The Difference Between Sales Ability and Negotiation Ability

An important distinction for the sales professional is the difference between sales ability and negotiation ability.

Most professional salespeople have been well trained in sales, but sales ability is just that. It allows you to get the sale, and it determines your gross receipts, but it doesn't determine your profits. That's done through negotiating ability. Let's see how simply I can put this: Your sales ability determines what you GET... but your negotiating ability determines what you KEEP!

Of all the business skills required of you as a sales professional, none is more important than negotiating. To be an effective sales professional today, you need a depth of product and customer knowledge -- you need persuasion skills -- you need a positive attitude -- you need organizational skills -- and you need discipline.

As a negotiator, you need all those abilities just to begin the process. In addition, a negotiator needs to be a psychologist, a soothsayer, and a wizard at tactics and strategy. In terms of complexity and skills required, negotiating goes far beyond the process of day-to-day selling, because negotiation skill is many things. It's the savvy you bring to the table. It's a caniness about how to deal with situations and people. It's the knack of understanding what buyers really want -- and how to satisfy them -- without giving away the farm.

And increasingly, negotiation is the most important skill a salesperson can have. Every year buyers are becoming more and more sophisticated. Savvy companies have been sending their buyers to negotiating classes for years, because they realize the savings gained go straight to the Bottom Line! At the same time, their salespeople have only been trained to sell -- to go out and get the account. This is why, as markets mature, and competition increases, sales and market share may hold, but margins erode.

Let's say that you're on the verge of closing a deal with a customer for a sizeable piece of business. The buyer knows he's going to get a discount, but asks for an additional two percent. After some head shaking and working with a calculator, you finally concede, because you really want to make this sale. Having won the first round, then the buyer asks for a few more concessions.

Before it's over, in addition to the discount, the buyer has managed to get extra replacement parts, extra manuals, and credit extended for 60 days beyond the usual. It's a technique called “nibbling” and buyers worldwide use it to erode your margins.
What happened was, every time you made another concession, the buyer asked for something more -- and got it! Each request, in and of itself, seemed reasonable enough, and after all, you did make the sale - right?

Does this make you an effective salesperson? Maybe. Are you an effective negotiator? No! Far from it!

You might lead the company in total dollar volume, but your impact on profits would be very little. All the work that goes into a sale: the preparation, the probing questions to establish needs, the presentation, the polished response to objections, and even a good close -- none of these is going to be very effective without negotiating skills. When push comes to shove, if you’re not a good negotiator, you leave half the profit lying on the table!

The moment you accepted a position in which you have the authority to make concessions -- in any aspect of the sales process -- your role changed. You have more responsibility than a salesperson. You have become a negotiator, and as such you’re directly responsible for the profits of your accounts. Getting an account is only half the battle. Getting an account at good margins -- now that’s good business!

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