

NEGOTIATION

HOW TO GET THE RESULTS YOU WANT



MARTIN DODDS
CONSIDERS THE FINE ART OF
SUCCESSFUL NEGOTIATION

m ANY of my sales colleagues have enjoyed great career success through their ability to understand the negotiation process in the sales and marketing environment. Negotiation is one of those soft or human skills that is often overlooked or underestimated. The ability to understand negotiation and the skills required to execute it effectively require an in-depth look at the process itself. Negotiation in simple terms is the process experienced by individuals or groups of people attempting to complete an agreement, project or goal to fulfil the needs of those involved. The ability to negotiate requires a healthy balance of skills such as selling, presenting and listening. It is not only a soft skill needed for professional success it is a life skill.

Understanding the five stages of negotiation

It is useful to understand the five different stages. This will help you know when it is good to move onto the next stage or 'change gears' in a meeting to obtain the result you want.

1. Prelude

This first stage is critical to the negotiation process. The prelude is primarily a focus on the surrounding circumstances before a negotiation begins. For example, reviewing your current relationship with your

customer would be a good starting point to determine whether they are happy with the current service from you. Are there any issues which needed to be resolved? Talk to those who are responsible for service delivery to check they have been resolved before you start discussions. This will help to determine if some accommodation needs to be made. Other factors such as how to deal with expensive pricing and strong competition should be considered at this stage.

2. Initial stance

Otherwise known as the opening gambit, an initial stance will determine the beginning of the negotiation and how it will proceed. A simple example of this is when a property is put on the market. The first asking price is equivalent to an 'initial stance' as it essentially looks at 'what you are prepared to accept'. It is from this point that the negotiation will move on.

It is vital that you prepare and get this right to make sure you do not pitch too high or low. Taking the supply of goods like stationery for retailers and businesses as an example; sales prices require research to know how appealing your offer is likely to be. Look at competitors to discover what volumes and discounts they offer including the costs like added charges for guaranteed delivery.

3. Trading of concessions

Trading of concessions means offering your customer something that is perceived to be of high value as part of the negotiation. The best concessions are those that are of low cost to the seller and high perceived value to the buyer. Offering, for example, free technical support to customers who have purchased your product can be viewed as highly advantageous compared to the cost of an external advisor. To the business, the cost is minimal because the support advisors are an integral working part of the business. The reality is that the added benefit has cost very little to you, your company and your profits because the agreement has occurred without a shift on the overall price.

The key to trading concessions is to create a list of full and imaginative concessions before you enter negotiations. As part of this list, you will need to calculate the cost and impact of each concession. This will help to guide your offers without damaging the profit you aim to achieve.

4. Compromise

Once you have completed the trade of concessions and 'used' what is least valuable or of little meaning to you, you will enter the compromise phase. For this, you have to calculate and be aware of your deal's bottom line. You can compromise most effectively by focusing on your customers' key buying criteria. For example, is price a key factor or is your customer more concerned with quality of service? The compromise target may not be the initial goal you set but should enable

you to strike a balance whilst maintaining relationships with your client.

It will also be to your advantage to know who has the power and authority to make compromises in your team and within your client's company.

You should also be aware that negotiations are not one-off meetings and you can make an agreement at a later date. For many sales professionals, each meeting is one part of an ongoing process to build and retain client relationships.

5. The follow-up

Many sales professionals neglect this element of negotiation which is often used against them in the prelude of the next negotiation. It is important to check the deal and ensure follow-up actions take place and are reported back to those involved in the negotiation. If the customer feels they have been let down, then they will look elsewhere or use it to their advantage at another time of purchase.

Further advice

Preparation is the key to success. A thorough understanding of the person you are negotiating with, good knowledge of your customers' marketplace, the activity within it and your own competition for the business will strengthen your priorities. At TACK International, we believe you should know as much, if not more, about your competition as you do about your own company.

Spending time preparing the initial stances, targets and the rock bottom deal you can allow is vital. You need to have decided the levels of the key

variables such as price and delivery time to ensure the agreement is successful.

Putting yourself in customer's shoes will help you to make the deal more balanced.

Starting too defensively or too enthusiastically could hinder your position and the control you wish to have in the discussion. So it is important to begin at the right level to retain command and negotiate the terms and outcome desired.

Body language can also send many messages to your customer audience. Reading the body language of others can help you and your team to choose the right stances to make the negotiation successful. Using good questioning techniques will strengthen your ability to find out their needs. For example, using open questions and the popular format of T.E.D. - Tell, Explain and Describe - will enable you to access valuable knowledge. For example, 'Tell - me what are the differences between your departments' use of the product? Explain - how will the service be used to support your business? Describe - what impact these changes will have on your business?'

Research, learning and training can help professionals build the qualities required to be a successful negotiator. Regular practice and feedback will help to build experience and confidence to negotiate in different situations at home or work. This is not a skill that will develop overnight but will help throughout your career path. At the end of every negotiation, judge yourself against your own targets and invite feedback from colleagues and managers. 

ADVICE

- Decide beforehand on your opening gambit.
- Agree on your real aim and what you cannot go below
- Read the body language of your customer
- Remember to follow up with customer once the deal is complete
- Use TED (Tell, Explain and Describe)
- Use good questioning techniques to find out their needs

Martin Dodd is a director at TACK International and trains on a wide range of courses including finance, negotiation and sales management.



The Chamber of Commerce offers a range of business training

TACK International's 'Profitable Negotiation' open course is running on the following dates in 2006

13-14 February
3 - 4 April
12-13 June
4-5 September
16-17 October

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