

12.5 CRITICAL FACTORS FOR



NEGOTIATING

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If you have to **negotiate**, you better do it the right way...



As you read through this, you will quickly see the first 6 of the 12.5 negotiation tips are really about helping you to either avoid having to negotiate at all or to enter into a negotiation successfully.

A successful negotiation occurs not because of what happens during the negotiation, but rather what happens before it begins. The more prepared you are, the greater your level of success – not only in being able to close the deal, but also being able to do it in a way that benefits you and the customer.

We should never view negotiating as a one-sided process where the goal is to take advantage of the other person. You should view negotiating as reaching an outcome that allows both parties to achieve a level of success neither party thought was possible. Think about that last sentence for a moment and what it means, both to you as a salesperson and to you if you were a customer.

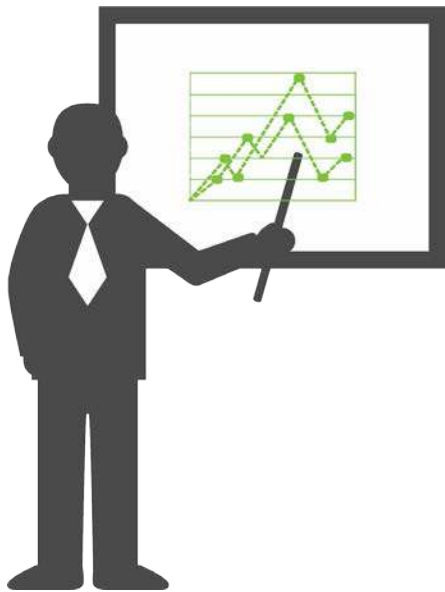
Achieving a level of outcome neither side thought possible can only occur when you, the salesperson, have uncovered the customer's true needs and when the customer fully appreciates the full value of what you provide.

The last 6 tips are geared for the actual negotiation process. I don't refer to them as power tips to help you gain the upper hand, but rather as pacing strategies to assist you in the overall process.

Key in making any negotiation successful is in having a strategy developed before you begin and adhering to it throughout the process.

Read through the following 12.5 tips. I am confident they will provide you with the insights you need for a higher level of success with your customer. You will close more sales at a higher level, and you will help your customer reach their desired outcomes.

1. Sell First. Negotiate Second.



We'll always secure a higher price if we sell first. Too many salespeople jump straight to negotiating, thinking it's the only chance they have to close the sale.

However, negotiating too soon often leads to two things and they're both problematic. First, the race to close quickly leads to

fewer sales, not more. Second, the sales that you do close wind up being made at a lower price with lower profit.

Wow! That sure doesn't sound like a good recipe for success – selling less and selling cheaper. You would be hard pressed to find a business school embracing such a sales philosophy!

“Sell first and negotiate second” is a strategy based on the fact you can't be successful negotiating until both you and the other party have a clear understanding of where each other is coming from.

This means the customer must have a clear understanding of what you have to offer and you, the salesperson, must know clearly the customer's needs. All of this can only be uncovered during the selling phase. Attempting to find this out while negotiating is a recipe for failure.

Once the customer knows you're willing to negotiate with them over the terms, it's amazing how they will change their strategy with regard to what they are willing to share with you.

The selling phase is a much more relaxed process. It's a discussion where you are able to uncover the customer's real needs, and you're able to validate if the customer truly is the decision maker.

Rushing into a negotiation without minimally understanding where you stand is simply never going to work. Yet, many salespeople do that when they aren't able to close the sale immediately.

Before you even think about negotiating, allow the customer to reject your offer and get them to share with you why they are rejecting your offer.

2. Only **negotiate** after they've rejected your offer twice.



How can you know the customer's needs if you don't spend time "selling" to them first? Negotiating should be an option only when the sales process has not been successful.

This builds on the strategy of selling first and negotiating second and now puts some specific criteria on it. Just because the customer has rejected your price once doesn't mean you should suddenly start negotiating.

Many times the customer rejected your offer not because of the reason you think, but rather because of a different reason.

Your objective when the customer rejects your offer initially is to find out why and validate if the reason is real. This now gives you the ability to make adjustments to your value proposition and attempt to close the sale again.

Never assume just because the customer has rejected your offer that you need to negotiate. The risk you run is you offer up alternatives the customer will accept, while at the same time not addressing their real concern.

Patience is the rule and, unfortunately, it's what too many salespeople don't have. Taking the time to ascertain the customer's real needs is going to enable you to have the highest probability of closing the sale. If this approach doesn't allow you to close the sale, it will at least allow you to go into the negotiation phase more prepared.

This strategy holds true even if the objection is about price. Remember, an objection about price is not a declaration your price is too high. No, it's a statement the customer doesn't see a value proposition equal to the investment you're asking them to make.

Allowing the customer to reject your offer twice doesn't set you up for failure. In fact, it sets you up to win successfully when you negotiate with the other party.

3. Determine if you're dealing with the **decision maker**.



Negotiating with someone other than the decision maker never works. A key part of your selling process should be finding out early if the person to whom you are talking is actually the decision maker.

The number of salespeople who spend time with people other than decision makers is staggering. It occurs far more often than we realize.

Sometimes it's an intentional strategy used by the customer, and other times it's merely due to stupidity – or, as I see it, timidity on the part of the salesperson and/or customer.

In either case, it results in lost time and often lost sales. The selling process is about making sure the person with whom you're dealing is not an agent of the decision maker or someone who is simply too nice to tell you they're not the decision maker.

A key question to ask early in the selling phase is how the customer has handled other buying decisions similar to what you're asking. What you're listening for is a sense of confidence on the part of the customer that they have done this before.

You can't assume that by merely asking the customer if they're the decision maker that they are going to come clean with you, especially if they aren't the decision maker! You can, however, gain an indication in their tone of voice, their body language or verbal cues as to whether they are the decision maker.

If you do determine the person you're dealing with is not the decision maker, you don't necessarily have to terminate your discussion. No, what it means is you need to be careful as to what you share and, more importantly, to not give any indication as to whether you would be willing to negotiate.

Use your time with the "non-decision maker" to learn new insights which will assist when you do find yourself dealing with the decision maker. Many times the non-decision maker will be a key influencer, so it is crucial you help them feel confident in you and your proposition. This could ultimately be a key factor in being able to close the sale without negotiating.

Your objective is to never allow yourself to negotiate with anyone who is not the decision maker. Otherwise, you will wind up having to essentially negotiate twice. I can't find too many good things that can come out of a transaction that requires two negotiations.

4. Know their **needs**.



When we know the needs of the customer, we're in a much stronger position to negotiate. This is why the selling process is so crucial.

The more needs the customer has revealed to you, the greater your potential for closing the sale. Entering into a negotiation not knowing at least 3 of the customer's critical needs will most likely mean you'll have a low probability of success. You may still close the sale, but you will do so at a value less than what you could have attained.

Uncovering the customer's needs requires two things. First, the customer must have a level of confidence in you to reveal what their needs are. Second, you must be able to validate the needs.

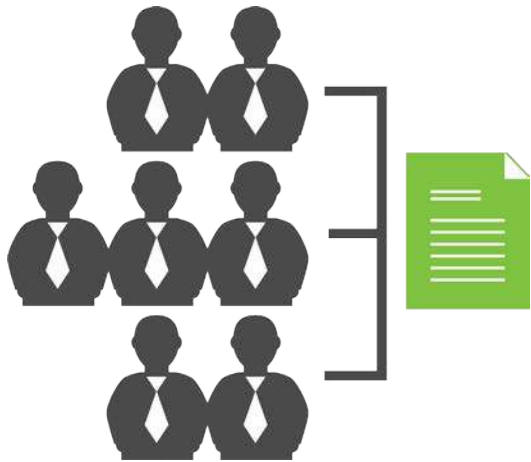
A customer who does not have confidence in you is not going to reveal their true needs. We see this many times in a car buying situation where the customer will share with the salesperson what they think will help put them in the best position to win. The reason they do this is because they don't have confidence in the salesperson.

Conversely, when the customer has confidence in the salesperson, they will share their true needs. More importantly, they will allow the salesperson to explore the needs to ensure they fully understand them. Additionally, a high level of confidence will allow the salesperson to help the customer see other opportunities the customer may not have realized were possible.

The biggest thing to remember is the process is driven by the salesperson asking questions and taking the time to listen and then asking more questions based on what the customer shares with you. Many times the best information you will learn from the customer is not what they tell you initially, but what they tell you on the 2nd or 3rd follow-up question.

Never be shy about asking follow-up questions, because what you're doing is allowing the customer to see for themselves the size of their need. The more the customer sees for themselves how critical the need is, the greater your probability of closing the sale successfully.

5. Know their **timeline** for making a decision.



Time is a huge tool we can leverage in a negotiation. If the customer is in no rush to make a decision, they will naturally refuse any offer we make. Don't ask during the negotiating phase what their timeline is for making a decision. Ask during the selling phase, as they will be in a more relaxed state and less likely to give you a false date.

This sounds so obvious and yet too many salespeople overlook it. The reason I believe salespeople overlook it is they want to believe that because they are talking to a potential customer, the customer naturally must be ready to buy.

The reality is many times the customer is not ready to buy, but is merely gathering information. Yes, this is becoming less of an issue, due to the availability of information that customers have by way of the Internet, but it is still a key factor in negotiating.

Negotiations are only effective when there is an element of time and a need to buy. If the customer has no need to buy, then the pressure to negotiate rests solely with the salesperson.

The closer the negotiations can occur to the ultimate time as to when the customer has to make a decision, the better off you as the salesperson will be.

Waiting until after you have begun negotiating to find out the customer's timeline for making a decision is too late. At this point, the customer knows they can gain a key advantage over you by sharing with you a time that is much further out than what they might really have.

Let me use a car buying example. You might be in critical need to buy a new car, but by telling the salesperson you're in no rush, they will sense the only way to put you into a new car is by offering you an even more advantageous deal.

6. Know their **value** of money.



There's no sense in negotiating with someone who is not in the same ballpark as you.

It's totally irrelevant if what you have is an absolutely amazing opportunity, but the customer sees the value as something significantly different. The key is in realizing the customer will invest – and I use the word invest – because that is what customers do. They don't buy; they invest. And they only invest if they see a return on their investment.

Customers will invest an amount of money equal to or less than the perceived value of what they expect to receive in return. For example, a company will buy office furniture and invest an amount equal or less than what they expect to get in return. They know if they don't provide their employees with comfortable, pleasing furniture, it may impact their productivity or lead to increased turnover. Thus, the amount they will pay for the office furniture will be in relationship to how badly they want to maintain a good workforce and equip them to do their job.

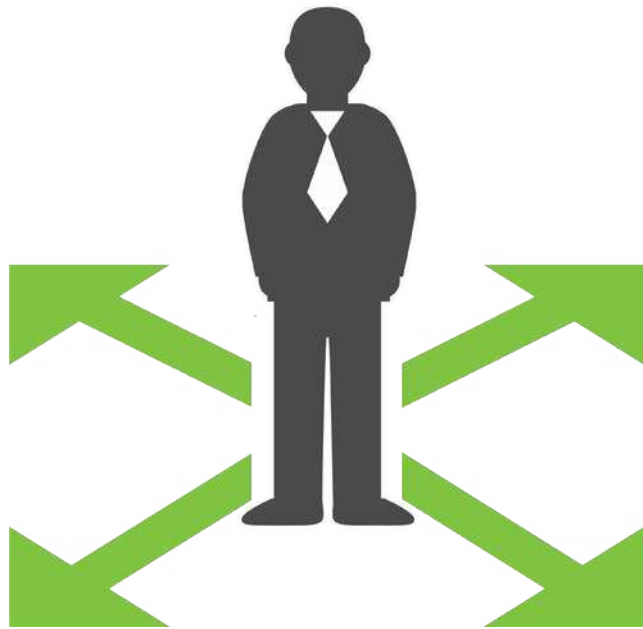
The customer's value of money in this example would be considerably less if the customer's employees were never at their desks and they only performed low-level tasks. Conversely, the customer's value of money would be extremely high if the employees were highly paid and spent their time structuring high value contracts.

The earlier in the process you can uncover the customer's value of money, the sooner you will know if your value proposition has merit and is worth pursuing. This is one of the few times where I say it is appropriate to walk away if you determine you and the customer have little chance of seeing equal value.

Not only do I say walk away, but also do not even think about negotiating with the other person. In fact, end the process before you reach the conclusion of your sales presentation.

Conducting a sales discussion that has zero potential to go anywhere is simply a waste of your most valuable asset – your time.

7. Be comfortable walking away.



Nobody wants to walk away, but you must be comfortable in doing so at any point during the negotiating phase. More importantly, the other party must know you're comfortable walking away.

If the customer has rejected your offer twice, you've uncovered their needs, determined you're dealing with the decision maker and learned their value of money, the next step is negotiation. Yes, the next step is negotiating with the other person, but that does not necessarily mean you should.

Before you enter into any negotiation, you must know what your walk-away point is and be comfortable at having to do just that – walk away should the need arise.

Far too many negotiations are not completed well, due to the salesperson giving away too much.

Keep in mind that sometimes the most profitable deals you'll ever negotiate are the ones you don't complete. By this I mean that it is best to not attempt to negotiate a deal where the outcome is simply not going to be beneficial.

The point at which you will walk away is something for you to merely keep in the back of your mind. You have to be careful to not simply default to a level slightly above your walk - away point. In fact, you want to reach an agreement that is nowhere close to your walk-away point.

I can't emphasize enough why you need to hold firm to your walk-away point. If the customer gets any sense that you will not actually walk away when you start to end the discussion, they will simply push aggressively to get you to give them a better deal.

Your goal is to never have to walk away, but at the same time, should it be necessary, you must be able to do it confidently.

8. Never ask. **Only Tell.**



When we ask, we're saying we're not sure of ourselves and we're open for options. Doing this invites the other person to come back with a lower option. Be firm by telling, not asking.

It is amazing how much confidence can and will make a difference in a negotiation. It's also amazing how much your level of confidence comes out when you're speaking. If you're not confident, it will come through in your voice.

Asking for something during a negotiation will almost always come through to the other person as if you're not quite sure of what you're offering at the price you're offering it. This is why I say don't ask, but rather tell. Yes, there are times when you do need to ask, but that is by far the exception to the rule rather than the norm.

A key reason why asking if something is "okay" doesn't work is because if the other person is a good negotiator, they will either automatically reject what you're offering or worse yet say nothing. In both cases, it will most likely leave you in a situation of giving up even more. A good negotiator – when faced with a person who asks – will use the silent response multiple times, knowing they are making the other person anxious.

The other reason why asking during a negotiation is not a good strategy is because it implies you're willing to give something if they are willing to give you something in exchange. On the surface, this may seem like not that big of a deal. Unfortunately, though, it puts you in a position of revealing your hand before they've agreed to anything.

A much better strategy is to get first and give second. In other words, you get them to concede on something before you concede on something. Yes, this is a tough-line strategy, but there are negotiations where the only workable approach is by being tough and firm.

Be confident. Don't ask. Tell.

9. Use time to your advantage.



Use time as a tool to demonstrate your willingness to wait or to demand they accept your offer. Either way, know your strategy in advance as to how you will use time.

There is no negotiating tool more effective than time. The problem is too many people don't know how to use it properly. Time is a tool that works on both sides – the salesperson's and the customer's – and it's important to never forget it does cut both ways.

The most effective way to use time is to never begin negotiating with the other person until you know they have to make a decision, and it needs to be done in a short period of time. The more time the other person has to make a decision, the longer the negotiation process is going to go. A long negotiation period is never going to be to your advantage.

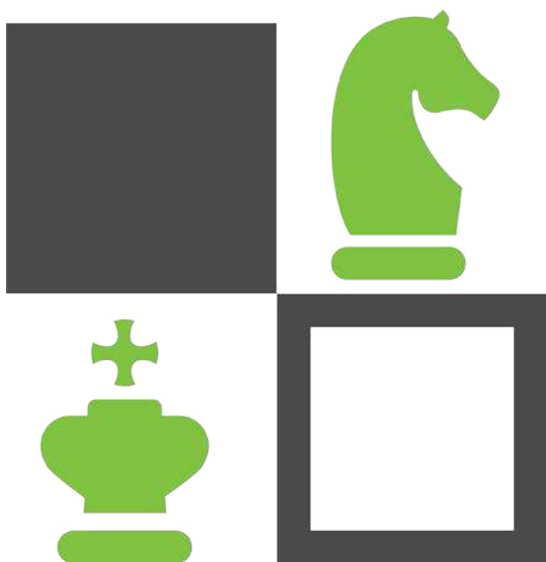
Negotiations are most effective when they're done over a relative short period of time, as it lessens the likelihood of a "shop around" mentality to set in. Notice how nearly all labor negotiations reach their settlement in the final couple of hours before a strike. The reason is simple – there is leverage.

Key is for you, the salesperson, to know and leverage the short window of time the customer has to make a decision, while at the same time not revealing any time pressure on your end. The worst thing for you is to have the customer know you need to close the deal by a certain point in time. If they know this, then you've lost all leverage in being able to optimize your position.

Yes, there are a few times when you may want the customer to know you're under a time crunch to close the deal, but that's only when time is being added to scarcity. Example being if the customer doesn't agree today, what you have will be sold to someone else.

Use time to your advantage, and the best way to optimize it is early in the selling process. Before you begin any negotiations, ask the customer what their timeline is for making a decision.

10. Know the right way to leverage emotions.



Never allow your emotions to enter into the process. However, don't hesitate to leverage the other person's emotions right at the point of closing the sale. This sounds simple and it really is, until you suddenly find yourself emotionally involved.

Once you become too emotional about the process, two things can happen. First and foremost, you're no longer intelligently in control of what you're saying or agreeing to, which gives the other party a huge advantage. Second, you will veer away from the negotiating strategy you intended to use. In both cases, the result is disaster for you. The only solution should you find yourself emotionally engaged is to immediately disengage from the process and stop negotiating.

Conversely as bad as it is for you to become overly emotional, it can be beneficial if the other person does become emotional. The reason is simple – now all of the power has shifted to you. If you can leverage their emotion with the value of time, you can find yourself in complete control.

Now that I have shared with you how to leverage emotion, let me say that it is rarely a good idea to do it. The reason is simple – in the end, it doesn't do you any good for the customer to agree to something in an emotional state if you know they wouldn't have done so when thinking more rationally.

Yes, leveraging emotion is good but only if done at a low level. The best way is if you're in a negotiating situation where you are dealing with two people, one who is the decision maker and the other who is the influencer.

Allowing the emotions of the influencer to prod the decision maker along can and will work to your advantage. As I said earlier, this should only be done at a very low level to ensure all decisions made are rational and won't create buyer's remorse.

11. Use silence to your **advantage.**



Being silent is a great way to compel the other party to make concessions. After you make an offer, remain absolutely silent, regardless of how tempting it might be to say something.

Earlier I said how time is the most effective negotiating tool. Well, silence is the second most effective tool. Few things will cause the customer to ponder something as much as the salesperson merely being silent.

The easiest way to use silence is in the course of the conversation, but it goes beyond merely the conversation. You can also use silence when you follow up after a meeting or in response to an email.

Challenge in using silence effectively is you must feel confident. This is why so few people use it. If you're not confident in your position and in understanding where the other party is coming from, then you're going to hesitate using silence. This is just one more reason why the concept of "sell first and negotiate second" is so important.

If you do your job during the selling phase, you'll know where you can leverage the customer, because they will have told you their needs. What this does is allow you to be more confident and thus comfortable in using silence.

Never think every question or every statement needs to be responded to. In many situations, remaining silent and not responding will cause the customer to say something else. As they share more with you, what they're doing is weakening their position and their level of confidence, all the while you're merely sitting there not saying anything.

The amount of silence you use is going to be in direct proportion to the level of confidence you have.

12. Never put anything in **writing** until everything is agreed upon.



It's not over until it's over. Too many negotiations wind up being a series of re-negotiations, all because too much has been put into writing too early.

One of the most effective tactics used by professional buyers and procurement departments is to get you the salesperson to start putting things into writing as you move through the process. This works especially well when negotiations are complex and held over a period of time.

When you put anything in writing, this now becomes the new floor from which the other party can negotiate against. Sharp negotiators will use this new floor to essentially open up negotiations all over again and keep pounding away on you.

Sharp negotiators will also take what you've put into writing and shop it to your competitors. The customer will then use threats of going elsewhere as a tool to get you to sharpen your price even more. This is especially prevalent when what you're selling is seen as a commodity and the customer has multiple sourcing options.

Key is to not put anything into writing, which is easier to do if you rely on face-to-face meetings, telephone calls and, if necessary, voicemail. What you want to avoid is putting anything into a memo, email or any form of a written document.

Your objective is to never forget that until every point is agreed upon, every point is still negotiable and subject to change.

After you've reached the final point on everything, then you need to move as rapidly as possible to put it all into writing to avoid further changes. A strategy to use is by having an email template already developed prior to going into the final phase of negotiations. This method will allow you to complete it quickly and get it back to the other party.

12.5 The level of **confidence** you have going into the negotiation will determine the level of success you have coming out.



It really is much simpler than most people realize. Before you enter into any negotiation, take the time to sell first and negotiate second and follow each of the other steps I've already outlined.

It would be impossible to guarantee success by following the 12 steps, but what I can say from years of experience in using these steps and working with thousands of salespeople across numerous companies, the steps do have a high success rate.

The reason the steps work is they are simple and straightforward. By following them on a regular basis, you will increase your level of confidence.





Mark Hunter is the author of "[High-Profit Selling: Win the Sale Without Compromising on Price.](#)" He spent more than 18 years in the sales and marketing divisions of three Fortune 100 companies. He has held sales management roles in teams ranging in size from 20 to 900 members. This level of experience is at the core of every program he delivers to thousands of people each year in the areas of pricing, negotiation, leadership and communication.

He travels more than 200 days a year and is best known for his ability to motivate and move an organization to embrace pricing strategies that protect profit.

You can catch up with Mark here...



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