



Secrets of sales negotiation

Often, sales negotiation is perceived as a standoff: two adversaries sitting opposite one another, both trying to gain the upper hand to get the best deal. But, in reality, antagonism is unlikely to produce a positive outcome, and makes for a poor basis for any long-term business relationship.

In fact, sales negotiations should be approached from a place of trust, with a view to forming a lasting partnership which benefits both parties. By adopting this attitude, you are also in a position to resist heavy-handed haggling on the grounds that it is not in the spirit of the relationship.

Understand the client's needs

From the outset, you should be aiming to establish exactly what this particular client needs and how you can best communicate the strengths of your offering. This might involve asking questions such as, 'What are the key things that you want to get out of this negotiation?' In the early stages, you might also wish to speak to any other people within your organisation who have had dealings with them, and consider bringing them into negotiations if you feel they can add positive weight to your offering.



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Be competitive

It is important to remember that the majority of clients will seek proposals from several providers before settling on a deal, so before entering negotiations, you should do your research to ensure that you know how your product compares to others on the market. Things to compare might include: service quality, payment options, follow-on support, reputation and unique extras.

This will also allow you to prepare tactical responses to any potential reactions or objections the client might have. For example, if they suggest that a competitor has a better offering, you should aim to use questioning to establish what element of the competitor's service the client considers to be better. And because you will have prepared, you should be in position to explain why your offerings differ, and what makes yours better.

Price accurately

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When it comes to putting together a proposal, you may find that your prospective client is reluctant to give a budget figure for fear that they will be charged according to their financial capacity, rather than according to the value of the product or service. In this case, you should first explain that a budget figure helps you to shape your proposal and allows you to accurately illustrate what you can provide for them. If they are still unwilling to give a figure, ask them instead for an approximate range.

When it comes to negotiating on price, remember that you can't ever increase your price once you've given one, so go in with a realistic figure that best values your offering. Also, remember that arbitrarily reducing prices in response to deft haggling can damage your client's perception of the value and credibility of the brand. For this reason, it is important to keep value consistent and instead aim to negotiate on alterable features of the deal that don't affect the end product, such as timescale or 'value adds' such as telephone support.

Know when to walk away

But to be successful in negotiations, you must know your 'fallback' and 'walk away' positions in advance. If they are squeezing your budget, the lowest level or most stripped-down service you are willing to offer before it is no longer worth your company's time is your 'fallback' position. The minimum price you are willing to settle for before you are forced to pull back from the deal is your 'walk away' position. Knowing these in advance will help you avoid settling on a deal that isn't good for you and your company.

If you keep these points in mind from your very first dealings with a potential client, you should find that you are able to close deals that are consistently good for both parties. But if you are regularly finding that you are unable to come to a satisfactory agreement, it may be time to go back to basics and review your offerings and business model in light of your competitors to ensure you are offering the best product or service possible.

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