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Both Sides Now: Vendors and Librarians--Can You Give Me a "Ballpark" Price of What This Will Cost?

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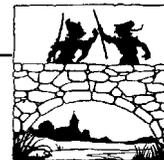
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Both Sides Now: Vendors and Librarians — Can You Give Me a “Ballpark” Price of What This Will Cost?

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At most weekly company sales meetings that are religiously held throughout the world, the sales manager speaks to all the salespeople to find out how they are faring in selling the company's latest and greatest. Each salesperson is called upon to relate their wins, losses, and expectations. Upon hearing good news about a sale made, congratulatory words of praise are given by the assembled group to the successful salesperson. When the inevitable tales of woe are also mentioned, the sales manager and the group will collectively offer their recommendations on how to finalize the pending deals in the ever popular pursuit of achieving the teams' sales goals for the month.

The conversation usually begins with the sales manager, who will probably say something like this:

“This month, we are a little behind in making our sales numbers, but the good news is that we still have a week to go before the 31st. So, to begin, Bob what's happening with the Amalgamated Dust deal? If we had that sale that you've forecasted to close already in-house, we would be over our goal this month. What's holding up their commitment to buy our latest database?”

“They are reluctant to spend the money,” Bob says.

Bob's answer is not one that any intelligent sales manager wants to hear. If the sales rep was doing their job, then the question of price should not be the sole reason for holding up the finalization of the sale. Price should not be the issue!

People buy goods and services based on value, need, and comfort. The reality is that if everyone bought just based on price, we all would be driving the least expensive cars, only wearing clothes that come from the bargain bin, and eating at the cheapest fast-food restaurants. Look around and you see people driving BMW's, Cadillac's, Benz's, etc. Stores all across America in locations like Michigan Avenue in Chicago and Madison Avenue in New York are filled with shoppers. And finally, have you recently tried to get a restaurant reservation at a popular eatery on a Saturday for that evening? No more reservations for tonight will be accepted; we are totally booked tonight!

One of the least expensive new cars to buy is a 2015 Nissan Versa, yet people buy automobiles that are 3X, 4X, and 5X more expensive than that one. If you drive your Versa and your neighbor drives his Porsche to get to the Starbucks at the local shopping center, you both will most likely arrive at the same time. It's value, comfort, and individual taste that determine which car you will drive. Price, while important, is only one of many determining factors in the buying decision.

In the consultative sales method, the salesperson is required to ask a series of questions to determine the needs of the customer AND ascertain what is in the budget associated with selling the product. Buying and selling information is not like going to the grocery store. There is a rhyme and a reason to the process. It's a unique process and vastly different from buying a new car from a car dealership or choosing the most ripe tomatoes at the supermarket.

Information professionals know that they must orchestrate the purchase of many products and services for the library. Inevitably, an army of vendors will show up at the library to sell their wares. To be well prepared for those vendors, the role of the person charged with buying goods and services is expected to research competing products, be in contact with the salespeople who represent those products, and based on a number of factors, decide what gets bought. But before any aspect of the aforementioned begins, the librarian needs to know what's in the budget. In other words, are funds available to buy the desired product, and if so, how much of that budget can be spent? Once the budget is known, then a serious discussion can take place. It's up to the salesperson to find out what funds, in fact are available for this purchase, and it's up to the librarian not to divulge the monies available until the process of buying is in its final stages.

One of my favorite phrases describing the negotiation for both sides is the statement of caution which says: “don't spill your candy in the lobby of the theater. You need to save that candy for watching the movie.” What this means is that until the information professional is fully satisfied with the bells and whistles of the product as described by the sales rep, then and only then should the topic of “what's in the budget?” even be contemplated and at that, not a specific number should be mentioned. This also applies to salespeople who offer discounts just to make the sale and by doing so, leave money on the table.

No sadder words have ever been spoken than when the librarian asks the salesperson too early in the process to give a ballpark estimate of what the contemplated product could possibly cost. The salesperson, sensing a possible quick order, blurts a price without knowing the budget and that is the quickest way to lose the deal. Unless both parties are clear as to the capabilities of the product and the buyer feels extremely confident that the product can do everything that is needed, then and only then can a discussion of price begin. It's not outside of the realm of possibility at this point in the negotiations to ask the salesperson to provide the library with a general price sheet prior to the next scheduled meeting.

“Bob, we're looking forward to seeing you next week so that we can see first-

hand that new database product that you've been touting,” the librarian says.

“Yes, we're very excited about this offering. I know it will fit in seamlessly into your sociological research collection,” Bob replies.

“Good, in advance of the meeting can you send me the price sheet associated with that database?” replies the librarian.

So what does Bob do? He has three choices as to a response:

1. He can say that there is no price sheet as yet associated with this new database.
2. He can say that he will bring one to the next meeting and will go over the price after both parties have determined that the product is appropriate for the library and there is a budget in place.
3. He can throw out a number and hope he hasn't blown the sale.

The incorrect answer is for Bob to throw out a price (#3). How can he offer even an idea of a price without knowing the budget? The first answer (#1) is also incorrect and probably not the truth because there always is a price sheet. Answer (#2) is the most appropriate.

Bob knows that his company has the right informational product for the library. The librarian agrees with Bob and knows that the budget is seemingly there, as well. What could possibly go wrong to prevent this sale?

The Salesperson

A good salesperson is trained in the fine art of listening. There are some sales reps that are not well trained to listen and think that a sales meeting is designed for them to talk incessantly. In actuality, a sales meeting is primarily designed for them to ask questions, let the prospect do the majority of talking, and most of all, listen. Those “sales rep non-listeners” are the same people who will immediately offer a discounted price if the prospect shows any inkling of an intent to buy.

When the sales rep offers a discount too early in the process, he is actually negotiating against himself. If the prospect does not mention a discount, why even bring it up? That's why it's important for the rep to find out an approximation of how much is in the budget that would be allocated to buy the product before offering a suggested price or possible discount.

By offering a discount too early in the process (spilling the candy in lobby), the rep immediately loses credibility in the eyes of the prospect. More importantly, if the sale is made with a significant discount, then less money is brought into

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the company than what was predicted, which will undoubtedly upset the sales manager and, additionally place a further burden on the other salespeople to make up the dollar difference in achieving the monthly sales goal. Furthermore, the commission paid to the rep will be reduced, as well. And finally, if the product is one to be renewed the following year, the renewal price will have to be manipulated to standardize the cost so as to be in line with whatever everyone else is paying for the same service. That price adjustment will probably make the renewal cost significantly more than the price paid in the previous year.

Bob would have been much better served to pause and think before he offered up a discount without any prompting from the prospect. Perhaps asking more questions as opposed to immediately discounting the price would have been a better tactic to close the sale.

The Information Professional

More than once I have been to a meeting where it's been early in the conversation and the info pro casually asks for a "ballpark" price. The rep, feeling the obligation to accommodate the customer, gives a price without knowing budget, timing, etc. Upon hearing the "approximate price," the initial response from the librarian indicates that the amount given by the sales rep is way over the allotted funds and quickly closes the meeting. Say good-bye to that sale.

The fact is that once the info pro knows the product fits into the current holdings of the library and that there is a budget attached to the purchase of that resource, the momentum of the meeting shifts to the side of the library. It's at this point that the info pro can inquire as to obtaining a multi-year contract with capped renewal costs of the next few years. Or perhaps if it is a new product, asking to be a beta test site in exchange for a significantly discounted price or even offering to write a critique of the offering.

Knowledge Points

Salespeople

- It is inadvisable to offer a discount early in the conversation.
- Listen more; talk less
- Try to find out the allocated budget
- Ask questions to find out what the customer wants so that you can offer a product that the customer needs.

Information Professional

- Don't divulge your exact budget too early in the conversation
- Require seeing a price sheet and if you are uncomfortable with the price given, ask the rep why the company is charging that amount and ask, "Can you defend the price?"
- Once you know the product fits and you have a budget to buy, understand how to use the leverage you have.

The answer to the question *Can You Give Me A "Ballpark" Price of What This Will Cost?* for the sales rep would be "Can you share with me what's in your budget allocated to buy the product I just described?"

The answer to the question *Can You Give Me A "Ballpark" Price of What the Budget Is?* for the information professional is "I really cannot give you that information until I know what you're offering as incentives to buy."

The Yonder Mountain String Band in their song "Things Your Selling" sings:

"...you never looked me in the eye,
but lookin' isn't seemin' when you just
can't spare the time,
besides you're selling things I just
don't feel like buying"

That song is not about buying databases or library services, but it sure is about understanding what the other person is selling. 🐾

Mike is currently the President of Gruenberg Consulting, LLC, a firm he founded in January 2012 devoted to provide clients with sales staff analysis, market research, executive coaching, trade show preparedness, product placement, and best practices advice for improving negotiation skills for librarians and salespeople. His book, "Buying and Selling Information: A Guide for Information Professionals and Salespeople to Build Mutual Success" is available on Amazon and Information Today. www.gruenbergconsulting.com