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Getting ready

Use these low- or no-cost practices to improve sales negotiating abilities

Question: I am a sales manager with a very limited budget. How can I help my sales organization be more effective negotiating with customers?

Answer: The old adage "practice makes perfect" is your best resource for honing your sales team's negotiating success. Dedicate time with your sales team to work through negotiation scenarios together.

Sometimes negotiations stall because the salesperson is uncertain about what the "right" next step is and waits to talk to you. By working through different scenarios as a team, you not only give them an opportunity to better understand your strategies and guidelines, but also create the opportunity to brainstorm new approaches.

Here are five low- or no-cost tips for improving your sales teams negotiating success.

1) Create "negotiation workout" sessions:

Each month allocate a portion of your sales team meetings to negotiating principles. Topics might include:

- "How do you prepare for a negotiation?"
- "What do you do when a customer demands a concession?"
- "What concessions do you want from a customer, and how do you get them?"
- "What are appropriate counter-responses to certain strategies?" (Detail the types of scenarios that you want to cover, e.g., *Good Guy/Bad Guy; The Vice* (That's not good enough!)*; The Take It or Leave It; The Surprise* (change in negotiator or policy just as you are about to close the deal).

Prepare the agenda in advance so the sales team has time to think about the topic, and come prepared with their customer scenarios. Ask each person to top-line his or her situation and have the group select what they want to work through.

2) One-on-one coaching: Spend time with each salesperson working through current customer scenarios. Rehearse different ways the negotiation might play out.

Be mindful of your role as a coach in this process. Benjamin Franklin said that "men are best convinced by ideas they themselves discover."

Refrain from telling salespeople how it should be done. Instead help them to think through different strategies for achieving the results they want. Role-play customer situations to the close, so the sales person integrates the whole process and experiences the win.

When role-playing, occasionally assume the role of the salesperson. It is a benefit for the salesperson to experience what it's like to "sit" in the buyer's chair. As buyers, they have the opportunity to voice their toughest issues and experience the response. That's an effective learning approach. We often learn best by mimicking others. Having the opportunity to observe you in action is an effective strategy for transferring your expertise.

3) Review the qualifying step: Difficult negotiations can often be attributed to poor upfront qualifying. Review each salesperson's qualifying process. Specifically listen for the questions they are asking, to whom, and how early in the sales process they are asking them. Qualifying questions disclose the customer's needs and wants, benefits, budget, timing, the decision process, and who the decision-makers are.

Information gained during the qualification process provides the roadmap to know when to disclose certain information and how to frame it. There are no shortcuts in the qualifying process.

4) Dedicate time to role-plays: Develop case studies reflecting the types of negotiating situations your sales team faces in the field. Do not use a "real life" customer situation without receiving the upfront permission of the salesperson first. You do not want them to feel they are being put under the heat lamp. Instead you want this to be a learning experience that is mutually rewarding for everyone.

To create the case studies you will need to develop information that overviews the general status of the situation. Then you need to create the information that is confidential to only the buyer and only the salesperson. So, for example, from the buyer's perspective you might want to include the following information: "As a buyer you have $15,000 left in this year's budget. Invest it or you will lose it.

You don't want the salesperson to know that. At the same time, you really want to close this deal in the next three weeks. You are interested in reducing your margin on this item by 3% next year. You also know that your volume will drop by 10% based on current orders.

This will help the role-player understand the buyer's motivation and to effectively assume that role.

Then complete the process for the salesperson's position. This information might sound like: "The expected gross margin for this product is 18%. You have 5% leeway without needing a supervisor's signature. However, at the 18% margin you earn bonus commission dollars for your quarterly payout. You are very close to maxing out your bonus, so your intention is to close this sale at full margin if possible. You have two other sales that might close by the end of this year, but their volume is significantly lower than this one deal."

Both the buyer and salesperson receive the general information sheets. Then distribute the buyer/salesperson's confidential information sheet to the appropriate team. Have them select the person(s) who represent the buyer's team and salesperson's team and then have them come together and play out the situation.

This activity provides the opportunity for knowledge sharing while having a lot of fun.

5) Create a bookclub: There are a lot of terrific books on negotiating, *Getting to Yes* and *Getting Past No* both by William Ury; *Negotiating Rationally* by Max Bazerman; *Winning the Mind Game* by Paul Lisnek; and *Everything's Negotiable* by Eric Skopec are just a few.

Choose a book that reflects the strategies that align with your company's negotiating principles. Have the sales team read two chapters each month and come prepared to talk about how those principles/strategies relate to their business dealings.

Again you may find creating a case study or two for them to work through a useful exercise. It gives them the opportunity to readily apply the information you are discussing and gain insights from their other sales team members.

Learning doesn't have to be expensive. If you are willing to invest your time developing a program, you can achieve the results you are looking for with a limited budget. The keys to success are repetition, application and feedback. The more they understand the model of what to do and how to do it, they will be more inclined to try it themselves.

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