

# NEGOTIATING WITH VENDORS

The art of negotiation is not easy to master, but it is essential in managing and controlling practice expenses and overhead costs.

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You are in the aesthetic medical industry for a variety of reasons, and you may even come from a variety and multitude of specialties. With all of those possible differences, you all have some things in common:

- You believe medicine is a science and want your patient to have the safest treatments possible.
- You want to treat your patient and exceed expectations.
- You want to under-promise and over-deliver.
- You treat this as a business, and therefore you must purchase and negotiate with many vendors to purchase your products and supplies at the most reasonable cost to maintain and increase profitability.

In business, there are fixed and variable costs associated with controlling your operations, and some things just can't be negotiated. They can be controlled, but not negotiated. For example, you cannot negotiate your electric, water, and sewer bills, but you can control the consumption used. When it comes to variable expenses, such as your skincare products, your disposable medical supplies, capital equipment (such as lasers, exam tables, and chairs, for instance), there is plenty of room to negotiate in order to decrease your expenses and increase your profit. Let's take a look at how you can accomplish your mission to properly negotiate with vendors.

## NEGOTIATING BASICS

Many vendors expect you to negotiate; that's why some prices are as high as they are. How many times have you said "no" to a vendor, and when the deal appears as if it won't come to fruition, somehow the price comes down? Remember that most vendors have commission-based salespeople; your salesperson loses income every time he/she reduces the price for you. The more vendors that sell the same items, the easier it is to negotiate one against the other.

You may not even realize you have the ability to negotiate with many of your vendors, outside of the basic price you have to pay for an item. It takes strong negotiation skills and experience to ask for the reduction in price.

- Negotiation comes in various formats. Examples may include:
- Rebates or increased rebates

- Additional products for customer loyalty (sample products or training vials)
- Free supplies and equipment (banking/credit card vendors)
- Co-op advertising assistance
- Free and/or extended or discounted financing for early payment vs. COD, or standard 30-day terms
- Additional warranty
- Free shipping and handling.

This list could go on and on, but remember all of these items have measureable costs associated with them. These costs are substantial over the course of a year, and if you don't ask for many of these concessions, you may never take advantage of them. For example, joining a Group Purchasing Organization is always a great idea. It allows you to gain immediate access to a variety of vendors that offer increased discounts, rebates, and pre-negotiated services. Some of these may include Broadlane, Novation, and MedResults.

## TIPS FOR THE NEGOTIATION

Here are some of the best negotiating tips:

**Do Your Research.** Prepare ahead of time for the negotiation. There is nothing worse than the vendor knowing you are totally unprepared for what you want to purchase. This is how you get taken advantage of. When you know most, if not all, of the facts regarding what you are trying to accomplish, you gain a stronger position in the negotiation. Ask a lot of questions, even if you have to repeat yourself. Remember, you are the buyer, and there are more products to sell than there are people to buy.

**Seek References.** Do your due diligence beforehand in order to find out information you may not have been prepared for. You might find out there is no customer service or local maintenance available, causing you down time or loss of revenue if the item you purchase is not available to treat your patient. Look online for other practices that have already purchased what you are negotiating and call them. Most people will be honest with you and share their happiness or disappointments.

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**Added Fees.** When you think the deal is complete, ask for “the bottom line” so you don’t see tax, shipping, added fees—for a warranty, and the best one yet... training—all added onto the price. The competitors’ quote may have included all of these charges, and the final price may have actually been less.

**The Twitch Factor.** Don’t be afraid to look uncomfortable when you are negotiating so as to make the other party feel as if you are not happy with the quoted price. A little squirming in your chair, or wiping your brow, gives the impression there is some discomfort and the negotiation may not be going as well as the vendor had planned.

**Never Show An Immediate Need.** Always insist that you do not have a need for the product right now. When the vendor knows your request is imminent, this takes most of the negotiation process out of the equation. If the vendor knows you have time to shop and compare with other vendors, the deal can be negotiated more aggressively.

**Compromise.** When all else fails, never be afraid to ask the vendor to split the difference. Insist your budget is limited and you may be able to get the deal past a higher authority if you meet half way.

**Know All Levels of Authority.** Don’t be afraid to use the line that, “you must defer to a higher level of authority.” This always works, removing the immediate decision from the equation. At the same time, be sure the person you are negotiating with is authorized to give the deal they are quoting.

**Never Be Married To A Deal.** Always remember there are other options out there, and the opportunity to negotiate with multiple vendors may allow you to get the best deal.

**Don’t Be Afraid To Walk Away.** When all else fails, don’t ever be afraid to walk away from the deal. You always have the option to renegotiate, and sometimes there are different factors that may arise, allowing you to gain from that experience. They may include updated models, change in personnel, discontinued equipment, or even demo models not available at the time.

## NEVER BE AFRAID TO ASK

The art of negotiation doesn’t come easy. You may be afraid to ask for better pricing, or worse yet, you may have people in management positions negotiating for you that should not have the level of authority to do so. That’s why you should never be afraid to seek the advice of outside consultants that may already have relationships with experienced vendors in the aesthetic industry in securing the best deals for their clients. ■



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