SALES NEGOTIATION SKILLS

Participant Workbook

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Key Account Negotiation — Key Learnings

1. **Negotiation Fundamentals**
   - Definition, elements and four-step process
   - Selling vs. Negotiation
2. **Negotiation Planning Steps**
   - Key planning questions to answer
   - Role of power and leverage in negotiations
   - Sources of negotiating power
3. **Discovery – Information Exchange Process**
   - Purpose
   - Probing and questioning process
   - Five negotiation styles
     - ✓ Characteristics and behaviors of each approach
     - ✓ Tolerance for confrontation
   - Four primary negotiation situations – the correlation between relationship and results
4. **Bargaining Skills**
   - The three foundation blocks
   - Bargaining behaviors – desirable and undesirable
   - The "give and take" of concessions in bargaining
   - Negotiation tactics – how to recognize, counter and use
5. **Gaining a Commitment to Perform**

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NEGOTIATION

The art of getting people to see where your interests and theirs overlaps.

Negotiation is a Process of

Communication or interaction – between two or more people,

with different as well as common goals,

intended to produce agreement or reconciliation,

yet, each party has the power to block the other to some extent.

An Effective Negotiation Process Should…

- Produce a wise agreement
- Meet legitimate interests of both parties
- Resolve conflicting goals and interests in a fair manner
- Be Efficient – time, energy and emotion
- Improve or at least not damage the relationship

Negotiation Process

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THE GOAL OF KEY ACCOUNT NEGOTIATION SKILLS

Effective negotiation requires knowledge, planning, discipline, and communication skills.

NEGOTIATION

The Ultimate Goal With Major Accounts

Negotiate _____ __ _____ _____

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What is the difference?

Negotiation	**Co-Planning or Partnering**
➢ _____	➢ _____
➢ _____	➢ _____
➢ _____	➢ _____
➢ _____	➢ _____
➢ _____	➢ _____

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STEP #1 – NEGOTIATION PLANNING QUESTIONS

Question #1 – What are the accounts goals and strategies?

1. Growth, or Survival –- Financial Community values growth strategies!

- Organic
- Acquisition
- Category
- Ancillary

2. Organization

- Structure
- Decision network
- Evaluation

3. Marketing

- Formats – branding
- Demographics – target consumer
- Variety and Selection
- Pricing
- Advertising and Promotion
- Private Label

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KEY NEGOTIATION PLANNING QUESTIONS

Negotiation brings into play one of the most basic human drives, the need and desire of most people to maintain an appearance, at least in their own eyes, of ***consistency and fairness*** in words and deeds. The psychological drive, the desire to remain consistent with existing standards, influences every negotiation. People are inclined to negotiate on the basis of authoritative standards and norms for their industry or business. Not to do so, or to deviate to far from those norms, is to risk being viewed as unreasonable. All other things being equal, people like their decisions to be viewed as consistent and rational.

The "Consistency Principle" — the "Need to Appear Reasonable Phenomenon"

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Standards and Norms Used by Accounts

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What options are available?

- **To the distributor, vendor or customer**
- **Your company**
- **What power and leverage does either party possess?**

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SOURCES OF NEGOTIATION POWER

1. The Power Of Competition

Accounts appear to want to the most reliable product from the company with the best reputation–but at the price of the most unreliable product from the most unreliable producer.

- Bad experiences with competition
- Support capability – shipping etc.
- Reputation/image
- Breadth/depth of product line
- Marketing and merchandising support
- The customers competition
- Performance deadlines

2. The Power Of Risks

- Execution
- Support Quality
- Consumer Response
- Track record – news items, support

3. The Power Of Commitment/Time Effort/ Persuasion

- Person to person and the customer's success
- Others in the organization
- View from the customers standpoint
  - ✓ Deadlines
  - ✓ Reliability
  - ✓ Pressures
  - ✓ Personal
- Past performance and work ethic
- Professionalism

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STEP #2 DISCOVERY OR INFORMATION EXCHANGE

Goals of a Good Discovery/Information Exchange Process

- **Development of Rapport**
- **Surfacing of Underlying Interests, Issues and Concerns**
  - ✓ **Norms and standards – consistency commitment**
  - ✓ **Reciprocity Commitment – fairness**
- **Test Expectations Based on Relative Leverage**
- **Display and Evaluate Results vs. Relationship Positions**

Questioning Skills Funnel

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STEP# 3 – BARGAINING

Three Bargaining "Foundation Blocks

What part does "conflict" play in negotiation?

How does "trust" impact the flow of negotiations?

Where does "assertiveness" come into play?

Relationships in Negotiation – the "Trust" factor

- Eases anxiety
- Facilitates communication
- Believable motivations and capability
- Sturdy norm of human behavior – norm of reciprocity

The Norm of "Reciprocity"

Dr. Alvin Goulder, in a 1960 article in the American Sociological Review, **described** the general obligation of **reciprocity** as "duties that people owe one another, not as human beings, or fellow members of a groups, but, rather, because of their prior actions. All of us keep short-term reciprocity ledgers."

Three-step Code of Reciprocity

1. **Be trustworthy and reliable yourself**
2. **Be fair to those who are fair to you**
3. **Let the other party know when you believe you have been treated unfairly**

"Life cannot subsist but by reciprocal concessions."
Samuel Johnson

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NEGOTIATION BEHAVIORS

Effective Negotiators…

1. Question and Probe

2. Summarize and Check Comprehension

- Use reflective listening techniques to seek elaboration

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- Surface sales execution concerns and issues

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Less Effective Negotiators…

- Leave ambiguous points to be cleared up later
- Are anxious to reach agreement and avoid potential conflicts

3. Reveal Criteria for Success

4. Strong Interpersonal Skills

- **Announce behavior in advance**
- **Seek connection, rather than separation**

5. Observe, Listen, then Explain – Explain Before Disagreeing

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THE "GIVE AND TAKE" OF BARGAINING TIPS AND TECHNIQUES

Also, it's ok, and in fact may be a good idea, to…

1. **Feign Misunderstanding – "Be smart, act dumb"**

2. **Be "Indecisive" – "you know I just don't know, let me think about that for a moment…"**

3. **Remain silent…"silence is power assertiveness"**
   - **Do not respond to a question**
   - **After the other party has made one or more statements**
   - **Or, do not ask another question**

4. **Repeat yourself…**
   - **Say exactly the same thing again, "As I mentioned, for this to work we need…"**
   - **If the other party uses "silence" on you**

5. **Ask questions, that may be none of your business**

6. **Impose deadlines or test theirs**

7. **Be wrong or not know the answer**

8. **Be relentless – ask again, and again, and again.**

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EIGHT NEGOTIATION TACTICS

1. **Ask for More than You Expect to Get!** [1]
2. **"Take the Offensive"** [1]
3. **The "Auction"** [1]
4. **"Not Good Enough"** [2]
5. **"I Like, But"** [2]
6. **The "What If"** [2 3]
7. **"One More Thing"** [3]
8. **"Good Guy – Bad Guy"** [1,2,3]

[1] ***Beginning Tactics***

1. Ask for More than You Expect to Get!

"Negotiating effectiveness depends on overstating one's demands".

There are several reasons why overstating what you want is usually effective

- You might get it.
- You learn the knowledge and experience level of the other person
- Gives you room to negotiate (sets up bracketing).
- An opportunity to establish or increase the perceived value of what you have or can do.
- Easier to declare the other party the winner at the end

"I never accept a first offer."

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STEP #4 – COMMITMENT

Four Levels of Commitment

1. **Verbal**
2. **Written**
3. **Public**
4. **Contractual**

Steps to Build Commitment

1. **Summarize all commitments**
   - Test understanding
   - Search for misunderstandings and misperceptions

2. **Establish control process**
   - Activity benchmarks
   - Results benchmarks

3. **Clarify the roles of each in the process**

4. **Reaffirm the relationship**
   - "Declare the Distributor or Customer the Winner"
   - Reinforce Benefits of Success

5. **Review again the "next step"**

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