



## **The Right Way to Make a Price Concession**

Even though we may not like them, price concessions are a natural part of the buying process. Procurement departments around the world are funded based on their ability to wring the most value from every dollar, peso, yen, or pound. Conversely, it is the sales professional's job to protect the price of the solution to maximize the return for their company

Does this natural conflict mean that sales professionals are destined to be at odds with their customer's most price-conscious buyers? Or, that discounting is a way of life that we just need to accept if we want to sell to certain accounts. Not necessarily, so long as the sales professional understands how to raise the value of their solution in the eyes of the customer.

### **Establishing Value Begins Early**

Protecting value starts at the beginning of the buying cycle and is reinforced when the sales professional demonstrates customer-specific solution attributes throughout the customer's journey. Sales professionals need to consider potential client value even before they decide to work an opportunity. If the solution isn't likely to provide enough benefit to warrant the target solution price, then they are better off spending time on other opportunities.

When the potential to establish sufficient value is present, the time to begin the value conversation is early in the sales cycle. Too many sales professionals wait until the latter stages of the customer's journey before bringing up value. Customers are almost always more willing to share information in the early stages of their buying process than they are later on when they think the information could be used against them during negotiations. In the later stages, it's also important to include an ROI assessment even if the customer does not ask for one. This allows sales professionals to further cement the perception of value in the minds of customers.



## **When Price Concessions Are Inevitable?**

There will be times when sales professionals are forced to give a price concession. In these situations, world-class sales professionals always ensure they get like value in return. Many world-class organizations keep a menu of potential items with which to barter and their relative value, e.g., a video customer testimonial (\$3,000), hosting five live reference visits (\$5,000), two case studies (\$2,000), etc.

Sales professionals could also ask for additional purchases, higher volumes, or extended contracts in exchange for price concessions. Having readily available bartering points allows the sales professional to maintain control over the negotiation process. They don't have to go back to their manager to get a discount approved, something that is often based on how badly the organization needs the deal to make its numbers.

Lastly, the most powerful word in the sales professional's vocabulary is the word "no"—and they shouldn't be afraid to use it during negotiations. Some buyers are trained to push for a lower and lower price until they finally hear the word "no." Until they reach that point, they always assume the price they are offered is more than the solution is worth.