



WINNING WITHOUT DISCOUNTING

**THE ART OF BUILDING A
NEGOTIATION-SAVVY
ENTERPRISE SALES TEAM**

www.swagger-sales.com

INTRODUCTION

In complex B2B sales, we routinely see discounting of 5-15% beyond what is necessary to close the deal. That's a lot of easy revenue lost, and a dramatic loss of margin.

Smart Sales VPs managing teams that are selling complex, high gross margin deals (including SaaS software, medical devices, and technology) know instinctively that “selling on value” drives both revenue and margin. But few manage to equip their teams with the *skills* and *processes* to truly defend price.

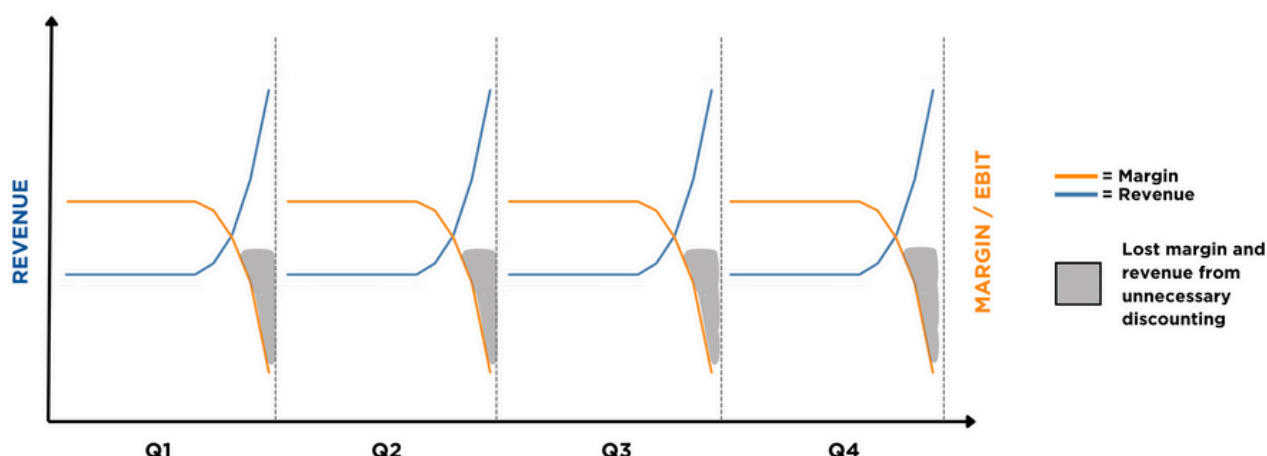
Many enterprise sales teams have created a “discounting culture”, with significant discounts becoming the go-to mechanism to try to close deals each quarter. Revenue (top line) is king, with margin being the victim.

With the high gross margins in a typical technology sale, (medical devices routinely sell with 25-40% gross margin, and SaaS software can approach 90%) you might say “it’s still high margin, so what’s the issue?”

There are three major problems - one fairly obvious and two a bit more subtle:

- Pervasive discounting leaves easy money on the table. If your team sells widgets for \$100 at 50% gross margin and regularly discounts by 15%, you’re losing 30% of your margin (\$35 vs \$50 gross profit). After fixed costs like marketing, salaries, and R&D, that can be the difference between making a net profit or suffering a loss.
- Discounts are habit-forming – for both the sales team, *and their customers*. Many of these sales teams have (consciously or not) trained their customers to put them under time pressure each quarter – because it works. The typical cycle is illustrated below.
- When a team is well trained and skilled, customer demands can actually be used to *accelerate the sale* and add more deal value, including for example longer term. But without these skills, your team is leaving both revenue and pipeline velocity on the table.

HOW END OF QUARTER DISCOUNTING IMPACTS MARGIN



Deploying high quality negotiation training for your team every few years can help, (most Enterprise Sales VPs do this), but this often only scratches the surface of what's possible with a little more effort. In this White Paper, we'll review some simple additional strategies that can drive a dramatically higher ROI – in weeks, not months or years.

Let's dive in.

IN THIS WHITE PAPER

- Where is margin lost in complex sales?
- Why negotiation training (by itself) often fails
- Deploying an effective negotiation process
- Advanced early stage selling skills
- Sales incentives and remuneration
- Building trading chips
- Deal rooms
- CRM and data integration
- SWIFT™ Salesforce-native negotiation prep
- Most common mistakes
- Looking for a short cut to lifting your team's productivity?



WHERE IS MARGIN LOST IN COMPLEX SALES?

Understanding where margin is eroded is an essential starting point to building “negotiation muscle” in your sales team.

Most sales organizations have a sales process that looks (more or less) like this.



Negotiation is almost always the second-to-last stage in the funnel before “Close”, “Commit”, or “Contract”.

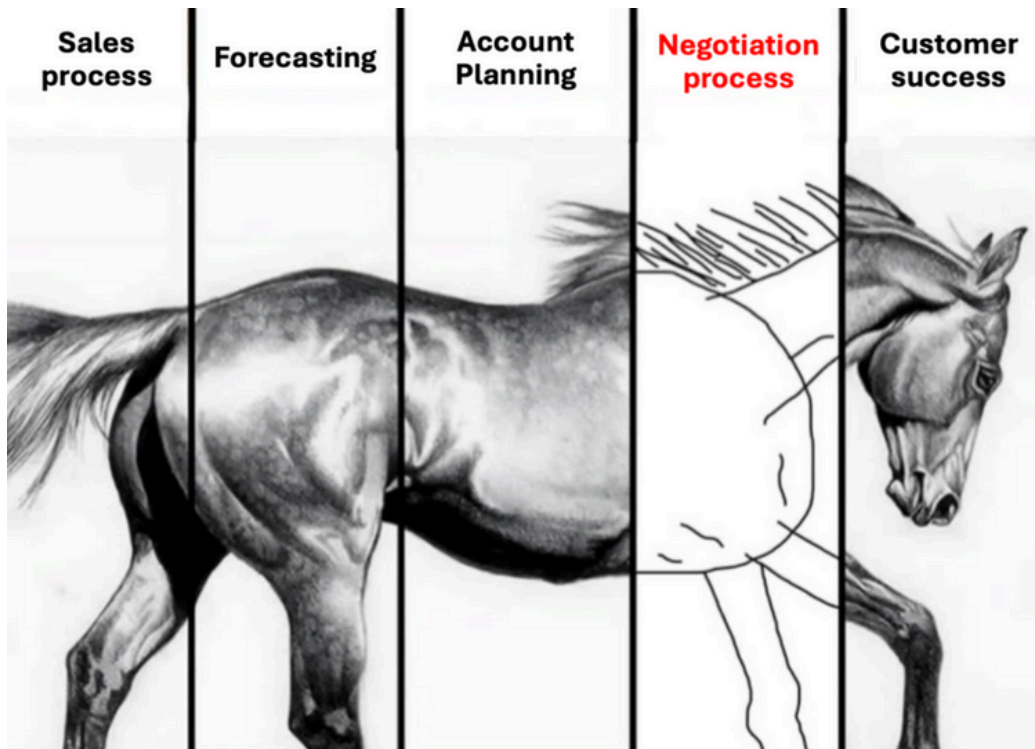
But in complex and enterprise sales, negotiation happens far earlier in the sales process. AEs are negotiating throughout the sale – in some cases from the very first commercial contact with a stakeholder or decision-maker.

By the time the sales rep asks their manager for approval for a discount, the negotiation with the client has already happened.

If the team isn’t equipped with a methodology that captures (and monetizes) customer value throughout the sale, and with the client-facing skills to know how to manage customer requests and demands *on the spot*, they will end up with much harder negotiations at the end (or may not even get to the negotiating table).

WHY NEGOTIATION TRAINING (BY ITSELF) OFTEN FAILS

If you want to build a truly high performing B2B sales team that sells efficiently (at or close to your “target prices”), quality negotiation training is *necessary*, but not *sufficient*. Here are some of the areas that sales leaders often miss or get wrong.



- **Not putting enough focus on the earlier parts of the sales process.** Many complex deals are won and lost on the front end, where the problem the customer wants fixed is *defined* and *monetized*. There is little point having great negotiators if they can't engage the right stakeholders early enough, understand and frame the problem, and get to the table. The better your account executives are at uncovering and valuing true customer pain points early, the less they will need to negotiate later. Many times, when VPs think their teams lack negotiation skills, there is a “front end” selling skills problem, too.
- **Not aligning sales commissions and incentives** with the high-level commercial goals (revenue, margin, EBIT). If reps have no visibility to the margin in a deal, and margin doesn't significantly influence their commissions, they will not seek to defend it. (In other words, if you give your reps no incentive not to discount, you'll get more discounting).

- **Poor quality negotiation training.** We often see the deployment of low-cost training that is very generic, covering general theory, BATNA (best alternative to a negotiated deal), and the theory of win-win negotiation. These are all interesting concepts, but have limited practical application in a sales role. (They are also knowledge-based, not skills-based concepts, so they can be learned from a book or a podcast). B2B salespeople need sales-specific negotiation training, including lots of sales simulation, skills development, and simple, effective tactics. (One extra year of term negotiated into a single deal can often pay for high quality training for the whole team).
- **Late engagement of procurement in the sales process.** Untrained salespeople tend to hate engaging procurement and will do it as late as possible and only when absolutely necessary. This often means that the business sponsor passes it over the fence and all that is left to discuss and negotiate is price. Skilled salespeople know to engage earlier, before the full scope of a deal is baked with the business sponsors. Having both the business and procurement engaged at the same time opens up opportunities to trade for more scope, longer term, additional products or services, better trading terms, or other value. This early engagement with multiple variables to play with makes the negotiation easier for everyone - the salesperson, the procurement executive, and the business sponsor.
- **Not putting effective planning tools into place** as part of training deployment, including pre-call planning and deal/negotiation planning tools. Training is an event, and even with the best training, much is forgotten within a month or two. But if you turn the methodology into a process, you get both higher and more sustainable ROI from any training investment.

DEPLOYING AN EFFECTIVE NEGOTIATION PROCESS

Here's a checklist to build a simple process that works, is simple enough to implement quickly, and will stick. More detail on each is below.

- ✓ Invest in a unified sales and negotiation methodology that works throughout the sales process
- ✓ Align incentives and commissions to the types of deals that you want the team to close
- ✓ Create organizational “trading chips”
- ✓ Set up “deal rooms” for large deals
- ✓ Put negotiation planning into your CRM

More information on each is below.

ADVANCED EARLY STAGE SELLING SKILLS

A surprising number of VPs who run sales teams selling complex B2B deals assume their team already has all the skills they need to sell. New hire training for experienced salespeople is often dominated by product training, with little or no time spent on selling skills (“*These guys have 10 years’ experience; they already know how to sell*”). Unfortunately, with the longer sales cycles of complex sales, it can take 6-12 months to realize that a new hire, (even a highly experienced one) isn’t cutting it.

Complex deals, including enterprise, tend to be won and lost on the front end.

Invest in a sales and negotiation methodology and skill set that works throughout the sales process, from the first engagement of commercial decision makers through to the contract signature (and renewal). Here’s a good one.

Make time to see your sales team in action so you can spot gaps and trends. Most VPs with teams of sales managers run their businesses primarily from their pipeline and dashboards, with little real visibility to what’s happening on the front lines. Of course, your front-line managers should be doing field travel and coaching with their teams. But as a Sales VP, making time for this (“skip-level” field travel) can be truly eye-opening. You’ll tend to mostly be called in for late stage (closing) meetings on larger deals, but there is significant value in auditing some early-stage sales calls of your team from time to time, and it can be revelatory to see how many simple mistakes some of your team make. The first step in fixing a problem is realizing that you have one!

SALES INCENTIVES AND REMUNERATION

You get the behavior you reward.

It’s surprising how many sales teams have incentives that are not aligned with the organizational financial goals.

Align incentives and sales commissions to the types of deals that you want the team to close. If you are truly all about top-line (revenue), then a simple % of closed revenue (with some sort of kicker) can work well enough. All other things being equal, simple is good.

But if you're targeting EBIT or gross margin, many organizations selling enterprise deals would benefit from providing more visibility to their reps of the margins in a deal, and rewarding high-margin deals significantly more than low-margin ones. Basing at least some of the commission on margin can do wonders to drive better price protection from your team.

BUILDING “TRADING CHIPS”

One of the most critical things that a negotiation methodology (and quality skills training) can do is to move the AE's mindset from *discounting* to *trading*.

To do that, the team needs both client-facing skills training, and a pre-built list of trading chips that they can use to defend the value in their deals:

- **Gives** – areas where the salesperson can potentially be flexible to provide more value to the customer. These should be low cost to your organization, and high value to the customer. For example, additional services (especially where this drives higher customer satisfaction).
- **Gets** – areas where you can gain additional value in return for concessions. These should be high value to your organization, and relatively low cost for the customer. These will include things like a longer contract term, or marketing support (testimonials).



These trading chips can include variables that are commercial (price, contract length, payment terms), marketing (reference sites, testimonials), legal (different T's and C's or risk profiles), and operational (top-to-top quarterly meetings).

DEAL ROOMS

Deal rooms fulfil two important objectives for a B2B sales team:

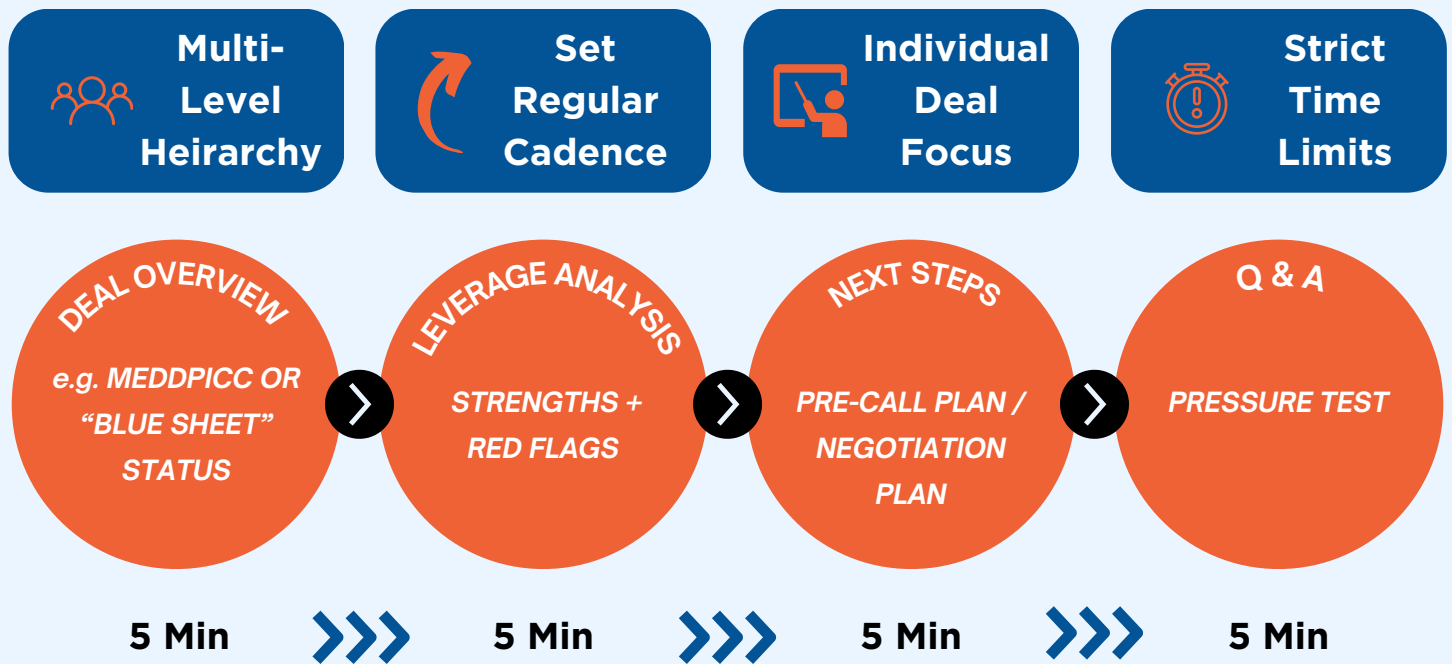
- Pressure-testing your most important deals, and
- A simple, effective mechanism for “osmosis”.

When built correctly, these provide a highly efficient way not only to review and improve must-win deals, but also to share learning across the sales organization. The key is creating a tight, concise process that doesn’t become administrative, punitive, or a “time-suck”.

Here are the characteristics of a good Deal Room process:

- **Thoughtfully selected deals.** Typically, the deals on the CRO or VP Sales’ radar (the largest) will make the cut. But there is often value in selecting some deals that are lower value but provide important insights on strengths and weaknesses across your sales team. For example, early deals relating to a new product launch, or “mid-pack” deals in an underperforming territory or area, can provide great insights into the broader sales team’s performance.
- **Multi-level hierarchy.** Good Deal Rooms have attendees from a “vertical slice” through the organization. This creates osmosis, ensures that everyone takes it seriously, and allows leaders to spot problems that may exist for others in their teams. We’ve found having the deal owner (e.g., the Account Executive), his or her immediate boss (e.g., a Regional Sales Director), and their boss (e.g., Area VP) attend works well. The CRO or VP Sales may also attend. Adding someone from Contracts and Pricing can also be helpful. This vertical slice ensures the rep and manager take the process seriously. (Avoid assembling a “cast of thousands”, this tends to create less constructive feedback, not more).
- **Tightly time-constrained.** One of the keys to running an effective Deal Room process is to force both those presenting and those critiquing the deals to “punch with brevity”. Less is more. The simple act of distilling a deal’s status and next steps into a very tight presentation can be highly valuable to an AE. (It helps them think through what’s really important, a skill that is also critical to their client meetings). We recommend Deal Rooms review each deal for 20 minutes only (30 minutes at the absolute most), with a consistent 4-part structure. A deeper dive on any significant gaps surfaced can be done offline with a smaller group.

DEAL ROOM STRUCTURE (20 MINUTES)



- **Use your own sales qualification methodology.** For example, if your team uses MEDDIC, MEDDPICC, or Blue Sheet for deal qualification, the summary of the deal status presented by the deal owner (rep) should follow this model so everyone uses the same language.
- **Spend time on leverage** (strengths and weaknesses). This is often where the greatest gaps can be surfaced.
- **Review next steps.** If you have a pre-call planning and/or negotiation preparation tool (either in your CRM or on paper), the AE should have these prepared for the Deal Room. It's much more effective to look at planning that's written down than have the rep simply talk through it.
- **Constructive Q&A should be last,** and strictly time-bound so that the team can focus on the biggest gaps or concerns. A good chair should keep the meeting moving – and take longer conversations offline. The purpose of the Deal Room is to surface gaps that can be addressed afterwards, not to take the plan to a state of perfection.

With this structure, a small team can review 3-4 critical deals in a couple of hours, helping both the deals themselves, and providing critical insights to the sales leaders on behavioral and skills gaps of their team.



Consider getting an expert in to help.
There's nothing more expensive than a new sales initiative that doesn't gain traction.

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CRM AND DATA INTEGRATION

If your team is planning their negotiations on paper, you're losing most of the value of creating the process.

Negotiation plans create highly valuable data for a sales organization. If that data is sitting in random files on your sales team's laptops (or scribbled on napkins), it's not really your data.

Put negotiation planning into your CRM, and for deals above a certain size, require a plan as part of your sales process.

Ideally, a negotiation plan should be done as part of the proposal creation, not after it has been delivered to the customer. A good negotiation plan will force an assessment of leverage and dependencies, allowing the proposal to be informed by the likely negotiation that will follow it.

Here's a powerful drop-in negotiation planning solution for Salesforce users.

SWIFT™ CRM-INTEGRATED NEGOTIATION PLANNING

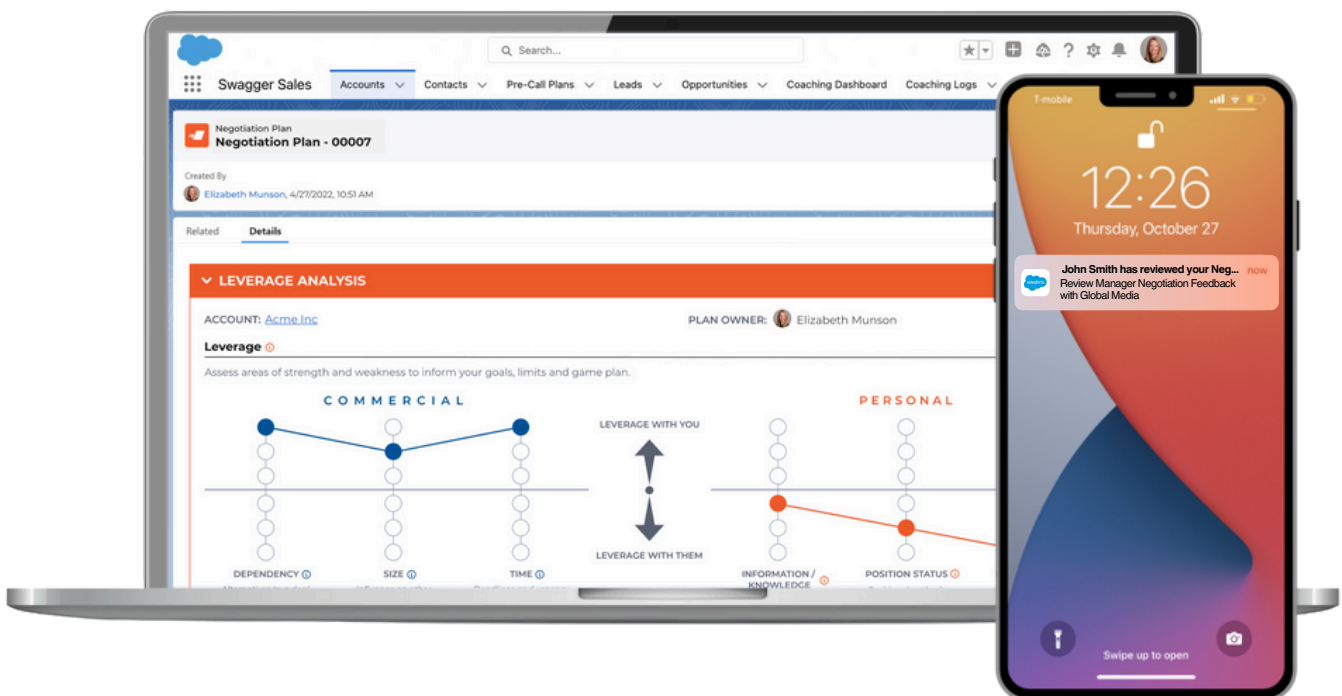
SWIFT™ is a Salesforce-native app that embeds powerful sales enablement tools directly into your CRM and sales process.

The SWIFT™ Negotiation Planner plugs right into Salesforce and allows your team to prepare robust, effective negotiation plans for their most important deals. These plans are tied to the Opportunity record, providing leadership with visibility to foster discipline and rigor across the team.

With SWIFT™, your team can:

- Assess leverage and identify potential weaknesses
- Prepare deal objectives (target and limit position for each main variable)
- Build a list of “trading chips” to defend value, increase deal size, and accelerate the close
- Gain feedback from peers and managers
- Fully tailor deal types and variables, with the ability to deploy customized “trading chips” data across the team
- Access powerful Swagger negotiation training support with in-app, just-in-time guidance, directly within Salesforce.

Salesforce-native SWIFT™ Negotiation Planner (Leverage Analysis)



SWIFT™ Negotiation Planner (Push Notification)

MOST COMMON MISTAKES TO AVOID



Deploying low quality / low cost negotiating training. B2B salespeople selling complex deals need more than theory and case studies, neither of which change behavior. Investing 3% of a sales rep's salary (and 0.5% of their quota) into quality skills training should be a no-brainer. Good training is intensive, highly practical, customized to your business and involves around 20% theory and 80% practice through role plays and expert coaching. The best training involves videotaping realistic, customized customer meeting simulations, and expert critique that will surface skills gaps in even your best salespeople.



Relying on training alone. Quality skills training is necessary, but not sufficient to build true negotiating "muscle" in your sales team. Review your sales incentives to ensure alignment with the business goals, set up negotiation "deal rooms" for major opportunities, and turn the training into a process by putting simple, robust planning tools into your sales process.



Ignoring the early stages of the sale. Don't forget that most enterprise deals are won and lost at the front end, where the problem being fixed gets defined. Your reps are really "negotiating the sale" from the first commercial meeting they have. Your sales and negotiation methodologies should be unified so the team doesn't think of negotiation as something that happens at the end of the process.



Implementing negotiation planning outside of your CRM. Your CRM is meant to be your "single source of truth" for customer data; why would you want one of the most important parts of that data (your team's deal preparation) to be offline, spread across a mass of laptops, or scribbled on napkins?



Not learning from wins and losses. The best sales organizations operate as learning machines. Celebrating wins by ringing the bell is important, but implementing a simple deal debrief process for both won and lost deals ensures valuable lessons are shared across the team. By making this "look-back" process data-driven, it becomes significantly more effective in improving future outcomes.

LOOKING FOR A SHORT CUT TO LIFTING YOUR TEAM'S PRODUCTIVITY?

Swagger Sales specializes in building client-facing (execution) skills for field sales teams in complex sales. We provide:

Intensive skills training for even your most experienced salespeople – advanced pre-call planning, leverage-based value selling, negotiation, and coaching.

[FIND OUT MORE](#)

SWIFT™ Salesforce native plug-in software – creates fast, effective negotiation plans and allows collaboration with peers and review by managers. (Also includes optional account management and pre-call planning modules)

[TAKE A TOUR](#)



Expert advice on deployment and sustainment

For a no obligation consultation on lifting your sales team's productivity by 15 - 25%, talk to one of our experts. You can expect honest advice on the potential fit for your organization, pricing and deployment options.

[GET IN TOUCH](#)