

## Negotiating a Win-Win

### Executive Overview:

Customer negotiations begin from the initial contact with your customer. You begin building trust, establishing a relationship, and creating a win-win solution from the very first discussion. Each customer has a unique style and preference for negotiating – it is up to you to identify and understand the customer's style.

Everything in business is negotiable. Unfortunately, most of us have developed bad negotiation habits, dating clear back to our childhood when we would either push hard to get our way or “give in” to avoid conflict. By applying some simple, proven negotiation skills you can begin reaching win-win with customers and win more business.

### Key Ideas:

- When does the negotiation process begin?
- How do I know when and how to negotiate?
- What is the best way to prepare for customer negotiations?
- How do I avoid the win-lose scenario?
- What negotiation traps do I need to avoid?
- How do I improve my negotiation skills?

## Preparing for negotiations

It is never too early to begin negotiations with customers. You know what your limits are on the solutions you can offer – start thinking about these limits early in the sales cycle. As long as you know the bottom line from your side of the negotiating table, you can help shape a win-win offer to for your customer.

As you move through the sales cycle, remember, you are constantly negotiating – negotiating is not a final step in the sales process. Yes, you negotiate terms and conditions as the contract is being finalized, but good negotiation skills impact every phases of the sales cycle. As you advance the sale and prepare for negotiations with the customer, you should stay customer focused and begin discussions about things you can negotiate, such as:

- Discounts and payment terms
- Quality and performance standards
- Delivery options and schedules
- Implementation schedule and training support
- Warranties and insurance
- Customization

You need to know what is negotiable, before you launch into the sales cycle. Questions you should ask yourself early in the sales cycle about negotiating a win-win include:

- What is my customer's position?
- What negotiating tactics might my customer use?
- How has my customer negotiated in the past?
- What is the best possible outcome of the deal?
- What is the least favorable outcome?
- What is the most likely outcome of the negotiation?

- What else can we propose to the customer if we can't come to a win-win agreement on this deal?

Keeping these questions in mind throughout each phase of the sales cycle will help eliminate last minute battles with the customer that often lead to win-lose outcomes.

## Probing to get to customer's real need

Customers often state a "position" during the sales cycle – a position is a stance they are taking on certain issues. These "positions" are often smokescreens for real issues or needs. An effective sales professional can move past a position and focus negotiations on real needs and requirements, rather than the "nice to have" positions. If a customer's position seems outrageous, don't panic and don't make concessions – that's exactly what they want you to do. This does not lead to win-win.

Instead, listen without arguing. Convey a neutral response, neither shock nor enthusiasm. Beware of your body language; show no significant changes in your posture, facial, or hand movements. Squirming in your seat is a sure sign of panic. If a customer position is unrealistic, ask simple non-threatening questions, like:

- Why a 50% discount?
- How did you arrive at that number?
- Tell me a little more about that request?
- Has this been successfully done before? How?

Asking these questions can help you get past the customer's *position* and to the real *needs* – maybe what they really need is to show a return on investment (ROI) from your solution, rather than a steep discount – your job is to help the customer articulate real business needs and match your solution to those needs; this is win-win.

## Knowing when to trade

*Never give, always trade.* This is a great rule of thumb for any sales professional trying to get to win-win with a customer. When presenting a solution to your customer, you always make your first offer sound like your last. If your offer is not accepted, you need to explore "trading" options.

Trading starts when you float a trial, tentative, alternative past your customer, once they've rejected your offer or solution. This alternative needs to show a concession from you and the cost of the concession to the customer. Your initial concession should not be a major one – it should be somewhere between your best case and worst case outcome. As you trade, you should slow down, use deliberate gestures, keep your head up, and make direct eye contact as much as possible.

You need to address each issue your customer has raised, one at a time. Save the toughest issue for last. Make sure you confirm and record each agreement, no matter how small. Once each issue has been resolved and trading is complete, follow up with written confirmation on the new terms of your offer. Remember, always trade, never give. If you make concessions, make sure the customer understands the cost and benefit to them – you're seeking win-win.

## Understanding the do's and don'ts of negotiating

Getting to win-win is an ongoing process of the sales cycle. Here are a few tips to remember to avoid some of the common negotiation traps:

### **DO:**

- Establish win-win ground rules and expectations early
- Prepare for negotiations at the beginning of the sales cycle
- Know your limitations
- Look beyond the immediate deal and toward the customer relationship
- Get beyond the customer's stated position and to the real business needs
- Always trade, never give
- Summarize and document any trades and agreement

### **Don't:**

- Make concessions at the customer's first request
- Compromise and "split the difference"
- Give too much information that puts you at a disadvantage
- Use irritating, legal phrases like "fair and reasonable"
- Concede on issues you can't reconcile

Long-term customer relationships take time and attention. Getting to win-win will not only give you the best chance to succeed but will position you for future sales opportunities.