



Winning Negotiation Skills

The balance of power has shifted in favour of buyers, but the rules of good sales negotiation remain the same – and well planned training can help you prepare.

Today, with more options available, pharmaceutical buyers are becoming increasingly educated and sophisticated in the choices they make. As a result, the relationship dynamic — or balance of power — between buyer and seller is changing. The days of the 'one-size-fits-all' talking brochure approach has been consigned to the sales training manual of history and buyers are increasingly demanding sales on their own terms.

Management gurus have long argued that win-win is the only way to do business effectively if the oft-proclaimed goal of long-term partnerships between customers and suppliers is truly to be achieved. Yet as salespeople ruefully look back to a golden age when supply did not outstrip demand — and they held more of the negotiating cards — they see win-win as little more than a pious platitude or utopian dream.

Let me be clear what I mean by negotiation. It is the process of bargaining by which customer and seller contract to terms of agreement or conditions, ideally satisfying each party's key interests. Typical issues therefore may include timescales, the scope of the contract, costs and investment, the service levels to be provided or the support given to, for example, the trust, hospital, or department.

In the real world of course, when one side in a negotiation — whether buyer or seller — perceives a power

imbalance in their favour, win-win tends to go out of the window. As the saying goes: "Power corrupts, but absolute power corrupts absolutely."

Or, as W. C. Fields put it more succinctly: "Never give a sucker an even break."

In most commercial negotiations today, buyers typically feel they have more power, with sellers on the wrong end of the threat: "Give in to all our demands or you won't get the business."

The problem here of course is that the concessions made by the selling organisation may well result in what for them is a distinctly unsatisfactory deal. And such a win-lose outcome can soon become lose-lose: unhappy at being forced into an unprofitable deal, the seller will provide a minimum level of service and will be ill-disposed to develop this unsatisfactory partnership in the way the buyer desires.

The need to negotiate effectively therefore is more important than ever, yet few seem to get it right. Those that do are typically rated as effective by both sides, in that they engineer deals that keep both parties happy. Such deals tend to stick because they use no tricks and, because they adhere to a system, they build up a strong track record of success.

Rules of Negotiation

The important elements of this successful approach form 'The Ten Commandments of Negotiation':

The first commandment: Sell first, and then negotiate (but only if you have to). One of the most common failings among sellers is not to distinguish between selling and negotiation. As a result, many believe they are negotiating when, in truth, they have failed to sell properly: what they are actually doing is making concessions.

If you can sell your customer an unchanged solution at the full price you have quoted, why negotiate? More commonly however the buyer will signal the start of a negotiation by saying something like: "I'd like to do business with you if..."¹ poor negotiators will have already given things away to achieve this position — the skilled will not.

The second commandment: Never concede, always trade. An effective negotiation involves movement by both parties towards an outcome.

Avoid giving something without getting something in return. When you need to move from any stated position, make a conditional offer, such as: "I might be able to move on X, if you are prepared to move on Y." This is particularly important towards the end of a deal. The seductive sight of a deal can tempt the unwary into unilateral concessions.



The third commandment: Win-win is not 50:50. We're all encouraged to aim for win-win, but the best deal in fact is WIN-win — the best possible deal for you that still allows a win for the other side. A win-win outcome is certainly not a case of splitting the difference or feeling awkward about representing your interests.

The fourth commandment: Power is in the head. Many sellers feel that power in negotiation lies with the buyer. Strangely enough, the reality is that buyers often say the opposite! Their organisation needs the service being sold and can seldom afford the deal to fall through either. So power is a perception. If you feel powerful, you are powerful, and you will behave accordingly. If you feel weak, the reverse applies. If power is about perception and feelings, it means you can manage and control it.

The fifth commandment: Prepare and plan with care. Skilled negotiators do a number of things before a negotiation. Firstly, they develop a credible 'fallback'. This is not the worst case they will accept: rather, it describes what they will do if this particular negotiation fails entirely. A good fallback prevents them feeling that they must do a deal at all costs.

Also, they identify as many negotiable issues as possible, prioritise them and develop a negotiable range for each from 'best', through 'target', to 'worst'. They also calculate the cost of concessions for each to avoid impulsive and expensive mistakes in the heat of battle. And they repeat the whole process, but this time trying to think as the other party.

They spend a lot of time identifying 'common ground' and plan how to use it in the negotiation. Thus, they manage their feelings of power and identify the possible overlaps, trades, and levers to give themselves the maximum flexibility to bargain. Planning and preparation is crucial in differentiating between — and maximising the return from — the selling and negotiation phases. This is particularly important in markets such as healthcare and pharmaceutical, where the sales process can be extended and can involve different members of the sales team for each stage.

The sixth commandment: Identify and use your levers. A lever is something that costs you less than the value the other party places upon it. It can therefore be traded for something that you value. Comparing the priorities on each negotiable issue identifies those levers. Linking issues and obeying the second commandment makes sure that you use them.

The seventh commandment: Logic is not persuasive. This applies in every aspect of life, as any parent will tell you! Skilled negotiators know it too and have no more than one or two key reasons for any particular position they adopt. They also prepare lots of smart questions to probe the other side's stance. Their objective is to create doubt in the validity of that stance — the first stage in persuasion. They accomplish the second stage — creating movement — by their ability to offer flexible trades and use their levers.

The eighth commandment: Don't just cut the pie grow it. A good deal is a creative deal. It creates value that is additional to whatever it is that the two parties each bring to the table. Ideally, that value is created at the expense of a third party - most commonly, the competition. When planning, skilled negotiators generate a wide range of creative options in considering how each negotiable issue might be settled. They look 'outside the deal' for extra value.

The ninth commandment: Develop your behavioural skills. Preparing and planning are fine, but occasions will arise when you will face an impromptu negotiation with little time for either. When this happens, all you have to fall back on are your personal negotiating skills. The stereotypical image of the negotiator as a hard-faced and intractable character is false.

Skilled negotiators have a wide behavioural repertoire and the conscious flexibility to match their behaviour to suit the situation.

The tenth commandment: Keep all the balls in the air till the end. However tempting, avoid settling issues as you go, particularly the minor ones. The risk is that you discard your levers and the negotiation comes down to a single-issue confrontation (typically, on price) with no other issues available to break the deadlock.

You need to be able to juggle all the issues so that you can bring any of them back into play at any time before the deal is concluded. Until the end, settle issues provisionally.



Many contract negotiations within the pharmaceutical sector are based on tenders. On the face of it, this offers less room for manoeuvre than in a more open negotiating environment. As a result, it is even more important to be creative in such a situation in order to extract maximum leverage from your negotiating position.

Training for negotiation and selling

As in other industries, most pharmaceutical companies see sales training as essential to the improvement of selling and negotiation skills if the business is to gain, or maintain, competitive advantage. Yet, in over thirty years of observing what differentiates the exceptional negotiator from the merely average, we have seen emerge a disturbing picture of how businesses continue to waste vast sums on training that does not work.

A cynic might even be forgiven for thinking that such companies are deliberately trying to squander their resources. If so, what are the best ways to waste your training budget?

Training is often far removed from what is happening at board and senior management level. Yet the first law of organisational behaviour states: "If the boss shows interest in it, it gets done."

Training is about enabling performance improvement and senior managers responsible for broad business goals must throw their weight behind making it happen. This means: involvement in determining training content and provision; motivating and enabling participants to attend training

events; being there to kick-off events; and, longer term, sticking with it.

The corollary of the first law is: "If the boss rewards it, it gets done first." Pity the poor medical rep who is exhorted and trained to use interactive, consultative skills to deliver better quality business, but is rewarded on short term revenue and activity measures.

Checking the appetite for training at 'street level' is also vital. Managers might resent training because it takes key staff out of the field; so might experienced sales staff - after all, time learning is time not earning. Their view may be short-sighted, but it needs addressing at the outset. If you leave this clutter lying around your training will surely trip and fall.

Three or four days in a classroom will not, on its own, change behaviour long term. If you want your people to have transferable skills that they can implement, they will need intermediate reinforcement of some sort - ideally, practice and on-the-job coaching, from their manager, for the first few weeks following training.

If the will is there, pharmaceutical companies typically are especially well set up to provide such coaching and reinforcement, through structured field visits and regular sales management contact.

You should also not expect that training will be the panacea for all your problems; training will frequently help solve a problem but by itself will rarely provide the complete solution.

It is particularly important to recognise this at a time when training programmes - especially

those from third party providers - are expected to show and quantify a return on investment.

Lecture-style, en masse training, delivered over short time-spans can be fun and offer valid insights; it can explain 'what to do'. Training to develop negotiating skills - the 'how to do it' - comprises repeated iterations of input, practice, feedback and review. It requires expensive resources, which means time and individual attention from talented people. Remember the old saying: "He who buys cheap, buys twice!"

Few initiatives run away with money like poor international implementation. In many countries and cultures, quality training will only work if delivered in the local language by local people who themselves work there and can take account of commercial custom and practice in each area. For a pharmaceutical company rolling out a new implementation therefore, the same skills may be applied but must be closely integrated into the way public and private healthcare is purchased locally.

Make the best deal

A good driver looks in the mirror regularly. Let's face it, even the best training provider doesn't always get the programme 100% right first time. You may see ways to adapt the training once in action and, anyway, the world constantly moves on. Fail to look back and assess, and you fail to respond to change.

You should expect your provider to challenge underlying assumptions and goals. You surely don't hire them just so that you can push them



around; you must have plenty of your own people you could push around for free? There is a simple common denominator here. Training requirements always exist within a wider business development context. Failure to recognise and respond to this will ensure that any proposed solution will fall short of expectations - and be money wasted.

Finally, let us return to negotiation. Like any good set of ten commandments, there is an eleventh.

The eleventh commandment:

No deal is better than a bad deal.

Obvious, isn't it? Maybe, but not so obvious perhaps when the deal has been in the sales forecast for months. It seems tantalisingly close and all that is required to close it is a few final concessions. Because they are clear about their worst position and have a credible fallback, skilled negotiators recognise a bad deal and are not afraid to walk away from it.

Alison Morris is healthcare sector head at Huthwaite International, a leading consultancy for changing behaviour in a commercial setting.

Huthwaite International

Tel: 01709 710081

Email: info@huthwaite.co.uk

www.huthwaite.co.uk