

Effective Negotiating - The Key to Sales Success

No two persons agree on all things. When people come together to work out a deal, they try to maximize their benefits and minimize their costs. Each person places a different value on individual elements of the deal. An effective negotiation is not just about making people see things from your point of view, but it is also about converging two different views to a point that is perceived by both parties as mutually beneficial. The art of negotiating is the backbone of a successful sales campaign.

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Focus on The Customer - Show Him the Money:

The customer is not bothered about how badly you need to make the sale to meet your monthly target. He is more bothered about fulfillment of his needs and getting value for his money.

Talk about the customer's benefit. Don't tell your customer about the latest technology in the car's engine - tell him how this new engine saves him fuel and time.

Know Your Competition:

Knowing your product is not enough. You must know what your competition is offering. You don't want to end up staring at the customer, when he says your competitors are 20% cheaper. Have your answers ready. Give him valid reasons for your higher price.

Don't Waste Your Time with People Who Don't Matter:

When dealing with an organization, learn to prioritize. Don't waste your time explaining the secretary why your power tools are good. Save your time and energy for the decision maker. Try to get an appointment with "the boss". If you can't get one immediately, try for a later one, else move on. The secretary is not going to buy your tools.

Exploit the Copycat Mentality:

Humans have a mentality to copy what others are doing successfully. If a person's competitor or acquaintance is using a product, he may be tempted to use the product too. Keep your references ready and tell him how others have greatly benefited from your product or service.

Get Them to Agree When a person agrees to something you are saying, he subconsciously creates a positive frame of mind towards your offer.

Getting the other person to say "Yes" on various occasions brings both of you on the same side - with the same goal.

Your Negotiating Strength Lies in Your Uniqueness:

If it is easy to find someone providing the same service or product that you provide, your negotiating potential is reduced. The more unique your offer, the greater negotiating powers you have. Always make a list of points which differentiate you from your rivals. Sometimes people buy things just because they are different from what most other people are using.

Use Time to Your Advantage;

Every one of us has been to a stock clearance sale. When the merchant runs out of time to sell his stock, he loses his pricing power.

Customers use this tactic on sellers and give a deadline to make a decision on price and terms. The person who is short of time is always at a disadvantage. Never allow yourself to be trapped in a "time limit" trap. Even when you are short of time, don't let it be known to the other person.

On the other hand, a person's urgency to get something done can work in your favor. If the other person is in a hurry to get things done, you can be assured that he will be more willing to bend than he would in a normal situation.

A word of caution - never exploit the other person's urgency to such an extent that it makes the deal grossly one sided. You may get what you want one time, but such deals have a negative impact on your reputation and future business. A win-win situation is always desired.

Price Is Not Everything - Terms Matter Too

Terms of service are as important as the price itself. An example could be the loans and mortgage industry. Companies are able to charge higher interest rates than competitors by allowing flexible repayment options. Companies offering freebies with their products are compensating a higher price with friendlier terms. Create a balance between the price and the terms - when price is your weak point, offset it with better terms.

"The Policy" Tactic:

Since childhood, people are taught that rules are not to be broken. At subconscious level most of the people carry a perception that it is their duty to follow all rules. You will be surprised how easily people give in when they are told that the terms which they are expecting are against the company policy. Salespersons always keep a printed price list with themselves. Those few black words printed on a white paper add authority to the salesperson's arguments and send the message that it is not within their power to alter the terms.

Keep Your Last Price For The Last:

Most buyers have a tendency to ask for a lower price than offered. If asked for "the last price", quote something more than the actual "last price" which you are willing to give. It doesn't matter if initially you offer a price 2% lower or 20% lower - buyers will ask for a further lower price in both cases.

The Final Gambit - Say "No":

Risk taking is an essential ingredient of success.

Agreeing to customers' terms all the time weakens your image in the market. Walk out of the deal if it doesn't seem profitable. If the customer gives in to your terms, you win a profitable deal. If you lose the customer, why repent? He wasn't a profitable customer anyway.