How To Prevent 11th Hour Negotiations

by JEFF THULL

One of the enduring myths of negotiation is that it is a back-and-forth struggle with your customer that occurs in the final stage of the sale, the "close."

Negotiation, at its best, is composed of open, honest and straightforward communication based on mutual respect and mutual trust. When you recognize it in this form, it begins with the very first conversation and is continuous throughout the relationship. We refer to it as the "diagnostic process." When you are using this process, there is no need for high-pressure, last-minute bargaining, there are few, if any, objections and there is no need for "arm-wrestling" in the eleventh hour.

This is difficult for salespeople to grasp. "What? No objections?" "No negotiating?" "No closing?" Please note that I'm not saying "no negotiating." I'm saying no negotiating in the 11th hour.

Negotiation takes on a new definition in the diagnostic process, which centers on clear and precise communication and collaboration — a continual series of "mutual agreements and understanding." A collaborative approach eliminates the dependency on traditional closing and objection-handling skills. By the time a customer receives your proposal, you and your customer have come to common conclusions and understanding of all the key elements that would otherwise be subject to objection or negotiation when there are surprises in the 11th hour. You will have agreed on the nature and financial impact of their problems, your mutual expectations, the financial value of that solution and the selection criteria for a high-quality solution. In short, the customer has agreed to each element of a quality decision process and is not seeing any new "terms" in the proposal with which to have a reason to object.

An Absence of Value

Let's take a deeper look at this quality decision process. The first decision element revolves around the customer recognizing that they are experiencing some consequences due to the absence of the value your solution could provide. Consider a feature of your solution that you believe to be one with the most value and strongest competitive strength. Ask yourself, "What would the customer be experiencing without this feature? What would they physically be able to see in their business that would show you and them that they are experiencing the absence of this value?" Think

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of yourself as a doctor. You are looking for the symptoms of the absence of business health in your patient. Relative to negotiations, the symptom either exists or it doesn't. You and your customer will reach agreement on that quickly, and if the symptoms exist, you move on to "What are the consequences of the symptoms?" or "How bad is it?"

The next decision revolves around determining the financial impact of the problem. It is important to bring your customer a process that will guide them through measuring the financial impact of their problem, just as a doctor brings the capability of running tests to determine the extent of the symptoms. We refer to this as the "cost of the problem." If you don't have a cost of the problem, there isn't a problem. In other words, if you can't help your customer measure the financial impact of the problem your solution will address, they will be unable to measure the value of your solution, will likely not want to buy your solution at all, and will very likely not want to pay the price you will ask.

When the cost of the problem is agreed on, the next decision for the customer is, "Is this bad enough to take action?" When the customer compares this problem and its costs to other problems they have or opportunities they have to invest in, where does this one stack up on the priority scale?

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Dealing With Objections

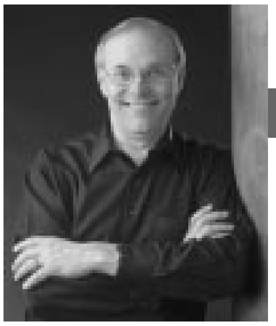
When these decisions are mutually agreed upon, we have "negotiated" away a high percentage of the objections we would traditionally hear and those that might lead to a "no sale." A large number of objections occur because the customer receives a presentation or proposal before these decisions are made, a "premature proposal."

Think about it — how many times have we given a customer a proposal before they decided they really had a problem? They were only "interested" in the solution we had. How many times have we given a proposal to someone who said they had the kind of problem we solve, but they did not know how much that problem was costing them? Finally, how often have we given a proposal to someone who had the problem, but had not decided that it was a top priority to address?

When these decisions are made, the customer has decided to take action, and it's now time to co-design a solution. There are four main sets of decisions to be made regarding the design of the solution. "What does the customer expect the results to be if they go through the effort and expense of addressing this problem?" "What do they want their situation to be after a solution is in place?" "What is the best alternative or approach to achieve these expectations?" "By how much will the solution reduce the financial impact of the problem?" and, "How much money should I invest to make these expectations occur?" Finally: "What do I need to measure and compare to ensure the solution will work?"

These decisions are made in such an order that each decision provides a foundation of information that supports the next decision and enables the customer and yourself to make each decision with confidence. Each decision creates a clarity that precludes random "objections" from popping up at the last minute. The key to successful negotiations is that each party is well informed and understands their respective mutual interests. You are working toward an equitable exchange of value and a continuing relationship. When you reach agreement on each critical point of the exchange, as each emerges during the decision process, you have brought great clarity to the relationship. The foundation of the diagnostic approach is that it is easier to reach clarity and agreement on many small points than a single summary of all those points.

If you pattern your sales approach after a quality decision process, rather than a sales process, you will be able to stay away from "premature presentation," and most likely you will not be a victim of those 11th hour negotiations. ❒



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