



Commercial Negotiating Programme Two Day Programme

Overview, Purpose and Objectives

COMMERCIAL NEGOTIATING PROGRAMME – 2 Day

1. Programme Purpose and Objectives

Introduction

In today's oversupplied markets, most buyers will tend to attempt to negotiate price even when they have decided to go ahead against a quoted price or leasing rate.

It is easy to understand why buyers are motivated to do this, particularly in the area of capital purchases, and here are a few reasons.

Buyers know that most sellers have some degree of licence to negotiate price within certain parameters and, in certain circumstances, buyers first seek to establish to what extent licence might exist before exploiting it. Buyers also know that sellers who have licence will tend to use it if threatened with the loss of potential business.

Today's global competition makes it more difficult to continue to increase sales volumes and margins on those sales that are under price pressure. This situation has led to the intensive price competition that exists and causes organisations to protect their profits by following a strategy of safety to guard against paying more than they have to. These precautions take various forms including the issuing of edicts to their purchasing people.

These edicts may contain the following:

- Budgets do not exist as a matter of right and all purchases have to be justified by way of a business case
- Tenders or quotations from several suppliers may be mandatory
- Suppliers may have to qualify as a preferred source before they are invited to quote or tender

Many buyers have incentive schemes that reward them for money saved off quotations and tenders. Buyers know that sellers have to sell to maintain their employment and to add commission to any basic pay.

Organisations are also aware that it is easier to save costs than generate revenues, as the former is easier to control. It appears, therefore, that the trading arena favours the buyer rather than the seller. Small wonder that 'price negotiation' are words that most buyers and sellers understand well but this is an arena where negotiating for buyers appears much easier than it is for sellers. There is, however, good news.



All organisations have to spend money in one form or another in order to continue to trade. Some of this expenditure is by way of fixed costs, i.e. salaries, wages, heating, lighting, etc. These same organisations are driven by competitive pressures to continually seek ways of improving efficiency. It is in this area where they will invest in order to generate revenues or cut costs or both.

Today's sellers need to know how their products or services can be applied to an organisation's particular circumstances in order to generate a financial return by way of generating additional revenues or cost savings on the present cost to produce products or services. This know-how is often referred to as 'selling value'. Understanding how our products or services generate value is an integral part of pitching price, which, in itself, is an integral aspect of negotiating.

The Programme contains customised industry scenarios to show delegates how to important it is to sell value as part of positioning price to facilitate an improved negotiating stance. Aspects of ESP's Consultative Selling Value programmes are used during this course. Programmes are structured typically for between 8 to 12 delegates with overnight team and individual projects.

ESP has evolved and trained a global negotiating process for sellers which has been well tried and tested providing it is used in the right circumstances. Its whole purpose is to provide sellers with a process for protecting themselves from giving away unnecessary discount in circumstances where the buyer has decided to go ahead at the price quoted.

The ESP negotiating process works just as effectively for rental or leasing as it does for purchase of capital goods. There are some slight modifications when using the ESP ESCAPE process in connection with selling rental or leasing. Ideally, delegates should have attended an ESP Consultative Selling Programme prior to attending Commercial Negotiating as price positioning and value add form an integral part of protection from price negotiation.

The principal purpose and objectives of the Programme are:

- To teach delegates how to protect margins and close sales when the buyer is negotiating, and at the same time maintain the customer's goodwill
- To show delegates that the more they know about the customer's circumstances the easier it is to negotiate
- To teach delegates how to recognise and respond to subtle and sometimes extensive negotiating gambits used by buyers
- To show delegates how to use the well tried and tested unique ESP ESCAPE Negotiating Model to hide any licence they may have
- To show delegates the ESCAPE process and to rehearse them on it in order to help them protect themselves from giving away unnecessary margin to buyers who have already decided to proceed at the quoted rate but still 'try it on'



2. Programme Overview and Contents

The Two Day Negotiating Programme incorporates a number of key models and processes taken from ESP's Consultative Selling Value Programme to provide delegates with the skill required to position price as an investment rather than a cost, and how to position negotiation on the variance of value rather than price, in order to protect margin.

For Overview and Content, please refer to the Introduction, Programme Purpose and Objectives above and the Agenda below.

3. Agenda for Commercial Negotiating Programme

Day 1 – Morning Commercial Negotiating Programme

- Introduction and Objectives
- Two-Day Agenda
- **Personal Introductions**
 - Previous Negotiating Training
 - Problems experienced with Price Negotiation
 - Expectations from the Programme
- **Why do all Organisations Negotiate?**
 - Benefits to Customer
 - Knowledge of Seller's Licence
- **What do Organisations Negotiate?**
 - Rates, Terms, Conditions
 - Additional Values
 - Logistics, Timings
- **Negotiating Ranges – Buyers**
 - What affects Range?
 - Why they have Range
- **Negotiating Ranges – Sellers**
 - What affects Range?
 - Why they have Range
- **Competitive Negotiating Scenario**
 - Course Leader Demonstration
- **The LIM Model**
 - Pre-planning a Minimum and Maximum Price
- **Rate / Price Positioning**
 - Course Leader Role-Play – Property Case Study
 - Delegate Review of Role-Play

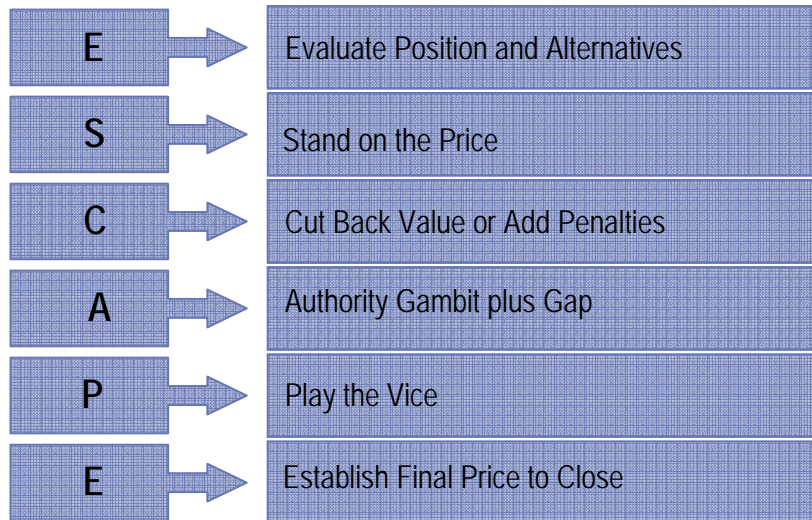


- **Rate / Price Positioning**
 - Information Required
 - Value of Seller's Proposal
- **Review of SPIN selling**
 - ESPIRE Model
 - Situation Analysis
- **Lunch**

Day 1 – Afternoon Commercial Negotiating Programme

- **Negotiating Styles**
 - Competitive
 - Co-operative
- **Negotiating Gambits**
 - Intention of Gambits
 - Recognition
- **Delegate Gambits Project**
- **Gambits and Characteristics**
 - Types
 - Objectives
- **Dealing with Price Gambits**
 - Design
 - Recognition
 - Reaction
 - Stance

- ESCAPE Process



- Delegate ESCAPE Template Project
- Individual Delegate Evening Project – Property Scenario
 - Delegates prepare to negotiate price on the property scenario (role-play)
- Close Day 1

Day 2 – Morning Commercial Negotiating Programme

- Introduce Day 2
- Review Day 1
- Role-Plays – Evening Project – Property Scenario
 - Session 1
 - Review and Train Gaps
 - Session 2
 - Review and Train Gaps



- **Psychology of Negotiation**
 - Expecting Negotiation
 - Buyers Manipulate
 - Buyers Will Not Help You
 - Feeling Threatened
 - Attitude
 - Body language
 - Response
- **Lunch**

Day 2 – Afternoon Commercial Negotiating Programme

- **Industry Scenario Role-Plays**
 - Delegate Preparation
 - Role-Play Session 1
 - Review and Train Gaps
- **Break**
 - Role-Play Session 2
 - Review and Train Gaps
- **Programme Review and Discussion**
- **Delegates’ Summaries and Close**