

Top Six Negotiation Tips

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Exactly what does the term “negotiation” mean?

Wikipedia defines negotiation as “a dialog between two or more people or parties, intended to reach an understanding, resolve point of difference, or gain advantage in outcome of dialogue; to produce an agreement upon courses of action, to bargain for individual or collective advantage, to craft outcomes to satisfy various interests of two person/parties involved in negotiation process. It is a process by which each party involved in negotiating tries to gain an advantage for themselves by the end of the process. Negotiation is intended to aim at compromise.”

Take a look at the roles that we play in negotiating and determine which side we play in the process. One thing to look at is the differences in our negotiations over the same issue, in order to receive almost the same result.

PHYSICIAN EMPLOYER/PROVIDER

This is the negotiation process used when we hire employees. The same position in our office may not have identical compensation to other employees, as the experience levels may be different. Yet, the position is still the same. We may even be willing to pay a little more for a new employee if we feel that it will be worth it in the end.

We negotiate to accommodate—for all parties involved, or else you will be back to the negotiation table sooner than you expected.

PHYSICIAN BUYER

We can never run our practices without making purchases. From the moment we open our doors, we have to be ready for business. That requires a location, utilities, office and medical supplies, office and medical equipment, fixtures, technology, and most important of all, a staff.

Now that you are ready to open, how did you get everything in place? Some form of negotiations had to take place and, if not, then we have a more serious problem that we ever knew existed.

Negotiating is not a game of winners and losers. The win-win I wrote about earlier is the number 1 end result that we all seek. We need to find a solution in which both parties “win.” We are not in a contest that must be won. An even scorecard guarantees a winner on both sides. The true value of what we are negotiating for is what someone is willing to pay for it and what the other party is willing to sell it for. We give discounts all the time in our practices for various reasons.

This can be to move expiring product or to meet the local competition. There are very few places and very few situations where you can't negotiate. Always maintain control (physical and emotional) during the process, as either party will recognize weakness. When that happens, your strength will diminish.



This is where the best poker players have an advantage on their competition because they sense the weaknesses of others and capitalize on it.

EXERCISE THE RIGHT TO NEGOTIATE

Chances are you've worked very hard for your money. It's your right to ask for a better price, more benefits, a free warranty, or a 20% first-time-customer discount. Your business is extremely valuable. And most vendors want you to negotiate. They would love to give a quick 10% to 20% discount if it means retaining you as a customer. Most pay far more than that on average to get a new customer. Show them your value, and exercise your right to negotiate.

Benefits of proper negotiation

1. Win-win for both parties involved;
2. Employee stability;
3. Repeat business due to trust;
4. Referrals from patients and vendors;
5. Reputation management in the industry; and
6. Focusing on the issues and not the personalities.

THE SIX BEST NEGOTIATING TIPS

1 Understand the Person's Needs and Objectives

We are trying to find a solution acceptable to both parties and to understand the other side's needs and objectives. They need to understand our issues, too. How would we ever meet a patient's expectations if we never knew what they were?

How many times did you think that you did a great job with great results, only to find that the patient came back unhappy? Upon further questioning, you find out that the procedure that you performed was not what they really wanted corrected, and that they were more concerned about something else. How could you have misunderstood what their expectations were?

Upon the completion of the consultation and negotiation process, summarize the event and put it in writing to avoid any misunderstanding on either part. After all, we treat hundreds of patients each week, and there is no way that we can remember what we said to every patient.

Concentrate on the patient's needs and expectations beforehand, not afterward. There's always time to do it right the second time.

With vendors, they must understand our needs and objections. Our need is to purchase, and theirs is to sell. We need supplies, equipment, and services to operate our business. In order to consistently maintain profitability, we need to keep our prices in line. This includes the daily supplies we use for patients, capital equipment to perform procedures, as well as services in our offices (housekeeping, maintenance contracts, biomedical, and rent). Don't be afraid to negotiate for all of these things.

Pitfalls of improper negotiation

1. Can be one-sided or both parties lose;
2. Heavy employee turnover;
3. No repeat business;
4. No current or future referrals;
5. Poor reputation management

in the industry; and

1. Focusing on personalities, not the issues.

Excessive costs over time significantly reduce profitability.

Pricing is not the same for every practice. Various conditions go into price differences. These may include vendor selection, demographics, quantity purchases, special deals and promotions, cash versus credit card payment, financing terms, delivery, and fuel surcharges. Many of these can be negotiated and absorbed by the vendors, most of which work on commission.

You need your patients more than they need you. The vendors need you more than you need them. Another practice is right around the corner for our prospective and current patient. There is also another vendor you can go to. This only proves our point that negotiation skills work on both sides of the equation.

We also need to understand the patient and vendor perspective on how they feel the negotiation process is going. You may be totally unaware of the fears and/or concerns exhibited from the other party.

On the patient side, the concerns (compelling event) might be pain or finances. We can possibly solve both at once if we knew what they were ahead of time, and that takes due diligence and planning—which we will touch on later.

We are able to address the pain issue with various levels of anesthesia, and on the financial side we may be able to offer various levels of discounts or financing.

A vendor must be able to meet your expectations, as well. You also have fears and objections. Your fears may consist of cost, revenue generation, and maintenance. Again, the vendor may be able to assist in some very aggressive or free (possibly in-house) financing, additional maintenance at discounted or no extra cost, and extensive marketing in order to assist you in generating enough revenue to be able to afford the product(s).

2 Don't Ever be Afraid to Ask Questions and Insist on Answers

Once the negotiation process is over, it's too late to ask for what you may have been able to negotiate before the sale. Our patients have no trouble letting us know that they can't afford certain procedures and that they want a better deal, so why can't we? Remember, the worst that anyone can say is no.

For what should you ask? As we mentioned before, the following few common items can be negotiated prior to each and every sale/purchase:

Why you should always test drive medical devices/equipment

1. Patients may not tolerate the procedure well;
2. You may not be comfortable with the hand or foot piece;
3. The results were not as expected;
4. The patient type may be limited;

5. The equipment may be too new on the market and has uncorrected faults;
 6. You want to compare it to another piece of equipment that you are considering; and
 7. You may find additional concerns that were not expressed to you prior to the sale.
- a. Better pricing and financing terms, including in-house financing for free. This can be accomplished by asking for short-term equal installments so that the debt is paid off quickly. Don't take no for an answer on the first round of negotiations. Many vendors offer 90-day extended financing for free.
 - b. Additional training, safety equipment, and consumables (tips, cryogen, eye shields, laser goggles, personal and online training, etc).
 - c. Additional warranty on equipment. You are usually given 1 year included in the contract. You will never be offered an extended warranty at a discounted rate or for free unless you ask for it. Capital sales vendors earn additional commissions on each item that they sell, and warranties are no different.
 - d. Marketing materials should be included in the deal so that you have enough to carry you forward from the very beginning.
 - e. Loaner equipment is a major item that needs to be addressed. Would you normally buy a brand-new suit without ever trying it out for size? I don't think so. There are too many variables that can go wrong for you to even consider such a foolish move. It isn't much different from buying a car without test driving it. You have to make sure that you are totally comfortable with your purchase.

Do not rely solely on a salesperson's word to decide on a purchase.

3 Prepare/Compare

Preparing, also known as due diligence, requires a lot of energy and commitment. To paraphrase an old cliché, the three most important things about a negotiation are preparation, preparation, and preparation.

Proper preparation certainly allows us to understand if the process is worth pursuing or continuing. We might find out early that we need to conclude the process or move quickly to finalize it, because of rights of exclusivity, demographics, upgraded versions, or discontinued models.

Today's patients and vendors are more educated than ever due to the availability of solid information from the Internet. You can get so many varying opinions (positive and negative) from online research.

From our patients' points of view, they already know something about a procedure prior to calling your office, so having an ill-trained staff is a distinct negative. The inquiring patient, therefore, grows a little uneasy as you and your staff are expected to be the experts about the procedures.

Proper training is a major factor in a solid negotiation because we can all seem like the experts that we are when we all say the same thing to a patient.

When dealing with a vendor, the more that we know about what we are researching helps us sort out the unnecessary dialogue that usually takes place. Did the vendor prepare their dialogue for us, or are they spouting out what they tell each and every other physician's office?

If the vendor doesn't understand your business, and fails to meet your expectations in the preliminary sales process, then you have an advantage going forward. Since there are more vendors trying to sell than there are practices



willing to buy, remember that they need you more than you need them. This holds true seeing how there are so many brands of supplies and equipment that can satisfy your needs.

The alternatives may not always be so positive, as we can end up purchasing our second choice instead of our first.

Make sure that you don't dismiss the sales process based on stubbornness alone, because we don't have to be married to our vendors. We do, however, have to be married to the equipment that we purchase. How many times have we made that mistake only to say that it will never happen again—until the next time?

You aren't foolish enough to think that your patients haven't been to other physician's offices, or know your competitors' pricing. The more that you know about your competition allows you to be a better negotiator when you are told inconsistent stories by your patients.

On the flip side of that, the more that you know about competitive supplies and equipment makes you much more powerful in the negotiation process with vendors. If you are able to show that you have enough knowledge about the competition, it puts you in a much stronger position. You do not have to be so eager to buy. It also puts the vendors in a different mind frame because they may feel that they have to be more aggressive in order to seal the deal.

4 Understand the Authority Levels and Limitations



How many times have you gone through a myriad of options and alternatives during a consult, and you thought that you had the upper hand? At the end of your consultation, you ask for the deal only to find out that the patient has to check with another party (husband, wife, mother, sister, etc).

Why didn't you know this up front? Did you ask prior to the conclusion of the consult? Did you even ask when they were considering having the procedure performed or how many other consults they've already had? You should know the level of authority held by the person with whom you are negotiating.

When negotiating with vendors, you don't have the time to waste when you need to be treating patients. Most salespeople are given a certain level of authority for discounting, financing, additional offerings, etc. Find this out early in the process to eliminate a lot of unnecessary wasted time. Cut to the chase, and insist on speaking with someone with ultimate authority to negotiate to your satisfaction.

As I mentioned earlier, salespeople are often paid by commission and/or bonuses on the gross sales that they create, and anything taken from that top line severely affects their compensation. You don't think that you will get the best price right up front? Now contrary to that, there may only be a certain level of negotiation that can be allowed at the highest level, so understand the limitations, as well.

According to Chester L. Karrass, PhD, a motivational guru, it doesn't matter if the other side understands your position as long as they have agreed with it. When negotiating with someone without authority, you need to be sure that person not only agrees with your position, but also understands the rationale behind it well enough to convince someone else of its merits. Try to deal with deal-makers, when possible.

Karrass also explains that you need to know your bottom line. It is critical to understand what you want beforehand. That way, you'll know it's time to stop.

I have seen many people continue negotiating beyond what they needed to, and as a result end up with nothing. Knowing your bottom line also prevents you from agreeing to something that would be unacceptable.

Establish a fall-back plan. Know your best alternative if you face an unsuccessful negotiation. Without a fall-back position, you are left with no alternative but to negotiate until a deal is reached, even if that agreement is unacceptable.

5 Insist That Everything Is in Writing

The worst thing that can happen is that the deal changes after you have verbally agreed. During the negotiation process, promises are made that may not be able to be effectuated. We never know that these issues will come up until they happen, and then it's too late. These types of issues can permanently destroy future relationships for the salesperson personally and the company that they represent.

Let's determine how this can happen in our practice. How many times have you quoted a price to a patient for a specific procedure and the patient relates a totally different scenario or treatment plan than the one that you reviewed with the patient? The number of treatments and the fee associated with them isn't even close or reasonable than the one that you quoted. If it was quoted in writing, with a copy to the patient and a copy in the patient's chart, the amount of ill feelings among everyone involved would be minimized.

This isn't anyone's fault. I have an age-old expression that says, "What I said is not what you heard." These words were spoken and heard by all of us, yet the interpretation may not have been identical. I can't tell you the number of times that this scenario has played out in both my personal and professional life. As I said earlier, summarize your agreement to ensure total understanding.

As movie producer Samuel Goldwyn once said, "An oral agreement isn't worth the paper it's written on."

When parties fail to live up to an agreement, written proof of the negotiators' intent is critical. First, it enables you to avoid "he said, she said" bickering, and it helps those in charge of resolving the dispute know what was intended.

Written agreements also are helpful if the original negotiators change jobs or aren't around anymore. The only time that verbal agreements are binding is in a poker game. Expressing your intent mandates the action, and is not revocable. Unfortunately, this doesn't matter in the real world. We will need written proof that the agreement was solidified by both or all parties involved.

In addition, having written proposals from competitive vendors plays an extremely important part in the process. You can always use another proposal to your advantage if more than one vendor offers the identical product or service for a significant difference in price. In common-day terms, it's called "keeping the other guy honest."

6 Don't be Afraid to Walk Away from the Deal

The final step in the process is very personal. After making every attempt to conclude the deal, you find that you have come to an impasse. All too often you can overnegotiate and end up with nothing. One of the leading faux pas that can happen in any negotiation process is to continue trying to sell even after you have gotten the sale. This happens when you want to keep impressing the end user. All of a sudden, an unknown factor comes into play and the buyer changes their mind. This can come from buyer's remorse or shell shock.

When a patient becomes so unwilling to accept the best deal that you can offer, you have to consider walking away from the deal. They may possibly have unrealistic expectations about the level of service that you can provide.

You are entitled to make a profit for the fruits of your labor, and such a patient may even be too hard to manage for the minimal profit that you will receive. Don't allow yourself to become bitter about accepting a deal that you feel was not to your satisfaction.

It is OK to just walk away and spend that energy on a better deal.

This works the same way when it comes time to negotiate on supplies, services, and equipment. You have a business to run and must be able to maintain certain margins by recouping your return on investment (ROI). If the deal does not pan out to be beneficial to you, or you feel that the vendor does not have your best interest at heart, it is all right to walk away.

CONCLUSION

There are many more tips for proper negotiating, and each and every scenario is different. Let your conscience and your gut guide you.

On The Web!

See also [“Is That the Best You Can Do?”](#) by Michael J. Sacopulos, in the June 2011 issue of *PSP*.



You are usually right when you listen to yourself. Don't be afraid to seek the advice of others in your industry who may have previous experience with certain vendors and patients.

It is within your limits to seek the advice of a consultant who can also negotiate the best deal for you. Let the consultant know what steps you have already taken and where you stand in the existing process. They will be able to eliminate some of the confusion and move in the right direction a little quicker.

Unfortunately, this has become a world of us against them. But a negotiation can be a rewarding experience when all parties leave the table feeling as if they all won. That's the ultimate and successful compromise.

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