaden wanted a standard production order process and smooth delivery of thousands of kitchens for renovated and new build properties. Obviously balancing quality and a competitive cost combined with reduction of negative climate impact.
- 2) Nobia and Heimstaden recognized the need for an improved collaborative process. They made a major leap forward in this regard by using new tools to aid in spotting asymmetric values—points where one side might value a given factor more than their counterpart.
- 3) For centuries, the world of negotiation has struggled with inadequacies of information, transparency, and trust between negotiating parties. This has hindered and, in some cases, denied opportunities for realizing the full potential of commercial negotiations without environmental consideration.
- 4) Major procurement projects have typically failed to give attention to NegoEconomics: the potential to improve financial outcomes and reduce the environmental impact between parties by taking advantage of asymmetric costs and values.

# Executive Summary



Their negotiating approach and mindset, revolutionized their contracting and negotiation process—building trust, streamlining information exchange, identifying negotiable variables, and spotting potential NegoEconomic advantages while reducing the negative climate impact.

By negotiating in a transparent environment and addressing NegoEconomics, they discovered;

1) Nobia discovered, as part of the development process identifying NegoEconomics variables, that they were able to supply tabletops made out of composite instead of laminate. Usually, a higher quality and higher priced product.

However, this supplier had 60cm x 60cm modules available that was a waste product from a different product not related to kitchens. These modules were supposed to go to waste, until Nobia discovered the option to utilize them instead of the laminate originally planned.

Not only were they able to offer a higher quality product at a lower price (50%). Due to the smaller dimension, they could also reduce delivery by one truck to each kitchen installation (2,600 deliveries) and reduce employee cost, since there was a weight limitation on how much a worker were allowed to carry.

2) By using the above composite table tops at a smaller dimension they could reduce transportation requirement and cost by 50%, thereby reducing the environmental impact by 3,84 kg. CO2 per table top multiplied by 2,600 kitchens per year.

3) Traditionally contractors have refused to do measurement prior to installation of a kitchen which required an individual going to the apartment with no other purpose than measuring. Heimstaden and Nobia successfully changed this tradition, saving Nobia a person's visit to each apartment, since the contractor were in the apartment already. Typical savings would be USD 180 per unit x 2,600 kitchens totalling USD 468,000.

This variable also reduced the transportation requirements for each apartment by 50%.

4) The parties agreed to one standard model setup, saving Nobia design and time to create a proposal on each single installation. A saving of approx. USD 150 per unit x 2,600 kitchens per year totalling USD 390,000.

By replacing the planned laminate with this 'waste' composite product, they are saving 1) transportation cost of 1 truck to each kitchen 2) product cost by approx.. 50% 3) Environmental gains by reducing transportation and using a waste product 4) Labor cost by not having weight limitations of 40kg per 2 workers.

Not only a win for Nobia, a win for Heimstaden, a win for the end customer and a win for the environment.

# Executive Summary

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Nobia and Heimstaden fulfilled a number of basic requirements to achieve a better contract:



Worked for increased transparency between parties, without risk



Established a higher level of mutual trust



Utilized NegoEconomics, thereby improving their negotiation outcome financially and environmentally.



Supported each other in exploring variables to be negotiated



Negotiated openly and efficiently



Saved time by focusing on a structured agenda and process



Supported free, open exchange of information



Avoided any zero-sum attitude or orientation



Reduced time from beginning to completion



Established a long-term agreement of six years

# Company Presentations

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The Nobia logo is the word "nobias" in a bold, lowercase, red sans-serif font.

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 is organized into three regions: the Nordic region, the UK and Central Europe. The former two are the dominant regions.

In the Nordics, 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)

The Heimstaden logo consists of the word "Heimstaden" in a white, uppercase, sans-serif font, centered within a solid orange rectangular background.

With a presence in ten European countries, Heimstaden is a leading European residential real estate investor and manager with an evergreen perspective and a mission to acquire, develop, and manage Friendly Homes. Our inhouse management and integrated platform ensure a common Heimstaden experience in all markets across the property life cycle – for customers, employees, and partner.

Their portfolio is 149.948 homes with a fair value of 306 SEK billions.

They are working with four strategic pillars. Customer Centered, friendly Workspace, Sustainable Mindset and Financial Strength.

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

**What were the business challenges that necessitated an innovative negotiating approach? The nature of these challenges, how they were identified, and how they lead to improvements are relevant.**

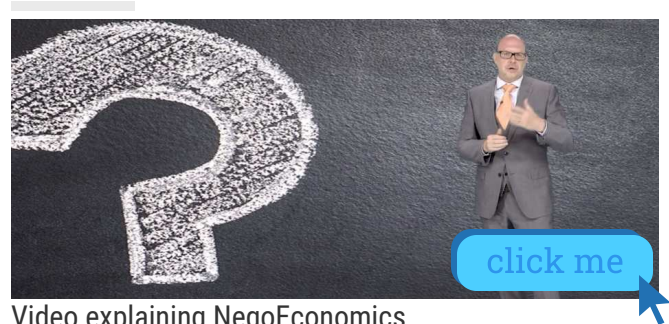
Four challenges are often met in negotiations:

1. For centuries, the world of negotiation has struggled with inadequacies of information, transparency, and trust between negotiating parties—hindering and even denying opportunities to realize the full potential of commercial negotiations.
2. Major procurement projects have often failed to focus on NegoEconomics: the potential to improve financial outcomes between parties by taking advantage of asymmetric costs and values.
3. Today, many still negotiate as was done in the 1850s, with a tendency toward a zero-sum approach to business dealings.
4. Often, the environment is suffering due to the less than perfect approach in a zero-sum negotiation process, in this case by not utilizing the opportunity to use a 'waste' product and reducing transportation.

Nobia and Heimstaden initiated their collaboration with the goal of improving the collaborative process in contract management and negotiation.

According to IACCM's "Trending Commercial Conversations," which spans all industries, effective negotiation has been identified as a core necessity throughout the commercial world.

**What approach was taken to initiate the project, and what barriers and pre-requisites were encountered? For example, lack of data; need for executive sponsorship; internal resistance.**



Video explaining NegoEconomics

Surveying the history of contract management, tenders and negotiation, one finds few recorded instances NegoEconomic principles in action. To the contrary, one finds that most negotiation processes take a zero-sum approach.

By implementing a new approach to negotiation—SMARTnership—the two parties were able to more clearly envision of the potential “size of the pie” in play, and foster greater mutual trust.

The challenge, therefore, was to go where no one had gone before, in the field of negotiation: to create a negotiating process which embraced openness, trust, and the advanced negotiating strategy of SMARTnership, utilizing the asymmetric values and sharing data.



**A short project overview: the parties involved, how long it ran, and key discoveries along the way.**



The Best Negotiators in the Industry

[click me](#)

Video with Freddy Kloster from Nobia

Nobia (supplier) had gone through SMARTnership Negotiation training. Nobia and heimstaden reached a mutual agreement in early 2020.

At the outset, Nobia managed to convince heimstaden on taking a SMARTnership approach, including open sharing of variables that could reveal asymmetric values and value-creation potential.

The contract was negotiated over a four-month period, and resulted in a six-year contract with a total value of approximately 30 million USD.

"When given the opportunity to interact and communicate freely, it is possible for people to build trust and form positive social bonds—which can lead, in turn, to more productive and mutually beneficial negotiations. Both parties realized early on that openness and transparency would lead to a mutually beneficial outcome, where variables generating asymmetric values were discussed."

**The results achieved. These should cover areas such as financial contribution, efficiency indicators, effectiveness indicators.**



Nobia and Heimstaden negotiated around 13 commercial variables, ultimately generating NegoEconomics benefiting both parties, the end customer and the environment; values unlikely to have been discovered in a traditional, zero-sum-based process.

By focusing on the parties' asymmetric values and costs, they managed to create value to the benefit of both buyer and supplier.

The realized NegoEconomics values and environmental impact came from these variables:

- Product material change
- Change of transportation patterns
- Allocation of resources in installation
- Time of delivery
- Order process
- Removing proposal phase
- Delivery to adequate and fewer locations

**What were the lessons learned, and what are the next steps? In what ways has this project paved the way for future improvements and ongoing development of contract and commercial capability?**



Taking a retrospective view of the process, we see the parties learned the following in the course of their negotiations:

- Collaboration based on face-to-face communication dramatically improves the outcome of the process.
- It's not the wording in the contract that should drive negotiation, but the atmosphere in the negotiation room.
- Do not underestimate trust!
- Honesty pays off. Tru\$tCurrency is created.
- Focusing on NegoEconomics increases the room for negotiations.
- Replace emails with meetings or phone conversations.
- Transparency is a must regarding the cost and value of each variable discussed.
- Save the discussion of price until the very end.
- The environment can win at the negotiation table when the parties are more transparent.



Nobia (the supplier) was extremely attentive to the buyers responses on every variable discussed.

Early in the process, the buyer demands that would raise supplier costs beyond the benefits to the buyer, were scratched.



Example: By replacing the planned laminate with a 'waste' composite product, they are saving 1) transportation cost of 1 truck to each kitchen 2) product cost by approx.. 50% 3) Environmental gains by reducing transportation and using a waste product 4) Labor cost by not having weight limitations of 40kg per 2 workers.

Not only a win for Nobia, a win for Heimstaden, a win for the resident and a win for the environment.

# People introduction

**Jesper Gylling Olsen**  
**Director, Commercial Unit International Brands**  
**Nobia**

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49 years old, director for the international brands at Nobia.

20 years experience with both national and international kitchen industries, sales, production and retail.

Market and business development with DOS and Franchise.

Experience developing existing markets and initiating "Go to market" strategies for new and upcoming International markets.

Optimization and improvement of the value chain. Master of SMARTnership Negotiation.

[jgo@nobia.dk](mailto:jgo@nobia.dk)

**Carsten Birch**  
**B2B Sales Manager HTH and uno form Nobia**

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Graduated from Viborg Business School. Additional education as Merkonom in management and collaboration.

Educated within trade  
Various courses in sales and negotiation techniques. Latest SMARTnership Negotiation.

Working within sales management and negotiation.

Former part owner in office furniture company, until procured by private equity fund. Working within export markets, mainly Scandinavian, Benelux and the UK.

Strong believer in creating relations within sales. People makes the difference real.

[cbi@nobia.dk](mailto:cbi@nobia.dk)

# People introduction

## Keld Jensen

Author, Professor, and Founder of  
SMARTnership Negotiation



Keld Jensen is an internationally recognized expert and advisor on negotiation, trust, and behavioral economics.

He works with governments and major corporations in applying the techniques of SMARTnership negotiation—value-based collaborations—while maintaining a busy teaching schedule at top-ranked universities around the world.

Mr. Jensen has made more than 200 international TV appearances, and contributes regularly to *Forbes* magazine, reaching more than 2.8 million readers.

His corporate clients include Vestas, Novo Nordisk, LEGO, Johnson & Johnson, Carlsberg Group, Siemens, Rolls-Royce, DHL and Bang & Olufsen.

A prolific author, Keld has written 24 books to date, with his works available in more than 38 countries. In 2016, he was named as one of the world's Top 100 Thought Leaders in Trust. In 2017, his concept of SMARTnership won the Best Negotiation/Tender Award from Denmark's Organization of Public Procurement Officers. In that same year, he received the prestigious Innovation Award from IACCM (the International Association of Contract and Commercial Management)t

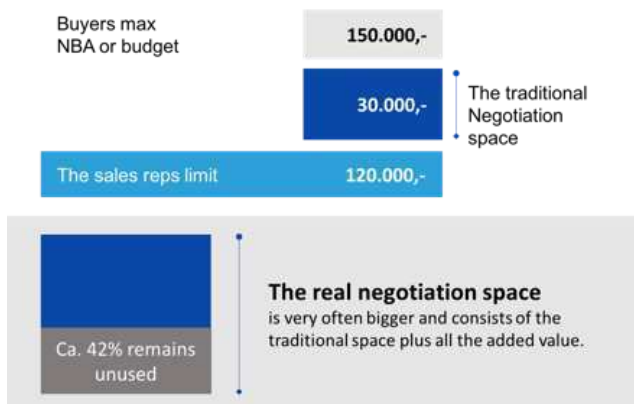
Keld's concept of SMARTnership and NegoEconomics was a finalist in the World Commerce & Contracting strategic award. Most recently the concept won him a place on the prestigious Global Gurus Top30 and the training concept of SMARTnership is recognized on the Top 10 best negotiation training programs globally.

Keld is an assoc. professor at Thunderbird School of Global Management at ASU in the US, Aalborg University and Louvain/BMI University in Belgium and BMI Executive Institute in Lithuania. He is the negotiator in residence at WorldCC.



## A Brief Introduction to NegoEconomics (Negotiation Economics)

### Identify the real negotiation space



### Expanding the Negotiating Space

“Negotiating space” could be defined as the difference between the highest price a buyer is willing to pay, and the lowest price a seller is willing to accept. For a deal to be struck, there must be positive negotiating space. The buyer must be willing to pay a price that is higher than the seller’s threshold of pain.

If the maximum price a buyer can pay is \$150,000, and the lowest price the supplier can accept is \$120,000, the difference of \$30,000 constitutes the negotiating space, within which a deal can be struck. However, the *actual* negotiating space is typically larger. It consists of the sum of the negotiating space plus the NegoEconomic value that could be created. This additional value can enable the parties to reach an agreement, even when the highest dollar price the buyer is willing to pay is less than the seller’s lowest acceptable price.

### Avenues for Discovering Potential Value

Virtually every commercial transaction offers a wealth of untapped resources with NegoEconomic potential. To fully realize the opportunities buried within the deal before him, the SMARTnership negotiator should ask:

- Why is the project's design requirement as stated?
- Why are we doing things the way we are?
- What could be managed differently?
- Who is better suited to handle specific tasks in the long term?
- Where are the opportunities and risks?
- Can responsibilities, costs, and rewards be shared differently?
- What are the alternative solutions?
- Will the alternative solutions make things better or worse?
- Can we discover something new or innovative?



## A brief introduction to NegoEconomics CONTINUED

### Identifying Variables That Reveal Invisible Asymmetric Value

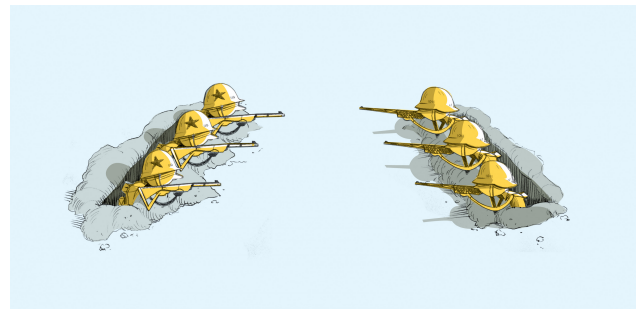
SMARTnership negotiators work to identify as many variables as possible that offer potential for NegoEconomic leveraging.

Virtually every negotiator is aware of the basic set of variables that come into play in the course of commercial bargaining: price, quantity, delivery time, guarantees, storage, and financing terms.

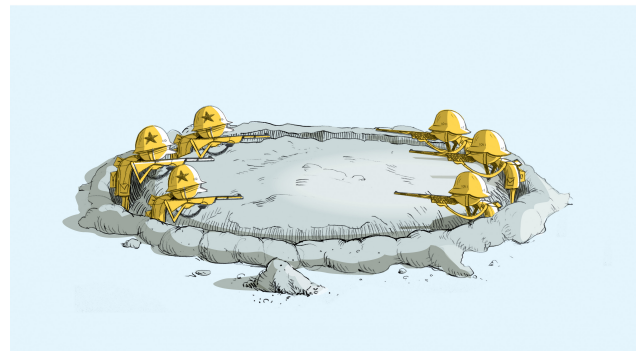
The delegate using the SMARTnership strategy will look beyond these basics in an effort to creatively bargain on a much larger playing field.

In a negotiation, there is the traditional negotiation space, which represents the value of the deal in terms of just the basic variables. This approach leaves completely untapped the **potential for asymmetric values** that comes into play when the range of variables is expanded. Only by leveraging the traditional negotiation space and the asymmetric values can a negotiation's NegoEconomic values be discovered. By finding these NegoEconomic values, two things take place:

1. Negotiation becomes easier, as there is more opportunity to identify common ground.
2. Because additional space is utilized, negotiations give rise to improved results.



A zero-sum negotiation



A partnership negotiation



A SMARTnership negotiation

# Conclusion

Tenders around the world are typically conducted as zero-sum games: One party wins at the expense of the counterpart and often creating a negative impact on the environment. SMARTnership changes that approach by focusing on trust, transparency, openness and the utilization of NegoEconomics.

Nobia and Heimstaden managed to perfect their negotiations and transform the "old school" view of the process into a modern application of SMARTnership—with a clear win for both parties and the environment.

Change the  
negotiation  
mindset

SMARTnership



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