

# Pricing Discounts: Saying NO the Right Way

*In this article, the author explores the pressures pricers and salespeople often face that lead to excessive discounting and customer concessions. Stephan Liozu ([www.stephanliozu.com](http://www.stephanliozu.com)) is Assistant Professor in Management in Strategy at Chatham University in Pittsburgh, PA. He is also the Founder of Value Innorruption Advisors and specializes in disruptive approaches in innovation, pricing and value management. He earned his PhD in Management from Case Western Reserve University, is a member of the PPS Board of Advisors, and can be reached at [sliozu@gmail.com](mailto:sliozu@gmail.com). This article originally appeared in Sales Mastery.*

For the longest time, I have taught and lectured about saying NO to price discount requests and special price concessions when they're not justified or necessary. From behind my desk or from a stage, it is far easier said than done. As a matter of fact, I was in sales many years and rarely said NO. I did use the usual tricks of asking for something in return: special requests, more volume, information, access to site, etc. It does not change the fact that saying NO to a customer face-to-face or on the phone is not easy. Today, when I attend pricing or sales conferences and hear consultants yell "just say NO," I realize there is much more involved behind

the NO. Sales reps are faced with a variety of fears, such as:

1. **Fear of rejection:** The fear of rejection is a powerful force. We don't like to be rejected, and as a result, we also fear being rejected by the buyer or the partner. Rejection challenges our self-esteem and confidence. It actually might trigger fears and anxiety developed during our childhood.
2. **Fear of uncertainty:** Business is about predicting and forecasting. We are comfortable in this environment. Saying NO creates an unstable situation in the business relationship. What will be the reaction? What will the buyer do next? Will they still buy from us next month?
3. **Fear of disappointing:** As human beings, we like to please and make people happy. When we say NO, we face a disappointed buyer or partner, which triggers a sense of guilt and empathy. So you hear statements such as "sorry to disappoint you..." or "I have done all I could do, sorry..."
4. **Fear of damaging the relationship:** Relationships are important in the buying process, especially if you are dealing with a relationship buyer. Hearing NO for the first time might be a real surprise to them. In fact, they might be shocked by your statement and might tell the sales representative that the relationship may never be the same again.
5. **Fear of losing business:** This is a more rational fear. Saying NO is a part of the negotiation process. Saying NO and walking away gracefully sends a clear signal to the buyer that you are willing to lose the business. Are you really? When the salesforce

is paid on volume, revenues or market share, it is hard to walk away!

**There are also internal contradictions within organizations that lead to the sales force pursuing deals and giving discounts that do not make sense. This is what call the tyranny of growth.**

Some firms and their leaders are extremely focused on growing top line at the cost of delivering profit numbers. These contradictions reflect high level misalignment between various functions within the organizations. In the front lines though, making the number is what counts, especially when variable income targets are clearly set to do so.

I have been working for myself now for the past 3 years. I'm enjoying the business development side of doing so. But I have to walk the talk. I recently declined an engagement request with a prestigious client that had asked me to conduct a one-day workshop. Despite several sessions of discussion by phone, I ultimately declined the opportunity to participate. I felt the disappointment and the real surprise on the phone. I had just said NO to a prestigious organization that swore I would get business out of speaking and doing a workshop for free. The bottom line is that I'm a pricing and value management thought leader. Doing things for free doesn't really make sense. But the experience of respectfully walking away was eye opening. The prospect of dealing with people's disappointment and the sense of guilt make it easy to accept and to say YES. Saying NO generates emotions from both sides. Dealing with the surprise and the silence on the phone is a powerful experience that requires empathy, self-esteem and courage.

During my numerous interactions with clients, I often say that the sales force rarely wakes up in the morning with

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an intense desire to discount. **When a firm has a discounting issue, it is most often that there is a bigger problem somewhere else in the business or that the sales force was not given the proper tools to do their negotiation and value selling work.**

In my opinion, it is the responsibility of marketing to deliver these value and pricing tools to the sales force so that they can reach sales effectiveness in the face of growing competition and pricing pressure. Marketing is the R&D of sales. These tools are the ones depicted in the cartoon below. These represent some of the myths that pricing and marketing people have about sales folks. In fact, you will be surprised about the misrepresentation of the sales profession. Other functions are quick in throwing the sales force under the bus!

With the emergence of technology, sales analytics, and value management concepts, there are new tools that can be designed and deployed to better prepare the sales force. In fact, my professional research shows a direct and positive relationship between preparation before negotiation and the sales force confidence in pricing.

**The better you prepare before a sales call or a tough negotiation, the greater the level of confidence that you'll have in sticking with list price and in not giving in discount requests.**

**So it is time for you to get the tools and skills to be able to say NO and/or to properly walk away from a negotiation situation:**

1. Become equipped with real-time sales data including timely and relevant pricing recommendations. There are analytical tools that will get you ready to face bluff situations or irrational buyer's requests.
2. Get educated on the value proposition of the offering that you are selling. That includes product and service features and benefits. That needs to touch on *true differentiation*

from competition so that you can quickly respond to buyers' misconceptions and tricks. That means that you need to know your competition better than they know themselves.

3. Be prepared to negotiate for value and to get to YES. Don't just go in ready to say NO. Seek training, coaching and empowerment to give you the self-esteem needed to respectfully walk away and maintain relationships. Be prepared to address pricing objections and practice your standard value responses.

large chunks of business are lost.

7. Celebrate the successes and the failures in negotiations. After walking away and maybe losing the business, take the opportunity to analyze how the outcome was reached. Debrief leadership on the process and celebrate taking a stand for profitability.
8. If your industry is very competitive and dynamic in nature, arrange with leadership a way to get quick responses to negotiation situations. Sales reps in the field cannot wait



4. Understand the rationale of why and when to say NO outside of the pricing guidelines. Use deal management and contract compliance data to support the decision.
5. Understand the difference between negotiating and walking away from a deal. Walking away requires skills to leave the door opened for future business and to maintain the relationship.
6. Work with leadership to gain the empowerment to say NO without hurting your compensation plan. Propose a way to make up for the lost income and support in the event

forever for answers. The first step is to maneuver within the pricing guidelines. Outside of the guidelines, create a system with leadership that provides quick analysis and feedback.

Saying NO is an emotional experience that is powerful, especially if you are a compassionate and caring individual. Today, learning how to say NO needs to draw from science as well as from art. I am still learning how and when to say NO. But now I am doing what I preach and doing so respectfully. Saying NO is not the end of the world and, if done right, can help preserve the value of you and your company.