

What is Fair? "From Tug-of-War to Problem Resolution"

Written By Rob Scanlon - Sales Scientist



Does it make sense for you to read this?

If you or your sales-team...

- Never have to negotiate the price...
- Never have to justify why customers have to pay for additional services...
- Never have to justify why customers have to pay for add-on modules...

Then it probably would make more sense to peruse the pile of unread magazines or books sitting under your desk rather than read this short paper.

If you find yourself...

- Negotiating the price for an add-on item or service...
- Defending why an item should be paid for by the customer/client when the customer thinks it should be included in what has already been purchased...

Then the few minutes spent reading this short paper might make sense.

“But it should be included!”

Your sales-team has made the sale.

Congratulations.

You think the negotiations are over.

The customer or client, on the other hand, has a few post-sale pricing surprises for you.

The scenario might look like this:

The client is beginning implementation. In the process of implementation it is discovered that additional services and additional products are required.

A meeting to ‘discuss’ the problem is scheduled. You know the client will ask for the products and services at “no charge because it is part of the original purchase”. From their point of view “it should be included”.

Your company’s view is certainly different. Although perhaps your sales-team was not perfect in setting expectations, it is clear to you that the client has expanded the scope and therefore they should pay.

How can we make the discussion with the client less contentious?

How can we protect our company from giving away products and services?

How do we maintain high customer satisfaction?

Let's start with the typical or traditional approach to this problem:

First, the client explains, complains, or rants about the additional expense and misleading expectations.

Then we explain or defend our expectation setting and our company policy.

What follows is predictable.

- Challenges are made to both positions.
- Emotions run high.
- Trust is low.
- The client feels misled.
- The sales-team feels that they have been put in negotiation double-jeopardy.
- Fairness is questioned.
- Intent is questioned.
- Competency is questioned.
- The purchase decision is questioned.
- The honeymoon is over.

Even if the sales-team escapes with some payment for the products or the services, it is unlikely that customer is going to be happy with their purchase decision and the service of the company.

There is no magic potion or panacea to solve these problems, but the following framework might be helpful in minimizing the financial and customer-satisfaction damage.

1. Quick Calibration of Culpability
2. Start the Discussion with 'Heart of the Matter' Questions
3. Invite them to Express their View
4. Pose the "What would be fair?" question
5. Evaluate their intent
6. Gain Agreement on Scope Change
7. Delay if Necessary
8. Propose another Solution

1. Quick Calibration of Culpability

Your Part

Put yourself in their shoes and ask yourself, “What percentage of this problem was caused by our team inappropriately setting expectations?”



0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Their Part

Ask yourself, “What percentage of this problem was caused by the client changing the scope of the effort?”



0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

If your sales-team is the essential cause of the problem, our view would be that you stop right here and take ownership and responsibility for the problem.

If however, the problem is mostly caused by the customer expanding the scope, then the next steps might be helpful.

2. Start the Discussion with ‘Heart of the Matter’ Questions

Start the discussion with the following opening:

“In preparing for our discussion, I thought you might have the following questions...

- How important is your satisfaction to us?
- What are we going to do to resolve this situation?

Are these some of your questions?

Do you have any others?

Let’s take about X time and address these questions.”

Now briefly address the two questions...

“Your satisfaction is very important to us.”

(Next step)

3. Invite Them to Express Their View

“To that end I think that before we discuss a solution, it would be appropriate to get your ‘take’ on the situation.”

(Wait & non-verbally invite them to share their perspective.)

- View their venting as a balloon.
- Let the air out slowly and make sure they feel heard.
- Listen while they vent.
- Let them vent until the air is out of the balloon.
- When the emotion has subsided it is appropriate to take the next step.

4. Pose the following question, **“What do you think is fair?”**

You might be asking yourself the following questions about this approach:

“Why should I leave myself open and vulnerable like this?”

“Why should I ask this question - **“What do you think is fair?”** - before I have expressed my position.

These are appropriate questions. Let's address them.

The question **“What do you think is fair?”** does not make you more vulnerable.

You are making no offers or commitments.

You are however ...

Showing positive intent

Disarming their defensiveness

Providing an opportunity for you to discern their intent – fairness or exploitation

Two good reasons to ask the question - **“What do you think is fair?”** before you state your position are...

- You might never have to explain your position.
- Your negotiating position is strengthened by knowing more about their position than they know about your position.

Another significant impact of posing this question so early is its potential to change the tone of the discussion.

As problem solvers for the sales-team, our agenda is to resolve the problem and move on to other selling activities.

Yet customers in these situations usually have more than one agenda item. They want to resolve...

- The Practical Issue at hand
- The Question of how much – if at all – they can Trust your company

The customer will not be satisfied with a practical solution unless they feel they can trust your intent.

From the customer's point of view, the advent of problem itself brings your 'intent' into question. When customers have doubts about your intent they feel manipulated. Simply posing the question **“What do you think is fair?”** sends following messages:

- We are not trying to manipulate.
- Our intent is to be fair.
- Our intent is to understand the customer's point of view.
- We listen to our customers rather than just defend our position.

Actions always speak louder than words.

The action of asking for their view of about what is fair, speaks much more powerfully than any statements made pointing out how you have been fair with them up to this point.

5. Evaluate The Customer's Intent

Perhaps the most important benefit of asking this question “**What do you think is fair?**” is that it helps uncover the customer’s intent.

- Does the customer want to be fair?
- Does the customer want to exploit the situation?
- Does the customer simply want a ‘pound of flesh’?

6. Gain Agreement on Scope Change

Many times the fairness question will bring quick resolution.
But what if it does not bring resolution?

You have already done a Calibration of Culpability and determined that the problem was mostly caused by the customer Changing the Scope.

Establish a vocabulary for the problem.

Give the problem a label.

Identify the customer’s changing of the ground rules as scope change.

This establishing of a label can work like this:

“It was our understanding that you wanted the following:

- Item #1
- Item #2

Then after we agreed upon the investments, you added Item #3.

We are happy to provide Item #3 for you, but this is outside the scope of the original agreement.

Scope Change requires additional resources and therefore additional funding.”

7. Delay if necessary

Delay your response or decision if you don't gain agreement and believe the reason is that the customer is not interested in fairness but wants to exploit the situation for a discount or extract a 'pound of flesh'.

Take a time-out from the discussion.

“Well, we clearly understand your preference. We will need to think about it.”

8. Propose another Solution

It is important to determine how much of a customer's resistance is motivated by ...

Fairness - Their view of fairness

Exploitation - Their desire to exploit the situation

Once you determine the basis of their resistance, you can calibrate your offer.

Some organizations will yield on some of the costs, when the customer wants to be fair but has a different point of view about what is fair.

Some organizations will not yield when customers are simply trying to exploit the situation. To quote a company president who once harshly stated, “We do not negotiate with terrorists.”

Summary

If you are in a situation where the scope has changed and the customer wants additional product or service for free, consider these steps:

- Quick Calibration of Culpability
- Start the Discussion with “Heart of the Matter” Questions
- Invite them to Express their View
- Pose the “What would be fair?” question
- Evaluate their intent
- Gain Agreement on Scope Change
- Delay if Necessary
- Propose another Solution

