

SMALL Business Times

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Hang on PART II OF A TWO-PART SERIES

Determine in advance what you'll concede, and carry it out deliberately

In Part I of this article, in the April 12 issue of *SBT*, we discussed the necessity of determining concession strategies in advance of arriving at the bargaining table; otherwise, you may be forced to surrender your initiative.

Feeling pressured by concession demands, countless people give up what they don't want to, only to later realize that better options were available. Now regretful, they feel bad for succumbing to the pressure; they feel bad about the other party outwitting them; and they feel bad about the deal because they believe they were taken advantage of.

If that sounds familiar, read on.

Presented in this article are four concession strategies, in addition to the four presented in Part I, to help you maintain control of your negotiations and not succumb to concession demands.

5. The best time to get a concession is when you give one. Make it a general rule never to give in on a concession without asking for something in return. Why? You want to maintain your integrity. Any time you give up something without asking for something, by default you convey to the other party that whatever you are giving up doesn't have value.

That happens all too frequently when people make price concessions and don't ask for something in return. The customer thinks, "Well, that was easy. They didn't seem to balk too much. I should ask for more." And oftentimes they do. Just before they sign the agreement they present another request. They're betting that your desire to close the deal will prevail over the risk of losing the deal. Sound familiar?

6. Make people work for their concessions. When you give in too quickly, the other party thinks, "Boy, that was easy, what else should I ask for?"

The more the other party has to work to get what they want, the more they value it and, interestingly, the more they respect you in the process.

Let me share a quick story. A friend of mine is an antique dealer. Every Sunday he reads the classified section looking for unsuspecting sellers.

He found an ad for a unique desk and the caption read: \$750 or best offer. He was the first to call and view it. Of course when he inspected the piece, he pointed out all the negatives — the scratch here, the nick there. He said to the seller, "The desk is in all-right condition. I was hoping for fewer marks and scratches. I'll give you \$650."

The seller then asked if he could pick it up

within two days. When he said "yes," she immediately accepted his offer.

He left the house feeling elated as the piece was worth well over \$3,000. However, he still found himself thinking "I could have gotten it for less."

So even though he got a terrific deal, he wasn't fully satisfied.

Do your customers feel that they have gotten the best deal? Or do they leave thinking they could have gotten more?

7. Keep concessions small, make them slowly, and make each consecutive concession progressively smaller. When prospects tell you to "sharpen your pencil" and their demand is a direct hit to your bottom line, how you respond influences not only your current negotiating relationship, but future situations as well.

When you reduce your original offer by a significant margin, you send a signal to the other party that your original position was overstated. That makes him think that you were taking advantage of him and sets in motion reason for him to distrust you. All hope of formulating a positive relationship diminishes.

The correct strategy is to make very small concessions and ask for something in return. Once you make a concession, each concession needs to be progressively smaller so the other party perceives that you are reaching your walk-away point.

It's also important not to respond too quickly to a concession request, particularly on a major item. A quick response suggests to the other party that you are desperate, and that you yield under pressure; you can be sure he will use this to his advantage.

Also, by keeping concessions small, making them slowly, and by making each consecutive concession smaller, you actually establish credibility for yourself, your company and the value of service or quality product that you are offering.

8. Don't make a counter-offer to an unrealistic offer. When negotiating, every move you make trains the other party how to get what he wants. When you counter an unrealistic offer, you give value to his outlandish position. And at some level, you are compromising your own values. You can be sure the other party takes note of that.

When an unrealistic offer is presented, restate your position. Then communicate that you will need to walk away if they are unable to meet your terms and conditions. Do not threaten. Just let him know nicely that his expectations are beyond

CONCESSIONS

In Part I of this article, which appeared in the April 12 issue of *SBT*, we discussed the first four concession strategies. Those are:

- 1. Give yourself room to make concessions.**
- 2. Determine** all concessions before making a concession.
- 3. Don't** make the first concession on a major item.
- 4. Give away** what's not important to you.

the scope of what you are willing to negotiate.

That situation happened to a trucking firm I was working with a year ago. A large computer-manufacturing company was switching trucking firms. It made unrealistic terms and conditions demands. Despite the temptation of saying "yes" to this prestigious company, the small trucking company presented its original proposal. The company balked. The trucking firm graciously walked away.

Two weeks later, the trucking firm received a phone call from the computer manufacturer asking if it could be ready in two days. The trucking company's willingness to walk away allowed it to forge a respectful relationship at the onset.

It makes sense that when people are unprepared, they make more numerous and larger concessions than those who know their options. Don't let that happen to you. Don't make concessions by default. Make them deliberately. You will be more confident and will, most assuredly, walk away from the bargaining table with more money in your pockets.

Christine McMahon is the owner of Christine McMahon & Associates, a training and coaching firm in Milwaukee. She can be reached at 414-290-3344. Small Business Times readers who would like a negotiating situation addressed in this column can send a fax to 414-290-3330, or e-mail her at: ccm@christinemcmahon.com.

