

Concessions, part II

Four more proven strategies

In last month's column on giving and getting concessions I discussed four proven concession strategies for negotiations. In today's column I am providing four more strategies.

The best time to get a concession is when you give one

Make it a rule never to give 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, you convey to the other party that whatever you are giving up doesn't have value.

When people make price concessions and don't ask for something in return, the customer thinks, "Well that was easy. They didn't even balk. I wonder what their real bottom line is. I need to ask for more." And then they do.

Make people work for their concessions

When you give in too quickly, the other party thinks to themselves, "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 \$650.00." 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?

Keep concessions small

Make concessions slowly, and make each consecutive concession progressively smaller. When a prospect tells you to "sharpen your pencil" and their demand is a direct hit to your bottom line, your response will impact not only your current negotiating relationship, but future situations as well.

If you reduce your original offer by a significant margin, you send a signal to the other party that your original position was overstated. This makes them think that you were taking advantage of them and gives them reason to distrust you. Any hope of formulating a positive relationship diminishes.

The correct strategy is to make small concessions and ask for something in return. Each concession needs to be progressively smaller to give the impression 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 they will use this to their advantage.

Don't make a counter-offer to an unrealistic offer

Every move you make teaches the other party how to get what they want. When you entertain an unrealistic offer, you validate an outlandish position, give away your power, and make yourself an easy target.

You can be sure the other party takes note.

When an unrealistic offer is presented, restate your position or communicate that you will need to walk away if they are unable to meet your terms and conditions. Do not threaten. Just let them know, nicely, that their expectations are beyond the scope of what you are willing to negotiate.

This exact situation happened to a trucking company I was working with a year ago. A prominent computer manufacturer wanted to find a new carrier. However, in the negotiation process, they made unrealistic demands regarding terms and conditions. Despite the temptation to say "yes" to a significant opportunity, the small trucking company held firm to their original proposal. The computer manufacturer balked. The trucking company graciously walked away.

Two weeks later, the trucking company received a phone call from the computer manufacturer asking them if they could be ready in two days. The trucking company's commitment to the validity of their offer allowed them to forge a respectful relationship with long term benefits.

When negotiators enter a negotiation unprepared they give in to concession demands without considering the consequences. Don't let this happen to you. Don't make concessions by default, make them deliberately. This will help you make purposeful decisions and maintain a confident stance. You will most assuredly, walk away from the bargaining table with a stronger relationship and a better deal.



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