

# Doing the Big Deals

SBANE Seminar: Selling Hi Tech

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## Overview

- Deal dynamics
- The stakes
- The process
- Traps to avoid
- Takeaways



## Deal Dynamics



## Typical Big Deal

- Lots going on
- Fire drills
- Customer resistance
- New teams, players
- Survival issues
- High stakes game



## Ships Passing in the Night

### Your Company

- Sell product
- Do transaction
- Use name
- Get money NOW

Vs.

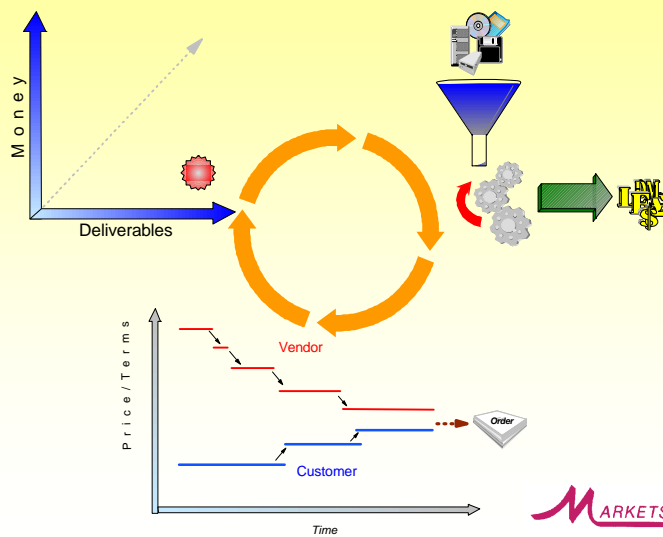
### Their Company

- Want technology
- Want relationship
- Control brand
- Manage risk exposure



## Chasing Deals On A Treadmill...

*Concessions lead to demands lead to ...*



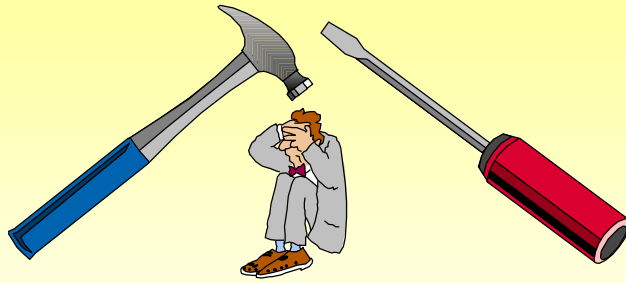
# Running Out of Time, Money, Steam

*Will This Deal EVER Close?*



## And What Happens?





## Big Time

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## The Stakes

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## Major Accounts/Big Deals Are Valuable

- Increase credibility, valuation
- Early acceptance of new products and upgrades
- Low(er) sales costs
- More predictable sales, balanced growth
- Can trade account retention for penetration



## Big Deal/Major Accounts Are Hard Work

- **New Big Deals must overcome several hurdles**
  - New vendor
  - New product to organization
  - New expense/investment
  - ... Everything converges on the new deal
- **May set the tone for relationship**
  - What and when to negotiate
  - With whom
- **Negotiating style**
  - Personal vs. corporate
- **Must establish value in Big Deals**



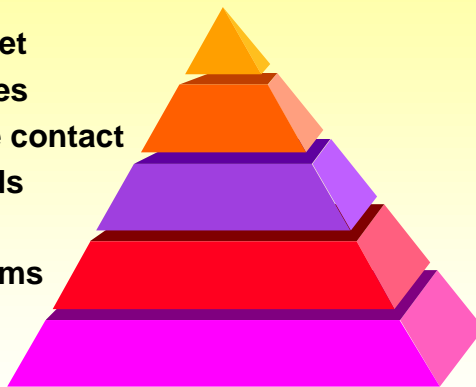
## The Process



## Doing A Big Deal Is A Process

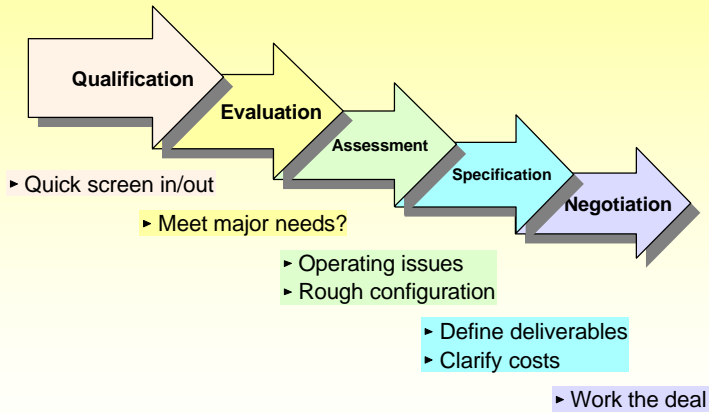
*Step by step, one block on top of another*

- **Select sales target**
- **Screen companies**
- **Network to make contact**
- **Understand needs**
- **Pitch the deal**
- **Negotiate the terms**
- **Close the deal**
- **Get paid**



# Negotiations Are Processes Not Events





*Many Successful Negotiations are Non-Events*



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# Select the Right Target Based on Fit

*Do in advance, save time*

	They Have	Need/want
You Have		
Need/want		

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## Screen the Company and Buyer Profile

*Is your company and product positioned properly*

Early Market

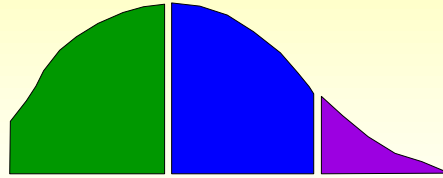
Innovators



Early Adopters

C  
H  
A  
S  
M

Mainstream



Early Majority

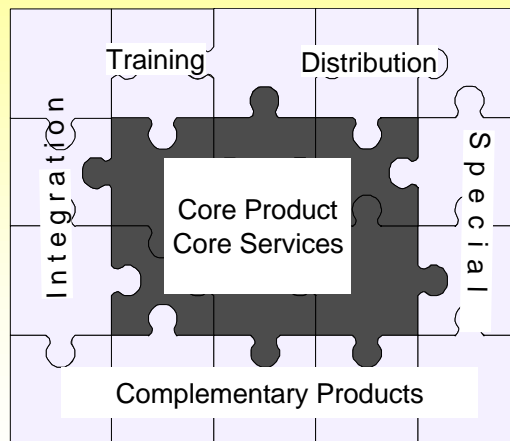
Late Majority

Laggards

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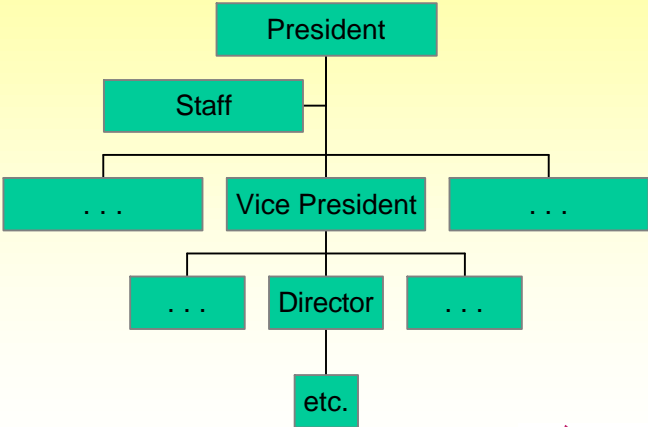
## Your Products and Services Are Pieces

*Make sure other big pieces are accounted for*



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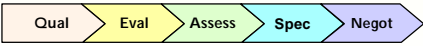
# Network In to Learn the Landscape



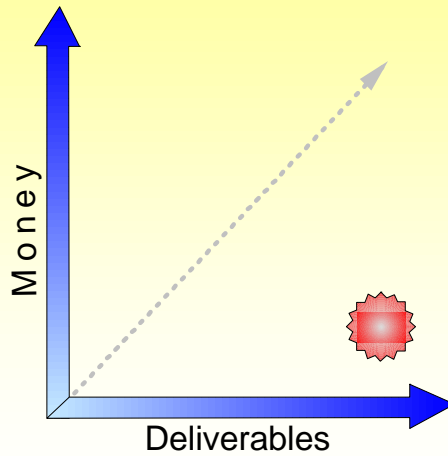
# Negotiate Right Elements With Right Party

*Don't waste time*

<i>Role</i>	<i>Who</i>	<i>Negotiating Items</i>	<i>When</i>
Initiator			
User			
Buyer			
Gatekeeper			
Final authority			

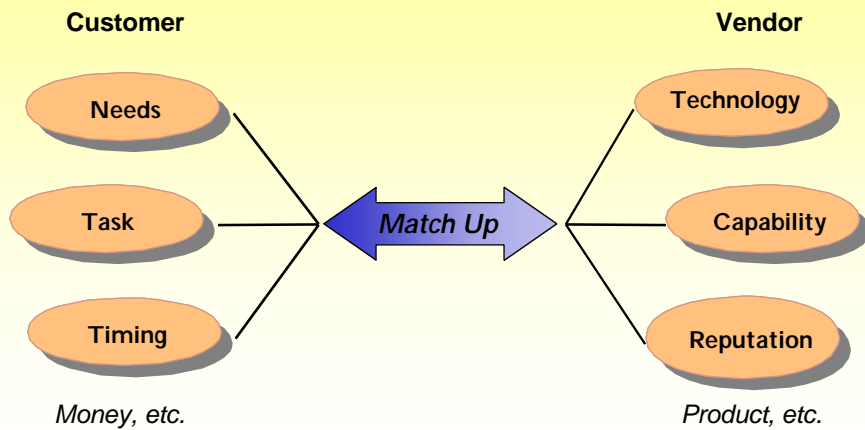


## Starting Point For Customer Demand



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## Don't Just Sell Product - Sell Value



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## Assess and Use Negotiating Strength

*When You Have It, Use It -- Don't Waste Time If Weak*

Factor	Low.....	Strength 	.....High
Company	<b>New</b>	<b>Established</b>	<b>Leader</b>
Product type	<b>First</b>	<b>Upgrade</b>	<b>New</b>
Product price	<b>Low</b>	<b>Medium</b>	<b>High</b>
Product maturity	<b>Established</b>	<b>Emerging</b>	<b>New</b>
Customers	<b>Few, narrow</b>	<b>Growing</b>	<b>Many</b>
Financial strength	<b>Low</b>	<b>Typical</b>	<b>Well Funded</b>
Reputation	<b>Not Positive</b>	<b>Neutral</b>	<b>Well Respected</b>
Customer Need	<b>Optional</b>	<b>Near Term</b>	<b>Urgent</b>

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## Some General Guidelines

*When Negotiating Large Deals ...*

- **Be responsive to demands**  
*The customer is always right .. for their company*  
*Find a way to say "yes" and do right by your company, too*
- **Give customer options**  
*Less value for less money*
- **Always claim limited flexibility, authority**  
*Higher authority slows things down and screws them up*
- **Try and avoid full custom deals**
- **Listen carefully, be patient, observant**

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## Avoid Traps

### Trap #1 Pricing



## Role of Price in a Big Deal

- Consistently ranked # 3 or 4
- Important at two places
- Used to tweak value equation
- Measurable
- Important when all things are equal



## Price Is One Part of a Negotiation

*Use other elements as part of trade*

- **Credit terms**
- **Timing of payments**
- **Timing of deliverables**
- **Service charges**
- **Level of responsiveness**
- **Training, support, experience levels**
- **No charge items and services**



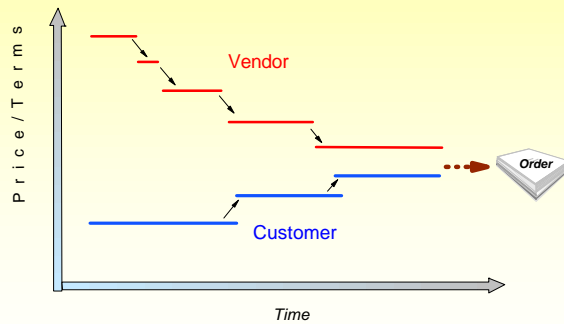
## Avoid Traps

### Trap #2 Negotiating



## Avoid Typical Negotiation Profile

*Too many one-sided vendor concessions, given too freely*



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## Don't Be Outgunned By Customer

- Reps do deals once every 4-6 weeks
- Customers doing deals 5-10 times each month
- Forced to cave in too easily
- Company lives with consequences of bad deal

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## **Negotiations ARE Worth the Effort**

Sales efforts generate = \$500 / hour

vs.

Negotiation efforts = \$100,000+ / hour

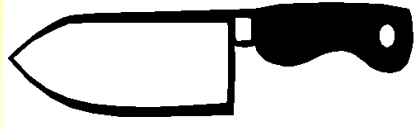


## **Takeaways**



## Slice the Baloney

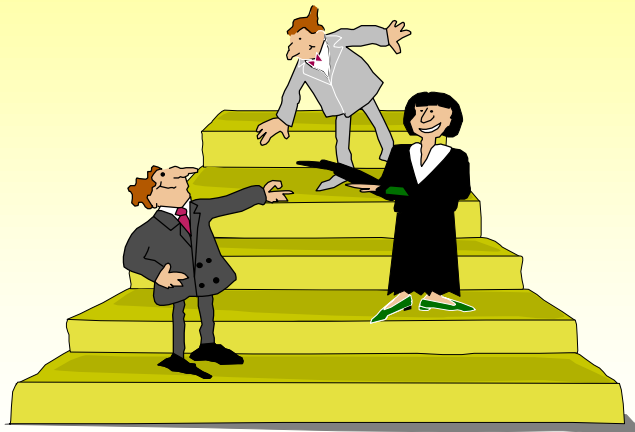
*Match Your Deliverables to Their Deliverables*



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## Stay in Step ... On the Same Step

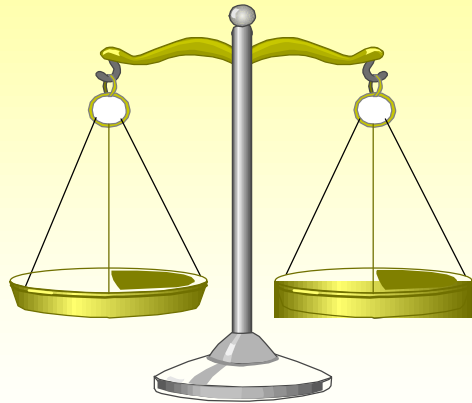
*Turn Mutual Mystification to Mutual Commitment*



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## Keep Scales in Balance

*Always Get Something in Return*



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## Negotiate Bigger Deals Better

- **Match deliverables to organizational need**  
Configure product, modules, bundles
- **Never negotiate price by itself**  
Not just unit price but also services, credit terms, experience
- **Create a negotiations leader/higher authority**  
Be an "agent" unless negotiating with a principal
- **Link negotiation to a strategy**  
Get business leverage from the deal  
Build on other deals  
Use other deals to protect you

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*Thanks !*

