

# Playing hardball'

How to respond to tough bargaining tactics

## Question:

**How do we negotiate with a customer that we can't afford to lose when we have limited options? He's been tough but fair over the years. Now he's making wild demands without regard to our track record or trusted relationship. I'm at a loss.**

## Response:

If you respond with confrontation, you put the relationship at risk. If you respond with compromise, you put profitability at risk. If you want the discussion to move from a disagreement to a deal, you will need to redirect the conversation to explore possibility.

Some customers resort to hardball tactics even when you've done a consummate job of selling. The premise is that it costs nothing to ask for a concession. Sellers can always say "no" but inexperienced sales people will say "yes" to even outrageous customer deals just to close a deal.

Some salespeople will try to strike to balance between accommodation and compromise. Wrong. This is a common response by sales people whose commission structure does not take into account profitability. A 10-percent reduction to margin may not dramatically impact their commission, but it will undercut the company's profitability while simultaneously setting an unhealthy (harmful) precedent.

Thomas Keiser, former president of the

Forum Corp., says, "The best response to aggressive but important customers is a kind of assertive pacifism. Refuse to fight, but refuse to let your customer take advantage of you. Don't cave in, just don't counterattack."

Here are eight strategies that may help you shift your customer from playing hardball to being more cooperative:

### 1. Develop your negotiating road map.

Know your walk away point. This is typically a combination of price, terms and deliverables. It represents the minimum that you will accept.

Define potential variable options so you don't get labeled as being inflexible or unwilling to consider options. For example, if during the negotiation you discover that your customer's one sticking point is price, what options have you mapped out ahead of time that you can explore with him? Define your options before you walk into the negotiation so you don't feel put on the spot.

Let's anticipate that his sticking point is price. Would he be willing to:

- Commit in writing to additional volume within a specific period of time?
- Add a services component to the product sale?
- Introduce you to another customer who might benefit from your offerings?

Never give something without getting something in return; otherwise your credibility will be undermined. When you have (can present) options, your flexibility increases and so does the probability that you can find common ground.

### 2. Listen for clues.

When under attack, most people tend to

defend themselves or counterattack. The best strategy may seem counterintuitive: keep the customer talking (as long as they aren't personally attacking you); and listen without defending. This might diffuse their anger, and, when you're listening you aren't making concessions.

### 3. Note which issues require further discussion.

Negotiation discussions do not operate in a straight line. Key points can become confusing when emotions are high. One trick to neutralize even the most outspoken opposition is to turn objections into issues that need to be addressed. To do this, you must remain composed. During the outburst, capture strategic words the customer says. When the time is right, respectfully integrate his language into your summary. This will show that not only did you listen but are willing to address their concerns in a respectful manner.

### 4. Assert your company's needs.

Salespeople are hired to protect their company's interest while strategically nurturing relationships to grow revenue. Unfortunately, many sales people lose their perspective over time. They begin to think like the customer and argue on behalf of their customer's needs without consideration to their own company's viability. This is both dangerous and short sighted. Thomas Keiser said, "the best negotiation stance is not a single-minded emphasis on customer satisfaction but a concentration on problem solving that seeks to satisfy both parties."

Salespeople need to know and be held accountable for how they allocate company resources: personnel, information, strategies, etc. The customer won't value the resource when it is freely given away without justification about how this will advance the decision process.

## 5. Save the most controversial issues for last.

Resolve relatively easy issues first. This helps build momentum and creates a reconciliatory climate for tackling more difficult issues. Additionally, new variables may emerge which will help you strategize how to reach agreement without anguish.

## 6. Make customers work for their concessions.

Salespeople are the guardians of corporate resources. They must be diligent to release corporate resources only when they are sure that in doing so they are advancing the sale

Make concessions slowly and make each concession progressively smaller. This will create the perception that you are reaching your bottom line and you have little room to make concessions. Aggressive negotiators want to see a return on their negotiation investment. Don't make big concessions on big items otherwise you will lose credibility.

When you negotiate with belligerent customers, diffuse their high-spirited emotions by listening, acknowledging and redirecting

their attention to problem-solving conversations:

- Sidestep their attacks (as long as they don't attack you personally).
- Honor their position (even though you may not agree with it) by saying, "Mitt, what I'm hearing you say is that what is most important to you is..."
- Strategically revive issues from your notepad to create agreement and build momentum.

In doing so, you will gain respect and hopefully mutual agreement by drawing upon these disciplines. If you succumb to their high pressured tactics and you will condition your customer that their underhanded techniques work – and you may forever play victim to their nasty and manipulative strategies.



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