

Media Selling, 4th Edition

By Charles Warner

Chapter 12– Skills: Negotiating and Closing

Negotiating is one of the most researched and studied topics in business, law, politics, and international affairs. In June 2007, a search on Amazon.com for books on the subject of negotiating came up with 109,847 titles, including *Negotiating for Dummies*—obviously not a book for readers of this book. It's clear people are buying and reading books on negotiating, so you must assume that your prospects, customers, and buyers have read some of them and possess varying degrees of negotiating expertise. To assume otherwise is foolhardy because the uninformed and unprepared salesperson will lose when up against a knowledgeable negotiator. If you are calling on retailers, you must assume they are experts in negotiating because they negotiate every day with their vendors and customers. If you are calling on media buyers, their titles often include the word negotiator, especially at large agencies that purchase network television.

The majority of negotiating books were about how to negotiate in one-time situations in which long-term relationship were not important and negotiating for tangible goods, such as real estate. Negotiating in the media is different from most other types of negotiating and requires special skills for two reasons. First, media negotiating is not about winning at all costs in hard-nosed competitive battles over price and terms. The media does the vast majority of its business with long-term customers and agency buyers, and maintaining relationships with these customers and buyers is vital. Second, the media, especially broadcast and cable, sell a perishable product that if not sold, goes to waste.

Furthermore, all media selling involves negotiating. A negotiation might be a simple three-step process such as, “My price is \$100,” “I’ll give you \$90,” and “I’ll take it.” Or an advertiser might negotiate over the position of an ad with a newspaper that will not budge an inch on rates. Or television network executives and advertising agency negotiators might negotiate for a \$50 million upfront deal. Or a major media conglomerate might negotiate with a major advertiser for a multi-million-dollar cross-platform deal on all of its media properties.. But whatever the size of the deal, if you do not learn to be an effective negotiator, your chances of having a successful career in media selling are small, and your chances of being world class are zero.

Negotiating and closing are included in the same step of selling because the ultimate goal of negotiating is to reach a satisfactory agreement, to close a deal. Therefore, you should look forward to negotiating and not be apprehensive. Why? Because, when you enter into negotiations, prospects have reached the Conviction step on the Sales Ladder. They want to make a deal, and they are ready to take the next step, Action, if they can get what they perceive to be a good deal. It is your task in negotiating to see that customers perceive they get a good deal, which actually should be a good deal for both sides. *An exchange of satisfactions* best describes negotiating. In his classic book, *The Fundamentals of Negotiating*, Gerard Nierenberg writes, “*All parties to a negotiation should come out with some needs satisfied.*”¹

The Negotiating and Closing Process

The process of negotiating and closing is quite complex—it is full of many rules and a wide variety of tactics and choices. In this chapter only, I have organized and structured these rules, tactics, and choices in a numbered, outline-type format in order to make them easier to follow, especially if you download and print out the Negotiating and Closing Outline from the book’s website, www.mediaselling.us/downloads.html.

Rule: Don’t negotiate until you’ve created value and created a differential competitive advantage for your product in the mind of a customer.

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

Many inexperienced salespeople make the mistake of negotiating too soon, before they have created value. The first question both experienced media buyers and inexperienced prospects often ask is, “What’s the price?” For example, a prospect new to your medium might innocently ask, “How much does an ad on your website cost?” Your response should be, “Well, that’s like asking how much a car costs. Are you talking about a Hyundai or a Rolls Royce? The answer is “It depends.” Let’s find out what your needs are and then we’ll see what the best type of ad or banner for you would be.” If an experienced television buyer whom you have dealt with frequently asks, “What is your cost-per-point?”, you should delay the answer until you have had a discussion about the value, benefits, and supply-and-demand issues concerning your product. Even with experienced buyers, always follow the first two rules above.

Some negotiations are not complicated and require minimal preparation. However, because 80 percent of your business will come from 20 percent of your customers, you will find that the majority of your business might involve complex negotiating with your more important customers and agency media buyers. In large markets and in national media such as magazines, portals (Yahoo, AOL, MSN, e.g.), and network television, virtually all business involves complex negotiating, which requires thorough preparation, as outlined below.

The five elements in the negotiating and closing process are:

1. Your negotiating approach
2. Preparation
3. Maneuvering for dominance and control
4. Bargaining
5. Closing and Getting Commitment

See the Negotiating and Closing Outline in the Appendix for a summary of the above five elements and for all of the rules of negotiating.

1. Your Negotiating Approach

Your approach to negotiating should be information-based, relationship-based, ethical, and flexible.

1.1 Information-Based. It is often said that information is power, and in no situation is information more powerful than in negotiating. You should conduct research and gather information about the other side and their competitors, about your competitors, about the other side’s cultural background, and about the other side’s attitudes and bargaining tactics.

Information about your customers and their competitors. The more information you can gather when you ask your discovery questions and afterwards about customers' goals, strategies, challenges, and business and personal needs (a Needs Portrait), the better chance you have to achieve your objectives in a negotiation. An information-based approach focuses on solid planning, careful listening to discover information about your customers' needs and interests, and recognizing signals the other side sends through its behavior and tactics during the negotiating process.

It is also important to gather complete information about the other side's competitors: the competitors' marketing and advertising strategies, their market position, their value proposition, their image, and their reputation. As we learned in game theory, your customers' strategies will be determined by their competitors' strategic and tactical moves, so you must have competitive information in order for you to position your offers in a way that helps your customers beat their competitors.

Information about your competitors. In the book, *The Art of War*, by Sun Tzu, the legendary Chinese general, writes: "Spies are a most important element in war, because upon them depends an army's ability to move."ⁱⁱ For "spies" substitute the modern concept of competitive intelligence, for "war" substitute negotiating, and for "army" substitute the word negotiator. The sentence now reads: Competitive intelligence is the most important element in negotiating, because a negotiator's ability to move depend on it. Another lesson from Sun Tzu that we must not forget is that the "the true object of war is *peace*."ⁱⁱⁱ Likewise, the true object of negotiating must be *agreement*, not victory.

Intelligence about your competitors is critical to your negotiating planning and to reaching a final agreement: Intelligence about what prices your competitors will offer, intelligence about what concessions they will make, and intelligence about what tactics they have traditionally used in past negotiations. Having this information will help you determine your prices, your offers, and your tactics.

Information about the other side's cultural background. The way people approach negotiating and their negotiating style is primarily based on their cultural background. For example, many people from the Middle East conduct business based on haggling over price, which is always negotiable. Some people in America believe in negotiating at every opportunity, others believe that negotiating indicates that they cannot afford something and, thus, do not negotiate to avoid looking cheap.

As an example, I gave a negotiating seminar to a group of magazine salespeople in New York several years ago and made the point that negotiating approaches are culturally based. A woman in the audience said, "Yes, I agree. My family never negotiated for anything." A salesperson sitting next to her said, "Wendy, you grew up in Greenwich, Connecticut. I grew up in the Bronx. My father sold garments on Seventh Avenue and the first two things he taught me were 'do not eat ham' and 'do not pay retail.'" Neither approach is right nor wrong; both are perfectly valid approaches. It is important for you to acquire

information about the other side's approach so you can plan your negotiating tactics accordingly.

The attitudes and tactics of the other side. You might discover in your competitive intelligence research that the person you will be negotiating with tends to be an over-confident braggart who takes great pleasure in belittling others. Bob Woolf, in *Friendly Persuasion*, recommends adopting an attitude of being self-effacing and non-blustering, especially when you have an advantage, or leverage. Woolf suggests that confidence in yourself, your plan, and your offer is vital, but he also recommends that you maintain a humble, agreeable, attitude to keep the other side off guard, especially if the other side is overconfident.

Or, you might discover that the other side's lead negotiator has a habit of keeping people waiting for an hour or so before arriving at a negotiating session in order to get the other side angry. Many unethical negotiators will use various bargaining tactics to get the other side angry because they know that when people become angry, their emotional intensity rises and they will make irrational, emotional decisions instead of rational ones. Richard Shell writes in *Bargaining for Advantage* that, "You must learn to recognize the hidden psychological strategies that play such an important role in negotiation."^{iv}

The Influence section of Chapter 8: Persuasion and Creating Value covers many of these psychological tactics. Some negotiators will try to use the reciprocity principle against you by giving you a small concession and then asking for a big one in return. Sometimes clever negotiators will try to get you over-committed by threatening to buy from your competition in the hope that such a threat will create competitive bidding and lower prices substantially. If you do your research on the other side's typical attitudes and its tendency to use various tactics, you can plan your approach to respond accordingly and, therefore, gain an advantage.

1.2 Relationship-Based. Successful negotiating is based on trust. And because media salespeople are selling an intangible service in which a salesperson becomes the surrogate for their product, most media selling is all about relationships. As I discussed earlier, to get trust, you must first give trust. However, do not give your trust unconditionally. The first time you negotiate with someone be skeptical. Being skeptical means delaying judgment about people until you learn from their behavior over time that they can be trusted. Initial wariness is important because you might discover eventually that you are dealing with highly competitive, unethical negotiators. However, in media selling you will find that the majority of the people you deal with take pride in being fair and honest, especially at large, reputable advertising agencies and clients. But you must establish a bond of mutual trust with these people. Once this trusting relationship occurs, you will find that negotiating is not necessarily contentious and competitive, but can be cooperative, challenging, and enjoyable.

1.3 Ethical. No matter what approach the other side takes, you must retain your integrity, be true to your convictions, and always act ethically—follow the ethical guidelines in Chapter 3.

1.4 Flexible. There is no one best way to negotiate. You must remain adaptable and be able to adjust to the needs of maintaining a relationship, to the urgency of the situation, to the complexities of a large deal, and to whether you are negotiating with a team or an

individual. If you negotiate with people on a frequent basis, the rules and patterns of negotiating often become implicit, unstated, and comfortable. But always be alert, because they might take advantage of your comfort and change their mood, attitudes, style, and bargaining tactics in order to catch you off guard and gain an edge. You must be flexible in your approach and tactics, and you must *deal with each negotiation based on the situation at the moment* and not based on past patterns.

2. Preparation

The side that is best prepared and has the most well-thought-out plan, comes out ahead in virtually every negotiation.

There are ten preparation steps in negotiating:

- 2.1. Assess the situation.
- 2.2. Assess negotiating styles.
- 2.3. Identify interests, set objectives, and determine targets.
- 2.4. Assess leverage.
- 2.5. Estimate the ballpark, commit to walk-aways, and set anchors.
- 2.6. Determine bargaining tactics.
- 2.7. Decide when and how to open.
- 2.8. Determine frames.
- 2.9. Determine concessions and trade goals.
- 2.10. Plan your closes.

2.1 Assess the Situation

The first step in planning is to assess the negotiating situation. One of the elements that distinguishes Richard Shell's *Bargaining for Advantage* from other books and seminars on negotiating and make the book applicable to media negotiating is his concept that there are four basic situations that require different strategies, as shown in Exhibit 12.1, The Situational Matrix.

Exhibit 12.1

The Situational Matrix

		Perceived Conflict over Stakes	
		<i>High</i>	<i>Low</i>
Perceived Importance of Future Relationship Between Sides	<i>High</i>	I. Balanced Concerns (Business partnership, joint venture, or merger) <i>Best Strategies:</i> Problem solving or compromise	II. Relationships (Marriage, friendship, or work team) <i>Best Strategies:</i> Accommodation, problem solving, or compromise
	<i>Low</i>	III. Transactions (Divorce, house sale, or market transaction) <i>Best Strategies:</i> Competition, problem solving, or compromise	IV. Tacit Coordination (Highway intersection or airplane seating) <i>Best Strategies:</i> Avoidance, accommodation, or compromise

Source: G. Richard Shell. 1999. *Bargaining for Advantage*. New York: Penguin Books. p. 127. Used with permission.

Balanced Concerns. In media selling you will run into all four types of situations, but the majority of your negotiating will be in a *balanced concerns* situation in which both stakes, such as price, deal terms and conditions, such as position in a publication or added value, are as important as maintaining a relationship. Because media negotiating is typically conducted with regular customers who will give you repeat business, you must not negotiate so aggressively and competitively that you win and your customers lose. You must have a balance between getting favorable prices and terms and maintaining a trusting relationship.

Relationship. You will rarely encounter a *relationship* situation in media selling in which maintaining future relationships are such an overriding concern that you will accommodate advertisers with generous terms or large discounts. Because the stakes in a media deal are often public knowledge, as they are in the upfront market or when large contracts between public companies are posted on the Internet, media companies are usually unwilling to give one advertiser a significantly better deal than they would give to another advertiser. On the other hand, many media deals and contracts include a *favored-nation clause* in which a media company agrees to give an advertiser the same low price if the media company ever charges another advertiser a lower price. In a businesses in which most advertisers have many competitors, advertisers and their agencies trust media companies not to give better deals to competitors. Most media companies maintain their integrity and attempt to treat advertisers fairly.

Furthermore, by overemphasizing a relationship, media companies are subject to relationship blackmail. In an article in the *Harvard Business Review* titled “Negotiation as a Corporate Capability,” author Danny Ertel writes:

Over the years, I have asked hundreds of executives to reflect on their business relationships and to ask themselves which kinds of customers they make the most concessions to, do more costly favors for, and generally give away more value to. Is it their good customers or their bad customers? The vast majority respond, with some chagrin, “The difficult ones, of course. I’m hoping to improve the relationship.” But that hope is almost always in vain: once customers find they can get discounts and favors by holding a relationship hostage, why should they change? Without realizing it, many companies have systematically taught their customers the art of blackmail.^v

It is important not to allow advertisers to blackmail you by threatening to take their business elsewhere if they do not get more than other advertisers get. Do not cave in; treat everyone fairly.

Transaction. In media selling you will occasionally run into a *transaction* situation in which stakes are much more important than relationships. These situations sometimes occur with new customers who try to make a large one-time deal and negotiate a very low price. But beware of someone who is not a regular customer, whose reputation you do not know, who makes big promises, and who asks for big discounts in return. Always remember that your regular customers are your best customers and vow never to make a one-time deal, no matter how big a promise, that you would not make with your regular customers.

Tacit Coordination. You will also find that you will often be in *tacit coordination* situations. Tacit coordination occurs when two people pull up to a Stop sign at the same time or when two people simultaneously try to sit in a seat on an airplane. Negotiation is typically quick and unspoken; one person or the other will nod and accommodate the other and move on. Remember the 80/20 rule applies. Twenty percent of your customers who give you 80 percent of your business will typically be repeat ones who are familiar with your pricing, your terms and conditions, and the added value you offer, if any, and will renew with little or no negotiating involved. In these situations, trust is the key factor. If your clients have learned to trust you to give them the best deal available at the time of the negotiation, they will not haggle—a tacit coordination situation.

In broadcast and cable where inventory is limited and, thus, pricing is based on supply and demand, customers and buyers will usually negotiate to get the best prices available at the time they are making a buy. Some agencies will buy for an account on a weekly or monthly basis and those negotiations will be short and to the point. Your goal should be to develop strong relationships with your customers so they trust you to bring them the best available deals at all times. Mutual trust keeps negotiating to a minimum and makes tacit coordination possible.

An example of tacit coordination would be when customers indicate they do not want to negotiate. They might say, “Bring me your best deal and if I like it, I’ll buy it,” and mean what they say. In such cases, it is imperative that you know the attitudes of your customers before you enter a negotiation and bring these customers reasonable, fair prices and offers.

Once you have determined what type of situation you will be facing in an upcoming negotiation, write it down in the Negotiating and Closing Planner in the Appendix. In fact, you will be writing down a lot of information in a planner, so go to www.mediaselling.us, print out a Negotiating and Closing Planner, and follow it as you read this chapter.

2.2 Assess Negotiating Styles

The next step in preparation and planning is to assess the negotiating style of the other side and to recognize your own negotiating style. Research on negotiating indicates that there are two primary negotiating styles, competitive and cooperative. Author Richard Shell reports that in one study of lawyer-negotiators, who one might expect to be competitive, instead he found that “65 percent of the sample of attorneys exhibited a consistently cooperative style of negotiation, whereas only 24 percent were truly competitive in their orientation. (11 percent defied categorization using these two labels).”^{vi}

Some of the people Shell uses as examples of highly competitive negotiators in *Bargaining for Advantage* are Donald Trump, Wayne Huizenga, and Henry Kravis. These famous businessmen appear to fit the personality classification of *narcissist*, as described by Michael Maccoby in his *Harvard Business Review* article, “Narcissistic Leaders: The Incredible Pros, the Inevitable Cons.” From my 45 years in the media business, I come to believe that many of the top executives in the media fit Maccoby’s narcissistic label. I have included narcissist in the description of Negotiating Types in Exhibit 12.2 because I believe many of the 11 percent that defied classification in the study mentioned by Shell probably fall into that category, particularly in the media business.

Exhibit 12.2

Negotiating Types

COMPETITORS - Favored outcome: “I win, you lose.” These people are highly competitive; they focus on winning—often at any cost. They usually put winning in personal terms; they want to beat *you*. They typically pay close attention to the size of their piece of the pie. They are unconcerned about being fair; they want the biggest slice. Winning (and not getting a worse deal than someone else) is everything to them. They often see negotiating as a game and enjoy the process as long as they think they can win.

ACCOMMODATORS - Favored outcome: “I lose, you win.” Accommodators want to maximize the other side’s gain; they want the other side to have the biggest piece of the pie. They want you think they are fair at almost any cost to them. They want you to get the best deal for you—the relationship is the most important thing to them. They are rarely seen in media negotiations.

NARCISSISTS - High probability of an “I lose, you lose” (no deal) outcome. Narcissists do not care about any outcome that does not give them exactly what they want. They want the whole pie. Driven by ego, pride, greed, and selfishness; narcissists are only interested in their own outcomes. They hate to compromise, which means they make threats and demands and then will not negotiate. When others refuse to deal on their terms, which is often the case, narcissists usually turn into fierce, ruthless competitors. This switch is progress because they can be bargained with, although with great difficulty because they tend to use unethical tactics.

COOPERATORS - Favored outcome: “I win, you win.” Cooperators try to maximize joint gain, build trust, and enhance the relationship. They are concerned about being fair. Cooperators are often problem solvers who can increase the size of the pie.

One of your objectives in negotiations is to train the other side to cooperate by demonstrating that both sides can win, to show them that negotiating fairly and in good faith can produce an outcome that is beneficial for both sides. It is very difficult to change a person's negotiating style, so be prepared to be competitive if you have to.

Patterns Of Negotiations

Cooperators Versus Cooperators: A good combination. If a problem can be solved and an agreement reached, it will be. Often increases the gain for both sides—the pie gets bigger.

Competitors Versus Competitors: They understand each other, although there is a higher risk of a breakdown and it consumes more time and resources, it is not a bad combination. Rarely is there an increase in the size of the pie, in fact, when competitors try to maximize their own gain or share, the amount of the settlement usually decreases.

Cooperators Versus Competitors: A dangerous combination. Most negotiating problems occur with this combination. The two sides do not speak the same language, do not have the same goals, and do not understand each other. Invariably the competitor takes advantage of the cooperator, who winds up with a small piece of the pie.

Cooperators' Objectives

1. Conduct self ethically
2. Get a fair agreement
3. Build trust

Competitors' Objectives

1. Maximize gain
2. Win by outmaneuvering
3. Relationships not important

Cooperator Traits

1. Trustworthy, ethical, fair
2. Courteous, tactful, sincere
3. Fair minded
4. Realistic opening position
5. Does not use threats
6. Willing to share information
7. Probes opponent's position

Competitor Traits

1. Dominate, forceful, attack
2. Crafty, rigid, strategic, uncooperative
3. Carefully observes opponent
4. Unrealistic opening
5. Uses threats
6. Reveals information only strategically, gradually
7. Willing to stretch facts

Cooperators are quintessential win-win negotiators—they can increase the size of the pie. On the other hand, competitors are win-lose negotiators—they do not care if the pie shrinks, as long as they get the biggest piece. Neither cooperators nor competitors are wrong, they just see the world differently. If you trust a competitor, you will be easily exploited. If you try to be pleasant and get along with or be well liked by a competitor, you will be seen as naive and weak and be taken advantage of. It is imperative to match the style of the other side. When in doubt, be skeptical and assume the other side is a competitor until proven wrong.

Just as it is vital to know yourself if you are to acquire emotional intelligence in order to be effective at establishing and maintaining relationships, it is equally important to know your negotiating style if you are to be an effective negotiator. You must also be flexible and change your negotiating style to match the other side's style. Because changing styles is extremely difficult for many people, if you find it difficult to change your style, select a colleague on your side who has a style that matches the other side's style and let that person do the negotiating.

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

After you have identified your and the other side's negotiating style, complete the Negotiating Style section in the Negotiating and Closing Planner.

2.3 Identify Interests, Set Objectives, and Determine Targets

Identify interests. Media companies and advertisers set negotiating objectives in order to achieve their overall, long-term interests. In your negotiating planning process, you must identify both sides' interests before you can set your negotiating objectives, because the ideal outcome of a negotiation is an agreement that satisfies both sides' interests. For example, a beer advertiser might have an interest in acquiring sponsorships for all major league sports in the United States. Before the season begins, the beer advertiser may want to invest in an exclusive sponsorship of the Major League Baseball games broadcast on your radio station, KAAA-AM, and want to lock out other beer sponsors. Let's assume that your station's interests are not to be overly dependent on a small number of advertisers, are not to engage in exclusive sponsorship deals, and are to have several beer advertisers compete for a scarce resource (your baseball broadcasts). Once you have determined what both side's interests are, write them down in the Negotiating and Closing Planner.

Set objectives. Next, you should set your objectives based on your understanding of both sides' interests. Set MADCUD objectives (see Chapter 5) for each negotiating opportunity you have. For example, if you were negotiating for KAAA-AM before the baseball season started, your negotiating objectives would be much different from what they would be if you were a month into the baseball season and had no beer advertisers. Following are some examples of MADCUD objectives in negotiating situations.

Measurable: An example of measurable objectives for a negotiation would be: To get a minimum of a 13-week insertion order for at least three banner ads a week and to get a no-cancellation contract term.

Attainable: The above measurable objectives must be realistic and reasonable for the advertiser in question and, thus, reasonably attainable—not too much of a stretch.

Demanding: Richard Shell suggests you should set objectives based on your *highest legitimate expectations* (HLE). Research indicates that those who expect more, get more. As we learned in Chapter 5, reasonable but challenging objectives have the greatest motivating effect. Therefore, how you define the concept of more is critical to your success. If by more, you mean your highest legitimate expectations (HLE), your chances of being successful will be much greater.

Consistent with company goals: Too often media salespeople set objectives that meet their own selfish needs and are not consistent with the overall long-term goals and strategies of their companies. For instance, salespeople might set an objective of making a sale regardless of price in order to make the commissions on the sale or make their quota. Or salespeople might set an objective of getting a sizable order by promising exceptionally favorable positions in a magazine contrary to the magazine's policy guidelines of offering desirable positions only to the largest advertisers. When you set negotiating objectives, always keep in mind that your company's interests, not yours, come first.

Under control of the individual: In a negotiation, you cannot control the other side's attitude or behavior, but you can control your own. As in sports, the mental game in negotiating is more important than the physical game. Keep in mind

Michael Jordan's rules for winning: (1) Learn to love the game before you learn to master it. (2) Past failures are irrelevant to the task at hand. (3) If you can visualize winning, you won't fear losing. (4) Strength of heart (attitude) is more important than strength of body. Often the strategy of the other side is to get you to lower your confidence and expectations. If you allow this to happen, you will be inclined to lower your rates, give away too much, and settle for much less than you deserve. Control your confidence and expectation during a negotiation and keep them high.

Deadlined: Deadlines in negotiating are based on the scarcity principle—the scarcity of time. When you are selling a non-perishable product such as a house, do not set a deadline for a settlement because having no deadline puts pressure on the other side to settle and increases the fear of losing, which gets more intense over time, thus giving an advantage to the seller.

The opposite is true when you are selling a perishable product such as seats on an airplane, hotel rooms, broadcast or cable time, a prime position on a website, or a special issue or section of a publication that has a firm closing date. Set a deadline for settlement, because without a deadline there is no pressure on the other side to settle before the product perishes (goes away). Without a deadline, crafty buyers will wait until the very last possible moment in hopes that sellers will reduce prices significantly rather than see what they are selling go to waste, thus giving an advantage to the buyer.

Setting deadlines on all of your offers counters delaying tactics by the other side. So, when you present a proposal, put a comment line under the line that shows your prices that reads: "These rates are good until December 1," when you know the schedule is planned to start December 7, for example.

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

Determine targets. You learned about targets in Chapter 10, and you should determine which of these targets is appropriate for an upcoming negotiation. To review, the four types of targets are: a specific opportunity, price, size of order, and share of budget.

Set your objectives and determine your targets for a negotiation and then write them down in the Negotiating and Closing Planner. Furthermore, once you set your objectives and targets based on your highest legitimate expectations (HLE), you must commit to them. The best way to increase your commitment is to write down your objectives and targets and then tell someone about them. For example, say to your boss, "I'm convinced I can get a 15 percent increase over what we got last year from this account, and here's the rate and terms I'm going to get."

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

2.4 Assess Leverage

The next step in the planning process is to assess your and the other side's leverage situation to determine who has the stronger and weaker position. Leverage is based on how badly people want something and how fearful they are of losing it. As Bob Woolf writes in *Friendly Persuasion*, "Every reason that the other side wants or needs and agreement is my leverage—provided that I know those reasons."^{vii}

There are two kinds of leverage: positive and negative. You have *positive leverage* when you have something that the other side wants much more than you want to hold on to it. You have *negative leverage* when the other side is afraid of losing something you have. Both are powerful, but negative leverage is more powerful. Competition for a scarce resource increases negative leverage and often leads to *over-commitment*, which occurs when people invest their egos and a lot of time in negotiating. Their fear of losing after they have invested so much escalates to the point that they often become over-committed and make unrealistically high offers. For example, the television rights for NFL football became so expensive because of over-committed bidding in 1998 that by 2003 ABC, CBS, and Fox were all losing money televising NFL football.^{viii}

Media salespeople, especially inexperienced salespeople, have more leverage than they realize. Most businesses, except for very small ones, must advertise in order to attract customers, survive, and grow. If a business has competitors, it has to advertise more than its competitors advertise if it hopes to gain market share. Also, advertising agencies have to invest all the money their clients allocate to advertising because advertising budgets reflect the sales levels advertisers hope to achieve. Their ultimate goal is not to save money, but to get the optimum reach and frequency for the money they have allocated. This need to advertise gives media salespeople leverage if they are selling a medium or a product that is in demand or can provide a viable solution to an advertising problem.

Assessing both sides' leverage is critical in deciding your overall negotiating strategy and tactics. Once you have a sense of which side has the stronger leverage, there are four leverage tactics that will help you strengthen your leverage or weaken the other side's leverage: a BATNA, tit-for-tat, warnings, and bluffs.

Strengthen Leverage. Below are four tactics for strengthening your leverage:

BATNA. A BATNA is the *best alternative to a negotiated agreement*. Fisher and Ury first introduced the concept of a BATNA in their best-selling book, *Getting to Yes*. The purpose of a BATNA is to have at least one viable alternative when you enter into a negotiation. For example, when people ask me how they should ask for a raise, I tell them to get an offer in writing from another company for a job that pays more money than they are currently making. This offer is a BATNA and it provides leverage. Without a competing offer, people who ask for a raise have little leverage and their employer has most of the leverage.

In media selling, an example of how to acquire a BATNA would be for KAAA-AM, being aware of the interest of the acquisitive beer advertiser, to offer sponsorships to several other beer advertisers in order to generate interest in its baseball broadcasts before talking to the acquisitive beer company. If KAAA-AM drums up sufficient interest to be certain of an order from another beer advertiser, the station has a BATNA, which increases its leverage considerably with the acquisitive beer company.

Rule: Always go into a negotiation with a BATNA, if possible.

Tit-for-Tat. The tit-for-tat tactic means that you reciprocate to the tactics, behavior, and style of the other side by matching the tactics, behavior, and style. For example, if the other side pounds the table and threatens to walk out, you

pound the table and threaten to walk out. In order to understand the power of tit-for-tat, warnings, and bluffs, let's return to game theory that was introduced in Chapter 9.

You will recall that John von Neumann invented game theory in 1928 after watching a bluff in a poker game. He reasoned that in order to win in poker it was important not to play according to the probabilities of a certain card being dealt, but to play according to the moves of competitors. Twenty-two years later in a program that was funded by the US Government at the Rand Institute in California, mathematicians, physicists, and other scientists studied, within the context of game theory, the strategic implications of two major world powers, the United States and the Soviet Union, each possessing the horrible destructive power of the atomic bomb.

One of the scientists invented a game called the Prisoner's Dilemma. The game was set up so that the punishments the two prisoners, who were isolated from each other, would receive were a great deal less if they turned in evidence that the other prisoner broke the law (whether the evidence was true or not). The scientists called turning in evidence defecting. The temptation to defect was so strong because of the way the punishments were weighted. Each turned in evidence that the other broke the law and both prisoners wound up in jail for ten years. While in jail, the prisoners met and realized that if they had not defected and had said nothing, in other words if they had silently cooperated, they would have each received a minor punishment.^{ix}

When two scientists played a computerized version of the game repeatedly, they found that the best strategy was for each player to cooperate and settle for a smaller reward rather than being greedy (defecting) and going for a big reward. However, occasionally, one of the players would get greedy, and get a bigger reward. The players learned that when this defection happened the best strategy on the next move was to defect, or, to use the tit-for-tat tactic, which taught the other player to cooperate again on subsequent moves and settle for smaller, but dependable, rewards. The US Government adopted the tit-for-tat tactic as the basis for its policy of deterrence based on the credibility of massive retaliation. In other words, if the Soviet Union built an ICBM with a nuclear warhead, the US would do the same—tit-for-tat.

Eventually, the tit-for-tat policy worked and the Soviet Union, virtually bankrupt from spending on a massive nuclear war machine, agreed to a program of mutual disarmament—cooperation. These lessons from the cold war and from game theory are the foundation for another fundamental rule of negotiating.

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

Warnings. A *warning* is an implied threat. The difference between a threat and a warning is that a warning is a relatively polite statement about what *might* happen. A threat is a more aggressive statement that communicates, "If you do X, I will retaliate by doing Y." Warnings and threats are effective only if they are credible. The other side must share your assumption that carrying out the warning or threat will make them worse off and believe it is not a bluff. President Bush's threat of war against Iraq became credible when the United Nations passed a

motion to support a war, when Great Britain's Tony Blair strongly supported the war, and when 150,000 troops were mobilized and put on alert in the Middle East. Unfortunately, Bush's credible threat did not accomplish its purported purpose of motivating Saddam Hussein to disarm, rather it backfired and caused Iraq to intensify its resolve to resist. The war in Iraq is an excellent example of the danger of making credible threats; that they often lead to destructive escalation.

People usually respond with hostility and anger when threatened. In business negotiations, warnings are much more effective than threats. Author Richard Shell writes that, "Using threats in most negotiations is "...like playing with fire—dangerous for everyone involved."^x If you have a strong leverage position, your confident demands can become implied warnings. As an example, station KAAA-AM can tell the acquisitive beer sponsor, "This is our price. We have several offers on the table. The decision is up to you if you want to pay our price and agree to our terms. We'd really prefer to do business with you, but in fairness to everyone, we can't turn down the highest offer." When you warn that you might use your BATNA, be extremely careful and do so politely, self-effacingly, and almost apologetically in order to avoid unintended consequences and escalation.

Rule: Never threaten, politely warn instead.

Bluffs. A bluff is when you act as though you have a strong position when, in fact, you have a weak position. It takes a great deal of confidence to pull off a successful bluff. Beginners should not bluff. However, in negotiating, just like when you play poker or like when you play a team sport such as football, a bluff, or a fake, is an acceptable and sometimes effective tactic. But to pull it off, you must understand the subtleties and proper timing of a winning bluff. We must once again turn to game theory for answers on how to bluff successfully.

Game theory researchers discovered that the best strategy in playing many games, including the Prisoner's Dilemma, is a mixed strategy of bluffing or defecting occasionally and on a random basis. The logic of this strategy is that if you never bluff, you are too predictable and the other side will take advantage of you because it knows you will be consistent and never retaliate. On the other hand, if you bluff on a regular, predictable basis, the other side will eventually figure out your bluffing pattern and your bluffs become as predictable as Rich Gannon's fakes were in Super Bowl XXXVII. Therefore, the best way to keep the other side on the defensive is to bluff occasionally on a purely random basis so the other side never knows what to expect.

An example of a bluff in a media selling situation would be to set your initial offer higher than you are actually willing to accept. If you are dealing with a buyer with whom you regularly negotiate, you must have walked away from business in the past. By doing so, your current bluff becomes credible. Two things can happen in this bluffing situation, either the buyer pays the highball rate or the buyer may call your bluff and say that your price is too high. In which case, you can back down, lower your price and get the business. However, you can only back down on rare occasions, because the buyer will learn that your bluffs are just that, bluffs, and not believe them

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

If you bluff on an occasional random basis, a buyer will never be certain whether or not you are bluffing. Bluffs are only for experienced negotiators, not for rookies.

After you have assessed the leverage of both sides and decided which of the above leverage tactics are best suited for your leverage situation and which leverage tactics the other side is apt to use, fill out the Leverage section of the Negotiating and Closing Planner.

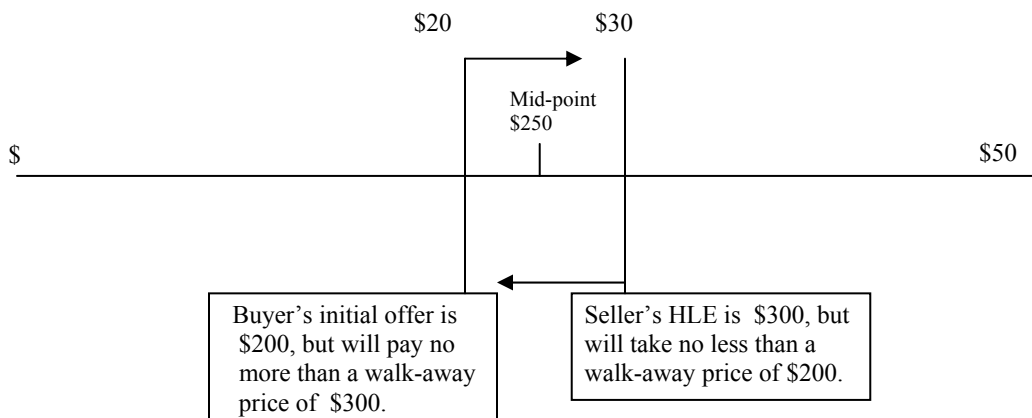
2.5 Estimate the Ballpark, Commit to Walk-Aways, and Set Anchors

Estimate the ballpark. A *ballpark* is the difference between a buyer's initial offer and your highest legitimate expectations (HLE). Your HLE includes not only price but also terms and conditions. Rarely are media negotiations about price alone; they include many other elements such as contract terms, non-cancellation clauses, added value, favorable ad positions, options for renewals, favored-nations clauses, or competitive ad separation. Some of these conditions are often more important than price, and one or more of these elements might be deal breakers for both sides. It is important to know what your deal breakers are and estimate what the other side's deal breakers might be, and then to plan accordingly.

Just as in Major League Baseball, negotiating ballparks come in different sizes. You want to negotiate in the smallest ballpark possible because it is easier and quicker to reach agreement. The size of the ballpark is determined by the other side's initial offer. Exhibit 12.3 shows an example of a middle-sized ballpark.

Exhibit 12.3

Medium-Sized Ballpark



One end of the ballpark is your walk-away (\$200 in Exhibit 12.3) and the other end is the buyer's walk-away (\$300 in Exhibit 12.3). Note that the mid-point of the

ballpark is \$250, which is the potential agreement point—one that would satisfy both sides.

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

You can gain knowledge of the other side's probable initial offer through careful research or by an understanding of the other side's past tendencies and approaches. For example, in Exhibit 12.3 we will assume the buyer has paid \$250 in the past after making a lowest legitimate expectation (LLE) initial offer of \$200, so you can assume that the buyer will open again with \$200, but will pay more as in the past. Therefore, you should set your HLE at \$300 to make sure you arrive at the \$250 mid-point, at the minimum.

You will not always find that a buyer's initial offer is a reasonable, legitimate LLE, but is a lowball offer. Many buyers have a rule of negotiating that states: The lower price you initially ask for, the lower price you will wind up with. Therefore, many buyers open with an unreasonable lowball offer rather than with an LLE, and the lowball is way below your walk-away. No matter what the other side's initial offer is, you must clearly define and stick to your walk-aways.

Commit to walk-aways. Without a walk-away, or a firm downside position, you will be nibbled away at by clever negotiators, which is like getting pecked to death by ducks; it takes a long time and is very painful. Walk-away means just that—you will walk away from a negotiation rather than settle for anything less. Your walk-aways must be absolutely firm; you must be committed to them, because having a soft downside position is a prescription for disaster. Read “Selling Magazines to Agencies” in the Appendix for an example of a disaster that occurred to a salesperson who was not committed to a walk-away.

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

Even though it is vital to have walk-aways, do not focus on them during negotiations. Research shows that inexperienced negotiators have a tendency to focus on their low-end walk-away rather than their high-end HLE because of their aversion to loss. This tendency brings us to another rule of negotiating:

Rule: During negotiations, you must focus on your highest legitimate expectations (HLE), not on your walk-away.

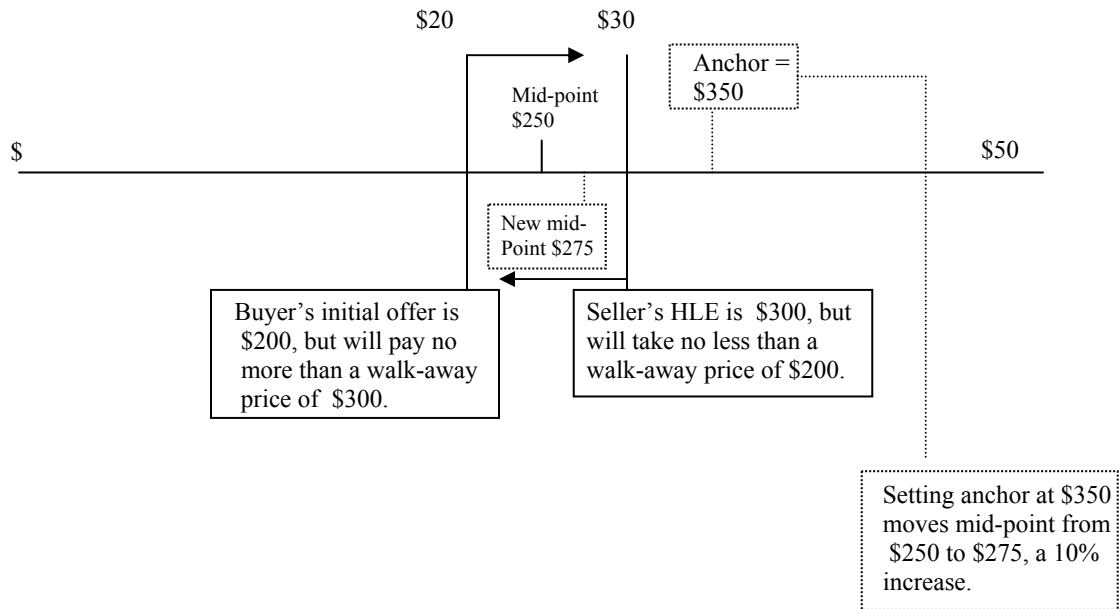
Set your anchor. Your HLE, which in Exhibit 12.3 is \$300, should not only be what you must focus on and expect to get, but also should be the starting point in determining your opening offer. Your opening offer is your *anchor*. In negotiating when buyers first hear a high or low number, they unconsciously adjust their expectations accordingly. Therefore, it is vital that your initial offer anchors the other side's perception of your walk-away and that you open reasonably high. An unreasonably high initial offer can kill a deal or destroy your credibility if you drastically reduce your offer later.

It is crucial that you invest time in determining what your optimal anchor should be, as it is the most significant decision you will make in preparation and will be critical to a successful outcome. Anchors include price as well as terms and conditions, so your anchor should include a price that is high enough to give you room to come down to your HLE and include givebacks of terms and conditions that you are willing to concede. By carefully planning your price concessions and givebacks, you can prepare for some

effective concession and closing techniques. Exhibit 12.4 shows the middle-sized ballpark with an anchor of \$350.

Exhibit 12.4

Medium-Sized Ballpark With Anchor

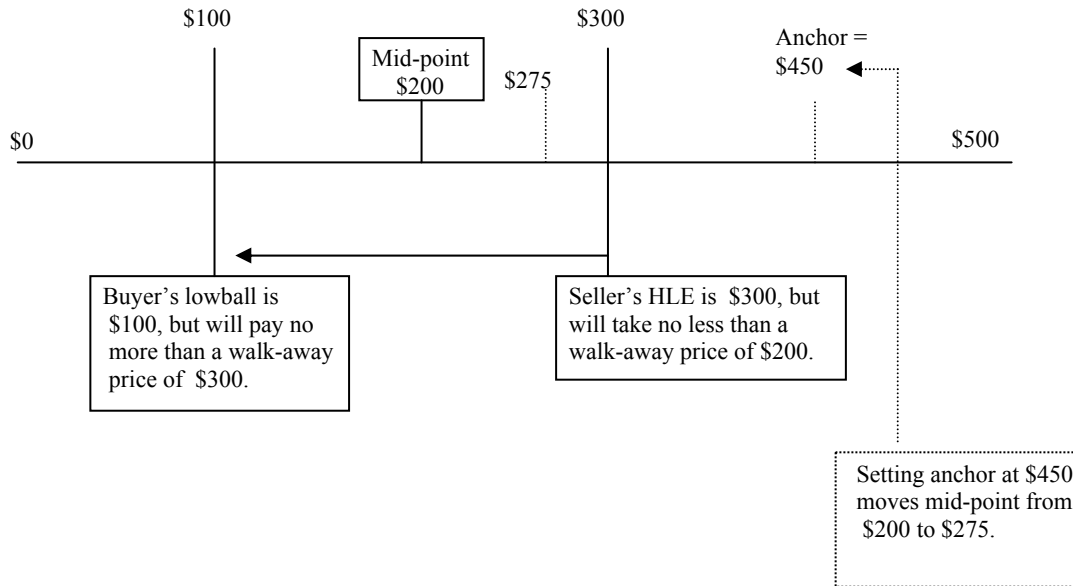


In the ballpark in Exhibit 12.4 the mid-point is \$250. By setting your anchor, your initial offer, at \$350, you move the mid-point between your anchor and the buyer's initial \$200 offer up to \$275, a 10 percent increase over a \$250 mid-point. Ten percent may not seem like much in these examples, but in media deals that involve millions of dollars, 10 percent is substantial. For example, in a \$300 million deal, 10 percent would amount to \$30 million dollars.

Since the other side's initial offer is the basis for your anchor, a lowball initial offer by the other side increases the size of the ballpark because you must increase the relative size of your anchor. Exhibit 12.5 shows an example of a large ballpark.

Figure 12.4

Large Ballpark



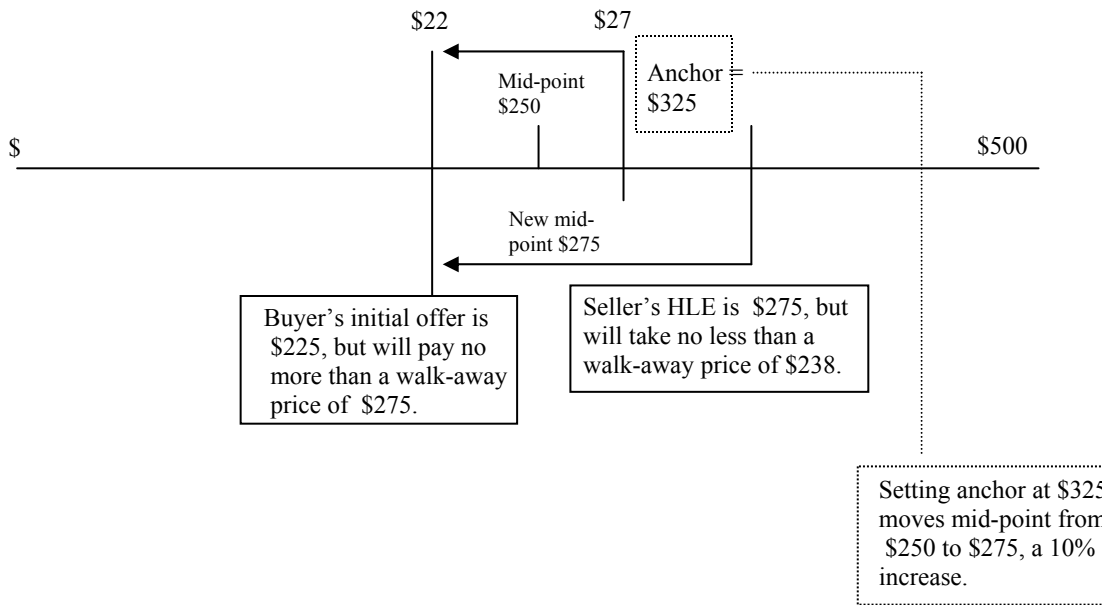
In Exhibit 12.5, your HLE has remained the same as it was in the middle-sized ballpark in Exhibit 12.4, but because the buyer's initial unreasonable lowball offer was only \$100, the mid-point moved to \$200, your walk-away price. Let's assume you don't know what the buyer's upside walk-away (\$300) is. Nevertheless, your HLE is \$300 and you would like to get close to that if possible. In order to do so, you must raise your anchor to an equally unreasonable \$450—tit-for-tat—in order to move the mid-point to \$275, near the settlement you prefer.

Lowball offers often come from inexperienced or unreasonable negotiators or from new customers who are not familiar with your regular pricing, terms, and conditions. In such situations, let the other side open first, remain calm and polite, and set your anchor to move the mid-point close to your HLE.

On the other hand, initial offers from experienced negotiators and regular customers who are familiar with your pricing, terms, and conditions will often be reasonable and be close to current market prices and conditions—a tacit coordination situation. These types of offers will create a small ballpark, as shown in Exhibit 12.6.

Exhibit 12.6

Small Ballpark



In the small ballpark example in exhibit 12.6 the buyer's initial offer is a reasonable \$225. Let's assume you deal with the buyer often, are familiar with the buyer's patterns and tendencies, and know that the buyer will not pay more than 10 percent over what was paid on the previous buy, which was \$250. Thus, you estimate that the buyer's walk-away is \$275 and, therefore, you set your HLE at \$275. The mid-point between by buyer's initial offer of \$225 and your HLE of \$275 is \$250, the potential settlement. The chances are that the buyer is counting on a \$250 settlement, expecting to match the previous buy. However, by setting your anchor at \$325, you move the mid-point up to \$275, or a 10 percent increase over the previous price of \$250, and a price the buyer is more than likely willing to pay. As you can see, setting a precise, well-thought-out anchor is crucial to help you achieve your objectives, targets, and HLE.

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

2.6 Determine Bargaining Tactics

The literature on negotiating identifies a number of bargaining tactics that negotiators use to their advantage. Some are reasonable, and acceptable; others are unfair, unreasonable, and unacceptable. Never use the unacceptable ones and learn to recognize them. Also, learn how to recognize both acceptable and unacceptable tactics.

Exhibit 12.7

Acceptable Bargaining Tactics

<u>Tactic</u>	<u>Description/ Purpose</u>	<u>When To Use</u>	<u>When Used Against You, Your Best Response</u>
Auction	Create an auction of competitive bids for a scarce resource—either a buyer for an advertising budget or a seller for a high-demand product.	When you have strong Leverage—inventory or a product in high demand. Create a fear of losing in the other side.	Focus on your HLE, never go lower than your walk-away, and signal to the other side that you will walk away and not get into a competitive auction.
Cherry-pick	Pick only the best, most desirable elements of a product or package.	To pick apart a package offering; to negotiate for the most desirable individual elements separately, not as a whole.	When a buyer tries to cherry-pick you, show high prices for the individual units and a lower price for the overall package.
Crunch	Respond to an offer by saying, “It’s not good enough,” but don’t give a number. Objective is to get the other side to respond with a number that is lower than you hoped for because of the other side’s fear of losing.	In response to a low offer. The rule is, “Whoever gives a number first, loses.”	Don’t give a number. If a buyer says, “You’re too high,” without giving a number, you respond with, “What do you have in mind?”
Flinch	A sudden, physical reaction that tries to elicit a feeling of guilt, like, “You’ve got to be kidding!” response to an offer.	In response to a lowball offer. Only use occasionally.	Remain calm. Do not react. The other side is trying to get a rise, shock you. Don’t respond.
Good guy/bad guy (Good cop/bad cop)	The bad guy makes highly unreasonable demands and threats; the good guy’s low requests seem reasonable in comparison—the contract principle at work.	In major, complex negotiations. Use your lawyers or management as bad guys (that is what they get paid for); as a salesperson, you be the good guy and offer a reasonable solution.	Make the right comparison. Don’t compare the good guy’s offer to the bad guy’s offer; compare the good guy’s offer to your HLE. Keep focused on your HLE.
Limited authority	To indicate that a negotiator has limited authority, cannot make a final decision, and has to check with a higher authority—a hint of a pullback in order to gain further concessions.	Use to stall for time, to think over an offer, and craft a counteroffer, even if you have the final authority.	Agree to a break in the negotiating process while the other side checks with their higher authority and say, “That’s a good idea. I have to check with my boss, too, because I may have gone too far.” Hint

Nibble	A negotiator will indicate a strong readiness to settle, but will ask for just one more very small concession...then another, then another.	In the last stages of negotiations after many agreements and the other side is overcommitted. Nibble at the last remaining issues. "Can you give me just a dollar more?"	at a pullback. Stop the nibbling with a pin-down close. "I can't give you an additional 2% discount, but I will give you a half-percent discount if you give me the order right now with no further requests or changes." Give a small concession you were willing to give anyway to pin down a close.
Price tag	To set a price limit. A buyer might say, "I like your proposal, but I only have \$10,000, not the \$15,000 you're asking for."	Price tags are buyers' LLE or sellers' HLE, not their walk-aways. Based on the rule that you never get anything you don't ask for, so why not ask for your LLE or HLE?	A price tag is a starting point, not a walk-away. Always challenge a price tag and treat it as an opening offer, not a final, walk-away.
Red Herring	To negotiate hard on an unimportant issue, get concessions, then ask for reciprocal concessions on an important issue.	With multiple issues, feign the importance of a minor issue to you, receive concessions and then transfer those concessions to an important issue. Set a reciprocity trap.	Don't fall into reciprocity traps. Don't transfer concessions. Compare apples to apples—concessions on one issue do not apply to concessions on another issue. Commonly used tactic by media buyers.
Silence	To respond to an offer with silence.	Silence, like a crunch, is an attempt to get the other side to respond with concessions—bigger ones than you might have asked for.	The rule is: The first one to talk loses. Respond to silence with silence.
Split the difference	To offer to settle at the mid-point.	To get a quick settlement when the two sides are not far apart. Split the difference sounds like a fair offer, even if it isn't.	Often buyers will make a lowball offer and then offer to split the difference. Never split the difference when it is in the other side's favor or is not close to your HLE—have patience and keep negotiating.
Take-it-or-leave-it	An ultimatum and refusal to continue negotiations. Forces the other side to make a yes/no decision.	To signal a final offer; often used with the phrase, "A fair, final offer. Take it or leave it."	Leave it unless it is above your walk-away, which it usually isn't. Often a take-it-or-leave-it offer is a bluff, so always call the bluff.
Throw-	Issues, terms, conditions,	Always have throw-aways in	Don't fall into reciprocity

aways	and added value that are part of an initial offer but are intended as concessions later in a negotiation.	complex negotiations. Throw-aways should be issues, terms, conditions, and added value that are of relatively low importance—elements that you would normally give up. By including them in your initial offer, you set them up as concessions later to get the other side to give you concessions you want—the reciprocity principle at work.	traps and give away something important to you when the other side makes a concession of minor importance to you. Always work on the fairness principle—trade concessions of similar value or importance.
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Unacceptable Bargaining Tactics

<u>Tactic</u>	<u>Description/ Purpose</u>	<u>When To Use</u>	<u>When Used Against You, Your Best Response</u>
Big bait	Make a large initial offer in an attempt to find your bottom and walk-aways.	Never, because it's a hollow bluff or a lie. Users of big bait have no intention of making good on their initial, implied promise, but are just looking for the other side's rock bottom.	Recognize the tactic and name it. Call the other side's bluff. Say, "This sounds like a big bait to me. Are you willing to sign a firm, non-cancelable contract for the full amount?"
Blackmail	A threat meant to instill fear of loss. Usually a bluff.	Never, because it's unethical.	Recognize the tactic and name it. Call the bluff. Never give in, because it will make you vulnerable to future blackmail and larger and larger demands. Blackmail will continue regardless of what the other side promises. By giving in, you train the other side to blackmail you.
Change of pace	Bring some close to an agreement with a false promise, then back off, then promise again and to get the other side so frustrated it will say yes to anything just to get closure.	Never, because it's unethical.	Recognize the tactic and name it. Have patience. Remain confident in the fairness of your proposal and in your HLE. Never respond with anger.
Deliver garbage	Insult the other side, its product, its management, and everything to instill a fear of losing on the other side. Lowers confidence and expectations.	Never, because it's too competitive and destroys relationships.	Don't catch the garbage. Pay no attention to it. Do not respond, and most important, do not lower your confidence or HLE. Smile and remain silent.
Renege	To take back a previously agreed-upon element in a negotiation. Objective is to instill fear of	Never, because it breaks a promise, destroys trust, and leads to	Recognize the tactic and name it. Flinch and say, "That's not fair! I have been

	losing even more.	escalation—tit-for-tat renegeing.	negotiating in good faith and now you're taking something back." Never agree to renegeing by the other side.
Starvation	Keeping food and water away from the other side in a lengthy negotiation in order to try to force a favorable settlement. The side that controls the turf (location) will eat and drink before a negotiating session that begins at 11:00 am, for example, and that will last for several hours and then doesn't provide food or water to the other side.	Never, because it destroys trust and shows lack of respect for the other side. Manipulative.	Name the tactic. Say, "I think you're trying to starve me, so I'm taking a break for an hour to go get something to eat and drink." If the other side objects, say, "Then order in some food. I'm much more agreeable on a full stomach."
Threats	To threaten to take a competitor's offer or to walk-out of the negotiating. A threat is like blackmail, often a bluff.	Never, because it destroys trust and discontinues fair negotiations.	Recognize the tactic and name it. Call the bluff and never give in because it will lead to more, larger threats.
Walk-out	To walk out of a negotiation before an agreement is reached; to refuse to negotiate further. Usually accompanied with an accusation of not being fair. Used to instill fear of losing. Invariably a bluff.	Never, because it destroys trust and prolongs negotiations unnecessarily.	Recognize the tactic and name it. Call the bluff. Let the other side walk out. Do not respond emotionally. The other side wouldn't resort to this tactic if it didn't want a deal; therefore, increase your HLE after a walk-out with confidence.

There are several rules suggested in the bargaining tactics in Exhibit 12.7.

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 and 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.

After you have done the following: (1) assessed the situation, (2) assessed both side's negotiating styles, (3) identified interests, set objectives, and determined your targets, (4) assessed both side's leverage, (5) estimated the ballpark and committed to your walk-aways, and set your anchors; the next step, number 6, in the planning process is to determine the most appropriate bargaining tactics from the list of acceptable tactics in Exhibit 12.7. Write the tactics you select in your Negotiating and Closing Planner.

We have now covered six of the 10 preparation steps. We will pause for a while in the discussion of the negotiating planning process so you can acquire an understanding the last four steps of preparation: (7) decide when and how to open, (8) determine frames, (9) determine concessions and trade goals, and (10) plan your closes.

3. Maneuvering for Dominance and Control

Maneuvering for dominance and control is the second element in the negotiating planning process. Each side wants to gain a perceived power advantage so as to be perceived as

dominant, and often maneuvers accordingly; its goal is to make the other side submissive. The most common maneuver is for one side to use the authority principle to impress the other with its status, authority, power, titles, and overall importance. Because most people tend to defer to authority and are impressed with status, if one negotiator is perceived to have more status, a more impressive title, or more power, that negotiator has an edge, it becomes dominant.

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

Because experienced negotiators, especially agency media buyers, will usually try to lower your confidence and expectations to gain an advantage, confidence is vital in negotiating: confidence in yourself, your proposal, your company, and your medium. Experienced negotiators will often try to get you to fall for an *authority trap* and indicate that they have the power to give you an order (and, therefore, affect your income). Other authority traps occur when buyers try to lower your expectations and remind you that their media plans and instructions from their clients will not allow them to pay your asking price. Buyers will also try to instill in you a fear of losing by reminding you that they can get lower prices from competitors or that they can buy another medium. In the face of these maneuvers, you must maintain your confidence and never lower your expectations; always keep your focus on your HLE.

Other maneuvers that crafty buyers often use to lower your confidence, reduce your expectations, and get you frustrated and angry (so you will make an emotional, not rational, decision) are: interruptions, hurry-up, delay, keep-you-waiting, and bring-in-the-boss.

Interruptions. Some buyers will continually interrupt a sales discussion or negotiation by taking phone calls, going for coffee, or even making quick calls. Buyers make these maneuvers in order to get you flustered, frustrated, and furious. Buyers know that if you let your ego and your emotions hijack your rationality, you will try to settle too fast just to get it over with and make a bad deal (for you).

Hurry-up. When buyers call for avails or give you a request for a proposal (RFP), they will often indicate they need it “immediately, if not sooner” in an attempt to hurry you up. Such a request is often followed by, “E-mail me the information by 1:00 pm. I don’t have time to see you,” or something similar. This maneuver is to hurry you up so that you do not have time to prepare adequately and to instill in you fear of losing if you do not meet their timetable. Of course, if you meet a hurry-up deadline, a buyer will rarely make the buy immediately. They typically use the delay maneuver.

Delay. Once you have made a presentation or submitted your avails or RFP, buyers often delay making a buy for as long as possible. They use this delay maneuver to make you worry about losing the order, hoping you will lower your price to avoid a loss. It is to counter this delay maneuver that you should always put a deadline on your offers. Another way to counter the delay maneuver is to call or email the buyer who uses it and say something like, “I just wanted to let you know that we’re filling up fast and those avails (or position) you wanted may not be available after today. Please give me an order ASAP, because I’d hate to see your client miss out on this opportunity and not be able to run its advertising.”

Keep-You-Waiting. Often buyers will keep you waiting, knowing that you will become frustrated and angry. Sometimes they will schedule appointments early and make you

wait in a reception area with competing salespeople. Buyers use this maneuver because they know that salespeople often put competition on a personal level and, therefore, will lower their expectations and prices in order to avoid losing to a competitor waiting in the reception area. Remember that fear of losing can be a powerful influence, so do not let fear overcome you when you see a competitor. Be friendly, and increase your resolve to achieve your HLE. When you are waiting in a reception area with competing salespeople, it is sometimes a good idea to psyche them out by making a call on your cell phone to the office (no one has to be receiving the call) and say something like, “Hi. I’m stuck here waiting for the buyer. Would you please make sure to book all those orders I got yesterday and call me back when you’re through, because I might have to tell the buyer we have so much business we can’t fit in any more.” Boost your confidence and lower the confidence of your competitors.

Bring-in-the-boss. In the middle of a negotiation, sometimes buyers call in their boss and say, “We’re getting nowhere; I’m calling in my media director who will make sure you know that you will lose the business if you don’t accede to our demands.” This is an authority trap; do not fall for it. Do not lower your confidence or expectations. This is a good guy/bad guy tactic designed to intimidate you. Focus on your HLE and keep in mind that the buyer is admitting a desire for the deal by calling in the boss to help.

Rule: Check you ego at the door and don’t let your fear or emotions get the better of you; patience wins.

It will help you maintain your confidence and keep your expectations high if you realize that the other side’s maneuvering for dominance and trying to appear to have a power advantage is nothing more than a thinly disguised bluff. After all, who has the power in today’s media-dominated world, advertising agencies and their clients or the media? The media are the most powerful communication force in the world. Without advertising carried by the mass media, companies trying to sell their products and services to mass audiences would have to sell them one-on-one to individual consumers. Without advertising, there would be no mass distribution and no mass consumption of products. Modern marketing warfare is conducted by the forces of advertising on the battlefield of the media; this central position gives the media enormous power. As mentioned previously, companies must advertise and agencies must invest their clients’ money in advertising, and the media provide advertisers access to both mass and targeted audiences. Media salespeople provide this access, so advertising agencies and their clients are dependent on salespeople in order to gain access to consumers. Therefore, as a media salesperson, never forget who has the power—you—and use this knowledge to boost your confidence in the face of threats and bluffs.

Experienced negotiators will also try to control the negotiating agenda. They will often come to the negotiating table with a printed agenda and demand sticking to it. The reason for this is simple, and is expressed by the following rule:

Rule: Whoever controls the negotiating agenda controls the outcome.

The concept is straightforward. If you can control the items you will negotiate about, you can control the shape of subsequent agreements. For example, a media-buyer’s one-sided agenda might be as follows:

Agenda

1. Discussion of price
2. Discussion of discounts
3. Discussion of added value
4. Discussion of positions
- 5 Discussion of terms and conditions

The above agenda will not lead to a discussion, but to a series of demands, beginning with demands on reduced or discounted prices. Once a buyer gets a discounted price, demands for add-ons at no cost will follow. When faced with such a lopsided agenda, do not begin negotiating. Instead, discuss the agenda and do not start negotiating until you have reached consensus on a fair, balanced agenda. It is best to hammer out an agreement on an agenda several days before a major negotiation begins.

Or, you can anticipate an agenda similar to the above, especially if you have previously negotiated with someone. You can anticipate that price will be the first item on their agenda. The first question will be, “What does it cost?” You can reply by saying, “In my price, I factored in the schedule of advertising you requested, our standard terms and conditions, the premium position you asked for, and the added value you requested, so the total, packaged price is \$125,000.” If the buyer asks for individual cost breakdowns for the premium position and the added value elements, make sure that you have priced them so that they add up individually to more than \$125,000, otherwise the buyer will try to negotiate on each item in the hope of lowering the overall price. By packaging in this way, you take away much of a buyer’s negotiating power.

Therefore, as opposed to the buyer’s agenda above, an agenda that would be favorable to you would be as follows:

Agenda

1. Discussion of terms and conditions
2. Discussion of position
3. Discussion of added value
4. Discussion of price

The above agenda is better because the final element, price, will depend on agreements on the preceding items. For instance, if a buyer wants a favorable position or a great deal of added value, then the price should go up. Price is not a single element, but is inextricably linked to the other parts of a deal—the more extras, the higher the price. Just like when you buy a car, the final price you pay depends on many factors such as terms (loan), conditions (insurance), and extras (trim, radio, and so forth).

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 packaged price.

Following are several more rules that apply to the pre-bargaining maneuvering for dominance control phase of negotiating. They are divided into When Rules, Who Rules, Where Rules, and How Rules.

When Rule:

Rule: Negotiate only after you’ve created value, early in customer’s planning cycle, and well before your imposed deadline.

Who Rule:

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

The bigger the deal, the higher in the organization you should go, because as deals get bigger the decision-making authority level increases and you always want to negotiate with the final decision maker if at all possible—with the boss. The converse of this rule applies to you.

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

If your boss is present when you negotiate, the buyer will not talk to you, but to your boss, and you not only lose control of the discussion, but you will also lose control of the account, because the buyer will want to continue to deal with the boss. Furthermore, when bosses (a sales manager, an ad director, a general manager, or a publisher) are present at a negotiation with a salesperson, too often they do not want to look bad or lose the business and will make a bad deal. Some of the worst deals in the media are made by bosses who want to show off to salespeople that they can close and to clients to demonstrate that they have the authority to change terms and lower prices—it's a power trip.

On the other hand, there are times when it is desirable to have a boss present in a negotiation. For example, often on a big deal, the other side will want to negotiate at high levels in an organization. Sometimes, you might want to use the boss as the bad guy so you can play the good guy in a negotiation. Often, the boss can impress the buyer and put the buyer in an authority trap.

However, whenever the boss is involved in a negotiation, it is critical to come to an agreement beforehand as to the exact role the boss will play. When you negotiate with an account that is assigned to you, you should take the lead in recommending a negotiating strategy. For example, if a boss wants to accompany you on a call on a buyer and you understand the buyer well enough to know such a call is not appropriate, you might say, "I don't think it's a good idea for you to come on this call. The buyer is very defensive and is intimidated by managers; she thinks they put too much pressure on her. We have a great relationship and she might think you don't trust me. I'll take you on a call next week on a buyer with whom you can be a great help."

An effective use of bosses is to ask them to make a call with you on a buyer or customer to create value and not to discuss price. Managers can talk effectively about a company's philosophy, upcoming promotions, or new content—things that enhance your company's image and create value. When the buyer asks about price, your boss should say, "I'm not the person to talk about price. I think our product is so terrific that I'll ask too much. You deal with Jane. She will look after your best interests and get you the best deal we can offer. Also, she knows your needs better than I do." This is an ideal one-two approach that uses a boss effectively and keeps the negotiation under the control of the salesperson.

Where Rule:

Rule: Negotiate on your own turf if possible.

As professional football, basketball, and baseball teams know, it is always better to have a home-field advantage. If you negotiate in your offices, you control the

environment and the room set-up, you can be sure that you have the right equipment, and you have access to your management, to experts, and to information that can help you. Also, there is a subtle advantage to negotiating on your turf—it is your meeting and your chances of controlling the agenda are better. This rule particularly applies if you have nice turf, if your offices are attractive and reek of glamour (people love the glamour of the media), power, and authority. If you have shabby, unglamorous offices, go to customers' offices.

If customers prefer to negotiate on their turf, which is usually the case with media buyers, do not hesitate to go to their offices. If you go to a buyer's office, take advantage of the opportunity to read the room and learn as much as you can about the buyer's personality, needs, tastes, and preferences. Sometimes you can move the venue from a buyer's or customer's office to neutral turf. Suggest a meeting at a restaurant over a meal, dinner is best because negotiations can usually be stretched out, which reduces the pressure for a fast settlement.

How Rules:

Rule: Negotiate face-to-face whenever possible.

A lot of media business is conducted on the phone or by email. But when you negotiate on the phone or email, you are at a disadvantage. You cannot see the body language or non-verbal behavior of the prospect, thus substantial communication goes unnoticed and is lost. It is easier to be tough, mean, and competitive on the phone or in emails than face-to-face where a buyer has to look you in the eye and deal in person with your potential retaliation (tit-for-tat). Also, it is more difficult to establish rapport and empathy and build a solid relationship with a buyer on the phone or in emails than it is in person. Negotiating face to face gives you an advantage over competitors who do business on the phone or by e-mail.

If you have to deal with a distant buyer on the phone, always be the caller so that you are prepared. And if a buyer calls and wants to place a buy, tell the buyer that you will call back. Do not sell or negotiate on an initial call or inquiry. Return the call as promptly as possible, but not before you are thoroughly prepared.

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

4. Bargaining

Bargaining is the hand-to-hand combat of the negotiating process; it is where the final agreement or settlement is determined. There are five steps in the bargaining process:

The Bargaining Process

- 4.1. Warm-up
- 4.2. Open and frames
- 4.3. Signaling leverage
- 4.4. Making concessions
- 4.5. Building agreement

4.1 Warm-up

The warm-up is the opening skirmish in which you test your assumptions about the other side's style, strategy, and tactics. During the warm-up, you listen and observe carefully and do not give away any information that could be useful to the other side.

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

While you are listening, look for gestures, body, language, and grooming that indicate low self-esteem and lack of confidence. Look and listen for clues as to whether the other side is competitive or cooperative. During the warm-up conversation, start with a positive, complimentary approach. Compliment the other side, its organization, and its advertising, but do not go overboard and be wildly enthusiastic. For example, after listening to opening remarks, you might say, “Because you are a reputable company, we look forward to doing business with you. We would like to have your advertising on our website because it makes us look better, and I always enjoy negotiating with you because I learn so much.” Do not go overboard, but be positive and complimentary to set the tone for cooperation and an amicable bargaining process.

This approach works particularly well with cooperative negotiators because it signals a desire to be cooperative and to improve the relationship. Use this approach even with highly competitive people because it will put them off guard and make them over-confident. They will learn how tough you are when they make their first bombastic, outrageous, threatening demand and you use tit-for-tat and counterattack with equal force. When competitors discover that their initial assumptions about you were incorrect, they often become confused and make mistakes. When bullies are challenged, they often give in easily.

Also, before you begin bargaining and during the warm-up, you should have a discussion to verify what you are negotiating about, to get all of the issues on the table. It is important that you observe the following rule:

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

When the other side tells you what it want, repeat the requests (or demands) and get agreement. For example, “You would like to run a 52-week schedule of ads in my newspaper at the bulk rate of 30,000 inches and would like to top left position on page two and top right position on page three. Is that correct?” If you get agreement, then you tell them what your issues are. For example, “We’d like your business very much, but those positions you ask for will be difficult to deliver. So, let’s see if we can work something out.” In Chapter 9 I recommended that it was important to “put important terms and conditions that are different from standard media contract terms that advertisers are used to in your presentation and sell them aggressively because you want prospects to know what your terms and conditions are before you get into negotiations.” By selling in deal terms and conditions in your presentation, you can set up this discussion about issues at the beginning of the negotiation.

In larger, more complex deals there might be some terms and conditions that are so vital to you that they are deal breakers—if you do not get them you will walk away from the deal. In these situations, it is important to tell the other side what issues are important to you. When you do so, it is best to include, in addition to the important terms, several throw-away terms you can use as concessions later in the negotiation. If you have crucial deal terms that are potential deal breakers, raise the price of your initial offer and then give concessions on those prices—lower them to your HLE—in order to

secure those vital deal terms. If you do not have throw-away deal terms and corresponding price concessions, you will appear to be inflexible and the deal terms will be seen as unreasonable demands, which could stall and even sink a negotiation.

The other reason for this rule is that you will negotiate based on the other's side's initial requests. If the other side puts additional requests or demands on the table later in the process, it is unfair to you because you have been negotiating in good faith based on the assumption that all of the issues were on the table. You have been hoodwinked if the other side asks for more later on. If this should happen, your response should be, "Oh, I'm sorry. I didn't know you wanted a full-page bonus ad every month. You didn't tell me up front. I was basing my negotiating based on what you originally put on the table. Now we'll have to start all over again based on this new request."

Before you make an opening offer it is vital to get all the issues on the table so you know the size of the pie you are trying to divide up.

4.2 Open and Frames

We will return now to the ten steps in preparing for a negotiation. Step seven was to determine when and how to open. When you plan your opening strategy, there are two initial questions you have to ask yourself, "Should I open first?" and "Should I open optimistically or realistically?"

Open First? Yes. In almost every situation in media selling, you should know what the other side's offer will be. In the identifying problems and qualifying step of selling, you have discovered customers' advertising budgets and have some sense of what they will pay and what terms they want. In the case of selling to agencies, buyers typically send an RFP or call for avails that list the parameters of a buy: price, ratings, demos, dayparts, and so forth.

The only occasions in which you should let the other side open are: (1) Those in which you are not familiar with the style or demands of the other side or when you do not know them at all, and (2) when the other side are novices and are unfamiliar with media prices.

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

When you open, open with an effective anchor. An example of an effective anchor was in 1996 when NBC Television carried the Super Bowl. Traditionally, television networks announce their prices, their anchor, for the upcoming Super Bowl in July. For three prior years each network that carried the Super Bowl had raised the anchor price it announced in July approximately \$100,000. In 1995, the price for a 30-second commercial had been \$850,000, so the expectation was that NBC would announce \$950,000. However, NBC, in a good tactical move, announced that its price for Super Bowl commercials would be \$1 million, *but* the price for the last three sold would be \$1.3 million. Agency buyers rushed to buy Super Bowl spots for \$1 million and NBC announced the first week in December that it had sold all of the available spots in the Super Bowl.

The following year, in 1996, the first year that Fox Television carried the Super Bowl, it announced in July that its price for the upcoming Super Bowl would be \$1 million. Fox did not raise the price from the previous year because it did not have as extensive market coverage as NBC had. Fox also did not announce that it would raise the

price for the last few commercials it sold. The result was that agency buyers waited to place their orders in hopes that Fox would lower its prices. Fox did lower its prices, and wound up selling spots late in December for \$750,000 or less. By not having an effective anchor, Fox left several million dollars on the table.^{xi}

Open Optimistically or Realistically? In general, open optimistically. In the majority of situations you should open optimistically with the highest price and terms for which there is a supporting standard or explanation that would allow you to make a plausible case for it. In words, if you can reasonably justify a price and terms, such as basing it on high demand, ask for it. A good rule of thumb is to open at least 15 percent above your HLE price, which gives you room to give concessions and still have the potential for getting your HLE. Also, include at least three throw-away terms in your initial offer for the same reason.

In some situations where you are not dealing with an experienced media buyer or regular customer, you can use the contrast principle and open for up to 50 percent higher and then come down to your HLE, which will seem low in contrast. This tactic works best when you are making a presentation that has three proposals, as covered in Chapter 10. For example, if the largest of your proposals is for \$75,000, then the second proposal for \$50,000 seems much lower than if you opened with the \$50,000 proposal.

Opening optimistically brings us to two more fundamental rules of negotiating:

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.

Optimistic openings work best in transaction negotiating and when you do not know much about the other side.

There are several situations when optimistic openings are not a good tactic and *realistic openings* are better, which leads to the following rule and three corollaries:

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.

When you have no leverage, an optimistic opening does not work. When you have a weak position, an overly optimistic open leads buyers to conclusions that you are either bluffing or not too smart—both bad signals to give. When dealing in a tacit coordination situation, you should be realistically optimistic, or close to your highest legitimate expectation. When you are dealing with a person who says, “I won't negotiate, bring me your best price,” and you know from experience that the person is telling you the truth, it is best to open realistically with a fair initial offer just above the mid-point in your settlement range.

Experienced media buyers and negotiators, who have read books and attended seminars on negotiating, know the fundamental rules and understand the power of high expectations. Therefore, experienced agency and client negotiators, especially when negotiating for broadcast and cable, will try to lower your expectations every chance they get. They will lower your expectations when they call for avails or send out RFPs. They will say, “I'm in a hurry and have to make the buy today, e-mail me your avails and give me your lowest rates. You have only one shot.” In such cases, if you do as instructed, buyers will call back and say something like, “You're too high, lower your rates or you

won't get the business." So they lied, in a sense, and are in fact giving you a second shot. Therefore, it is imperative to know your buyers, know what their negotiating tendencies are, and respond accordingly with your opening offers.

When you open, remember the following two rules:

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.

The first rule above comes from the advice of Richard Chase and Sriram Dasu in their *Harvard Business Review* article, "Want to Perfect Your Company's Service? Use Behavioral Science." The authors write: "Behavioral Science tells us that, in a sequence of events involving good and bad outcomes, people prefer to have undesirable events come first—so they can avoid the dread—and to have desirable events come at the end of a sequence—so they can savor them." ^{xii} Recency effects indicate that people tend to remember the last events or experiences in a series of events, so it is effective practice to save the best, most favorable experiences until last. For example, if your company requires unusual or onerous terms and conditions, such as asking for cash up front, it is best to introduce these items at the beginning of the bargaining process and get them out of the way.

The second rule above about not including most of the other side's requests or demands in your opening offer is based on the notion that you want the other side to ask for them so you can bargain for each request. If you give the other side all they ask for initially, you lose the opportunity to get something in return during the subsequent bargaining and concession-making process, but include a few of their requests in your initial offer to signal some degree of cooperation. Make the other side ask for most of their demands and requests because in that way you control your give-backs and concessions.

After you determine when to open and the most effective way to open, fill out that section of the Negotiating and Closing Planner. The eighth step in the planning process was to determine frames. When you open, *frame* your initial offer positively, as you learned in Chapter 5 ("Free throws win ball games."), and during the bargaining process continue to frame all of your offers positively. Emphasize the value of your offers and their benefits that give the other side a good deal. For example, "The \$125,000 package is the best deal we are offering currently. It is a 25 percent discount on the individual elements in the package if purchased separately." Positive framing provides the other side with justifications for making concessions. If you have prepared properly and have a needs portrait of your buyer and a Benefit Matrix, you will know the best way to frame your offers. With competitive negotiators who want victory, frame your offers as gains and wins for them—really good deals. With negotiators who fear losing, frame your offers as a way to avoid a loss and emphasize the pain and shame of losing.

Rule: Always frame all of your offers appropriately.

When you have determined how you are going to frame your opening offer and important subsequent offers, fill out that section in the Negotiating and Closing Planner.

4.3 Signaling Leverage

After you frame and present your initial offer and before you begin trading concessions in the bargaining process, you want to signal your leverage, if you have leverage. Exhibit 12.8 shows how you should act when your leverage is strong and when it is weak.

Exhibit 12.8

Signaling Leverage

Your Actual Leverage Situation (As You See It)

		<i>Strong</i>	<i>Weak</i>
How You Want to Act	<i>Firm</i>	<p>Make confident demands and credible threats.</p> <p>Display your alternatives and leave the decision up to the other party.</p>	<p>Emphasize the uncertain future</p> <p>Bluff (act strong when you are not).</p>
	<i>Flexible</i>	<p>Show the other party you are investing in the relationship.</p> <p>Be generous.</p>	<p>Acknowledge the other party's power and stress the potential gains from future cooperation.</p> <p>Appeal to the other party's sympathy. What would they do in your position?</p>

Source: G. Richard Shell. 1999. *Bargaining for Advantage*. New York: Penguin Books. p. 149

As you can see in Exhibit 12.8, when you see your leverage as strong and want to act firm, make confident demands, lay out your BATNAs, and leave the decision up to the other side. A particularly strong BATNA will communicate that you have buyers who will pay higher prices for smaller chunks of a package you are offering and want to buy soon in order to get first-mover advantage. If you want to be flexible, show the other side that you are willing to invest in the relationship and be reasonably generous and cooperative. If you see yourself as having a weak leverage position and want to be firm, emphasize the uncertain future—that someone else, even an competitor, could buy your offering and the rates might go up. In this situation, making an early, small concession might be advisable to show your willingness to do a deal. If you want to be flexible when you have a weak leverage position, acknowledge the other side's advantage and frame your offers positively. Appeal to the other side's sympathy and call in some relationship chits. Ask what they would do in your position, and, in effect, throw yourself to the mercy of the court, as lawyers say.

The best way to signal leverage is to show and maintain a high level of confidence. At no time in negotiating can you communicate a fear of losing or a need to close fast. You must be calm, patient, and, most of all, confident. As in a gunfight in the old Western movies, the following rule applies:

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

4.4 Making Concessions

Step nine in the preparation process was to determine concessions and trade goals. After you open and anchor the other side's perception of your walk-away, after you frame your initial offers to appeal either to their desire for a win or to increase their fear of losing, and after you have signaled your leverage and firmness or flexibility, you are ready to make concessions, or, better, to make trades. The first three rules of making concessions in the bargaining process are as follows:

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 then get a concession from the other side.

These rules are important because they remind you to begin with a small concession; they also indicate that it is acceptable to give the first concession in order to break the ice and get things started, but give a small, unimportant concession. The second rule also reminds you that when you give a concession, always try to get a reciprocal concession before you move on. Sometimes you have to ask for reciprocation by asking, "I gave up on my request for a thirteen-week commitment. Can you give me a little higher rate?"

The third rule is important to remember because it gives you a clue as to what is important to the other side. Your first concession will be on an unimportant issue, so you must assume the other side's first concession will be on an issue that is not important. Trading concessions at the beginning of the bargaining process is like bidding in the game of bridge, you are giving the other side signals as to what cards you hold and how strong your position is. Your goal in bargaining is not just to concede, but to trade—to get something in return. If you plan your concessions properly, you can trade small, unimportant concessions for ones that are more important to you. Remember that media buyers usually have to invest all of their client's money, so even though they ask for a lower price initially, it is often not their most important issue.

As you proceed in the process of trading concessions, follow the next two rules:

Rule: Make small concessions and give them slowly.

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

These rules are based on the principle, "What we obtain too cheaply, we esteem lightly."^{xiii} For example, if you open with a price of \$100 in the demographic a buyer requested and the buyer says, "That's a little high, but can you give me some added value?" you know price is not the most important issue. The buyer virtually conceded on price and you know added value is more valuable. In this situation, switch from discussing price to making concessions for added value, starting small and working up slowly to a Clincher Close, which I will discuss later in the chapter.

As you go through the exchanging of concessions, make sure to continually invoke the principle of reciprocity. For example, "OK, I gave you the promotion you wanted, will you give me the price I originally asked for?" Use the reciprocity principle as

often as you can. If you feel what you are getting in return for a concession is not fair, say so. As in, “I gave you a valuable promotion and you are not going to give me the price I asked for. That’s not fair!” A little outrage in the right places can be quite effective.

As you proceed with bargaining and trading concessions, use an effective concession pattern, which you have planned in advance. Exhibit 12.9 shows six concession patterns.

Exhibit 12.9

Concession Tactics

Which Tactic Is Most Effective?

1.	25%	25%	25%	25%
2.	0	50%	0	50%
3.	0	0	0	100%
4.	100%	0	0	0
5.	10%	20%	30%	40%
6.	25%	40%	30%	5%

Look at Exhibit 12.9 and let's assume you have planned to give a 15 percent discount in four steps and have some throw-away terms you are willing to concede. But, just considering price, the first pattern is ineffective because all the concessions are of equal value, so buyers expect the pattern to continue because you have given no signal that you are close to your walk-away. The second pattern is equally ineffective because you say no, then give a big concession, so your buyers expect this pattern to continue and will not believe your no after the last 50 percent concession. The third pattern is awful because you say no several times, and then give a huge a concession, so buyers will extend the negotiating interminably because they expect another large concession. The next pattern is also disastrous because you give a huge first concession and then stonewall, so buyers will extend the negotiation and insist on more concessions equally as large. The fifth pattern is bad, too, because with each larger concession you raise buyers' expectations, which extends negotiating. The most effective concession pattern is the final one.

Because you are willing to give a total of 15 percent, your concessions would be (1) 3.75 percent (25 percent X 15 percent), (2) 6 percent (40 percent X 15 percent), (3) 4.5 percent (30 percent X 15 percent), and (4) .75 percent (5 percent X 15 percent). All of these concessions are small and you are giving them slowly in four steps. You are beginning with a concession that is 25 percent of your planned total concession, then you move to 40 percent, but from there your concessions get smaller—30 percent and finally only 5 percent, which signals that you have reached your limit. When you give this final concession, you should say something such as, "Well, I can lower my price by \$3, but you will have to give me another week on the schedule" (assuming a price of \$40). If the buyer cannot give you another week, keep probing until you get something—a larger share of their budget, for example.

As you go through the bargaining process of trading concessions, get small, easy issues out of the way first. If you run into a big issue, set it aside by saying you will come back to it later and move on to settle smaller issues. This tactic uses the commitment principle. As the other side invests increasingly significant amounts of time, energy, and other resources in the negotiating process, they become more and more committed to closing the deal for fear of losing it and wasting their time and energy. As an example, "OK, we've agreed on a promotion and on last position in the commercial pod, but we're still a little bit apart on price. Let's put the price issue aside for now and see if we can't reach agreement on how long your promotion will run."

Finally, as you progress through bargaining, keep your eye out for what tactics the other side is using. Be aware of all of the tactics in Exhibit 12.7. As Sun Tzu writes, “Do not swallow bait offered by the enemy.”^{xiv} Of course your customers are not your enemy, but they will often use tactics, or bait, to try to get an advantage. When you recognize a tactic, name it, do not fall for it, keep your confidence up, and move on.

When you determine the most effective concession pattern for an upcoming negotiation and determined your trade goals, fill out that section in the Negotiating and Closing Planner.

Rule: Develop and effective concession pattern that signals when you get close to your walk-away.

4.5 Building Agreement

Finally, as you go through the process of bargaining, follow the next rule:

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

Frequently restate the other side’s positions during bargaining because, “If they understand you’re hearing what they’re saying, it reduces stress levels,” according to Victoria Rutenberg, a successful Washington, D.C. lawyer and mediator.^{xv} You are trying to build agreement brick by small brick; you are trying get the other side to invest time and effort on a series of small agreements so their commitment to the process increases. Perhaps you have put off major issues earlier in the bargaining process, come back to them after you have reached a number of smaller agreements. You will find that large issues are easier to settle after smaller agreements have been reached—the other side’s commitment is at its height. During this final stage of the bargaining process, do not get impatient:

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

When you finally deal with the major issue, have patience and explore alternatives—be creative in finding solutions. As soon as you have reached agreement on the major issue, transition smoothly and calmly into your close—stay cool.

5. Closing and Gaining Commitment

The tenth step in the planning process is to plan your closes. When you plan, keep in mind the first rule of closing:

Rule: Expect to close.

You have planned well, you have bargained intelligently, and your confidence should now be at its peak. You must act as though you deserve the order, as though there is no doubt in your mind that you have the best offer, so ask for a decision. Close.

The closing phase can be smooth or a time of high anxiety. It is important to remain cool and confident during the closing phase and not show any worry or anxiety, regardless of the circumstances. Often experienced negotiators save their most powerful tactics for the closing phase. You may think you have reached agreement on all of issues under discussion and have asked for the order, but buyers will introduce tactics they have

not used before—a crunch or a nibble (see Exhibit 12.7). It is common in the closing phase for both sides to use the scarcity principle.

Sellers will use the limited-number approach, the act-now-before-a-competitor-buys-it approach, or the get-in-before-the-deadline approach. Buyers will use the your-competitors-want-a-big-share-and-are-going-much-lower approach and attempt once more to lower your price. This threat may be a bluff or it may be true. According to Richard Shell in *Bargaining for Advantage*, scarcity is an emotional issue; both sides use it to attempt to create the fear of losing in the other side. One side can increase the other side's fear by warning that others are competing for a scarce resource (the seller's offering or the buyer's money). It is always a matter of judgment whether to hold firm or yield to an attempt to push your panic button. Your judgment will be informed by your understanding of the leverage situation at the moment when you must decide.^{xvi} If you know your buyer's tendencies, you will know if they tend to bluff or not and, therefore, whether to hold firm or yield. However, in no circumstances should you go below your walk-away.

If a buyer's apparent final offer is below your walk-away, then always walk away, but do so nicely and not in anger. Say, "I'm sorry I can't go any lower. I'll take your offer back to my management, but I'm not sanguine about their agreeing," which leads to the next rule:

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

When such a walk-away occurs, you and your management can decide outside the heat of battle, whether to go back with another offer. But make sure you wait at least a day—the buyer may call or email you and meet your terms during that day.

In many situations the close will go smoothly, especially if you have used *trial closes* throughout the bargaining phase.

5.1 Types of Closes

There are five types of closes:

- 5.1.1. Trial closes
- 5.1.2. Choice closes
- 5.1.3. Clincher closes
- 5.1.4. Last-resort-closes
- 5.1.5. Bad, never-use closes

5.1.1 Trial Closes. There is an old saying in selling, "ABC, always be closing." The phrase comes from the old-fashioned, hard-sell school of selling, but as in many rules of thumb, there is a kernel of wisdom in the phrase. In modern selling and negotiating techniques, the always-be-closing concept translates into "use trial closes throughout your presentation and negotiating." Trial closes are an indirect method of testing buyers' temperature. Are buyers cold and need more information, or are they warm and ready to buy? The only way to know for certain is to ask. The worst that can happen is that you discover that they are not ready and they raise another objection. Actually, the main purpose of a trial close is to bring objections to the surface so you can deal with them. If there are no more objections, then you have a deal. Following are several trial closes you can use throughout your presentations and negotiations to test the water.

The Direct Close. Simply ask for the green light. Always avoid using the words *buy or order*. Do not ask, “Will you buy this?” Do not say, “How about it? Could I have the order?” Those words may frighten buyers. “I’ll book this right away so you can get on the website by Monday, OK?” or “We’ll agree on this price, then. Isn’t that fair enough?” are better direct closes.

The phrase “Isn’t that fair enough?” is one of the strongest closing phrases you can use. Nobody wants to be accused of implying that someone else is unfair and so will go to great lengths to answer this question positively. Also, never ask a closing question that can be answered with an unambiguous no. The phrase, “I’ll book this right away so you can get on the air by Monday, OK?” was used previously. If the buyer says no, then this is an ambiguous no and you make the assumption that they do not want to start on Monday, but do not make the assumption that they do not want to give you the order.

For example, suppose a buyer asks, “Could I run Wednesday through Saturday?” Do not respond with, “If I can schedule it this way, will you give me the order?” because you have, in essence, created an objection when before only a question about how to run the order existed. Instead, say, “Absolutely,” thank them for the business, shake hands, and leave. If you cannot run the schedule as requested, say “I’m sorry we can’t,” explain why and use another close.

The Assumption Close. This close is particularly powerful because it is so painless for both a buyer and a salesperson. When you sense that the time has come, that a buyer has shifted gears from desire to conviction, you simply assume that the buyer has made the decision to buy and proceed accordingly. Talk and act as though the buyer has given you the green light. If you are correct in your assumption, the buyer will not stop you, in which case you have the order. If the buyer says, “Hold on. I haven’t bought anything yet,” then proceed with some probes to find out why the buyer is not ready.

The Summary Close. This close is an excellent trial close and should be used often. On a regular basis, summarize all the benefits to which a buyer has agreed. Emphasize those benefits in which a buyer has shown the most interest. Present an overwhelming weight of accepted evidence of superiority in your summary. Follow your summary with a statement such as “Can we go ahead with this plan?” You can also use the Silent Close that follows.

The Silent Close. Ask for the order with a Direct Close, with a Summary Close, or with any appropriate close and then shut up. There is an old rule used by many salespeople that says after a strong close “the first one who speaks, loses.” You do not have to fill a void with words. Give buyers time to think. Let them become uncomfortable and start talking; if you do not speak, they surely will. When they finally say something, you will either get the green light or an objection, which gives you another opportunity to present a benefit that solves a problem. If you speak first, you let buyers off the hook.

The Pin-Down Close. This closing technique should be used judiciously. After prospects have expressed an objection, pin them down by asking if you can have the go-ahead if you can overcome their objection. For example, if a prospect says, “I don’t like those early news spots,” your response would be, “If I can get my manager to agree to move them to the late news, may I book the schedule?”

You have used a Pin-Down Close. Be careful, though; avoid using this close too often or too early because a prospect might understand what you are doing and use the same tactic against you to get a string of concessions. If a prospect tries to extract another concession from you after a Pin-Down Close, a good tactic is to say, “Hey, let’s be fair. You said we could go ahead if I moved those spots.”

A good time to use the Pin-Down Close is when prospects try to put off a decision. When prospects say they want to think it over or that they will call or email you later, quickly isolate their reasons for the stall and use a Pin-Down Close. The *let-me-think-about-it* excuse is the most common one you will encounter, and you must learn to overcome it quickly or you will lose sales. When you get this excuse, pin down the reasons for the excuse, narrow the objection, and then try a Pin-Down Close or a Clincher Close (which you will learn about a little later in this chapter)..

Another time when Pin-Down Closes work well is when buyers try to nibble you (see Exhibit 12.7). A Pin-Down Close stops a nibble by saying, “OK, if I can get half of your spots moved to the late news, do we have a deal—no further changes?” After a nibble, do not give the other side their full demand, cut it in half, then if you want to, you can go all the way on their demand if half does not work.

The T-Account Close. Use a lined tablet or any sheet of standard-sized paper and draw a line down the middle of the paper and then cross the T across the paper near the top. Next, in the left top section, write down a buyer’s objections and in the section underneath write a list of all the reasons supporting the buyer’s objections. Next, write in the right top section your off-setting benefits. Your list should be longer than a buyer’s; if it’s not, do not use this technique.

For example, if a buyer wants to put off making a final commitment until next month, put “Start Next Month” on top of one column and “Start Now” on top of the other column. With a prospect’s help, write all of the objection in the left column and then you write all of the reasons to start now in the right column. This technique is dramatic and graphic; it is particularly effective with precise, fact-oriented people. It also gives buyers the perception that you are being objective and fair (“Isn’t that a fair list?”).

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

5.1.2 Choice Closes. Choice Closes are especially powerful because they build commitment through choice. Chase and Dasu report on an interesting study that found that blood donors perceived significantly less discomfort when they were allowed to select the arm from which their blood would be drawn. The authors write that the lesson from this study is clear: people are happier and more comfortable when they believe they have some control over a process, particularly an uncomfortable one such as giving a salesperson an order. In some cases, the control given over is largely symbolic (as in the choice of arm), or it can be a meaningful, high-stakes decision. The medical profession has long recognized the value of allowing patients to make an informed choice about alternative treatments for cancer and heart disease. Doctors realize there is enormous value in involving the patient in these important decisions. Patients feel less helpless,

less hopeless, and, most important, more committed to making the process work.^{xvii} For this reason, increase commitment through choice by offering not just one proposal but possibly as many as three and let the other side choose.

The Choice Close. The Choice Close is one of the easiest closes to use. It is probably used more than any other close, and should be. You have already set up this close by providing three or more proposals in your proposal or presentation. Then, you simply ask prospects which of these options they prefer. When you have the answer, you have the order. “Do you prefer the first, second, or third package I offered, Mr. Franklin?” “The third.” “Great, an excellent choice! Thank you. I’ll run right back to the office and get this scheduled and e-mail you the confirmation.” The buyer might never say yes or “I’ll buy it,” but the buyer has given assent by making a choice.

When buyers are given a choice, they can make a decision without feeling forced into a corner. Buyers have the reassurance and confidence of asserting their free will and of expressing themselves. Furthermore, after they make the choice, you have the opportunity to reinforce their final decision. Always compliment prospects on their wise judgment.

The Minor-Point Close. This is another popular, effective, and easy close. With the Minor-Point Close, you attempt to get buyers to choose and approve one or more minor details in an offer; if they agree, you have made a sale. The more minor points on which you can get agreement, the better. “We’ll start the schedule next Tuesday so we have time to get the creative in, OK?” or “Instead of billing this to you the first week of the month, we’ll send the bill to you a week early so you can be reimbursed more quickly from your client, OK?” When buyers agree to a minor point, they are saying yes the easy way. For example, a buyer who might hesitate if you ask whether you can go head with the \$200,000 order for sponsoring baseball broadcasts will probably find it a snap to agree to provide you with artwork for a sponsorship ad in the stadium program booklet.

5.1.3 Clincher Closes. A clincher close is a well-planned close in which you make a final concession on a major request, on an important issue, or on substantial added value—you hold it back until the end and offer it to clinch the deal. From the beginning, you have your concession or improved offer in your back pocket but bring it out at the end only if you need it to close the deal. For example, you might be negotiating for a major 52-week buy on your website. The agency, on behalf of its client, has requested a low rate in return for giving you a firm 52-week commitment, wants four event promotions (one each quarter), as well as merchandising support for the client’s sales force (prizes such as golf clubs and golf balls for sales contest winners). As you have progressed through the negotiation, you have agreed to the merchandising but are 10 percent apart on rate. The agency’s final offer has been \$225 cost-per-thousand and they are not budging. You are holding out for \$250, the mid-point in the initial ballpark. However, you have not offered the four event promotions even though the other side has continually asked for them, even though you have been prepared to give the promotions. The Clincher Close would be to say, “OK, we seem to be stalled. What if I give you the four event promotions, which will cost us a great deal, and you give me my rate of \$250? That seems like a win-win, fair agreement, doesn’t it.”

Using Clincher Closes requires detailed planning before the negotiation and great discipline during the process—you lose the power of a Clincher Close if you introduce it too early in the process. Also, use Clincher Closes the first time you negotiate with someone, but not the second time. If you consistently use Clincher Closes with people with whom you regularly negotiate, they will expect them, always hold out for a major concession at the end, and when they receive the concession, they will not appreciate it but instead feel it is their due. With people with whom you regularly negotiate, use Clincher Closes only on an occasional, random basis—use a mixed strategy.

5.1.4 Last-Resort Closes. When the above closing maneuvers do not work, try some of the following closes

The "Make-Me-an-Offer" Close. Real estate and automobile salespeople fully understand the power of this closing technique—it gets prospects to express verbally their commitment to buy. When buyers make you an offer, they are not only committing to buy but they are also giving you the parameters of the final barriers to a sale. This is one of the last techniques you should employ because it typically results in a concession. Even though it is somewhat tricky to do, the best way to handle this close is to get buyers to make you an offer on terms other than price alone, instead, such as on added value. You might say: “I know that you want to be with us and that what I am offering is right for you. Make me an offer that contains an adjustment on something other than price and I’ll see what I can do.”

The “What-Will-it-Take?” Close. This is a more desperate version of the “Make-Me-an-Offer” Close. With this close you are vulnerable to lowballing, but often, as a last resort, you will see if the other side goes below your walk-away and how much lower, which is information you can use in your next negotiation, after you walk away. Sometimes you might use this close on a small piece of business when the offer is low and you can walk away to give the other side a clear signal that you will walk away from low offers; it makes your anchor in subsequent negotiations credible.

The "What-Did-I-Do-Wrong?" Close. Finally, when you have failed to reach an agreement, pack your briefcase, say “Thank you for your time,” and get up and head for the door. Just as you are going through the door, turn to the buyer and say, “Do you mind if I ask you one more question? I respect you and your opinion and feel I could learn something from this experience. Would you mind telling me what I did wrong? Where did I lose the sale?” The chances are good that your prospect will tell you; then, of course, you are in a position to start over (at that instant or on another call, whichever is appropriate).

5.1.5 Bad, Never-Use Closes. Following are some closes not to use because they will ruin relationships.

The Poor-Me Close. Salespeople have been known to beg for orders by saying that they will lose their job if they do not get an order or that they must have the money to pay for their child’s organ transplant. Do not try to heap guilt on buyers and do not beg to get an order; do not lower yourself or diminish your own dignity. Confidence and self-esteem are vitally important in the selling and negotiating process; do nothing to lessen yourself in the eyes of prospects.

Customers admire strength. Begging also puts you in an awful negotiating position.

The Now-You-Have-It-Now-You-Don't Close. Some unscrupulous salespeople will promise anything just to get an order, knowing full well that they cannot deliver what has been sold. Their strategy is to take an order and then go back to buyers later and say they cannot deliver. They then try to switch buyers into other, lower-rated time slots (in broadcasting and cable), in less desirable positions (in print), or to pay higher rates. This maneuver has a narcotic temptation because it can shut out competitors; however, buyers are not dumb enough to let this work more than once. Nothing destroys your credibility faster than this bait-and-switch technique.

The For-You-Only Close. Some weak salespeople try only one close and then immediately rely on giving big concessions to make a sale. They promise prospects, "If you give me an order right now, I'll give you the lowest price possible, lower than anyone else." Salespeople who use this approach sound as though they just came in from an alley where they were peddling pornographic postcards, and buyers tend to show them about that much respect.

Whichever appropriate close you decide to use, do not close too aggressively, especially on bigger deals. You can create a sense of urgency with deadlines and limited-supply maneuvers, but the timetable has to be the other side's. Too much pressure can kill a prospective deal. Pressure on your part to close will make the other side suspicious—you will appear too eager for a deal and cause the other side to push for more concessions. As indicated earlier in this chapter, people want to buy, to make a choice. People do not like to be sold or pressured; they are much more comfortable in choosing and controlling the timing of their buying decision. Also, pressure to close often strains a relationship, so you must be particularly careful in pressuring people with whom you regularly negotiate.

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

Sales managers, sales trainers, and many sales textbooks often overemphasize closing. You should close only when you are convinced that your customers are committed to your proposed solution and negotiated agreement and that you are convinced it is a fair deal that is right for the other side. Never push people into buying. Remember, you are managing a relationship for the long haul, and it would be counterproductive to close too aggressively and jeopardize a relationship. However, people have a natural tendency to avoid saying yes, either from fear of losing or fear of not getting a good deal, so you must maintain your confidence that your deal is the right one for them and not signal anything that would give them pause or give them an excuse to hesitate.

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

Confidence is vital throughout the negotiating process, but even more so in the closing phase. Following are several things to keep in mind that will enhance your confidence.

5.2 Give the Other Side a “Good Deal”

People have their own unique definition of a good deal—it is an individualized perception. Your task before or during a negotiation is to discover your customers’ personal definition of a good deal and then see that they get it.

Exhibit 12.10 shows a list of some customers’ definitions of a good deal and how to respond:

Exhibit 12.10

Types of Good Deals

<u>Definition</u>	<u>Description</u>	<u>Tactic</u>
Got a low price.	The perception of a low price is always relative. Remember the salesperson's father's advice, "never pay retail?" Some people will go to enormous lengths in time and effort to get what they perceive to be a lower price. Often such bargain hunters are called bottom fishers. They will take risks on quality and preemptability (not running an ad and replacing it with another, higher priced one).	Offer bottom fishers low-priced packages of less-desirable, remnant, or preemptable inventory. Identify and keep a list of bargain hunters and call them when you have last-minute, reduced-price inventory. These are people who often know the price of everything and the value of nothing and, thus, will buy hard-to-move inventory. Make sure you emphasize the bargain, low-priced nature of your offering. When you get the order, compliment them on getting such a good bargain.
Got something someone else wanted.	The scarcity principle at work. Competition for scarce resources often gets people over-committed and makes inventory more desirable. Price, discounts, quality are not important, all that counts is that someone else wants it—especially if a hated competitor wants it. Fear of loss and envy are involved.	During negotiations, make sure people that have a tendency to be envious are aware of your BATNAs and know that their competitors are interested or have made an offer. Be honest, but on the other hand, do not fail to communicate such information. When you make the sale, compliment them for snatching it away from their competitors.
Got high quality at a reasonable price.	Many buyers are concerned with quality and service, and do not mind paying for it. For example, many people pay much more for a Mercedes or a Lexus than for a Ford or Chevrolet because of their perception of quality.	Create value from the beginning for these people and continually mention the word quality. When you reach agreement, compliment them for having the excellent judgment to recognize quality.
Got the last one.	The scarcity principle at work again. Fear of loss of a scarce and valuable resource is involved.	The limited-supply maneuver works well here. Be honest when you let buyers know that there is only one left and create a sense of urgency due to the competition for it. Price is never the issue, so raise the price for the last one. When you close the deal, compliment them on their ability to make a fast decision.
Got a warranty or guarantee: low risk of dissatisfaction	Some people with low self-confidence, who are risk-averse, and, especially, those who fear making a mistake, feel much more comfortable with guarantees or warranties. Ratings for upfront buys on network television and impressions on Interactive buys are typically guaranteed.	Emphasize the safe, low-risk nature of guarantees. Because guarantees are more important than price, buyers will generally pay more for guarantees. When you get agreement on a deal, compliment them on being such good, smart negotiators.
Got a discount.	To people who crave discounts, the actual price is not as important as the perception	Going in to a negotiation, raise the price on your initial offer by 20 percent,

	that they got a discount. Goods on sale appeal to these people; they will buy more than they need because they cannot resist a “50 percent discount.”	negotiate, and then as a Clincher Close, offer a 20 percent discount. When you make the sale, compliment them on being such a good negotiator and being able to get such a large discount.
Got something else free thrown in.	There are some people who love to get something for nothing, something free. They will pass up a “50 percent discount” offer, often feeling that is damaged or undesirable goods, and snap up an offer of “buy one and get one free.” Same price, different frame.	With people who you have identified as those who like something else free thrown in, like with those who crave discounts, planning is the key. During negotiations, do not concede on price, even though you are willing to come down 15 percent but as a Clincher Close, say, “OK, if you’ll give me my price, I’ll give you 15 percent more inventory—a bonus of 15%.” When you reach an agreement, compliment them for getting something free.
Got a win; feel like they won something important to them.	Many competitive buyers and negotiators care more about winning than anything else. In fact, they will not make a deal unless they feel like they have won.	Good planning will do the trick. Use a Red Herring, such as an event promotion that the other side insists on. Say no repeatedly, then as a Clincher Close, say, “OK you win, I’ll give you the promotion if you’ll give me the order now—before I change my mind.” When you get the order, complement them on winning. Make sure you tell them they have won.
Got good results from advertising.	Many experienced advertisers view advertising as an investment, so it is not how much it costs that matters, but what their return on investment is. Interactive advertising is especially good at showing ROI.	With people who care most about results and ROI, it is vital that you control their expectations from the beginning and always under-promise and over-deliver. By lowering their expectations from the start, you can help ensure results. When you make the sale, compliment them for their sophisticated approach and deep understanding of the ultimate purpose of advertising, and reassure them that your primary objective as a salesperson is to get results for your customers.
Got a good deal compared to other media.	In today’s media-saturated environment, buyers have a multitude of choices for placing advertising. If they select one over another or in combination with another medium, they typically want to feel that they got a good deal.	When you are in a selling or negotiating situation in which other media are being considered, stress the benefits of your medium—not based solely on price—but based on a wide variety of dimensions. A T-Account Close works well in these situations, where you compare the benefits of your medium to other media. When you reach agreement, compliment buyers on their insight and professionalism.

Note in Exhibit 12.10 that all of the tactics involve complimenting people on their ability to get a good deal and to reinforce their perception of a good deal. Therefore, you

have the power when you negotiate to give people a good deal, only if you know what their definition of a good deal is and you can plan your tactics in advance to make sure you give them a good deal as they define it.

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

Finally, it will give you confidence and power in a negotiation if you have no fear of walking away. Good BATNAs vastly increase your confidence to walk away. If you have the confidence to leave if you do not achieve your walk-away, it does you no good unless you signal your confidence in how you act, walk, sit, and talk. Confidence does not mean arrogance, bluster, or threats, but it reflects a firm resolve to make a deal that is fair to both sides.

You are now ready to complete the negotiating planning process by planning your closes. Select several of the above closes that are appropriate for your upcoming negotiating session and fill in the last section of the Negotiating and Closing Planner.

5.3 Get Commitment

When you call on media buyers who are examining a number of competitive proposals, it is sometimes difficult to close a deal on a call or with an exchange of emails. If you find that one of the many closes above is not appropriate because the buyer has to evaluate more proposals, then it is important that you get some kind of commitment from the buyer (1) to recommend your proposal to a client or (2) to let you know where you stand so you can adjust your proposal if necessary. It is in these types of situations that having a strong personal relationship with a buyer is vitally important. If buyers know you and trust you, then they are more likely to give you some kind of verbal commitment. So, if you can't close, push for a verbal commitment of some kind.

On the other hand, when one of your closes is successful and you get an agreement, do not be satisfied with just an agreement—get a formal commitment. The objective of every negotiation is to secure commitment, not merely agreement. Commitment in closing a deal gives you a deal that sticks and that has incentives or penalties to insure that both sides perform. Different kinds of negotiating situations call for different types of commitment. In some simple, familiar situations, both sides' word and a handshake is good enough, but in other, more complicated situations such as dealing with unfamiliar people or on large deals, legal contracts and other types of commitment are necessary. According to Richard Shell in *Bargaining for Advantage*, there are four degrees of commitment:^{xviii}

Social Ritual. The commitment process begins with a simple social ritual such as a handshake, a bow, or an exchange of calling cards. In most buyer-seller relationships in the media both sides feel that their word is their bond, and that they would face loss of self-esteem and their reputation if they went back on their word or did not follow through on a commitment.

Public Announcement. As the size of the deal increases, social rituals are often not enough to secure adequate commitment and it helps to make a public announcement. Once a public announcement is made, it is much more difficult for either side to back out. These announcements can be made in the form of a press release or a press conference. Just as you increase your commitment to your walk-away by telling your boss and others

about it, public disclosures of a big deal increase commitment and bind both sides to an agreement.

Accountability. Accountability also enhances commitment. One way to finalize accountability is to put an agreement in writing. This type of accountability is commonly accomplished with an exchange of insertion orders (IO) and confirmations between buyer and seller. IOs and confirmations can be by mail, fax, or e-mail. Once IOs and confirmations of the IO are received, an agreement becomes legally binding. Some crafty buyers will reach a verbal agreement then send an IO at a lower price than agreed on, either hoping the receiving salesperson will not notice or will go along to avoid a loss at that late date. Do not fall for this ploy, send back a confirmation that shows your original prices, and then wait for the buyer to respond.

Another type of accountability agreements are non-binding letters of intent (LOI). There might be several details left to be worked out after you have reached an agreement on major points at the end of a negotiation for a big deal. In such a situation, you might ask the other side for a letter that says that they will go ahead with the deal based on the assumption that the final, minor terms can be ironed out. Such a letter is not legally binding, but it significantly increases the other side's commitment to work out the remainder of the issues. Another type of agreement are exchanges of next-step agreements—a list of things both sides must complete to implement an agreement.

Simultaneous exchange. In some large, complicated deals, sending back and forth letters of agreement, IOs, or next-steps is not solid enough to secure a firm commitment. In such situations, it might be a good idea to use a simultaneous exchange to seal the deal. In the case of the sale of a home and the subsequent formal closing, the two sides typically exchange the title for the property and a certified check for the required amount at the same time. With extremely large, complex media deals, simultaneous exchange is a good practice.

Whichever form of commitment you use, always follow this rule:

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

Buyer's remorse usually sets in after someone buys something. You do not want to be present when buyer's remorse occurs. One of the biggest mistakes inexperienced salespeople make is to hang around and chat after they have made a sale or reached an agreement. They are afraid of being considered impolite and ungrateful by rushing off. Forget about being impolite, leave fast. You might want to make an excuse for your quick exit and say, “You've got an excellent deal. Thank you so much for the business. Now I have to run back to the office and book this order before someone else buys the great inventory you just invested in. Good bye.” There is an old saying in sales that the jaw-bone of an ass slew a thousand Philistines and as many sales have been lost for the same reason because salespeople talk too much after making a sale.

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

You should fill out the Negotiating and Closing Planner in the Appendix (also available on www.mediaselling.com) whenever you are going into a major negotiation and for dealing with the 20 percent of your customers who give you 80 percent of your business. Also, see the Negotiating and Closing Outline in the Appendix that summarizes all of the

strategies, tactics, and rules. It, too, is available on www.mediaselling.com and can be downloaded onto a PDA so you can review it before important negotiations.

Once you have created a thorough negotiating and closing plan, and before you enter into a major negotiation, rehearse. An excellent way to rehearse is to get a colleague (salesperson or sales manager) to rehearse with you and to play the other side's role and your colleague to play your role. Rehearsing in this manner is the best way to refine and perfect your plan.

Rule: Always rehearse your negotiating and closing plan.

After you have rehearsed your plan, commit to it—carry it out just as you have rehearsed it. Rehearsal will give you confidence and increase your commitment.

Finally, just as when you make major presentations, debrief after negotiating. Practice makes perfect and debriefing makes it even better; which leads to the final negotiating and closing rule:

Rule: After every negotiation, debrief.

Many of the concepts and the strategies used in this chapter are those recommended by Richard Shell in *Bargaining for Advantage*, an excellent book that is applicable to media negotiating and one I recommend you read.

Test Yourself

1. What are the five elements in the negotiating process?
2. Why is knowing the other side's cultural background important?
3. What are the ten preparation steps in negotiating?
4. What third style do you occasionally find in media negotiating?
5. What are the four negotiating situations?
6. What are the two basic negotiating styles?
7. What is a BATNA?
8. What is the purpose of the tit-for-tat tactic?
9. What is negative leverage?
10. What is an HLE?
11. What is a ballpark?
12. Name six acceptable bargaining tactics.
13. How can you avoid negotiating on each element in a package individually?
14. What are the five steps in the bargaining process?
15. Should you open first?
16. Should you open optimistically?
17. Give an example of a frame.
18. How should you give concessions?
19. Name three trial closes.
20. Give an example of a clincher close.

Project

Pretend a rich aunt can afford to buy you a new car and that you are going to ask her for a BMW roadster. Prepare for your request by filling out the Negotiating and Closing Planner in the Appendix or on www.mediaselling.com.

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