

10 Steps To A Successful Negotiation



It's a tough marketplace out there and strong negotiating skills are fundamental to achieving and more importantly sustaining career and business success, particularly within a competitive sales and marketing environment.

Those of us who want to achieve better results, both at work and in our private lives, need to develop effective negotiating skills. If your technique is too aggressive or even too soft, revenue and profit will be lost.

The key to effective negotiation is preparation and recognising what makes a good negotiator. It is important to understand when and how to negotiate, how your prospect will react and when your 'opponent' is trying to use his/her own negotiating techniques on you.

Contrary to popular belief, good negotiation is not about you winning and someone else losing. A satisfactory outcome is when neither side feels that they have compromised too much, given away when they did not want to, felt unnecessary pressure, threatened or were forced to make sacrifices that they could not avoid.

It is about both sides feeling that they have achieved what they wanted and are feeling satisfied with the outcome.

This 'Principled' negotiation results in all parties believing that they can work together and do business again in the future. It is not about just getting the business, but is really about getting good quality business, be it good price, larger volumes, long term contracts or repeat orders.

The 10 most important rules to follow are:

1. Do not negotiate unless you need to. Always evaluate your needs honestly and never negotiate if it's unnecessary, as it always requires a compromise, usually at a cost.
2. Never negotiate with yourself. Understand your own bottom line. Decide in advance what matters to you and what does not.
3. Never accept the first offer. There is always a better one still to come.
4. Never make the first offer if you can help it. Remember rule no 3 above.
5. Listen more and talk less. (one mouth and two ears) Good negotiators lead by listening, not talking. Let them ramble and leak information. While you listen you are not giving information away.
6. Do not give away 'freebies'. A free gift today is tomorrow's starting point.

7. Do not forget the difference between cost, price and value. Aim for a win-win.
8. Don't slice the bread, (slicing up the total cost into individual items and providing separate costs for each). Start with a complete value-orientated price. Only slice when you have to and only sparingly.
9. Never rush. Always say 'Maybe' and ask for clarification and make certain that you understand the full offer before you agree to any single part of the offer. Give yourself time to check your own position.
10. Never disclose your bottom line. Not at the start. During or after the conclusion.



Wishing all our readers a very Merry and Happy Xmas and an extremely prosperous New Year.

Strategies For Business Success – Buy Or Lease?



You are starting or expanding your business - great! But you are looking at many more demands on your finances: office equipment, tools, furniture, computers and peripherals, vehicles, etc. Deciding whether to buy or lease what you need might seem overwhelming.

Leasing is tempting to many, as it requires less cash up front. Having enough cash is essential for survival when beginning or expanding your business, as you will also need to invest in many intangibles such as marketing, licensing, or hiring help. But, leasing usually costs more in the long run, often quite a bit more, and you are normally committed to a contracted time period. There are advantages and disadvantages to both.

Some Advantages of Leasing:

1. Lower Costs at Start-Up - Few businesses have "more than enough" cash on hand, especially when just beginning or expanding. Lower start-up costs can give you more time to get settled into the marketplace and get the word out about your products and services, giving you a much better chance of surviving those risky first years. You can get a lot more for a lot less immediate expenditure by leasing. Buying 20 computers will cost you thousands of pounds; leasing 20 computers may only run you a few hundred pounds per month.

2. Support and Maintenance - Leased equipment usually includes ongoing support, maintenance, upgrading, and possibly even training for you and your staff. You can even "lease" your business management software and services by way of online subscription.

This can enable even the smallest business to have the latest software versions automatically provided, and support staff on-call in the event of trouble.

(You might be amazed to learn how much time is lost and headaches created in many small businesses by confusing and challenging management and record keeping software and systems.) With hardware, it is far easier, for example, to call the lessor and have a broken copier replaced immediately than to wait for the repair serviceman for your purchased copier, wait out the downtime, and then face the bill for his services.

3. Flexibility - When you buy something, even if your needs change or better technology becomes available, your investment is tied up in the purchased item. Leasing may allow you to update or replace your equipment or furniture when you need to, or even get rid of the commitment if you no longer need the item.

4. Tax Advantage - Most lease payments can be fully deducted in the year you paid them, whereas major equipment purchases may have to be depreciated over several years. Since your money will likely be tighter in the beginning months and years of your business, the ability to offset lease expenses against your initial investments may help you greatly at tax time.

Some Advantages of Buying Equipment and Supplies Outright:

1. Lower Lifetime Costs - Many things will cost you far less in total if you purchase them outright rather than leasing. You might pay £300 for an ergonomic desk chair that will serve you well for many years. The same chair, if leased, might run you £30 per month. You would then be paying £360 per year for the leased chair.

2. Lower Monthly Overhead - When you lease, you must pay the lessor on time, regardless of the level of cash on hand. If the income of your business varies widely from month to month, you can choose to only purchase equipment when you have the cash on hand and you will have fewer problems meeting your monthly budget.

3. Assets Rather than Liabilities - What you buy outright becomes an asset of your business, and so enhances your "bottom line." Lease payments, on the other hand, qualify as liabilities, and so lower your company's value. This may be important if you need to get a business loan or decide to sell your business. If you move or go out of business, your assets may be sold or taken with you, but it may be much harder to dispose of your lease contracts.

4. Tax Advantage - Since HMRC allows you to deduct a large amount of your business purchases from your gross income, if you are having a good year you may save significantly more by purchasing outright rather than leasing.

So, obviously there are pros and cons of buying as well as leasing. Here are some tips to help you make the best decision:

- Leases are best for more expensive items, and cash purchases for less expensive items. Lower cost items can usually be afforded from income on hand, but it may not be advisable to deplete your funds to make larger purchases. If you lease the larger items, you can budget to save and purchase your own later, and still have management and promotion funds available now.
- Find out the financial and tax implications of leasing versus buying for your individual situation.

Last but certainly not least, don't be tempted to buy what you don't really need. If your company is to grow and thrive, cash in the bank is worth much more than beautiful furniture or the latest techno-marvel.

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Next month: Conflict Resolution And Anger Management Control :: How To Handle A Difficult Discussion