

Are you the man in the middle?

It's tough being a salesperson right now, squeezed on all sides - pressure from management to bring in business and pressure from customers to reduce prices. And then there's the personal pressure we all put ourselves under, knowing that we need to perform, recognising that our job might be on the line. Do you feel caught between a rock and a hard place?

Too much pressure can result in poor margins.

All this pressure can tempt sellers to cut prices in their attempts to keep and win business. Cash flow is vital, and a seller providing it looks like a winner, no matter how low the margin might be.

But focus on short-term survival, while understandable, can threaten any organisation's long-term future. No organisation can survive for long if it isn't profitable. As someone once observed:

Revenue is vanity; profit is sanity.

Concessions on price, or other trading terms, made to win business today, live on to affect future business. Many will be impossible to retrieve, even when economic conditions improve. Have you ever heard a customer say, "Things are better now, so please put up your prices"?

Today's contracts can, in the long-term, prejudice the survival of the business they were designed to save. There are many ways for organisations to keep their sales and profits up, as our series of Insights has been highlighting. One of the key skills is the ability to negotiate effectively.

Don't capitulate, negotiate!

Negotiation certainly offers the quickest route to protecting margins, at a time when they are under such heavy attack. Carefully negotiated agreements may also pave the way to improved terms when the economic situation improves. Three elements of our research into the skills used by successful negotiators are particularly important today:

1. **Trading** is the ability to exchange things you are prepared to concede in return for things you value. To trade successfully you need to consider the concessions you can afford to make, plan how you will make them and link them to the things you want to get back from the other party.

So don't just agree to cut prices. Seek ways of trading any discounts for improvements in other terms and conditions that will help to protect your overall position.

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2. **Power isn't a fact; it's a feeling.** And it's easy to feel powerless given those pressures we mentioned at the start. But even in tough times all the power doesn't reside with the customers, despite what they would like us to believe.

Take time to analyse the situation, exploring the strengths and weaknesses of both your own and the customer's positions. You may have more power than you think. Having done your analysis consider how best to use your power in the negotiation.

If you feel weak, you are weak and you'll act accordingly. So look for ways of improving the power of your position.

3. **Long-term thinking when planning** was a key difference between skilled and average negotiators when we conducted our research. The former carefully consider the potential consequences of their actions, recognising they live on to influence tomorrow. If you have to make concessions to get the business today, what contractual protections can you incorporate for the long term?

These are just three examples of the negotiating skills you may need in these difficult times to secure profitable agreements. And this is only **what to do**. If you want to know **how to do it** – to lift some of the current pressure - why not download our white paper on how to **negotiate more profitable business**.

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