

# ***THE ULTIMATE GUIDE FOR Q4 SALES NEGOTIATIONS***



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## ***"When is your year-end?"***

This was the question a customer asked me on the last selling day of the month, in the late stages of a price negotiation. It was forecasted to be one of the largest deals in my territory and we really needed it. "January 31st", I responded. "Ok then!", quipped the customer with an undue sense of satisfaction. "I think I'll just give you a call back then and see if we can do better on the price!".

What did I do?

Read until the end to find out!

In sales, month-end and year-end anxiety is a fact of life. You're trying to make your number and nail your forecast, all while your ego, reputation, career, and personal sanity hang in the balance.

The good news is you're [hopefully] working with customers who have quantifiable business challenges that your solution addresses. The bad news is these customers rarely have the same time pressures as you... damn it!

So what happens?

All too often you cave in the name of quota pressure and offer a discount (or another significant concession) in consideration of signing by your deadline.

Don't worry. We've all been there!

But if you're looking to maximize your revenue, sanity, and integrity during these critical quota crushing periods...

***HERE ARE 7 TIPS TO HELP YOU ON YOUR WAY.***





# 1. STAY CALM AND BELIEVE IN YOUR VALUE!

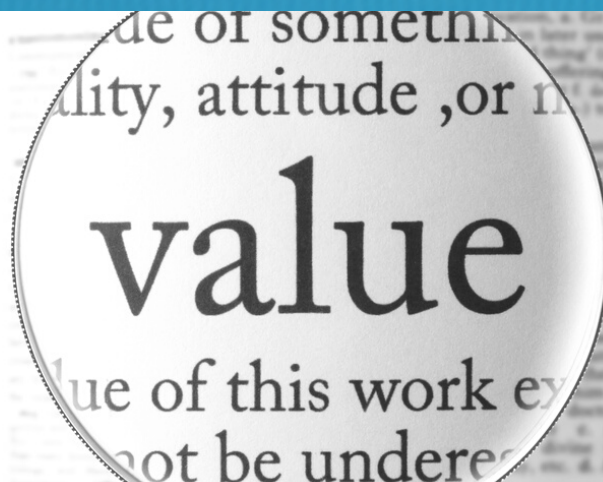
Does your awesome product or service become less valuable just because it's year-end? No? Then don't act like it does!

The worst thing you can do is panic and throw your sales playbook out the window. Just because your quota's on the line doesn't mean that every deal has to be a discount free-for-all.

For example, a customer might say, "I believe your solution is the best option for my company and I might be able to sign today... But the price would need to be X".

We tend to fixate on the deadline and the budget instead of the fact that the customer's belief system (and the powerful concept of confirmation bias) points to our solution being the best option for them and X probably isn't their real budget anyway!

When you consider the customer's next best alternative, you'll often find your solution is extremely well-positioned. Don't be afraid to remind your customer (and yourself for that matter) of that value when the request for discounts and concessions start to fly.





## ***2. THINK BEYOND DISCOUNTS***

I get it. You want your deal to close before the final buzzer while giving away as few concessions as possible.

But when it comes to concessions, the things that are most valuable to you may not be what your customer values the most. In his bestselling book *Getting More*, author and Wharton School of business professor, Stuart Diamond, discusses the concept of trading items of unequal value. He states:

***"FIND OUT WHAT EACH PARTY CARES AND DOESN'T CARE ABOUT, BIG AND SMALL, TANGIBLE AND INTANGIBLE, IN THE DEAL OR OUTSIDE THE DEAL, RATIONAL AND EMOTIONAL. THEN TRADE-OFF ITEMS THAT ONE PARTY VALUES BUT THE OTHER PARTY DOESN'T."***

Your customer may value price, but perhaps flexible payment terms, a different contract length, free delivery, an extended warranty, or even additional services or support would be equally (or more) valuable to them and far easier for you to give.

By considering concessions in a broader context you can maximize the value to your customer and make them feel like they're getting a great month-end deal, all while protecting your key deal metrics.





### **3. ASK IF IT'S A DEAL BREAKER**

In an effort to secure revenue before the stroke of midnight, we sometimes allow customers to inundate us with request after request for concessions (which we sheepishly run back to our managers for approval).

Unfortunately, when the deadline is near we don't always have the ability to take our time.. But in a negotiation, the terms and conditions a customer throws at you (typically in the form of price) are usually their minimum position and sometimes they ask for concessions just to ask!

If you've done a good job of positioning the value of your solution until this point and have a good relationship with the customer, don't be afraid to push back. If you're concerned about coming off as too defensive, you can respond to a request for a concession with something like:

***"OH, I DON'T KNOW IF I'LL BE ABLE TO GET APPROVAL FOR SOMETHING LIKE THAT. IS IT A DEAL BREAKER?"***

It's an easy but highly effective way of knowing if it matters. Oftentimes it won't and the simple question will save you from granting many unnecessary concessions.

In a study at Cornell University, participants were asked to estimate how many strangers they would need to approach before they found someone willing to fill out a questionnaire, make a donation to a charity, or let the participant borrow a cell phone.

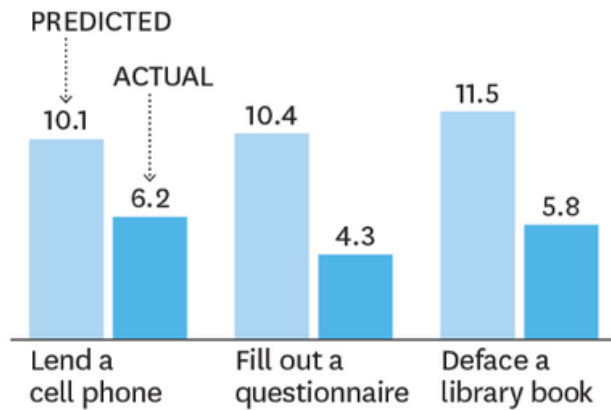
The result: when the experiment was carried out, strangers turned out to be twice as likely to say "yes" as initially guessed.





### Expect a No, Get a Yes

Average number of strangers people predicted they'd have to ask — and then actually did have to ask — before someone agreed to...



SOURCE FRANCIS J. FLYNN AND VANESSA K.B. LAKE (CELL PHONE); VANESSA K. BOHNS ET AL. (QUESTIONNAIRE, BOOK)

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Unfortunately, all too often we psych ourselves out and think that everything a customer asks for in the heat of a negotiation is critical.

Trust me, this tactic worked like magic for my team back at Salesforce. Just ask if it's a deal-breaker and see for yourself!

## 4. CONFIRM ABILITY TO EXECUTE BEFORE DISCUSSING CONCESSIONS

The customer finally agreed to get the deal done by your deadline in exchange for the concession you offered. Awesome! You prepare the paperwork and send it over for signature.

You're about to ring the closer bell and high-five the rep next to you when the customer calls to let you know they won't be able to sign by your deadline after all. Whether the blocker takes a few days or weeks to clear, your concession is now out there and you better believe your customer will expect it whenever they're ready to sign!

The solution here is simple. Confirm the deal can get done before you discuss (never mind commit) any concessions. Luckily, you don't need any fancy tactics here. For example, you might say something like:



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***"I MIGHT BE ABLE TO SWEETEN THE DEAL IF YOU'RE ABLE TO SIGN BY THE END OF THE QUARTER. THE THING IS, I KNOW BOTH YOU AND MY MANAGEMENT TEAM WILL BE UPSET IF WE GET THE TERMS IN PLACE AND FOR SOME REASON THE DEAL DOESN'T HAPPEN BY THE DEADLINE.***

***BEFORE WE GO DOWN THAT ROAD, CAN YOU HELP ME UNDERSTAND THE STEPS ON YOUR END TO GET THE DEAL DONE BY END-OF-YEAR?"***

If your customer hasn't executed a deal like yours before, this might be a good time to share some of the things you've seen hold up other deals. It's also a good time to ask them about the questions, concerns, or roadblocks their internal approvers are likely to raise as they escalate your deal internally (I call this, preparing for the "Puppy Conversation").



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## ***5. FORGET WHAT YOU KNOW AND AIM HIGHER***

Have you ever tried to negotiate anything with a child? What is it about kids that makes them killer negotiators? It's simple. They have little to no awareness of what a good deal is and are relentless in pursuing their desired outcome. What does that mean for you when it comes to striking the best deal at the end of your fiscal period? Don't be encumbered by your previous success or failure in the negotiating arena.

Back at Salesforce, one of my reps, who had been with the organization for a number of years, was negotiating a licensing agreement. Having been through many similar deal and negotiation cycles, he knew that under most circumstances he had the ability to offer a 25% discount on a particular product line.

Over time, he would often let customers quickly negotiate him to this position before pushing back. Not surprisingly, most of his deals tended to conclude with these parameters.

On the other hand, one of my newer reps, less familiar with selling the very same product line, operated under a different set of directives. Her goal was simply to maximize the revenue and payments of each opportunity. She operated under the assumption that a 10% discount was more than generous and negotiated to that end with her clients. Over time, her average discount rate was consistently less.

The sales rep who sits beside you may have just given away a 20% discount and you may have done ten deals yesterday with the same terms...but guess what? The customer you're speaking to this afternoon doesn't know that!

On your next call, see what happens if you wipe the slate clean, forget what you know, and act with conviction as if a 5% discount is an incredible month-end deal. Science and research says you'll do better than you think!





## 6. ***PRACTICE DELIBERATE DISCOUNTING™***

Ok, so after practicing all the tactics we've covered so far you still have to give some sort of discount to get the deal over the finish line. Fair enough. But that doesn't mean all discounts are created equal.

One of the most important concepts in negotiation has to do with feelings of satisfaction. In other words, regardless of whatever concessions you decide to give it's important for the other party to FEEL like they're getting a good deal.

That's why one of the most effective ways of reducing the size of the discounts you give while increasing the other side's level of satisfaction is with a strategy I call deliberate discounting.

Instead of leading off by offering a large, conspicuous discount upfront, pick a smaller, more deliberate discount. A great way to do this is often to negotiate with hard dollar discounts rather than percentages.

For example, if your service costs \$125 per user per month, you might be tempted to offer (or entertain your customer's offer of) a 15% discount, which would be an \$18.25 concession. Instead, shift your focus to dollars and offer a \$5 or \$10 per month discount which would only be 4% or 8% respectively.

In the same way, if your service costs \$5 per user per month, moving in full-dollar increments to a \$4 price point would be a whopping 20% discount. Instead, focus on offering smaller, more deliberate discounts like 25 or 50 cents per user per month which would only be a 5% or 10% discount respectively.

In either case, the customer will still leave with a strong sense of satisfaction and you'll have preserved a large amount of revenue in the process.

***Bonus: watch David's Deliberate Discounting™ training [HERE](#).***





# ***7. MINIMIZE DISCOUNTS BY CLOSING EARLY***

Back at Salesforce, I conducted an analysis to determine the average discounts my reps were giving on every single day of the month. What I found was extremely revealing but not surprising; my reps were doling out double the discounts in the last week of every month compared to the first three weeks!

Think about that for a second. That means that besides having to incur the stress and aggravation of negotiating discounts to win business close to your deadline, you actually have to close significantly more deals to meet your financial quota than if you just sold all that business one to three weeks earlier!

Remember, your customers rarely have the same time pressures as you. Simply aiming to get deals done sooner can save you from having to make tons of unnecessary concessions and crush your quota by closing fewer deals - how awesome is that?

Negotiating a deal at the end of your quota period can be challenging and stressful. The key is staying focused, selling value, asking the right questions, knowing when to push back, and approaching each situation with a beginner's mindset.



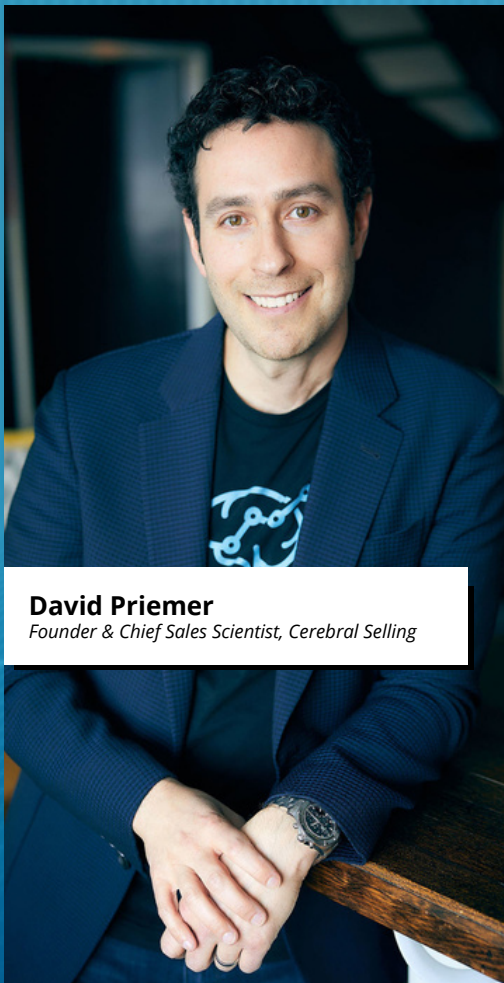


So how did I respond to the buyer in the first example? I didn't take the bait and instead appealed to his sense of satisfaction by saying:

***"HEY, I TOTALLY UNDERSTAND WHERE YOU'RE COMING FROM. YOU WANT THE BEST PRICE AND BELIEVE ME WHEN I SAY, THE OFFER ON THE TABLE IS THE BEST WE CAN DO. IF YOU WANT TO TAKE IT NOW, AWESOME!"***

***"WE'D LOVE TO DO BUSINESS WITH YOU. IF YOU'D RATHER COME BACK AT THE END OF OUR FISCAL YEAR, THAT'S FINE TOO. THE PRICE WILL BE THE SAME".***

They signed that day.



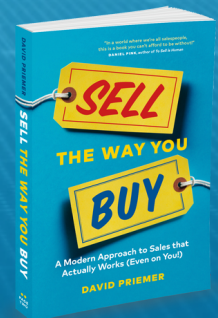
**David Priemer**  
Founder & Chief Sales Scientist, Cerebral Selling

Like most of us, David Priemer never thought he'd end up in sales! He started his career tinkering with test tubes and differential equations as an award-winning research scientist before spending the next 20 years leading top-performing sales teams at high-growth technology companies including Salesforce, where he was the Vice President of Commercial Sales and creator of the Sales Leadership Academy program.

Today, as the Founder and Chief Sales Scientist of Cerebral Selling, David's unique science and empathy-based approaches to driving revenue and talent growth have been published in the Harvard Business Review as well as Forbes, Entrepreneur, and Inc. magazines.

Often referred to as the "Sales Professor", David is also the author of the Bestselling book, *Sell The Way You Buy*, and an Adjunct Lecturer at the Smith School of Business at Queen's University and the London Business School.

David holds a B.Sc. in Chemistry and Atmospheric Science from York University and a Master's degree in Chemical Engineering from the University of Toronto.



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