



**george james** ltd

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# THE POWER OF 1% MANAGING THE PRICE CONVERSATION

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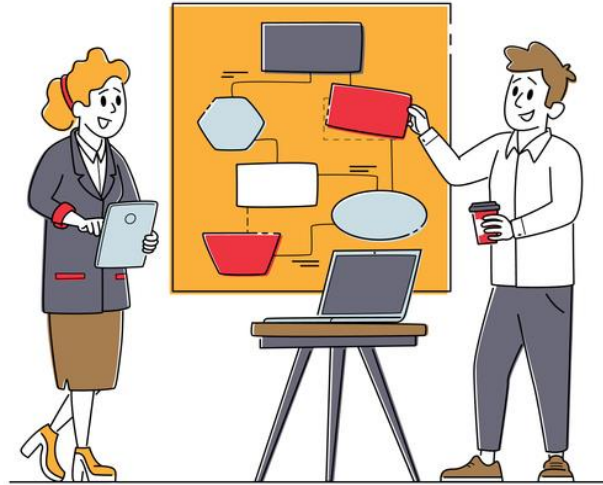
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## **The Power of 1% - Managing the Price Conversation**

Focus on value, not price. During the sales process focus on building the value relevant to the customer. Ask “what is the value proposition for this customer bearing in mind everything I know about them?” The more we do that, the less of a meaningful part price will play in any discussions. Remember value is totally subjective; what one person may see as great value; another person could see very differently. Think about the value added you can use to maintain your price; user groups, beta testing, key opinion leaders, access to your R&D teams, application and post-sale support, service, etc. Understanding the value added and the impact it has on the customer will allow you to understand the strength of your position and that of course is critical in any negotiations or price conversations.



Never talk in percentages, talk in real money terms. Do not use percentages. Have you ever noticed how percentages often increase in the same percentage steps? 2.5%, 5%, 7.5%, 10%, 15%, 20%, 25%, 30%... Percentages can make large discounts in real money terms look small especially for the five, six and seven figure deals we do. Professional purchasers are great at drawing salespeople into a percentage-based conversation. Also consider avoiding round and tidy numbers as this can demonstrate a price with little thought given to how it was set. Easy to do and alerts any professional purchaser that you may well have more to give.



Resist talking about price too early in any sales conversations. Remember maintaining price is a question of 4 key points:

- Aiming HIGH and building value - remember price rarely goes up during a negotiation
- Attitude - always look to minimise the discount, and not just go to your authorised maximum
- Belief - belief in the value you bring and belief in the value your organisation and your colleagues bring
- Courage - expect the customer to ask for a discount - you do not have to say yes, it is a starting point for a discussion.

Look at your sales target, and your average sale value. Now imagine getting an extra 1% more in price for every sale this year and on into the future. Is this achievable? Without a doubt YES! What difference would that make to you and how many days earlier would you reach your annual target? Now apply that to all your colleagues in the sales team as well. If you all secured 1% more on your deals this year what would that mean to the business! Getting the best price you possibly can for every deal you do is one test of your sales mastery. Perhaps 1% is just your starting point? How about 2% or 3%? Again, what difference would that make?

If you are having to discount, ask yourself why? Is it because of poor selling, perhaps you have not really understood the customer and their needs? The consequences of this means you can never make a meaningful high impact presentation / sales pitch. Or is it a result of poor planning? Did you arrive late to the sale? If so, this typically reduces the win rate and means that any salesperson is having to do the sales work required to win the sale in a shortened timescale which in turn often leads to shortcuts and the qualification not being undertaken effectively.



So, what target will you set yourself over the next 6 months to reduce discounts? Or perhaps you will set yourself the target of never going to your authorised maximum discount level? Always remember; the more you give away the more you must sell!

If you want some support and help in ensuring your sales team can manage the price conversation effectively, feel free to contact us as per our contact details shown on the title page and we would be delighted to discuss with you.