

## Building Leadership (W10)

### Basic Training for Negotiators

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## Gaining Hands-on Experience

There are three major objectives to keep in mind as you go through basic training:

1. The realization that *you can* and *should* negotiate more than you do
2. The knowledge that every negotiation is unique, and the results, while often positive, are always unpredictable
3. The establishment of a greater comfort level as you gain experience

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**Remember** that, Not everything is worth negotiating. For example, don't fight with the neighbor at the produce stand over the price of lettuce.

However, not all negotiations is success. There will be time that negotiating works and doesn't work. The important thing is to *get into the game and keep trying!*

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### Example scenarios in which you can and should seek the advantage

#### The Location of the Restaurant Table

When you enter a restaurant, there are all sorts of reasons why you get seated where you do.

Notice that neither of these reasons has anything to do with *your* comfort or pleasure.

Inevitably someone is going to be seated at the traffic-laden sites nearest the entrance or the table that is barely missed by the kitchen door as it flies open every twenty-four seconds.

Of course, there are also those tables in the far flung corners of the dining room where shipping your meal via Federal Express would seem an option.

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Goal: A better location

Tactic:

- a) The Basic Ultimatum
- b) The Ultimatum Plus
- c) The Ultimatum Exit
- d) Research and Destroy
- e) Goodwill Hunting
- f) Solve a Problem
- g) The Cash Flash

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## Resolution

#### The location of Restaurant Table

Tactic: Ultimatum Plus.

- "This table is unacceptable. What about that one?"
- A bit softer: "We'd like a quieter table" followed by a silence.

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## Example

### The Credit Card Interest Rate

If you're in the mood to be shocked, take a look at the interest rate charged by the typical credit card company, which often exceeds 20%.

The competition is fierce, and that gives you an advantage.

These people want your business and are often willing to reduce their rate of interest just to keep you as a customer. *All you have to do is ask!*

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Goal: A lower rate

Tactic:

- a) The Basic Ultimatum
- b) The Ultimatum Plus
- c) The Ultimatum Exit
- d) Research and Destroy
- e) Goodwill Hunting
- f) Solve a Problem
- g) The Cash Flash

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## Resolution

### The Credit Card Interest Rate

Tactic: Research and Destroy – suggested telephone conversation:

- "Hello, My name is Pat. What's your name?" (The copious use of first names – and, of course, you should use your own – warms the tone of the conversation so it can be questioning without being confrontational.)

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- "Bill, I've been a loyal cardholder for a long time. I just got an ad from your competitor [give the name of the competitor], and frankly I'm shocked. Their interest rate is thirty percent less than yours." (Tell the truth; don't give just the teaser rate. These people may be shady, but they're not ill informed.) "If I can't get a lower rate, I'm going to have to cancel and sign up with a competitor. How much can you lower my rate?"
- You should get results. If you don't, call back again or ask to speak with a supervisor. If you can't get anywhere, it might be time to switch!

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## Example

### The Hotel Room

Just slightly less complex than the U.S. tax code is the logic by which hotels set their rates. As the seasoned traveler may know, there are corporate rates, special corporate rates, convention rates, government rates, group rates, and many others as well.

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Goal: A better room, a lower rate ... maybe both!

Tactic:

- a) The Basic Ultimatum
- b) The Ultimatum Plus
- c) The Ultimatum Exit
- d) Research and Destroy
- e) Goodwill Hunting
- f) Solve a Problem
- g) The Cash Flash

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## Resolution

### The Hotel Room

Tactic: Goodwill Hunting/Solve a Problem

- *"It's been a long day for both of us, but I have to ask. This rate is higher than the one I was quoted. I know you didn't make the quote, but could you look into it? I'd like a better room [larger room, higher floor, concierge level, free breakfast]."*

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- You've established goodwill (*"It's been a long day for both of us ..."*) and just about said you don't want to argue – but there is this problem that you hope the target can solve. You may have to politely go to a supervisor, but try to get something through the negotiation with first person you speak to.

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## Example

### The Department Store

The secret weapon that has greatly discouraged us as negotiators is the price tag. Most of us seem transfixed by it and wouldn't think of questioning it. It's strange. After all, if you get an unfair parking ticket, you question it. If you get an inaccurate bill in the mail, you question it and get an adjustment. But most of us bow in obedience to the tiny price tag.

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Goal: A price reduction

Tactic:

- a) The Basic Ultimatum
- b) The Ultimatum Plus
- c) The Ultimatum Exit
- d) Research and Destroy
- e) Goodwill Hunting
- f) Solve a Problem
- g) The Cash Flash

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## Resolution

### The Department Store

Tactic: Solve a Problem/Goodwill Hunting – The approach:

- *"It will be going on sale shortly; how much better can you do no this? Can the manager get me a discount?"*
- This is likely to be successful although you might have to speak politely with a person one level up from the floor salesperson

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## Example

### Off-Season/End of Season

Stores that have clearance sales are in essence saying, "Look, we screwed up, and we're going to let this stuff go cheap rather than keep it for another year." Keep in mind that you're at an advantage here, since it costs money to ship merchandise back to a warehouse, store it all year, and then ship it back to the showroom again. Not only do they want to get rid of merchandise, it's also in their best interest.

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Goal: An even bigger discount

Tactic:

- a) The Basic Ultimatum
- b) The Ultimatum Plus
- c) The Ultimatum Exit
- d) Research and Destroy
- e) Goodwill Hunting
- f) Solve a Problem
- g) The Cash Flash

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## Resolution

### Off-Season/End of Season

Tactic: Ultimatum/Exit and Solve a Problem

- *"Markdown or not, these prices still seem high. A bigger discount will benefit both of us ... How much better can you do? Who can get me a better deal?"*
- Your approach should be polite, logical, persistent, and ready to make an exit. (Of course, you'll be back again during the next shift.)

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## Example

### A Quantity Discount

A universal business rule is that the more you buy, the less you pay. Whenever possible, you should be sure this applies to you. Admittedly, you're never going to buy as many Fords as Hertz, but as I hope you've already learned, you should always ask for a discount

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Goal: A better price. However, don't begin with a quantity discount. Get the very best price you can on a single item, using one or a selection of strategies.

Tactic:

- a) The Basic Ultimatum
- b) The Ultimatum Plus
- c) The Ultimatum Exit
- d) Research and Destroy
- e) Goodwill Hunting
- f) Solve a Problem
- g) The Cash Flash

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## Resolution

### A Quantity Discount

Tactic: Ultimatum Plus

- After you're certain you've got the best price, pose a simple question: *"How much for two?"*
- Follow this with an additional request: *"Suppose I take a dozen?"*

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### Bonus tip:

By beginning with a negotiation for a discount on one, and then getting a discount for two, you establish that the quantity discount is in effect. If you get the discount for two, logic dictates that the more you buy, the better you'll do, only because you established the cycle.

### Caution:

This tactic may have limited effectiveness when prices are really at rock bottom.

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## Example

### **Damaged Goods**

If you've owned enough products made by humans, you may have noticed that imperfections abound. They are often minor and don't affect the functioning of the item, or the imperfection may be obvious but of no consequence to you. For example, I once got an incredible deal on a sofa that had a slight tear on one end, an end that would always be against a wall in my apartment and therefore never visible to anyone. If the flaw is of no consequence to you (which you should never admit), you may have a great opportunity for a real bargain!

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Goal: A discount on a sub-par purchase

Tactic:

- a) The Basic Ultimatum
- b) The Ultimatum Plus
- c) The Ultimatum Exit
- d) Research and Destroy
- e) Goodwill Hunting
- f) Solve a Problem
- g) The Cash Flash

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## Resolution

### **Damaged Goods**

Tactic: Solve a problem

- "I really like that piece of furniture over there [make the salesperson think you're hooked], but it's damaged. How much of a break can I get if I take it off your hands?"
- No luck? Ask for a supervisor or whoever can make a decision, and begin again.

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### Bonus Tip #1:

Stores, especially large ones, may have policies about not selling damaged items. You'll have to talk your way around these policies. Store may have a policies that all damaged items would be shipped back to a clearance center, stored, and eventually marked down and sold at a discount. In this case, you should offer to merely take the discount right then and save the cost of all that shipping and handling. After quite a bit of talking, you might find a discount nearly 50 percent off the price.

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### Bonus tip #2:

Do negotiate in nearly a closing time, when staffers are tired and senior manager isn't around. At this time, you are likely to be dealing with a part-time employee, who is less likely to let company loyalty get in the way of your gaining an advantage.

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## Conclusion

To applying these tactics, compile your own set of real life situations comparable to those you have learned. Use your own scenarios to further develop your negotiation skills. In doing so, you'll be better equipped to negotiate effectively in more serious or even crucial situations.

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