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The Art of Negotiation: Rules to Follow

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Brad Robinson is a 20+ year veteran of the Accounts Receivable Management industry and has a long history of proven results in the executive sales management and strategic business development areas. Brad continues to focus his sales team on the acquisition and management of clients as well as overseeing all business development functions.



Dealing with difficult customers who don't want to pay their full balance is always a challenge to those in the accounts receivable capacity. The question they must ask themselves: **When should I negotiate?**

The hard reality is that your customer owes the amount due, but desires to negotiate a discount on the products or services that you have already delivered. Common practice dictates that when you purchase something, you will have to pay for this product or service. So why should you allow your customer to shirk this same principal? Many businesses face this reality on a frequent basis. So what do you do? Let's review a few basic rules of negotiating debt payment with a customer (see table below):

Rule #1 is the most important rule: Don't negotiate. If you followed all of the terms and conditions of the product or service delivery then you are in a position of power and Rule #1 is simply that you do not have to nor should you negotiate. That being said, circumstances can present themselves which require us to yield on this first and simple rule. So if you have to compromise and move off your #1 Rule, be certain to stay aligned with the rest of your rules in negotiations.

Rule #2: Don't negotiate with yourself. Have them make the first offer. Do not offer additional payments or extra time in addition to their first or reasonable offer.

Rules #3 and #4 are self-explanatory: Never accept the first offer; and Never make the first offer!

Rule #5 is a critical guideline that must be adhered to whenever possible! Listen more and talk less! Silence is your friend in all negotiations. There is an old saying out there, "You can't quote silence." An offer met with silence allows the person who made the offer to digest — and in many cases — question themselves as to whether their offer is going to be accepted. The doubt that comes out of your silence speaks volumes without a word being relayed.

Rule #6 reminds us: No free gifts! This means that you aren't required to offer up additions to anything they offer. Unsolicited credit deletions or pay-in-full letters, etc., should not be included when you are making post-delivery concessions.

Rules #7 and #8 remind us again of a very critical element in negotiations. Know the bottom line impact that this has on your organization; and have no rookie regrets, which means think through the proposed accepted offer as you don't want to be professionally impacted in your job by accepting the deal. Know what the deal means to both you and your organization. If the price is too high, remind yourself of Rule #1!

Rule #9 As we wind down this topic, clue into the final two rules carefully. Never accept the "quick deal," as something too good to be true likely is just that; a good offer can wait. Give yourself time to process the quick deal.

Finally, as you reflect on all of the rules, remind yourself of the rule that was listen more, talk less, and silence is your friend. Because the final **Rule #10** is Do not disclose your bottom line! This is your confidential information. This is your authority, and you do not have to disclose. Disclosing your bottom line can compromise not only this transaction but further dealings with this customer. Additionally, if your bottom line leaks into the buying community, this can truly damage your credit policies going forward.

Best of success in your business negotiations!

Rules	Negotiation Strategies
1. Don't Negotiate	Demand payment-in-full today over the phone.
2. Don't Negotiate with Yourself	Offering payments and extra time unsolicited Informing of credit reporting timeline.
3. Never Accept the First Offer	Counter-offer for more payments and in less time.
4. Never Make the First Offer	Opening offer is for payment-in-full today, wait for their counteroffer.
5. Listen More, Talk Less	Psychological pause, indicators of ability to pay.
6. No Free Gifts	Unsolicited payment-in-full letters or credit deletions.
7. Know the facts. Bottom line impact.	Any and all discounts can have an impact. Know what your costs are. Don't short the firm.
8. Rookie's Regret	Analyze call for opportunities on next call.
9. Always Avoid the Quick Deal	Why the urgency? Trying to buy a car or house? Must resolve balance and can get payment-in-full.
10. Never Disclose your Bottom Line	Never share your bottom line!