
How to Execute A Step-by-Step Negotiating Session

Assumptions for this step-by-step process:

- ❖ You have previously made the buyers aware the final pricing and terms are the best your company offers to any customer for the volume of business under consideration.
- ❖ You have previously provided ‘proof’ and pricing for all services the buyer(s) have indicated a need for, (proof may include demo’s, references, corporate visits, executive visits).
- ❖ The buyers have reviewed your service or product agreements. If not, the negotiating process may be stopped or slowed down as the agreements become part of a negotiation for dotting i’s and crossing t’s. If you have not provided these agreements, then we recommend you include them as part of the negotiating process.
- ❖ You have either approached the buyer(s), or they have indicated to you they want to finalize arrangements or they have asked you to do something to lower your offer. If they ask you for a discount, we recommend your response be along the lines of, “Have we been selected as the vendor you would like to do business with?” If the response is affirmative, then the negotiating session is reasonable. If not, you may not be in a final negotiating session, but, are being used as column fodder!

Preparations for a negotiating session(s) (Figure 1):

If you are the vendor of choice, (in your opinion and potentially the buying organization has told you this), pre-plan your negotiating strategy and tactics BEFORE the negotiation actually begins. Think about the following things (figure 1):

- ❖ What will buyers want from your company (A below)? Try to pre-determine the most likely items. This maybe based on what you have learned from the buyers through the buying cycle; what you have heard from others; what you have learned through your research.
- ❖ What you would like to get from the buyers organization (B below)? A good negotiating strategy should include you getting something in addition to your already offered products and/or services. If the buyer wants something in addition to the value your products and services provide to them, then your company should receive something in addition to your original offer, (which already has final pricing).
- ❖ Determine what you could give to the buyer(s) (C below) that has low cost to your company, but, HIGH VALUE to the buyer(s). Most buyers will perceive any of these items as a discount. The key is to offer something that has high value to them and low cost to you. Be sure you price the value of the goods or services. If you don’t price them, the buyer will assume their value is lower than the actual value.
- ❖ In the illustration below are some “Thoughts for you as the seller” (D below). These thoughts are based on the research on the psychology of what buyers want at the end of the buying process (see [“Shifting Concerns of Individuals Making Buying Decisions”](#)), feedback from our customers/clients, and many years of negotiating sessions of my own.

Figure 1

Key Thoughts to preparing for Negotiations

<p>A What buyers may want from you!</p> <ul style="list-style-type: none"> • Price Concessions • Extended Payment Terms • Performance Guarantees • Additional Products • Extended Maintenance • Extended Warranty • Guarantee WHO will provide services, implementation, consulting • Other things? 	<p>B What you should get from Buyers BEFORE you give!</p> <ul style="list-style-type: none"> • Early Payment • Referrals to others • Extended maintenance terms • Success Stories • Published on your website • Additional products or services • Become a showcase for your company
<p>D Thoughts for you as the seller!</p> <ul style="list-style-type: none"> • Buyers need to know they got the best deal! • Almost anything buyers receive can be viewed as a discount! • Buyers DO NOT have to get what they ask for! • If you give on price, you will always be viewed as willing to reduce price! • Be sure you are negotiating with the decision-maker if possible! • If the negotiation is with a purchasing agent, ask for the key committee member to be present. • Be willing to walk away! • Say NO with logic at least two times! • Be Unemotional – It's business not personal! 	<p>C What you can give that is less cost to you but high Value To the Buyer?</p> <ul style="list-style-type: none"> • Additional time for maintenance or warranty • Education credit (on-line, or classroom) • Additional consulting (reduced cost) • Additional one time services or support • Additional seats or users for a period of time • Other things that have low cost to you, but high value to buyer(s)

Preparing a negotiating worksheet for a negotiation session(s) (Figure 2)::

- ❖ The best negotiation session(s) are prepared ahead of time. It may be that you don't actually have a written plan in front of you while negotiating, but, if you have an agreed upon plan of action with your manager, and the company, of what you can negotiate with the customer, the chances you will conclude a win/win is much higher.
- ❖ In the negotiating worksheet/plan (figure 2), you should prepare for saying NO to a buyers request for a concession at least twice. Psychologically, when you say no with logical business reasons, buyers will quickly begin to conclude they may have the best deal they will get.

However, having said this it is also important that you [listen](#)¹ carefully to what the buyer(s) are asking for. If their request for concessions is so far outside the realm of reasonableness (examples are 50% price reduction, 50% more product, many hours of consulting for no additional payment), you may want to consider walking away. That is certainly an option. Walking away is always an option and the best negotiations may include walking away with respect.

Saying NO with business logic.

Prepare some logical stands for why you are saying NO. All of the examples below psychologically say NO with subtle business logic. There are certainly others, but, we've seen these regularly used, and WORK. Use at least two of these before you consider a concession:

1. I don't understand why you are asking about a concession? You have known the costs for some time (this assumes you have revealed cost earlier. If now is the first time, this can't be used)! Why is this coming up now? Psychological NO
2. Is there anything you would like to take out of our offering to you? Taking something out may help you with a budget issue? Psychological NO
3. I guess I don't understand. We've spent some time together discussing your needs. Has something changed that causes you to want to reduce those needs? Psychological NO
4. You've said you want to improve your business, and you have said our offering will help you meet those needs? Let's get started together to help you achieve those? Psychological NO
5. You indicated that our offerings will help you achieve a payback in XXX months? Does it make sense to delay? Psychological NO
6. Our prices have been set to ensure our clients that we will remain in business and continue to provide them with future improvements and high quality support. You have our best offering, shouldn't we move forward together? Psychological NO

Don't give anything until you have agreement they will give you something:

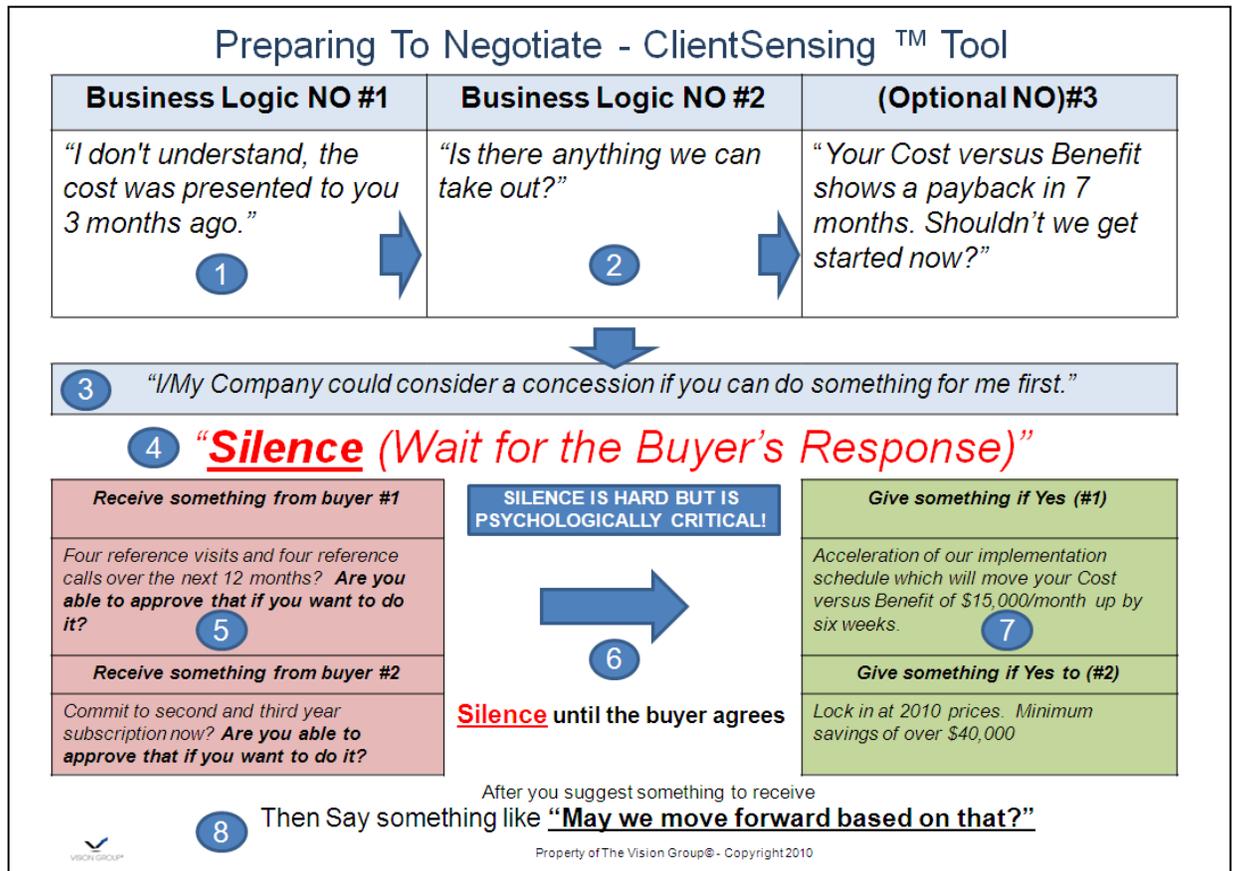
- ❖ If buyers ask you to give something, you should ask for something in return. Psychologically, if you say, "ok, I'll give you 'additional education', if you will give me a referral". Unfortunately, once you say "I'll give you".....the buyer accepts that as a "I GOT SOMETHING" and knows that you are willing to give something. They may say, "NO, I can't give you that, but, I'll take the additional education!". Now you are faced with a bit of a negotiating dilemma. You could say, "well, how about this?", Buyers says, NO., and on you go with a losing tactic and strategy.

Can you see where offering something before asking for something is not a good negotiating strategy?

Ask for something first, and then wait ([listen/silence¹](#)) to determine if they could give that to you. If they say they could give you that, but, want to know what you will give, then you have an opportunity to have an exchange. Make your offer, and then ask if you can proceed. So, you could say, "If you are willing to be a referral for me, then I can provide additional education that is valued at \$XXX.00. Can we get started?". If the buyer agrees, you have a win/win. If the buyer doesn't agree, then you have a defining moment. Here are some additional thoughts if you get a no:

- ❖ You can say, "That is the best concession arrangement I can offer. I'm sorry we can't agree. Perhaps we should think about this for a day or so. " Then end the negotiation.
- ❖ You could also say, "This is unfortunate. We have worked hard to understand your needs and provide the best 'VALUE' in a solution. Our pricing/investment was the best we could provide, except for this additional area that we discussed. I'm sorry we can't reach an agreement."
- ❖ You could withdraw the offer of the referral for additional education, and then suggest that both parties think about it for a day, and get back together tomorrow.

Worksheet (Figure 2)



Some Final Thoughts:

- Silence is crucial between the business logical NO's. Good negotiating requires that you give reluctantly and slowly. Hurrying a response is not a good tactic. Sometimes, we can't stand for there to be silence, so we fill it with words.
- Silence allows the buyer/other party to think and if a few seconds go by with no sound, they may feel the need to respond. If we cut that opportunity off by talking, then we may have missed an opportunity for the buyer to reflect and realize they are getting a win/win.
- Preparing your strategy and tactics ahead of time is crucial to successful win/win negotiating. We recommend practicing with another peer or manager prior to engaging in a negotiating session or series of sessions.
- If you decided to negotiate with more than one person from your company be sure you have agreed on who does what, why, and when, before you start.
- If you have offered everything you can to a buyer, don't hesitate to respectfully end the session, asking the buyer to please reflect on the offer(s) made. Indicate you will be in touch in a short time. Upon leaving or ending the session, take a minute or two to reflect on what happened.

Often, in the heat of the battle we may overlook something the buyer said that could lead to a successful win/win. **LISTEN VERY CAREFULLY TO WHAT THE BUYER SAYS¹** during the negotiation and reflect on it after the session.

¹[Interview with Ben Zoldan and Geoffrey James of BNET - The Power of Listening](#)