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NEGOTIATING SALES



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Negotiating Sales

Negotiating Sales

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ISBN 978-87-7681-609-4

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Preface

If you're going to be a top earner in the sales industry then effective negotiation skills are a key area that you'll need to master.

You'll want to get the best deal for your company as well as the client.

So how can you accomplish this?

This textbook will reveal all!

Sean McPheat, the Founder and Managing Director of management development specialists, MTD Training is the author of this publication. Sean has been featured on CNN, BBC, ITV, on numerous radio stations and has contributed to many newspapers. He's been featured in over 250 different publications as a thought leader within the sales and management development industry.



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1. Overview of the Ebook

1.1 Introduction

When you think about negotiating in sales, what comes to mind? Is it a formal, well-attended event with the heads of organizations on each side of a table, or is it an informal conversation between you and a customer? Does it happen only at the end of the sale, or is it an ongoing conversation through the entire process? No matter how you have imagined negotiating or how you have experienced it, at its root, negotiating is the means through which you demonstrate that you are committed to maximizing value for both your organization and the customer's organization.

When we talk about value, we are talking about return on investment – in whatever form it takes.

In sales, when we talk about value, we are talking about return on investment. This is what helps you to lead a customer to an agreement – reminding them of the savings that they will receive in return whether in increased revenue, decreased expenses, or increased productivity.

To be able to negotiate well, you need to understand how negotiating is related to the basic sales process. Then we'll discuss what to do to prepare for negotiating, some guidelines for the negotiations process, how to overcome objections, how to reach an agreement, and what to do once the negotiations are over.

1.2 Negotiating Sales and the Basic Sales Process

In Chapter 2, we'll briefly examine the overall basic sales process. By breaking a sale down into the different stages involved, you can understand that how you perform in the earlier stages of the sales process will influence how the negotiation process goes in later stages. We'll look at a sale from the point of view that a sale is a way to solve a customer's problem. The process starts with identifying a prospect and builds until you have not only solved the customer's problem that they originally presented, but you have established yourself as an expert source for the next time the customer has a problem.

We'll look at a sale from the point of view that a sale is a way to solve a customer's problem.

Then we'll look at the general skills that anyone who wants to be able to negotiate well should have. If you've ever met someone who just seems to be a 'natural' at sales, easily overcoming objections and breezing through negotiations at the speed of light, then they either have these skills as an inherent part of their personality, or they have studied or acquired these skills over time.

1.3 Before Negotiations Begin

In this chapter, we set the stage for your negotiating success. We'll make sure that you are ready to respond to any objections by being sure that you have understood them correctly. We'll also address some of the common roots of objections so that you can act to prevent them from happening in the first place.

Then we'll ensure that you have prepared your customer for negotiations as well by reminding them of the value that your product or service will provide, hopefully by quantifying it very clearly. Next, we'll examine the thoughts and attitudes that help you prepare mentally for the process of negotiating. And the final part of preparation we'll discuss will be that you need to know when you are willing to walk away from the table and end negotiations.

1.4 Guidelines for Successful Negotiation

In Chapter 4, we'll examine several guidelines that will help you to guide your negotiations towards success. We'll start by looking at the importance of respect during the process. We all bring our own perspectives to the negotiation table, which is a recipe for disagreement. But you can prevent these differences from stalling negotiations if you are respectful of others' ideas. Next, we'll remind ourselves that there is a common goal for you and the customer; it is that you want to give the customer the value your product or service offers, and the customer wants to receive it – otherwise you wouldn't be negotiating a way to reach that goal.

While you're reaffirming your value statement, you'll also want to clarify the actual problem that you are trying to solve. What points do you already agree on, and what points are the barriers to your agreement? If you don't know these points, how will you know what to aim for during negotiations? Plus, we'll talk about the importance of collaboration during the negotiations, without which you will not be able to move forward.

1.5 Strategies for Overcoming Objections

In this chapter, we'll look at how to identify the root of a customer's objection; they might be telling you one reason for the objection when there is really another reason that they aren't sharing with you directly. Next we'll discuss some things that you need to make sure you have done during your interactions with the customer or in your presentation to the customer – or you will definitely have a hard time with numerous objections.

Now we'll begin to look at how to handle objections when they occur. We will look at some of the most common objections that customers make and you will get guidance on what to say or do when the customer makes them. Though objections will vary, they tend to fall under common themes or types, which means that you can learn to handle the majority of the objections you'll face by employing these techniques.

1.6 Strategies for Getting to Agreement

In this chapter, you're in the middle of negotiating and you have handled the customer's objections. What remains now is for you to finalize the details of the agreement and reach a mutually satisfying solution. Yet there are times when negotiations can get stuck. A person can become very 'positional' in their negotiating, where they refuse to make concessions on a point. We'll look at some techniques for restarting the negotiations when you face this and other barriers.

1.7 After the Negotiation

Finally, we'll talk about the fact that the end of negotiation is not always the end. You might not come to an agreement at all, so you'll need to be prepared for other solutions. And if you do come to an agreement, you'll have more steps to take in order to ensure that the sale is completed as promised and that the customer is satisfied with the results. You'll want to make sure that the value you have been promising all along is the value that the customer truly receives.

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2. Negotiating Sales and the Basic Sales Process

2.1 Introduction

Sales hasn't always been a full-time, recognized profession. Bartering was once the way of the world, but sales wasn't seen as an actual profession until the industrial revolution made it a necessity to sell to individuals and other organization. However, it wasn't until the second half of the 20th century, that the salesperson began working to consciously identify ways to add value to the customer. The selling organization could add other forms of support to the buyer, such as training or technical support, which would in turn lead to further improvements for the customer and additional purchases from the buyer.

Figure 1 demonstrates how this added value influences the salesperson / customer relationship.



Figure 1: Impact of Value Added Sales Relationships

This means that in modern sales, even though you might be negotiating from opposite sides of the conference room table, your customer should still be able to see you as a partner that is attempting to help the customer solve a problem, increase revenues, or otherwise help the customer to improve their own business.

2.2 Skills Negotiating with Customers Requires

Now that we've set the stage for your role in negotiations, let's look at what it takes to be successful at negotiating with customers. Remember, the good thing about these skills is that they can all be learned. As you read through this information, try to identify where your own weaknesses might be. Then you'll have an idea of what you need to work on in order to improve your own skills. Let's start with a reminder of the structure of a sales interaction, shown in Figure 2 below.

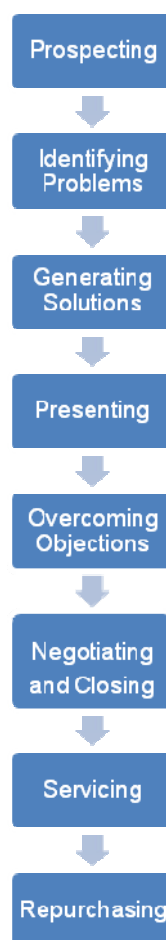


Figure 2: Structure of a Sale

You can see from Figure 2 that negotiation is usually viewed as coming towards the end of the sales process. But if you can perform the first several steps of the sales process with a mind towards preventing objections later in the process, you will be making your own job much easier and the negotiation process much smoother. We'll now look at some of the skills that you'll need to practice in order to do so.


2.2.1 Listening and Communication Skills

As we've learned, a successful sales relationship today involves the seller being able to help the buyer identify his or his organization's true needs. The seller helps this process by being able to listen to and understand what the buyer is telling him. If you can't clearly determine the correct solution for your customer, you're going to automatically face objections and your negotiations will be thwarted.

Good listeners are rare these days. Studies have shown that most listeners retain less than 50% of what they hear. Imagine what that means when it comes to a conversation that you might have with your boss, a colleague, or a customer. If you speak for ten minutes, chances are that you have only heard about half of that conversation – and so have they. No wonder miscommunications happen so frequently!

In order to be a good listener, you should practice active listening skills. There are five key aspects of becoming an active listener. You are probably already employing some of them, but may need to practice others. However, once you are using these tools over time, you will find that they get easier and easier. Plus, you'll learn so much about your customers and have such better conversations that you will be positively reinforced each time you practice.

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1. Pay close attention.

With this step, you learn to give the speaker your undivided attention. But you also let the speaker know that you are listening by using acknowledgements – types of verbal and non-verbal tools that help add proof that you are truly listening.

- Look the speaker in the eyes
- Stop any mental chatter
- Don't start preparing your response or rebuttal while the other person is talking (very important in overcoming objections!)
- Make sure your environment doesn't distract you
- Notice the speaker's body language and tone of voice – what are the non-verbal messages telling you?
- If you are in a group, avoid side conversations

2. Demonstrate physically that you are listening.

Use non-verbal and verbal signals that you are listening to the speaker attentively.

- Nod from time to time, when appropriate
- Use appropriate facial expressions
- Monitor your own body language. Be sure you remain open and relaxed rather than closed and tense.
- Use small comments like 'uh-huh', 'yes', 'right'.

3. Check for understanding.

It is possible for the other person's message to get mistranslated or misinterpreted, so that we hear a message that was not intended. When you are about to respond in an attempt to overcome an objection, you must be sure that you actually understand why they are objecting. So before responding, it's important to check for understanding using these tools. We'll cover some more specific examples later in this ebook.

- Use reflecting and paraphrasing. Check that you heard the message correctly by saying things like "what I hear you saying is...." or "If I'm hearing you correctly, you're saying....." or "I think you're talking about....".
- Ask questions that will help clarify the speaker's meaning. Suggestions include things like, "Can you tell me more about.....?" or "What did you mean when you said...?" or "I think you're saying... is that right?"
- Summarize what you've heard occasionally – don't wait until the end or you might not remember exactly what was said.

4. Don't interrupt!

There is nothing good that comes from interrupting the speaker, even if they are stating something that is incorrect. You will only be limiting your chance of understanding the message and responding well because you won't hear it all – and because the speaker will get frustrated!

5. Respond Appropriately.

When you are actively listening, you are showing your respect for the speaker, as well as gaining the information that you need to form your response to any objection. Once you have that information and have clarified it, it's time to form your reply. When expressing your thoughts:

- Be honest and open
- Be respectful
- Be thorough

In addition to listening, you must be able to respond well, whether in person, over the phone, or in writing. When a customer objects during negotiations, you can view the objection as a request for additional information. Assuming you have listened well and you actually understood the objection, you can now formulate your response. Communication skills help you to remove any barriers there are that could prevent your response from reaching the customer.

Communication skills involve both verbal and non-verbal communication. When communicating with others, the non-verbal aspects of what we are saying are actually more important than the words that we use. In fact, if the two conflict we will automatically believe the non-verbal communication we are receiving over the verbal. So what do we mean by non-verbal communication? Mainly, we are referring to tone of voice and body language. Tone of voice is responsible for about 35-40 percent of the message we are sending. It involves the volume, emotion, and emphasis in our voice when we speak.

Over half of the message we are sending can be due to body language. Body language is a subconscious way that we communicate, but it is one that we recognize in others on instinct. Examples of body language include:

- Facial expressions
- The way they are standing or sitting
- Any swaying, fidgeting, or other movement
- Gestures with their arms or hands
- Eye contact (or lack thereof)

- Breathing rate
- Swallowing or coughing
- Blushing

Basically, body language includes anything they are doing with their body besides speaking. We recognize this communication instinctively, without having to be told what it means. Since negotiating involves so much communication, it is important that when you respond to a customer, your body language supports rather than contrasts what you are saying.

2.2.2 Problem Solving Skills

The salesperson of today is a problem-solver who works in conjunction with the customer to identify any issues that the customer has and then uses that information to offer solutions to the customer's problems or situations. Those same problem-solving skills are vital when you are involved in negotiations. In one sense, negotiating can be viewed as one large problem-solving adventure. You will need the ability to look at your situation objectively and work towards an agreement with the customer, even if it's not the one that you originally envisioned.

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2.2.3 Interpersonal Skills

Interpersonal skills are more than just communication skills. They are the ‘people skills’ that seem to come to some of us so naturally, while others of us may struggle with them. Interpersonal skills will help you to work with your customers and build rapport with them, and to negotiate in a professional, stress-free manner. But they will also help you to advocate for your customer with your colleagues across your organization.

Interpersonal skills are the ‘people skills’ that help you to work with and build rapport with customers, as well as to advocate for your customer within your own organization.

Some interpersonal skills include:

- **Courtesy** – it’s been said that good manners cost nothing, and that’s the truth. There is no reason to be anything but courteous when dealing with your customers, even if they are objecting in a way that is less than courteous. Your courtesy will foster relationships and show that you care about making the other person comfortable.
- **Respect for others** – you’ve heard the ‘golden rule’, that you should treat others the way that you would like to be treated. But the true expression of respect is something called the ‘platinum rule’ - treating others the way that they would like for you to treat them. How would your customer want you to respond to their objection?
- **Ability to see things from others’ perspectives** – if you have a customer who is objecting to your presentation, you might feel as if they have overreacted or misunderstood. But you need to be able to understand your customer’s point of view if you are ever going to be able to handle their objection productively and move past it. Your job is to understand – and express that understanding – so that the customer feels heard and acknowledged.
- **Ability to understand various communication styles** – each of us has a way of communicating with the world, and your customer’s could be very different from your own. These differences could create barriers to relationship building if you don’t understand how they may show up. Since objections can feel tense at first, these barriers could raise that tension level if you aren’t aware of them.

For example, a person who you perceive as being rude or cold may simply be reserved or shy. Or a person you see as intrusive or forward may simply be pressed for time and concerned about making the right decision.

2.2.4 Persuasion Skills

In today's competitive marketplaces, customers have a choice in where they will take their business. Persuasion skills are the tools that you can use to encourage the customer to choose your product or service over the competition. Some might say that negotiating is simply the art of putting your persuasion skills into practice.

The most important skill in persuasion is knowing how to provide information on the benefits and value of your offer from the point of view of the customer. As salespeople, we tend to focus on the features of our offering, when what we truly need is to focus on how the customer will benefit from our product or service. Let's imagine that we sell alarm clocks – a simple example, certainly, but it will help you to see the difference between features and benefits in Figure 3 below.

Features	Benefits
Dual Alarms	Lets you set a back-up to be sure that you don't oversleep, or lets you set different alarm times for different people.
Large, Illuminated LED Numbers	Makes it easy to see the time without turning on any lights. Easy to see even if you are sleeping without glasses or contacts.
AM/FM Radio	Allows you to enjoy music at any time, or to set your alarm to activate on the music station of your choice.
MP3 Player Jack	Turns your alarm clock into speakers for your MP3 player for use at any time of day. You can also program the clock so that you wake up to your favorite songs on your MP3 player.
Durable Plastic Casing	This clock can withstand those early morning slaps to turn the clock off.
One Year Manufacturer's Warranty	Protects your investment. With any malfunction of the clock, you can get a replacement in the first year.

Figure 3: Difference between Features and Benefits

When you are facing an objection from your customer during negotiations, it may be because you have been focusing on the features of your product but not the benefits. You might be thrilled that the Widget 2010 has added a new USB port to the newest model, but what will it mean to your customer in their every-day business? Learn to speak in terms of benefits during your sales presentation – relevant benefits for the particular customer – and you will face fewer objections as you wrap up your sales pitch and head into final negotiations.

Here are some more tips on how to persuade your customers:

1. **Demonstrate Your Understanding**

Putting yourself in your customer's shoes lets you look at the scenarios they are facing and helps you to concentrate on finding the best solution for their scenarios. When you work with your customer, the interaction is not about you – it's about them. Ask questions that demonstrate you are well-informed about their business their needs, and how your organization can help them to be more successful in their own business.

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2. **Generate a Friendly, Responsive Environment**

Don't underestimate the impact of being friendly and responsive. Your attitude in working with the customer, meeting their needs, and handling their requests says a great deal about you and your organization to the customer. Plus, your responsiveness – how quickly you respond to their objection and how well you meet their expectations – will be an important decision point for any customer. One good rule of thumb is to under-promise and over-deliver for your customers. You'll be demonstrating an exceptional level of customer service that they will want to experience again in the future.

3. **Provide Evidence and More Evidence**

You need to be able to demonstrate to your customer that you, your organization, and your product or service are the best choice for the customer. Be able to explain precisely how your offering will benefit the customer in ways that the competition cannot. Give the customer testimonials from other customers and show them before and after scenarios that prove how your product or service has made a difference for other customers and how it can do the same for them. No matter what you do, be sure that anything you share is fully verifiable.

4. **Demonstrate Your Expertise**

Who would you be more apt to buy from – someone who knows the basics about your industry or someone who you see as an expert in your field? As you work with the customer, demonstrate that you understand what you are presenting to them. Share information that shows you understand their field, the upcoming trends, and the challenges people in that industry are facing. You'll instill confidence in the customer to choose your product or service over the next provider.

2.2.5 Customer Service Skills

If you are the salesperson who is presenting to the customer, then you need to take responsibility for the customer's experience by providing the best possible customer service that you can. Sales is a service business – and if you offer superior customer service you can go a long way towards speeding up negotiations because your customers will want to keep doing business with you.

Sales is a service business – and if you offer superior customer service you can go a long way towards preventing objections.

Think for a moment about your own experience as a customer. Haven't you ever chosen to drive longer or pay more for a product or service because you knew that you would get the kind of customer service that you wanted? Don't underestimate the power of customer service when it comes to making sales and keeping customers – many customers are willing to pay a higher price or go without certain features if they know that they have access to excellent customer service people who will be responsive and effective whenever they are needed.

So what does it take to provide excellent customer service skills? The answer to that question could fill books of its own, but here are a few tips on some main points:

- Take responsibility for the customer's experience – from first contact and beyond the sale. Customers might only make one purchase from you – or they might make repeat purchases over time. But even if they don't ever buy from you, they can carry an impression of your customer service with them and tell others about you – the good and the bad.
- Remember that even if you have dealt with the same objection a hundred times already today, it is the first time that your customer is dealing with it. Put yourself in their shoes and try to understand their concern and how they feel it would affect their business.
- Communicate, communicate, communicate. As we mentioned, communication skills are vital in sales and particularly in handling objections. Don't ever be afraid to ask questions, flesh out the objection, and help the customer to understand something they might have missed the first time.
- Honor your word. When you make a promise, be sure that you can deliver on it – and hopefully, exceed what you've promised. Your word is very fragile with customers – it takes only one time of failing to deliver on your word for you to destroy the reputation that you've built with the customer.

2.2.6 Integrity

As in any relationship, integrity is vital in your relationships with your customers. What do we mean by integrity? A simple definition is that someone with integrity acts in accordance with their values and their commitments. This means that if you act with integrity, you will handle an objection directly and address the customer's concern with honesty and sincerity.

A simple definition of integrity is acting in accordance with your values and your commitments.

When you demonstrate that you have integrity, you show that you are someone who can be trusted and that you have the best intentions for your customers. This can make you a valuable partner and a trusted colleague. It can take multiple interactions to show that you have integrity – but, as mentioned above, you can damage your integrity with only one failed interaction. Remember that every time you work with your customer, you have an opportunity to demonstrate your integrity.

3. Before Negotiations Begin

3.1 Introduction

It is not always clear where the line is drawn between when objections are handled and negotiation begins; in fact, you will continue handling objections while you negotiate. Still, there are several things you should do before negotiations begin in earnest. You should be certain that you understand any objections that have already been raised – the root of them as well as possible causes for them. You should be sure that you have presented your proposal in terms of the value that it offers the client – in every sense possible. You need to be sure that you have adopted the right attitude for negotiating – that is, the attitude that will make you most effective. And finally, you need to know for certain where your ‘lines in the sand’ are. These are the conditions that you have to have met in order for an agreement to be reached, without which you are willing to walk away.

3.2 Understand Any Objections Raised

Although objections from customers may come in many forms, the reasons for those objections are often very similar. We’ll look at some common objections in the next chapter, but in this chapter we are looking at some underlying reasons that customers might object.

The customer may tell you directly why they are objecting, but they might not!

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An objection is a barrier between the client and their purchase of your product or service, but it is a barrier that can be removed if you understand the foundation of it. One way to look at objections is that they are the result of something that you have neglected to do – which is a good thing because it means that there is now something you can do about it. You simply need to understand what is missing and then respond appropriately.

3.2.1 Identifying the Root of the Objection

Customers may tell you directly why they are objecting, but they might not. They might try to be polite or evasive, or they simply might not be comfortable expressing themselves directly. So it will be your job to explore the objection in order to get to the root of it. You will need to listen to the client – both to what is being said and what is not being said.

Start by asking some questions that will help uncover the root of the objection. The exact questions you use will vary depending on what the client says, but some possible examples include:

- What is your main concern with this point?
- Why does that particular concern worry you?
- If your concern were handled, what would the result look like?
- What is your main priority in considering this offer?
- What information do you still need?
- What would the ideal offer for your situation include?
- What are the main factors you will consider in choosing your provider?

Notice that these are all open-ended questions. They give the prospect the opportunity to talk so that you can learn more information as well. You could also focus on questioning in ways that redirect the prospect to focusing on the benefits of your product or service. Some examples of these types of questions include:

- We've talked about the fact that you have a challenge with _____. What would it be worth to your organization if that challenge were resolved?
- How would it help you to be more competitive if you didn't have to deal with the problems caused by _____ anymore?
- What value can you see in eliminating _____ from your daily workload?

If you find that the prospect is not willing to give you more information, you might need to examine other possible reasons for their objection.

3.2.1 Failure to Create Desire

All sales require that your client has a desire to own your product or use your service. If you haven't yet created that desire, you will face objections and not make the sale. This idea comes from the sales method known as AIDA, an acronym which stands for:

- A – Attention
- I – Interest
- D – Desire
- A – Action

The model refers to the process that is required for a person to act on external stimuli – not just sales opportunities, though it is a perfect description of how sales occur. Anytime we make a sale, we must first gain the attention of our customer, and then generate some interest on their part to learn more about the product. Next, they must want the product – they must see the value in the product for their organization – before they will perform the action of buying.

The AIDA model is a gold standard sales model that describes the process required for a person to act on external stimuli – not just sales opportunities.

Once you have the prospect's interest, you need to be able to grow that interest into desire for your product or service. If you find that you haven't developed desire in the customer for your product, revisit some of the following steps.

- With the prospect, identify and agree upon the prospects:
 - Situation
 - Needs
 - Priorities
 - Constraints

To find this information, use a series of questions, being sure to rephrase what you think you have learned so that you can check for understanding.

- Build a level of rapport and trust such that the prospect feels comfortable doing business with you and your organization. Take every opportunity to help dismiss any of the prospect's feelings that doing business with you personally could be a risk. Demonstrate your integrity, your knowledge, and your abilities.

- Understand what the prospect's other options are for the product or service you are offering. What will your competition be offering? How can you distinguish yourself from the competition? What will the competition say about you and how can you respond to it?
- Be sure that you understand your own product or service inside and out. You want to be able to answer any questions that the prospect has, identify any particular advantages of your product over others, and be able to identify every way in which those advantages can help the prospect.
- You must be able to identify solutions from your selection of products and services, compile a proposal for your prospect, and explain in clear, exact detail how your solution will work, what the results will be, and any areas that might exceed the customer's expectations.
- Demonstrate that you have taken any constraints into account in your presentation for the prospect.

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3.2.4 Failure to Be Perceived as an Expert

Another common reason underlying objections is that your customer doesn't yet see you as a partner in their business. At the very least, they should see you as a source of expert information and assistance when they need it. If they don't see you that way yet, you will need to work at reinforcing their perception of you as a benefit to their organization by taking some simple steps like:

- Sending customers information from industry publications or other sources that are related to their business
- Keeping informed about any regulatory changes to their business
- Following your customers in the news so that you know what their challenges are and what they might need in the future
- Creating a network of contacts so that if your customer needs something you don't provide, you have a specific person that you can refer them to
- Continuing to receive training on developments of the products that your company offers, as well as any products that your competition is offering
- Attending conferences that are related to your industry and sharing what you learn with your customers

Once you are perceived as an expert in the customer's field, you will find that objections become much rarer. The customer will come to you asking for advice and suggestions rather than you having to go to the customer and 'sell' to them. We'll look at more techniques to overcome objections in Chapter 5.

Once you are perceived as an expert by the customer, you will find that objections become much rarer.

3.3 Quantify Value

Before you enter negotiations about the specifics of the agreement, you need to make sure that you have laid a clear foundation regarding the value that your proposition represents for the prospect's organization. Ideally, you have been able to represent an actual Return on Investment (ROI) for the customer. For example, you could express the value of your product or service if:

- Processing time is reduced
- Errors are reduced
- Customer experience is improved, resulting in longer contracts or more sales

- Personnel costs can be reduced or eliminated
- Functions are automated
- Production is increased
- Time off-line is decreased because of your responsive customer service

If you're not certain that you've identified the value that an agreement could represent for your organization, try asking some open-ended questions to explore what ROI is possible for the customer. Some examples include:

- We've talked about the fact that you have a challenge with _____. What would it be worth to your organization if that challenge were resolved?
- How would it help you to be more competitive if you didn't have to deal with the problems caused by _____ anymore?
- What value can you see in eliminating _____ from your daily workload?

Focusing the customer's attention on the ROI of their investment can help to lay a smoother foundation for negotiations because it reminds them of the benefit they will get once you have come to an agreement.

3.4 Adopt the Correct Attitude

Your mind needs to be in the right place when you enter into negotiations. Otherwise, you will simply not be as effective as you could be. You don't want your emotions to get in the way of your ability to interact with the other party and you want to be prepared to continue providing the best quality service you can for the customer. Here are some tips for ensuring you have the right attitude:

- Be confident in yourself, your organization, and the value that your product or service provides
- Remember that objections to your proposal are not objections against you personally
- Remain calm in order to keep thinking clearly and responding well
- Be patient because not everyone thinks at the same pace or in the same way
- Remind yourself that the goal is to find a solution and agreement that provides value to both parties

3.5 Know Your Ultimate Conditions

We know a few things about customers by now. We know that they are likely to try to get the lowest price and most favorable conditions possible. We know that they can have unrealistic expectations or unreasonable demands. But we also know that there is a point during the negotiations at which they are willing to walk away from the table and go to the competition instead.

You need to know the same information about your own position. What are the requirements that an agreement must include in order for you to take it? What are the points on which you are willing to make concessions and the points on which you are not? If you don't know this going into the negotiations, you could waste time arguing points that are not critical for you. Plus, you need to know what points are 'deal breakers' so that you know when to walk away and move on to the next customer. This might take more than your own input to determine, so if you are negotiating as a team, be sure to schedule a meeting to discuss this ahead of time.

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4. Guidelines for Successful Negotiation

4.1 Introduction

You are starting negotiations now, and you are excited and perhaps even anxious. But you should employ some guidelines for negotiating that will help you and the customer to relate well to each other and to move efficiently towards an agreement. In this chapter we'll examine some of these guidelines that will help enhance your chances of reaching a successful conclusion to your negotiation efforts as well as some methods to employ as the framework for discussions during negotiation.

4.2 Demonstrate Respect

Each of the people at the negotiating table brings a different perspective to the negotiations. They may also have different motives, goals, desires, and intentions in being there. Plus, we have preconceived notions about each other, make judgments about each other, and develop opinions about each other – all in the flash of a first impression. All of these differences are between you and the other people you will negotiate with, yet they don't have to become barriers to reaching a successful agreement. You simply need to be willing to respect each other's ideas and opinions, no matter what they might be. This includes willingness to:

- Listen to each other's ideas, even if they seem unrealistic at first
- Ask questions and explore different possibilities
- Put aside any negative personal feelings in order to facilitate the process of reaching an agreement
- Respect another's position while still refocusing the conversation on interests and value

If you respect each other despite your differences, those differences won't be barriers to reaching an agreement.

4.3 Reaffirm the Value Statement

An excellent way to start a negotiation conversation is to begin by agreeing, in detail, on how the customer would benefit from your proposal. You can do this in terms of a value statement, where you state or list the value that the customer will receive if you are all able to agree on the terms of the sale.

Restating the value statement is particularly important if time has lapsed between your sales presentation and the negotiation phase of the sale.

This is particularly important if you are beginning negotiations independently of the sales presentation you made. You want to make sure that this information is fresh in their minds. If you can start from such a positive place, then you have already gained one step towards a sales agreement; the understanding that you are all working towards the goal of being able to deliver that value to the customer.

4.4 Define the Problem

The problem you are usually facing during negotiations is that you have the same goal (having the customer experience the value that a purchase would provide), but you don't agree on how to get there. For example, you might both agree on the sale, but not on the price, the installation date, the rate of technical service after the sale, or any other agreement terms.

In order to solve the problem, you should explore and review what each side's goals and interests are. You will find that there are bound to be some additional goals and interests that you have in common. For example, both sides would want a successful implementation and both sides would want customer satisfaction. As you find the goals and interests that you share, you are beginning to forge your agreement. This process will also help you identify the exact points on which you disagree. It's very important during this stage to keep the problem separate from the person expressing it. You want to be able to examine any points of conflict objectively, always keeping in mind your mutual goals.

The more information you have about the other party's goals, interests, and needs, the better your chances are of identifying points for agreement.

One strategy to use during this phase of negotiation is to realize that the more information you have about the other party's goals and interests and the more information you get about what they need, the better your chances are of identifying points for agreement. A second strategy is to remember that people often ask for more than what they actually expect to get. If you can dig through what they are asking for and identify the customer's true needs, then you know where to focus your negotiation efforts.

4.5 Collaborate

If you have followed the previous guidelines, you should be in an excellent position to collaborate with the other party. You have acknowledged that a disagreement exists, but you've also agreed to work together to generate solutions to it. You know that you're going to need to work together if you are ever going to reach an agreement and you can continue to focus on the mutual benefits of coming to consensus.

Whatever you do from here forward, be sure that you are keeping your mutual goals in mind. Although it can be tempting to overpromise in order to reach a deal, doing so will come back to bite you later on. Instead, be sure that you promise only what you are certain you can deliver. If you need to follow-up with other members of your team or organization before you can make certain concessions, then be sure to do so quickly and get the response to the customer as soon as possible. Demonstrating that you are reliable helps to foster trust, which will in turn reinforce your collaborative efforts.

5. Strategies for Overcoming Objections

5.1 Introduction

In the last chapter, we looked at specific objections that you are likely to encounter and some ways to respond to those objections. In this chapter we will look at techniques that you can use to respond to these and other objections. Think of them as more tools to put in your ‘overcoming objections toolbox.’ You will probably be more comfortable initially with some of them over others; this is natural. But as you continue to grow as a salesperson, keep all of these in mind so that you have the resources you need to effectively overcome objections.

Think of these techniques as more tools you can put in your ‘overcoming objections toolbox’.

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5.2 Get to It First

The first few times you present your product or service to customers, you won't necessarily know what objections you will receive. But by the time you've been presenting awhile, you're going to get a feel for what the common objections are.

Once you have been presenting your product or service for awhile, you will know what common objections you receive – then you can adapt your presentation to include your responses to those common objections.

When you do receive them, be sure to write them down. Then you can adapt your presentation to include your responses to those common objections. In fact, include them several times if you can. Then by the time you get to the closing part of your presentation, you will be much less likely to hear that objection from the prospect.

This tactic can also be useful if you have to present to a 'front-line' person before getting to the final decision-maker. If you feel the person you are working with is 'sold' on your product or service, ask them if they can see any areas of the proposition where their superior might object. Then you can include your responses to those objections when it's time for your presentation to the true decision-maker.

5.3 Silence is Golden

Next time you are in a sales presentation, when an objection is made, pay attention to how quickly you respond. Chances are it's immediately. But you can often actually let the customer resolve his or her own objection if you will simply do one thing: pause. This is difficult, especially when we are so attuned to what customers ask and what they want. You can let the person know that you are listening by your facial expression, but try to remain silent for at least five seconds.

Sometimes what you hear as an objection is actually just the customer thinking out loud.

Why? Because sometimes what you hear as an objection is actually just the customer thinking out loud. They may continue and answer their own thoughts, or they might somehow rephrase the objection for you. If they repeat it in some way, it's time to use another tool. But don't jump to the conclusion that a comment is an objection. Give the customer time to think through their comment before you jump back in.

Would you rather win an argument or a sale?

5.3 Thank Them

When a customer makes an objection, they are actually sharing their point of view with you. The worst thing that you can do to anyone who is sharing their point of view is to negate it or get defensive. Would you rather win an argument or a sale? Thanking the customer for making their point will set the tone for the rest of the discussion as collaborative instead of defensive. It does several other things as well. It:

- Shows that you are listening and appreciate the customer's input
- Let's you leverage a bit of authority as the expert on the issue
- Gives you a moment to gather your thoughts and prepare your answer

5.4 Empathize

Everyone likes to feel that others understand and empathize with them when they speak their mind. One of the most enduring and popular ways for you to demonstrate this to your customers is to use something called the 'feel, felt, found' technique.

You use it by using a three-part response to an objection. For the following example, let's imagine that your customer has objected to your proposal because they are afraid that the transition would be too disruptive to their work place. Using this method, you might say:

- I understand how you feel.
- Others have felt the same way...
- Until they tried the Widget 2010 and found how easy it was to implement. Take a look at this information from Company XYZ. They installed it last year in just two days.

You don't have to complete the 'found' step with an example from another organization, but if you can provide any additional data, information, or evidence, this is the time to do it. Depending on the objection you might point to your customer service satisfaction surveys or awards, your rate of customer retention, your average response times, the return on investment that your product will generate, or any other means of supporting your 'feel, felt, found' statement.

One word of caution when using this technique; if you are presenting to people who are themselves accomplished salespeople, they may readily recognize what you are doing. If that's the case, you could change the words slightly or change the order that you use them. The point is to make sure that the customer feels heard and understood.

5.5 Overcoming Common Objections

No one likes to deal with objections. It would be much easier if the customer would hear everything that you have said, agree that you are the best choice for their needs, and buy from you the first time that you attempt a sale. But that's not how it works in the sales world. To become an expert at handling objections, you need to learn the following mantra:

An objection and 'no' are two different things.

We may be tempted to hear an objection as a 'no' to our offer. But as we discussed in the last chapter, an objection may simply be a request for more information. It's also important to consider that an objection may be a signal that you don't have the correct information in what you have presented to the customer. Certainly, there are times when a customer flat out refuses to buy your product or service. But unless you get an absolute 'no,' you will not be doing your job as a salesperson nor as a customer service person if you fail to address the customer's objections directly.

There are several common objections to sales presentations, each of which can be handled effectively if you remain calm, take the time to listen to the customer, and take the time to respond carefully. These objections include:

- Price
- Selection of your company over the competition

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- Fear of change
- Timing
- Need for other input
- Personal politics

We'll look at each of these objections in detail, some skills for responding to these and other objections, as well as some things that you should avoid doing when you are facing an objection.

5.5.1 Price

Business is business, and customers will always want to get the best possible price for the quality of product and service that they need. However, you are working for a business as well, and may have limited flexibility in the pricing that you can offer.

Instead of defending your price, focus on the benefits of your product or service in terms of the return on the investment that it will provide.

You could defend the price by reminding the customer what they will be getting for what they will be paying. But you have to be careful about how you do this. If you are too abrupt, you could seem to be defensive. Instead, you should focus on the benefits of the product or service in terms of the return on the investment that it will provide for them. This might require some creative thinking, but you should be prepared to point out to the customer what the savings or increase in revenue will be if:

- Processing time is reduced
- Errors are reduced
- Customer experience is improved, resulting in longer contracts or more sales
- Personnel costs can be reduced or eliminated
- Functions are automated
- Production is increased
- Time off-line is decreased because of your responsive customer service

These are just some examples of what the financial benefit of your product or service might be for your customer. When concerns about price arise, the best response is to point out how much the customer will receive in return. If you can attach actual dollar figures to the savings, your response to a price objection will be even more effective.

5.5.2 Selection of Your Company over the Competition

It is possible that the customer is objecting because she is not convinced that she wants to do business with your company. What evidence have you given to the customer that your organization would be the best choice for their need? If you've done your research then you know what some of the company's values and priorities are. Can you demonstrate that your company shares similar values? This is one way to showcase your organization in the best light for the customer. Consider addressing some of your company's efforts in the following areas:

- Recycling or other eco-friendly programs or products
- Commitment to community service
- Customer testimonials or case studies
- Independent reviews of your product or service
- Industry training, certifications, or awards
- Innovations or contributions your company has made to the field
- Customer service availability and format (online, phone, in-person)
- Positive press on your organization or its leadership

Of course, as we discussed, you need to address the benefits of your product or service over the competition's as well – particularly if you can offer benefits that the competition cannot. Do you know exactly why your product a better choice? If you don't know, your customer certainly won't be convinced.

You can consider both features and benefits when you discuss your product in relation to others because some choices are made on more than just benefits. For example, let's say for the sake of argument that your product or service offers the same benefit as the competition's does. How will the customer choose then? Likely on:

- The features of the product or service
- The market associations of your product (image, brand, cache of the product)
- Your relationship with the prospect

- Delivery timeframe
- Other customer service issues
- Price and financing options

What evidence have you given to the customer that your organization would be the best choice for their need?

Price is listed last because it is not always the main reason for choosing one provider over the other. Think about it; any restaurant's food can provide the benefit of satisfying your hunger. Yet how many times have you gone to a nicer restaurant because you like the ambience and the service? Consider what your existing customers like about the product or service and you should get some good ideas on what you can tell your prospects about choosing your company.

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5.5.3 Fear of Change

Fear of change can arise in different ways. It may be that the decision-maker himself is used to doing things a certain way with a certain company and is afraid that he won't get the same level of service from you and your organization. Or maybe he just doesn't want to have to learn a new process, system, or even new address for payment! Your job is now to convince the customer that whatever the fear is based on, either you will make sure it doesn't happen or that the benefits will far outweigh any trepidation that he might be feeling at the present time.

Instead of defending your price, focus on the benefits of your product or service in terms of the return on the investment that it will provide.

The trickiest part about this objection is that your customer won't always admit that there is a fear involved. Instead, the fear could be manifested in other objections. So your best defense against the 'hidden fear of change' is to address it head on. If they are true, be sure to point out things like:

- I'll be here through the entire transition process...
- You won't need to change any of your current procedures...
- All of your employees will be able to learn the new system in just a few hours (and I'll be here to train them and answer questions)...
- We'll adapt to your current billing and payment processes...
- We are available 24 hours a day if you have any concern...
- We offer a satisfaction guarantee...

Brainstorm some of the facts about your product or service that could counteract a person's fear of change and you'll be ready to incorporate them into your presentation or add them to your response to any other objections that the customer might make.

5.5.4 Timing

Businesses operate on a fiscal budget, the timing of which can vary somewhat from organization to organization. Some organizations have quarterly restrictions – or even monthly ones – on what they can spend on their department's needs. If you happen to be presenting to a decision-maker that has already spent her budget for the quarter or the fiscal year, you will get an objection regarding the timing. If this happens, you can respond in several different ways. Some suggestions might include:

- I know implementing this product would require an investment now, but it would save you _____ over the time between now and your next budget cycle. (In this scenario, you are making an argument for the decision-maker to consider requesting or making a budget adjustment.)
- That's not a problem. We can complete the order process now and not deliver (or start) until your budget cycle renews.
- I have a solution for you. We can budget the payments over time so that you don't have to pay it all at once. Will that help?

Budget restrictions may be the cause of objections regarding timing.

And if you haven't done it yet, remember to emphasize the return on their investment.

5.5.5 Need for Other Input

Ideally, you present to your prospect only when you know that you are dealing with the person who can commit to the sale. But sometimes you will find yourself in a situation where the prospect will tell you that they need to consult with others before they can commit.

This isn't necessarily their fault; they may be under orders to do a preliminary evaluation of each candidate organization and then only bring the top three or so to their boss. Or, perhaps something you reveal in your presentation indicates to the customer that they need to confer with another department or division because they didn't realize your product or service would be impacting that work group as well.

Whatever the reason for needing other input, it can be a frustrating experience to get all the way to the presentation and then have the process stalled by the prospect needing to talk to someone else. You have a few options for dealing with this objection:

- Offer to be at the meeting when the prospect meets with the other party. If you have been able to position yourself as a partner in their business, they may very well accept the offer. At the least, offer to provide any additional supporting material that the other party might need.
- Offer an incentive of some kind if they can make the decision quickly. You don't want to put the customer on the spot, but if you can let them know that you will give them something for making a fast decision, you might just get the sale sooner than you think.
- Schedule a time with the customer before you leave the presentation for when you can contact them again (or present to the other party) so that you both know what will happen next.

5.5.6 Personal Politics

The final common reason that people object is that they have a political reason for choosing another company. They may have a friend or family member who works at a competing organization, or they may think that they will gain additional future advantages if they choose your competition. In this case, your only real way to manage the objection is to continue focusing on the benefits of your product or service. At the worst, you will end up with a relationship with a prospect that you can contact again in the future.

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6. Strategies for Getting to Agreement

6.1 Introduction

So you've been negotiating with your prospect, using the skills that we discussed in the previous chapters, but you seem to have hit some roadblocks. You and the prospect are going around and around in circles with your discussion and you can't seem to get to an agreement. In this chapter, we'll look at some of the common barriers to agreement and what you can do to move the negotiation past those barriers.

6.2 Positional Negotiators

When you have a positional negotiator, you are dealing with someone who is not willing to budge from their own position. They repeatedly state their perspective, their stand, or their position on the matter and don't seem to be able to move the discussion past that. When you find yourself in this situation, your goal is to try to refocus the conversation on the merits of the proposal, the product or service, and the organization that you work for. How exactly do you do this?

A positional negotiator is almost an oxymoron. The term describes a person who has stated their position on a point and refuses to budge.

A positional negotiator could be seen as playing 'hardball'. They don't focus on the merits of the proposal, but instead go on the offensive. They will use three common maneuvers:

- Assert their own ideas very forcefully, without willingness to consider other ideas
- Attack the ideas you present
- Attack you as the negotiator

Let's look at how to refocus the negotiations in each of these situations.

6.2.1 Asserting Their Own Position

When someone is powerfully asserting their own position over and over, it can be difficult even for a skilled negotiator to wedge the prospect away from their hardball stance. Instead, you can use what they are saying to your advantage. If they are stating their position it is because they have an interest that is a priority for them to protect and fulfill. You need to question and probe their position to determine exactly what their interest is behind that position. You could use questions such as:

- It sounds like this point is very important to you. Can you tell me why?
- What is it that you are concerned would happen if you compromised on this point?

- I appreciate how strongly you feel about this issue. Can you tell me what benefits you see in maintaining your current position?

Use what a positional negotiator is saying to your advantage by identifying what their true interests are.

Notice that in each of these questions, you maintain your calm, professional, inquisitive demeanor. You are also finding the key to move away from the prospect's position and to a discussion of his interests. Once you get him to state those interests, you can focus on reminding the prospect of how your product or service meets those interests.

6.2.2 Attacking Your Ideas

If you find that a positional negotiator is attacking your ideas, your first response might be to act defensively. No one likes their ideas being attacked or criticized. But the fastest way to take the power out of an attack is to invite the attacker in. If you feel they are criticizing an idea you had, ask them to give you advice and constructive criticism.

The fastest way to take the power out of an attack is to invite the attacker in.

As before, you can use the prospect's negative comments and criticism as a way to identify what their interests are, then look at your ideas again from the point of view of the prospect. Is there a way you can improve your ideas or suggestions so that you can better satisfy their interests?

Or, you can diffuse their criticism by asking them for advice. Simply asking, 'what would you do?' can be a very powerful tool when you are facing someone who is locked in a position and won't budge. You might be missing something and their locking down is actually a way of telling you that you are missing something that is important to them.

6.2.3 Attacking You

In a negative negotiation situation, you might find that a customer verbally attacks you personally. Again, your initial reaction will be to either defend yourself or to launch a counter-attack on the prospect. But you need to resist this urge and instead, think of their attack as being the result of their frustration with the problem, not with you as a person.

Let the prospect say what they need to say and vent their anger or frustration. Until they do, it will be simmering beneath the surface and will continue to block your attempts to reach agreement. Acknowledge how the prospect feels and the points that they make so that they feel heard and their concerns get addressed. Then refocus the conversation on the problem and what the two of you can do to resolve it. You can do this by asking questions – questions don't give the prospect anything to continue attacking.

Until the prospect vents their anger or frustration, it will be simmering beneath the surface and blocking your attempts to reach agreement.

Or, use silence to allow the prospect to calm down. Most people are not comfortable when you are silent for more than a few seconds, and that discomfort may be just what the prospect needs to be distracted from his or her anger. Silence can also suggest that the two of you are at an impasse, and the prospect might suggest another solution or offer to make a compromise simply because of the silence itself.

6.3 Using a Third Party

If you find that you cannot come to an agreement between the two of you, consider bringing in a third party to arbitrate or facilitate agreement. This third party will work with both of you to help you come to an agreement or an alternative. You can use the third party assistance in a formal manner or an informal manner. Or, you can ask them to take over the negotiations by following the steps shown below. The third party:

- Explores the interests of both parties
- Creates a draft of a possible solution

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- Goes over the draft with each party and gather any comments
- Revises the draft, taking the comments into account
- Offers the final version of the solution to each party for a yes or no decision

A third party can often help facilitate an agreement when the original parties have not been able to do so.

At the end of this process, you should have a final, written solution that both you and the prospect have agreed upon. It is probably not as likely that you will use this technique with simple sales, where you are negotiating price only, for example. But it can be very helpful in complex, intricate sales arrangements such as outsourcing agreements.

6.4 Changing the Paradigm

You may find yourself in a situation with a client that is playing hardball. This type of negotiating may manifest itself in a prospect that makes sweeping, extreme claims or demands and is not willing to make any concessions – or is only willing to make them slowly.

Change the paradigm of the negotiations by calling the other party on the fact that they are playing hardball and pointing out what that is doing to the negotiations process.

This is a common hard-bargaining method that has the advantage for the user that some people will not stand up to this almost ‘bullying’ type of negotiating behavior. Instead, they will change their own stand in order to have a chance of making an agreement. On the other hand, it has the disadvantage is that the user risks not making any kind of agreement at all. If either you or your prospect adopt the attitude of ‘take it or leave it,’ you run the risk that the sale could go either way.

In this type of negotiating, a standoff is a common result. But you can avoid this if you know how to respond to a hard bargainer. Simply change the paradigm of the negotiation by doing two things. First, call attention to the fact that the client is playing hardball – in other words, call him on it. You could do so by saying something like one of the following:

- *It sounds to me like you’re drawing a line in the sand on this point.*
- *If I am hearing you correctly, you’re firm on this issue.*
- *Am I right that you don’t have room for compromise on this topic?*

Then the next step is to point out what this attitude or stance is doing to the negotiations. By pointing out what the prospect is doing, you are shifting the paradigm, or the way that you are looking at the situation – and possibly, the way that the prospect sees it as well. Try saying something like:

- *What can we do to move from this point to a mutually satisfactory conclusion?*
- *Are you willing to let this point be the one that prevents us from reaching an agreement?*
- *Is there no other possible arrangement that we can discuss that would let us both focus on our interests?*

If the customer is blowing hot air, this gives him a chance to see what his blustering is about to cost him in the negotiations. If he is not bluffing, this gives you the chance to know exactly where the customer stands so that you can make a decision for yourself as to what your next steps should be.

You can also shift the paradigm by changing the people involved in the negotiation. Sometimes getting others into the room who haven't been there before will allow any tense undercurrents to dissolve – particularly if you or the other organization let the first set of negotiators walk away. Plus, it can simply shake up the negotiations so that you get a fresh perspective and a sort of 'clean slate' for the rest of the negotiations.

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7. After the Negotiation

7.1 Introduction

There are three possible outcomes after your negotiation is complete, each one requiring different steps. First, you may very well reach an agreement and make the sale. However, there are still things that you need to do in order to improve your negotiation the next time around, and to make sure the customer's order is properly filled. Second, you might not reach an agreement at all. The customer may simply not want what you are selling, even after you have done your best effort to demonstrate the value of your product or service and in spite of the concessions that you were able to make during negotiations. Or third, you could come up with an alternative solution with the customer – some other resolution that you are able to come to together. We'll look at each of these scenarios in this chapter.

7.2 When Agreement Is Reached

Congratulations. If you have reached an agreement with your customer, then you have made a sale. But your work is not done yet. You need to take the steps to move from agreement to implementation. Start by summarizing the agreement, either verbally or in writing. Getting the agreement in writing is always a good idea because it gives everyone something tangible to refer to as you move forward. This should be done both with the customer and with your internal support team members who will actually be delivering the product or service as well.

Next, thank the customer for their decision to do business with you. Taking the time to do this will help you to build additional rapport with your customer – not to mention the fact that it's just plain good manners. If you want to go the extra mile, write a thank you note to the customer and to any other members of the organization that met with you during the sales process. And don't forget to thank any of your own team members whose support and contributions may have assisted you during the sales process.

Finally, take some time to review the sale that you made and the negotiation process. What were your strengths during the process? Where did you find yourself facing a barrier or stumbling block? What could you do to make the process even smoother next time? If you worked with others during the process, ask them for their feedback as well. You can learn from every sales negotiation that you partake in – and the best salespeople take every opportunity they can to improve their own skills.

7.3 When No Agreement Is Reached

It happens to every salesperson. Despite your best efforts at researching, presenting, overcoming objections, and negotiating, you and the customer simply cannot come to an agreement. In other words, you don't make the sale. But there are still things you can do make the best of the situation when this happens.

Again, let the prospect know that you appreciate their time and their willingness to go through the negotiation process. Remember to remain professional and avoid appearing disappointed – you want to preserve the relationship for the next time that the prospect is looking for a service or product that you provide. In fact, you should leave the customer with some sort of statement that gives them a way to come back to you and organization in the future – let them know that you would welcome their business in the future.

Finally, just like when you do reach an agreement, you should try to learn from the experience. In fact, it is just as important to review the process when it didn't lead to a sale as when it did. Gain the insight that you can from this experience and then apply it moving forward.

7.4 Alternatives

Perhaps, for some reason, you will be unable to negotiate an agreement on this particular sale in the exact terms that you wanted, but you might have other alternatives. In fact, you should go into a negotiation with what is called a BATNA, an acronym which stands for:

- Best
- Alternative
- To
- Negotiated
- Agreement

This is your fall-back position. It's the list of alternatives (or one single alternative) that you would be willing to accept instead of walking away with nothing if your negotiation has failed to reach an agreement under your original terms. In order to develop your BATNA, before you enter negotiations:

1. Brainstorm a list of possible actions if no agreement is reached
2. Develop the best ideas into realistic alternatives
3. Choose the best alternatives

The BATNA(s) end up being your minimum threshold for an agreement. In other words, you will only accept an alternative that is as good as or better for your organization than the BATNA(s) you've identified. Therefore, you should continue to work on improving your BATNA(s) because that way you will be continually improving the results that you get when you enter negotiations.

One last word about a BATNA; the other side has one too. If you cannot come to an agreement on your current topic, try to explore their BATNA as well by asking open-ended questions regarding what alternatives they would be willing to consider. The closer your BATNA is to the other party's BATNA, the easier it will be to reach an agreement of some kind.

7.5 Making Your Agreement Last

As you are finalizing the details of your agreement, there are a few things to keep in mind. First, be sure that you address any issues of implementation or delivery. You want to be clear with the customer regarding how long it will take, what will be required on their part, how the process will go, and any other details that could affect how the customer perceives you and your organization during the implementation process. You don't want them to regret the agreement because you neglected to divulge certain information to them.

Second, you want to design the agreement so that it minimizes risks – on both sides, if possible. The riskier the agreement is, the more chance there is that something will go wrong. Identify areas of risk and see if you can strengthen them by adding clauses or information to the agreement that will help prevent the dangers from occurring.

Finally, realize that you might not have thought of everything. There is always the chance that some dispute will arise over the agreement that you have with the customer. Be sure that you have built into the agreement a form of dispute resolution. Will you hire an arbitration organization? Who will pay for it? What right does the customer have to dissolve the agreement, and what right do you have to do the same? This is another way of limiting your risk, which just makes good business sense for both you and your customer.

8. Resources

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