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Chapter 1.

Two Important Questions

I often get these two questions from salespeople: (1) “*Why is it so important for me to negotiate well?*” And (2) “*What’s the difference between sales ability and negotiation ability?*” Good questions! Let’s take a closer look.

Question one: “*Why is it so important for me to negotiate well?*” Very sensible question. I mean, you hear about sales all the time, but you don’t hear nearly as much about negotiation.

Here’s the thing: If you’ve been selling for any length of time at all, you’ve probably been trained in sales, but sales ability is just that—it allows you to get the sale, and it determines your gross receipts, but it *doesn’t* determine your *profits*. That’s done through negotiating ability. Hear me on this: ***Your sales ability determines your gross revenues, but negotiation ability determines your profit!*** I can say it more simply: Your sales ability determines what you ***get***, but your negotiating ability determines what you ***keep***.

Negotiation skills can make the difference between success and failure—they determine whether your company increases its margins or loses money needlessly, and whether a customer feels satisfied or is upset. Negotiation skills are vital to your success as a sales professional, and they are critical in accomplishing our dual objective: increasing revenue for your company and, at the same time, satisfying your customer.

You are going to find these objectives woven into every technique, idea, and suggestion we cover. What separates this from other approaches to negotiation is that it's based on negotiating by *building value*, not just by using a bunch of tricks and gimmicks. Yes, I'll teach you the tricks, too—so you can see them coming and deflect them when buyers and procurement specialists try to use them on you.

Question two: **“What’s the difference between sales ability and negotiation ability?”** Great question. Selling and negotiation are closely linked, but negotiation is a much higher application of critical skills than mere selling is. You could say it this way: Selling requires many skills, but negotiating is *the essential sales skill*.

Of all the business skills required of you as a sales professional, none is more important than negotiating, and here's why: ***Negotiating is where all the profit is.*** To be an effective sales professional today, you need to know your product and your customer; you need persuasion skills; you need a positive attitude; you need organizational skills; and you need discipline.

A good negotiator, on the other hand, needs all those abilities just to *begin* the process. In addition, a negotiator needs to be a psychologist, a soothsayer, a detective, a master at reading other people, and a wizard at tactics and strategy. In terms of complexity and skills required, negotiating goes far beyond the process of day-to-day selling.

And increasingly it is proving to be the most important skill a salesperson can have. Every year buyers are getting more and more sophisticated. In fact, savvy companies have been sending their *buyers* to negotiating classes for years, because they realize that the money saved goes straight to the bottom line! At the same time, their salespeople have been trained only to sell—to go out and get the business. This gap explains a lot. This is why, as markets mature and competition increases, sales and market share may hold while margins erode.

Let's say you're on the verge of closing a deal with a customer for a good-size piece of business. The buyer knows he's going to get a 5 percent discount, but asks for an additional 3 percent. After some head-scratching and working with a calculator, you finally concede, because you really want to make this sale. Meanwhile, the buyer, having won the first round, then asks for a few more concessions. Before it's over, along with the discount, the buyer has managed to get some replacement parts, extra manuals, and credit extended sixty days beyond the usual. It's a technique called "nibbling," and you'll find out how to handle it to your advantage later in this book.

What just happened? Every time you made another concession, the buyer asked for something more—and got it! Each request, by itself, seemed reasonable enough, and after all, you did walk away with the sale, right? Does this make you an effective salesperson? Maybe. An effective negotiator? Not by a long shot!

You may lead the company in total dollar volume, but your impact on profits can't be very big. All the work that goes into a sale—the preparation, the probing questions to establish needs, the presentation, the polished responses to objections, and even a great close—won't amount to much without negotiating skills. When push comes to shove, without negotiating skills you end up leaving way too much profit lying on the table.

The moment you accept a position in which you have the authority to make concessions—in any aspect of the sales process—your role changes. You now have more responsibility than a mere salesperson. You have become a negotiator, and that makes you directly responsible for the profits of your accounts.

Getting an account is only half the battle. But getting the account at *good margins*—now, that's good business!

There's a point I must make here. Negotiating is a skill. It is not a God-given talent granted to a select few, with the rest of us doomed

to fare poorly in a business world dominated by natural negotiators. No, negotiating is a learned skill, an ability that flourishes with practice, just like playing golf or tennis or chess. Like any other skill, the ability to negotiate can be developed. Granted, some people have more natural negotiating ability than others, just as some people have more natural ability in golf or tennis.

My golfing buddies all know why I'm not PGA material, but that doesn't mean I can't study, practice, improve, and enjoy the game more. That mind-set applies to negotiating, too. Like golf or tennis or bowling or fly-fishing, negotiating is a game, and just like any other game, as you learn the rules and practice your technique, you get better. But here's the difference: When you study and polish your negotiating skills, you'll find they don't just make playing more fun—they make you richer!