Sellers: **Don’t Get Beaten-Up By Buyers!**

How You Can Avoid The Most Bruising Buyer Encounters

Sellers expect to have to slug it out with other suppliers, but they may ‘lick the competition’ only to be beaten-up by the buyer! In this whitepaper we asked sellers about their most bruising buyer encounters and the lessons they had to offer.
Have You Been Beaten-Up By A Buyer Recently?

Almost every salesperson has had the experience of being beaten-up by a buyer (metaphorically speaking, of course!). Indeed, with the fundamental shift in the balance of power in favour of buyers, selling has become an increasingly bruising activity.

It may be a knockout blow that loses the sale, or perhaps a severe bruising on price and terms. All too often the killer punch is preceded by a slow wearing-down of the seller through ever more drawn-out and complicated buying processes. In this paper we will discuss the 5 areas where sellers are most at risk of being beaten-up:

1. **Negotiation**: Beaten-Up on Price, Hammered on Terms!
2. **Procurement**: A Surprise Left-Hook!
3. **Contracts**: A Sideswipe from Legal!
4. **Competition**: Sparring With The Wrong Partners!
5. **Implementation**: Ready For The Next Round!

In an online survey of sellers, 92% said they had recently been ‘beaten-up’ by a buyer. (74 responses)
Negotiation: Beaten-Up on Price, Hammered on Terms

Most salespeople who have been beaten up by a buyer will have been hammered on price. The fact is that, in this era of cost-cutting, this is something that buyers are doing more and more zealously.

Buyers are taking advantage of their new power over price in the following ways:

- Successive shaving of the price – the so-called ‘salami technique’ of progressively paring the seller’s margins

- The surprise re-negotiation of price at the last minute – something that procurement is particularly prone to do (see below)

- Unilaterally changing contract terms that have important margin implications

- The surprise alteration of payment terms – for example, as finance overrides any specially agreed terms

In a market where sellers are chasing buyers and every deal is precious, price is the seller’s soft underbelly. However, most salespeople who have been beaten-up on price will admit that they could, or perhaps should, have done things differently.

“The buyer is not a school bully after your lunch money...”
As one seller recently put it: “The buyer is not a school bully who is after your lunch money – it’s simply his/her job to secure the best deal... As sellers, we should never be taken by surprise.”

How to Avoid Getting Beaten-Up on Price?

Here are six valuable seller tips on how to soften the blow of buyer price hits:

1. Expect, anticipate and prepare for last-minute pressure to cut price.
2. At a strategic level, it’s important for the seller to bring the buyer’s focus back to the business case (or economic value), rather than simply concentrating on lowest cost.
3. Focusing on total cost of ownership and total life-cycle costs – as well as on payback and ROI – is key to a balanced discussion on price.

‘Don’t be lured into negotiating too early!’
4. It is vital that the seller maintains a direct relationship between price/terms and what is on offer. **Remember:** A reduction in price will inevitably mean a sacrifice somewhere else in terms of what is delivered.

5. Being able to duck and dive on price requires that the seller improves his/her **negotiation skills**, i.e. does not negotiate too early, prepares more effectively for negotiation and negotiates as a team.

6. Unfortunately, sellers who are up against a wall have little option but to surrender on price. **Remember:** A healthy pipeline that is subject to regular reviews and high levels of pre-qualification will prevent the seller from becoming a slave to the poorly-negotiated deal.

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**Procurement: A Surprise Left-Hook!**

Sellers have learned to fear the involvement of **procurement** – particularly when it happens close to the point of a contract being awarded. For the buyer, however, involving procurement can often be an **astute move**. 

‘At the end of a long buying process the seller may be running out of steam.’
5 Ways To Put Into Action
By bringing in procurement late in the day, the buying organization is:

- Taking advantage of the fact that, at the end of a long buying process, both buyer and seller may be ‘running out of steam’, i.e. the buyer passes the baton to procurement, while the seller has nobody to hand it on to.

- Playing divide and conquer, with procurement often playing a ‘bad cop’ role, coming in to do the dirty work of hammering the seller on price.

Sellers tell horror-stories of procurement arriving on the scene after months of discussion, threatening to undo the progress that has been made and calling into question key aspects of the contract and its terms.

It may be an overly-simplistic view, but procurement, in the seller’s mind, is likely to:

- Hammer the supplier on price
- Isolate the seller from existing relationships with buyer-managers
- Place additional requirements in terms of a formalized tendering process
- Bring other suppliers to the table

As most sellers have witnessed these risks are greatest where procurement has little domain or project-specific knowledge or expertise.
How to Spar With Procurement?

How can you side-step a left hook from procurement? Well, seeking out procurement earlier will give you a better understanding of their role, as well as their motivation, power/influence and past form. Armed with these insights, you are less likely to be taken off-guard by their sudden arrival.

If the manager-buyer, or sponsor, cannot guide you in preparing for procurement, then learn from other suppliers and their experiences in selling to the same company.

Contracts: A Sideswipe from Legal!

The champagne has been drained and now all that remains is the paperwork. However, as sellers have learned, they are particularly vulnerable at the contract stage. It is as if the seller is about to step out of the ring when, all of a sudden, legal deals a painful sideswipe.
The manager-buyer may stress the point that signing will be straightforward, but just wait until legal gets involved. Most buyers don’t like vendor contracts full-stop; when it comes to signing them, it is often surprising the issues that arise.

Whenever a buying organization drags its heels on signing, it keeps the successful supplier on tender-hooks and almost inevitably delays the project start- or delivery-date.

Where resources have been put aside for the project, it means the supplier has started to incur costs that may not be recoverable. Moreover, as these resources are likely to have been taken from other projects, it means there are likely to be opportunity as well as direct costs involved.

In addition, of course, there are the legal costs that the seller may have to bear, as well as the additional hours involved on the part of the sales team.
How To Spar With Legal?

Here are five useful tips on how sellers can avoid being bruised at the contract stage:

1. Try to better understand the buying organization’s processes, procedures and track record/form in respect of supplier contracts and ‘legals’.

2. Anticipate in advance the issues that are likely to arise.

3. Include delays and associated problems in respect of ‘legals’ as a key risk in sales-forecasting, as well as in project-planning.

4. Involve legal on both sides earlier.

5. Where possible, simplify all legal and contractual documentation, including the use of standard contract terms, or templates that have been approved by professional bodies etc.

‘Include legals are a key risk in sales forecasting.’
**Competition:** Sparring With The Wrong Partners?

Sellers frequently complain that they get thrown into the ring in an unfair contest with suppliers from different weight categories. Take for example when a buyer wants the service and expertise provided by a big specialized legal firm, while expecting the day rates of the small generalist legal practice. **Educating buyers** as to the competitor weight (or more specifically product category) category you should be in is key.

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**Implementation:** Ready For The Next Round?

A supplier who is licking his/her wounds from the sale may be lacking in enthusiasm, commitment or loyalty for the delivery. The buyer’s victory may be short-lived if it comes at the expense of either the buyer-seller relationship or the viability of the project for the seller. All of this can leave the project dangling by a thread.

Furthermore, if the supplier has been beaten-up to get the sale, then there is a good chance of more bruises coming during delivery and implementation.

“Educating buyers as to the weight category we should be in is key.”
Without doubt, the risks of being beaten-up are greatest at the project start. Take, for instance, the following scenarios, which centre around the issue of access to the people that are required to make things happen during the project’s early stages:

- The supplier discovers that one of the senior managers in the buying organization is going to be on holidays for a fortnight during the project kickoff phase; or that another project is taking place.
- Suddenly there is talk of an impending merger or acquisition. This suddenly diverts focus, with uncertainty as to the role of the project in a post-merger organisation.

It quickly becomes clear that ‘things are not what they seem’, as some of the basic premises upon which the supplier’s solution was defined now appear to be at odds with the reality on the ground. After all, it is only when project delivery commences that there can be a full appreciation of the cultural, political, process and other issues that may impinge on project success.

A bruising at delivery stage can also occur if the buyer reneges on commitments made in the quid pro quo of negotiation, for example:

- “We will carry those costs…”
- “We will provide that manpower…”
- “We will undertake the testing/integration…”
- “We will provide the administration or the marketing support/materials…”

“It quickly becomes clear that things are not what they seem…”
Are You Getting Beaten-Up Unnecessarily?

In the words of one sales manager we spoke to: “Salespeople must realize that, as far as most buyers are concerned; ‘the gloves are off’. It is a tough marketplace, and we need to become hardened to it – there’s no point in licking your wounds, or crying foul play.”

“Buyers don’t treat salespeople with kid gloves any more, that’s for sure”, said another manager. “That’s why being seen as an expert, rather than a salesperson, is important if you want to be treated with the respect of a peer or equal.”

The point made by many is that sellers are frequently allowing themselves to be beaten-up because of a lack of preparation, or a mismatch of expectations. In particular, they are exposed when they show a lack of understanding of the rules of the game – and specifically those of the buying process.

Sellers often complain of gruelling buying processes, as ever-lengthening sales cycles mean they must be willing to ‘go one more round’. They may also give out about buyers who change the rules along the way, or simply make them up as they go.

“...can we as salespeople justifiably complain about the buying process?”
As another battle-weary supplier we spoke to pointed out: “The buying process has been designed to put the buyer to the test, to pit one supplier against another and to wear the seller down. It can be a long-drawn-out, often gruelling process, with lots of false-starts and setbacks.”

The question is whether we as salespeople can justifiably complain about the buying process – given that it is simply a competitive reality. Isn’t it more important to address the manner in which we respond to it?

**There Is No Point ‘Crying Foul Play’!**

“I often hear sellers crying foul play”, explained another sales consultant we spoke to, “but whenever I hear a salesperson complain about either being lied to by the buyer, kept in the dark or taken advantage of, I immediately figure that they themselves must be at fault. That is, they have generally failed to adequately understand the buying process, read the situation or spot the early warning signs”, he concluded.
The advice for sellers, then, seems to be to ‘go in with their eyes wide open’ – or, more specifically, to:

- Continually pre-qualify opportunities, and to forecast them more realistically
- Understand the buying process and what it will demand of them
- Fully understand the buying logic (or business case), as well as the complexities of the buying team
- Expect surprises – the buying process that has been set out is likely to flux and change
To conclude, if sellers are to avoid being beaten-up, then for each opportunity or bid they must understand exactly what is involved, as well as how long it is likely to take and what the key stages/decision-making criteria are.

It is only based on a better understanding of the buying decision that the seller can confidently get into the ring with a buyer, or decide to sit it out if they cannot win.

**About The Author**

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