

Fast Forward: Process + Dialogue = Successful Negotiation

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When you speak with someone who isn't aware of the way in which negotiation plays a part in the sales process, he might describe a scenario like this: Two people sit across a table from one another, eyes locked, fists balled, neither of them willing to give an inch--because each knows that, in the end, one of them will not get what he wants. Of course, that kind of "negotiation" gets you nowhere.

Negotiation is something that begins at the beginning. Each step of the sales process involves negotiation. Jim Watkins, sales consultant for Reno, Nev.-based Miller Heiman, says, "People think that they sell right up until they start talking money, and then the negotiation begins. But, if you do that, you erase the chance to discuss the relative value of your offerings during the sales cycle."

In other words, if the buyer doesn't see the value in one part of the offering, the seller recognizes the need to adjust his strategy to include a piece the buyer does perceive as valuable. And, as Grande Lum writes in *The Negotiation Fieldbook*, "Until you create value, any price is too high."

Miller Heiman sales consultant Bob Peisert agrees: "Negotiation happens whenever you're giving or seeking information. You need to agree--or not agree--

to take next steps at every point in the sales process."

Giving or Seeking Information: Uncovering Interests

The first step to set both parties down the path to a win-win negotiation is to reveal your own interests, and to encourage the other party to do the same. Lum writes: Discussing interests uncovers the other party's concerns and allows you to share your own, which "unlocks you from the trap of positional bargaining." One example of positional bargaining is haggling over price--something that every good negotiator knows is to be avoided.

To draw the other party's interests out, volunteer your own, and ask questions. Watkins suggests you reveal an interest, and ask that the buyer reciprocate. Then, dissect the buyer's answers by drilling down to the details.

Watkins' example: "What's important to me is usage and implementation. What's really important to you? [The buyer answers that price is important.] Well, what do you mean by price?"

Open communication plays a strong role in successfully negotiating for a win-win outcome. Peisert points out that the buyer's role dictates how people will negotiate and to what degree they'll reveal information. A

technical buyer, like a procurement specialist, will be more concerned with price and delivery issues; whereas, an economic buyer will be interested in ROI and the value brought to the company, and the buyer who will be using the product or service is focused on the job to be done and asks questions like: How will it work for me in my job or my department?

“Some things are sacred, but the more you share, the better off you’ll be,” Watkins says. “You have to build trust. If I don’t think you’re trying to cheat me, I’ll be much more open with you.”

Options and Alternatives

Once both parties’ interests are on the table, you can focus on generating creative solutions by brainstorming options. Peisert says having a lot of options on the table is like having a lot of bargaining chips. The options allow you to make smaller commitments and agreements as you go along.

You should also formulate your Best Alternative to Negotiated Agreement (BATNA), or what you will do if no agreement can be reached. The BATNA, according to Peisert, is the heart of the of the Miller Heiman negotiation methodology. By determining your options outside of the negotiation, you become willing to accept the consequences of walking away from the agreement.

“The better your BATNA, the stronger the negotiating position you’re in. If you have a full pipeline, and you’re not able to come to a satisfactory agreement with a prospect, it might be more beneficial for you to say this isn’t going to work out,” says Peisert.

“You can use your BATNA to threaten, or you can use it to educate,” Watkins says. He says that sometimes people in his workshops have trouble identifying their BATNAs. “You always have a BATNA. Your BATNA might be that you can’t run your business that way.”

Back-Up and Dealing With Tactics

Now that you have multiple options on the table, it’s time to narrow them down using criteria, or factual back-up. Doing so, according to Lum in *The Negotiation Fieldbook*, provides a neutral, rational approach for deciding among multiple options, which protects against manipulation. Criteria allow you to measure for fairness.

If you do find yourself in a situation where someone is using manipulative tactics, like haggling or “good cop, bad cop,” Watkins recommends that you acknowledge what’s going on—humorously if you have rapport—and then revert back to the process by asking more questions to further understand interests, or come up with more creative options to “expand the pie.”

He cites an example of “expanding the pie” in which a client couldn’t afford his consulting rates but owns a resort in Mexico, where Watkins likes to vacation. He offers his services at a lower price and in turn gets a reduced rate on holidays. That way, both parties are satisfied; both provide things of interest to the other, but have different values to each.

Throughout the negotiation process, “You’re trying to get to a conversational dialogue, where you can explore interests and options,” Peisert says. “Then, you can come to good decisions as to whether you’re negotiating a one-shot transaction, or if there’s value in a long-term relationship.”

Uncover interests, brainstorm many options, back up the options with criteria and formulate your no-agreement alternative (BATNA): By working within these guidelines, you eliminate hostility and can concentrate on a dialogue that satisfies both parties in a negotiation.

About Miller Heiman

Miller Heiman has been a thought leader and innovator in the sales arena for almost thirty years, helping clients worldwide win high-value complex deals, grow key accounts and build winning sales organizations.

With a prestigious client list including Marriott Corp., Dow Chemical, Pepsi, Schwab Institutional and Wells Fargo, Miller Heiman helps clients in virtually every major industry to build high performance sales teams that deliver consistent sustainable results to drive revenue.

The company is headquartered in Reno, Nevada and has offices around the world. More information can be obtained by visiting the company’s website at: www.millerheiman.com.