

EVOLUTE

Evolute Networking Call - Automotive Expert Talks

Recipes for Price Increases in the Cost Crisis – Raw Material, Energy, Labor etc.

Host: EVOLUTE - Alexandra Wolf
WFG Heilbronn



Presentation by Andreas Fein
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Online Presentation for EVOLUTE
"Recipes for Price Increases in the **Cost Crises**"
- Raw Material, Energy, Labor etc.



Welcome!



Dipl.-Kfm. Hans-Andreas Fein
Unternehmensberatung

Online-Presentation on March 27, 2023
Dipl. Kaufmann Hans-Andreas Fein

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Recipes for Price Increases in the Cost Crisis

– Raw Material, Energy, Labor etc.

- Introduction
- The "Lopez World" - Resistance against Price Increases
- Big Requests hitting Small Budgets
- The "Architecture of the Requests"
Costs Increases for Material, Energy, Labor tec.
- Legal Issues and Communication
- Summary and Q & A

Purchaser Instructions for Price Increase Requests

Purchaser specification: annual Savings

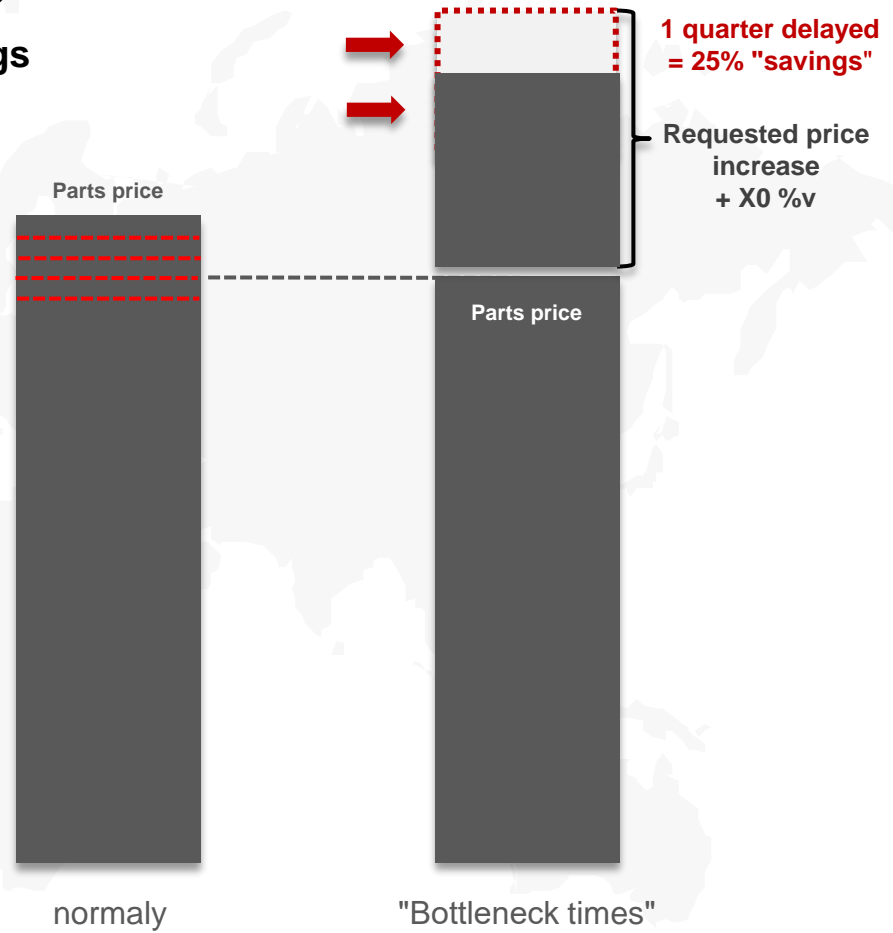
normally
minus 3% per year

during crisis
delay = savings



We need to increase the price!

This is out of the question at all!



Why Are We a "Special Case" Regarding the Price Increase Request?



Factors / indicators for the necessity and urgency of the individual supplier for concessions

- material share significantly above 50%
- critical raw material
- key technology, specific know how
- strategic importance of the supplier
- variety of product portfolio
- indispensable special services
-

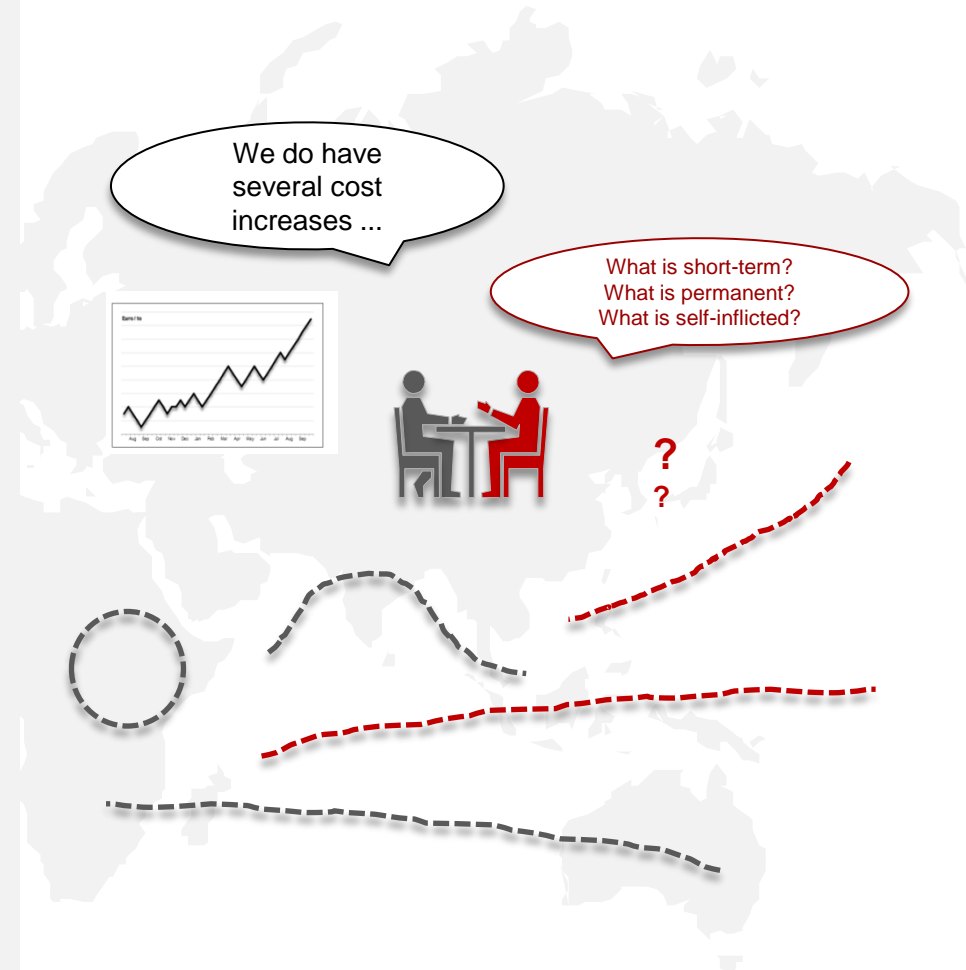
Who is "system relevant"?



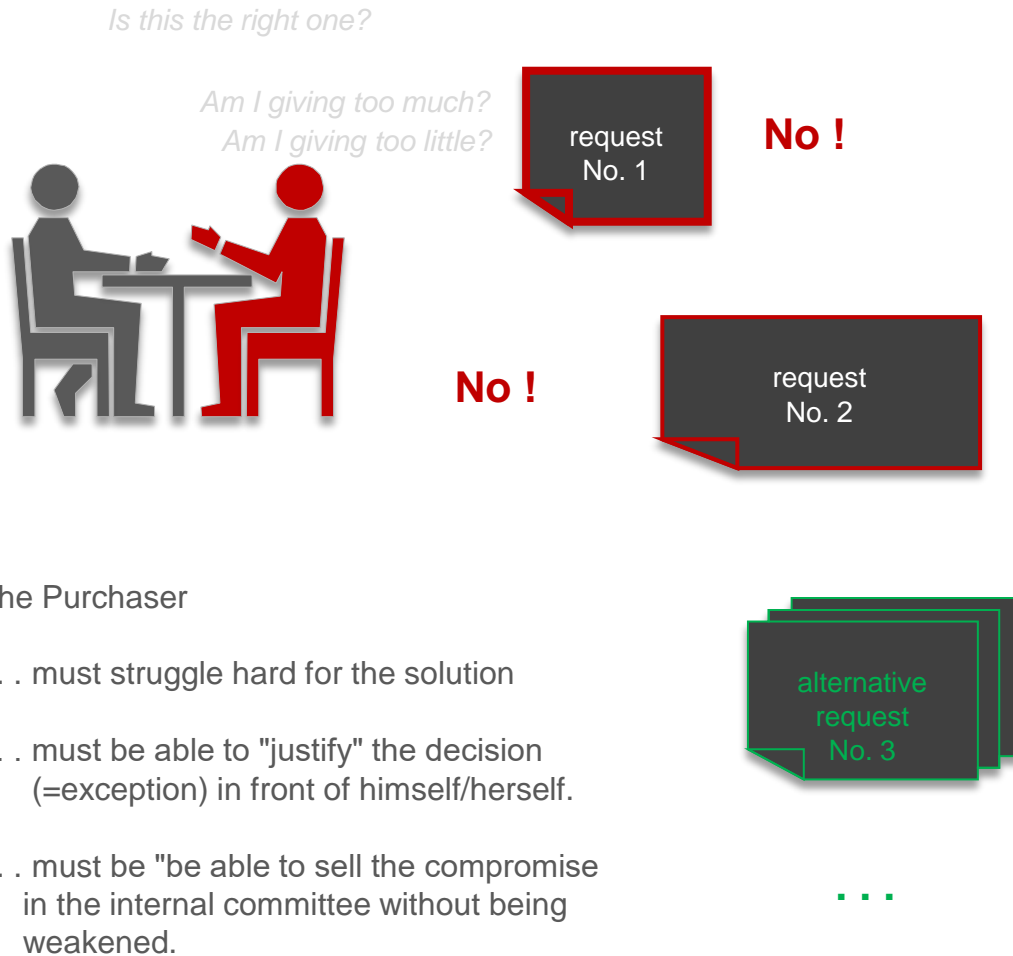
Composing the "Set of Requests"

The cost drivers and their "characteristics"

- Raw material price evolution
oil price, lithium, magnesium, copper
- Material prices
when purchasing steel, aluminum, plastic components etc.
- Semiconductor and other electronic components
-
- Energy – prices for electric power
- Gas prices, oil price
- CO² surcharges
-
- Costs for labor, personnel
wage increases, costs for skilled labor
-
- Freight cost, container shortage, packaging fees
-



You Need a Number of Requests to Pick up the "Nos"

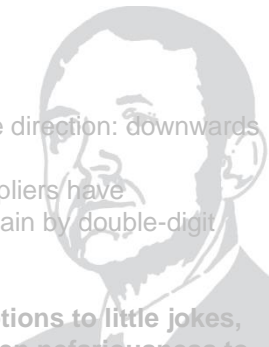
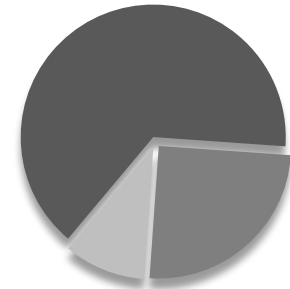


The Purchaser

- ... must struggle hard for the solution
- ... must be able to "justify" the decision (=exception) in front of himself/herself.
- ... must be "be able to sell the compromise in the internal committee without being weakened.

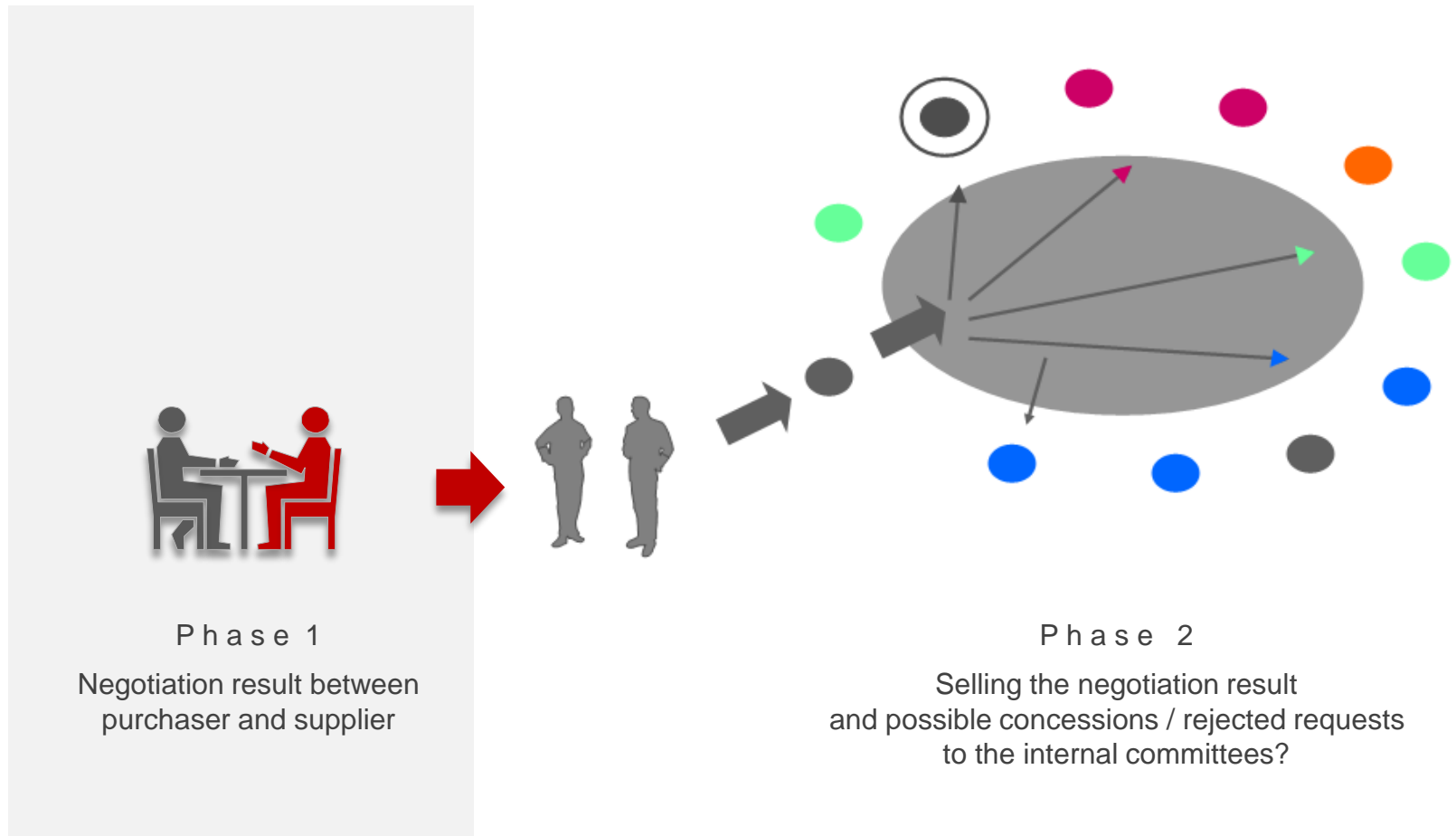
Ignacio López

- .. Prices have only one direction: downwards !
- .. the prices of the suppliers have to drop again and again by double-digit amounts.
- .. all tricks, from emotions to little jokes, irony, big threats, open nefariousness to clear lies !



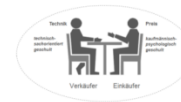
Building the "Success Story"

How can the buyer sell his concessions or un-met counter-requests to a supplier
"to the internal committee" as a success story?



Inhouse Seminars on Price Negotiations and Business Development

- **New Business Development / Pro-Active Key Account Management** KAM I
How to enter and how to grow the business as vendor of a key customer
- from dependency into a strategic partnership. Positioning, strategy, organization.
- **Tough Price Negotiations with "Lopez-Purchasers" (Basic Seminar)** KAM II
Negotiation strategy against price reduction requests of trained purchasers. The world before and the secrets behind the curtain.
The hidden mechanism of vendor selection and nomination. Basic seminar for the seminar series, tailored for automotive suppliers.
- **Psychology and Dramatics of Tough Price Negotiations** KAM III
How to identify manipulations in time and how to withstand pressure and threats and bring back the negotiation to a factual conversation and a compromise for both sides.
Advanced seminar with the Diplom Psychologist Elke Woertche as co-trainer. (1 day + optionally 1 exercise day)
- **Tricked? Tactics and Methods for Tough Price Negotiations** KAM IV
The tool box to face the most frequent negotiation tools of OEM purchasers – ranging from excess quantity inquiries over Cost Break Down up to Door-to-Door-Negotiations and e-auctions.
- **Timing as Navigator and Guideline through tough Price Negotiations** KAM V
A seminar to deepen the tactical instruments – in particular how to measure and control the timewise progress of a negotiation
– first half and second half - and how to play out ones tools and concessions along the timeline.
- **Price Increases in the Raw Material Crisis** KAM VIII
Drastic price and cost increases are forcing suppliers to insist on compensation from OEMs and Tier1s, but "Lopez purchasers" are trained to block and avoid this. However, there are (hidden) budgets and ways and tactics to achieve a compensation, with creativity, psychology and pressure.
- **Good contracts between "David and Goliath"? Implementation of the agreements in supply contracts** KAM X
It happens again and again that the negotiation results achieved or promises made by the purchasers are not kept afterwards. Therefore, there is a need to secure the quid pro quo both in its "architecture" (strategy and tactics) and on the legal side with the safeguarding in the supply contracts.
A seminar with the lawyer Annett Péé, specialist for international contract law.
- **Re-Start – Disruption in the Vehicle Architectures mean New Opportunities, New Ways, New Business** TREND I
Electric cars, fuel cells, autonomous vehicles; car-on-web, modular component KITS, global production networks - analyses of the major trends and changes for the vehicle industry and how this will affect auto suppliers and equipment builders.
- **"New Normal" – New Requirements for Automotive Suppliers** TREND II
The re-start of the vehicle production after lock downs brought a re-organization of the supply chain and new requirements in flexibility, logistics and data management. Also the restructuring of the production processes and IoT technologies in the OEM plants are changing the suppliers' business.



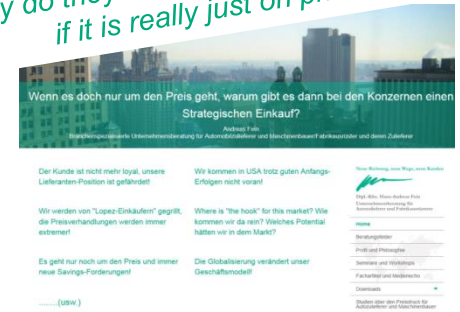
Offensive Strategies and Sales Concepts for B2B

– Strategies, Sales & Marketing - Concepts and Implementation Assistance
for Automotive Suppliers and Equipment Builders in Germany, Europe and the U. S.

Hans-Andreas Fein & Associates, Business Consultants
founded 1989 in Stuttgart/Germany, 3 employees

- Key Account Management
- Price Negotiations with OEM Customers / Key Accounts
- New Business Development and Growth Strategies
- Market Studies and Competitive Analyses
- Consulting, Workshops, Seminars and Coaching in German and English Language

*„Why do they have a strategic purchasing,
if it is really just on price?“*



New Focus, New Ways, New Customers



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