

Equal Pain or Equal Gain? Negotiate for Win-Win

Every sale involves negotiating—starting with your first contact with the client. Miller Heiman’s *Negotiate SuccessSM* workshop shows the best way to begin, essential areas of focus, what to do first and last, how to avoid pitfalls and ways to handle typical “tactics.” Call: **877-678-3386** to find your next step to successful negotiation.

Preparation:

The Ultimate Negotiation Tool

The best salespeople clearly understand the importance of knowing as much as possible about what their customers need, what they worry about and how they do business, according to Miller Heiman research.

More than 2,200 sales professionals participated in the 2006 Miller Heiman Sales Performance Study, which is part of the world's largest continuous research project on sales performance. Among other findings, this year's study identified the characteristics of key players in Winning Sales Organizations (WSOs).

The study indicated that, when compared with less-successful salespeople, top performers:

- Clearly grasp the specific challenges their customers face in their industries 20 percent more often.
- Focus on solution-led selling 26 percent more.
- Understand their customers' buying processes 25 percent better.
- Win the approval of senior decision-makers 32 percent more

Source: *The 2006 Miller Heiman Sales Performance Study*

Equal Pain or Equal Gain? Negotiate for Win-Win

By Anne Stuart

If there's one thing everybody knows about sales, it's that serious negotiation starts when you and your customer or prospect sit down together to close a deal. Right?

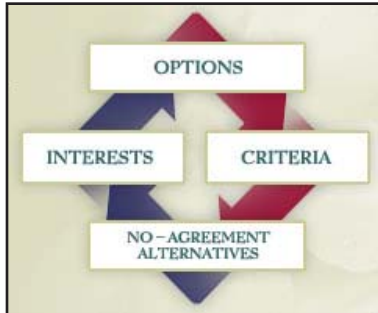
Think again. In any successful negotiation, the real work begins long before either party comes to the table.

"When people hear the word 'negotiation,' they think 'Oh, that happens at the end of the sales process,'" says Grande Lum, author of *The Negotiation Fieldbook: Simple Strategies to Help You Negotiate Everything*. In fact, he and other experts say, the best salespeople start thinking about negotiation much earlier--sometimes even before they've made the first contact.

Specifically, top performers prepare for those at-the-table talks by learning as much as possible about the other party's needs and concerns. "You have to look for their underlying interests," says Lum, a nationally known authority on negotiation who has partnered with Miller Heiman to integrate negotiation into their sales system. "You need to understand what their personal motivators are, what they're really after."

It's equally important for salespeople to understand their own interests, Lum says: "As a salesperson, what is it you want to get out of the negotiation?" The simple answer, of course, is selling that product or service. But the best salespeople tend to have bigger-picture goals, such as building the foundation for a long-term new relationship or expanding an existing one. And, as the results of Miller Heiman's own research indicates, the top performers achieve those objectives by equipping themselves with knowledge (see sidebar: *"Preparation: The Ultimate Negotiation Tool."*)

"Too often, salespeople don't dig enough to find the customer's real interests," notes Damon Jones, who, as Miller Heiman's Chief Operating Officer, is responsible for the firm's global sales operations and international growth. "They need to find out whether the client's focus is around price, or around the terms and conditions, or



More Information on Negotiation

Negotiate SuccessSM program

Miller Heiman's Negotiate SuccessSM workshops provide a simple, easy-to-follow blueprint for using negotiations to improve the sales process. The workshops offer a proven process for making sure everyone involved in a sales negotiation walks away satisfied. Among other things, participants learn proven methods for overcoming objections without resorting to price reductions—while still building long-term relationships that ultimately bring their companies more business.

The Negotiation Fieldbook: Simple Strategies to Help You Negotiate Everything

by Grande Lum

The fieldbook is included with the Negotiate Success[®] workshop and is written by one of the world's foremost experts on the topic. This straightforward how-to guide offers proven practices and tools for successful negotiation. It includes reusable worksheets and checklists, real-life examples, a glossary and other resources. [Click here](#) to learn more about the workshop.

around something else. They need to understand what's driving the customer—for instance, is it that they've just bought a similar product or service somewhere else?"

Developing that deep understanding of both parties' interests is just the first of four elements that Lum calls critical to preparing for any type of negotiation. Those building blocks make up what he calls the ICON Negotiation Model, a framework developed from the best practices of successful executives, salespeople, diplomats and others skilled in negotiation. Each letter in the acronym "ICON" summarizes one of those four key elements:

Interests: The subjective needs, goals, concerns, fears and desires of each party.

Criteria: Objective benchmarks, precedents and standards for judging and filtering potential options.

Options: Possible solutions that satisfy all parties' interests, making them agreeable to all concerned.

No-Agreement Alternatives: The actions each party can take if they leave the table without formally agreeing to any option. In these cases, negotiators often strive for what's known as a BATNA—"the best alternative to a negotiated agreement."

Lum, who describes those interlocking elements in more detail in his *Fieldbook* (see sidebar: "[More Information on Negotiation](#)") says that, together, they provide a proven road map for planning any type of negotiation. By consciously and thoroughly addressing each element beforehand, and by understanding how each can be used as a source for creating more value, savvy salespeople will come to the table better prepared—and more likely to succeed.

And, again, "success" means more than just making the sale. Business, after all, is about long-term relationships—as we know all too well, it's typically more profitable to work with existing customers than to find new ones. Done correctly, negotiation can be a powerful tool for maintaining and expanding those

high-value connections. But, Lum warns, the reverse also holds true: When done poorly, negotiation can do more harm than good.

“Many sales professionals view building relationships within the sales process as a form of collaboration,” Lum says. “But when it comes to negotiation, that’s when it can all fall apart. The salesperson believes, or the customer believes, that you have to be manipulative, deceitful or misleading” to close the deal. Jones agrees with that observation: “Many people on both sides view negotiation as involving an adversarial approach, which is counter to building a long-term relationship,” he says. “If the process left a bit of a bad taste in somebody’s mouth the last time around, that doesn’t bode well for future discussions.”

So what’s the key to negotiating well? It may sound like a cliché, but it’s nonetheless the only method that works: Strive for a win-win outcome. Or, as Lum puts it: “Create the best solution that will meet your interests and mine.”

Ending up at that point requires starting with the ICON road map, first by obtaining that all-important insight into the customer’s interests. Then establish objective criteria. “You use criteria to help establish a common basis for the discussion,” Jones says. “Until you’ve agreed on criteria, it’s really hard to get a consensus to move forward.” Such benchmarks are particularly handy for getting over seemingly impassable hurdles, Lum adds. “You can resort to objectivity rather than force of will. You can be persuasive based on data outside yourself,” such as information provided by an independent source, he says. “That way, neither side feels that they’re being taken.”

A clear understanding of interests and criteria will lead both parties toward options, and, ultimately,

either an agreement or alternative resolution (which, Lum notes, may well involve walking away, at least for a while). No matter how the negotiation ends, both parties should leave the table feeling confident that they were treated honestly and fairly—and, ideally, that they’re better off than they were before they sat down together. Miller Heiman’s Negotiate SuccessSM workshops focus on teaching salespeople how to achieve those objectives through a simple, non-manipulative, customer-focused process designed to make everyone involved in a negotiation come out a winner.

If there’s a sales-specific caveat on negotiation, it’s this: “Salespeople have a tendency to capitulate too quickly,” Jones notes. “In the spirit of trying to get the deal done, they discount too quickly or leave dollars on the table, which they didn’t need to do. They take shortcuts. It’s easier to just discount something than to go through further discussions to find new value—which takes far more salesmanship.” (In fact, Miller Heiman’s study found that 69 percent of sales leaders and 75 percent of salespeople felt increasing pressure from existing customers to cut their prices.)

Lum says that when salespeople cave on discussions involving prices, it’s typically because they haven’t explored the customer’s interests thoroughly enough. “If you haven’t discussed value, then any price is going to sound too high,” he notes.

“A successful salesperson can see beyond the smokescreen of price and rigidity,” he continues. “Be like a detective. Ask good questions.” Based on the answers, suggest alternatives, he says: “Bottom line: It’s about being a problem-solver rather than just pushing a product.”

About the Author

Anne Stuart is a Boston-based freelance writer who specializes in writing about business issues.

Grande Lum is the author of The Negotiation Field-book and co-founder and managing director of Accordance, a Burlingame, Calif.-based firm.

Damon Jones is Chief Operating Officer for Miller Heiman. He has more than 25 years of industry experience covering all facets of business and sales management.

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 Fortune 500 companies, 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.