

Negotiating in 2009?

By Patrick Tinney
Managing Partner
Centroid Marketing & Negotiation Training
centroidmarketing.com

“Incoming! It’s 2009 and it’s the year of the customer!”

Corporations will continue to cut costs and look for savings. More importantly, consumers are going to be doing exactly the same. Is your company positioned to save and make money in negotiations in a buyers’ market that is customer-focused? Is your company positioned to seal the deal with your top 20 customers and battle for the rest?

Yes, 2009 will be all about customers/buyers so sellers are going to have to make some major mental shifts to benefit from their negotiating possibilities. Shifting to a customers’/buyers’ market will be difficult for many sellers because it is going to require an honest look at your Point of Difference (POD) and demands a vigorous review of your Strengths, Weaknesses, Opportunities and Threats (SWOT). It will also require all of us to do the above, not only on a macro basis but also on a situational basis, as customers/buyers take more time to make decisions picking over the bones of anxious sellers in most business categories.

There is a long list of mental changes the sellers must make to skillfully approach customers/buyers. Here are our three favorites:

Shift from Sellers’ Market to a Customers’/Buyers’ Market

Sellers’ Market

Buyers’ Market

- 1) Claiming Value to.....Sharing Interests
- 2) Protecting Status Quo to Strategic Product Development
- 3) Counting Clients to.....Listing Relationships

1) When sellers are strong they claim the value of their product or service. Some of the claim is based on heightened demand. Part of the claim is based on scarcity of the product and the creation of “the hurry or you’ll miss it” anxiety. Finally, smart sellers’ claim of value is based on positive trend lines supported by research showing growth of use for the product.

By comparison in a customers’/buyers’ market, sellers are going to have to dig for shared interests with their customers to help enhance their sellers’ claims. Digging for shared interests means more research into the customer’s current market position and their short and long term aspirations and goals. This is a must to succeed in 2009.

2) Shifting from protecting the status quo means tearing down walls in your organization. It means launching new products that will drive new revenues and place your company in a position to talk to current and untapped customers about the new and exciting you!

Strategic development of new products and services is tough because it requires seller companies to increase risk. This makes some sellers feel a little uncomfortable because it opens the door to possible failure, which is generally over estimated if we have done our homework and are truly sharing interests with the customer/buyer.

3) 2009 will be the year of the customer relationship. With the business world going through global shrinkage, relationships will be tested. We will spend more money retaining customers and even more money gaining new customers. Businesses will have to slow their turnover of customer/buyer relationships to retain their revenue. If businesses continue to turn customers over to new account personnel they will open themselves to competitive interloping. The lesson is, if your company has a good account team growing revenue and happily working with a key customer, don't move them, but reward them to stay and continue growing their customer relationship.

“Incoming! It’s 2009 and it’s the year of the customer!”