**Negotiating and Closing Outline**

1. 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.

* 1. The Five Elements in the Negotiating and Closing Process
		1. Your Negotiating Approach
			1. Information-Based
				1. Information about your customers and their competitors
				2. Information about your competitors
				3. Information about the other side’s cultural background
				4. The attitudes and tactics of the other side
			2. Relationship-Based
			3. Ethical
			4. Flexible
		2. Preparation
			1. Assess the Situation
				1. Balanced concerns
				2. Relationships
				3. Transactions
				4. Tacit coordination
			2. Assess Negotiating Styles
				1. Competitors
				2. Accommodators
				3. Narcissists
				4. Cooperators

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

* + - 1. Identify Interests, Set Objectives, Determine Targets
				1. Identify both sides’ interests.
				2. 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.

* + - * 1. Determine Targets

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

* + - 1. Assess Leverage
				1. BATNAs

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

* + - * 1. Tit-for-tat

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

**Rule:** Don’t use tit-for-tat if the other side is much more powerful. Stick to your principles humbly.

* + - * 1. Warning

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

* + - * 1. Bluffs

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

* + - 1. Estimate the Ballpark, Commit to walk-aways, and Set Anchors
				1. 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.

* + - 1. Determine Bargaining Tactics
				1. 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.
				2. 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.

* + 1. Maneuvering for Dominance and Control

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

* + - 1. 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.

* + 1. Bargaining
			1. 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.

* + - 1. Open
				1. Open first?

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

* + - * 1. 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.

* + - 1. Frames

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

* + - 1. Signaling Leverage

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

* + - 1. 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.

* + - * 1. Develop an effective concession pattern that signals when you get close to your walk-away.
			1. 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.

1. Closing and Gaining Commitment

**Rule:** Expect to close.

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

* 1. 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.

* 1. Choice Closes: The Choice Close and the Minor Point Close.
	2. Clincher Close (have a big concession in your back pocket and use it at the end to clinch a deal)
	3. Last-Resort Closes: The “Make-Me-an-Offer” Close, the “What-Will-it- Take” Close, and the “What-Did-I-Do Wrong” Close.
	4. 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.

* 1. 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.
	2. Get Commitment: Social Ritual, Public Announcement, Accountability, Simultaneous Exchange

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

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

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

**Rule:** After every negotiation, debrief