
Negotiating To Enhance Relationships



Negotiating is an integral ingredient in the process of selling. A problem can occur, however, when manufacturers' representatives don't know when and how to shift into the negotiating mode. It's incumbent upon the rep to be able to recognize the difference between selling and negotiating, and then — when the timing is right — to be able to make the move into the negotiating mode.



Those are just a couple of the observations of sales trainer and consultant Bill Heyden. Heyden, who conducted a four-day training program for MANA-member Nelson & Associates, Santa Fe Springs, California, earlier this year, maintains that just as important as it is to know when to begin negotiating is the ability to appreciate how effective negotiating allows you to meet the customers' needs. It's that last point that Heyden maintains is so important for the rep when it comes to enhancing the personal relationship between himself and the customer. "It's that relationship that serves as the absolute lifeblood of the rep's performance in the field," he explains.

Heyden, president of Heyden Training, Chicago, Illinois, explains that an entire segment of his four-day training program for Nelson was devoted to the subject of negotiating. According to the consultant, "The relationship the rep enjoys with the customer is one that is developed on a number of levels. Perhaps the first level is that of being able to sell value long and hard. When the rep is able to do that successfully, the effort is translated into a feeling of confidence. The customer is confident that the rep can meet his needs and can serve as his solution provider. Another level of the relation-



Bill Heyden

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Knowing the Difference Between Selling and Negotiating

The lessons taught by Heyden struck a chord with his audience of more than 40 sales professionals over the four-day training session at Nelson & Associates, Santa Fe Springs, California. Evidence that his words found a receptive audience is found in the words of Kurt Nelson, CPMR, from the rep firm.

According to Nelson, “Selling vs. negotiating with a customer are two very different processes. When selling, it is important to use open-ended questions to determine needs and problems that the customer might have. Once these needs/problems/concerns have been identified, we can then match them up with benefits that can provide a solution for the customer. Once the customer recognizes that our product is the solution, the rep must move from selling to negotiating.

“A sales representative can identify the key moment to switch to negotiating by a number of signals:

- An acknowledgement by the customer that the product meets his/her needs is the strongest signal.
- Another signal could be when the customer asks for a formal quotation from the representative. This second signal is best confirmed by reviewing the customer needs and your solutions one additional time to ensure your customer sees your product as a solution.”

Just as Heyden did before him, Nelson emphasizes, “It is important that we do not start negotiating before we have clearly matched the needs and problems of the customer with the features and benefits that our product offers. It is critical that the customer sees our product as a solution to his/her situation.



Kurt Nelson

If negotiation is started before this, the sales representative will lose critical advantages inherent to his position.”

Finally, Nelson notes, “One the key benefits of knowing when to negotiate is margin enhancement. If the customer truly recognizes your product as a solution, they understand the value and are more willing to pay for that value. If it is not understood, the customer views the product as a generic solution and something that can be negotiated. Each of us loves the feeling of a good deal. However, a good deal is not always a low price. Many times a good deal includes features that do not come with another model and the reason why we choose a particular model. The same is true for our customers. We just need to help them see the value they are looking for and when they understand it, they will be happy paying for it.”

ship is the establishment of a procedure that will take place during the sales process. The customer has to feel confident that the process will proceed in a logical manner.”

Preventing “Customer Interruptus”

When he’s speaking to a group of reps or other sales professionals, Heyden makes it a point to use anecdotal input to illustrate the importance of knowing when to begin negotiating. For instance, “I ask my audience what they would do to maintain control over the selling process to ensure they don’t begin to negotiate too soon. They know this is an important consideration, but they’ve never thought about it this way. They really never put their finger on the difference between selling and negotiating.”

Heyden continues, “The easiest way for the customer to interrupt the process and, in fact, to gain control, is to voice an objection and ask for something. Too often, it’s at this point that the salesperson allows himself to fall into a trap and give in to the customer. What’s happened is that the customer has taken control of the process and the customer has lost confidence in the rep’s ability to meet his needs.”

The consultant cited a fairly recent example where he was in the field working with a salesman. “The rep was attempting to sell his product line. In an effort to do that he had brought with him a hand tool that was new to the line — something that was smaller, different and ‘better.’

“During the rep’s presentation, the customer asked if he could take a closer look at the tool. When I saw that happen, I knew it was going to be downhill in a hurry. The rep continued trying to promote and sell the line. The customer interrupted again and said, ‘I don’t mean to interrupt, but I hope this tool is better than the previous one.’ With that the salesman was taken completely off track and it only got worse. Then the customer asked if he could have the tool. I’m not averse to salesmen giving away tools, especially if it will help in the long run. And, this one only cost \$60. The rep said, ‘sure.’”

Heyden notes that he could tell the rep knew something was going wrong, but he wasn’t quite sure what.

The customer, who according to Heyden’s description was a long-established one who had been brought up in the “school of

hard knocks,” promptly took the tool, tossed it into a box in the corner of the room and said, “Here’s what I really need. I need a better price than what we’ve been getting from you folks.” What had happened was that the salesman had been taken completely off track, lost his confidence, and the customer had taken over the meeting. Say so-long to a well-thought-out sales presentation.

Is This Customer Really a Jerk?

“When we left the unsuccessful presentation, the salesman’s reaction to the customer was, ‘What a jerk! Why would he do something like that?’

“My response was that the customer was hardly a jerk. The salesman gave him the opportunity and he took advantage of it. By giving the customer the product and abandoning his normal presentation, he had given the customer a clear signal that he was done selling and was now entering the negotiating phase. The customer was an opportunist and he said to himself, ‘This is a piece of cake!’”

This is a clear example, according to Heyden, of the rep falling into the trap of negotiating too soon. “Too many salesmen believe that selling and negotiating are the same — well, they’re not. Remember, negotiating has to follow the selling process. If the customer interrupts the process and the rep falls into the trap, problems follow. That’s something we address when we’re working with salespeople.”

Heyden continues that once the rep has moved off track, “It’s almost impossible to get back on line. Once you’ve taken out your wallet, it’s easy for the customer to get the salesman to start trading and ul-

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timately giving things away. When I’m with a salesman and I see that we’ve entered that trading-off phase, I won’t let him continue. It’s a losing proposition.”

Change Customer Behavior

When he makes the latter point in front of training session participants, Heyden uses the analogy of a father reacting to the requests of his children who want to go out to eat. “You’ve got a father who previously has taken his

children out for pizza. For him it was hardly a positive experience. The food and entire experience were just awful. So what does he do next week when the kids ask again?

“Keeping in mind the process of negotiating, he might respond to his children, ‘I’d be glad to take you kids, but to be honest, I’ve got to get the basement picked up.’ The kids feel that’s okay because they can’t wait to get to go out and have fun. But, all of a sudden when the basement work is done, they go to Dad and say, ‘We’ve done our work, and can Caitlin from across the street join us?’ Again, the father, just as the rep, started negotiating too soon and gave too much away.”

To alter the outcome, according to the consultant, “You’ve got to work toward the goal of changing the behavior of the customer (e.g., children in this example) to stop asking for something unless it really means something to them.” In this case, he continues, “Now, the kids take it up a notch and want to go play laser tag, which as any father knows is noisy and expensive. The father responds by upping the ante when he says, ‘Sure, I’d love to take you but the basement has to be cleaned up again. And, if Caitlin wants to come too, that’s fine, but I’ve also got to get the garage cleaned before we do anything.’

“The father waits a couple of hours and notices

the kids are nowhere in sight. They’re downstairs playing and have lost their interest in going out.

“It’s the same thing with customers — if they ask for something, then you ask for something of substance in return. For instance, if the customer is insistent upon an X% discount or free training, that’s fine. But before granting his request, ask him, ‘How about you give us in writing a commitment for Phase II of this project? This approach will go a long way toward getting you what you want.’”

Heyden emphasizes that it may be of assistance to the salesperson if he accomplishes at least five specific activities while still in the selling phase:

- Obtain assurance the customer understands the value your solution could provide.
- Review key aspects of your proposal.
- Sell to objections with benefits to eliminate or minimize as many as you can.
- Ask for some level of conditional commitment.
- Isolate remaining differences (unresolved objections).

He notes that steps four and five often can be accomplished at the same time.

“When these five elements have been completed, it’s then that you are ready to start negotiations. Here it’s important that you work hard to trade values on these remaining differences. Try to concede only on issues that don’t cost your organization much, are of some value to the customer, and make sure it’s the remaining difference to be negotiated to secure the business.”

Finally, Heyden emphasizes how important it is for the rep to make sure they are selling to and negotiating with the person who can truly make the final purchase commitment.

“It’s not uncommon for the salesperson to misunderstand who the technical buyer is as opposed to the economic buyer.” He defines the former as “the individual who has a literal set of criteria. He could be anyone from the environmental engineer, the quality guy, legal or even the purchasing agent. The latter, on the other hand, can be anyone. Most important, however, is the fact this person has 100 percent discretionary use of company resources for that particular selling objective.

“It behooves the rep to learn who the economic buyer is. But always be sure to sell to everyone and negotiate with the economic buyer.” □

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