

The Titan Principle[®]



Winning Negotiating Strategies by Ron Karr



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Titan Negotiations

"Men see tactics whereby I conquer, but what none see is the STRATEGY from which victory is evolved." -- Napoleon Bonaparte

How do Titans negotiate the deal?

When you hear the word "negotiation," you probably think about the tactics used to negotiate an agreement. However, before you can select the appropriate tactics, you must address the issue of strategy. Your negotiation strategy must align itself with your overall sales strategy.

I believe negotiations really start the moment you first meet the prospect. At that point, you start positioning yourself for the final negotiated agreement. Just like closing, the act of negotiating is not a one-statement event, not a matter of saying certain words or phrases. Your success depends much more on the emotional environment you establish early on in the relationship than on the tactics you use during the negotiation phase.

WIN/WIN NEGOTIATIONS

Most salespeople have heard the popular advice about always striving for a "win/win" negotiation. What does that really mean, and what are the alternatives? In any negotiation process, there are four possible outcomes.

- 1) I Win/You Win** -- This is utopia, the best possible result. Both you and your customer feel you have gotten something valuable out of the deal. This is the outcome that leads to new business from prospects, additional business from existing customers, and referrals for new business from both prospects and current customers.
- 2) I Win/You Lose** -- Here the salesperson manages to get the "best" short-term deal, but shortchanges the customer in the process—or (just as bad) allows the customer to feel that he or she has been short changed. This is the classic bad-outcome negotiation, the scenario that has given rise to many unflattering stereotypes about shifty, fast-talking salespeople. It comes about when salespeople sneak in surcharges they think they can get away with, or charge identical customers different prices for the same product or service. When you "win" in such areas, you really lose! Don't be penny wise and pound foolish. Don't destroy the feeling of trust you have worked so hard to build up with your prospect or customer. Don't lose future business because you forget to make sure the other person comes out feeling that he or she also won in the deal.
- 3) I Lose/You Win**—Far too many salespeople get trapped in this situation. The customer says something like, "Give me a 10% discount, and I promise I'll give you my next three orders." The salesperson gives the discount and waits for the business – and it never materializes. In some cases, the salesperson pressures for the promised business – and the relationship simply evaporates. The moral: Don't offer a discount unless it is warranted by the deal at hand. Never make a sacrifice on the promise of future business. There are no guarantees in this life. The deal is only valid if both sides win --- and that means you win, too -- today!

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- 4) **I Lose/You Lose**---An option arising from not one, but two incompetent negotiators, and one that requires little discussion. If you and your prospect or customer spend time, effort, and energy to reach a point in the agreement where there are no winners, then both of you should probably be looking for new jobs!

There you have it: four possible outcomes to a negotiation. Only one of them – the first -- is acceptable to Titans.

To achieve this outcome, you will need to incorporate four elements in your negotiation process: trust, understanding, offer/acceptance, and agreement. Before we examine specific negotiating tactics, let's look in detail at each of these four elements now.

TRUST

The whole process begins with trust. Where there is no trust whatsoever between the parties, or where existing trust is seriously breached, there is unlikely to be a successful outcome to any negotiation.

If you ask the right questions, you will gain significant trust very early on in the relationship. It's important to understand, though, that you can lose that trust very easily if you start using tactics during the negotiation phase that don't support the work you've done thus far. After working to develop a relationship that's based on getting this person where he or she wants to go, you can't suddenly send the message that you're out for yourself -- and you don't much care what happens to the person with whom you've been working all this time.

That having been said, it's important to remember that developing a trusting relationship with the prospect or customer doesn't mean you have to give away the store! You're going to try to attain specific goals, and you're going to want to be sure that the person you're negotiating with has (or has access to the person who has) the money, the authority, and the need to deliver on your objectives.

UNDERSTANDING

One key to building and maintaining trust in a negotiation is a mutual understanding of each party's expectations, needs, fears and desires. When you have a clear understanding of where your prospect or customer is trying to go, and your negotiating partner understands what's important to you, you will be able to build the foundation on which you can construct a mutually acceptable agreement.

Deadlocks and impasses in negotiation often result when there is no clear understanding of what's at stake, or the consequences involved if an agreement is not reached. Understanding will also help you pinpoint the tactics that are acceptable in a given situation -- and identify tactics that can undercut your negotiation efforts. After all, tactics that work in one negotiation may not work at all in another setting!

Trust and understanding form the basis of the next two prerequisites for win/win negotiation; if you don't have the first two, you won't get to the second two.

OFFER - ACCEPTANCE

This is the point in the negotiation where things get serious. The offer is on the table, and, at least in broad outline, it makes sense to both parties. Yet this isn't the end of the process. All the real horse-trading is still to come.

You've successfully presented your value proposition. The prospect or customer is interested and agrees to the offer in principle. That means your contact has accepted the deal -- maybe. Unless the deal is signed or otherwise formalized, he has only "accepted" the deal in the abstract. (See below.)

AGREEMENT

In some situations, of course, you shake hands, and both parties understand all the terms. But that's not the way it always goes. Quite often, there's a good deal of work ahead of you, even after you've "closed the deal" in principle.

There's an old saying: "It don't mean nothin' until you sign on the bottom line." Nothing arises out of a successful verbal close until the agreement is formalized to the satisfaction of both parties. A great many details may remain to be ironed out after you hear the word "yes" from the prospect or customer.

Think about it this way: When you walk into a busy delicatessen or bakery, and you take a number from the machine at the front of the counter, have you actually made any commitment to buy anything? No! You intend to buy something, and nine times out of ten you will buy something, but that's not the same as being obligated to buy something. You are only obligated once you give your order to the person behind the deli counter, and he or she fills the order. Then it's time to pay! Similarly, once the prospect or customer gives you that initial "yes," he is stating his intention to buy. The customer's intention turns into an obligation only when the terms of the agreement are worked out and accepted by all parties. That's where the real negotiation skills come into play.

This is the point in the discussion where you and your negotiating partner formally "sign on" with each other. This is the phase that is considered by many to be "real" negotiation. Your customer will want to get the very best delivery terms, service plan, payment plans, and so on, and you'll have your own goals. Let me emphasize: Your success in this phase will usually be dictated by your earlier actions. If you've set the stage for a win/win outcome, this is the time you can make it happen.

At this point in the process, all the issues come into play; other parties (like lawyers) may even get involved. People may try to twist your arm or force you to make compromises you don't want to make –like discounting your prices because the other side wants you to. Strictly speaking, Titans don't discount! They sell value, and they make sure everyone, but everyone, gets to feel like a winner. Remember: If price is a major issue, Titans simply remove some of the value from the equation to fit the customer's budget.

You have to be careful, though, because customers are shrewd. They don't want to give up anything. They will throw all kinds of tactics at you to see if they can get a better deal. Be strong and fight for your value – and reach an agreement that works for everyone. To do anything less is to finalize a failed deal – one that's likely to result in something other than a win/win outcome after it's signed.

TACTICS

There are a number of tactics you can use to move from trust to understanding, from understanding to offer-acceptance, and from offer-acceptance to agreement. You're about to read about some of them, but before you do, let me remind you once again that the underlying principle throughout the negotiating process must be to focus on what's gotten you this far: helping the person on the other side get to where he or she needs and wants to go. Tactics are the tools you use to implement the overall Titan selling strategy – which is always to position yourself as an invaluable resource to your customer without compromising your own value.

Different people and situations require different tactics. Don't get distracted by the tactics you use, or imagine that they can be used in any situation. Just remind yourself that, whatever tactic you use, it they must serve the guiding strategy of honoring the direction in which your prospect or customer wants to travel

An experienced negotiator makes employing the tactics, or tools, of negotiating look easy. That's because that negotiator has prepared for the process with vigor and energy, and knows which tool is best used when. Familiarize yourself with the advice that follows -- and then prepare. Prepare what you're going to say during negotiations; identify the benefits of your position beforehand, as discussed near the end of this white paper. Before you begin any negotiating session, make sure you can back up any statements you're going to make; have the supporting data ready to show your negotiating partner. Ask yourself, "If someone were offering this to me, would I buy it? How would I react to the offer I'm making?" Challenge your own positions. Work your way through all the "what ifs," all the counter offers you're likely to expect, all the possible reactions to what you have to offer, and all the tactics discussed in this chapter. Develop the best response you possibly can before you sit down with the other person.

Above all, practice removing the emotion from the situation. Always strive to look at things in neutral, objective terms during negotiations. If you get emotionally involved in a negotiation session, you will stop thinking clearly, begin negotiating from a position of weakness, and, very likely, get the worst end of the deal. (If managing emotions in these settings is a consistent problem for you, you may want to think about finding someone to accompany you during negotiating sessions.) Emotions only work when you choose to use them to your advantage as a negotiating tactic -- and even then they can be tricky.

Tactics are also tools the other side will employ in negotiating with you. Besides learning the tactics for your own use, you must learn them so you can realize what the other side is trying to do and respond with counter tactics.

Below are the tactics you should familiarize yourself with and suggestions on how to counter them in a negotiation.



In any negotiation, the will to prepare is more important than the will to win. -- Anonymous

THE CRINGE

Suppose your price for a given product or service is four thousand dollars; the prospect asks you how much you're planning to charge, and you say, "Four thousand dollars." Then your negotiating partner stares at you in (mock) horror and indignation, and all but shouts in response, "Four thousand dollars?" Then there's silence. The message: Your negotiating partner is aghast -- and you're supposed to say something, quick!

The aim here is to get you to start negotiating against yourself, to get you to say something like this: "What's the matter -- is that too high?" By saying "Four thousand dollars?" and waiting for you to respond, your negotiating partner has placed the monkey on your shoulder. You're supposed to think, "Oh my God, she's angry, the price is too high. I'm going to lose the deal. I'd better move down to three thousand." Don't do it!

You have two options here. The first is probably the best: Ride out the silence and wait for more clarification from your negotiating partner. (*This takes a little practice, but it is extremely effective.*) Alternatively, you can simply say, "Yes. The value is four thousand dollars." Either approach will put the monkey back on your customer's shoulder. Encourage your negotiating partner to respond and clarify whether there is a real cost-based concern, and, if so, what's motivating it. This approach also prevents you from getting defensive or negotiating against yourself, both of which are weak responses.

THE NIBBLE

My wife (among many other shrewd negotiators) does a great job with this one.

A few years back, I served a term as President of the New York Chapter of the National Speaker's Association and I was to attend a formal awards banquet with my wife. A couple of weeks before the event, my wife started talking to me about what she'd wear that evening. She said, "Ron, you know, you're the president of this organization, and that carries with it certain responsibilities. We need to look really sharp; I think I'm going to need to get a special dress to wear to that banquet. This is a special occasion and I want to be there for you. I've got one all picked out. What do you think?"

I said, "All right, go ahead, get the dress." A couple of days later, she showed me the dress, and she said, "Well, it certainly is a great dress, but somehow it's not complete. I think I need some shoes to support the look. What do you think?"

This took me aback. I said, "A new pair of shoes? I've seen your shoe collection. You're an honors graduate of the Imelda Marcos Institute for Footwear Preservation. Are you serious? You don't have any shoes in that shoe closet of yours that will go with that dress?"

"Believe it or not," she said, "none of the shoes I have match this color and this pattern. If I'm going to make the best impression, I'm going to need to get a new pair."

Titan Rule

Remember: Not every negotiating tactic is right for every situation! Prepare for everything ... and make sure the tactic you select makes sense within the context of the relationship you've established.

Titan Definition

"The Monkey" refers to the responsibility one holds to respond. For instance, if you are holding the Monkey on your shoulder, you are holding the responsibility to make the next move. In negotiations, more often than not, you want the other side to hold the monkey (the responsibility) and be forced to make the next move.

I gave up; what did I know about which shoes went with which dress? So I said, "Okay -- go ahead and pick up a new pair of shoes."

The next day she came back with the shoes and said, "You know, I've got the dress and the shoes but I don't have the handbag. I just can't find one handbag in my closet that supports this color coordination."

"Fine." She got the handbag.

The next day, she said, "Say, how about some earrings now? We have everything but the jewelry. If I pick up a set that matches this outfit, we'll be all set."

The point, as I'm sure you've already gathered, is that she kept nibbling away at me. If she had come to me up front and said, "I'll need a new dress, new shoes, a new handbag, and some new jewelry to go to that event with you, I would have said, "You're crazy!" But she didn't do that. Once she got the first item, she came back and nibbled away to get something else, and then something else after that. It's a time-honored technique that can leave you feeling as though you're trapped in the process. Your negotiating partner is hooked. Why stop asking? It worked before!

Many prospects and customers love the nibble. They say, "Listen, we have to work on price here -- my budget is tight this quarter, and I really have to get a better price or I can't work with you. We need to get down to Z level on the price." Then you say, "Well, we can't do Z level, but we might be able to make it work at Y level."

Then the customer says, "Great. By the way, can you throw in free delivery? Come on, free delivery isn't going to run that much. We know we're going to work together on this if we can just iron out a couple of these details. Are you going to let free delivery -- which will run you, what, \$50? -- upset the whole deal?" So you throw in free delivery.

Then the customer says, "Let's talk about that on-site warranty work. Is there anything you could do to throw in an extra year?" And on it goes.

That's the nibble effect. How do you deal with it? You make sure that all parties know exactly what's being offered at the time of the pricing scenario. Before you get to the pricing portion, you say, "Let's make a list of everything, but everything, that you need." Once you identify all the requirements, you say, "Here's what comes with this package -- and here's how much it costs." Then, if your prospect tries to add things as part of the package, you adjust the price accordingly. That takes care of the nibble approach.

GOOD COP/BAD COP

This classic tactic involves a cycle familiar from countless televised crime dramas. One person you're negotiating with acts deeply upset, or even furious, about your terms, perhaps going so far as to stalk out of the room in disgust. The other person comes in as an ally to your cause and (ever so sweetly) asks for concessions to help solve the problem.

How do you respond to this tactic? Simple. Let them play the game. Let them have fun -- but continue to watch out for your interests. Don't get taken in by the emotions inherent in the situation; realign your conversation to the overall challenges of each individual and the outcomes the customer is trying to achieve.

For instance, let's say you are negotiating with a couple over a new car. The woman really wants the car loaded. Her husband, however, is suffering from sticker shock – he claims you're "ripping him off" and announces dramatically that he'll never buy from you. The wife (the "good cop") takes you aside and pleads for you to drop your price, by any amount, "to show good faith." Your response? Realign your value proposition with the couple's most important objectives.

You might say this: "Mr. Jones, when we first started talking about the kind of vehicle you were looking, you said you wanted a car that would offer your family the greatest amount of luxury and security--- with safety features such as airbags, alarms, power brakes, and so on. To obtain this level of luxury and safety, your investment will be \$34,000. Now, if you want to reduce your investment, that's fine. Just tell me what features you wouldn't mind doing without. Let's work it through together."

If you don't realign your position to a higher level, and you fall into the trap of taking sides and listening to the wife by adjusting your price "to show good faith," you will have been outfoxed! Even if you lower your price, there's still no guarantee you will get the deal. A token reduction would almost certainly lead to a request for further price reductions. Simply stick to your value proposition, and get the prospect's input on what needs to be changed.

OUTRAGEOUS BEHAVIOR

It's true. Some prospects and customers will scream, pound the table, call you names, or do other interesting things in an attempt to intimidate you. If you really want to study the fine art of outrageous behavior, just take notes on how your children (including teenagers) act when you don't agree with them. I still learn from the master, my nine-year-old daughter Amanda. I really believe she was born with a Ph. D. in negotiating through outrageous behavior!

Take a hint from an experience I had with American Airlines: Keep your cool. American used to be my main airline until I defected to Continental because of poor customer service. That's a subject for another seminar. However at the time I was flying them, I experienced a missed connection in Dallas that left me stranded hundreds of

miles from a speech I was supposed to give. So, I decided to give the airline representative a piece of my mind. After listening to my tirade for a few moments, she calmly told me, "Mr. Karr. I understand that you are really put out by this. And I want to help you. Now, there are two ways we can help you. One is I can just let you continue doing this, and if you feel you need to shout, go ahead. I'll just sit here and listen. But the other way we can help you is that you can calm down just a little bit and give me the information that I need so I can get you on the next plane to give the speech in Kansas City. Now, which way would you like to handle it?" Guess which option I chose?

I think most experienced salespeople have had the experience of dealing with an outrageous negotiator. The person takes the proposal, looks at it, and then rips it up and throws it on the floor and says, "Over my dead body. I'm not going to sign something like that." That's when the salesperson is supposed to simply cave in. If this ever happens to you, stop and think: If what you were proposing were really so outrageous, why would the other person go to the trouble of putting on a little show for you? If they are truly not interested, isn't it more likely that they're going to wait for you to stop talking, smile, and say, "You know what, this has been very interesting. I have to think about it and talk to somebody. We'll get back to you next week." (Ha-ha-ha.) But that's not what happened. The person you're negotiating with went to the trouble of thinking up this elaborate, dramatic stunt to pull.

The best way to deal with it is simply not to respond to the emotion. Either leave (politely), and promise to call back later, or find some way to show your negotiating partner that you're not shaken by the outburst. In the scenario I just mentioned, you might pick up the pieces of the torn proposal, smile, and say, "I see you dropped some papers here." Place the strips of paper on the person's desk, make eye contact, and say, "Now where were we?"

What's the worst thing that can happen? You'll hear someone say "no." You've heard that before. Actually, what's far more likely is that, once the other person sees that you're not easily shaken, you'll get some better idea of what motivated that (sometimes carefully planned) display of spontaneous emotion.

Never respond in kind. Either find a neutral level, or (in the case of people who are truly out of control) just leave and offer to come back later, when things have calmed down a little. Why try to negotiate with someone who doesn't really want to communicate rationally?

THE STRONG-ARM

This entails taking a "take-it-or-leave-it" approach. This is a gambit that often scares the daylight out of salespeople who are fearful of losing the deal.

A few years back, I was in Brazil doing a negotiations program. During one of the breaks one of participants pulled me aside; he was the owner of a small parts company

that sold to the automotive industry. He was dealing with a very strong buyer who had a lot of clout in the industry. This seminar participant said to me, "You know, I only represent 30% of his total demand -- but he represents 75% of my total business. This guy is squeezing me, forcing me to cut prices -- and there is nothing else I can do that's going to add value. What's worse, I can't cut my prices anymore without going bankrupt. What do I do?"

I said, "Your problem has nothing to do with negotiations." He said, "What are you talking about?" I said, "Your problem is that he's using the strong-arm tactic ... and you can't afford to walk away from the business!"

The best negotiating strategy in this situation is simply to call the other person's bluff and say, "Go ahead. Find someone else." But how do you do that if the person you're talking to represents 75% of your business? You can't. You're trapped, and the other person presumably knows that. So in order to get out from under this problem, you have to find some alternative uses for the machinery and/or some new customers. There's really nothing else you can do at that point.

Sometimes, you simply have to make the best deal you can -- and track down new business so you're in a good position to make a better deal the next time around. Let's face it; it's not good for anyone's business to have a single account that represents three-quarters of a company's total annual revenue. In that's the situation, the problem isn't your

negotiating skills -- it's your competitive position! You've got to work to improve that, so that the next time your vendor uses the strong-arm tactic, you've got the flexibility to put the monkey back on his shoulders. You've got to be willing to say, "You know, I know you need lower prices, but I have to tell you, this is the value for what we have. This is the best that we can do. If you feel you need to take the business elsewhere, I'll understand."

Too many salespeople succumb to the strong-arm tactic immediately, because they're afraid of losing the sale. Should they be? My experience is that they shouldn't. There are many situations where a rational assessment of the facts should lead the salesperson to the following conclusion: "This person's pushing too hard; I've already cut this price to the bone, and price is still the only issue he'll focus on, despite all of my efforts to put together a value proposition that works for him. So you know what? Since there are other customers out there, other people who can use what I have to offer, I'm going to call his bluff."

Sometimes, that's the thought process you need to follow. And once you do call the other person's bluff, an interesting thing will happen. About half the time, you'll find that you don't lose the sale -- that the person you're negotiating with will make a little more room for you. Maybe that person was simply fishing around to see if he could get a slightly lower price. Maybe that person needs a token reduction in order to look more like a hero to the people back in the home office.

Maybe that person needs another concession in an area that has nothing whatsoever to do with price. Those may all be areas where you can bend a little bit -- and strengthen the relationship at the same time.

What happens the other half of the time? Look at it this way. You'll avoid working with people who are (let's face it) trying to take advantage of you and your organization and are not willing to acknowledge your value. If the customer sees no added value and refuses to accept it, move on to people who do value what you have.

Don't make deals simply for the sake of making deals!

SILENCE

The prospect or customer asks you for your price (or for some other piece of crucial information) You answer directly. And then ... absolutely nothing happens, for a really long time. Or at least that's how it feels. Sometimes fifteen seconds seems like an eternity! Your negotiating partner is giving you the silent treatment.

The advice here is simple: Don't speak. You have spent an enormous amount of energy and effort getting to this point. Don't undo all that work! Don't accept the monkey the person's trying to put on your shoulder. Don't accept responsibility for the silence. Simply put the monkey back on the other person's shoulder and don't take it off! Wait the silence out and find out how the other person will respond. If you break the silence and respond your-

self, you will lose momentum, authority, and impact. You will have no idea where you stand. You will have lost the moment.

Many salespeople take silence to mean that they are in trouble or about to lose the deal. Sometimes silence simply means the other person is taking time to think. At other times, the customer is using silence in the hope of frightening you into negotiating against yourself. Don't do it.

If you absolutely have to, you can break the silence without taking back the monkey by saying to the customer: "That's okay, I can give you a few more minutes to think about it." But the best response to someone who tries to use silence as a negotiating tool is ... more silence.

NO AUTHORITY

"I can't make this decision; I'm going to have to talk it over with the home office." Is your negotiating partner telling you the truth?

This could well be a bluff to get better terms. Smoke the other side out; test the limits. Ask for the name of person who handles these decisions. Ask whether the contact can set up an appointment; find out whether he or she would champion your cause at such a meeting. If you find you're talking to someone who will not commit to any future action or follow-up, will not refer you to anyone else in the organization, and will not personally take action on your behalf, you should beware of investing more of your time, effort, and energy in "negotiating" with this

person. You may be dealing with someone who simply has a lot of time to spend with salespeople. Even if this person wanted to make a deal, there's every reason to believe he or she lacks the authority to do so! Save your "fastball" for the people with authority.

THE DIVERSION

This is also known as the red-herring tactic. Often, when a negotiator wants something, that person will pretend that something else is more important, in order to distract your attention and attain a compromise in other areas.

Again, I refer to one of the best negotiators I know, my wife Cindy. One day I came home last year and she said we needed a new kitchen table. I was reticent at first saying the existing table was just fine. Then, of course she went on to mention a few days later that if we get the table, the walls will have to change to match the wooden table. Here we go. Nibbling at its best. Amazingly, by the time we refurbished the entire kitchen, we did not yet purchase the new table which started the whole thing. In fact, the table was not purchased until several months later. What my wife really wanted was a whole new kitchen, appliances and all. The table was the red herring.

Suppose someone really wants to get certain technical information from you, and demands that you provide it by, say, noon tomorrow.

You say, "I'm sorry -- I really can't get this for you by tomorrow. It's 2 o'clock in the afternoon right now."

Your negotiating partner furrows his brow. "Well," he says, "I hate to put you in an awkward position, but I really do need that information by tomorrow. The impact is going to be a lot less for me if I have to wait. I want to be able to send everything out tomorrow. If I don't do it tomorrow, it's going to cost me money. I have people waiting to examine these specifications. It's going to make life very difficult for me if I can't get this by noon tomorrow."

"I don't know what to tell you," you say. "Our technical people aren't even going to be in the office until tomorrow morning, and this is a complex set of specifications you're asking for. There's just no way we can do that."

"Gee," your contact says despondently, "I just don't know what I'm going to do. Let me ask you this: When can you get it to me?"

"Realistically, probably Thursday morning."

That's when your negotiating partner heaves a deep sigh. "Well then, help me out here, because, I promised this to everyone tomorrow and having to wait an extra day is going to cost us money. At least give me a better price. Can you come down to X level?"

He was after the low price all along, but he used the red herring, the diversion, to try to convince you that something else was more important.

How to respond? Keep your focus; don't get distracted. Show the other

person the value of what you are doing. Say something like the following: "I understand that you're feeling that you are losing something here, but let's talk about the total value equation, the benefits and consequences. I know delivering top performance for your customers [or whatever else the two of you have established] is the top priority for you, and if you really want that value, we can get it for you. Here's the price we can give it to you for."

You must always, repeat, always be ready to realign the discussion to a higher level – even when the other person would rather that you got sidetracked by an irrelevant issue! Sometimes, it is not easy to do, as shown in our first example regarding my brand new kitchen.

THE TRIAL BALLOON

This is used when the other side is trying to assess whether or not you can do something. You may hear this: "Well, let's see, if I'm going to be buying 100 units from you, then obviously there must be volume pricing. What are your volume discounts?" If you start responding with volume discounts at that point, then your negotiating partner knows he can get that concession from you. You've given up something for nothing! Maybe he'll actually only order 50 units, but expect the same discount. Or perhaps, secure in the knowledge that he can get a discount, he may go after another concession.

Don't respond immediately to any trial balloon statement. Before you commit to anything, nail down all the specifics. Say something like the following: "Mr. Jones, before we start discussing prices, let's look at all of your needs. Once I understand exactly what you will need and want, I'll be able to tell you what your investment will be." That way, you won't give up anything before you fully understand what the other side wants and expects.

Profile

Brant Sudderth, Vice President of Cognis Corporation's Minerals Industry Division, recalls that, before his people learned about The Titan Principle®, "we always felt at a disadvantage when someone challenged us on price. We now know that many times, customers will say 'Your price is too high' as a gambit to see if they can get a better deal. In the past, we used to respond by asking 'What do you need?' The only thing we accomplished with this response was to make the decision process solely dependent on the issue of price!

We now respond to the price objection by revisiting where the customer is trying to go, and regaining their commitment as to why our solution was the best value in helping them get there. Often, this will work, and the price issue will go away or at least diminish in importance. For the times when this response is not good enough, we simply discuss what parts of the value equation the customer is willing to give up in order to fit his budget. Either way, we no longer give up value by lowering our price without getting anything in return."

Brant realizes that the only people who can protect the value of a solution are Titans themselves. If they don't, nobody else will!

Titan Rule

Never give up anything in a negotiation without getting something in return.

AIM HIGH

This simply means asking for more than one expects. Your partner knows that there are going to be compromises, but figures, "Why not ask for the moon and see what happens?"

This tactic has been around for ages, and for a simple reason: It works! The potential pitfall is that, once you set the precedent for compromise, the other side will expect you to compromise in all future negotiations! Once you give in a little in some area, this customer is going to expect you to give in on subsequent deals, too. You've already established that behavior. This means that, if you give in slightly on price as a result of the aim high gambit, you may need to adjust your prices upward, for negotiation purposes, for the life of this relationship.

CREATIVITY IN NUMBERS

Here, you break down the investment to monthly (or quarterly, or weekly, or per-unit) numbers. Say you're leasing computer equipment. Instead of talking about a \$3000 investment over the course of a year, you say, "For only \$250 per month, your people will get to use this superior system." This may make cost issues more bearable for the decision-maker. A potential drawback: You may end up lengthening the decision-making process.

BOTTOM-UP PRICING

With this tactic, you start with a "baseline price" that does not include all the extras the other side may want or need. The advantage here is that this tactic leaves you the option of building options into the solution that can be removed one at a time if there are price concerns. (In essence, you're adapting the "What do you want me to take out?" technique discussed earlier, and using it at the beginning of price negotiations.)

This technique, though certainly appropriate for some selling situations, is relatively risky. It may give the impression that whatever figure you quote incorporates some "angle" or other. To counteract this, you may want to make a point of emphasizing at the beginning of the discussion that the initial price you quote is the "plain vanilla" figure.

IT WORKS BOTH WAYS!

All of the above tactics are dual-purpose, meaning they can be used by you and by your prospects or customers. Sometimes, for instance, you will need to implement a strong-arm approach in response to a nibble approach. Sometimes, you will need to respond with silence when you're subjected to outrageous behavior.

Allow me to repeat an all-important point: Whatever tactics you use, they must support your overall strategy of giving the person what he or she needs, the way he or she wants it! Don't abuse any of these tactics in pursuit of a short-term "I Win/You Lose" outcome.

POINTS OF POWER

In considering what tactics to use or how to respond to your customer's tactics, you'll want to take stock of your own points of power. That's part of the preparation process. Ask yourself: In what areas do you and your organization already bring strength or advantage to the negotiating table?

Here are the most important points of power. Identify the ones that are relevant to your situation, and use them to help protect your value.

THE FORCE OF SUPPLY AND DEMAND

This is the most common point of power. Are you the seller in a seller's market? If demand is greater than the supply, that allows your organization to increase its prices. If supply is greater than demand, on the other hand, your organization may have to find a way to develop pricing that's more competitive. Figure out which side of the equation your organization occupies!

TIME

A few years ago I delivered a keynote speech on negotiations to the International Council of Shopping Centers, a professional association that includes architects, contractors, and mall operators. I was doing my research for this program to find out what the challenges were, and one of the people I spoke to told me something interesting about the use of timeframes in that industry.

Projects that are scheduled to start by a certain date never seem to begin at that point. Government

regulations get in the way, the design specifications have to be revised, and there are any number of last-minute changes. Whatever the reason, start dates are usually delayed. But the amazing thing is, once people enthusiastically commit to a completion date, the goal is somehow achieved. No matter how many delays people go through, the malls virtually always open on time.

The reason the malls open on time has to do with something I call the Law of Focus. When lots of people focus in on achieving on the same outcome by a certain point in time, the energy gets so strong that the outcome becomes inevitable. Think about labor negotiations. Why is it that the negotiations only seem to heat up the night before a strike deadline takes effect? What's so magical about that "eleventh hour"?

A completion deadline acts as a lightning rod. It can jump-start stalled negotiations. That deadline can also act as a tremendous point of power for the side that has time on its side. If you're selling a condo, and you must sell it as soon as possible because you've already made a commitment to buy a house, you haven't got as much bargaining strength as you would if there were no such commitment.

The idea is to find out when your prospect or customer is highly motivated to commit to a timeframe that includes a completion date. If time is on your side, you should know that going into the negotiation phase.

Forget about when you start talking. When everybody is focused on a timeframe that includes a "destiny

date" -- when everyone is willing to commit time and attention to the goal of completing the deal by such-and-such a point in time -- when everyone associates completing the task with a personal benefit -- then things happen!

KNOWLEDGE OF THE SITUATION

The more knowledge you have about the situation at hand, the better off you're going to be. How informed are you about the circumstances facing your customer? Do you know, for instance, whether they believe they could just as easily use a competitor's product?

Not long ago, a client brought me in to help retain a customer that was threatening to take its business -- all five million dollars of it -- to a competitor. This customer demanded immediate price concessions, and claimed to have been running extensive trials that showed that the competitor's product passed muster in all respects. With my help, my client and I outlined the information we were missing, and scheduled various interviews with the customer's key decision-makers. One of my client's sales reps went to see his customer's plant manager; he happened to come upon a box containing his competitor's product. He asked a factory worker how the product was performing.

The answer: "That's pure junk. It failed every test." Imagine the advantage that knowledge gave my client in the negotiations! Obviously, it led to a higher level of confidence on the part of my client's team. They stood up and negotiated

for the value they rightfully deserved-- and they kept the account.

EXPERTISE IN YOUR OWN INDUSTRY, PRODUCT, OR SERVICE

- You should certainly have more knowledge about your own industry, product, or service than your prospect or customer does; that's a point of power that may help you defuse certain price-related issues. You also have a mix of technical knowledge, product familiarity, and industry experience that no one else offers. You are the expert. Don't ever lose sight of that!

There's a reason people seek the best doctors in different specialties. If you had to have a coronary bypass, wouldn't you want the best surgeon available to operate on you? Wouldn't you pay for that expertise if there were any possible way for you to do so?

Consider yourself to be the best "physician" in your line of work. Maintain your expertise by keeping up-to-date on your industry and products ... and don't be afraid to charge for your expertise. There is value for what you know, and for the time and effort you put forth in gaining that knowledge and putting it to practical use. So don't give expertise away! (Goodness knows doctors don't.)

RISK-TAKING ABILITY

The ability to take risks is another power point, one I've already mentioned briefly. If you are in a weak position as a salesperson and you're having a bad quarter, you're not

going to be negotiating as strongly as you would if you were having a great quarter; you can't afford to take the risk of losing business. By the same token, if you're well ahead of quota, you'll feel a little bit better about taking a few more chances. Know when you're in a position to take an intelligent risk during negotiations -- and then do so!

STRATEGIC RELATIONSHIPS

Knowing the right people can also represent a point of power. Sometimes, who you know really is more important than what you know.

When negotiations are stalled, ask yourself: Is there a power broker you can go to help get discussions back on track? Is there someone who can intercede on your behalf and help you overcome a challenge?

Salespeople have to cultivate relationships at all levels in an organization. A president of a company may not be directly involved in buying your product. However, if you have a strong relationship with that person, and if he or she feels it is to the company's advantage to do business with you, you may be able to use the strength of that relationship on your behalf.

YOUR MENU OF ALTERNATIVES

Being able to offer customers a variety of choices can be an incredible strength. This point of power has to do with your ability to meet different needs with a wide selection of products and services. When you have an advantage in this area, you help your customer move from a

decision of whether to buy from you to a decision of what to buy from you. This point of power also allows you to move towards a solution that fits certain budget restrictions ... without having to discount your products. Offering a broad menu of alternatives increases the odds that your customer will decide to do business with you.

INDUCEMENTS

The inducements your company offers you to help you close sales constitute another point of power – as long as they support your overall Titan approach. For example: If your organization has its own trucking fleet, you may be able to take advantage of that service by throwing in free shipping for certain key accounts. Sometimes, an inducement like that can help you wrap up a tough negotiating session. Furniture stores in my area offer consumer inducements of later payments: "Buy now and make no payments until..." A salesperson in this setting may be able to use this inducement to encourage a customer to make a purchase decision.

PROFESSIONALISM

In my mind, there is no greater point of power you can bring to a negotiating session than your professional demeanor and ethics. This point of power has to do with the way you handle yourself, your ability to project positive personal traits of consistency, your standards, your accountability, and your ability to follow through on exactly what you promise. This can be a very powerful factor in your favor – especially when you're being pressed to con-

cede something. Ask yourself: Can you convey a set of personal values that will help you credibly establish your position as a matter of principle?

Not long ago, a group of senior executives asked me to drop my prices for a series of events. I looked the main negotiator right in the eye and said calmly, "Let's review what's happening here -- you're bringing me in to teach your people how to deliver value, and how to sell value without compromising on price. How can I stand there and give them that instruction if I've turned around and discounted my own prices?" I got my standard fee! More importantly, I backed up what I stood for. How could I in all good conscience sell a program on teaching value added selling if I could not even maintain my own value as a speaker?

The key here is to determine your principles – and then stand by them without getting hot under the collar. Your professional attitude must be evident throughout the process. If you treat prospects and customers with respect and courtesy at all times, regardless of how tough the negotiating sessions get, you'll separate yourself from the competition ... and demonstrate your own poise.

The last word on professionalism is this: Keep your promises. Nothing in the world of business is worth compromising the value of your word. As I noted at the outset of this chapter, each and every successful negotiation is built on trust. If your level of professionalism and ethics deteriorates to the point where your word has no value, you might as well give up!

KNOW YOUR POINTS OF POWER!

So there you have it: all the major points of power that will support you during the negotiation process. Know what your points of power are before you enter into negotiations with anyone, and don't lose sight of your strengths when someone else tries to confuse you, distract you, or convince you to make compromises.

WHEN YOU REACH AN IMPASSE...

It can't be helped: Sometimes negotiations hit a brick wall. Maybe there's an information gap. Maybe you and the other person have fundamentally different ways of perceiving the same set of facts. Maybe there are emotional roadblocks or other problems in assessing the situation you both face. Maybe the timing isn't right. Maybe there's a lack of motivation. Whatever the problem, you owe it to yourself and the other person to try to break through the logjam.

Here are eight possible responses to the "brick wall" problem.

Restate key goals and objectives. Make sure your fundamental assumptions about what's motivating the other person are accurate.

Question to clarify perceptions. Use questions to learn more about the way your negotiating partner looks at the challenges he or she faces – and make a special effort not to attach your meanings to the other person's words.

Revisit prior agreements. Find out what worked the last time around.

Take a time out. Often, both sides can use a break to get some perspective. This is where time can work to the advantage of both sides.

Discuss the consequences of not reaching an agreement. What are the outcomes you will each face if things don't work out?

Call in a third party. Is there a mutually trusted person both parties can listen to?

Switch negotiators. Will certain emotional roadblocks vanish if new people pick up where you and the other side have left off?

Realize it's a no-deal situation. Sometimes, there really is no way to work out an agreement, and both sides really are better off spending their time, energy, and attention doing something else.

Remember

Whatever you do, always negotiate like a Titan. Defend your value. Position yourself as an invaluable resource who gives the customer what he or she needs the way he or she wants it -- for a fair and reasonable price.