

What went wrong?

Negotiating mistakes can hurt sales

Question:

What are the most common mistakes salespeople make when negotiating?

Response:

Research indicates that 50 percent of mistakes happen prior to the negotiation, 35 percent happen during the negotiation and 15 percent happen after the negotiation. And from my perspective, most mistakes are preventable.

Salespeople who are knowledgeable about how to negotiate, prepare their strategies, and know what is and is not acceptable to consistently achieve better outcomes at the bargaining table. The majority of errors salespeople make are often the result of a lack of training and/or management support.

Thousands of dollars are lost because salespeople don't know what to do or lack management's guidance and support.

The five most common errors I see salespeople make when negotiating are:

1. Inadequate preparation.

Knowledge is power in a negotiation — not power over the other party, but power to influence the other party. Salespeople who fail to prepare surrender their initiative. They find themselves processing every move and counter-move from a place of instinct and emotion rather than of insight.

Salespeople who prepare are confident

and competent. They have digested the issues, compared the needs and wants of both parties and have a variety of options for bridging the two positions. They know what is and is not acceptable, and they have developed strategies for creating a mutually agreeable solution.

2. Failure to negotiate internally first.

Salespeople who understand what is and is not acceptable to their company before walking into the negotiation have built the framework for making good decisions.

Salespeople who think they can commit to a particular course of action, only to be denied approval when they return to the office, commit negotiation suicide. They jeopardize their credibility, not only with their prospective client (bait-and-switch), but with their own company, as well.

3. Making a concession without knowing all demands.

Inexperienced salespeople often fall into this trap. They respond to each demand as a standalone request rather than learning the total scope of the other party's demands. After making a substantial concession to close the deal, the salesperson is taken aback when the customer initiates another request, and another, and yet another, each perceived to be the one that will clinch the deal.

By asking, "In addition to X, what else is important to you?" after the first concession demand was presented, the salesperson would have understood some, and possibly

all, of the concession demands up front.

4. Making a concession without asking for something in return.

Salespeople who give in to concession pressures without asking for something in return aren't negotiating — in fact, they're not even selling. They are simply giving the customer what they want. And by default, they're setting a dangerous precedent: the customer learns the more pressure he/she exerts, the more concessions they receive. I don't believe for a moment that salespeople do this on purpose, but rather, they do it because they're intimidated or don't know what else to do.

Here's the simplest and most effective way to handle this type of situation, "Mr. Buyer, if the possibility to give you X exists, would you be able to provide us with Y?"

In the real world, this translates into, "Mr. Buyer, if we are able to reduce the price to \$10 per piece, would you agree to accept one shipment per week as opposed to two?" This simple question shifts the ownership of the decision from the salesperson back to the customer, who must now reassess the situation.

Time and time again, when salespeople learn this strategy and create a list of what they will ask for in return, they take back their power and admit to feeling more in control of the negotiation.

5. Lack of follow-through.

Salespeople who hand projects over to the implementation team once contracts are signed make a fatal error. Post-negotiation is a time of heightened buyers' insecurity. It's show time for them, and all eyes

are looking to see if they have made the right decision. Just because they said “yes” doesn’t mean they’re completely convinced that your company will deliver.

When something goes astray, which usually does happen at some point in the engagement, the buyer wants the person he or she can trust the most to resolve the issue. The right salesperson can turn unforeseen circumstances into new streams of revenue if they are handled on a timely basis.

An example that comes to mind is of a client who, during the implementation step, visited the customer once a week in person and then called the buyer a second time later in the week. During the third week’s visit, the buyer complained about a component that wasn’t working correctly. The salesperson took charge of the issue,

fixed it with some help from an engineer, and delivered a better functioning product on time and at a higher margin due to the new specs.

Salespeople who remain involved not only identify new opportunities, they resolve issues quickly and are better positioned to renegotiate new terms when project creep occurs.

It’s important to keep in mind that a negotiation is a process, not an event. Achieving the best outcome requires quality information, gathered early in the buying process, and well-planned, adaptive strategies. Salespeople who understand the issues that are most important to the customer and why, before discussing the budget, have real bargaining power.

I often hear people say, “This sounds like a lot of work. I just don’t have that

kind of time.” Not every negotiation requires hours of preparation. I have developed successful game plans while sitting at a restaurant, with a rep, working through the pros and cons of different strategies on a placemat.

Successful negotiators never risk setting themselves up to fail. They equate winging it to a surrendering of their initiative, and this is just not an option. They do whatever is needed to set themselves up to succeed in building the foundation for a respect.



Christine McMahon

is the owner of Christine McMahon & Associates, a training and coaching firm in Milwaukee. She can be reached at (414) 290-3344.