How to build better negotiations with your clients

Here is the scenario – a client has called you for a review of your service to negotiate a revised fee for the next three years. The client has opened the meeting by stating that although they were generally happy with the relationship they wanted to change the project manager and negotiate a discount of 15% for next year's fees.

You have two ways of responding – co-operative discussion or competitive challenge.

Unfortunately you choose the latter. You feel confident about the work you have performed to date and the quality of the project manager and don't see why they should want to change or indeed why they should get a 15% discount despite spending more than £100,000 per annum annually.

After an hour and a half of mud slinging, the client advises you that not only are they going to cancel the existing project they will cease working with you for the foreseeable future. What has gone wrong???

This hypothetical scenario demonstrates what can happen when we assume we know where the other party is coming from.

What you don't know is that your client is about to undergo a major restructure, downscaling its existing business and acquiring a new business in a related industry. The managing director simply wanted a new project manager who had a deeper understanding of the new industry segment the client was buying into and the discounted fees were to reflect the significantly smaller business in the short term.

The harsh reality is that sustaining a healthy client relationship is an ongoing exercise that requires hard work. How often have we celebrated winning a large tender thinking that the relationship is 'in the bag', believing that as long as we deliver the technical content the client will be happy and we'll get more work. Consultants cannot rely on technical (subject matter) expertise alone to manage the ups and downs of a relationship.

Consultants who adopt a consistent and systematic approach to building and sustaining a client relationship will build more resilient client partnerships which will overcome turbulence and survive through the difficult times.

So how can consultants build and maintain these effective client relationships:

- **Focus on process** – avoid getting bogged down in the technical detail – your subject matter expert can handle that. Focus on the process by asking "What is really happening here?" "What are these clients really saying?" "What are their real, underlying needs?"
- **Influence behind the scenes** – research suggests that up to 80% of the outcome in any formal negotiation is determined prior to the actual face-to-face meeting, so use the time leading up to any meeting or planned interaction wisely. Get the facts, safely test the likely positions with client representatives (maybe colleague or direct report of your major client contact) and work through the optional scenarios of each other's desired outcomes.
- **Find common ground** – no matter how difficult relationships become, there is always some common ground on which to build a solid foundation. Look for common ground at every client interaction. The more common ground you can establish, personally and professionally, the more resilient the relationship will be. Keep asking yourself "What do we both want?"
- **Uncover the real needs of the other party** -- expert negotiators distinguish themselves by exposing the true or underlying needs of the other party early in any relationship, allowing a more open discussion of the issues and, ultimately, a better outcome. Ask open-ended questions to elicit deeper responses from the client. By continually asking questions rather than making statements, you will learn even the most hidden of agendas of disgruntled or even happy clients.
- **Manage your style** - in our example we had two choices of style to respond to the client's issues - co-operative or competitive. The problem was we chose our default or emotional reactionary style -- to get angry and defensive. But the skilful professional recognises that a negotiating style is very powerful when you can adapt to the situation. Some situations require you to "act" in a contrary style to your personality - for instance, naturally co-operative consultants may have to become more competitive to assert their authority, for better results. So be aware of your style of negotiating and be prepared to flex your style muscles to suit the climate of the relationship.
- **Have a plan** -- how often do professionals plan and write down their approach to managing interactions with clients? Our evidence suggests rarely. Every negotiation of any timeframe, from three minutes to three years, goes through systematic phases of introduction, differentiation, integration and settlement. Once you understand the timeline of any negotiation you will become a skilful negotiator in defining the action and asserting your position more accurately.

Expert client relationship managers know and understand that managing expectations is a daily ongoing skill and that every interaction with clients is an opportunity to positively influence clients' perceptions about your value as a trusted adviser.

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