
Sales and Negotiations

Open Course Enrolment

Instructor: Adrian Stanciu (See last page for bio sketch)

1. **PREREQUISITES**

None

2. **REQUIRED TEXT AND READINGS**

This course, like all my courses, relies heavily on articles from leading business magazines. While not as comprehensive as a text book, articles are a condensed and up-to-date source of knowledge, more suited for an executive class. A complete list of readings will be offered via email, after the course.

3. **COURSE OBJECTIVES AND MAIN TOPICS**

This course will address the subject of building an effective sales organization. Like all my courses, it will be slightly philosophical in nature. By that I mean that we will discuss the systemic nature of things, the basic principles on which the subject stands and we will try to understand their practical application from this angle. Being philosophical does not mean being abstract or impractical, quite the opposite, but it does mean that I expect you to understand why things work the way they work, not just learn some best practices. Best practices are always the solutions of the past. While they are a good learning, they can only serve as examples and cases for discussion. Your success will NOT come from doing what others have done before you.

The subject of sales and sales management is extremely vast, one could have a whole MBA built around it. In order to fit it in the time allocated I had to make some choice decisions. Therefore, the first question that the course asks is what does sales mean. By answering this question, you will discover that we look into two distinct roles of a sales person or organization:

- a) providing an environment for a safe transaction of goods and
- b) influencing the buying decision of the customer in favor of the products or services that the supplier has to offer.

For the purpose of this course, I only concentrated on the second part of this definition. The course will **not** answer, therefore, questions related to establishing and managing sales operations in retail of standardized products and services. In such environment, the main concern is adequate coverage and efficient use of sales resources. While there are some key common principles in building such a sales operation, they can be easily derived and adapted from the principles covered by this course. On the other hand, in sales of standardized products in a retail environment, the main role in influencing the buying decision falls into marketing, therefore the most important and intellectually challenging work is the marketing work, including market segmentation, product design, territory planning, campaign management, trade and field marketing, brand engagement, etc.

This course will therefore answer subjects like:

- The concept of value and benefit
- The role of the sales person
- How buying decisions are made and how can they be influenced

- How to design a good sales process
- How is enterprise sales different from consumer sales
- How to design an enterprise sales model
- How to manage a sales team

and many others, of a similar nature.

The course will also touch on the subject of negotiations. While there is not enough space allocated for this subject and this is not actually a negotiations course, we will cover the key topics of:

- Rational versus irrational decisions in negotiations
- Distributive versus integrative negotiations
- Dividing the pie, a lesson from the Talmud
- Expanding the pie
- Preparing for a negotiation. BATNA and the ZOPA
- Integrative negotiations. Principles before positions

The specific objectives of the course are to:

- 1) Understand the roles of a sales organization and the value that such an organization can bring.
- 2) Understand how to use principles and notions from the science of influence and of change management to build positive power in a sales relationship.
- 3) Understand the key design principles of a good sales process and be able to manage your own and your team's sales. Learn about the sales productivity equation and how to improve your team's sales results.
- 4) Learn how to build a sales organization. Decide about the best coverage structure, types of channels, joint responsibilities.
- 5) Learn how to manage a sales team. Understand the role of the sales manager and how to better exercise it. Build and manage pay-for-performance systems.
- 6) Understand the principles of distributive versus integrative negotiations. Be able to deploy an effective negotiation strategy for both cases.
- 7) Learn from each other's experience in organizations through participation in teamwork, joint problem solving, exercises, and discussions in class.

4. META LEARNING OUTCOMES

The Meta-learning Outcomes defined in the MSM Romania core strategy and positioning will be covered during this course as follows:

<i>Meta-learning Outcome</i>	<i>Learning activities and events</i>
<i>Holistic Assessment HA</i>	<i>Link sales relationships to human relationships in general Use concepts from change management and cultural management courses to better understand the role of the sales organization. Be able to position different sales environments as particular examples of the general sales organization model.</i>
<i>Systemic and Strategic Thinking SST</i>	<i>Discuss the design of a sales organization starting from an analysis of the buying decision and the customer segment. Be able to design and manage the appropriate sales model for the type of product and market served.</i>
<i>Personal Responsibility PR</i>	<i>Personal commitment to the deliverables of the course and to participation during the sessions will be highly valued.</i>
<i>Teamwork and Cooperation TWC</i>	<i>The course requires a significant level of cooperation in order to achieve the group assignments and projects</i>

5. HOW THE CLASS SESSIONS WILL BE CONDUCTED

This course will be based on a combination of case studies, group exercises and class discussions. Case studies will be employed in order to facilitate appreciation and understanding of conceptual issues within a concrete and applied context. They will be used to spur debate and illustrate various ideas discussed in class or in the articles. Class debates and other exercises and presentations will be used to challenge your thinking and introduce you to the most current ideas in the field. Therefore, it is extremely important that you become actively involved and bring your own experiences to the class.

It is a fact of life that everybody sells. Some are better at it than others, but we all do it, all the time. Therefore, even if we are not necessarily all experts, we all have some experience with the subject. Please participate and share these experiences with us.

Appendix: Course outline

1. Fundamental sales concepts

- 1.1. What is sales?
 - 1.1.1. Definition. Influence the buying decision vs. Transaction to exchange goods
- 1.2. Breadth of a salesman
 - 1.2.1. Types of sales. Transactional. Consulting. Strategic
 - 1.2.2. Types of relationships
 - 1.2.3. Types of value
- 1.3. Value of a salesman
 - 1.3.1. The concept of value
 - 1.3.2. Value for the customer. Consultant.
 - 1.3.3. Value for the company. Change agent.
- 1.4. Customer benefits
- 1.5. The use of power in selling. How to build soft power.
 - 1.5.1. Building soft power through the principles of influence.
 - 1.5.2. Facilitative selling. Building soft power through managing the customer's change process.

2. Managing the buying decision

- 2.1. The decision-making process
 - 2.1.1. Decision cycle. Key steps. Indicators.
 - 2.1.2. The sales strategy. When do you approach, why?
 - 2.1.3. Building a pipeline. Key steps. Key indicators.
- 2.2. Enterprise sales
 - 2.2.1. The buying decision in an enterprise environment
 - 2.2.1.1. Value in the enterprise environment. Personal vs organizational benefits.
 - 2.2.1.2. Power structures.
 - 2.2.1.3. Decision making process. Formal vs informal.
 - 2.2.1.4. Decision-making unit.
 - 2.2.1.5. Dealing with the purchasing department.
 - 2.2.2. Complex sales models in the enterprise environment
 - 2.2.2.1. Hunting model
 - 2.2.2.2. Account management model. Strategic sales.

3. Managing a sales organization

- 3.1. Establishing a sales strategy
 - 3.1.1. Client segmentation
 - 3.1.2. Coverage model. Issues of cross-functional planning. Building the sales organization.
 - 3.1.3. Territory planning
 - 3.1.4. Channel model
- 3.2. Pipeline management.
 - 3.2.1. Models of pipeline.
 - 3.2.2. Ratio analysis.
 - 3.2.3. Sales productivity model. Boosting your sales numbers.

- 3.3. Running a shared pipeline
 - 3.3.1. Leads generation
 - 3.3.2. Leads facilitation
 - 3.3.3. Opportunity development
 - 3.3.4. Closing
 - 3.3.5. Farming vs hunting
- 3.4. Running sales channels
 - 3.4.1. Types of channel partners
 - 1.1.1.1. Distributors
 - 1.1.1.2. Agents
 - 1.1.1.3. Resellers
 - 1.1.1.4. Franchisees
 - 1.1.1.5. Value-added resellers
 - 1.1.1. Managing the channel relationship
 - 1.1.1.1. Joint business planning
 - 1.1.1.2. Joint sales strategy
 - 1.1.1.3. Joint marketing
 - 1.1.1.4. Joint account management
 - 1.1.2. Managing a sales team
 - 1.1.1.6. Role of the sales manager
 - 1.1.1.7. Building a performance target
 - 1.1.1.8. Building a pay-for-performance plan
 - 1.1.1.9. Removing obstacles
 - 1.1.2. Using IM to improve sales efficiency and effectiveness
 - 1.1.2.1. How to build a functional CRM system
 - 1. Common pitfalls to avoid

4. Effective negotiations

- 4.1. Everybody negotiates. What are negotiations? Why are they important?
- 4.2. Irrational biases in negotiations
 - 4.2.1. Endowment Effect
 - 4.2.2. Anchoring
 - 4.2.3. Framing
 - 4.2.4. Winning
 - 4.2.5. Fairness
- 4.3. Distributive vs. integrative negotiations
 - 1.1.1. Differences. When to use one or the other? Why?
 - 1.1.2. The principle of the divided cloth
 - 1.1.3. Anchoring and framing. Should you make the first move?
 - 1.1.4. Conflict resolution and your personal preferences
 - 1.1.5. Pressure tactics.
- 1.2. Integrative negotiations

- 1.2.1. The concept of interest-based negotiations
- 1.2.2. Win-win vs. acceptable compromise
- 1.2.3. The Harvard negotiation model

Appendix: Instructor biography

Adrian Stanciu started his business career in 1990 when he left his employment in a state organization to start his own company, called Arexim, together with a colleague, selling and servicing office equipment. They sold the company to Xerox, their main partner, in 1997, at a time when Arexim was the leading player in the office equipment market, with more than 200 employees.

Subsequently, Adrian went on to work for Xerox as sales director for one of the sales divisions of the corporation in CEE, for one year, and then as Managing Director of Xerox Romania for two years. In his role as a corporate officer in Xerox, Adrian was an active part in the turnaround effort that Xerox undertook in the late 90's in order to turn the company around from analog to digital technology.

In 2001 Adrian left the corporate world forever in order to turn to a longtime passion, teaching and consulting. He started Ascendis, a training company, together with a former colleague. He exited the training business by selling it to his partners in 2007, at a time when Ascendis was the largest and most successful training company in Romania. The company still exists today and is still the largest training company in the country.

In 2005 Adrian launched the Romanian franchise of Human Synergistics International, a consulting and research organization specialized on diagnosing and changing organizational culture and embarked on a journey of consulting in the subject of organizational change, particularly on cultural change. He subsequently launched similar operations in Hungary, Serbia and Bulgaria. In the years since, Adrian has been involved in more than 50 projects of organizational cultural assessment and transformation, in Romania and the neighboring countries. His customers include both large multinational organizations, such as Vodafone, Orange, Raiffeisen Bank, IBM, Xerox or large local entrepreneurs such as eMag (online retailer), Regina Maria (healthcare network) or Group Sapte (marketing agency).

In addition to his consulting work, Adrian is a founding partner of the Erudio foundation, an organization dedicated to bringing authenticity and expressivity to the field of leadership.

He is also a passionate teacher, currently a partner, associate dean and professor at the Bucharest International School of Management, which runs an Executive MBA program where Adrian teaches Leadership, Change and Cultural Diversity in addition to Sales and Negotiations.