

SPECIFIC-CASE

WORKSHEET 7 OF 9

Responding to a Price Hike Notice — Data-Based Counter

Scenario: your primary raw material vendor sends a written notice that prices will increase by 8% effective next quarter, citing rising input costs. You have been buying from this vendor for 3 years. The contract has an IHPB-based escalation clause, but the notice does not cite any specific index data. Fill this in for the vendor and contract in question.



Vendor Negotiation Playbook
by Ibrahim Anwar

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What This Is For

A price increase notice from a vendor is not a fact. It is an opening position. The 8% figure is not derived from a public index — it is a number the vendor chose to write on a letter. This worksheet exists to find out how much of that 8% has a verifiable basis, and how much is margin recovery dressed up as cost pass-through.

The trigger is the moment the notice arrives. Most operators wait, feel uncomfortable, and eventually accept the number because they have no basis for a specific counter. This worksheet gives them that basis: the BPS IHPB data for the relevant raw material category, compared against what the contract's escalation clause actually allows, compared against the best alternative price from a qualified alternative vendor. Those three numbers together produce a data-anchored counter-proposal that is harder to refuse than a vague objection.

Benefits

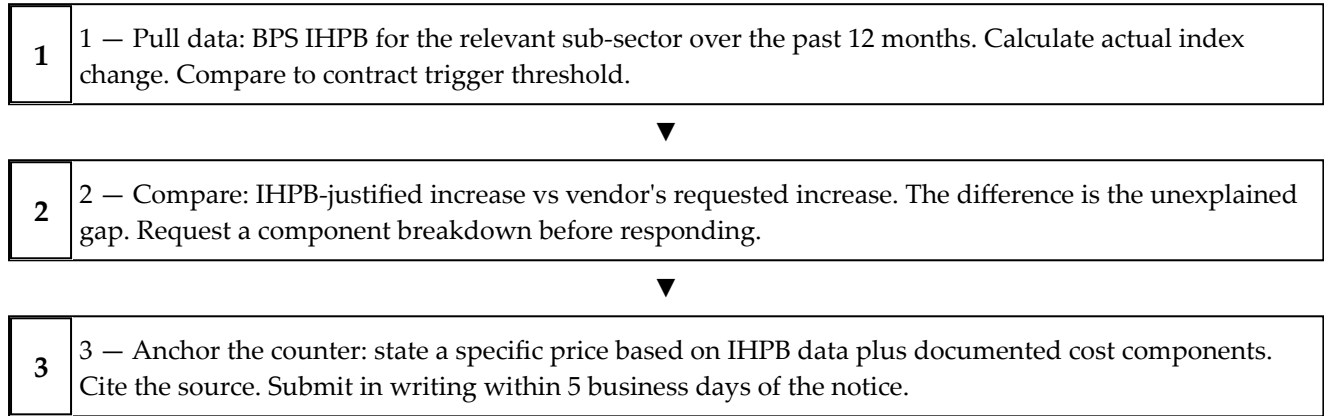
What you get when you actually run this worksheet on a real situation:

- Separates the IHPB-justified portion of the increase from the unjustified portion, giving the operator a specific and verifiable counter-proposal number.
- Calculates the annual dollar cost of accepting the full increase versus the counter-proposal, which frames the negotiation in terms of what is actually at stake.
- Surfaces the BATNA gap if no alternative vendor has been contacted — the most common reason operators accept price increases without counter-proposing.
- Produces a one-paragraph written counter-proposal anchored in public data, which is more difficult for the vendor to dismiss than a verbal objection.
- Creates a documented record of the counter-proposal process, which matters for arm's-length documentation if the business is ever audited.

Framework To Use

— Price Hike Response Flow

A three-step sequence from receiving the notice to submitting a data-anchored counter-proposal.



How To Use

Follow these steps in order. Each one builds on the previous.

- 1** Enter the vendor's name, product category, current contract price, and proposed new price. Calculate the proposed increase percentage and the monthly and annual dollar cost if accepted.
- 2** Identify the BPS IHPB sub-sector most relevant to this product. Pull the 12-month cumulative index change from the BPS website (bps.go.id, Indeks Harga Perdagangan Besar).
- 3** Compare the IHPB change to the vendor's requested increase. If the request is proportional, acknowledge it. If the request exceeds IHPB, the unexplained gap needs a component-by-component explanation.
- 4** Check whether your contract's escalation clause covers this increase: what threshold is required, and was it met?
- 5** Pull the best available alternative vendor quote. If no quote exists, note that the BATNA is a gap to resolve before the next meeting.
- 6** Calculate your counter-proposal price: IHPB-proportional adjustment plus any documented cost components the vendor provides. Write it as a specific number with a cited basis.
- 7** Send a written response within 5 business days of the notice, citing IHPB data, the escalation clause reference, and your counter-proposal with the specific number and basis.

Example Use

A Bandung garment accessories supplier buys elastic webbing from a Tangerang vendor at \$0.95 per meter, with monthly purchases of 40,000 meters (\$38,000/month, \$456,000/year). The vendor sends a written notice of an 8% price increase (\$0.026/meter) effective next quarter, citing 'increased yarn and synthetic fiber costs.'

Step 1 — Pull data. The purchasing manager opens BPS IHPB monthly data at bps.go.id. The relevant sub-sector for synthetic textile materials (yarn and woven synthetics) shows a 12-month cumulative change of +5.3%. The contract's escalation clause has a 3% trigger. The trigger is met. The clause allows an adjustment.

Step 2 — Compare. The vendor is requesting 8%. IHPB justifies 5.3%. The unexplained gap is 2.7 percentage points. On \$456,000 annual volume, the unexplained portion equals $\$456,000 \times 2.7\% = \$12,312$ per year in additional cost above what IHPB data supports. The purchasing manager sends an email to the vendor requesting a component breakdown: "Please provide the specific cost component changes behind the 8% figure, with reference to BPS IHPB or UMK data where applicable. Our escalation clause covers IHPB-proportional adjustments. We need to understand the basis for the 2.7% above the IHPB movement before we can evaluate the full request."

Step 3 — Anchor the counter. The vendor responds with a breakdown: 5.3% raw materials (IHPB-aligned), 1.1% labor adjustment (UMK increase in Tangerang region of 8.5%, applied to 13% labor cost share = 1.1%), and 1.6% margin recovery from the previous two years of below-inflation adjustments. The purchasing manager accepts $5.3\% + 1.1\% = 6.4\%$ as documented and contestable only on the margin recovery portion. Counter-proposal: 6.4%, effective the same date as the vendor's notice, with the margin recovery component deferred to the next annual review with BPS IHPB data at that time.

Annual cost comparison:

Full 8% request: $\$456,000 \times 8\% = \$36,480$ /year additional.

Counter-proposal at 6.4%: $\$456,000 \times 6.4\% = \$29,184$ /year additional.

Difference: $\$7,296$ /year — the value of the counter-proposal process.

The Worksheet

Tear this out, copy it onto a fresh sheet, or fill it in directly.

Responding to a Price Hike Notice — Data-Based Counter

Scenario: your primary raw material vendor sends a written notice that prices will increase by 8% effective next quarter, citing rising input costs. You have been buying from this vendor for 3 years. The contract has an IHPB-based escalation clause, but the notice does not cite any specific index data. Fill this in for the vendor and contract in question.

ITEM	YOUR NUMBERS
Vendor name + product category	
Current contract price per unit (\$)	
Proposed new price per unit (\$)	
Proposed increase (%)	
Monthly purchase volume (units)	
Monthly cost increase if accepted (\$)	
Annual cost increase if accepted (\$)	
BPS IHPB sub-sector most relevant to this product	
IHPB 12-month cumulative change (%)	
Contract escalation clause trigger threshold (%)	
Is trigger met? (Y / N)	
Unexplained gap: requested % minus IHPB % =	
Annual \$ value of unexplained gap (volume × gap%)	
Alternative vendor — best available quote (\$ / unit)	
% gap: alternative quote vs proposed new price	
Counter-proposal price (\$ / unit)	
Counter-proposal basis (IHPB % + documented components)	
Annual saving from counter vs full acceptance (\$)	

Reflection Prompts

After filling in the worksheet on the previous page, work through these.

1. Before responding: request the component-by-component breakdown behind the requested percentage. BPS IHPB data is public and cannot be disputed. If the request is 8% but IHPB for the relevant sub-sector rose only 5.3%, the 2.7% gap needs an explanation — labor increase (UMK data), overhead change, or margin recovery. Each has a different appropriate response, and none of them should be accepted without a documented number behind the claim.

2. Write your counter-proposal in one paragraph using only numbers: 'BPS IHPB for [sub-sector] rose [X]% over the past 12 months. Our contract's escalation clause covers IHPB-proportional adjustments above [threshold]%. We accept an adjustment of [X% + documented components] effective [date]. The remaining [gap]% of the requested increase is not covered by verifiable cost data at this time.' Submit that paragraph in writing, not verbally.

Tips and Traps

TIPS

- Respond in writing within 5 business days. A written response that cites a specific BPS sub-sector and a specific IHPB change is harder to dismiss than a verbal objection. It also creates a paper trail that matters for arm's-length documentation.
- Ask for the breakdown before offering any number. If you offer a counter before they provide the breakdown, you have anchored without full information. The breakdown request is not aggressive — it is the contract's mechanism working as designed.
- If no escalation clause exists: the vendor's request is legally a unilateral price change attempt, not a clause activation. Your response can be: 'Our current contract does not include a price adjustment mechanism. We are willing to discuss a revised price as part of the next contract renewal, effective [date].' That resets the timeline to your advantage.
- Cross-reference with your BATNA data. If your best alternative vendor quote is below the vendor's proposed new price, that gap belongs in the conversation — not as a threat, but as a market reference you have recently confirmed.

TRAPS

- Accepting the increase by not responding. Silence is treated as acceptance in most commercial relationships. A non-response to a written price increase notice is not a neutral act.
- Counter-proposing a percentage without a cited basis. 'We can accept 5% but not 8%' is a position statement. The vendor will counter with another position. 'We accept 5.3% based on BPS IHPB data for the relevant sub-sector' is a data-anchored statement that requires a data-based rebuttal.
- Treating margin recovery as automatically illegitimate. If the vendor can document that they absorbed cost increases in prior periods and the business justification is clear, that is a discussion — not a disqualifier. The issue is documentation, not principle.
- Letting the increase take effect before the negotiation is resolved. Write back and state: 'We are reviewing the request and will respond within [X] business days. Please confirm that the current contract price remains in effect during the review period.' This is not a delay tactic — it is standard practice.

Appendixes

Appendix A – Counter-Proposal Email Template

Subject: Response to price increase notice – [vendor name], [date of notice]

Dear [Name],

Thank you for the written notice dated [date] regarding a proposed price adjustment for [product category].

We have reviewed the request against BPS IHPB data for the [sub-sector name] group, which shows a 12-month cumulative change of [X]% as of [latest available month]. Our contract's escalation clause (Section [X], page [Y]) covers IHPB-proportional adjustments above the [threshold]% trigger. The trigger is [met / not met] based on current data.

We accept an adjustment of [accepted %], calculated as:

- IHPB movement for relevant raw material: [X]%
- [Additional documented component, if any]: [Y]%
- Total accepted adjustment: [X + Y]%

The remaining [gap]% of the requested [total]% increase is not currently supported by verifiable cost data. We would be willing to revisit this component at the next annual review with BPS IHPB data current at that time.

Please confirm the revised price of \$[counter-proposal \$/unit], effective [date], by reply to this email.

[Your name, title, company]

Appendix B – BPS IHPB Quick Reference by Product Category

Where to find BPS IHPB data (no registration required):

URL: www.bps.go.id → Harga → IHPB

Common sub-sectors and their BPS table location:

Plastics and plastic products	: Table IHPB Industry – Chemicals
Synthetic textiles, yarn	: Table IHPB Industry – Textiles
Paper and packaging	: Table IHPB Industry – Paper
Non-ferrous metals (aluminium)	: Table IHPB Industry – Metal Fabrication
Steel and steel profiles	: Table IHPB Industry – Iron and Steel
Food ingredient commodities	: Table IHPB Agriculture – Processed Food
Agricultural commodities	: Table IHPB Agriculture – Primary

Download the monthly IHPB series in Excel format.

Calculate 12-month rolling change as:

$(\text{Index this month} - \text{Index 12 months ago}) \div \text{Index 12 months ago} \times 100$



WHERE THIS WORKSHEET COMES FROM

Vendor Negotiation Playbook

The First Price Quoted Is Not the Best Price Available

by Ibrahim Anwar

This worksheet is one of nine in the *Vendor Negotiation Playbook* companion worksheet pack. The full pack is grouped into three categories: high-volume worksheets you can run weekly, niche-search worksheets for rare but high-value situations, and specific-case worksheets that walk you through a single concrete scenario.

Every framework, decision filter, and figure used in these worksheets is drawn from the chapters of the source book. The book sets the diagnosis, the worksheets give you the form to act on it.

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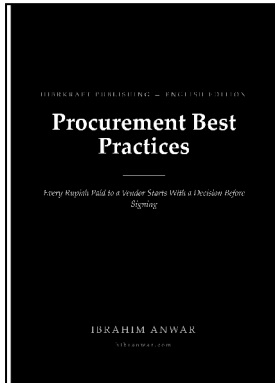
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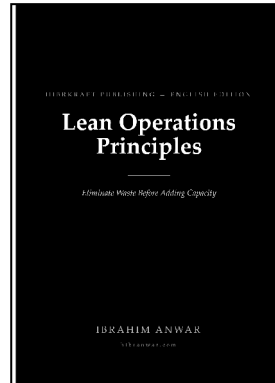
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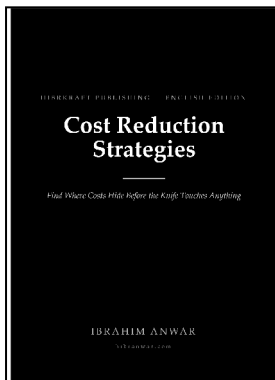
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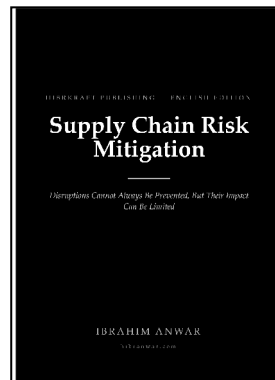
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