



Margin Call

There seems to be more panic around than was in both the Geelong and Melbourne Storm's coach's box in the final ten minutes of their grand finals.

The current global anxiety is more than adequately covered at the moment in the press, but the speed with which vendors and channel partners appear to be panicking is indeed alarming.

Here are some examples of sales negotiation behaviour that is to my mind unnecessary and counter productive

Myth 1 'We need to drop our pants now'

Clients are downsizing, cutting Opex, Capex, Amex...blah, blah, blah!

Wrong! Clients need you even more and should pay appropriately. They have less technical expertise and more stringent KPIs. They need channel partners who can deliver with certainty in uncertain times. Demonstrate value that protects and grows their business and they will find a way to pay. Let's avoid falling into the trap of assuming 'Oh, this client is really cost conscious now'. This is not the time to sit down with a big red pen at proposal time as too many are wont to do.

Myth 2 'Our channel partners will need more special deals and more margin.'

I know, it's not what you want to read if you're in the channel, but frankly most vendors I know have already bent over backwards to accommodate these demands. Now is the time to work more closely together, in a bipartisan approach to adding value to clients – be more transparent, get everyone involved earlier in sales cycles, sell to senior management together, not the technical zoobs. This is not the time for slashing and burning pricing models in a knee-jerk reaction to 'we need a better deal than last month to be competitive here'

Myth 3 'Our company needs to concede more to clients' requests for no fee increases, cheaper maintenance, tighter SLA's'.

Why? If the business value is there and your solutions are working, why do you need to concede further just because the client feels like it? Too many people go running to their sales/channel/general manager asking for discounts and concessions with the line 'It's the only way we'll win/keep the business' Rubbish! Clients move because the thing you sold them doesn't work properly, isn't supported or doesn't meet their requirements any more –not because it's \$x a month dearer. Making it cheaper doesn't really help them much. It just reduces your margin unnecessarily

In our negotiation training programs recently , there has been a worrying and marked increase in the desire to concede first, ask questions later. It is an expensive set of behaviours and preventable if you focus on the real business value you provide rather than getting sucked into negotiating according to the CNN news cycle.

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