

Negotiation Skills

Expert knowledge means success

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Note: This publication has not been updated since it was last published. Some of the hyperlinks may have changed and may need updating. In addition, some of the information in this publication may be out of date.

Why the old negotiating techniques no longer work

In the past, much theory and discussion were focused on ascertaining a position in a negotiation situation, arguing the case for it, gradually offering concessions and finally reaching a compromise. The philosophy underlying this process is that you look to maximise your own interests at the expense of the other party's. The problem with this type of negotiating is that, as each person fails to achieve their 'position', a certain amount of 'loss of face' occurs, resulting in one or both parties rigidly refusing to budge. As each of the parties focuses more on their positions, the concern for the original interests (both your own and the other party's), becomes secondary. You are then forced to base whatever course of action you pursue next, on the previous positions you have taken. This often results in no agreement or an unsatisfactory agreement at best (A lose-lose situation). Alternatively, one of the parties manages to impose its will on the other (A win-lose situation). This is likely to result in resentment, and a poisoning of the relationship between the parties going forward.

When we look behind positions, we can identify interests. And if we start to think in terms of interests then it's easier to think of shared interests that two parties may have. It becomes more likely, then, that mutual agreement can take place, because it is easier to move together from common interests than from widely differing positions. And, because there are usually many possible positions available for every interest, it is possible for each of the parties to find a position which satisfies their interests. In this way a win-win situation can be achieved, and the relationship between the parties can be maintained or even enhanced.

If we consider the current¹ failure in negotiations between BA and employee union Unite, we have an excellent example of how positional negotiating can lead to a potentially disastrous outcome. Because the

parties have not considered each other's interests but have reached a stalemate based on their respective positions, the potential strike action which has resulted could lead to the collapse of the airline, and a lose-lose situation for all.



In sales negotiations, rather than try to exploit your customer by 'winning' the negotiation battle, it is now recognised that the pursuit of a win-win strategy, on the basis of shared interests, is ultimately the best long-term solution for both parties.

Negotiating the Sale

Here are a few definitions of *selling*:

- A transaction between two parties
- To convince someone of the value of something
- To persuade or induce someone to buy something

Although all of these definitions are technically accurate, 'selling' does not just take place at the end of the transaction. Because today's buyers are more educated and knowledgeable than ever before, the selling process begins long before you reach the final point of commitment.

As a salesperson, your job is to *motivate your prospect into taking action*. This requires a far more sophisticated approach to influencing others than is implied by a straightforward sales transaction. It is seldom enough to offer the cheapest deal or simply to satisfy the buyer's basic needs. To influence someone's behaviour you need to understand their desires, fears and goals – in short, what motivates them as an individual. Then, by using your sales skills, you need to be able to hook into these desires, goals and fears so that the person is moved to *buy from you*.

There is an old saying in the field of sales that is now truer than ever:

"If you see the world through Jim Jones' eyes, you'll sell Jim Jones what Jim Jones buys."

Remember: You are not selling a product or service – you are selling the prospect an emotional attachment to your product or service. By the end of the sales process, your prospect must have a strong sense of what owning your product or enjoying your service will *feel* like to them.

It all Begins with You...

To be a successful salesperson requires certain characteristics and attributes. The most important of these are:

Self-belief

You need to believe in your own ability as a sales professional. Although everyone feels nervous and lacks confidence at times, to sell successfully you must approach every situation feeling confident in your own ability.

If you are nervous and lack poise and confidence, your prospect will pick up on this immediately and your chances of making the sale will plummet. Before you engage with your client you must make sure that you are in a positive, confident frame of mind (We will discuss various ways of achieving this later).

If you are confident and believe in yourself and your abilities, you will also be able to handle rejection a lot better (by appreciating that it is your offering that is being rejected, and not you personally). While a certain amount of rejection is inevitable (no matter how good your selling skills are), often initial rejection can be converted into acceptance. However, this can only happen if you stay positive and never stop looking for the opportunity to sell.

Belief in your product or service

You need to believe implicitly in the benefits of your product or service. If you don't, you are going to have a very tough time convincing your prospective customers to buy from you. Faith in your offering helps to build long-term relationships with customers, leads to repeat business, gets you customer referrals and builds your brand.

You should also think carefully about your customer value proposition (CVP) and be able to articulate it if asked by a prospective customer (as will probably happen sooner or later). Remember that your objective in establishing a CVP should be to meet and exceed customer needs better than your competition.

Customer value can be measured from the customer's point of view as:
Customer value = Perceived benefits – Perceived sacrifice.

Benefits can be obtained by the customer in many ways: from the product or service itself, the associated service they receive from you, the convenience of dealing with you, the image of your company, and the relationship between you and the customer, for instance.



The perceived sacrifice is the total cost (in both quantitative and qualitative terms) associated with buying your product or service.

If you are not sure whether you are creating sufficient customer value, you may wish to consider the 'Kano model' which looks at the effect of three different types of characteristics on customer satisfaction: "Must be," "More is better," and "Delighters."

"Must be" characteristics are expected to be present and are taken for granted (e.g. at a hotel, customers expect service at reception and a clean room). Lack of these characteristics causes annoyance, but their presence only brings satisfaction up to a neutral level.

"More is better" characteristics can move satisfaction past neutral into the positive satisfaction range (e.g. not receiving room service within the promised twenty minutes can cause dissatisfaction, while getting served within fifteen minutes may cause positive satisfaction).

"Delighters" are the unexpected characteristics that surprise the customer. Their absence doesn't cause dissatisfaction, but their presence delights the customer (e.g. a UK hotel chain provides free measures of brandy in the rooms of its adult guests, delighting many who were not expecting it). Of course, "Delighters" can quickly become "Must be" characteristics if customers become used to receiving them, so that you constantly have to be on the look-out for new ways of delighting your customers.

Belief in your market opportunity

It goes without saying that you must believe there is a market for your product or service. However, if sales are falling and opportunities seem to be drying up, you should first of all ensure that you are approaching every opportunity with the utmost amount of belief and skill. If you are doing so, and the market remains difficult, you should re-evaluate your marketplace and

your value proposition.

Perhaps the market opportunity has shifted and you haven't yet responded. Alternatively, your competitors may have raised market expectations. It may simply be that an appropriate response is required from you. However, it may be that the market is in decline and you need to get out and find a new sales opportunity that excites you.

Developing your powers of persuasion

If you have a positive and enthusiastic approach and have the utmost belief in yourself, your product offering and your market opportunity, you will have taken a considerable step towards sales success. You now need to understand how to persuade people to buy from you.

Note that 'persuasion' does not mean manipulation, something to which we are all averse. We are talking instead of subtle techniques that work on the mind to produce a desirable result for both parties. Specifically, it's about communicating in a way that results in favourable outcomes for both parties.

There are three important elements in the persuasion process – what Greek philosopher Aristotle (384 – 322 BC) called *ethos*, *pathos* and *logos*. The best persuasive messages strive to blend all three in order to achieve the goal of aligning your prospect's beliefs with yours.

- **Ethos (Ethical – character and reputation)** - This relates to the speaker and his or her character as revealed through the communication. For the message to be believable, the listener has to believe that the speaker is sincere. If this belief exists, a feeling of trust will arise between the listener and the speaker.
- **Pathos (Emotional appeal)** - Pathos relates to the emotions felt by the audience. As Aristotle put it, "persuasion may come through the hearers when the speech stirs their emotions." In other words, you have to appeal to the emotions of your listeners if you want to be persuasive.

To be able to appeal to the correct emotions (i.e. those that will be effective in persuading your audience), you must have empathy. Empathy is defined as "the power of entering into another's personality and imaginatively experiencing his or her feelings, ideas and situation." By empathising with your listener you are in a far better

position to understand what motivates them.

- **Logos (Logic)** - This refers to the actual words used by the speaker - the quotations and facts used to move the audience over to your point of view. Today, *ethos* and *pathos* are regarded as being the most important of the three elements, with *logos* playing a relatively small part. Of the three, *ethos* is arguably the most important - if people don't trust you, all the empathy and logic in the world count for nothing.

In recent years, research in the behavioural sciences has confirmed that there are two qualities which most enhance the communication process and increase the chances of winning someone over to your point of view. These two qualities are empathy and sincerity. Applying empathy and sincerity requires two types of "emotional intelligence":

- **Interpersonal intelligence:** an understanding of other people – how they feel, their likes and dislikes, and their motivations. The person with this ability can almost predict how others will act and is therefore able to interact with them effectively and be very persuasive.
- **Intrapersonal intelligence:** the ability to have insight into our own thought processes, feelings and emotions, and an awareness of the consequences of our actions, which in turn allows us to make the right decisions.

The core skill required supporting empathy and sincerity is listening. The importance of effective listening was summed up by psychologist Carl Rogers who said:

"Man's inability to communicate is a result of his failure to listen effectively, skilfully and with understanding to another person."

The need to listen carefully cannot be emphasised enough. If you do, you pick up all sorts of information about the idiosyncrasies of an organisation – and the individual you are dealing with. People who are poor listeners often see listening as a passive – and therefore unproductive – activity. Their ego gets in the way. They feel the need to be talking in order to make any impact with the other person.

Mind your body language

- Encoder (sender) and decoder (receiver).
- Communication is 40% - 45% verbal, and 55% - 60% visual body language.



- In the workplace, people tend to mask their body language.
- Facial expressions: sadness, surprise, disgust, anger, happiness, fear.
- Eye contact.
- Mirroring as a means of building rapport.
- Open and defensive body positions.
- Smile! (Happiness is the only positive emotion we can show through the face).
- Watch the extremities.

- Do you sell a meal in a restaurant – or a dining experience?
- Do you sell clothes – or the experience of wearing those clothes?
- Do you sell insurance - or a sense of certainty and security?
- Do you sell training – or changes in behaviour?



Exercise:

On one side of a page, list as many features of your product or service as possible. Then, on the other side, list as many benefits as you can.

The Selling Process

Remember:

- Everyone sees the world differently
- People like people who are most like themselves
- People buy from people they like
- People generally prefer to avoid pain and seek pleasure
- Everybody acts out of self-interest!
- There are four main personality types

Sell benefits, not features ("Features tell, benefits sell")

Traditionally, people have been taught that they must uncover the client's needs and match them with their product's benefits in order to motivate the client to buy. This is not, in fact, the main reason why people buy, but it is an important part of the sales process.

In attempting to match needs and benefits, even experienced sales people forget the difference between features and benefits. A typical example involves the sale of a briefcase, and the way in which features can be converted to benefits.

It has a handle	Which means	It's easier to carry
There is a secure lock	Which means	All your contents will be safe and secure
It is made of quality leather	Which means	It will enhance your image

Ultimately you need to decide how your product or service benefits your customer in some way. So, for example:

- Do you sell business services, or are you selling the improvement those services will make to the company's productivity and profitability, and how that feels?

You must make your clients *feel* something

We mentioned earlier that benefits are not the main reason why your potential client will make a purchase. You actually need to go one step further – *you need to convert those benefits into something that the client desires.*

Always remember: *People buy on emotion, then justify their decision with logic.*

Your buyer will agree to the sale when they feel they will gain something from the delivery of your sales proposition AND will feel a perceived sense of loss if they don't take up the proposition.

A potential buyer is continuously balancing a delicate internal question: the consequences and proposed outcomes of taking the risk and buying, against the consequences and potential outcomes if they don't buy (i.e. they are constantly weighing up the benefits of buying against the pain of not buying).

Interestingly enough, according to psychologist Dr Alfred Adler, *the desire to avoid pain is actually the greatest motivator.*

It is important to remember that the benefits you outline to your prospective client simply help them to logically justify their emotional attachment to the outcomes flowing from the purchase of your product or service.

To understand this, think of the times that you have gone to great lengths to justify to friends or family your purchase of a particular product or service!

Here are some examples of emotions that drive people to buy:

- Love
- A sense of security
- A desire for recognition
- A feeling of connection, being part of something
- A desire to be more attractive or more loved
- To make someone else feel good
- To avoid missing out, and the resultant feeling of loss
- To avoid conflict or a threat of some kind; therefore to avoid feeling fearful
- To make life easier, or reduce feelings of stress
- Acquiring anything that can heighten feelings of self-esteem

So, if you can link the emotional outcomes that a potential client requires, to your product or service, it will be impossible for them to say “No”!

We will now look briefly at the main steps in the sales process:

- Engage your prospect
- Keep them engaged
- Build rapport
- Qualify your prospect
- Uncover their hot button
- Deliver a compelling sales argument
- Commit (ask for the order)
- Overcome any objections and finalise the sale

Engage your prospect

- Design a punchy introduction (e.g. an Accountant: “*We help you keep more of your money*”; a Sales Training Company: “*We put the fire back in the belly of your sales team.*”)
- Be engaging: deliver with passion and enthusiasm.
- Naturally invite the question: “So how do you do that?”

Keep them engaged

Include a further benefit to your customer, to hook them even further and to begin a dialogue that will allow you to move the sales process on. For example, for the accountant mentioned above:

“We are a long-established firm of accountants with years of experience working with businesses. We obviously like to count the numbers, but we also want to

affect the numbers, so that you maximise your full business potential. We work with you to support your ongoing wealth-creation plans. Let me ask: if you were to roll forward five years, what would your financial goal be?”

Build rapport

Matching and mirroring voice qualities, phrases, body shape, gestures, handshake, dress code, watch their body language (Pace and Lead). Remember the personality types.

Qualify your prospect

Use open and probing questions to uncover their hot button.

What are your prospect’s:

- Wants (Ask!)
- Needs (Drill down – what do they need to feel? E.g. do they need training for their sales force, or do they need their sales force to meet demanding targets to save the firm from failure?)
- Wounds (What would be the consequences of not having their needs met?)
- Authority (Are they the ultimate decision maker?)
- Resources (Budget and price issues)

Deliver a compelling sales argument

Present a solution which addresses their greatest emotional needs. Phrase your solution in such a way that this is made clear, e.g. addressing their need for security, status etc.)

Commit (ask for the order)

Overcome any objections (by offering alternative solutions) and finalise the sale. Price – range of options and prices; know up front what you are prepared to give – but get something in return to preserve the sense of value.

Building confidence:

- The VOJ and ANTs
- The solution: Affirmations, Mantras, and CBTs.
- Meditation
- Visualisation



Recommended Reading

- **The Secrets of Success in Selling**, by Nicola Cook. Published by Prentice Hall Business
- **Persuasion – The art of influencing people**, 2nd Edition, by James Borg. Published by Pearson Education Limited
- **Confidence – The art of getting what you want**, by Rob Yeung. Published by Pearson, Prentice Hall Life.
- **The Art of Effortless Living**, by Ingrid Bacchi. Published by Bantam Books.



The four main Personality Types

Personality type	Tendencies	Communication style	How to communicate with them
Controllers	Take-charge and want control of themselves, others and situations. Task-oriented, drivers, and are only focused on the end goal.	Direct, prefer to be in control, sense of urgency, louder volume and express limited or no emotion.	Get to the point, state what is in it for them and ask straightforward questions. Communicate confidently with a clear and concise message. Avoid the clutter and fluff.
Collaborators	Easy-going, relationship-oriented and enjoy working with people to work toward consensus.	Appear relaxed, ask a lot of questions, have a win-win attitude, hesitant to make decisions and highly emotional with an expressive tone.	Show an interest in them, listen patiently and give them a good 'feel' about your message or what you're asking them to do.
Analysers	Detail-oriented, logical thinkers who analyse others and situations. Work best alone to come up with solutions so may take more time to make decisions and take action.	Cautious, logical thinkers, soft-spoken, monotone voice, limited eye contact and facial expressions.	Avoid small talk, present facts and data, provide details and the process you will follow to service them.
Socialisers	Outgoing, thrive on change and enjoy meeting people. They get their energy from others and therefore work best when brainstorming with others to make a decision and take action.	Outspoken, quick to make decisions, assertive, fast talkers, express feelings through gestures, facial expressions and tone.	Show an interest in them, be upbeat, tie their personal experiences to your message.

Further Information

This guide is for general interest - it is always essential to take advice on specific issues.

We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

References and Acknowledgement:

¹ "Current" here means February 2010 (when this publication was first written)

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