

RETHINK THOSE TIPS AND TACTICS: POWERFUL NEGOTIATION IS SIMPLE

By Brian Dietmeyer

Business-to-business buyers will always tell you they can get the same thing you're selling for less. However, business negotiation is just not that simple. Rarely is your value proposition identical to your competitor's. Rarely is price the only item that needs to be agreed upon. Learn how simple it is to respond with facts versus reacting emotionally.

You've toiled for months to win the deal; you've diligently studied the prospect's issues, needs and strategies, and you are certain that your solution is the perfect fit. That is important because the outcome of this deal could make or break your future with your employer.

The big moment is finally here. It's time to sign the contract. You stroll confidently into the conference room then stop cold in your tracks. Staring back from the table is the Chief Purchasing Officer, who's not the friendly, receptive contact you've been working with since day one. You inquire about your contact's whereabouts.

"He'll be here later," deadpans the CPO. "How 'bout we take a look at the contract in the meantime?"

You smile weakly and set the contract before him.

He briefly glances at it, pushes it away, sits back, folds his arms and hits you with a zinger:

"Your competitor will give it to us for 20 percent cheaper."

Panic sets in. You can't remember a one of those 138 tips and tactics you memorized at that last negotiation seminar a few months ago (just to prepare yourself for this very moment. Your mind races to determine which of the four negotiation personality types you could categorize this hard-bargainer under and all you can come up with is "jerk." (Unfortunately, this

fifth personality type wasn't discussed at the seminar.)

And if you're like most people, according to our formal and informal surveys of sales professionals and their managers, chances are you're going to do just what the CPO wants (slash your price to get the deal).

It's no wonder buyers use this tactic all the time – it works! Even though many of them have admitted that they know the tactic is full of holes. Unfortunately most sales professionals don't see them. They're too afraid that their ship has almost come in and it's going to leave without them. They don't realize that the ship is firmly anchored and it's not going anywhere without their support!

The reason for this perception is because the negotiation has been made more complex than it should be and that's far worse than confusing – it's disempowering. What keeps the deal afloat or makes it sink isn't pulling one perfect response out of an arsenal of a dozen, two dozen, or 200 hundred negotiation tactics. It has nothing to do with whether the person sitting on the other side of the table is the strong silent type, a motor mouth, obsessive compulsive, or an ADD.

Whether you're haggling over the price of a flea-market watch or trying to win a global, multi-million dollar deal, *every* negotiation hinges on only two elements:

1. Consequences of No Agreement (CNA):

what are the customers alternatives if you reach an impasse. What will your client do without you? Have they accurately analyzed their alternatives? Do they genuinely know what they're getting (or getting into) without you? Are they comparing apples to apples or apples to orangutans?

2. Trades: how will the client pay for your solution; the total terms of the deal.

When I joined Think! Inc., the negotiation strategy firm of which I am now president, I wasn't genuinely convinced that negotiation could be boiled down to two simple elements. Every once in a while I would seek the counsel of Think!'s founder, Max Bazerman, Vice Chair of Harvard Law School's Research Program on Negotiation. (He also happens to have a doctorate in negotiation strategy and came up with these two elements of negotiation after a decades of observing 20,000 deals in 46 countries.)

His phone would ring and I would be on the other end. "I've got a new client trying to do a \$30 million dollar deal," I would announce breathlessly. "It's a very complex, global negotiation...we've hit a snag!"

"What will happen to both sides if they don't agree? How is your client's offer better?" Dr. Bazerman would patiently respond. "And what are the terms of the deal that will fund your solution, in rank order?"

I called him more than a few times over the next several months.

"It's a global communications company doing a \$100 million dollar deal..." I'd begin.

"So, what are their consequences of no agreement and their trades?" Dr. Bazerman would respond.

Every time, I received the same response: what will happen if they walk away from the deal and what are they willing to trade to move it forward? With that information, we could easily

figure out a solution to get the deal done. Eventually, I quit calling because I knew what Dr. Bazerman would say and I finally realized that negotiation wasn't complex. Dr. Bazerman's formula was brilliantly simple. I had everything I needed to structure and respond intelligently to even the most challenging negotiation by:

- a. Making a proper diagnosis: knowing precisely what would happen to both sides if the deal fell apart.
- b. Putting a solution on the table better than that diagnosis,
- c. Knowing what both sides were willing to trade to fund the solution and close the deal.

Here's the rub: to make this optimally effective, you must think through nearly *every aspect* of what you potentially have to offer, what the competition has to offer, and the gap between the two (what you have that the competition doesn't). Then, you have to think through what each side is willing to trade to close the deal. Very rarely do prospects analyze any of this and that can give you the advantage. In essence, prospects try to boil down both the consequences of no agreement and trades to the lowest common denominator – price. Your goal is to expand rather than reduce the discussion.

Helping organizations attain the knowledge to do this effectively is the basis of our consulting business. Every organization's offerings are unique which provides a multitude of nuanced opportunities to broaden any discussion or negotiation. However, most organizations overlook these opportunities. We expertly identify them and help you make the most of them, because the more creative each side can be with what they bring to the table, the better. The result is often amazing situations that create powerful business value and higher profits for both sides. But that's another article.

When you have a deep and broad understanding of your total value proposition and how important that value is to your prospect, you will

not be the least bit fazed when the buyer sits back, folds his arms, and announces: “Your competitor will give it to me for 20 percent cheaper.”

You won’t even be thinking about the personality type of this “hard-bargainer,” or what that negotiation expert spouted at that seminar last year. Instead, you will calmly ask a very simple, but important question. “What do you mean by ‘it’? How does ‘it’ compare to what I have to offer? Does ‘it’ offer the same services and features, delivery, guarantees, warranties, support...”

Let me illustrate this further. Every once in a while, a client is foolish enough to call me up and announce, “Brian, you’re going to have to sharpen your pencil.”

“Is that right?” I’ll respond.

“That’s right. Company X’s negotiation training is 20 percent cheaper than yours.”

“Well, let’s take a look at this more closely,” I’ll smile. And then I’ll show them the gap between what we offer and what Company X offers, so they can see what they’re *genuinely* receiving for their investment.

I’ll ask questions around whether the competition’s value proposition includes custom case studies, expert consultants, ease of learning, application to live deals, return-on-investment analysis, post-training implementation – all of the services we provide. I’ll also look beyond price and explore the potential trades like payment terms, length of contract, consulting fees, and cancellation policies. My goal is to find out whether the value proposition of Company X is as strong as mine. It rarely is.

If you take a similar approach I can almost guarantee the same for you when you reach the final stages of the negotiation. When that hard-bargainer hits you with the “I-can-get-it- for-20-percent-less” zinger, he probably doesn’t know what he’s talking about. It’s up to you to enlighten him by showing him the gap between

what the competitor is offering and what you’re offering, and reviewing the trades (the terms of the deal) to explore precisely what they’re investing to get the value that you have to offer.

In the process, you’ll both likely discover that 20 percent cost savings probably comes at a high price, making your value proposition more desirable than ever. Consequently, the hard bargainer will be eager to do business with you, and you’ll walk away the hero. You will keep your job and even get a raise or promotion.

That’s the power of simplicity.

*As President and CEO of Think! Inc., a global strategic negotiation consultancy, **Brian Dietmeyer’s** insight has resulted in impressive returns on investment (on average 270 percent) for Fortune 100 companies. He has nearly 25 years of leadership experience in sales, marketing, and strategic planning and is a sought-after author and speaker.*

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