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## Introduction: Welcome to the Sales Negotiation Program

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**Thank you for  
attending**

Welcome to *Sales Negotiation*, a module of the ResMed Sales Excellence suite of courses.

We all take pride in our sales team's ability to take ResMed to the top of the industry by building strong relationships with our customers. It is hoped that this course will augment our salesperson's skills, providing additional tools and techniques at an advanced level. We have built this course around "what really works" for top performing ResMed sales reps, creating a fully customized sales program.

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## Key Concepts in Negotiation

**What is negotiation?**

**Question:** How is sales negotiation different from any other kind of negotiation (political negotiations, contract negotiations, labour negotiations, etc.)?

### Complex vs. Simple Negotiations

Some negotiations may take weeks, months or years to complete and consist of many variables as in the case of a global warming treaty, disarmament, prisoner exchange, labour contracts, etc.

Other negotiations may include relatively few variables and be completed “on the spot,” as in the case of selling a car or deciding who gets the corner office.

### Negotiation vs. Selling

ResMed sales negotiations will take place somewhere between “on the spot” and several weeks, and contain limited variables, as described in the definition below.



### Formal Definition of Sales Negotiation

Sales negotiation is the process by which differences in price, deliverables and/or terms and conditions are resolved in order to gain customer commitment.

Negotiation Factors	Example
Price	\$12,000
Deliverables	20 VPAP units and clinical training
Terms	Customer pays in 30 days
Conditions	ResMed delivers within 12 weeks

## Key Concepts in Negotiation, *continued*

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### The 8 key concepts

Eight concepts important to all kinds of negotiation are:

1. Commitment
2. Mutual interest
3. Differences
4. Bargaining Zone
5. Power
6. BATNA
7. Win-win paradigms
8. Conflict

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### 1. Commitment

A negotiation can only occur when both sides are *committed* to making an agreement.

An agreement consists of the elements of our definition of negotiation:

There is *commitment* when both sides *want* to come to an agreement, and neither side plans to leave the table until they've done so.

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## Key Concepts in Negotiation, *continued*

### 2. Mutual interest

Even if there is commitment to come to an agreement, there must be mutual interest for it to succeed. If the customer has something we want, we can negotiate for it. If they don't, we may not want to enter the negotiation.

Example:

Customer's interest	ResMed's interest
Our customer wants 20 VPAPs with clinical training.	ResMed wants \$12,000.
Our customer doesn't want to pay our price, but he does have several referral relationships we are interested in.	ResMed wants his excellent referral sources.

#### The Standard of Comparable Value

The value that we each provide must be perceived as equal. It is important to maintain this standard of comparable value in negotiations. As we will see later, there are times when we can relax that standard in the immediate negotiation, if future value is significant.

### 3. Differences

Before any negotiation happens, there has to be an initial proposal or offer. If the customer readily agrees to our initial proposed price, deliverables and terms/conditions, **then there is no negotiation**. Sign the agreement without delay.

However, when there are *differences* between the proposal and what the customer wants, we will have to negotiate. We will only be negotiating the differences.



#### When Differences Are Too Great

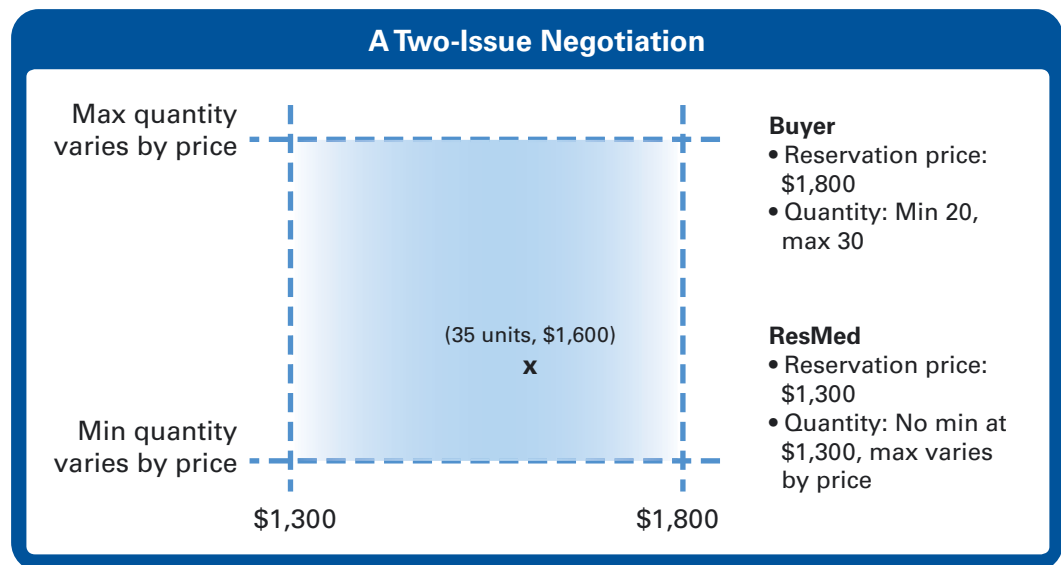
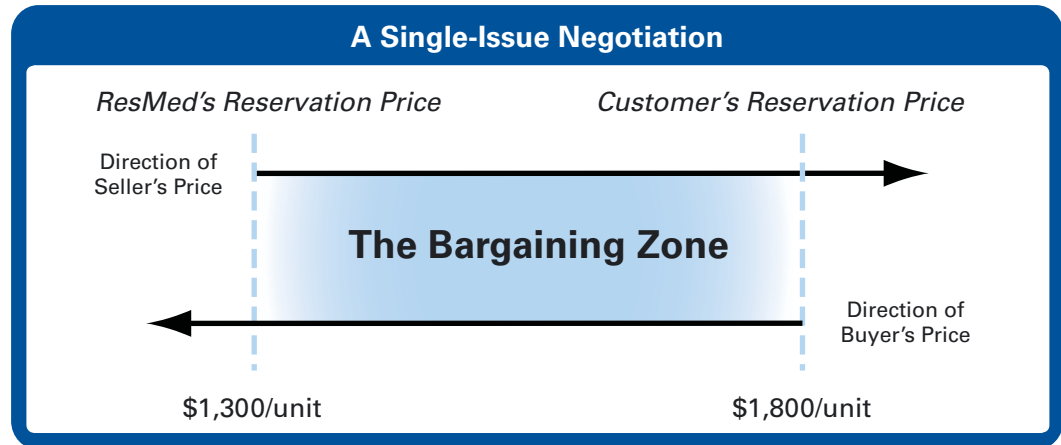
Sometimes we may have mutual interest, but not be able to come to an agreement. The differences between us are too great. Our bargaining zone was mismatched or nonexistent.

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## Key Concepts in Negotiation, *continued*

### 4. The bargaining zone

The bargaining zone is the overlap between what's acceptable to us and to them.



### Reservation Price

*Reservation price* is our bottom line, our threshold for an agreement. We reserve the right to walk away if the negotiation exceeds that point. Our customer's reservation price is the highest they are willing to go. The two reservation prices—ours and theirs—form the boundaries of our bargaining zone.

If the customer insists on going below that, we can decide to go lower if we want, but it will cost us. Or we may want to withdraw from the negotiation. (See BATNA.)

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