

# Negotiating and Closing Outline

## I. Negotiating

**Rule:** Don't negotiate until you've created value and created a differential competitive advantage.

**Rule:** Don't discuss price until you're ready to negotiate and close.

### A. The Five Elements in the Negotiating and Closing Process

#### 1. Your Negotiating Approach

##### a. Information-Based

- i. Information about your customers and their competitors
- ii. Information about your competitors
- iii. Information about the other side's cultural background
- iv. The attitudes and tactics of the other side

##### b. Relationship-Based

##### c. Ethical

##### d. Flexible

#### 2. Preparation

##### a. Assess the Situation

- i. Balanced concerns
- ii. Relationships
- iii. Transactions
- iv. Tacit coordination

##### b. Assess Negotiating Styles

- i. Competitors
- ii. Accommodators
- iii. Narcissists
- iv. Cooperators

**Rule:** Match the other side's style (cooperative or competitive).

##### c. Identify Interests, Set Objectives, Determine Targets

- i. Identify both sides' interests.
- ii. Set MADCUD objectives (Measurable, Attainable, Demanding, Consistent with company goals, Under control of the individual, and Deadlined).

**Rule:** When selling a perishable product, always set a deadline on your offers.

##### iii. Determine Targets

**Rule:** Make a commitment to your objectives and targets, write them down, and tell someone about them.

**d. Assess Leverage**

**i. BATNAs**

**Rule:** Always go into a negotiation with a BATNA.

**ii. Tit-for-tat**

**Rule:** Use tit-for-tat to teach the other side to cooperate.

**iii. Warning**

**Rule:** Never threaten, politely warn instead.

**iv. Bluffs**

**Rule:** If you bluff, use a mixed strategy and occasionally bluff on a random basis.

**e. Estimate the Ballpark, Commit to walk-aways, and Set Anchors**

**i. Estimate a ballpark**

**Rule:** Most settlements are close to the mid-point.

**Rule:** Always go into every negotiation with a commitment to your walk-aways.

**Rule:** During negotiations, you must focus on your highest legitimate expectations, not your walk-aways.

**Rule:** Always have a well-thought-out anchor.

**f. Determine Bargaining Tactics**

**i. Acceptable: Auction, cherry-pick, crunch, flinch, good guy/bad guy, limited authority, nibble, price tag, red herring, silence, split the difference, take-it-or-leave-it, and throw-aways.**

**ii. Unacceptable: Big bait, blackmail, change of pace, deliver garbage, renege, starvation, threats, and walk-out.**

**Rule:** Never split the difference when it is in the other side's favor or is not close to your HLE; have patience and continue negotiating.

**Rule:** When faced with unacceptable or unethical bargaining tactics, name them and tell the other side the names so the other side knows you are not fooled.

**Rule:** Never respond emotionally; respond calmly, politely, and firmly.

### 3. Maneuvering for Dominance and Control

**Rule:** The other side only has the power you give it.

#### a. Tactics to get you frustrated: Interruptions, hurry-up, delay, keep-you-waiting, and bring in the boss.

**Rule:** Check your ego at the door and don't let your fear or emotion get the better of you; patience always wins.

**Rule:** Whoever controls the negotiating agenda, controls the outcome.

**Rule:** In order to avoid negotiating on each element individually, package all the elements in a deal so that the prices of the individual elements always add up to more than the package price.

**Rule:** Negotiate only after you have created value, early in a customer's planning cycle, and well before your imposed deadline.

**Rule:** Negotiate at the highest level possible—only with the buying decision maker.

**Rule:** Don't negotiate with your boss present if you can avoid it.

**Rule:** Negotiate on your own turf if possible.

**Rule:** Negotiate face-to-face whenever possible.

**Rule:** If you have to negotiate on the phone, you be the caller.

### 4. Bargaining

#### a. Warm-up

**Rule:** Listen and get information 66 percent of the time, give information only 33 percent of the time.

**Rule:** Get the other side to state what they want at the beginning, and tell them what your issues are—get everything on the table.

#### b. Open

##### i. Open first?

**Rule:** Open first to set an anchor, except when you don't know the other side.

## ii. Open optimistically or realistically?

**Rule:** When in doubt, open optimistically and have room to come down.

**Rule:** You never get anything you don't ask for, so ask for more than you hope to get.

**Rule:** When you know the buyer well, open realistically.  
Corollary: Also, open realistically when you have no leverage, when in a tacit coordination situation, and when people say they won't negotiate and mean it.

**Rule:** Get the bad news out of the way early.

**Rule:** Don't include most of the other side's requests in your initial offer.

## c. Frames

**Rule:** Always frame all of your offers appropriately.

## d. Signaling Leverage

**Rule:** Confidence is everything; whoever blinks first, loses.

## e. Making Concessions

**Rule:** Never begin with a major concession.

**Rule:** Don't just concede, try to trade; if you give up something, always try to get something in return.

**Rule:** Give the first concession on an unimportant issue, and get a concession from the other side.

**Rule:** Make the other side work hard for everything; they will appreciate it more.

**i. Develop an effective concession pattern that signals when you get close to your walk-away.**

## f. Building Agreement

**Rule:** Summarize agreements and restate the other side's position on a regular basis.

**Rule:** Be patient—with patience and hard work in exploring alternatives, you can make the deal better for both sides.

## II. Closing and Gaining Commitment

**Rule:** Expect to close.

**Rule:** When you walk away, always leave the door open.

**A. Trial Closes: The Direct Close, the Assumption Close, the Summary Close, the Silent Close, the Pin-Down Close, and the t –Account Close.**

**Rule:** Use trial closes throughout the negotiating process.

**B. Choice Closes: The Choice Close and the Minor Point Close.**

**C. Clincher Close (have a big concession in your back pocket and use it at the end to clinch a deal)**

**D. Last-Resort Closes: The “Make-Me-an-Offer” Close, the “What-Will-it-Take” Close, and the “What-Did-I-Do Wrong” Close.**

**E. Bad, Never-Use Closes: The Poor-Me Close, the Now-You-See-It-Now-You-Don't Close, the For-You-Only Close.**

**Rule:** Don't close too aggressively; always keep the relationship in mind.

**Rule:** When closing, confidence is vital—you cannot signal your fear of losing or need to close fast.

**Rule:** Have confidence that you can give the other side a “good deal”—their definition of a good deal.

**F. Types of Good Deals: Got a low price, got something someone else wanted, got high quality at a reasonable price, got the last one, got a warranty or guarantee: low risk of dissatisfaction, got a discount, got something else thrown in, got a win: feel like they won something important to them, got good result from advertising, got a good deal compared to other media.**

**G. Get Commitment: Social Ritual, Public Announcement, Accountability, Simultaneous Exchange**

**Rule:** Once you get commitment, say “thank you,” shut up, and leave quickly.

## III. Putting It All Together: Create a Negotiating and Closing Plan

**Rule:** Always rehearse your negotiating and closing plan.

**Rule:** After every negotiation, debrief.