



# Become a better *negotiator* for your bank

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When working with customers to forge the inevitable compromises required in business, the need to negotiate comes up and few tasks cause more concern to bankers. Perhaps a key client is threatening to take business to a cheaper competitor. What can be done? To negotiate as well as save the account, we must bear in mind the factors that affect a negotiation.

First, what is the level of trust the two parties have with one another? If a customer has a good relationship with you, and likes you and the bank, she will be more willing to negotiate than the new executive who wants to make a name for himself by "taking charge," or who wants to cut costs on any basis. Too often, self-serving interests can make a negotiation go sour.



Second, what are the hidden or unspoken concerns that have led to the discussion? Is a client's business suffering from poor sales or economic turmoil, for example, and is this perhaps behind that request for a fee reduction? Probing for the underlying causes of a customer's request can play a big part in coming to an acceptable resolution.

Third, can you as the negotiator keep in control of your emotions, stick to the issues, and remember that holding onto the relationship is a key part of coming to an acceptable conclusion?

The risk in a difficult negotiation is that you may be able to win the war, but harm the relationship which will ultimately make your customer more vulnerable to the competition.

In planning a negotiation, a series of steps must be undertaken. You must think in terms of both your bank's and client's needs. Your company can not accept a substantial cut in fees, for example, but it may be able to take some other kind of cut or it may be able to offer other bonuses that can provide an excellent added value to the customer.

Before you begin your negotiation, you and your management will have to come to agreement on goals and decide what is acceptable. This is step one.

In the second step, you must decide how flexible you can be. Does your company want to keep this customer at all costs? At what level of profitability can your company be happy with the relationship? If you meet the price without any cutback in service, you send the message that you are charging too much to begin with.

In step three, you must perform a market analysis. If all the banks in this market are providing the same set of services for, let's say, \$5,000 per month, and the upstart competitor will handle your customer for \$3,000 a month, this can be an issue for negotiation. Does your client really want to do business with someone who is charging so little? What is the level of service that they expect? The cheapest alternative is usually the worst alternative. The result could be that your bank management might not have to reduce fees at all.

In step four, you plan for the meeting itself. Planning involves considering how the negotiation impacts the relationship. This includes determining the right issues to negotiate; making sure you have all the information you need to understand your position and your customer's; and generating as many options as possible to create a win/win solution.

The end of the process, of course, is the meeting with the customer. The meeting must foster a collaborative, not hostile, environment that reinforces the relationship. The client needs to believe that your bank wants his business. If there are several points to negotiate, start with the one that will be easiest to resolve, so you can build upon each point. If you can resolve the first issue, each subsequent issue seems less difficult. You then move on to the options that will help resolve each issue. The more options the better. *You are in the weakest negotiating position when you have the fewest options.*

In your planning stage, you will have established a walk-away point. No method can guarantee success in a negotiation. If your customer has all of the leverage or is unwilling to negotiate in good faith, it may be impossible for you to negotiate an agreement that meets your bank's needs. Then, it is time to walk away. Optimally, you can leave with no change to the current situation. But, sometimes you have to walk away bearing in mind that banks aren't charities and can't afford to handle accounts at any cost.

Many bankers and business-people dread the negotiation process. But it is important to realize that a negotiation can also revitalize an old relationship. Sometimes, it's important for both parties to see the other point of view and to realize that really, the relationship was valuable to begin with and is worth maintaining and protecting. Then, negotiation plays the role of reaffirmation.