

Optimize Persuasiveness

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Negotiation has been referred to by some as “the art of letting them have your way”. Many clients fancy themselves as excellent negotiators.

Persuasion, however, is a different skill. Persuasion is a form of social influence. If negotiation is the art of letting them have your way, persuasion is the process of guiding your counter-party towards the adoption of your idea, attitude, or position by rational and symbolic (though not always logical) measures.

Relationship based persuasion is usually strategically intended to win others over, not to defeat them. Thus it is very important to be able to see the topic from different angles in order to anticipate the reaction of others to a proposal. To be successful in this pursuit, we recommend the following 4 steps:

- Step 1: Survey your situation. This step includes an analysis of the situation of the persuader, his goals and the challenges he faces in his organization.
- Step 2: Confront the five barriers. There are five obstacles that pose the greatest risks to a successful influence encounter: relationships, credibility, communication mismatches, belief systems, interest and needs. You must confront these issues and overcome them if you are to be successful.
- Step 3: Make your pitch. People need solid reasons to justify a decision, yet at the same time many decisions are taken on the basis of intuition. This step also deals with presentation skills.
- Step 4: Secure your commitments. In order to safeguard the longtime success, it is vital to deal with politics at the individual and organizational level.

Many clients we work with underplay or overplay their ability to persuade their suppliers to bring them to their way of thinking. In this whitepaper series, we will discuss the four most effective strategies we have seen clients use to optimize their persuasiveness with their suppliers.

Strategy 1: Unbundle Gains, Bundle Losses

Unbundle concessions and good news.

- Suppose you have the ability to tell a Supplier that your ROI study came back favorable, and that you are now ready to sign the deal:
 - Consider calling one day to say the ROI study came back favorable
 - Consider calling another day (after some time has lapsed) to say that you are now ready to sign the deal
- You're likely to make the Supplier happier if you share the good news over consecutive interactions.
- You may also have an opportunity to trade for something else of value each time you make a good announcement.

Example:

- Hey Bob, good news, the CFO blessed the ROI study we delivered. If you can ensure we will have the resources available we requested, I may be able to sign next week.
- Hey Bob, more good news, based on your confirmed availability of Timmy, Joey and Susie, who we really like, we are now ready to sign the deal. I may be willing to pay the first payment at the start of the project instead of net 60 days, if you can provide me with a favorable net present value option in excess of our IRR.

In this scenario, your Supplier will see that things continue to progress in a positive direction, and will usually

be only too willing to work with you to provide these minor concessions to keep the deal on the tracks and keep the good news coming in.

Bundle Costs and Burdens.

- Request concessions in one comprehensive request rather than in several incremental ones. Break bad news in one fell swoop.

Unbundled Example:

- Monday – Hey Bob, the ROI study was rejected by our CFO. I'll fill you in on the details in our face-to-face next week.
- Tuesday – Hey Bob, more feedback on the ROI study – the CFO didn't like your team's projections of top-line growth, let's regroup next week.
- Wednesday – Hey Bob, we're going to need to extend your pre-sales teams efforts to develop this proposal – let's chat more.
- Thursday – Hey Bob, just got word from our implementation team that the systems will not be ready for the anticipated kick-off date, so we got some work to do here buddy.
- Friday – Hey Bob, I've been getting some feedback from the team members that we may want to reconsider the resources we originally selected to come on site to do the implementation work. If you could bring some resumes of some more team members I would appreciate it.
- Saturday – Hey Bob, sorry to bother you on a weekend, but our General Counsel called me today to tell me that they are not ready to do any legal review work and will therefore need to push this back.
- Sunday – Hey Bob, quick update for our meeting tomorrow, our CEO says he's not willing to sign any deal with you guys unless and until we can get all these issues worked out ahead of the planned start date.

By this time, your Supplier believes this deal is so far off the road and into the ditch that it is probably hopeless to continue to invest time and effort, and death is coming by 1,000 cuts. Your Supplier may see any continued investment as simply a waste of time and money and may therefore defect.

Bundled Example:

- Wednesday – Hey Bob, we've had a bit of a setback today with the ROI study. Our CFO didn't like our projections of top-line growth, and that's going to require us to go back and rework some things. I'm going to need some continued assistance from your pre-sales solution engineering resources to help see us through this. This puts our start date in jeopardy by a few days, and therefore we may need to revisit which team members are coming on site for the project if you have resource constraints on your end. In addition, this will delay our legal review and push back our official sign-off on the deal until after our next board review meeting, which is 2 weeks out. Give me a call to discuss, and I can answer any questions you might have in an advance of our face-to-face meeting next week – where I expect we will resolve these issues.
- This makes your Supplier's losses more palatable (relative to the status quo) and they will see this as a single setback, rather than a sign of systemic problems that are more difficult to control and overcome.

By applying these two simple yet subtle rules (i) unbundle concessions and good news and (ii) bundle costs and burdens, our clients have been able to better control Supplier perceptions, manage Supplier relationships, and have been able to keep Suppliers actively participating in the success of their projects with minimal disruption.



Strategy 2: Leverage the Power of Justification

Don't forget "Because" .

- Even if your rationale is less than perfect, the justification that follows the word "because" should increase the odds that your counterpart will agree to your request
- At the very least, the justification will reduce the risk that your counterpart will perceive your request as illegitimate or offensive
 - We need a 60% discount

Vs.

- We need a 60% discount because any less than that puts this deal over budget and this initiative will get shot down by the CFO

Choose the right justification.

- Take time to choose the justification that best suits the desired outcome.
- Last time you went through a similar situation with this supplier, you noticed they were responsive to your internal hurdles. When you told them you couldn't get started due to some other work that needed to get done first, they offered to help you get that other work done, so as not to delay their deal.
- Using that same approach this time, might be the best way to go about it. If your Supplier is working internally on deal reviews and approvals, they have established a willingness and ability to help you overcome internal obstacles, and just may do so again, if you use the right justification.

Tell a Story.

- Never let an offer speak for itself. Instead, justify the request, and then tell a story that legitimizes the justification. Tell someone a fact, and they will learn. Tell someone the truth, and they will believe. But tell someone a story, and it will live in their heart forever.
 - We need a 60% discount because any less than that puts this deal over budget and this initiative will get shot down by the CFO
- Last year, when your team collaborated with us to meet our requirements, we were able to get your deal started on time for the forecasted amounts. The results of that deal benefited us greatly, and as a result, we have provided positive customer references; which has helped you get additional sales. If we can work together to overcome this obstacle, we will likely enjoy additional benefits.

Strategy 3: Issue Token Gifts

Low-Cost Token Gifts .

- Agree to meet at time or location that's more convenient for the Supplier
- Arrive at talks with coffee to share with your counterparts

Concede First.

- Open the dialogue and begin substantive discussions by agreeing to a small request made by the other side

Communicate Effectively.

- Your counterpart is more likely to feel compelled to reciprocate in substantive ways if you make your concessions salient
- Make sure they know you agreed to meet in their preferred location despite the inconvenience for you

Strategy 4: Defend Yourself Against Influence

Preparation .

- Analyze your BATNA – knowing your Best Alternative To a Negotiated Agreement, enables you to understand your walk away options.
- Evaluate the ZOPA – knowing the Zone Of Possible Agreement will help you avoid wasting time evaluating offers that are outside of your consideration.
- Investigate all issues at stake and know how to position them above the line or below the line.
- Know when to pull in above the line items on a quid pro quo basis to use as sticks to claim value and/or control the bargaining table.
 - Know when to pull in below the line items on a quid pro quo basis to use as carrots to create value and/or control the bargaining table.
 - Well-prepared negotiators are less likely to accept subpar offers because of how they are framed



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Ahead of the Market, Behind the Deal.

Separate information from influence.

- Ask yourself these questions when statements are made by your counterpart
 - What is my counterpart's gain?
 - If this was a push/pull offer, would I take it?
 - Would I agree to this proposal if made by someone else?
 - Would I have agreed to this proposal yesterday?
- Rephrase their offer in your words - Remove the "because"
 - I would like you to buy my stuff because it will help you meet your targets
 - Becomes, I would like you to buy my stuff - If the persuasion isn't there, is it a good thing to do?



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