

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA

PGDM (M)

SIXTH TRIMESTER (Batch 2017-19)

END TERM EXAMINATIONS, MARCH 2019

Set-I

Course Name	SALES NEGOTIATION	Course Code	MKTM606
Max. Time	2 hours	Max. Marks	40 MM

INSTRUCTIONS: Attempt all the questions.

Q. 1 Tech Solutions and Bartlett & Associate: This case involves a salesperson representing the institutional sales division of Tech Solutions, a leading reseller of technology hardware and software and Gage Waits, Director of Technology for Bartlett & Associates, a prominent, Dallas-based law firm specializing in corporate litigation. Bartlett & Associates is preparing to move to larger facilities and want to update their computer technology in the new facilities. Chicago-based Tech Solutions has established itself as a major competitor in the technology marketplace specializing in value added systems solutions for business institutions and government entities nationwide. This past year, Tech Solutions has added sales and distribution centers in Burlington, New York, Los Angeles, California, and Dallas, Texas.

Current Situation: As an integral part of their move to new and larger facilities, Bartlett & Associates want to replace their computers and information technology systems including laptop/desktop combinations for each of their 21 attorneys, desktop systems for their 10 staff members, along with archive and e-mail servers. Tech Solutions specializes in this type of systems selling and uses their network of hardware and software providers in combination with their own in-house engineering, programming, and systems group to consistently provide higher value solutions than the competition. In preparation for an initial meeting with Gage Waits, the Tech Solutions sales representative is outlining his/her information needs and developing a draft set of needs discovery questions. These needs discovery questions will be the focus of the meeting with Gage Waits and enable Tech Solutions to better identify and confirm the actual needs, desires, and expectations of Bartlett & Associates in relation to new and expanded computer and information technology capabilities.

Following the ADAPT methodology for needs discovery questioning, develop a series of salesperson questions and anticipated buyer responses that might apply to this selling situation.

10 marks

Q2. Our client was a team negotiating with a worldwide travel agency. The team had done a benchmark study for the customer account, which showed that their transaction processing solution was 35% faster than the competing solution being considered by the customer.

In the negotiations, the sales team thought that this "35% faster" benchmark was self-explanatory. Plus, the benchmark was done in cooperation with customer personnel. Our client wanted a price of \$1.5 million to license this solution. It was the beginning of December, and the customer countered with \$250,000.

The usual tendency in these situations, especially with the end-of-year pressure for the seller, would be to try to move much closer to the customer's position. That means reducing price to get whatever revenue possible before year-end.

However, we advised our client that it would be foolish to reduce price so long as the value to the customer merits the higher price. Instead, we asked the sales team to quantify the value. They did.

To this travel agency, revenue is value. Based on their knowledge of additional revenue to be gained through the 35% performance improvement, a \$2 million price was justified. This would provide a solid annual return on the customer investment (ROI).

So the team went back to their customer with a business case and a \$2 million price. That's right, we advised our client to show the customer a price of \$2 million and apologize for the mistake of putting a \$1.5 million price on the table earlier. The evidence of value was highly credible and the customer quickly understood that the original \$1.5 million price was more than fair.

After the customer's vehement protest, our team said they would honor the earlier \$1.5 million offer, but that offer would be off the table after December 31. The deal got done for \$1.5 million before December 31. And the customer felt great paying "only" \$1.5 million. All because of a credible value case that the sales team articulated to the customer.

Based on the case above explain the four potential Negotiation outcomes:

1. Seller wins/buyer loses
2. Seller loses/Buyer wins
3. Seller loses/ Buyer loses
4. Seller wins/Buyer wins

10 marks

Q3. Sonia recently returned from a two week training session that focused on how to handle sales resistance and how to earn commitment. Sonia has become quite familiar with the ADAPT questioning system and knows she must use assessment questions to allow the buyer to describe their present situation. She has also developed a pretty good set of discovery questions that helps her identify the buyer's pain and problems. Her challenge has been what to do with this information. Whenever Sonia attempts to use features and benefits to make her case, she encounters a myriad of objections. Sonia knows she has great products and service, but she has not been able to communicate this effectively to her prospects.

The objection she hears most often is: "I've never heard of your company, how long have you been in business?" If that is not bad enough, she heard the following objections in just one morning:

- "I'm not sure I am ready to buy at this time, I'll need to think it over."
- "Your company is pretty new; how do I know you'll be around to take care of me in the future?"
- "Your price is a little higher than I thought it would be."
- "Your company was recently in the news. Are you having problems?" and finally,
- "I think your company is too small to meet our needs."

Sonia hears most of these objections right after she attempts to earn a commitment. She is sitting at her desk trying to figure out what to do next and she is not exactly sure how to proceed.

List and explain the earning commitment techniques that secure commitment and closing during sales negotiation. What technique should Sonia use, to handle the challenges she faces?

10 marks

Q.4. Shalini is negotiating with a large iced tea company who has been hunting for bulk tea suppliers from Assam and Darjeeling for large quantities of blended teas. She knows that a successful negotiation requires the two parties to come together and hammer out an agreement that is acceptable to both. What are the six essential rules of a sales negotiation discussed in the class that Shalini should keep in mind?

10 marks

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