

*Entelechy's Newsletter for Trainers, Managers, HR Professionals and Others
Responsible for the Performance of Others*

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CHOICES – AN INSTRUCTIONAL DESIGN GAME

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As an instructional designer, you have been asked to “whip together” training to help reduce the error rate of the claims processors.

Your choices are:

1. Go talk to the audit department to determine what the error rates are.
2. Look for games that you could use to simulate the errors that are being made and how claims processors could avoid them.
3. Conduct a needs analysis process that includes interviews with department managers and the audit department, a focus group interview with exemplary performers, and observation of exemplary and non-exemplary performers. For good measure, you conduct an item analysis of last year's claims to uncover error trends.
4. Go talk to the manager and find out what the errors are and some opinions on what might be causing the errors.
5. Do nothing.

What would YOU do?

As an instructional designer or training developer, your job is to create the “best” training you can given the circumstances. You must make choices as you move forward in your quest to design and deliver “best” training. The trouble is, there’s never enough time, the subject matter experts are rarely available when you need them, and compromises must often be made between the amount of training time needed and the actual acquisition of new skills.

Entelechy has developed a game called *Choices: Decisions in Training Design and Development*. *Choices* is a competitive game that pits design teams (from one to five players on a team and two to four teams) against each other to create the “best” training based on the decisions they make. Challenge your trainers; teach new skills; add some fun to your next trainer meeting!!!

For more detail and ordering information, please check out <http://unlockit.com/tools.htm>.

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COLLABORATIVE NEGOTIATIONS – PART 3 OF 3

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Most of us negotiate routinely without thinking about it since negotiation – “to confer with another so as to arrive at the settlement of some matter” – happens throughout our day. At the same time, many of us can think of times when we’ve felt like we’ve been taken advantage of, that someone got the better deal, that someone out-negotiated us. Whether it’s a colleague negotiating schedules with us, a client negotiating a contract, or the car dealer negotiating the price of our next vehicle, we can easily be out-maneuvered if we don’t know how to negotiate.

Negotiation is a complex subject, one that is covered in Entelechy’s *Collaborative Negotiations* training (<http://unlockit.com/HPS-CN.htm>). For simplicity, we’re going to focus on three important areas in *The Key*:

Power – The Key to Negotiations

Negotiation Strategy – Do’s and Don’ts

Negotiation Tactics

In the last two issues we covered Power – The Key to Negotiations and Negotiation Strategy – Do’s and Don’ts. In this issue, we’ll look at Negotiation Tactics. While we will use sales negotiations to illustrate concepts, the tips featured here are equally effective for all forms of negotiations.

NEGOTIATION TACTICS

Negotiations tactics are those ploys and techniques that many negotiations training courses teach to “give you the upper hand.” And while they DO work, every time a tactic is used, it erodes the relationship. Since most of us rely on repeat business – business that depends on a solid relationship – the use of negotiations tactics is clearly not in our best interest.

But how do you stop your client from using negotiation tactics on YOU?

You can successfully counter negotiations tactics by first recognizing the tactic and then responding in an appropriate fashion.

Let’s look first at the common negotiation tactics so we can recognize them when they are used on us.

FLINCH: A flinch is a wincing or pulling back as if hurt. A customer may often flinch after you state the price or the terms.

When someone flinches at the price it may be because they haven’t internalized the value of the solution. Restate the value of the solution in terms that are meaningful to the customer.

When someone flinches for another reason, you may choose to ignore the flinch and continue. Or you may flinch at their flinching and then ask why they are surprised.

NON-NEGOTIABLES: While this tactic can be used by both seller and buyer, it is most powerful when used by the seller. The seller will begin the negotiations by stating what cannot be considered negotiable.

If the customer uses the non-negotiable tactic with you, first try to get beyond the position they’re taking to uncover the interest they have. The position and the interest

may be different. “Your stance doesn’t leave any room for discussion. What is your reason for taking such a firm stance with this particular issue?”

If a customer uses the non-negotiable tactic with you regarding price (“take it or leave it”), review the solution and suggest a solution that meets their price demand. “If your budget absolutely prohibits you from investing in the recommended solution, perhaps we could prioritize the solution components and see which ones could be eliminated from the proposal.”

If a customer uses the non-negotiable tactic with you regarding an item that you aren’t concerned about AND you wish to gain power, use a grudging concession with a counter demand.

LOWBALLING: Low-balling is the customer coming in with an obviously low price.

Do not counter back with a compromise in your price. (You’re giving something without receiving something.) Instead, counter with your asking price.

If appropriate, apologize since you obviously miscommunicated the solution thereby causing the customer to return with such a low offer.

Counter by calling the customer on the tactic. “John, let’s be fair and reasonable.”

COMPETITION: The customer states that s/he has gotten bids from your competitors. Yours is \$5000 higher (or their bids included additional features). If you could do something about the price (or the features), we might be able to move forward.

First, know your competition. As you progress through the sales process, discover who your competition is. In your searching and aligning phases, ask your customer what differentiates you and your solution from that of your competitors. Restate those differentiators now.

Counter by restating the value. If necessary, restate the customer’s goals, all of the elements of your solution, and then the value of the solution.

If the competition has a better price, position the price as non-negotiable due to the use of standard and discount pricing or terms. State that you can offer a better price if the customer purchases more.

If this truly is a competitive situation where you want to penetrate the account, you may wish to use the tactic of higher authority to defer the decision.

FUTURE BUSINESS: This tactic is also called *Your Reward Will Be In Heaven* since what the customer is offering for your concessions is the promise of future business. Since you typically do not get the reward that the customer promised, if you concede, you are giving something without getting something in return.

Tell the customer that your company does not discount based on the promise of future business. Price quotes are handled on a per-job basis.

Fight fire with fire. Tell the customer that you are not able to discount this job but, if you get this contract, you will work on discounting future deals.

Tell the customer that you are pleased that the customer is considering you for additional work. Ask what specifically s/he is referring to so that you might get started with it.

WALK AWAY: A customer feels that s/he can walk away from the solution.

First, do not chase the customer; your negotiation power is significantly reduced. The customer obviously feels that s/he has options – including the option of keeping things as they are.

Counter by restating the value. If necessary, restate the customer's goals, all of the elements of your solution, and then the value of the solution.

Focus on the impact of not moving forward.

NIBBLING: The customer keeps asking for small concessions here and there. "I will consider buying if you throw in the..."

First, never give anything without getting anything.

Say that you've priced the solution based on what was discussed. Adding to the contract would require an additional cost.

Call the customer on the tactic. “John, you’ve asked for a number of concessions. So that I don’t miss any, let’s get all of the issues on the table and sort them out and move on.”

Counter demand. “John, I can’t continue to offer any more concessions without moving forward. If I agree to this one final item, will you agree to sign the contract and move forward?”

PRICE: Price seems to ALWAYS come up as an issue to be negotiated; negotiators expect to negotiate price.

First, price is more of an issue if the customer doesn’t understand the value of the solution in terms related to his/her business. Counter by restating the value. If necessary, restate the customer’s goals/needs/problems, the implications of them being addressed, relate all of the elements of your solution to the specific needs, and then the position the value of the solution.

Look universally at the issue of cost cutting; if the customer is truly concerned about reducing costs (and who isn’t), s/he will welcome your insight. How have other companies reduced their overall costs?

Position the price as non-negotiable due to the use of standard and discount pricing. State that you can offer a better price if the customer can purchase more. Or you can reduce the price if we go with a less complete solution.

Use the tactic of higher authority to defer the decision.

If helpful, compare your prices to comparable solutions offered by your competition. However, end by restating the value of your solution. “We’ve found that we are competitively priced; our customers have found that the value they have received from our solution has gone far beyond their costs.” (Caution: be careful not to introduce competitors your customer hasn’t been working with. Also, do not go into detail.)

Redefine price to include things such as cost of ownership, maintenance, delivery, terms, training, replacement parts, operating costs, etc.

TIPS FOR DEALING WITH NEGOTIATION TACTICS

Pattern your communication after them to reduce the barriers between you and the customer.

Listen, clarify, and address the issue in the other party's terms. When you respond using the other party's language and terminology, they are more accepting of your statement. (i.e., when they say, "I have a problem with the terms." respond by asking about the "problem with the terms.")

Separate people from the problem. Clarify the issue at hand. Work the people issues separate from the problem issues. Why should you work the people issues separately? It is more productive to work on problems. (i.e., when a customer says, "your company does lousy work" instead of responding with "your problems are a result of your people being too lazy to follow basic maintenance procedures" respond with a question to clarify the real problem.)

Separate positions from interests. People take positions and defend the position; uncover their interests and work the interests. "I will not pay more than \$25,000" is a position. The interest may be in showing a high return on investment, or in keeping the initial outlay of cash to a minimum. Why is it important to distinguish the difference? It is impossible to argue positions; they are "take it or leave it". Interests, on the other hand, lend themselves for collaboration.

Agree upon objective criteria for "fuzzy" requests or standards. Why should your make fuzzy criteria objective? The probability for misunderstanding increases with the fuzziness of the standard or request.

Use questions to clarify the request. Use SMART criteria for standards. Example: "You have poor quality." "What measures are you using when you refer to quality: ISO9000 certification? Mean-time-between-failure? Independent testing?"

Invent win-win options for mutual benefit. This is the best approach for building long-term profitable business relationships.

Show candor, integrity, and honesty.

This information comes from *Collaborative Negotiations*, a supporting module in Entelechy's *High Performance Sales* program. You can purchase the source files to this



training and customize the training to meet your company's specific needs. Check out all you get at <http://unlockit.com/HPS-CN.htm>

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Send this newsletter to your friends and colleagues who may be involved in training and the performance of others and could benefit from FREE performance tips, tools, and techniques.

Terence Traut, President of Entelechy "unlocking potential"

ttraut@unlockit.com

phone: 603-424-1237

fax: 603-424-6361

<http://www.unlockit.com>