

Selling In Tough Times

Issue 3

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Sales Negotiations

The Evolve “How to” Guide

THE GOLDEN RULES OF SUCCESSFUL NEGOTIATIONS

1. Negotiating is always a two-way affair - If you ignore that fact, you will ignore the needs of your prospect; they will sense that you are trying to get the better of them, and that belief will always work against you.
2. Primary desire is to create Win-Win situations - You don't want to negotiate with someone who only wants to beat you up. If you both win, a future deal is possible.
3. Never put things into writing unless you're prepared to live with them.
4. Sell the benefits of your offering first, and then negotiate the deal afterwards.
5. Never give something away for nothing. You must always get something back in return.
6. Know when to walk away and be confident in doing so. There is no point negotiating a deal that does not make good business sense.
7. You can always improve negotiation skills - Negotiating is a learned activity. Constantly evaluate your performance and determine how you can improve.
8. Practice - Pay attention to what you are doing during negotiations. Plan them and re-evaluate your performance. Prepare for negotiations by practicing with someone.
9. Never enter a negotiating process until both sides are clear on what is being negotiated.
10. Always put the negotiated outcome in writing immediately. And include any special or once off concessions in the document.

YOU DON'T GET WHAT YOU DESERVE, YOU GET WHAT YOU NEGOTIATE

. In today's highly-competitive markets, prospects are more risk-averse than ever. While your prospects must focus on every aspect of every purchase to prove that they are getting the best possible deal. Many of your prospects have become “professional purchasers” who know how to play hardball with suppliers and they are fully responsible to get the best deal possible.

At the same time, your goal as the seller is to establish enough value to minimise the price discussion when it is time to close the business. Your company's profits are directly affected by your ability to meet your customers' needs while meeting your own goals. That said, sales is the business of relationships, and like any relationship it requires give and take. We typically expect the give and take, also known as negotiating, to happen during proposal and contract discussions; however, in reality, we continually negotiate throughout the sales process – on everything from picking a time to meet to determining who will participate in a demo to hashing out the terms and conditions of a contract. So you have your hand of cards to play, the trick know is to learn to play them well.

In this guide we hope to give you some tips and protocols that will help you negotiate better all round sales agreements. We hope you find it useful.

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IT'S ALL ABOUT WIN-WIN!

Today, negative many people look at the negotiation process as "battle". Negative experiences and aggressive attitudes often lead to negativity and destructive behaviour during negotiations. However, the potential for a positive outcome and the development of a business relationship based on trust and mutual understanding is far out weigh some of the negative myths about negotiating win-win. Let's delve into the myths and truths of sales negotiations.

The Myths

1. It's appropriate to take a position and stick to it since the opposing negotiator's position will be unmovable.
2. There can only be one winner and one loser in negotiations.
3. If we propose a price that is too low, we will leave money on the table when we negotiate.
4. Our opponent always has an extra ten percent or so to negotiate with.
5. In every negotiation, the challenger has the upper hand and they will always try to take advantage of you.

The Truths

1. Viewing the opposition as unmovable will lead to arguments and a "no win" negotiation for both parties.
2. When both parties approach the negotiation anticipating compromise, there is a much better chance both parties will win.
3. When you focus on getting and giving good value in negotiating, there is no real loser.
4. If you get to greedy, you often end up without anything.
5. Everyone negotiator has equal interest in getting what they need. No one dominates.

IT'S ALL ABOUT WIN-WIN (continued)

Keys to Getting to a Win-Win Negotiation

In achieving a fair and reasonable price or situation, it's important to believe you can achieve it. Feeling like you've won or lost something only leads to dissatisfaction and poor relationships.. There are three keys to achieve that positive desired end state.

Don't have a defensive frame of mind

If you establish your main objectives early for price and the conditions, it is more likely you will get the results you desire. If a team of people are involved in the outcome, make sure all members of the team agree on those objectives and that you are clear about what they are. Remember, negotiation is about the situation and price. The conditions of the arrangement are the issues that can make certain that your other important objectives agreeable and workable. If you know what you want you can prioritise your requirements.

Maintain a flexible posture and realise your game plan may need to be revised from time to time. In your negotiations, stay focused on the desired positive end and allows changes that need to happen during the process happen.

It's dangerous to get so entrenched in your plan that you lose sight of the goals. Your objectives must help rather than a hinder.

You must make a connection with the other party

Many negotiations collapse because people fail to connect and communicate. These two essential elements of connecting and communicating are so basic and we often overlook them. Communication requires listening and patience. Connecting means you work to find common ground and have the same overarching goal - to come to a mutually agreeable conclusion.

When you take a position which closes you to the opposing viewpoint or leave little room for changes to your position, you may win a point but it will likely lead to a less desirable conclusion. When you can view the other party as a business partner you make progress. It is likely you will meet that person again and need their cooperation. This will put a much different perspective on your communication and connectivity.

Be open and considerate

In any negotiation; begin by clearly understanding both your position and your opponent's position. Do your homework - be prepared. Be open to understanding and internalising both sides of the situation. You will better understand your opponent's situation and the process will advance more smoothly. One prescription for losing is to take a position without listening to the other side.

Approach the negotiation table with a positive attitude. Your attitude is often conveyed to the other party within the first few minutes of shaking hands. Attitudes are infectious and will permeate everything you say and do with you're your team and with the other team. Negotiating is about both sides feeling satisfied. Be considerate of the other side's feelings and the work they did preparing. If you are thoughtful, you will chart a successful outcome.

TEN TOP TIPS FOR NEGOTIATING BETTER BUSINESS DEALS

Tip 1: Get the other side to commit first

You're usually better off if you can get the other side to commit to a position first. Several reasons are obvious:

- Their first offer may be much better than you expected.
- It enables you to guesstimate the extent of their proposal.

The less you know about the other side or the proposition that you're negotiating, the more important the principle of not going first becomes.

Tip 2: Don't argue with people in the early stages of the negotiation because it creates confrontation.

Tip 3: When asked for a small concession by the other side, always ask for something in return.

Use this expression: "If we can do that for you, what can you do for me?" You may just get something in return. Asking for something in return elevates the value of the concession so that you can use it as a trade-off later. Most important, it stops the grinding away process. And remember, don't change the wording and ask for something specific in return because it's too confrontational.

Tip 3. Don't offer to split the difference encourage the other person to offer to do so. Don't fall into the trap of thinking that splitting the difference is the fair thing to do. Splitting the difference doesn't mean down the middle because once you do it, the other party can ask you to do it again. By getting them to offer to split the difference, you put them in a position of suggesting the compromise. Then you can reluctantly agree to their proposal, making them feel that they won.

Tip 4. Taper the concessions to communicate that the other side is getting the best possible deal.

The way that you make concessions can create a pattern of expectations in the other person's mind. Don't make equal size concessions because the other side will keep on pushing. Never concede your entire negotiating range just because the other person calls for your "last and final" proposal or claims that he or she "doesn't like to negotiate."

Tip 5. Goals vs. Position

People sometimes take a position and forget what the main goal is. Get behind the positions to the underlying interests and you will find the resolution to the conflict. Make it your mission to uncover goals. It is revealing and challenging. Ask why and you'll find out the real reasons – sometimes they may not even be rational.

Tip 6. Understand the power of language:

Persuasion is the ability to change or influence a belief. Master Negotiators persuade rather than coerce; they use compromise openings, such as "What if," "How about" or "How would you feel" to the listener.

Tip 7. Use conditional language:

Say "what," not "why," in framing questions. Soften your message when appropriate. Below are a few examples. Never react with a flat "no"; rather, pause, consider thoughtfully, then respond: "That is not going to work." Continue reasonably, with an appropriate phrase such as: "Are you willing to...?", "What would you consider?", "What are the alternatives?", "I understand your concerns.", "I am able/I can ...", "There are some things I would like to discuss.", "Would you think about...?" ..Etc.

Tip 8. Watch their body language response.

Successful negotiators take their time in observing the non-verbal messages and using them to their advantage. They are able to view potential conflicts through these messages and turn them around constructively when they negotiate. Watch for eye contact, gestures, posture and even groans and sighs. These skills can be learned and, once learned, can provide the confidence necessary to initiate a positive negotiation

Tip 9. Must negotiate the small issues

You must negotiate the small things. When you put them all together - it makes a huge difference in your prospect's ability to use your product or service the best. Only as an absolute last resort should you ever tinker with your price. Always remember, when you drop your price, decreases the perception of value in your prospect's eyes - especially if there is no reason given for doing so. Change your terms - not your price.

Tip 10. You must cooperate with your prospect

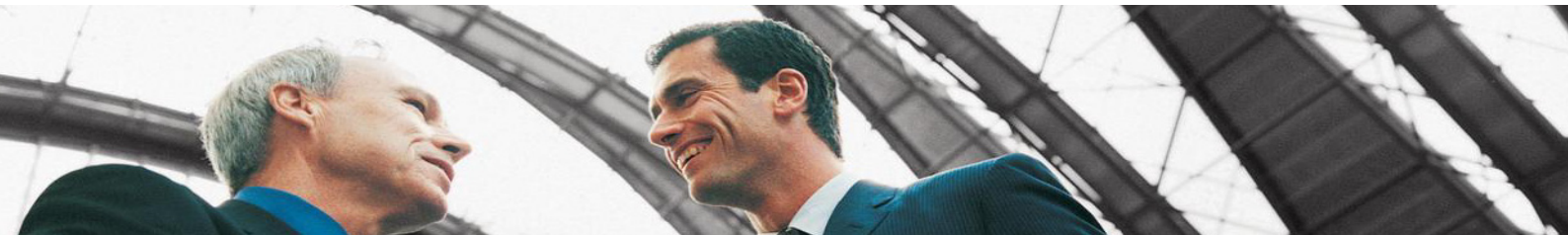
You must be sure and cooperate with your prospect instead of agitating him or her. Don't use manipulation. It just creates bitterness. What you want is to create harmony. You must resonate with the hopes, desires, dreams and fears of the person you are trying to help. Don't be greedy; always work toward a win-win result. If you do - you will find it and future business will just get easier and more plentiful.

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HOW TO STRUCTURE THE NEGOTIATIONS MEETING

Successful negotiators, always have a plan and strategy going into any sales negotiation meeting. They are prepared. They have practiced. They have clear goals. They know what they can and cannot concede. And they have mapped out a logical structure that will help them stay in control and on track.

So what is the best structure for planning and executing a sales negotiation? Here is a format that I think might work well for you.

• Plan & prepare

You must do prepare professionally.. Be very clear on the position you are going to take at the negotiation. Make sure you have established what you are interested in getting out of the meeting. You should also try and work out what the other party are interested in, and where you are most likely to have mutual interests. If you can try and profile the people you will be negotiating with.

Then you should develop and action plan for the negotiation and practice.

• Opening the negotiation meeting

Before discussing anything in detail you must get a clear view of the battle field. Therefore you must establish your agenda and issues for discussion as early as possible. Typically, the issues you need to get clarity upon are as follows;

- What items are up for discussion
- The major items which need discussion and agreement
- The minor items which require discussion and agreement.
- Who will be doing the negotiations and their level of authority?
- Opening position of each negotiation side

Make sure you don't start detailed negotiations before laying out your stall as suggested above. Remember, some of the key traits of the skilled negotiator is listening, paying attention to detail, and having lots of patience. So take your time at the start, get a clear picture of what you are dealing with, and the more questions you ask the better. The better the information you have, the higher the likelihood that you can come up with more alternatives.

Remember, sometimes the buyer will often want to discuss major issues such as volume, price, and payment terms very early in the negotiations process. It is not in your interest to do this too early in discussions especially when you are not clear on the scale of what is to be discussed and negotiated. Get their "shopping list" at the start of the meeting.

• Sharing information about the situation

You need to decide, before the negotiation, how much you are willing to share information and what your own information requirements are. Once you are clear what you are willing to divulge then you do so, and so does the other party. This will set the climate for the negotiation and will determine the amount of trust that exists between both parties. You should always wait until you have all the other sides information requirements, before making concessions.

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• Seek out a solution

Having gathered information the next stage is to begin to put together a solution. Usually this will take the form of the selling side putting forward a proposal, or opening bid. The opening bid should be ambitious, but not defensible. You should always acknowledge an opening bid, but you shouldn't concede on the point at this stage. Leave it on the table until such stage as you have put down some of your opening markers.

Typically, there will then be a process of bargaining, concessions will be traded and movement take place, until, hopefully, agreement is reached. Concessions should not be given away for free and you should be wary about conceding on issues for which you are not prepared.

Lastly, remember many seasoned negotiators enter into the negotiation with a three position plan on price. That is a) The premium price, (b) The discounted price, and (c) the fallback price. They never go beyond the fallback price.

Who are Evolve Consultants?

Founded in 1998, Evolve Consultants are Ireland's leading sales performance authority. We specialise in helping organisations' adapt the right sales framework for their business strategy. We offer a blended approach of consulting, training and coaching to help them get there.

- Sales strategy
- Sales deployment models
- Sales process and execution
- Sales training and coaching
- Account management
- Sales manager mentoring

Our approach to improving sales performance integrates every aspect of your organization's sales efforts. Our methods are practical and bespoke. Fundamentally, we believe we can help clarify your issues, focus your sales activities and most importantly help you significantly increase your sales numbers.

For further information email the editor - david@evolve.ie