

# Think!

business negotiation, redefined

## Changing the Conversation from the Price of Your Products to the Value of Your Solutions:

diagnosing the root causes of negotiating problems



## Why Many Negotiation Interventions Don't Drive Business Results

Many companies experiencing failure at the negotiating table seek help from negotiation training workshops and speakers at sales meetings, each dispensing their own long lists of tips and tactics to “make your negotiation symptoms go away.” Despite this investment of time and money, the tactical advice offered rarely results in having impact on negotiation outcomes.

Yet companies in pain continue to pursue these tactical training solutions because their negotiating problems **did not** go away as promised.

Negotiation is a very complex, strategic process involving many people, personalities and functions within both buyer and seller companies, all in the context of a dynamic competitive marketplace. Any “solution” that doesn’t go beyond symptoms to get to the heart of a customer’s specific negotiation problems and take into account the business context in which these problems evolved, will rarely achieve more than short-lived, if any, results.

Think! Inc. is a sales consultancy with a proven track-record of solving sales negotiation problems. Developed over the last ten years, our proprietary diagnostic process gives us the data we need to reach a deep understanding of the root causes of a client’s negotiating symptoms, root causes and success metrics before prescribing solutions. The solutions we offer go beyond training to drive and integrate corporate negotiation competencies upstream into selling, systems, deal portals, contracts management and more, removing all the barriers to consistent, sustainable negotiating success.

As a sales consultancy, our goal is to work with each client individually to resolve their negotiation problems in a training and/or consulting capacity. When our clients are armed and educated with diagnostic information relevant to their unique situation, they are better equipped to choose a training or consulting approach that will result in real and sustainable solutions to their negotiating problems. To this end, we offer our diagnostic and prescriptive services at no cost to the client in return for the opportunity to offer a proposal for follow-on services. At the end of this diagnostic step, whether or not a client contracts our training or consulting services, they will have in-hand a copy of our complete diagnostic report related to the negotiation effectiveness of their company and success metrics for a proposed negotiation intervention.

## Diagnosing the Root Causes of Negotiation Failure

In the negotiation field, acute, surface-level pain is often expressed as “our margins are down” or “our salespeople are giving in on price too quickly,” yet these are merely symptoms of a problem that don’t contain enough information to stage an intervention. There are many root causes of negotiation problems creating these symptoms and driving this pain – some selling-related, some cross-functional – such as:

- Selling the wrong thing to the wrong person at the wrong level
- Inconsistent execution of their sales process
- A nonexistent or highly variable sales process
- Fundamental issues with the company’s value proposition or lack thereof
- A messy, complicated, silo-driven, internal negotiation-approval process
- Complicated *deal-approval* portals
- A disconnect between sales and contracts managers
- The perception that negotiation is separate from selling
- External factors such as emerging competitors buying market share



Symptoms such as price pressure, declining margins and many more can be addressed, but only if their root causes are understood.

### Tactical Solutions Are Not Enough

Short-term approaches to fixing negotiation problems – attending a tactical, soft-skills sales training class or a speech at a sales meeting – usually focus on resolving training issues, and thus don’t result in lasting changes to negotiation effectiveness. Negotiation problems are typically more strategic and cross-functional in nature, so an effective diagnosis and solution must address both tactical and strategic issues.

Selling and negotiation are not soft skills, thus sales training is different than tactical, soft-skills training. The way a sales team manages accounts, opportunities and negotiations is a core competency, an installed business process that impacts the company’s brand. For example, a company with 300 geographically dispersed salespeople, each executing 50 transactions per year, has 15,000 customer negotiations on the table. If left to chance, these contacts represent either 15,000 deposits into or withdrawals from brand equity, not to mention revenue, risk share and margin opportunities. A more strategic approach is required to diagnose and prescribe sales related training interventions.

## Diagnosing Your Negotiating Problems: Overview

Think!'s proprietary diagnostic process is a deep but highly efficient dive into all parts of a company that touch or are touched by negotiation. We use the information gathered to diagnose the root causes and prescribe solutions tailored to your business in your current market environment.

Our process is broken into three phases. Together, the first two phases give us a sense of the current state of your market environment, negotiation methods and talents.

1. We measure the state of external factors impacting your negotiations, then benchmark your firm against others to determine gaps between your current state and world class.
2. Next, we focus in on the sales team, determining the importance and effectiveness of your current sales and negotiation activities and the coaching skills of your front-line managers.
3. Finally, future state and success metrics are developed to inform a highly customized proposal for problem resolution.

Diagnosing your company's current state, desired state and success metrics is not complicated if done correctly. Taking this step before prescribing solutions is the key difference between attending a tactical training event and embedding a business process deeply into the DNA of your company. Often compromised by insufficient or a complete lack of needs analysis, this critical step quantifies needs and begins building the cross-functional support needed for implementation later.

At every step, we operate with maximum efficiency and effectiveness. We interact with your team to surgically extract the data needed, requiring minimal investment of company resources and no disruption to company operations. And because our process *requires* the involvement of key thought-leader management in cross-functional areas such as legal, marketing, product management, contracts, finance, legal, operations, and, of course sales, the results take into account your entire negotiation ecosystem – both within your company and in your target markets and industries.

## Diagnosing Your Negotiating Problems: Detail

### 1. Measure and Benchmark the Current Environment

In the first step, we measure the current state of external factors impacting your negotiations, both customers and competitors, and then work to understand how well your cross-functional leaders believe your firm is reacting from a sales and negotiation strategy and tactics perspective given the external market. The target audience for this analysis is cross-functional management for any internal stakeholder group (eg., sales, finance, legal, marketing, product managers) that is directly or indirectly involved in your negotiation process, typically somewhere between 10–20 people.

Next, we benchmark your firm against other companies to determine gaps between current state and world class. This is accomplished through an e-survey sent to cross-functional leaders. The comparative data used originates from a research project undertaken in concert with the Strategic Account Management Association (SAMA). The SAMA study benchmarks the state of the art for integrated sales and negotiation strategy and tactics for global corporations given changes happening

in the external market. SAMA results represent the findings from nearly 400 sales leaders globally; the study is updated approximately every 18 months to keep it relevant.

Using the SAMA research data, we benchmark your company's data against other firms in three areas.

**External factors impacting negotiation** – focuses on areas related to customers and competitors to get a sense of changes in the following areas:

- Professional buyer emergence
- Degree of price pressure
- Commoditization pressure
- Competitive behaviors
- Concession pressure
- Complexity and length of deals

**Reaction to market changes from a sales and negotiation strategy perspective** – measures your strategic plan to address these external factors and includes the following areas:

- Alignment on overall sales strategy
- Alignment on key/national/global account strategy
- Alignment on negotiation strategy
- Central vs. decentralized negotiation decision making
- Degree of internal negotiation
- Degree of cross-functional alignment on internal negotiation

**Reaction to market changes from a sales and negotiation tactics perspective** – measures your tactical plan to address these external factors and includes the following areas:

- Alignment on sales process
- Alignment on key-account process
- Alignment on negotiation process
- Quality of negotiation planning
- Connectivity between sales and negotiation
- Effectiveness of *trading* (getting something in return for customer demands)
- Overall rating of negotiation effectiveness

## 2. Measure the effectiveness of the sales team

Next, we survey your field sales team to determine the importance and effectiveness of their current negotiation skills. What are their strengths and weaknesses when negotiating value in a competitive environment? What do they see as the most and least important variables they negotiate such as products, prices, services and legal terms and conditions, etc.? And finally, we get a sense of the upstream effectiveness of their selling process and coaching. Four areas of interest emerge from this research:

### External market factors and overall perspective:

- The importance of negotiation in their position
- Confidence in their negotiating abilities
- Professional buyer emergence and pressure
- Most difficult verbal tactics from buyers
- Level of difficulty of the internal negotiation
- Average deal size, length of sales and negotiation processes and close rate

### Ability to trade and fend off concession pressure:

- Most to least important terms and conditions they negotiate
- Most to least important prices, products and services they negotiate
- Most to least difficult terms and conditions they negotiate
- Most to least difficult prices, products and services they negotiate

### Ability to negotiate value against competitor and customer pressure:

- How often they are the incumbent in negotiations
- Competitive behaviors in negotiation
- Degree to which buyers evaluate the value of solutions vs. price of products

### Effectiveness of selling process and coaching:

- Percent of time sales process is used
- Effectiveness of sales process
- Amount of and effectiveness of coaching against sales process
- Requests for more or less coaching
- Sales process tie to performance metrics



### 3. Determine desired future state and establish success metrics

Together, the first two steps give us a sense of your company's *current state*. The final step provides us with *future state* and *success metrics* for a proposed initiative. Telephone interviews are completed with key, cross-functional thought leaders involved in negotiation as well as those who must be onboard for a proper rollout and adoption of any proposed solutions. The following areas emerge from this research:

- Strategic goals that can be enabled/executed by negotiation
- Given their role and focus, what they see as a desired state for negotiation; details are drilled down into process, leading and lagging indicators
- Key/must-win deals facing the company in the next three, six, nine and twelve months
- Potential barriers to success

#### And present results

Once research, diagnosis and prescription are complete, the research highlights, results of the diagnostic process and proposed solutions are presented to senior management in a face to face overview. Results include specific detail on current and desired state, as well as comprehensive success metrics related to negotiation effectiveness including process metrics, leading indicators and lagging indicators.

In addition to the overview slide presentation, we leave behind a complete detailed copy of our findings and recommendations including all the metrics presented. So whether or not you choose to contract training or consulting services, at the end of this diagnostic step, you will have your company's success metrics for a negotiating intervention in hand.

### Working with Think!

#### Scope

Given the complex nature of most of our clients' businesses, this diagnostic process needs to be executed at a *scope* level rather than corporate level. We work with clients during initial discussion to determine the appropriate scope to be evaluated; typical scope definitions are either sales types (national, global, territory-level accounts), geographic regions (U.S., LATAM, ASIAPAC, Europe and UK, etc.), product or service type. A tighter scope leads to better and more customized results.

#### Client Investment

The client investment in this diagnostic process consists of distributing two 15-minute e-surveys through email distribution lists to members of the cross-functional and sales team, assistance scheduling five to ten 30-minute phone appointments, and being available for a results presentation lasting approximately 1.5 hours. It is vital that all representatives from all parts of a client's company who participate



in or touch negotiation be a part of the problem diagnosis and solutions presentation. Typically this involves key thought leaders from functional areas such as sales, legal, marketing, product managers, contracts, operations, finance, etc. Appropriate team members for each phase are chosen collaboratively during early project discussions.

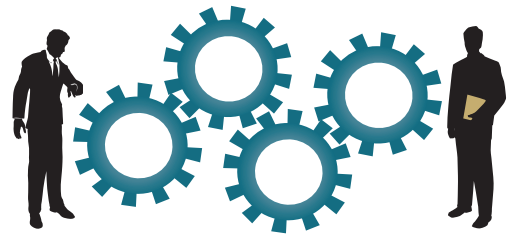
### At No Cost to You

Think! knows this business. We are efficient and precise surgeons of our craft with every confidence that we can successfully diagnose root causes and propose solutions that will measurably impact your negotiation effectiveness. As such, we offer this diagnosis process in order to earn the opportunity to give you a formal proposal outlining several ways we can help you solve the problems diagnosed. We waive any fees associated with the services offered here in exchange for access to your cross-functional leadership during the research phases and face-to-face presentation of results.

Before you hire us, and whether or not you choose to contract follow-on training or consulting services, at the end of this diagnostic step, you will have in hand your company's success metrics for negotiating effectiveness. To date, the information we have provided at the end of this process has compelled 80% of the companies diagnosed to move forward with our proposals.

### Timeline

On average, the diagnostic process and results presentation can be completed in as little as four weeks. The timeline varies according to the availability of your senior executive team to participate in the diagnosis process and attend the final presentation.



### Deliverables

At the end of this project, the Think! team presents the results in a slide presentation to the senior executive team, highlighting the research and discussing the proposal going forward. The same information is also left behind in a 50-page report that includes detailed success metrics specific to a proposed negotiation effectiveness solution. Examples of those metrics are as follows:

Think! is the only negotiation consulting firm in the world that will deliver custom success metrics/ROI for a proposed negotiation intervention as part of our proposal process, long before we've been awarded the business.

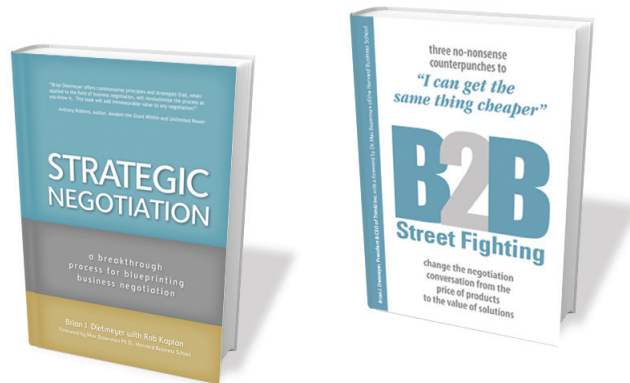


| Lagging Indicators   | Leading Indicators   | Process Metrics  |
|--|--|--|
| <p>The ultimate success metrics for this initiative, such as:</p> <ul style="list-style-type: none"> <li>• Price increase</li> <li>• Margin improvement</li> <li>• Risk shift</li> </ul> | <p>Specific items in the control of salespeople that are directly linked to driving lagging indicators – those negotiable items you want more of and less of in deals, such as:</p> <ul style="list-style-type: none"> <li>• Adoption of an integrated selling and negotiating process</li> <li>• Adding in high-margin services</li> <li>• Giving away less free services and value adds</li> <li>• Tightening up commitments in contract language</li> <li>• Selling more emerging products</li> <li>• Movement on many of the metrics outlined in the benchmark section, for example:               <ul style="list-style-type: none"> <li>• Confidence in negotiation skills from 32% to 85%</li> <li>• “Trading” for customer demands from 20% to 90%</li> <li>• Internal negotiation alignment from 35% to 95%</li> <li>• Installed negotiation process from 15% to 85%</li> <li>• Proactive negotiation planning from 17% to 90%</li> </ul> </li> </ul> | <p>Drive business results, such as:</p> <ul style="list-style-type: none"> <li>• Completing the diagnostic</li> <li>• Training the sales team</li> <li>• Preparing coaches</li> <li>• Briefing senior management</li> <li>• Aligning performance appraisals</li> </ul> |

## About Think! Inc.

Think! Inc. is an international negotiation consultancy offering improvement processes that will transform any sales team into efficient and effective negotiators. Think! Inc. offers a wide range of services from specially tailored two-day Strategic Negotiation™ workshops based on the findings of a thorough needs analysis to implemented organizational negotiation solutions. These solutions assist our clients in developing an organizational approach to negotiation with a common goal, language and process, resulting in consistent customer and competitor messaging, internal alignment and creation of true business value.

Think! Inc. was founded by Max Bazerman, author of *Negotiating Rationally* and professor at the Harvard Business School, and Brian Dietmeyer, author of *Strategic Negotiation* and the recently released *B2B Street Fighting*.



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As part of entering into a contract with Think! Inc. for the purpose of the services described here, a memo of understanding and Nondisclosure Agreements from both Think! Inc. and the client are required. This grants Think! Inc. and its representatives access to client data and personnel for research, analysis and presentation.

The data collected and reports prepared as part of this contract are used solely for the purpose of executing and presenting the results of the diagnostic services and to inform any ongoing consulting and/training that may follow. Data and reports are not made public, sold or distributed for any other uses.