

Winning the Sale without Thinning the Sale Negotiating with the Modern Buyer

A RICHARDSON SALES PERFORMANCE WHITEPAPER

Too often we think of selling and negotiating as two separate ends of a timeline. In truth, they exist together on a spectrum. Every moment of selling involves some amount of negotiating. Therefore, every conversation places another brick in the road toward closing a sale. Effective sellers keep this in mind by shaping the customer's perception of value. Keeping this approach in the context of the customer's needs and priorities creates negotiations that are mutually beneficial rather than an exercise of blunt force. The result is a handshake - not an arm wrestle.

HOW CONSULTATIVE NEGOTIATION IS DIFFERENT

A consultative approach to negotiating seeks to understand the deeper needs of the customer as the finish line comes more clearly into view. This collaborative engagement rises above the adversarial dynamic that many associate with the word "negotiation." However, being consultative doesn't mean relinquishing ground. In fact, consultative negotiators understand how to control a negotiation and arrive at a mutually-beneficial outcome. They win by:

Strengthening Relationships

Relationships are powerful. In fact, Gallup reports that "B2Bs win by building relationships, not selling on price." Their research concluded that nearly one-quarter of accounts that had "high engagement scores" with sellers

grew by 20% or more in the following year. Strengthening a relationship helps keep the seller at the fore of the customer's mind. A stronger connection establishes trust and respect, both of which are important for successful negotiations.

Emphasizing the Value They've Created

Technology has equipped customers with the power to access greater resources. This development explains findings from SAP showing that "Seventy to ninety percent of the B2B customer journey is completed before sales reps are typically engaged." Data today is ever-present. Customers get the haystack faster than ever. However, sellers are still necessary for finding the needle. Emphasize value with a focused approach that is customized to the customer's need.

Applying Current Research on How People Make Decisions

Negotiating goes beyond numbers. Harvard Business Review reported on a study from Wharton and MIT which "shows that people with higher EQ [emotional intelligence] are more likely to induce positive mood states in their negotiation counterparts and leave them more satisfied with the outcome of the negotiation." EQ is considered one's ability to see themselves as others see them and manage one's own emotions. Savvy sellers can use findings like this to guide the outcome of negotiations.

Transforming an Adversarial Mindset to One of Collaboration

Successful sellers must be mindful of their presence. It's difficult, or perhaps impossible, to reset the tone if a customer begins to see the seller as adversarial. Sellers can prevent this outcome by avoiding "piecemeal" negotiating, putting incomplete opening terms on the table. This fragmented approach doesn't convey the sense of collaboration necessary for closing a sale. Keep the conversation transparent with clearly stated goals and solution capabilities.

Guiding the Negotiation to a Mutually Successful Result

Negotiating doesn't need to be a zero-sum game. However, a win-win outcome still requires that the seller protects their desired outcome. With a consultative approach, sellers can achieve this end with a deeper understanding of the customer's needs. This insight enables sellers to craft solutions that fit underlying needs without relinquishing critical terms.

Increasing Trust and Grow the Potential for Future Business

Information exchange is the foundation of trust and trust is the foundation of future business. This truth is reflected in research from Clemson University where experimenters learned that "buyers' monetary cost increased as information increased, suggesting that sellers might profit from information exchange and, indirectly, from trust."

Moreover, a trusting partnership helps accelerate future deals because the foundation is already built.

Executing these strategies is more difficult than ever. Pricing pressures, competition, and technology all create challenges. That's why sellers need a consistent set of practices that form a path to the sale. The power of such a framework is its applicability across various negotiations and customers. Consultative negotiating serves four key objectives:

1. Increasing deal size
2. Reducing discounting
3. Improving win/loss ratios
4. Realizing greater value (proposed vs. closed)

So how do effective negotiators keep their goals in tact through the contract? They:

USE PREPARATION TO PRIME

Sellers must come ready with relevant insights that demonstrate their detailed knowledge of industry-specific challenges. This shared knowledge “primes” the customer. Priming is the basic principle of prompting a person to think a certain way. This effect is helpful to sellers who want to encourage a customer to recognize the value of a proposed solution. This influence of the customer’s decisions begins with the first conversation. Effective priming helps customer’s change their mindset from “someone is trying to sell me something” to “this

solution can get me to where I need to go.” Priming is trust building. The seller is helping the customer become comfortable with sharing information from their side of the table.

Building trust at this early stage creates an environment that’s conducive to successful negotiations. The reason: trust signals fairness. This sense of equitable interests has been shown to bring efficiency to selling. Research published in *Psychology & Marketing* revealed that by “priming a consideration for fairness, a seller can increase a customer’s satisfaction without sacrificing profit.” Additionally, “Fairness-primed buyers consequently had a more positive attitude toward the seller.”

LEAD BY OPENING

Effective opening starts by recapping common ground. This strategy helps reassert the relationship while ensuring the seller is up to date on all relevant information. The seller is setting the stage for the crucial next step: being the first to position the offer.

Research from Northwestern University reveals that “there is virtually no research that supports the claim that letting the other party open first is advantageous. In fact, it can backfire—and lead to a worse outcome than you imagined.” The reason is found in the anchoring bias.

When sellers make the first offer, they create a center of gravity, an “anchor.” Therefore, the outcome of the

negotiation is likely to hover close to the original figure. Social psychology researcher Robert Cialdini Ph.D. explains, “The best persuaders become the best through pre-suasion—the process of arranging for recipients to be receptive to a message before they encounter it...what we present first changes the way people experience what we present to them next.”

Additionally, the decision to make the first offer is as important as how the seller makes it. Avoid the timidity that accompanies compromising language. Stating “I want to be around this price” signals willingness to move from the offer. Remain resolute.

Finally, make the offer complete. A piecemeal approach of staggered negotiations only works to prolong the process and frustrate the customer. With a complete offer, sellers can deliver a concise solution without the need to continue talking, a classic precursor to negotiating with oneself.

CONTROL BY CONVERTING DEMANDS TO NEEDS

Once the seller has made the offer, it is important to control, or protect, the position. In many cases, a seller, upon hearing a request for a lower price, will protect their pricing by suggesting a reduced solution. However, this strategy doesn’t represent control. Protecting the seller’s position means maintaining the scope of work and the pricing. Many negotiators move to trading too soon

without a full sense of customer demands, needs and priorities. As a result, they do not have a fully informed trading strategy and, after offering a trade may witness the customer coming back to nibble for more.

How do sellers manage this challenge? They investigate the customer's demands. These demands are an expression of an underlying need. By drilling deeper, the seller can uncover these needs. This approach is important because needs ("I need more flexibility in the payment schedule") are much easier to discuss and resolve than demands ("I can't pay that much"). The power of a consultative approach is that it effectively reveals these needs through questioning.

Finally, sellers should neutrally acknowledge the customer's responses to show that they are listening and understand. As a seller listens, they need to begin to think about how they might reinforce value to persuade the customer. Once specific needs are understood, they may identify multiple options for meeting the need do not necessarily require concessions.

TRADE TO PROTECT

The seller's trading strategy will determine how well they maximize their outcome. Effective trading means protecting essentials without unilateral concessions that leave money on the table. Sellers make this work by first understanding how trading is different from concessions.

Simply put, a concession occurs when one gives

something up and gets nothing in return. A trade is an exchange; the seller is giving to get. However, trading cannot occur in an adversarial setting. In such an environment, a customer, otherwise willing to trade, may resist at the behest of their ego. Moreover, studies have shown that strong-arm tactics are simply ineffective. Findings published in the Harvard Negotiation Law Review "serve to shatter the myth that adversarial bargaining is more effective and less risky than problem-solving." The author continues, "the research indicates that a negotiator who is assertive and empathetic is perceived as more effective."

Trading will be necessary for nearly every negotiation. Therefore, it's crucial to know the true value of the trades. Knowing this means understanding, and expressing the specificity of the trade to avoid misunderstandings later.

SEEK COMMITMENT TO CLOSE

When sellers move to close, they must start by reinforcing perceptions of value. Summarize what the customer gains, then check that the terms match the customer's understanding. This is a crucial part of the conversation because maintaining momentum is what brings the deal to a close. If sticking points persist make them contingencies and instead gain conceptual buy-in. Sustain momentum with specific, actionable next steps in unambiguous language. Until the seller has a signed contract they have not closed, they have only reached a commitment.

Commitment is loading the gun; closing is pulling the trigger.

Additionally, closing is important in preventing over-negotiating which can exhaust the customer. However, sometimes closing is not possible. Why? Deadlocks happen.

When an agreement cannot be reached, sellers must consider the best option before walking away. This minimally acceptable outcome must be clear to the seller before negotiating. If this best option is formulated in the moment, it's likely to leave money on the table.

ACT TO SOLIDIFY

Follow up is critical. The seller must reinforce trust and credibility even when negotiations are complete.

Research published by MIT Sloan Management Review explains that "Formal contracts are often ineffective in taking care of the uncertainties, conflicts and crises that a business relationship is bound to go through over time." The research continues, "trust and confidence, have been pointed out in several of the studies as being more effective for the development of relationships than formal contractual arrangements." When a seller follows up they continue to demonstrate their competitive distinction, maintain momentum and customer respect.

Sellers can begin with an internal debriefing to evaluate the extent to which they met their goals. Every negotiation

involves something unexpected, no matter how small. This reflection is an opportunity to consider such events and how to improve in the future.

Externally, sellers need to send a written summary thanking the customer for their time with a possible outreach from a senior leader. This summary should include specifics such as delivery dates, payment procedures, and next steps. These actions help solidify the seller's reputation which reinforces the customer's knowledge-based trust. Every time we follow through on a commitment we build knowledge-based trust.

CONSULTATIVE NEGOTIATION CORE TENETS

A consultative negotiation is not just about the give and take of terms. It's also about the equitable exchange of information builds relationships.

Negotiations occur throughout the selling process.

From the first conversation, sellers are building trust and creating a collaborative environment that helps move negotiations forward. Sellers can spark this collaboration by sharing information thereby inciting the customer to do the same. According to the established social norm of reciprocity, we are inclined to respond to another person's action with a similar action. "We are obligated to give back to others, the form of behavior that they have first given to us," remarks Dr. Cialdini, "There's not a single human

culture that fails to train its members in this rule." In fact, science reveals that holding back on sharing information has a negative impact on desired outcomes and reduces trust. If we want information, then we need to share our information—which builds a customer's willingness to share and trust.

Look for early indicators of how one will respond to negotiations.

Sellers must identify all demands early in the negotiation process. Doing so avoids the common pitfall of the "fixed-pie bias," the notion that a scenario is only win/lose because the size of the potential gain is fixed. Research published in the journal of Organizational Behavior and Human Decision Processes shows that "that negotiators' 'fixed pie' expectations lead to suboptimal agreements via both information availability and information processing errors." That is, the fixed-pie bias can derail a negotiator whether they have complete or incomplete information. Mitigate this bias by uncovering all demands—and understanding and prioritizing them. Doing this creates the foundation for mutually successful trading.

Understand that customers will be guarded during negotiations even if open during selling.

Although the framework for negotiations starts early, once it formally begins sellers should expect a change in the tenor of the conversation. As sellers move across a continuum from selling to negotiating, customers often become reticent. Sellers can ease this tension by

helping the customer understand that the outcome is equitable. Simply put, a customer's willingness to pay in a negotiation is rooted in their perception of the seller's profits. A customer needs enough monetary information to know that the outcome is fair.

CONSULTATIVE NEGOTIATION GUIDING PRINCIPLES

With a collaborative approach, sellers gain more information allowing them to satisfy the customer's needs without "thinning the deal."

TRUSTED RELATIONSHIPS:

Earning the sale starts by earning the customer's trust. Doing so requires the seller to remain consultative by engaging in a dialogue rather than a competition. Trust emerges when a seller views a customer need as an opportunity to move the sale forward rather than a hurdle.

Persuasiveness as a Process of Promoting Value:

Create a compelling connection between the value of the seller's solution to the customer's priorities. This process begins by converting demand to needs. Take the time to understand what basic goals reside beneath blunt statements like "I need a lower price." Use this information to underscore how the solution addresses the issue. This is a critical step that should be exhausted before trading in which the seller gains an agreement through changing terms.

Maintaining Control and Confidence:

Manage reflexes. Sellers too frequently succumb to an impulse to trade before first fully exploring the customer's needs. Take the time to consider a response to a demand before relinquishing a term. Sellers will be surprised to find that when they handle trading as a last resort, they can preserve their optimal outcome.

Mutually Successful Outcomes:

Negotiating a deal means negotiating future deals. Make the goal of a strong relationship part of your optimal outcome. Consultative negotiations occur when the seller gets what they want—even if it's not all they wanted—while maintaining and strengthening the relationship. This approach builds the foundation necessary to future opportunities.

CONCLUSION

Effective negotiating pays dividends. By placing equal focus on deal outcomes, relationships and trust a seller can close the deal they want to close while forming a foundation for future business. Mutually beneficial outcomes can only be reached when both sides take the time to understand needs rather than simply issue demand. The path to the sale is in the customer's words. Keep listening.





RICHARDSON SALES PERFORMANCE

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