

Let's Make a Deal

Smart buyers will always ask for a better price. Unfortunately, too many sales people and business owners automatically think that reducing their price is the most effective way to respond to this request.

However, negotiating is not always about price. Although price is a factor in virtually every sale it is not usually the primary or motivating factor. Everything you say and do from the first contact with a prospect affects the value of your product or service in their mind. That's why I believe it is important to look at the negotiating process differently in order to achieve better results.

First of all, invest time gathering information about your prospective customer, his needs, situation, and buying motives. The more information you have the more prepared you will be to negotiate later in the sales process. Regardless of what you sell, and to whom, information will help you negotiate more effectively. Many of my clients tell me that their customers care only about price, but upon further exploration, other issues usually arise. Uncovering the key issues your customer is facing is critical to your negotiating success.

The second most important step is to establish the value of your product or service to your customer. Positioning is an important factor and will affect the price your customer is willing to pay. What pain does your product or service eliminate? How does it solve a problem they are experiencing? How do your products and service differ from your competitors? Most of my clients sell premium products at a premium price. In exchange, their customers receive better than average service, faster response times, or higher quality products. What is your leverage and how can you use it to increase the value of what you sell?

You have executed the above steps but price is still an issue for your customer. What do you do now? Instead of conceding to their request and giving them a discount, focus on creating a trade. This means you should ask for something in exchange for making a concession. What can you trade or ask for? Almost anything!

A longer contract, a bigger order, more add-on items, an introduction to another key decision-maker in the company, access to their mailing list or client database, or payment terms. You can negotiate for products and services that the other person or company offers such as consulting, office equipment, computers, furniture, business services, etc. I once worked for an electronics company and my boss offered a big-screen as payment for services to a potential vendor. I was shocked when the vendor eagerly accepted because I always had the impression that business people focused strictly on cash.

Here are a few ways you can effectively position this request.

“If I could do that price for you would you be willing to extend the length of the contract for an additional three months?”

“If I could work that out would you be prepared to give me advertising space?”

“The only way I could give you that is if you add one more line of products.”

“Let’s put that aside for the time being. Would you be able to give a similar amount of...in exchange for that concession?”

The key here is to think outside the box and explore other options available to you.

I recall speaking to a prospective client about a training workshop and was asked to make a concession that amounted to a fifteen percent discount. I was not comfortable with this so I asked my prospect if he would be willing to give me a comparable amount of his product instead. He did not have the authority to make such a decision but spoke to someone who did. My request was eventually denied so my client conceded to my initial offer.

Another effective approach is to make the concession but take something away from the initial offer. For example, you could say, “I can do that. However, I will have to charge you for...” or “I can do that. Do you want free delivery or after-hours service taken out of the contract?”

Most people will expect you to keep all the conditions “as is” but they will want the lower price. By demonstrating how much the concession is worth you can reduce the effectiveness of their request.

Finally, another strategy is to always ask for something in return for making a concession even if you don’t need it. I have been surprised how many times I have gotten something extra simply by asking. Plus, it often prevents the other person from asking for an additional concession because they know you will ask for something in return.

Remember, your ultimate goal is to give away as little as possible in order to close the sale. Every time you discount your product or service you discount yourself and eat away your profits.

© Copyright 2004 Kelley Robertson

Kelley Robertson, President of the Robertson Training Group, is a professional speaker and trainer on sales and employee motivation. He is also the author of “Stop, Ask & Listen – Proven Sales Techniques to Turn Browsers into Buyers.” Receive a FREE copy of “100 Ways to Increase Your Sales” by subscribing to his 59-Second Tip, a free weekly e-zine at www.KelleyRobertson.com. You can also contact Kelley at 905-633-7750.

