

How to Trade

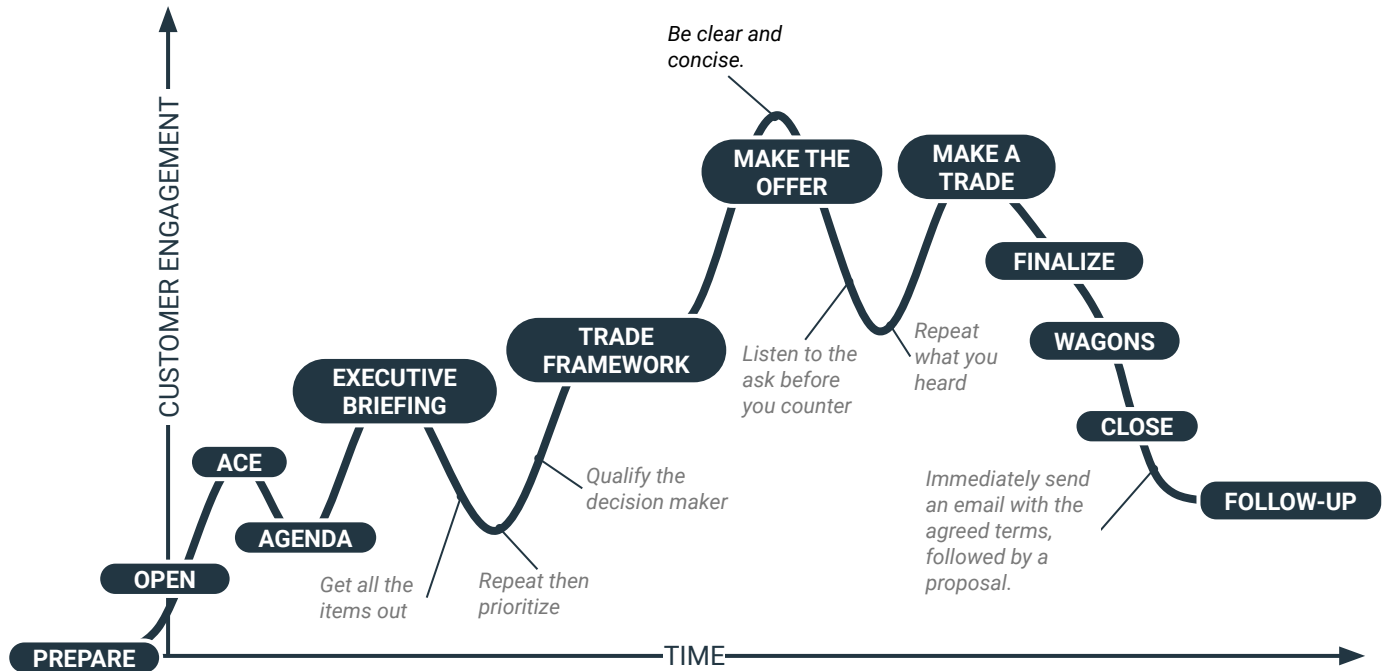


Figure 1: Progression of a trade

The term “negotiation” implies compromise – you may envision haggling to get to a perceived fair price, which lies somewhere below list price. Your customer always wants the best price, and they believe discounts are a way you show commitment to them.

But discounts can often work in a counterintuitive way; they can devalue your solution. If you initially offer it at 100% and then accept 80%, why didn’t you just offer at 80% in the first place? In recurring revenue businesses, discounts have major consequences: a 10% discount, after seven years, leads to half the revenue, compared to if you had sold it at full price.

There’s a better way to negotiate, where customers and salespeople achieve a win-win outcome.... the trick is to keep the value of the deal the same.

> Trade

Avoid the traditional approach to negotiating – two people arguing from opposite sides of the table. Instead, try to see this process as “trading” – as if both parties are on the same side of the table finding a great solution together. An example is offering something you both have in abundance, in exchange for something the other has that you find valuable, is fair for both parties.

> Prepare

Before the meeting starts, document your strategy and align with any internal colleagues who will join. Research who will be attending the meeting on the customer’s end. If there are several people you have not met, consider a call-before-the-call with your champion to learn what they care about, specifically:

- How will the decision be made?
- Summarize SPICED: Situation, Pain, Impact, Critical Event, and Decision Criteria/Process
- Do you have a list of trade items that you expect them to ask for?

> Executive Briefing

We all make decisions emotionally, and then justify rationally. If you are speaking to anyone during a negotiation call for the first time, make sure you share your summary of “how we got here” before jumping into the proposal directly.

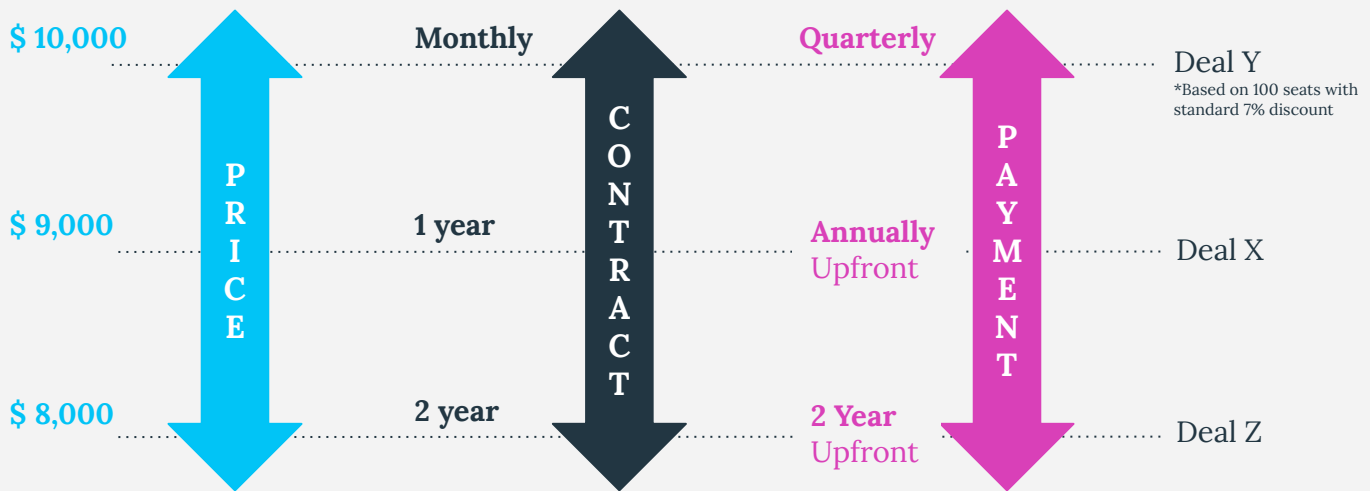
At the start of the trade conversation, summarize your proposal succinctly while including all of the important levers. Verbalize all proposal items, including overall price, payment terms, contract length, and implementation fees.

> Trade Framework

As you enter the discussion to formalize the partnership, create a win-win scenario. When objections or requests come up, find the reason they're making that request so you can solve for what they really care about.

Help your customer recognize that pricing is based on many levers – it may help to visualize this in an image like the one below. Frame your conversation by explaining the different elements of the offer and price.

Consider screen-sharing or sharing a document so both parties are seeing the same thing.



> Conclusion

Trading has many complex variables. Use a checklist and listen actively. Remember that you're kicking off a long-term partnership, so you must come to a win-win agreement. Because there are so many steps to keep in mind, it's often beneficial to bring a colleague who can help you stay on track and come up with creative solutions.

Trading Checklist: A Step-by-Step Guide

STEP 1

Get all proposal levers out on the table (e.g., price, contract term, etc.).

- This helps avoid misalignment or surprise if they ask for something major after you've already agreed to a counter-offer.

STEP 2

Ask if they have any questions.

Repeat what you heard.

- Respond unemotionally, especially if they ask for something unreasonable. Emotions spark the customer to realize they're asking for a lot without you saying it.
- Avoid immediately saying you can or can't do something; just mirror what they ask.

STEP 3

Prioritize the issues.

- Ask: "Which one of those is most important to you?"

STEP 4

Qualify the decision-maker.

- If you come to an agreement on this call, verify that you will not need to go through another round of trading.

STEP 5

Trade, starting with the easy items first.

- Be clear and concise.
- Do not give away anything without getting something in return.

STEP 6

Listen and repeat their counteroffer.

- Repeat Step 3 if necessary.
- Mirror their language; show that you are working with them.
- If they ask for something extra, be ready to use the phrase "That changes the deal."

STEP 7

Ask for the deal.

- Ask it as a short and concise question. For example, "Are you ready to move forward together?"

STEP 8

Add an expiration date. Agree to consequences if the expiration date is not met.

- An expiration date without consequences is meaningless. The consequence may be reverting to the original deal or something else you agree to with the customer.
- Ask, "Does that sound fair?" Verbalizing agreement during the meeting is key.

STEP 9

Confirm with email and contract.

- Within 30 minutes of your discussion, summarize in writing what you agreed and ask if you missed anything.

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