

## No deal

Don't give in to requests for last-minute concessions

### Question:

**Is it advisable to accept an offer from a customer who asks for a discount at the last minute in an effort to close the deal?**

### Response:

In sales negotiations, it's enticing to receive an offer from a customer who asks for a discount to complete the deal. You want the P.O., and the customer is giving you an easy way to get it: offer a discount. However, agreeing with these terms not only undermines your credibility, but conditions the customer to ask you for more, each and every time you negotiate.

Everything you say and do creates a lasting impression. By agreeing to accept the discount, and caving in to the squeeze tactic, what message are you sending to the customer? Are you risking the customer saying to himself, "This is interesting, Charlie responded quickly to this offer. I wonder what his real bottom line is?" or "Hmmm . . . Charlie has more flexibility than I thought – I wonder, is he not telling me whole the truth about his bottom line as well as other deliverables he's promised me?"

What appears to be a single, simple, straightforward action can ignite a series of unfavorable impressions.

When negotiating, communicate by design, not by default. Before responding to an offer, ask yourself:

- What do I want my reputation to be with this customer?
- If I say "yes" to his offer, will this promote or undermine my reputation with this customer?
- How does this decision impact the profitability of this project?
- How will this decision impact future negotiations with this customer?
- How will I feel about myself if I say "yes?"

Another example of the squeeze tactic is when the other party says to you, "We have two other proposals, and both of them are lower than yours. If you lower your fee, there's a good chance I can sell this offer to the committee." At this point, you might ask yourself, "Is the customer telling the truth, just trying to test my negotiating skills, or has he already decided to go with the competition and he's trying to leverage me to lower their fees?"

Regardless, you need to make a decision – an important one. Will you accept the offer, make a counter-offer, remain firm in your position or walk away? How you respond creates an impression that will impact your future relationship with this customer.

What you never want to do is drop your price "just to get your foot in the door." Trying to convince yourself that,

"once they see how good we are, they'll order from us again and on future order we can charge them full price" is nonsense. In fact, it's one of the deadliest strategies that's guaranteed to backfire.

Think about it – if you drop your price at the onset, what do you think the chances are that the customer will ever agree to pay list price again? Let me tell you – never! Why would they? What they will do instead is use this rock-bottom price as the starting point for future negotiations.

So, how do you respond to a customer when you don't want to accept their offer to discount your fee? You simply say, "Bob, I'd like the opportunity to work with you. In fact, I know that our expertise aligns perfectly with the outcomes that are important to you. We have a lot of experience under our belts, and we know what it's going to take to deliver a fabulous product. While I appreciate your offer to close the deal by reducing our fee, in good conscience I have to pass. We have already sharpened our pencils and our offer reflects what is required to get this project done right the first time. Bob, if your budget is insufficient to cover the costs for the entire project, why don't we look at completing the first three phases this year, and then complete the last two next year, after you have secured some additional funding? Would the committee be open to that idea?"

When saying "no," consider offering other options so you appear willing to find a collaborative solution. How can you bundle or unbundle your offering so that you can counter-offer without costing you more money? For example, extending a

warranty for a couple of months doesn't cost you anything but offers a high perceived value.

If you can't find common ground, then you may be forced to pass on this project. Be gracious, not defensive when walking away. You might tell the customer, "I'd love the opportunity to work with you. I know we have the expertise to do this right. However, it looks like the deck is stacked against us, so we're going to have to pass. I wish you the best of luck with the project, and if you encounter any challenges and need a second opinion, we'd be glad to help. Thanks for considering us."

Making last-minute concessions just to close the deal is risky business. Never give the customer reason to doubt your integrity or capability. Instead, after fully examining the consequences, communicate by design, not by default and never accept an unreasonable offer.



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