



# ***Negotiation for the Savvy Buyer***



*Negotiating Rule – People never argue with their own data.  
The better you are in the sales process, the easier the negotiation process will be.*

## **Definitions – Selling vs. Negotiating**

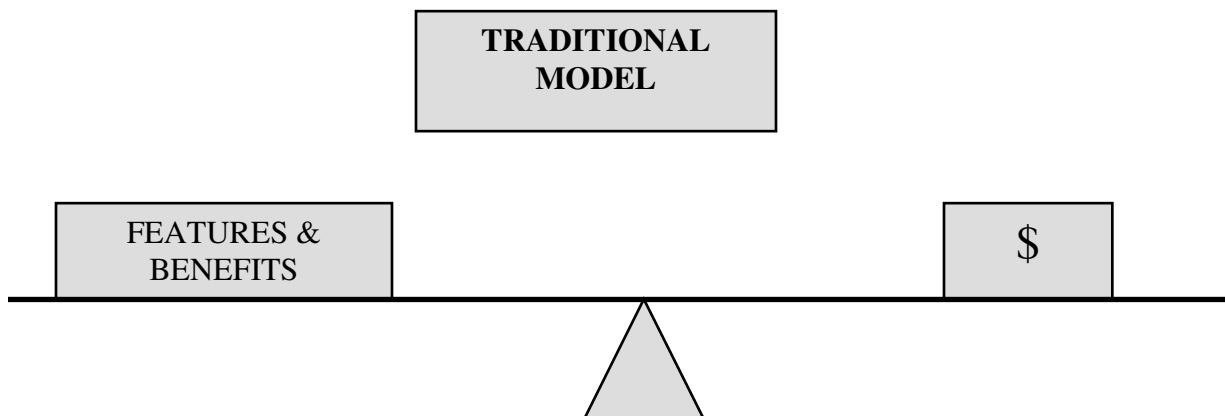
**Selling** is getting your price on **your** terms and conditions.

**Negotiation** is **modifying** your price or terms in some way to get the agreement.

Certainly you could define these two terms differently, but let's use these definitions as our working definitions during this program.

**Selling**

**Negotiating**





## **Sources of Leverage**

Leverage in the negotiation process may be subtle or direct. Either way it is very important. Leverage in the negotiation process can be described as a situational advantage. It helps you persuade the buyer to your position. If you have no leverage at all in the process then you will have a situational disadvantage. Even if you hope for a win/win outcome, you still will be at an advantage or disadvantage, depending on the amount of leverage you have. Oftentimes it is positioning that will work for you or your buyer.

### Belief

Beliefs are powerful because they dictate outcome. Your belief on whether you add value, whether the product is good, or you need to discount to get the deal will shape your actions in the negotiation process.

### Need

The buyer will try to minimize the need for your product or service by commoditizing it. The buyer will get you to compete or have you include many extra services. Your goal is to get your product/service to be bought at a premium price. In order to do this you need to make your offering unique. Once you have established that, you will be on your way to getting through the negotiating process much faster.

### Emotion

Emotions are used as a source for negotiating because they interfere with performance. When you are emotionally involved your highest order brain functions shut down. A final negotiation occurs typically when you most need the deal and have a lot invested in it (you are emotionally involved). It's like being in a national championship game, in the last few seconds; you're down by a point and you have to score. It's easy to choke under that kind of pressure.



## Sources of Leverage *(cont'd)*

### Time

In negotiating, time is always either an asset or a liability. Think of a deal you have in play and ask this question: “At this moment, who has the most to lose if there’s no deal?” Salespeople often see time only as a liability, giving buyers the upper hand in all negotiations. If time is always against you, you will begin to feel defeated.

### Relationships

The best relationship makes up for a lot of technical deficiencies – and almost always leads to winning. The key to relationships is strategy. Do the right things with the right people at the right time.

### Understanding

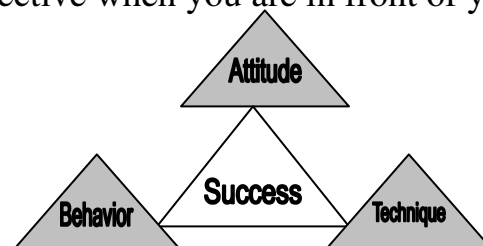
We have to work hard to see the world the way it is and we rarely take the time to truly understand the other person’s point of view. If we did take that time, we would have more chances to create a win/win solution. Information is power, and their words are your most important tools. People like their own ideas the best.

### Ownership

The more personal investment made in a deal, the Harder it is to walk away. The more it becomes your prospect’s “baby” the better off you will be.

### Skill

In negotiations, skill is an important component to be successful. Successful negotiators are well rounded in 3 areas: Attitude, Behavior, and Technique. Attitude drives everything. People will only perform in a manner that is consistent with how they see themselves conceptually. Without behavior nothing happens. Prospects don’t just knock on your door ready to buy; you have to get out there and perform the correct behaviors. Technique is the third corner of the triangle. It is the skill needed to be effective when you are in front of your prospect.



### Exercise: Audit Your Position

Account: \_\_\_\_\_

Opportunity: \_\_\_\_\_

Sources of Leverage	Reduce Vulnerability	Increase Leverage
Belief		
Need		
Emotion		
Time		
Relationships		
Understanding		
Ownership		
Skill		





## The Art and Science of Giving Concessions

### Give concessions slowly

When we give things up too fast or too easily, we give up value. To some extent, your prospect measure their success based on the amount of fight (i.e., if you make them work hard for an inch) they get. They appreciate the inch more than the foot you concede with no struggle at all. As a matter of fact, it makes them ask why you didn't give them this deal up-front. It is similar at a car dealership. The salesperson will try to get the highest possible price from you and only give the best deals to those who ask for them.

### Give concessions in small pieces

Our concessions are taken for granted if we give too much too fast. If you have a concession you will give, try to break it into pieces and give it up a piece at a time. Smaller increments make sure you don't give up too much. If you give it all away up front and your prospect comes back a second time, you have no room left to maneuver.

### Make it look like it hurts

Be reluctant. Remember, to some degree, the prospect buys the fight. When up against a win/lose counterpart, remember that part of the win for the win/lose negotiator is the feeling that he is winning and that you, at least to some extent, are losing. You don't achieve this by caving in quickly and willingly. A master negotiator makes sure his counterpart walks away from the table feeling like a winner, and accomplishes that with a minimum amount of concessions.

### Get something back of equal or greater value to you

Giving something doesn't necessarily mean getting less. No unilateral gifts should be made.

### First in, last out

It's best to be the first in, to uncover the buyer's pain. But, it's best to present and negotiate last. Why? If you aren't last, your counterpart will just defer the decision because he has more people to talk to. Only the last negotiator is really in the position to close.



## The Most Common Negotiating Mistakes

### 1. Failing to recognize and deal effectively with a player.

Another way to say this is that, as sellers, we take the idea of WIN/WIN too far.

Let's face it, are most of the professional buyers you run into:

- Win/win?
- Pit bulls whose sole mission is to extract a pound of flesh?

In this program, while we love win/win, we will keep our feet firmly planted in the REAL WORLD – and we'll deal with the pit bull at the end of the sales cycle.

### 2. Weak pre-negotiation positioning.

Here's a recent incident that illustrates this point. A small software client of mine is set up so the CFO does all the final negotiations on sales. His name is Bob. Bob said that he gets deals from Ian, his partner who also sells, and Ron, who is a sales rep. He said, "On the deals I get from Ian, I don't have to give much to get the deal signed. On the ones from Ron I have to work hard and give away a lot to get it inked." Why do you think that's true?

### 3. Making unilateral concessions.

Use the example of someone wringing a wet rag. You twist it and water comes out, so you twist harder. When do you stop twisting? **When water stops coming out.** In negotiations the buyer is often doing the twisting and you are, of course... **the rag.** If he applies pressure and you give in, you drip. What's his incentive to stop? None.



## The Most Common Negotiating Mistakes *(cont'd)*

### 4. Talking too much.

In negotiations, information is power. You are in a better or worse position if you know your prospect well and what he is trying to accomplish. The more you know - what's a win to them, what their deadlines are, etc. - the better you are able to craft a win/win solution. How do you find it out, by talking or listening? Further, have you ever heard someone say something that his counterpart used against him later?

### 5. Losing control of your emotions.

Why don't doctors operate on their own families? When you are emotionally involved your highest order brain functions shut down. You revert to instinct under pressure. You react vs. respond. Reacting is either fight or flight - wimpy or dominating. Neither end of the reaction spectrum is effective.

### 6. Entering into a negotiation unprepared.

The more prepared you are, the more detached you can be, and the more effective you will be under pressure, so you don't drip. I know you hate paperwork, so we have a very quick and concise way to prepare that takes just a few minutes and you can use it over and over.

### 7. Thinking that money is the real issue.

Role-play it. Use the see-saw visual. The buyer wants to convince you money is the real issue - get you on the money end of the see-saw - because you can only lose there. What do you have to do? Get both you and the buyer back to the other end: His reasons to buy.





## **Catherine Atkins: Senior Business Analyst, Sales and Management Trainer, Executive Coach**

Catherine has a degree in Journalism: Radio/TV from the University of Missouri – Columbia. As the Senior Business Analyst of Awareness Management Systems, a Missouri-based authorized licensee of the Sandler Sales Institute, Catherine specializes in business development strategies, sales productivity training and executive coaching. Her client base is composed of corporations, small businesses, traditional sales professionals, as well as non-selling professionals in both the profit and non-profit arena, who desire to build their practice or enhance their skills. She has also been requested to speak for her peers at Sandler School International. Certified through Creative Training Techniques and the Bob Pike Group, Catherine's strengths are in providing a high-energy and interactive session where she facilitates learning in a way that maximizes retention. Atkins is a licensed practitioner for Neuro-Linguistic Programming and a certified Hypnotist focusing on personal development and behavioral change. She serves on the Advisory Board for the University of Missouri – Columbia College of Business, where she mentors students and helps prepare them for the real world of sales and business. She is actively involved as a Rotarian, serving on her local Rotary Board and working in various capacities in the international level. She has been featured in the Columbia Business Times as "People You Should Know" and awarded their prestigious "40 Under 40" recognition in 2003.

Catherine is a nationally requested consultant, trainer, executive coach, and speaker. Her clients span businesses of all sizes, as she can relate practical business principals that work in small businesses as well as international corporations. Count on Catherine to speak from her heart, delivering a real message that connects with an audience and inspires them, giving them back control over their own lives. Long-standing clients and repeat engagements attest to her ability to make a difference in the hearts and minds of organizations and individuals.

### **A small sample of organizations that have benefited from either a workshop or keynote with Catherine:**

American Business Women's Association  
American Society of Training and Development  
International Women's Leadership Summit  
Sandler Sales Institute International  
Business Networking International  
Women's Council of Realtors  
Public Relations Society of America  
Missouri Association of Educational Office Professionals  
Missouri Association of Insurance & Financial Advisors  
Missouri Retired Teachers Association  
Construction Specifications Institute of Central MO  
University of Missouri Center for Innovation & Entrepreneurship  
Missouri Rural Electric Cooperatives Secretaries Association  
Central MO Chartered Property Casual Underwriters  
Columbia Chamber of Commerce Executive Connections  
Insurance Professionals of Mid-Missouri  
Missouri Realtor Secretaries Association  
Mid-MO Advertising Federation  
Bank of Missouri University  
Home Builders Association

*"Catherine's understanding of both her material and her audience fostered a riveting exchange of dialogue that left our members wanting more! Her session has been repeatedly requested at our leadership conferences."*

*Scott Simon, BNI Exec. Dir - Missouri-Southern Illinois*

To add your group to the list, call Catherine at **573-864-3473** or email her at [atkins@awarenessmanagement.com](mailto:atkins@awarenessmanagement.com) for booking information.

