

Win/win negotiating - holy grail or pie in the sky?

Like many of their contemporaries in other industries, some healthcare salespeople today have become just a touch cynical. For as long as we can remember, management gurus and other so-called training experts have been telling us that we live in a win/win world.

Today, every company worth its salt will say it believes in creating long term relationships with customers and suppliers. And there really is no other way to achieve the sense of partnership needed to create a foundation for mutual success over time.

Indeed, there are organisations across the healthcare sector who practice what they preach and endeavour to ensure win/win outcomes in their business dealings. But when one hears large multi-national suppliers complaining that their sales teams need help in negotiating techniques, "because we're being screwed down by our customers", significant doubts emerge as to how many suppliers and buyers out there simply pay lip service to win/win and in fact go all out to achieve win/lose.

After a day's battering from customers demanding "more and more...or else", a salesperson in whatever sector could be forgiven for thinking that this approach is honoured more in the breach than in the observance.

By negotiation, I mean the process of bargaining whereby client and seller contract to the stage of terms and conditions. In an ideal world, this satisfies both parties' most important interests. Typical elements which might be the subject of negotiation could include the time or scope of the contract, service levels to be provided, price and the role of key personnel working with the customer.

So what has happened to this utopian vision of a win/win world? When one side in a negotiation – whether buyer or seller – perceives a power imbalance in their favour, win/win can go out of the window. One or both sides may find themselves following WC Fields advice: "Never give a sucker an even break."

Clear strategy

Too often, sellers cave in, having been told by their bosses to "get the business at all costs". They accept a win/lose position and make concessions until the deal is barely profitable.

The problem with this of course is that having got the business, but at a cost, they resent having to service the account. For their part, the buyers cannot understand why service levels are not what they had hoped. The outcome, almost

inevitably, is a lose/lose deal and a short-lived relationship.

In the end, neither party benefits. So, bearing in mind that in many negotiating environments today the buyer may appear to have the stronger hand, what should the supplier avoid to try to ensure a balanced and mutually acceptable outcome?

There are many ways to lose in a negotiation, including failure to develop a clear strategy, lack of clear objectives, failure to anticipate the other side's tactics and an inability to handle apparent deadlock. Yet two stand out as common failings which often lead to unsatisfactory outcomes:

- **Don't negotiate too soon** – the key here is to develop needs and build the perceived value and unique qualities of their solution. Many people claim they are negotiating, when in reality they are offering unilateral concessions such as discounts in the hope of winning the business.

Even if this tactic is successful, it is likely to lead to a demand for further movement on price. The golden rule is: create a desire to do business, i.e., sell first; then, and only then, finalise the terms of business, i.e., negotiate;

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- **Don't negotiate over too few issues** – the pharmaceutical and wider healthcare industry has witnessed an increasing professionalism among healthcare buyers, from an individual perspective and also within the various buying consortia, many have developed their negotiation skills through study and training. A common strategy is to commoditise the supplier's offering – “we can buy that anywhere” – in order to limit the negotiation to issues around price. In the face of this approach, the seller must maintain the skills to retain product or service differentiation, introduce issues other than price and trade concessions.

So, how do you plan for win/win and handle someone on the other side of the negotiating table who appears to be playing win/lose? Huthwaite's own research over nearly thirty years across a wide range of sectors, including the pharmaceutical and healthcare industries, has pinpointed a number of key strengths which the exceptional negotiator exhibits. These include: a strong emphasis on identifying strategic objectives; the ability to analyse and manage the power balance; and a comprehensive approach to planning and preparation.

Appropriate behaviours

What stands out most of all as key to success are the behaviours which skilled negotiators adopt face-to-face in the negotiation itself.

Historically, negotiators have been taught just one interactive skill, that of making proposals in the 'conditional' form: “if you do this, we'll do that.” And it is certainly true that skilled negotiators still have this in their armoury, to encourage trading and to avoid making unilateral concessions.

Yet it is far from the complete picture. The negotiating skills model is in fact far more complex and comprises a number of behaviours, some of which are used heavily and some which are minimised.

Skilled negotiators for example place a strong emphasis on three key behaviours:

- **Asking lots of questions:** more than twice as many as the average negotiator, in fact. Indeed, Huthwaite's research has revealed that more than one fifth of all the skilled negotiator's behaviour consists of questions, compared with less than 10% for their average counterparts – a very significant difference.

The most common uses are to uncover the other party's position and explore its underlying rationale. If you ask enough questions, the other party may come to realise that their position is untenable and, as a result, make concessions.

Thus, seeking information, reasons, feelings and proposals are key skills in the persuasion process;

- **Giving feelings:** It is a popular misconception that the best negotiators are poker-faced. In fact, they give one-third less factual information than average negotiators yet talk 50% more about their feelings and emotions. Such an approach is based on psychological research which indicates that sharing feelings in this way encourages openness and trust;
- **Testing understanding:** checking that each sides' ideas are understood by the other and frequently summarising the position adds clarity and increases the chances of a successful implementation of the final deal. Again, these two behaviours accounted for 17% of the skilled negotiator's behaviour profile, more than double that of average negotiators.

Why is this important? It seems that average negotiators are happy to fudge contentious issues and concerns about the finer details, rather than clarifying and resolving them. The truth is of course, they don't go away but often come back to disrupt the latter part of the negotiation, sometimes to fatal effect.

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At the same time, skilled negotiators avoid certain other behaviours:

- **Irritators:** many negotiators erroneously believe it is persuasive to say they are making 'a fair and generous offer'. In fact it suggests the opposite - and the unspoken reaction from the other party is likely to be one of, "let me just hear the offer and I'll be the judge of how good it is!"
Condescension, such as 'with the greatest respect, young man', patronising behaviour and gratuitous self-praise can similarly damage the negotiating climate. And, interestingly, it is more common than one might expect, as average negotiators use irritators six times more often than skilled operators;
- **Counter-proposals:** how does the other party feel when you ignore and counter their proposal, apparently without consideration? Chances are, they will probably do the same to yours. Such behaviour does nothing to further the negotiation and is often perceived as blocking or disagreeing rather than a serious proposal.

There is the additional danger that, if you make such a counter-proposal 'off the cuff', you may unwittingly make an ill-considered concession. Again, immediate counter-proposals are used twice as frequently by average negotiators;

- **Argument dilution:** This is a trap awaiting the 'clever' negotiator. From childhood, we are generally taught that the more arguments we can muster to support our case, the better. Yet in negotiation this can be problematic: the risk is that the negotiator will eventually use an argument that does not hold water – and that is the argument the other party will attack.

As in a legal trial, if you destroy the credibility of one witness, the whole case can collapse and the same is true of supporting arguments. Skilled negotiators use one strong argument and repeat it: only if it is undermined will they introduce a second reason to support their position. In short, never dilute a strong argument with a weak one.

Taking this approach is not just fine in theory, but has been proven to work with salespeople who have a strong track record of successful negotiation across many industries including the healthcare sector. It's not luck, but rather the implementation of a system which works time after time. It is rated as effective by both sides in the negotiation because it engineers deals that are acceptable to both sides. And the real test is that it rarely fails – once a deal is done, it sticks.

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