

*Entelechy's Newsletter for Trainers, Managers, HR Professionals and Others
Responsible for the Performance of Others*

IN THIS ISSUE:

Customizing Clipart, Featured in Presenters University
Collaborative Negotiations – Part 1 of 3

CUSTOMIZING CLIPART, FEATURED IN PRESENTERS UNIVERSITY

Like many of you, I come from a training background. Like many of you, we're experts in group facilitation, engaging our learners, and creating instructionally sound materials. Yet, many trainers are not graphic artists nor do we have a score of graphic artists helping us create our training presentations. As a result, our training presentations often may not adequately represent the professionalism and quality that we've built into our training.

I recently published an article in Presenters University, a website devoted to helping presenters make the most of their presentations. As such, Presenters University appeals to anybody – including trainers – who must rely on their presentation skills to do their work. Check out my article and others at <http://209.0.152.135/index.cfm>.

You may also want to check out *Entelechy's Famous Icebreakers, Energizers, and Activity Ideas* eGuide and *Entelechy's Famous Meeting and Facilitation Tips* eGuide for impactful meetings and presentations. These and other eGuides are available at <http://unlockit.com/eguides.htm>.

COLLABORATIVE NEGOTIATIONS – PART 1 OF 3

Most of us negotiate routinely without thinking about it since negotiation – “to confer with another so as to arrive at the settlement of some matter” – happens throughout our day. At the same time many of us can think of times when we’ve felt like we’ve been taken advantage of, that someone got the better deal, that someone out-negotiated us. Whether it’s a colleague negotiating schedules with us, a client negotiating a contract, or the car dealer negotiating the price of our next vehicle, we can easily be out-maneuvered if we don’t know how to negotiate.

Negotiations is a complex subject, one that is covered in Entelechy’s *Collaborative Negotiations* training (<http://unlockit.com/HPS-CN.htm>). For simplicity, we’re going to focus on three important areas in this and upcoming issues of *The Key*:

Power – The Key to Negotiations

Negotiation Strategy – Do’s and Don’ts

Negotiation Tactics

We’ll cover Power – The Key to Negotiations in this issue. While we will use sales negotiations to illustrate concepts, the tips featured here are equally effective for all forms of negotiations.

POWER – THE KEY TO NEGOTIATIONS

In negotiations, there are typically two forces at play: concession because each side truly does want to reach an agreement or they wouldn’t be negotiating; and competition because each side wants to ensure the best results for themselves. When too much emphasis is placed on either concession or competition, negotiations can end up in a situation where someone feels that they lost.

Negotiations can be win-lose events if the two sides are unbalanced in their ability to arrive at the settlement. Collaborative negotiations, therefore, is about balancing the power enabling you to work jointly with the customer to reach a settlement that is a win for both of you AND that allows you to continue building the business relationship.

Power is the key to negotiations. Power is an interesting phenomenon. Power doesn’t exist as a natural element – we create it or develop it. First we’ll look at the rules of power and then we’ll look at ways to develop power.

Rules About Power

Rule #1: Power is always distributed. Power only exists when you have more than one person; you cannot exert power if there is no one to exert power over. Therefore, power is always distributed.

We all too often fall into the trap of assuming that the other person is the one who has all of the power. Even in sales where it seems that the customer has all the power, power is distributed. Logically, if the customer is the one who will decide what, when, and from whom to buy and how much they are willing to pay, they have all the power, right? Not so. From the customer's perspective, the customer has a problem that you can help solve; in recognizing this, the customer has granted you some degree of power.

Remember that power is ALWAYS distributed; at the very least, you ALWAYS have the choice of walking away!

Rule #2: Power exists only if it is accepted. There are many instances where a powerful person has tried to exert power over someone who just didn't accept the person's power. Look at the Wizard of Oz: four individuals and a dog risked life, limb, and stuffing to reach the great wizard (he had power); they fell on their knees when they first met him. After they saw him exposed behind the curtain, however, the foursome no longer accepted his power and barely acknowledged him.

In sales, we often accept power from anyone in the customer environment. We're not sure how they might be connected or what authority they might possess. Therefore, we often assign them the highest level of power we imagine they might have. And then we spend needless time and energy addressing their demands. Always probe to determine their role in the decision-making process.

Rule #3: Power may be real or implied. Your boss may or may not be able to fire you at will. Your customer contact may or may not be the one making the final decision and be able to award the contract to you. Many times people imply that they have more power than they really do. If you accept what they say at face value, their power becomes real. With power – a creation of our own making – perception is reality.

Rule #4: The distribution of power changes. In any relationship, power changes frequently. Power is not static. You can build or diffuse the power of either party. This is important to know because you always have the capability of increasing your power.

Ways to Build Power

The goal of building power is NOT to crush the other person. Have you ever returned a product because you felt like you got taken advantage of? Even after you bought, you still weren't sold! Power – once developed – is to be used gently and appropriately to ensure that both sides win. However, you must HAVE power to use it. Let's look at three sources of power and ways to build power.

Power Source #1: Information. Information is power. The more you know about a colleague, customer, or situation, the better able you are to negotiate from strength. For example, if you know that a customer is facing financial difficulties or is experiencing high turnover, you have gained negotiation power that can be used in negotiations. Budget, decision makers, buying criteria, your competition, industry trends, and the customer's goals and challenges are all critical information; uncover this information and you have developed power.

Power Source #2: Relationship. People buy from people. The stronger the relationship that you have with your customer, the more collaborative the negotiations can be. Relationships are MORE than schmoozing; relationships are based on:

- **Value:** The customer's perception of your worth, excellence, usefulness, or importance (with respect to them or their business). Value addresses the customer's question, "What can this person or company do for me?"
- **Competence:** The customer's perception of your skill, knowledge, and experience (with respect to them or their business). Competence addresses the customer's question, "Can this person or company do what they say they can do?"
- **Trust:** The customer's confidence in your integrity, ability, and intent (with respect to them or their business). Trust addresses the customer's question, "Do I trust this person?"
- **Propriety:** The customer's perception of the appropriateness or properness of your actions (with respect to them or their business). Propriety addresses the customer's question, "Is this person behaving properly or appropriately?"

Build the relationship through value, competence, trust, and propriety and you develop negotiation power.

Power Source #3: Options/Time. The dreaded five words to any sales deal are: "I'll get back to you." With those five words, it is clear that the prospect is going to look at other

options or take some time to think about your proposed solution. In other words, your solution hasn't been differentiated in the customer's mind. There's little reason to move forward at this time or with you.

The fewer options that customers perceives they have, the greater your negotiation power. And the more quickly customers perceive they must act, the more power you have. Likewise, the more options YOU have, the better able you are to negotiate from strength; the more time YOU have to negotiate, the better off you are. In sales, your options include other clients or alternatives to the proposed solution.

Note that just as YOU can build power through information, relationships, and option/time, YOUR CUSTOMERS can also build power by gathering information about you, your company, and your sales quotas; they can take advantage of an overly friendly business relationship; and they can seek out other vendors (or give you the impression that they are!).

Summary

The rules of power are immutable. Power is perceived and ever changing. Power can be developed through information, relationships, and options/time. The more we know, the stronger our business relationship, and the more options/time we have, the more negotiation power we develop. We can then use that power to negotiate a win-win deal for both the customer and us.

This information comes from *Collaborative Negotiations*, a supporting module in Entelechy's *High Performance Sales* program. You can purchase the source files to this training and customize the training to meet your company's specific needs. Check out all you get at <http://unlockit.com/HPS-CN.htm>.

=====

MAILING AND PRIVACY INFORMATION

=====

You have received this email because you are in Entelechy's database of people that we've interacted with directly or indirectly or you've signed up for *The Key*. If you've received this email in error, please click on <http://unlockit.com/optout.htm> to be removed immediately from our mailing database with our apologies. (If you have trouble with the opt out link, please reply to this email directly and I'll personally remove your name.)



Send this email to your friends and colleagues who may be involved in training and the performance of others and could benefit from FREE performance tips, tools, and techniques.

Entelechy will not sell, rent, or otherwise provide anyone else your membership information for any reason. Period.

Terence Traut, President of Entelechy “unlocking potential”

ttraut@unlockit.com

phone: 603-424-1237

fax: 603-424-6361

<http://www.unlockit.com>