

Best Practices White Paper



Insights to help move
the performance needle

Assess Needs

Grow Revenue

Satisfy Customers

Create Leaders

Manage People

Optimize Projects

Measure Results



The Exact Expertise to Ignite and Sustain Performance™

The Two Most Common Negotiating Tactics How to Anticipate and Prepare

Surprisingly, negotiating boils down to two main tactics.

We have been on a relentless pursuit to determine if negotiation tactics followed any kind of predictable pattern or if negotiation is truly as random and unpredictable as most companies think. Our search took over 3 years in 19 countries, involved Fortune 500 firms from a wide range of industries and ended with a collection of the “most difficult” and “most common” verbal negotiation tactics.

The results astounded us.

While negotiations often feel unpredictable and challenging, 97% of the verbal tactics used globally followed a very, very predictable pattern that could be reduced to just two main propositions.

**Buyer
Tactic #1**

Alternative - The buyer’s alternative to you (most often your nearest competitor)

**Buyer
Tactic #2**

Price - or offering something else for free or discounted

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In our research, the buyer’s “Alternative” tactic was most often articulated as one of the usual negotiation-busting suspects, i.e. “better,” “cheaper,” “faster,” “more flexible,” etc. The “Price” tactic was most often expressed by asking for either a discount or for a free service or product.

Some common examples of how these tactics are stated by buyers include:

- “Your competition is so much more flexible than you are...”
- “You are way out of line with the market...”
- “Everyone else gives that away for free...”
- “Your service and reliability are lower than your competitors...”

Do any of these sound suspiciously familiar? Did you know they are all basically code for **“I can get the same thing cheaper somewhere else?”** It takes a little practice, but eventually you can recognize these seemingly disparate tactics as variations on a theme with two elements: first the element of comparing you to their alternative and then the element of give-away or discount.

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“So, what does all this mean?”

We think it means a total redefinition and simplification of B2B negotiation. It changes how negotiation courses should be taught; it changes how you and your team should prepare for negotiation; it changes how you should capture data in your organization; and it changes the results you can expect from negotiation.

If we can successfully anticipate 97% of what’s coming our way, we can better prepare for and change the nature of the negotiation with our customers.

Our data flies in the face of how virtually every negotiation writer and consultant thinks about negotiation. For example, there is a brand new book out now by a distinguished Kellogg Business School Professor at Northwestern University entitled *53 Negotiation Truths* (Leigh Thompson/Financial Times). How does any individual negotiator or company prepare and build competency in as many as 53 truths? Another example is a recent ad in *Selling Power Magazine*. It included no less than 5 lessons, 9 important methods, 7 key behaviors, and 12 predictions. While the ad only had 33 items to be concerned about vs. the 53 in the book, can an individual or an organization truly optimize and adopt 33 items?

From our experience, the answer is no. Fortunately, you and your organization do not need to embrace 33 to 53 areas to improve the success of your negotiations. Based upon our research, negotiators only need to prepare for the two main tactics (alternative and price) and ask two fundamental questions to effectively “blueprint” a business deal.



Q1: What are the consequences in the event you don’t agree?



Q2: What are the likely terms in the event you do agree?

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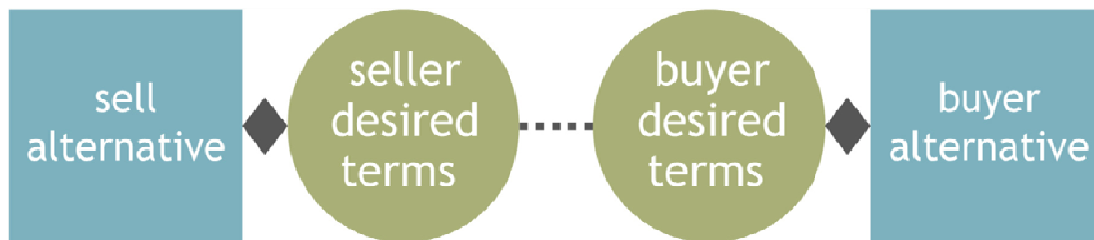


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Answers to these two questions allow you to create a clear negotiation blueprint to most effectively plan for and execute against the typical differences between:

- the seller's desired terms and their alternative (shown on the left below)
- the buyer's desired terms and their alternative (shown on the right below)

Negotiation Blueprint



In Conclusion

The bottom line is that you and your sales team do not need to prepare for 53 tactics – or 33 or even 23. Nor is it about preparing reactive answers to the “I can get the same thing cheaper” tactic used most commonly to commoditize your solution and focus on price. **Remember, it’s not about rote memorization or tips and tactics; it’s about data, data and more data.**

Our research shows:

- **51%** of all negotiation tactics correlated to both price and alternative tactics.
- **46%** of tactics correlated to price only.

Thanks to our exhaustive research, we know that 97% of verbal tactics can be anticipated and prepared for. Can negotiation really be this systematic and simple? Yes - if you are willing to collect the right data and properly prepare.

This can only be accomplished by systematically collecting the data on the negotiation before the actual event. We call it “fire prevention.” This goes a long way in helping you to stop reacting to your customer’s demands and to start taking proactive control of your negotiation outcome.

It is about installing a simple, repeatable process for answering the two questions that enable your team to effectively, credibly and professionally handle the tactics used by buyers the world over.

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ADDENDUM

Examples of tactics from our research that relate to question one:

1) “What are the consequences in the event you do not agree?”

- *Quality of service*
- *Flexible*
- *Responsive*
- *Cost to serve items (things thrown in for free)*
- *Product is not the best*
- *Functionality issues*
- *Geographic locations*
- *Same as everyone else*
- *Not worth premium*
- *Commodity*
- *Product short fall*
- *Very rigid*
- *Do it or we go to RFP*
- *Competition has advanced technology*
- *Legacy issues (you’ve let me down in the past)*
- *Happy with current vendor*
- *I will build this in-house*
- *Better product*
- *Competition does it at no charge*
- *Don’t want pain of switching*
- *Not differentiated*
- *Old technology*
- *Looking elsewhere*

Examples of tactics from our research that relate to question two:

2) “What are the likely terms in the event you do agree?”

- *T’s and C’s*
- *Longer warranty*
- *Price escalator/CPI*
- *Raw materials clause*
- *Budget (many times)*
- *Incentives*
- *Market Share*
- *Travel Policy*
- *Scope*
- *Volume/quantity*
- *Service engagement*
- *Things thrown in for free*
- *Implementation schedule*
- *Early renewal*
- *Upgrades*
- *Maintenance*
- *Legal*
- *Rebate*
- *Length of contract*
- *Discount*
- *Low cost*
- *Pricing*

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We help make companies more competitive through people.

Founded in 1995 on the principle that training "by itself" will not drive tangible change or business results, we work with a select group of clients to get the most out of their people. Every training and consulting solution we provide increases revenue, decreases costs, or raises productivity.

Who we work with

Our clients are typically mid-market business leaders who believe that investing in people is vital to their success. The majority come from the high-tech, life-sciences, and service industries and often lack the internal resources or expertise to get the job done. They want more than what traditional training and consulting approaches can deliver.

What we do

We get results. Our one-stop-shop offerings range from creating a high performance culture, to outsourcing the training function, to designing and delivering targeted learning solutions. We excel in seven key practice areas: assessment, sales, loyalty, leadership, management, project management, and measurement.

How we do it

We partner with our clients in a way that makes sense for their unique situation. First we identify the key metrics they want to improve. Then we assemble a dedicated team of experts who have successfully solved similar problems with similar clients. Our expertise and flexibility allow us to move the performance needle faster and farther than anyone else in our industry.

Our Guarantee

We are fiercely devoted to the success of our clients and guarantee results.



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Our clients tells us that we are different.

Our clients tell us that we save them both time and money. Our clients tell us that they appreciate access to certified best-in-class experts who help them to move the needle.

Our sales clients

confirm that they have grown sales by 40%, increased units sold by 42%, increased average pricing by 12%, and closed over 50% of their pipeline.

Our customer loyalty clients

confirm that their customer revenue per household increased by 18%, repeat calls decreased by 48.4%, single contact resolution increased by 6.1% and their overall customer satisfaction increased by 10%.

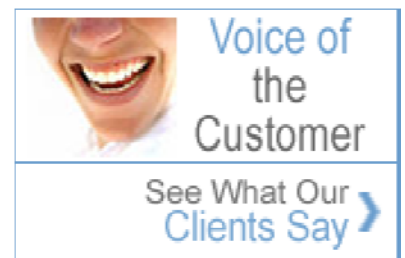
Our leadership and management clients

decrease their costs by up to 50%, increase speed-to-productivity by 60%, accelerate promotions by 20%, decrease unwanted attrition by up to 40%, and report an additional \$13m to their bottom-line.

Our project management clients

inform us that, by regularly completing projects that meet or exceed expectations, they have become an anomaly in the world where most projects disappoint or fail.

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Representative Clients

We are fiercely devoted to the success of our clients and proud that over 85% of our business comes from repeat business with satisfied clients.



97.5% client satisfaction

98.2% recommend LSA

98% solution satisfaction

129% knowledge gain

800+ Assessment and Measurement Projects

45+ Client Case Studies

100+ Client Testimonials

Top 10% Certified Experts