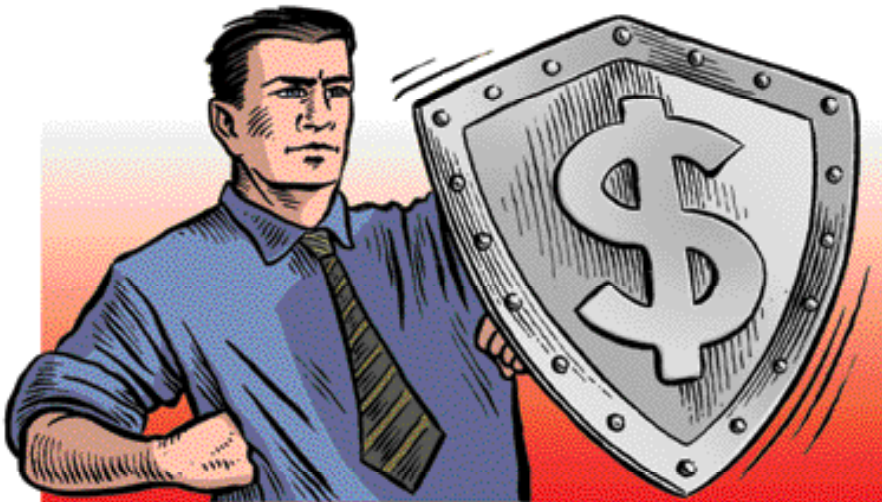


The Price Is Right

Tough times require you be even more resolute that the deal you're offering is the best you can make. By Rick Davis



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In 1985, a young man was sent to Columbus, Ohio, to negotiate a contract worth a quarter of a million dollars. His supervisor ordered that young man to come back with the order and added that, if necessary, he had the latitude to adjust the price by as much as \$25,000.

I was that young man, and when I met the client, he asked for my best price while staring me down with his most ominous look. I quickly reduced my price to obtain the business.

As a very inexperienced salesman, I did not even consider the possibility that my potential client would have accepted a price of \$250,000. In retrospect, I realize that, as a manufacturer quoting a contractor pricing on a direct sale with no middleman, the price I was sent to offer was probably very competitive. But I panicked and focused on making the sale at any cost, without considering the long-term implications of my poor negotiation skills.

After that first negotiation, the contractor most assuredly suspected that I was an easy mark. I had lost credibility with my employer as well as the contractor. Most important, I had given away virtually all the profit in the project.

Fortunately, I have since experienced, many times over, the satisfaction that comes from holding your price at a fair margin while still making the sale. Tragically, many

salespeople go through an entire career never having resisted the urge to lower their price.

During these challenging times, negotiations are as combative as ever. Rather than quickly succumb to the negotiation pressure that you inevitably will face, do these things to help your position in negotiations.

1. Prospect aggressively. Create an abundance of opportunity in your territory and within your organization, and you will feel less victimized by combative price negotiations. Choice creates power, and the abundance of prospects in your sales pipeline will give you strength in negotiations. When you have only a few prospects, you instinctively feel that the loss of any individual sales has major impact. When you have many prospects, you still might not like losing a sale, but at least you'll walk away knowing you have more alternatives to replace that lost one.

2. In challenging times, margins must increase, not decrease.

Salespeople who make sales at any cost are beggars. They focus on sales volume to the detriment of sales profit. As sales volume is reduced, a Sales Leader recognizes that operating costs have not gone down. Cutbacks in personnel can ease the burden on any organization, but the fixed costs of land, machinery, and overhead remain fixed and, as sales decrease, take on more significance as a greater percentage of business.

3. Don't put problems off on your vendors. Many salespeople and managers instinctively turn to their vendors for price reductions. This practice is really nothing more than a transfer of bad selling skills. When the salesperson can't hold the price, she turns to the sales manager. He turns to the vendor sales contact. The vendor sales contact asks his sales manager for a discount, and the cycle of bad salesmanship continues. At some point, someone has to tell the customer, "You have the best price. It's a great price."

Consider the times you have bought something. The only way you knew you had the best possible price was when the salesman told you there was no more room to move. In fact, one of the best ways to achieve peace of mind as a buyer is to hear the salesperson say that the best price is on the table. Give your clients that same peace of mind, and thereby strengthen the profitability of your organization. ■