

How to Negotiate Higher Prices

by Tom Reilly

Are you at the point where you feel helpless and hopeless when it comes to negotiating your prices with customers? Do you feel powerless to the customer's prowess at the bargaining table? Do your price discussions generally end in your feeling that you gave better than you got? I hear all of these from too many salespeople in our seminars; they feel more like victims of predatory price hunting. You don't have to be a victim in price negotiations. To quote a purchasing agent at Boeing, "If salespeople only understood how powerful they are, they could close us down tomorrow."

Sir Francis Bacon wrote, "Knowledge is power." If that is true then what we don't know holds great power over us. I believe that knowledge is empowerment. The more we know, the more empowered we feel. Your knowledge of simple negotiating principles will boost your confidence and your competence.

Principle One: It all begins with your attitude.

If you begin the negotiation with the attitude that it must result in a win-win outcome, all the games, gambits, and maneuvers people use are unnecessary. Your guiding principle must be that if it's not a good deal for one of you, it's not a good deal for either of you. Knowing that you desire win-win outcomes and communicating that with your behavior during the negotiation signals to the buyer that manipulation has no place in a relationship built on a foundation of trust. Adopting this guiding principle liberates you from the shackles of the win-at-all-costs mentality that buyers dread. Fear is not the emotion you want buyers feeling when you're asking them for their money.

Principle Two: Use time to your advantage.

Prudently drag your feet when it comes to lowering your prices. Buyers know that if they can get you to make a quick and emotional decision on pricing issues it will probably benefit them more than it will benefit you. More concessions are made at the end of a negotiation once the momentum is established. Professional negotiators will hold their most important request for that moment when the other person sees light at the end of the tunnel, because they know that more concessions are made at the end of a negotiation. Give yourself the advantage of a well-thought-out response to customer requests. Weigh the pros and cons, the short-term gain and the long-term consequences of your decisions.

Principle Three: See the game.

Any game you recognize as a game or gambit has less power over you. If you are dealing with a customer who has a predictable, first-response outrage to any price increase, you can prepare yourself for the emotional barrage. You know it's coming, which mitigates its impact. If you're dealing with someone who always leads with unreasonable demands, knowing this makes it easier for you to separate the background noise from the conversation. The best advice I ever got for this came from my first sales manager. He

said, “Just sit back and enjoy the floor show. You may see the best, off-Broadway performance of the year.”

Principle Four: Balk at the first offer.

Negotiators call this “flinching.” This is another way of saying, “Be patient.” Do not jump too quickly when the other person makes an offer. It may not be their final offer; it could be an opening move to test the water. Again, use time to your advantage. There may be flexibility in the buyer’s negotiating position, but if you are too quick to accept their initial offer, you may not discover areas of flexibility.

Principle Five: Don’t split first.

Whoever first offers to split the difference will go more than fifty percent of the way. This applies to time as well as money. If you are \$2,000 apart from your buyer’s budget and you offer to meet the buyer half way, you will likely hear: “That’s a generous offer, but we’re still \$1,000 higher than my budget. I need you to sharpen your pencil even more if we’re going to do some business.” When there is a difference between your price and the price that the buyer wants to pay, ask that person for a suggestion to resolve the issue. The buyer may offer the first split.

Principle Six: Know your walking point.

George Meaney, the great labor negotiator, said, “Never sit down at a negotiating table unless you’re willing to stand up and walk away.” Unless you know your walking point, you could find yourself making concessions you may later regret, once you’ve had the chance to reflect on the terms of the negotiation. Knowing your walking point builds your confidence and communicates to the buyer that there is a point beyond which you will not go. Remember, you want every opportunity, not necessarily every order.

You have been negotiating your whole life. From infancy through childhood through adulthood, you have been a negotiator. Whether it’s at home or at work, you participate in the give-and-take of life. You are not helpless. You are not powerless. You have within your reach the ability to negotiate win-win outcomes for you and your buyer.

*Tom Reilly is a professional speaker and author. Since 1981 he has trained more than one hundred thousand salespeople and written twelve books. His first book, **Value-Added Selling**, has been published by McGraw-Hill and continues to be a hot-seller for salespeople. This article is an excerpt from his book, **Crush Price Objections**. Visit his website: www.TomReillyTraining.com or call 636-537-3360.*