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**Negotiation Strategies  
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## Managing Deductions— Negotiating For Success

“Helping The Other Person To See Things *Your Way*”

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**H**ow much of your life is spent negotiating? If you are like most people, you have probably not spent a lot of time thinking about this before. Do you realize that every time you are having a conversation with someone who has a different point of view or a different opinion than you, you are actually negotiating with them? Whether you are working with your colleagues to prioritize the work that needs to get done, trying to convince a customer that a deduction has been taken in error, or deciding where to have dinner with your spouse, you are negotiating. Think again about how much of your time is spent discussing, explaining, convincing, supporting—NEGOTIATING. More than likely, your answer is *a lot*. That is why understanding, practicing and mastering negotiation strategies and tips can lead to smoother, more successful outcomes, not only when negotiating deductions and chargebacks, but in many of your day-to-day conversations (yes, even with your kids). The better “equipped” you are when entering these discussions, the easier you will find the experience and the more success you will achieve.

To give you an example of the broad range of negotiation possibilities, the table below outlines just some of the things that can be negotiated in the area of deductions and chargebacks:

Timing Of Negotiation	Internal <i>(with others in your Company)</i>	External <i>(with your Trading Partners)</i>
<b>Before The Sale</b>	<ul style="list-style-type: none"> <li>Communicating sales agreements</li> <li>Responsibility for evaluating retailer compliance requirements</li> <li>Who negotiates exemptions/waivers with retailers</li> </ul>	<ul style="list-style-type: none"> <li>Trade partner agreements, including: post audit claims, new store discounts, cost offset amounts, damages, allowances...</li> <li>“Rules of engagement”</li> <li>Waivers/exemptions</li> </ul>
<b>After The Sale</b>	<ul style="list-style-type: none"> <li>Responsibility for researching alleged compliance violations</li> <li>Participating in cross-functional problem solving</li> </ul>	<ul style="list-style-type: none"> <li>Deduction and chargeback resolution/settlements</li> <li>Waivers/exemptions</li> <li>“Go forward” practices</li> </ul>

In this article, I will provide tips and guidance in several key areas which are critical for successful negotiating, including:

- **Preparing For Negotiation**
- **Negotiation “Speak”—Words To Avoid (And To Use)**
- **What To Do When Someone Says “No”**



- **Dealing With A Difficult Person**
- **The Importance Of Practice**

### Preparing For Negotiation

Successful negotiating is not about winning. It is not about fighting to get your way at any cost. Rather, it should be thought of as a sharing of information, a give-and-take where the goal is to achieve an outcome which is mutually acceptable to both parties. While this concept may be a little hard to accept initially, putting yourself into this mindset is the only way you will be able to sustain success when negotiating with the same people on an ongoing basis. (And if you are negotiating with a customer to resolve or settle a deduction, you are usually not in a position of power.) With this in mind, it is easy to understand why preparation is one of the keys to successful negotiating. The more prepared you are going into a negotiation, the more likely you will be able to anticipate situations that might occur and in turn respond calmly. The following Negotiation Checklist provides some of the critical elements to consider when preparing for a negotiation:

- **Know Who You Are Negotiating With**—What parties are involved in the negotiation, what are their personalities/styles (e.g., is it better to talk with them in the morning or afternoon, would they prefer an initial discussion via e-mail, phone or in person), what levels of authority do they have (do they have the authority to agree to what you want), do you understand their motives (what is driving their behavior)?
- **Understand The Key Issues**—Does everyone involved understand the issues, have you provided them with the background information so that they understand what is being discussed/negotiated, are there areas that you have in common, do you understand the areas that might present the most problems?
- **Gather The Information You Need To Have An Effective And Productive Discussion**—Have you gathered (and possibly sent the other parties) the appropriate information, does the information contain both a summary to provide a quick understanding of the issue as well as more detailed support, do you need to discuss the information prior to the negotiation to answer any questions or understand their view, will the information be acceptable to the other party, do you need more time to gather the right information?
- **Know Their Position**—Have you thought about the possible objections that the other side might have, and are you prepared to respond to them, do you understand their key interests, have you tried to put yourself in “their shoes” to understand their viewpoint and gain perspective on what might persuade them to see things your way, do you have information about their negotiation habits (do you have a negotiation “history” with them)?
- **Know Your Negotiation Strategy**—Do you know what you want out of the negotiation, are your expectations realistic for the situation/information that you have, have you developed several alternatives (“best case – worse case”), what level of authority do you have (know your limits and discuss with superiors before negotiating), do you need to reach a resolution at this meeting, or is it okay to have additional

discussions, do you need to get the agreement in writing or is an informal, oral agreement okay?

Never underestimate the power of being prepared. The more familiar and comfortable you are with an issue and potential objections, the more likely you will be to keep your cool through the discussion and provide rational and supportable alternatives. It has been my experience that most knee-jerk and defensive reactions come from being caught off-guard, or in my opinion, not properly prepared. Working through the questions above will improve your preparation and outcomes dramatically. One of the most rewarding consulting services I provide to clients is Negotiation Training. During this one-day workshop, a significant amount of time is spent role-playing “real-life” negotiation situations. It is no surprise that after “practicing” a particular discussion several times and allowing each person to take the role of the “other side”, that the conversations become much more productive, there are more alternatives being offered and the negotiations more successful. Attendees are constantly thrilled with the additional confidence that comes from knowing what the other person is going to say and being ready. And management is thrilled with the immediate return they get as negotiations are more successful.

### “Negotiation-Speak”—Words To Use And Avoid

In addition to preparation, the words you use are also critical when negotiating with others. A poor choice of words can quickly turn a conversation sour and prevent an otherwise satisfactory outcome. The words highlighted below should be avoided during negotiations with others. As a group, they tend to sound either attacking, therefore putting other people on the defensive; insincere, making others skeptical of your motives; or too generalized, encouraging people to focus on the exceptions:

- **“You”**—This tends to place blame. It is most often used when you are in some way finding fault with the other person. It can have the effect of making the other person feel as though they are backed into a corner with no escape (or no way to “save face”). When put in this position, it is not unusual for people to get defensive, closing down further conversation or inviting argument. Try using the word “I” instead. Using “I” makes a much softer statement and allows you to ask the other person to explain any misunderstandings which you might have had. Consider the following example:

**Avoid:** “*You said that if I sent you a signed P.O.D. for the shipment, you would reverse the chargeback.*”

**Consider instead:** “*I thought that if I sent you a signed P.O.D. for the shipment, you would be able to reverse the chargeback. Maybe you could tell me what else I need to do.*”

- **“But”**—Most people learned as a child that when someone says “but” in a sentence, it usually indicates that they didn’t mean whatever they said before they said the word “but”. As an adult, I know that this is not always true, however, even if this is not your intention when talking with others, this is how it is usually perceived. Try to train yourself to use the word “and” instead. It serves to link the two parts of the

sentence together and is easier on the ears. Consider the following example:

**Avoid:** *“I think that you are making a lot of progress collecting these denied chargebacks, **but** I have a few suggestions on how you might be able to increase your recovery dollars even more.”*

**Consider instead:** *“I think that you are making a lot of progress collecting these denied chargebacks **and** I have a few suggestions on how you might be able to increase your recovery dollars even more.”*

- **“Can’t”**—Using the word “can’t” during a negotiation implies failure. It makes the negotiation appear hopeless and leaves little room for further negotiation. (However, when someone says it to you during a negotiation, acknowledge it and then ask them what they can do). Couch what you feel you can’t do by saying “It would be difficult to... or... we are currently unable to... and always offer an alternative. Consider the following example:

**Avoid:** *“I understand that the requirement is in your compliance manual, but we **can’t** comply with it.”*

**Consider instead:** *“I understand that the requirement is in your compliance manual and unfortunately we are **currently unable** to comply with it. However, we are making some programming changes and...”*

- **“Always”, “Never”**—These are gross generalizations that may make the listener start thinking about finding exceptions to your statements, rather than listening to what you say next. There is rarely a need to challenge people by using these extremes, rather they are usually used out of frustration. Try to be realistic when talking about events. Words such as “it appears to happen frequently” or “it does not appear to happen very often” are more palatable. Consider the following example:

**Avoid:** *“Your salespeople **never** tell me about deals they make with customers. I am **always** kept in the dark.”*

**Consider instead:** *“I feel that the salespeople **frequently** forget to communicate deals they make with customers. As a result, I **often** feel as though I am in the dark.”*

When preparing to negotiate, think about the message you want to send and the best way to convey that message. I often tell my clients to imagine themselves on the other side of the “negotiating table” and think about how they would feel (and react) if the things they say were said to them. If it would make you feel defensive and uninterested in working together to come to a “fair” resolution, think of another way to say it. Remember that the goal in negotiating is not winning or losing, but coming to a mutually satisfactory outcome and hopefully furthering the relationship in the process.

### What To Do When People Say “No”

It is inevitable that you will encounter the “n” word (“no”) during your negotiations. Given that two parties often start a negotiation at opposite sides of an issue, it is only natural that

it will not always be smooth sailing. You are not fully prepared until you know what to do when people say no.

The key to making the best of this situation is to be ready. Consider the following when people say no:

#### Don’t Take It Personally

It is critical that you try not to take things that are said during negotiations personally. Once things become personal, you lose your objectivity and have a tendency to react with emotion. For example, if you take the “no” as a personal rejection, you are more likely to feel defensive and say things that might not help the negotiation. React to the other person’s interests and perspective, not their position.

#### Acknowledge Their Objections

People like to know that you are listening to what they say and that they have been heard. Rather than jumping right in with a new idea after someone has said “no”, consider using one of these responses first:

- “I respect...”  
(e.g., “I respect your honesty with me ...”)
- “I appreciate...”  
(e.g., “I appreciate the time you are giving me to discuss...”)
- “I agree...”  
(e.g., “I agree that we have had a problem in the past...”)
- “I understand...”  
(e.g., “I understand why you are concerned with that...”)

#### Evaluate Whether It Is A “Real” Objection

Some people react negatively when they become emotional or are caught off guard. These knee-jerk reactions can hinder the negotiation process and if not handled properly can result in an unsatisfactory outcome. When negotiating, always consider your audience. If you are negotiating with someone who tends to be reactive, make sure you give them any information they might need to understand the situation—and your position—in advance. If you determine that an objection is “real”, you must take this information into consideration in working towards a new solution/compromise. If, on the other hand, you believe the reaction to be more emotional, it is important to try to diffuse the situation before you continue. You can try to do this by either “backing up” and working together to get a common understanding of the situation and potential solutions, or deciding that a postponement is needed.

#### Have Alternative Suggestions Ready

Being prepared is one of the best ways to avoid taking things personally. Therefore, in preparing for your negotiation you should not only think of all possible objections that the other party might have, but you should also be ready with responses to these objections. Propose these alternatives as ideas rather than solutions. You will have much more success if you get the other person to “buy-in” to your idea and have them feel that they are part of crafting the solution rather than just agreeing to a solution you have already developed. In presenting your alternative ideas—or any idea for that matter—make sure that you focus on the benefits for both parties. Start your sentences with phrases that show you are asking for their input, such as “What would you think if we did...” or “What do you think would work...”.



### Ask For Their Opinion

One common problem I have observed when listening to people negotiate is the belief that they have to have all the answers. This often leads to one person throwing out idea after idea with the other person sitting back and saying “no”. You don’t have to have all the answers when you are negotiating (and even if you do, you will have better results if the other person feels they are helping to develop the solution). When someone says “no”, it is often very effective to ask them their opinion, such as “What do you think I should do?” or “What would you do if you were in my situation?”

### If Necessary, Suggest A Postponement In The Decision

If it looks like things are not going in the right direction, consider asking for a temporary postponement to “do a little more research” or “think about some of the things that were discussed today”. If you decide on a postponement, try to schedule a specific time for the next meeting or follow up before ending your current meeting.

### How To Deal With A “Difficult” Person

Every once in a while you will find yourself negotiating with a person that is truly “difficult”. A difficult person is one who not only says no, but may also say things that are negative, possibly insulting and may even border on abusive. Almost everyone has come across a difficult person at some point during their career. You need special “ammunition” to deal with these types of individuals so that you don’t find yourself unable to react. First of all, it is important to understand that psychologically speaking, people who are difficult are often this way because of low self-esteem. The only way they feel better about themselves is to make other people around them feel bad. This certainly doesn’t excuse their behavior, but keep it in mind and maybe you can feel a little sorry for them (rather than angry, which may lead to rash behavior on your part and foil the negotiation). When a difficult person says something that you feel is harsh, consider one of the following responses:

- **Ask Them To Repeat What They Said**—(“I’m sorry, I don’t think I heard you clearly, would you mind repeating what you just said?”) Often, a difficult person says something harsh when they are caught off guard and become defensive. When given a few seconds to think about what they just said and asked to repeat it, many people will soften their tone and provide a more reasonable response.
- **You Repeat What They Said**—(“I am not sure I heard you correctly, I thought you just said...” ) When faced with having to admit that they said something inappropriate or “mean”, many people will back down, tell you that you misunderstood and rephrase what they said.
- **Ask Them For Solutions To The Problem**—(“Well, what do you think we should do?”) Try to focus on solutions rather than the problem. Whenever someone comes up with a roadblock as to why something won’t work, I always try to acknowledge their objection and then turn it around and ask them what they think will work.
- **Disengage, If Necessary**—(“Maybe this is not a good time to meet...” ) Sometimes, nothing seems to work. If this happens, I strongly recommend that you end the conversa-

tion before things get worse and try to think of another way you might be able to approach the situation. Maybe the person was just having a bad day and rescheduling for another will be better, or possibly there is another person you could approach. (If the difficult person is someone within your own organization, I recommend that you keep records of the discussion, including the date, time, meeting attendees and what was said.)

### The Importance Of Practice

As you look through the negotiation tips and strategies outlined above, you will see that most of them are pretty basic—actually common sense—once you read them. However, I have found that these suggestions are not intuitive. It takes time and practice to incorporate these ideas into your everyday “tool box”. One of the services I provide to companies is a one-day Negotiation Workshop. It is not surprising that this is one of the most popular services I offer and one of the most personally rewarding things that I do in my business. The reason for this is that in the span of just one day, I am able to take a group of 12-15 people and not only share with them some negotiation tips and strategies, but through realistic role-play scenarios where we “act out” situations numerous times, watch them begin to understand and use some of the “lessons learned” to become better negotiators. More than one client has told me that this training has given them “immediate monetary results”. So I encourage you to take the tips and suggestions outlined in this article and take the time to prepare for your negotiations. Role-play important or difficult negotiation meetings with your colleagues before they take place—it will help you anticipate what might happen and ensure you are ready. Remember, “practice makes perfect.” ■

Reference: *Successful Negotiating*, Career Press

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