

# Creative Deal Making

## The Negotiation Value Mapping Checklist

Value Source	Discussion	Possibilities
Payment terms	One side has ready access to financing, the other side's cash flow is tight. A change in payment terms can be a low-cost, high-value benefit.	Extended payment terms, less (or more) money down, stretched progress payments, larger retention pending final approval.
Delivery schedule	A certain schedule might be valuable to one side and indifferent to the other.	Shorter lead times, faster delivery.
Warranty	If the supplier is confident that their product will function as specified with a low failure rate, and the purchaser is nervous on both counts, a warranty can be a high-value sweetener.	Extended warranty, express warranty for repair or replacement within a set time frame.
Packaging	Can be customized to fit a buyer's need and make the item ready for immediate shipment to end-users.	Supplying a mixed assortment of goods per pallet, simplified packaging by shipping in bulk.
Transportation and logistics	One side or the other may have under-utilized capacity for shipping.	A break on volume shipping costs, delivery to one central location versus a number of satellite destinations.
Order size	When initial set-up is a major components and extra production is relatively inexpensive, a large order size will reduce unit costs.	Utilize excess storage space and access to financing to reduce inventory burden.
Inventory adjustment	A purchaser may benefit from late order adjustments in response to fluctuating inventory. Can the seller be flexible in output?	Consignment sales; vendor-managed inventory.
Timing	In seasonal industries, shipping and delivery are keyed to special times of the year.	Timing might hinge on what best fits the companies' other business lines. Is there a low season when seller's facilities would otherwise sit idle?
Specification changes	Some specifications can be tweaked to suit either or both parties.	Simplify a spec to take out cost while still guaranteeing customer what they need. Or, upgrade to give more functionality.
Joint effort	Collaboration to cut costs and raise quality, one-time or in full partnership over time.	Design tweaks, coordinated ordering process.
Quality control	The features that matter most to purchaser may be low-impact variables for seller. Sellers can assure high quality on these issues without raising production costs.	Allow purchaser inspections during manufacture; agree to accept returns that fall below standard.
Shifting resources	Who does what for whom?	Can processes be passed from buyer to seller? Can customer take on additional work in-house? The customer may have ability to buy raw materials at lower price than seller.
Co-operative marketing / advertising	Two parties advertise both of their firms / products at the same time.	Cross-promotional packaging, joint advertising campaigns, joint marketing at trade shows, sporting event partnerships, sharing product roadmaps and lifecycle information.
Extra services	The value to one side may vastly exceed the cost to the other.	Installation support, a service contract, onsite engineering, dedicated customer service reps, testing, training.
Data	The quintessential low-cost, high-benefit sweetener. Transparent sharing of information can strengthen a longer-term relationship.	Product roadmaps, market intelligence, technology updates, timely notification of upcoming changes, feedback on newly available products.



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