

Dealing With Monopolists

- Avoid getting into monopoly situations in the first place; you presumably entered into the relationship with 'eyes open' so unless there's been significant change e.g. an alternative supplier withdrawing, you might have to accept it
- Understand that finding leverage in a monopolistic situation is incredibly difficult; so don't beat yourself up over things that are largely out of your control
- Join forces with the monopolist and try to work in partnership to jointly grow your business, getting them to reduce prices in return for higher volumes
- Work on personal relationships, so you're not just 'another purchase order'!
- Leverage senior management relationships between your organisations
- Work hard to secure/maintain improved supplier performance; yes it means effort, but it's better than continuing to pay high prices for second-rate service
- Change your standards; are you being too specific or fussy; could you get away with a different component or one that was not quite so highly specified?
- Make it clear to them how unnecessarily unpleasant you find it doing business under these terms and in this atmosphere; appeal to reason and morals
- Make it clear that the current situation means you are examining other options
- Search intensively for alternative suppliers; perhaps they're small and just entering the market; never give up looking for potential new market entrants
- Search for suppliers of similar components or services; things that, with a bit of re-engineering of your market offering might be acceptable input substitutes
- Do you pressure other suppliers when the power balance is in your favour? If so don't complain when roles are reversed; you can't have it both ways!
- Don't get into a fight; the monopolist might be so big and powerful they can make things difficult for you or damage your reputation in the industry
- Can you help one of your existing suppliers of a related product to become an alternative supplier to the monopolist, an investment and 'win' for both of you?
- Look for opportunities within the supplier's cost base to remove or reduce parts of their production and supply process, and hence reduce the cost to you
- Seek to remove parts of their product/service that are not so valuable to you
- Ask for added-value services that are easy or cheap for the supplier to offer
- If supplier performance is unsatisfactory seek an improvement plan against agreed objectives; poor performance is not acceptable, monopolist or not!