

‘Tis the Season for (Re)Negotiating

Now more than ever, prospects are applying what they have learned in “Buyers School.” For example, they know exactly when your quarter or fiscal year ends. And if you are a public company, they have also done their homework to know that your stock is or will be under pressure if you don’t meet the expectations of analysts. They even recognize when you are under pressure to meet individual sales goals. They will use this and other information to their full advantage to squeeze you dry! If you give in now, without getting anything back in return, they will only demand more concessions. It will also cause them to question the original value of your proposition. **The simple guidance is to develop value in your proposition and then, defend it with logic!** If you don’t develop & defend it, they won’t perceive that you and your company offer value.

Given that procurement managers and other buyers are being told to have a sharper pencil with new vendors and to renegotiate terms with existing vendors, we would suggest that you review pages 102-109 in the class manual and/or pages 145-162 in the *Solution Selling* text book.

Some additional ideas that might help you deal with prospects/clients that you will be negotiating with include:

- ❑ **Anticipate:** Determine the opportunities you are working on that are at the stage where a negotiation could take place. For example, can you check off the 5 boxes on p. 107 of the manual under, “Is it closeable today?” For existing clients, does your contract permit them to come back with additional concessions? (They may demand regardless!)
- ❑ **Strategize:** If you think that a negotiation could soon take place, you and your manager should answer the following:
 - *How strong is our position?* Meaning, are we Column “A” or the incumbent? Or, are we just fodder?
 - *How badly do we need this?* Do we need it this quarter and what happens if we don’t get it or keep it?
 - *How badly do they need us?* What are their alternatives? Have we differentiated ourselves?
 - *If we are the incumbent, how difficult will transition be for them to another vendor?*
 - *Do we have a Power Sponsor and are they firmly in our corner?* Is procurement aware of this person?
- ❑ **Revisit your STANDS (logic):** *How are you going to withstand their 3 squeezes? For example, can you articulate:*
 - *The Process (Plan) steps they went through with you to arrive at this point, i.e. Go/NoGo steps of Eval. Plan*
 - *The Value to them of your proposition*
 - *Their Pain and how your product/service will help them alleviate it*
 - *The Vision you helped them arrive at to solve their Pain*
- ❑ **Plan your GETS:** *What do you want from your prospect or client that is low cost to them, but of high value to you. For example, a “get” might be a longer term of the contract. Be prepared with multiple “gets” because they may not like, or they may be unable to do some of them. Make a list now of possible GETS.*
- ❑ **Plan your GIVES:** *What are you prepared to give to your prospect or client if they first agree to your gets. Think of factors that are of low cost to you but potentially of high value to the prospect/client. There are many “gives” other than price. Make a list now of possible GIVES and the value each might have to a prospect or client.*
- ❑ **Honor the Process:** *Once you have planned and withstood 3 squeezes (defended the value of your proposition), offer your GIVE once the buyer has agreed that your GET is possible. They must understand that your services have value.*
- ❑ **Negotiating Issues:** *Buyers tend to negotiate by using either high price or budget (cash) shortfalls to gain concessions from you. If the buyer uses high price as the argument, the Plan, Value, Pain and Vision stands can be used. If the buyer uses a budget (cash) shortfall argument, the Value stand may not be applicable. In this case, an example of a GET could be a larger order, but not require more cash today. A possible GIVE could relate to terms.*
- ❑ **Be Prepared to Walk:** *Walking is always a last resort. Understand your bottom line, (the point where it makes bad business sense for your company to continue) and walk at that point if necessary. The prospect has pressure to conclude the transaction also. If they see it “slipping away” they may reduce their demands and accept a get/give you positioned.*