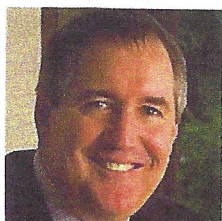


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# The Value Proposition for Building Negotiation Competence and Capacity

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## 1. Negotiations contribute to Brand Equity

Your organisation, like most others, expends significant resources on building a brand that holds out certain promises to existing and potential customers. For organisations whose products are grounded in intellectual capacity (such as software companies) or whose services are based on knowledge and relationships (such as banks and insurance companies) the brand may form a significant portion of the company's market capitalization. Measures to promote and protect your brand are therefore crucial.

There is, however, a significant path to travel between the promise of the brand and the real, sustainable brand equity which flows from customers' experiences when interacting with your company and staff. You may be asking what this has to do with negotiating.

Given that your organisation exists in order to sell a product or service (and even non-profits or charities have to "sell" the idea of your donation being more valuable to you than some other use of your money) it is fair to say that in the course of these transactions, negotiations will ensue. These negotiations will cover a multiplicity of topics such as prices, quantities,

discounts, durations, shelf-facings, delivery and so on.

The customer's experience of these negotiations with your staff contributes to their experience of your brand. It influences their propensity to do more business with you, their loyalty and perhaps most importantly their willingness to be an ambassador for your brand and to recommend it to others.

It is therefore clear that negotiating is an important "moment of truth" for your customers and the more competent your people are at negotiating the better the impact on one of your most enduring assets – your brand.

## 2. Good negotiating minimises the perils of commoditization

It is not alarmist to state that in the connected global economy commoditization cycles are becoming almost instantaneous. Global, real-time networks enable the flow of information in such a way that today's differentiated products or services can be copied and improved upon by your competitor tomorrow. Competing on the intrinsic features of your product or service is just not sustainable and is one of the reasons why your brand becomes so important (see 1 above).

Apart from branding there are other things you can do to rise above the competition. One of the bases for overcoming the price pressure associated with commoditization is to go beyond merely building rock-solid relationships and to establish your company as a trusted adviser to your customer.

Negotiating has an important role to play in cementing this trust. Good negotiators know that it's not just about getting as much as they can on their terms. It's about arriving at a mutually beneficial position based on understanding and acknowledging each party's needs.

Negotiating is a process (often prolonged) during which your customer gets many opportunities to assess your merits and trustworthiness. It therefore provides an excellent mechanism for deepening relationships and building a sense of shared ownership of the outcome that makes it very difficult for a price-based commodity supplier to usurp you.

To your fruitful future based on excellence in negotiating.

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