

Don't just give in

Be firm with concession requests

Question:

Twice this month, one of my key account executives has frantically asked me to make last-minute concessions for two prospects he's been working with for several months to secure an agreement. It appears the CFO and procurement director are exerting some real pressure on him, but I feel as though he is caving too quickly. What do I do?

Response:

Every move you make in a negotiation conditions the other party how to negotiate with you. If you cower under concession demands, the other party learns that the more difficult they become, the more concessions you'll make.

If however, when faced with concession demands, you demonstrate a desire to be flexible while still maintaining the same level of value, you'll earn respect and legitimate your negotiating behavior.

When salespeople cave in to last-minute demands, they send the message that their bottom line is in fact a smoke screen. Whether they are desperate to close the business or fearful that they will lose it, they set a dangerous precedent that is difficult, if not almost impossible, to undo.

It's difficult to know exactly what your sales

team members are doing to create this type of consistent behavior. What is obvious and of concern is that it's a reoccurring pattern that's undermining your company's bottom line.

I would suggest you take the following actions:

1. Ask your salesperson to review with you the highlights from his conversations when negotiating the details of the agreement. Listen intently and see if you can identify a pattern of conceding to pressure on a small scale.
2. Be sure your sales team member is clear about who he is negotiating with and who has the authority to make the final decision. If his contact is unable to sign off on a contract, then he should be tentative with the information that is shared until he has access to the final decision maker. The question, "Who do we need to invite to the table and on what timing to finalize this contract?" is a viable question to ask early in the process. If the prospect says, "No one. I sign all contracts," the sales professional should ask in response, "Then I expect that we will work exclusively through the details to finalize this deal, correct?" "OK, what happens if I receive a call from your CFO?" Hopefully, the buyer will say, "That won't happen."
3. Once a negotiation becomes a verbal agreement and is confirmed with a handshake, be sure your salesperson sets clear expectations about what happens next. When you debrief with your team members, find out exactly what the customer said when they confirmed the deal. Was it something along the lines of, "I like your proposal. Write me up a contract so we can get started." Or, was it more like, "I like your proposal. I'm pretty certain that my team will support

this. I will present this to them next week and get back to you." The second scenario is a lot more ambiguous than the first. What exactly did the customer mean by "pretty certain?" Statements like this offer more clues to help you assess cause and effect.

4. If a prospective customer responds with revisions to the proposal, serious consideration should be given to these requests. Let's say for example, a prospective customer states that they have a budget limitation. Rather than lowering your profit and giving away margin, remove some of the value to reach their price point. For example, if you deliver the product in 4 weeks rather than the negotiated 2 weeks, you can eliminate \$3,000 from the price. Production can work their normal shift without adding overtime for a third shift. Your willingness to hear and respond to their concerns without compromising your profitability validates your negotiating position. It conditions the prospect that they can't get something for nothing.

Be mindful of the messages your sales team is sending to the prospect, deliberately or by default. Everything in a negotiation is analyzed. Weakness is leveraged. In the short-term, you might need to work more closely with your sales team as they maneuver through these difficult conversations. Your insight and counsel may be the key to keep this pattern from becoming a counter-productive habit.



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