

Negotiate without Caving

My little daughter is a born negotiator. When she was three years old, we were at the mall, and she wanted to ride the escalator. I said, "OK, one time." By the time we went home, we had gone up and down, up and down about 82 times.

How did this happen? Is she really that great, or am I just a sucker? It made me start thinking about negotiations. She wants a cookie. I say OK. She says "three cookies," and the negotiation begins.

Most of you, like me, probably do more selling than buying in business. As a seller, there is a natural tendency to overestimate the power of the buyer. We tend to believe that they hold all the cards and have tons of alternatives and unlimited time to shop around. Though this is usually not the case, the belief causes some sellers to negotiate very poorly.

That is not to say that concessions aren't often necessary, but flat-out caving will make you feel like you've lost. In addition, it will also make the buyer feel like you were using some kind of sneaky tactic, perhaps even overpricing your product or service from the start.

Instead, the best negotiators will tell you to have confidence in your product or service, price it fairly and respect yourself. Concessions are not a bad thing as long as you work to keep the negotiation level by asking for something in return. A good negotiation results in both parties feeling as though they came out ahead, and it results in a mutual respect, which is very important for doing business again in the future.

Here are a few ideas for what you can ask in return for a concession:

COMMITMENT

Ask your buyer to purchase 100 widgets instead of 80, commit to 12 months versus 6 months, sign up for a service contract or buy something else you sell. This is a simple one, but don't forget about it. The buyer gets his concession, and you get more business.

TERMS

Ask for faster payment terms, get more upfront, have the buyer pay the freight or pick it up, schedule services during your slower time of year, deliver 12 monthly shipments all at once and have the customer store the inventory or add time to the delivery schedule. These may be small things to your customer but could be very valuable to you.



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PRODUCT

Think creatively in a negotiation. You can even make adjustments to the product or service itself. *Be careful here, though, and don't compromise your brand!* Maybe your product comes packaged in a way that adds no value for this particular customer, so you ship it in bulk. You could eliminate a feature or let them assemble something themselves. For a service you could make them responsible for some aspect of it. *Again, be careful here!* You could agree to hold meetings at your location instead of theirs to save time and travel costs, or you could even ask for introductions and endorsements for your service.

Keep these things in mind the next time your buyer asks for a discount or some other concession. Be creative. You'll both come out ahead, and your long-term business relationship will be better for it. I'm trying it too with my daughter: "OK, you can have two cookies, but you have to go to bed right after." It's working. And it's the same principle that works in business. At least customers don't start crying!