

Negotiation mistakes

Reporting from the front-line on key sales skills

I had dinner with a sales director who had read the recent articles on common meeting mistakes and presentation errors. He agreed with me that success, even at the higher levels of complex selling, is often about not making basic mistakes. We agreed to use his sales team to illustrate the point, looking particularly at common errors when negotiating. I interviewed salespeople and managers, as well as talking to some customers, and as expected there are mistakes that many people make at least some of the time.

Giving things away during the sales cycle. In practically every case we examined, the starting point for the negotiation had been eroded by the salesperson during the sales cycle. In some cases this was agreeing to minor points that could have later been used as bargaining points. “That shouldn’t be a problem,” is a phrase we found often used by salespeople during the campaign, while of course what the client hears is, “That’s agreed.” Some mistakes were far more glaring – for example, at a first meeting an account manager agreed that a small, partly-owned subsidiary of a major account could take advantage of a large corporate discount structure.

Negotiating when you should be selling. In several cases we found that what salespeople thought was negotiating was in fact handling a price objection. We found instances where value had not been defined before entering the end game of the purchase. In these cases customers will, consciously or subconsciously, typically raise price or value objections. “Sell first and negotiate later” (if you have to) is a message driven into people over the years, but still needs reinforcing.

No proper preparation. Even in simple product sales, and certainly in complex solution selling, preparation is vital. Every salesperson we talked to agreed with this point, yet in far less than half the cases examined was the preparation even approaching what should be acceptable. It came as no surprise that it was the less successful salespeople who did not consider real issues and options, where they should have been setting ranges, targets and limits for each variable. What was slightly surprising was that few sales negotiators were setting BATNAs (see box).



Seeing the negotiation as a personal challenge. We found some salespeople’s judgement was clouded by the emotions of a negotiation. While this might be expected when people are “at the table”, it extends to the preparation and debriefing times. It is particularly noticeable during the latter stages of a negotiation, when personal pride and machismo come into play. Despite the expectations of some sales managers, both male and female salespeople are prone to saying things like, “I’m sure I can squeeze more out of this,” even when they had exceeded their target. While this can lead to very good results, it often goes too far, putting the deal and future relationship at risk, owing to their personal need to be seen to be “winning”.

Not anchoring the negotiation and emphasising agreement. It is difficult moving from a selling role into negotiation mode. In some ways negotiation can be more confrontational than selling, but at its heart it is less so, as the prospect is only spending time with you because they want to do business. We observed many salespeople falling into the trap of emphasising differences rather than the similarities and agreement in the situation. Our observations point to more success for those salespeople who bring the conversation back to the common ground to resolve differences.

Not getting anything back in return for concessions. This is such a basic principle that I am amazed it is not enforced by all salespeople. We found many examples where they gave things away and did not even seek anything in return. The most common reasons were: “It didn’t seem important,” or, “There was nothing I wanted back.” Giving feedback on this enabled them to change their behaviours very quickly with improvement in results.

Not having a concession strategy. In addition to not preparing thoroughly, a number of salespeople were not planning properly either, particularly on concession strategies. An attitude of, “Let’s wait and see what they come up with before we decide our next move,” was common, while better performers were always trying to think at least one move ahead and towards their eventual target. A side effect is that among those who didn’t have an effective strategy the speed of the negotiation was a lot slower, which may have also impacted on the next point.

Not understating timescales or momentum. I’ve discussed in previous articles the importance of momentum, and nowhere is it more apparent than during the end game and negotiation. It is clear that the more successful are much more conscious of keeping things moving in a timely fashion, especially when the outcome is looking favourable.

Not closing the deal. It is unclear to me why some otherwise very professional salespeople fail to complete deals, particularly at the end of a negotiation. There is a sizeable minority reluctant to try and force the final agreement, resulting in some deals going away, or other variables getting raised that led to the result not being as good. It is perhaps to do with a fixation for a true “win-win”, which is often an impossible dream. **SF**

Steve Hoyle is a founder of ProAct Business Development and can be contacted at steve.hoyle@proactbd.org

WHAT IS BATNA?

The term BATNA – Best Alternative To a Negotiated Agreement – was first used by Roger Fisher and Bill Ury in their best selling book *Getting to YES*. BATNA describes the set of conditions that you will use to evaluate the whole deal. While for any one variable (price, volume etc) you will have prepared a lower limit, BATNA allows you to evaluate the whole deal and determine if it makes sense. For example, a BATNA may be that you lose a major global contract but continue to profitably service local subsidiaries and keep your resources available for other clients.