



How To Position Yourself To WIN



Architect. Author. Advisor

Ronald A. MCKENZIE

NEGOTIATION



Negotiation as a Tactic

"There is no single tactic that, once executed, guarantees success. However, there is a constellation of likely answers that will emerge through diligence and thoughtful questioning of what is, what isn't, and what should be. The task is to ask the questions, examine the answers, make a decision, evaluate the consequence, and return to ask more questions -- questions that are even more potent, more specific and even more demanding of the team and of the future."

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Outline

- Background
- Opening Remarks
 - **One:** The Impact of Negotiations
 - **Two:** The Negotiation Mindset
 - **Three:** Price Versus Value
 - **Four:** The Negotiation Process
 - **Five:** Asking for the Order
 - **Six:** Negotiation Tactics
 - **Seven:** Negotiation Positioning
- Closing Remarks



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Ron McKenzie's Background

- President of COMPASS Consultants
- President of Construction Peer Group Corporation
- Author of *"Successful Business Plans for Architects"*, McGraw-Hill, 1991 with Bruce H. Schoumacher
- Author of Seven - *What Every Painting & Decorating Contractor Needs to Know Series*



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Ron McKenzie's Background cont.

- **Speaking Engagements**

- 50 plus seminars throughout US
- Multiple construction and architectural conventions
- Keynote speaker on Business Planning in Hong Kong and Paris

- **Future Projects**

- Author of upcoming book titled *"101 Things You Need To Know About Strategic Planning, Business Planning, Construction Marketing, and Business Development for Architects, Design/Builders, Contractors, and Subcontractors."*

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Ron McKenzie's Background cont.

- **Magazine Articles**

- Author of the *"Scotty, Everyone's Business Development Hero"* marketing series – 45 plus columns
- Author of *"The King and The Moat Contractor"* marketing series – 55 plus columns, in *Metal Architecture Magazine*

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Ron McKenzie's Background cont.

- **Present Project**

- The *PDCA Craftsman's Manual* first published in 1975 and the re-issued in 1995 is being completely re-written
- Coordinating the re-write of the manual and updating the material
- Scheduled to be released in 2013



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Opening Remarks

- **What you Will Learn**
 - When Negotiation Starts
 - Price versus value
 - When to walk away
 - What negotiations is all about
 - The importance of listening
 - Negotiation tactics
 - The importance of asking for the order
 - It's not always about price



Opening Remarks

- **The NUMBER One Question**

1.

- *"How do I negotiate in this market when there are so many companies that will lower their price just to get the project?"*



Opening Remarks

• Current Market is Very Tough

- For example, the general contractor comes back and says, *"I've got good news for you, the quality of service you provide is exactly what we're looking for. But I need to have you knock off ten grand. We can get someone for that price, but we really want you."*
- The game of chicken begins?
- You need the work, what do you do?

1.

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Opening Remarks

- **The NUMBER One Question**

1.

- The answer is how you present yourself from the very first meeting, to your marketing literature, to what your trucks look like.
- This webinar will go into details regarding this answer.



Opening Remarks

- **Negotiation**

- From *Noble House*, by James Clavell
- Haggling for a dog-eared paperback book in a street stand in Hong Kong
- “The first asking price was 22 HK. Casey had bargained her down to 7.55 HK.”



Opening Remarks

- **Negotiation**

- From *Noble House*, by James Clavell, cont
- Delighted with herself she had continued window shopping.
- Nearby was a modern bookstore with new copies of the book priced at 5.75 HK."
- Casey had been out-traded.



Opening Remarks

- **Negotiation is all Around Us**

- Negotiation is an everyday experience
- It surrounds us, and has lately been the subject of several television shows.

"The most important trip you may take in life is meeting people half way." –

Henry Boyle



Rick Harrison, Pawn Stars

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Opening Remarks

- **Company Growth**
 - This presentation is for small and large companies
 - **Negotiation skills are important for every company**
 - You may be negotiating with
 - Home Owners & Building Owners
 - General contractors
 - Building Facility managers
 - Construction managers
 - Public building representatives



Opening Remarks

- **Presentation Details**

- Many of the ideas are in the form of **checklists** which will make it easy to review.
- **The entire PowerPoint Presentation will be available on my web site.**
- You will get a follow up email with the information.



Opening Remarks

- **A Reminder**
 - The residential, commercial and industrial negotiating face different problems
 - *My remarks will apply to most situations, but I can't just concentrate on the residential market, or just the commercial market.*



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One – The Impact of Negotiations

- **Definition of Negotiation**

- “Negotiation is the art and skill of reaching an agreement between you and the prospect for your specific services for a specified amount of money.”

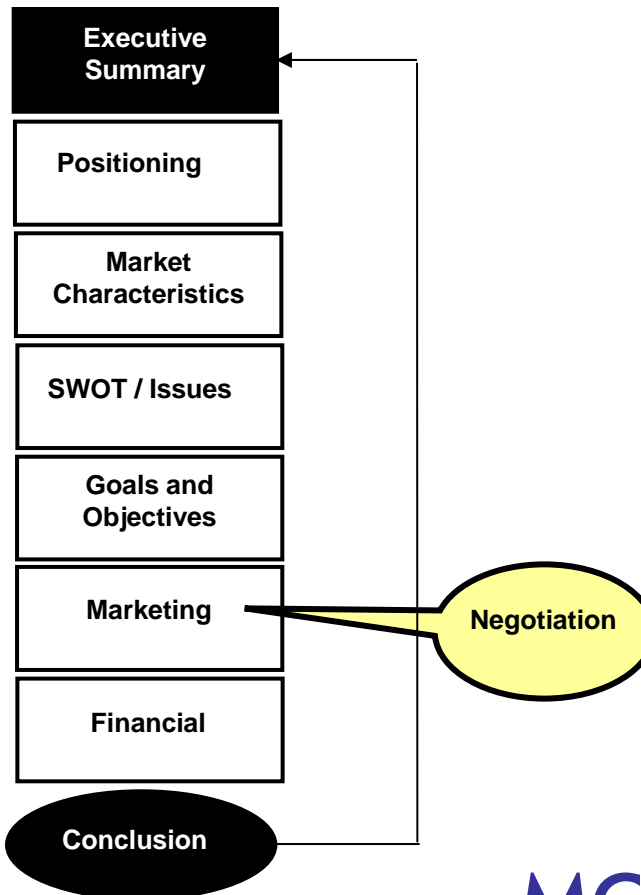
“You must never try to make all the money that’s in a deal. Let the other fellow make some money too, because if you have a reputation for always making all the money, you won’t have many deals.”–

J. Paul Getty



Marketing

The Business Plan



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One – The Impact of Negotiations

- **Where does Negotiation Start?**



KEY POINT

- **Marketing:** It starts the first time a prospect sees your web site.
- Or your Yellow Page Ad.
- Or Your recent Direct Mail flyer or Door hanger can make a huge difference in negotiations.
- **And when the prospect meets you or your business developer!**
- Social Media

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One – The Impact of Negotiations

- **Your GOAL**



KEY POINT

- One, the first thing to establish in any negotiation is that **the client agrees that you should receive a fair price for the services you provide that covers the cost of the material, the labor and a fair profit.**
- Two, Even at the first meeting you start to establish VALUE.

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One – The Impact of Negotiations

- **Level the Playing Field**

- For your services, the eventual agreement there is a certain amount of money (Fair Price) that is going to be paid out in these three categories.
 - Cost of the material,
 - Labor, and a
 - Fair profit.
- All on an agreed timeline/schedule



One – The Impact of Negotiations

- **What are You Providing?**
 - Once they agree that you are providing specific services along with a certain level of quality, the next area is the value that you are bringing to the table.
 - This can be a formal meeting or a casual conversation.



One – The Impact of Negotiations

- **Always Remember**



KEY POINT

- Why should they hire you?
- Have you given them a reason?
- Have you demonstrated Value?
- You should be giving reasons from the very first meeting.



One – The Impact of Negotiations

- Try and Identify Their Needs

- At some point in the initial conversation, say something like



KEY POINT

“What I want for you is for you to get a job well done at a fair price working with someone you trust. In the end, it might not be me, but if it comes down to money, let me know so we can look at the numbers together. I just want you to end up with a good project.”

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One – The Impact of Negotiations

- **Try and Identify Their Needs**



KEY POINT

- This statement is going to throw them off, as you're matching what they want, a good job at a fair price.
- You have also opened up the possibility of a "second look."

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One – The Impact of Negotiations

*A Successful Negotiation:
To receive a fair price for
quality work provided on an
agreed timeline. This is not
too much to ask for when you
have identified owners,
developers, facility managers
and general contractors who
have the like mindset.*

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One – The Impact of Negotiations

- **Summary of Step One**

- Negotiation is an essential business process, and is the art of coming to an agreement where both parties are satisfied with the terms of the agreement, which include various contractual clauses, and the price. Negotiation can be the difference of growing a company or always struggling.





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"Place a higher priority on discovering what a win looks like for the other person." – Harvey Robbins

Two – Negotiation Mindset

- **Negotiation is New Business**
 - For painting and decorating contractors, negotiation is the lifeblood of new business.
 - If your bidding a project, the low number gets the project.
 - You must understand your cost and mark up.



Two – Negotiation Mindset

- **Relationships**

- Relationships are key in developing your business.
- Focus your business on developing relationships, and it will bring in the work you can do profitably.
- Are you on the trusted bidders list?



Two – Negotiation Mindset

- **The Challenge**

- The challenge you face is to develop your own negotiation style that you are comfortable using.
- Everyone is different and everyone will have a different style.
- Success in any negotiation environment really depends upon being comfortable with YOUR technique.



Two – Negotiation Mindset

- **Your Style**

- Your personality must come through.
- The bottom-line is you want them to like you.



Two – Negotiation Mindset

*A Successful Negotiation:
It's expected that you'll be
somewhat nervous before
making a presentation or
negotiating a large project.
Be confident and tell the
prospect that this project is
very important to you, and you
want to explain to them why
they should select your
company.*

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Two – Negotiation Mindset

- **Summary of Step Two**

- Negotiation is a conversation, not a yelling match; negotiation is two parties coming together in an agreement that is mutually beneficial to both parties. It is about forming and building relationships.





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Three – Price vs. Value

- **Price Versus Value**

"The worst thing you can say is 'I want "X" dollars for this job,' leaving no opening for negotiation by the other side. Better language is 'I hope to earn between \$X and \$X.' That gives the other party more flexibility."

Bill Coleman

- Painting and decorating contractors provide a service, meaning you're essentially solving a problem for the owner.
- Getting past the price and looking at what the client gets for the price and the problem you're solving for them is the first step in setting the stage for the negotiation process to occur.

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Three – Price vs. Value

- **The Real Problem**

- In each of the following cases the project is really about the problem the owner is trying to solve.

- **Project:** Repaint a corner strip mall

- **Real Problem:** Painting project must be completed before the holiday season

- **Project:** Paint the interior of a bank

- **Real Problem:** Work must be done in an occupied environment so there is no down time and must be done without any inconvenience to the bank's patrons.



Three – Price vs. Value

- **The Real Problem, cont.**

- **Project:** Repaint 200 townhomes for a home owners association.
- **Real Problem:** Keep 200 unit owners happy.

- **Project:** Paint an industrial facility located next to the employee parking lot.
- **Real Problem:** How to prevent any overspray from occurring that would damage the cars.

- **Project:** Paint the interior of an existing retail facility inside a major shopping center.
- **Real Problem:** Work must be done in one night and includes moving all inventories and replacing by 10:00 A.M. in the morning.



Three – Price vs. Value

- **Your Advantage**



- Understanding the owner's real problem will give you an advantage in the negotiation process.

KEY POINT



Three – Price vs. Value

- **Your Advantage**

- An example: A painting contractor was interviewing for painting and entire shopping center on a corner site.
- During the initial conversation the painting contractor asked the owner, “What is it that you are really concerned with this project? What worries you the most?”



Three – Price vs. Value

- **Understanding**

- The owner was quite taken back by the question and contemplated his answer. Finally he said,

“What I’m most concerned with in inconveniencing the tenants of the space as well as not meeting the deadline of having this project completed for the holidays.”



Three – Price vs. Value

- **Understanding**

- The painting contractor knew exactly how to win the contract.
- The contractor immediately responded that they did a small newsletter that was handed to each tenant to update them every few days on the projects schedule, where to park, and when they were going to be in front of their space.



Three – Price vs. Value

- **Understanding**

- Now there was **Value** that went with the **Price**.
- They had also gained a **competitive edge** as the competition did not know of this concern.



Three – Price vs. Value

- **A True Story**

- At a seminar, one contractor made the statement that "*No matter what they did, the price presented was always a problem no matter how low they went.*"
- A second contractor said that "*price was never an issue!*"



Three – Price vs. Value

- **A True Story, cont.**
 - The first contractor was shocked. How can this be?
 - Two contractors providing the same services in different markets and one of them never had a problem with price while the other one constantly had a problem with price.



Three – Price vs. Value

- **A True Story, cont.**



KEY POINT

- The answer is value.
- The second contractor positioned their entire marketing and sales presentation around value. It was their competitive advantage. **It was the culture of the company,** from the front desk, to the field and into the negotiating room.



Three – Price vs. Value

- **A True Story, cont.**
 - There are three buying motivators:
 - To Make Money
 - To Save Money
 - Or they just want it!
 - If you can connect value to making or saving money, you increase your odds.
 - That's why some companies do "life cycle cost analysis" to demonstrate value over time.



Three – Price vs. Value

- **Street Price**
 - In the hard bid or competitive bidding world, price can mean something else.
 - There is also a term known as a “street price.”
 - The “street price” is an artificially inflated number by a sub that is submitted because the general contractor has a reputation of beating up the subs on price.



Three – Price vs. Value

- **Street Price, cont.**

- The general contractor bids low, and then gets into the profit column by **“buying out the subs.”**
- This is a take it or leave it scenario.
- Subcontractors that work in the hard bid market know who these companies are, so they add money on to their bids so that if they are selected, they have room to maneuver, giving them a chance to make a profit on the project.



Three – Price vs. Value

- **Getting To Yes**

- A book by Roger Fisher, titled ***Getting to Yes: Negotiating Agreement Without Giving In***, describes four principles of negotiation.
- The book became a nationwide best seller and has influenced the thinking on negotiation. The book primarily discuss conflicts regarding employees, but the material has direct application to the negotiation process.

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Three – Price vs. Value

- Getting to Yes

- *Always separate the people from the problem.*

- The importance of not taking anything personally and not making personal accusations is important in the overall process.
 - *The business that you are trying to attract is all about relationships.* Making any kind of accusations and creating an environment of tension will not serve your purpose.



Three – Price vs. Value

- Getting to Yes

- *Focus on the interests, not positions.*

- Do not get caught up in the positions people take. Instead, look for the interests that are behind the positions, in order to generate alternative solutions.
 - It's better to focus on understanding what they are trying to accomplish from their point of view. What are their interests and what are they trying to accomplish.



Three – Price vs. Value

- Getting to Yes

- *Generate a variety of possibilities before deciding what to do.*

- Always look for multiple ways that you can both benefit. Don't assume there is only one solution. Show value.
 - One might be able to say that this is brain storming with the prospect to see what the different ways are you can accomplish everyone's interest. It's an essential skill set in getting everyone to work together as opposed to working against each other.



Three – Price vs. Value

- Getting to Yes

- *Insist that results be based on some objective standard.*

- There are many objective standards that can be applied when trying to negotiate fairly. In the situation painting and decorators are faced with, the objective standard refers back to the problems the owner is trying to solve.
 - One objective standard are the guidelines that PDCA publishes so that there is a painting standard in which to compare to in discussion.

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Three – Price vs. Value

- Price is what they see
- Service is what they get
- Value is what you sell
 - Always interweave value and service into your presentations from day one.
 - **The starting point is listening** to what they say and asking them what their real problems are.
 - You're developing a relationship that will lead to business and referrals because you care that they succeed.



KEY POINT

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Three – Price vs. Value

***A Successful Negotiation:**
You're not on the job site just to do a job; you are there to help your client accomplish their goals. The value you bring to the table is what the client needs, and that is a key to the negotiation process. **Solve their problems and you'll have a client forever.** Everybody sells.*

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Three – Price vs. Value

- **Summary of Step Three**

- The most important starting point in a negotiation situation for a painting contractor is to get past price, and look at what price means.
- Said another way, don't look at the number, look at what the number represents compared to what competitive numbers mean.
- The final price will be broken down so that there is a clear representation as to what the client is receiving.
- The negotiation process is to communicate the value you are providing relative to the packaging of the different parts of the project.





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Four – The Negotiation Process

"The fellow who says he'll meet you halfway usually thinks he's standing on the dividing line."

Orlando A
Battista,

Six Steps in the Negotiation Process

STEP 1: Agree to Negotiate

STEP 2: Gather Points of View

STEP 3: Focus on Interests

STEP 4: Create WIN-WIN Options

STEP 5: Evaluate Options

STEP 6: Create an Agreement

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Four – The Negotiation Process

- **Overcoming Objections**
 - Negotiation is really the art of overcoming objections.
 - As has been pointed out, the first goal early on in the relationship is to agree that there must be a fair exchange for the work provided.



Four – The Negotiation Process

- **Key Negotiation Points**
 - Objections will happen and you need to develop skills to overcome them
 - One tactic that is useful is to first agree, which sets them off balance, and then show the other side of the situation



Four – The Negotiation Process

- **Key Negotiation Points**
 - For example, an objection that your company is too small might be overcome with,
 - *“I understand that you can feel that way, but do you realize we are the second largest painting and decorating company in this area. You might get that impression from our offices which are very small but we have a huge space in back in our industrial building that we use to stage all the projects.”*



Four – The Negotiation Process

- **Overcoming Objections**
 - The toughest situation in this market is their response is, *“...we don't care. We just want the project done at this price and at the same quality you represent, otherwise, we'll just go to the next contractor.”*



Four – The Negotiation Process

- **Overcoming Objections**



KEY POINT

- *That's when **knowing your cost** comes into play. You must know how far you can go down and still make money.*
- **HOW MUCH MARKUP**
- **WHAT ARE YOUR COSTS**
- **ANNUAL SALES TO STAY IN BUSINESS**

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Four – The Negotiation Process

- **Key Negotiation Points**
 - At least initially you must convey that you can't just lower the price.
 - They lower the price, you lower the service.
 - They might be just asking you to lower the price just to see if you'll come down. By using this tactic you can launch into the value of your services and why you are the best choice.

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Four – The Negotiation Process

- **Key Negotiation Points**
 - This tactic works well right at the beginning of the negotiation process.
 - It establishes the value of your services in that you have established a fair price with fair profit.



Four – The Negotiation Process

- **Key Negotiation Points**

- It can also work against you if you lower your price.
- Their response might be, *“There must be a lot of fat in their price. I’m not giving it to them unless they lower the price again.”*
- **Counter with, “If I lower the price, do I get the project?”**

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Four – The Negotiation Process

- **Key Negotiation Points**
 - Or, counter by taking something away.
 - Establish your value and your credibility by removing something from the scope of work, or a different material choice.
 - Another example might be to indicate you can work with that price but you might have to adjust the schedule.



Four – The Negotiation Process

- **Overcoming Objections**
 - Overcoming objections is a science in itself, but it's an important part of the overall negotiation process.
 - Consider the following statement by a prospect after you have fully explained the value of your services.



Four – The Negotiation Process

- **Overcoming Objections**
 - *"Your competitors are also providing a lot of additional services with their offer, but they are excited about being able to meet our needs at a cost that is much lower than yours."*
 - Now what?



Four – The Negotiation Process

- **Overcoming Objections**
 - The tactic here is to get the owner to **talk** about the competitor.
 - **Are they really comparing apples to apples?**
 - The best way to proceed is to ask questions regarding the details of the project.



Four – The Negotiation Process

- **Overcoming Objections**



KEY POINT

- Are they using the same quality materials?
- Is the preparation the same?
- Is the timeframe the same for project completion?
- Is the warranty the same?
- Is the competitor a member of PDCA?



Four – The Negotiation Process

- **The Competitor**



KEY POINT

- If they ever ask you about a competitor, simply say, *"I have heard of them, (or I have not heard of them). My only suggestion is to make sure you do your due diligence."*
- You will create doubt in their mind without saying anything bad.
- **Never, never make a negative comment about a competitor.**



Four – The Negotiation Process

- **Overcoming Objections**
 - Help the prospect understand what they are really getting from the low price.
 - Odds are they are not the same, and by pointing this out, they will see the value of your services.



Four – The Negotiation Process

*A Successful Negotiation:
Go to the prospect's web site
before you meet with them. If
it's a residential project, drive
the neighborhood. **Discover**
what they're all about. Do
your homework. Learn. To
negotiate from strength you
must have the facts.*

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Four – The Negotiation Process

- **Summary Step Four**

- Building your own framework of reference for developing a negotiation style will gradually unfold, as you become more familiar with the processes.
- It's essential that you develop your own style that fits your personality.





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*"In business, you
don't get what
you deserve,
you get what
you negotiate."*

Chester L.
Karrass

Five – Asking for the Order

- **The Most Overlooked Step**
 - Asking for the Order is the most frequently ignored step in the sales process
 - You must make a point at every opportunity to ASK for the business.



Five – Asking for the Order

- **A Simple Example**
 - *“May I say one thing before I leave? We would really like to do this project. It’s a good fit for us and we have the manpower and the equipment to get the project done. I think our companies can work well together, and when that happens, it means that we will both benefit from the relationship.”*



Five – Asking for the Order

- **The Most Overlooked Step**

- Negotiating is getting to an agreed compromise.
- **It means asking for the order numerous times** over the negotiation period, and actually even during the marketing process.



KEY POINT

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Five – Asking for the Order

- **The Most Overlooked Step**
 - **LOSE / LOSE** – neither party achieves their goals.
 - **LOSE / WIN** – you lose negotiating terms, and they win
 - **WIN / LOSE** – in which you win and the other does not.
 - **WIN / WIN** – in which is the desired condition of both parties winning.



Five – Asking for the Order

- **Win-Win**
 - Peter Stark has written extensively on win-win scenarios and his book, *The Only Negotiating Guide You'll Ever Need: 101 Ways to Win Every Time in Any Situation.*



Five – Asking for the Order

- Win-Win
 - 1. **Avoid narrowing your negotiation down to one issue.** Don't concentrate on price. Bring other factors into the negotiation such as schedule, quality of materials, and reputation.



Five – Asking for the Order

- Win-Win
 - **2. Realize that the other party does not have the same needs and wants you do.** What is their real problem which translates into their real needs? Once this is understood, you can develop further the discussion as to how each person can help the other one.



Five – Asking for the Order

- Win-Win
 - **3. Don't assume you know the other party's needs.** You need to ask. Avoid guessing. Their real need might be something entirely different. This will give you more room to negotiate.



Five – Asking for the Order



KEY POINT



@TonyGwin
© 1996

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Five – Asking for the Order

- Win-Win
 - 4. **Believe point number two in your heart.** Most forget that the other side may have a different need. This must be remembered so that it will give you the right perspective to pursue the deal.



Five – Asking for the Order

*A Successful Negotiation:
A biblical reference says, "Ask,
and you shall receive, seek
and you shall find, knock and
it shall be opened to you."*

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Five – Asking for the Order

- **Summary of Step Five**

- Peter Falk, in COLUMBO, became famous for walking back into the room when the subject thought it was all over, and asked just one more question. It was these questions that helped him solve the crime. Likewise, stopping as you're walking out and making a point to ask for the order, will go a long ways in developing more sales.





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Six - Negotiation Tactics

- **Key Negotiation Points**

- The sale/negotiation process starts with the **first hello**. A warm hello and a handshake when you first meet someone is the starting point.
- **Develop your company's story and value? What do you bring to the table. Why should they hire you to do the project?**

"The most important trip you may take in life is meeting people half way." –

Henry Boyle



Six - Negotiation Tactics

- **Key Negotiation Points**
 - Your company's story is the reason that marketing is so important. **You must do press releases so prospects see you in the news.**
 - You must have a good web site where there is information that helps your prospect.
 - LinkedIn, Facebook, Twitter, Blog



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NEGOTIATION



Six - Negotiation Tactics

- **Key Negotiation Points**
 - Always look for a way to develop a relationship. Where did they grow up, what schools, kids, skiing, interests, etc.
 - If you are in their office look around and see what they have on their walls.
 - Developing a common ground means they will remember you and that is the start of a relationship.



Six - Negotiation Tactics

- **Key Negotiation Points**
 - The important thing to remember is to develop your own style that you are comfortable with
 - What do you bring to the table.
 - Why should they hire you to do the project?
 - Establish Value, Value and more Value.



Six - Negotiation Tactics

- **Key Negotiation Points**
 - It is **your responsibility** to give them a reason to select you over and above price.
 - This is the difference why one company grows and another one struggles.



Six - Negotiation Tactics

- **Key Negotiation Points**
 - As a negotiating tactic it's imperative that you identify their hot buttons and use them to develop the relationship.
 - Value for one client might not work with another client.
 - Sales and negotiation is essentially identifying these areas and use them as leverage during the negotiation process.



Six - Negotiation Tactics

- **Key Negotiation Points**
 - Present projects that are similar to the one they are considering.
 - **Communicate why these clients were happy with your work.** What need did they have and how did your company provide a solution?
 - Use those clients as references.



Six - Negotiation Tactics

- **Key Negotiation Points**
 - Learn to show interest and to ask questions. Questions must be answered and answers mean more information.
 - **Answers to questions provide ways for you to respond with your value** which differentiate you from the competition.



Six - Negotiation Tactics

- **Key Negotiation Points**



KEY POINT

- **Talk second.**
- Some professional negotiators when going into a presentation will make introductions and then ask a question in order to get more information.
- Then they stop talking.



Six - Negotiation Tactics

- **Key Negotiation Points**
 - Very often you will learn something that later you can **interweave** back into the conversation.
 - Information is key in developing a negotiation mindset. It is a powerful tactic.



Six - Negotiation Tactics

- **Key Negotiation Points**
 - Listen to what they say. People like to talk. **Listening can give you an edge** as it is the one key component that most people do not do.
 - Listening is where you will learn their hot buttons.



Six - Negotiation Tactics

- **Key Negotiation Points**
 - **Show empathy for what they say.** A concern they have may not be a big deal to you, but to them, it might really be a big deal. You might be able to help.
 - If you are in a meeting with the prospect and your cell phone rings, don't answer it.
 - **It shows respect.**



Six - Negotiation Tactics

- **Key Negotiation Points**
 - Present the contract proposal in person. Although this is not always possible, try not to fax or mail.
 - Be prepared to answer questions. Let them know that you care enough to come to their office.
 - There is a good chance your competition won't visit them, and that may give you an advantage.



Six - Negotiation Tactics

- **Key Negotiation Points**
 - Break apart the offer to look at the different parts. This will help illustrate why your offer is better and make sure that you are comparing apples to apples.
 - Preparing a contract gives you an advantage as there is a psychological edge in that once it's prepared it is hard to change.



Six - Negotiation Tactics

- **Key Negotiation Points**



- Having the PDCA logo on your paperwork also provides an edge as you can refer to the professional standards that you follow that perhaps your competition doesn't follow.
- If you find out your competition is not a member of PDCA, just act shocked!
- Then explain what PDCA is all about.



Six - Negotiation Tactics

- **Key Negotiation Points**
 - Know your numbers.
 - Everyone deserves a profit.
 - **Some people don't care whether you make a profit or not.** They only care about their profit.
 - You might have to walk away from the project.



Six - Negotiation Tactics

- **Key Negotiation Points**

- When I say have a good estimate, what I really mean is a **GREAT ESTIMATE**. You know the job inside and out.
- This is the only way you have to insure you make a profit. In this situation, it's okay to leave money on the table because you know how much profit you are making. A good defense is a strong offense.



Six - Negotiation Tactics

- **Key Negotiation Points**
 - **Provide goodwill.** Often during a negotiation there is an opportunity to provide goodwill to a client/prospect. It can be the simplest thing.
 - It might be offering to hold a short lunch box seminar to their staff regarding some subject dealing with painting and decorating that you have knowledge about.



Six - Negotiation Tactics

- **Key Negotiation Points**
 - Is there a marketing reason to lower your price? Lets say that your long-range strategic plan is suggesting that assisted living facilities is going to be really big in the next ten years.
 - If you lowered your price, you could add this project to your portfolio to get some history in doing this kind of work.



Six - Negotiation Tactics

- **Key Negotiation Points**
 - Always say thank you. Even if you lose, say thank you.
 - You have invested your time – consider it marketing for the next project.
 - Remember, everything starts with a friendly hello and ends with a warm thank you. It ends this way even if you don't get the project. When you leave, leave with class even if the outcome was not what you wanted.

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Six - Negotiation Tactics

- **Key Negotiation Points**
 - Say something like:
 - *“Thank you for inviting me to provide information about our company and the service we provide. It didn't work out this time, but we would really like to participate next time. I think our companies could work well together. If I can help you with this or future projects, just give me a call.”*

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Six - Negotiation Tactics

- **Key Negotiation Points**
 - Database. Make sure they're in your database for direct mail and press releases.
 - You spent time developing a relationship; leverage that time spent with your marketing program.



Six - Negotiation Tactics

*A Successful Negotiation:
Always remember that
strategy, business planning,
administration, operations,
marketing, business
development, sales and
negotiation – are all a
continuous interlinked
process.*

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Six - Negotiation Tactics

- **Key Negotiation Points**
 - **Send a thank you letter.** Whether you win or you lose, send a thank you note acknowledging that you appreciated the opportunity and reaffirming that you would like to work with them at the next opportunity.





Outline

- Background
- Opening Remarks
 - **One:** The Impact of Negotiations
 - **Two:** The Negotiation Mindset
 - **Three:** Price Versus Value
 - **Four:** The Negotiation Process
 - **Five:** Asking for the Order
 - **Six:** Negotiation Tactics
 - **Seven: Negotiation Positioning**
- Closing Remarks



Closing Remarks

- **Negotiation Checklist**

- Always remember what you're trying to accomplish with your negotiation?
- **Develop a strategy for each account.**
- Is this exactly the kind of business that you want?
- What are the benefits of your prospect using your company for your service?



Closing Remarks

- **Negotiation Checklist**

- Develop a fair contract that communicates your services and value
- Break down the project in parts and know your cost
- Learn to ask questions about your prospects needs
- Continue to educate yourself on negotiation tactics



Closing Remarks

- **Negotiation Checklist**
 - Walk away from business that is not profitable
 - The negotiation starts when you say hello.
 - What is the owner thinking about?
 - Be really honest with the owner.



Closing Remarks

- **Negotiation Checklist**
 - Be prepared to overcome objections.
 - Know your competitors
 - Develop a competitor file
 - Develop a SWOT on your competitors.
 - Is the owner able to pay for the services?



Closing Remarks

- **Negotiation Checklist**
 - Be really honest with the owner
 - Is the owner qualified?
 - Understand your key contract clauses
 - Never knock the competition?



Closing Remarks

- **Negotiation Checklist**
 - Is the owner a bargain hunter?
 - Does this project have legs, as they say in the entertainment industry, meaning, will you get more work from the client?



Seven - Negotiation Positioning

*A Successful Negotiation:
Negotiation is all about the
big picture. Change the
picture, or the spider web,
and it will change your
negotiation strengths.*

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Seven - Negotiation Positioning

• Summary of Step Seven

- Negotiation is part process and part reaction to what is happening in the discussion.
- Becoming familiar with a negotiation framework will help in preparing for the actual discussions.





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Closing Remarks

- **Negotiation Tactics**

- Whatever the situation, there are tactics that can be used to communicate the value of your services that makes you different from the competition.



KEY POINT

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Closing Remarks

- **Can You Negotiate?**
 - With practice, you will be able to negotiate as well as this young lady does.

[Click Here](#)

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