

Don't flinch

Salespeople should not concede so quickly

Question:

My sales team appears very confident when I talk to them prior to the negotiation. But when they meet with the customer, they almost always make unnecessary concessions. How do I address this without insulting them?

Answer:

You're not alone. Almost all sales managers I meet complain that their sales people are overly optimistic, especially when they imagine negotiation outcomes. Rather than subscribe to the philosophy, "prepare for the worst, expect the best," sales people tend to expect the best and are taken off guard when they encounter the worst.

There are two factors that contribute to their pie in the sky thinking. The first is called egocentrism – which is the tendency to have an overly positive view of a situation. Studies show that two-thirds of U.S. MBA students who plan to go head-to-head with a competitive opponent during a negotiation, become concessionary.

This behavior is rooted in what Yaacov Trope of New York University calls, "desirability concerns," which is the tendency to focus on ideal circumstances or outcomes. Sales professionals who imagine the outcome of a nego-

tiation, see themselves engaging with confidence and not yielding to hostile pressures. But when the event is upon them, they become overwhelmed by "feasibility concerns," such as whether they can reach any deal at all.

The second factor is a lack of training. We are not born great negotiators. We learn to become great negotiators. Through knowledge acquisition, practice, feedback and retooling, we acquire insights about ourselves as well as effective strategies that can be used in various conditions.

The intervention

My recommendation to you is simple, but not easy – help your team become aware of their negotiation patterns and the business impact. Conduct a profitability assessment. Examine the last 10 deals each sales person closed. Detail what each sales person projected they would walk away from the bargaining table with and compare that to the real outcome. I suspect the differential will be significant, especially when you add up all of the negotiations. If you feel so inclined, take each salesperson aside, and make it even more personal by calculating the commissions that were lost.

Once they understand the business impact, it's time to begin honing their negotiation skills. Start by developing three or four case studies that represent real world negotiation situations they encounter. Then, create a negotiation prep worksheet that will guide them to think through the critical elements of the negotiation:

- What is most important about this negotiation?
- What are the needs?
- What are the wants?
- What's the walk-away point?
- What happens if there is no agreement on basic level needs?

- What concessions are they willing to make?
- What will they ask for in return?
- What are viable options?

Once you've completed this step, call a team meeting. Frame the meeting by explaining your intentions and desired outcomes for the session. Select a case study and as a group work through the prep worksheet together. This will provide a safe learning environment in which each person can contribute to the degree they feel comfortable. The main objective of this exercise is to begin conditioning the team about how to prepare for a negotiation.

When they can effectively strategize a situation, then up the ante – choose another scenario and then break the group into two opposing teams: Team A will assume the role of the customer and Team B will play the sales person (Hint: it's effective to have more than one person on each side so they can brainstorm together). Provide each team with the same background information. Then, distribute each team's confidential information, which details the specific objectives they want to achieve from the negotiation. Plan to allocate 60 minutes for the preparation step, and about 30 for the actual negotiation.

Take time at the end of that negotiation to debrief. This is a great learning experience for everyone, especially those who assumed the role of the buyer. The personal insights they will gain about themselves – what it's like to sit in the customer's chair and the negotiation process in general – are quite powerful for the whole group to hear.

Sustained success

Once you've completed this step, consider allocating time every two or three weeks for a negotiation dress rehearsal. Here's what

I'd suggest: have one of your sales team members describe an impending negotiation. Then, work as a team and discuss each section of the negotiation prep worksheet. Be sure to discuss possible points of resistance as well as counter strategies.

Post-negotiation, ask the sales person to debrief the team about what happened, what worked well, what didn't and their lessons learned. This approach will strengthen their team spirit and institute a different level of accountability for learning and results. It becomes a different ballgame when the sales person is accountable to their peers, not just you.

One thing to keep in mind . . . every negotiation is different. Even if you have negotiated with the same customer in the past, the environment can change without notice. If you teach your team to "prepare for the worst but expect the best," their results will undoubtedly improve. Best of luck!



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