



Don't Mistake Negotiating For Haggling

Written by: Adam Sands, Scotwork New Zealand

A common negotiation mistake made by many sales people is thinking that negotiation is about persuading the other guy that he wants what you're offering and then making some sort of concession on the price in return for an order.

There is a flaw in this logic – firstly, the term “negotiate” is overused. Often, when salespeople say, “We’re just negotiating with the client” they actually mean, “We’re just haggling over the price”. Haggling is not negotiating. Haggling is about offering your product for a reduced margin – you’re simply making price concessions until the buyer says yes.

Negotiation, though, is about getting something of equal or higher value, in return for any concessions you make.

A simple example, getting a buyer to place an extra order in return for giving them a slightly lower price.

Secondly, to enter into a negotiation, all parties need to believe it is in their interest to do so. How often have we found, as salespeople, that we believe we have a product or service which will help the customer, but the customer doesn't seem to see it that way?

I've spent many hours, over many years, sitting beside salespeople during sales calls. I'll see the salesperson begin to come to the realisation that even though the benefits to the customer seem obvious, the customer's just not 'getting it'.

All too often the sales person starts to start dropping the price in the mistaken belief that in doing so, the customer will suddenly realise that there is indeed some benefit in the product or service and decide to buy it. The salesperson thinks they're negotiating but in reality they're in a one-sided haggle with someone who doesn't want their product.

People only realise that is in their best interests to negotiate, when they perceive that the costs associated with saying “No” are unacceptable.

So what can you do to help a prospect to go from a “No” to a “Maybe” – something you can build on?

- a) Research your prospect to find out what difficulties they might be facing;
- b) Ask questions to help the customer to think about these difficulties and what they are costing them – ideally in \$ terms; and then
- c) Ask the question that helps discover what it might take to shift the prospect from the status quo – the “Under what circumstances?” question.

Under what circumstances would you consider committing to an un-budgeted spend of \$4,000 this side of year end?

Under what circumstances would you be able to give me commitment this week?

Under what circumstances would your director normally agree to this?

Under what circumstances would you be able to do this?

If your prospect tells you that there are circumstances under which they'd agree, then they are now a provisional "Yes" and you are now able to negotiate.

If there aren't, then you know not to waste your, or their, valuable time now by exploring the issue further, and you can agree to revisit at a later date.

In many respects, the negotiation process should not begin until the sales process has been tried and failed. By definition, negotiation has a cost, if we can avoid paying that cost by persuading the other side to see it our way, great, do it. But recognise when you need to move on.

The difference between seller and buyer interactions that work, and those that don't, is trust. Not necessarily the trust that takes five years to create, I mean the trust built up over a short period of time (sometimes in just a few minutes) by a good use of skill and process, and most importantly, an attitude of openness and sharing of information.

The question every seller should be asking themselves is not, "How can I sell my stuff to this customer?" it's, "How can I give this customer what they want, on terms that are acceptable to me?"

Tips for better negotiations:

- Be well prepared

Prepare some great questions, which will help you to uncover the real commercial issues facing your customer's organisation, and also the issues of concern to the person you're dealing with.

A long and comprehensive list of items you can ask for, which (in the event you need to make a price concession) will recover, or even improve, the overall deal for your company.

- Be co-operative

The easiest way for you to get what you want is to find out what the other party wants and give it to them... but on terms acceptable to you.

An attitude of openness will build trust – trust is the difference between seller and buyer interactions that work, and those that don't.

- Get creative

The more variables there are in a negotiation, the more opportunities there are to keep re-packaging your offer to meet the needs of the customer, and your own organisation.

- Develop your negotiating skills

A strong sales process gets your customer motivated to buy – negotiating skills gets you a deal that will actually make you and your organisation money. Both skills are important, anyone can give it away.

(Adam Sands is a consultant for negotiation experts Scotwork, and has extensive experience in business to business sales, sales management and profit centre management both in the UK and New Zealand)