

7-Point “Price Creep” Summary

1. As raw material costs rise, suppliers raise prices disproportionately to boost margins.
2. You can stop this Margin/Price Creep by building a **Negotiator’s Should Cost Model**.
3. Start by building a 1st-pass model; show it to your sales rep; ask for their feedback.
4. Secondly, incorporate their changes, *as is*, so that they *now ‘own’* this new model.
5. Thirdly, agree to their changes and that pricing will follow this co-created model.
6. In business-to-business procurement not all customers pay the same price. Make sure your suppliers find their *easy* money elsewhere.
7. Knowledge is Power. Knowing how to build a Negotiator’s Should Cost Model empowers you to achieve lower pricing and a competitive advantage for your organization, *whichever way raw materials costs move*.