Teaching and Training Future Sales Professionals How to Negotiate with Real World Experience

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Purpose of the Study: To determine if giving students real world experience helps them become more effective negotiators.

Method/Design and Sample: The authors accessed a sample of students enrolled in a sales negotiation class and used the paired sample t-test and regression analysis to analyze negotiating skills and which teaching techniques helped the quality of work.

Results: The statistical results indicated that the sample improved in their negotiating skills. Although the sample indicated that all of the independent variables can be motivating, the total amount negotiated by past students and extreme success stories had significant results in the regression model.

Value to Marketing Educators: This study can be used as a guide for sales and marketing educators as a way to get students or employees out in the real world rather than just roleplaying in the classroom or office. This study details how a sales negotiation class has been set up to get current students to compete with past students while gaining real world experience.

Keywords: Negotiations, Sales Training, Experiential Learning

A well-staffed sales function is vital to business success (Fogel, Hoffmeister, Rocco, & Strunk, 2012); however, many organizations struggle filling this important sales function because there is a shortage of qualified salespeople in today’s workplace on both a domestic and global market (Cummins, Peltier, Erffmeyer, & Whalen, 2013). To satisfy this need there has been a major growth of Universities around the country that have opened sales centers to train sales professionals (Dixon & Tanner, 2012). These sales centers assist in teaching and training the next generation of professional salespeople.

Universities that have sales centers or teach sales courses have a responsibility to make sure their students are set up to succeed in the field immediately. Sales instructors are tasked with teaching sales skills such as handling objections, closing techniques, identifying buying participants and negotiations techniques (Leach, Liu, & Johnston, 2005). Academics teaching sales courses have begun to consider innovative ways to enhance the learning environment in order to adequately expose students to the skills needed for succeeding immediately upon employment (Bobot, 2010).

THE PROBLEM: ROLE PLAY LIMITATIONS

One of the most common ways of practicing sales skills in both academia and industry is by the use of role plays. Role plays are commonly used and are even being video taped in some instances to help improve the learning process (McDonald, 2006). Although role plays represent real-world situations that allows students the opportunity to participate in experiential learning (Serviere-Munoz, 2010), they lack real prospect actuality which does not allow students to develop the “heart-racing feeling” of turning an unknown prospect's doorknob before a cold call (Rippé, 2015). The innovation that we believe is essential to improve the quality of sales classes and sales training is finding creative ways to get your students or employees into the real world and practice the techniques with real clients which we have tried in a negotiations course.

NEGOTIATIONS COURSE

In this course the students learn all the basics of negotiations such as understanding the best alternative to negotiate an agreement (BATNA) and debunking the myths that negotiations can’t be done in a win-win format. This course is ideal for role plays. Throughout the semester students are put into groups and role play negotiation simulations which all builds up to the final assignment. This is a course that we felt
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given to students is presented in Appendix A.


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negotiated a raise at their current job during the


major things that are discussed in great detail to hype


up the assignment with the hopes of improving the

student effort and learning. These things are the


previous total amount negotiated, a negotiations list,


extreme success stories and a competitive challenge


for the current class to compete with each other and


the past success stories.


The first thing that is presented is the total amount


negotiated for the assignment. During this seven year

period students that have taken the course have


negotiated over eight million dollars. The running total


is important because it allows students to set their own

bar high. It is the first thing that students are shown to


introduce and motivate them to do their best work and


apply principles taught in the class.


The final assignment also allows students to


choose their own item to negotiate. Everyone is


surprised at some of the things that are negotiated
each semester. To help motivate students and give

them ideas an active list is kept and distributed each

semester. The great thing about the list is students try

to find ways to add to the list. There have been all
types of things negotiated including household


services, divorce mediation, summer jobs, housing,
cars, dental work, eye surgery, hair removal, and the

list goes on and on. There are many items on the list


that multiple students have negotiated. For example,

there have been twenty-six students that have


negotiated a raise at their current job during the

assignment. The full list of negotiated items which is

given to students is presented in Appendix A.

Legendary stories are also shared. For example,
one of the previous students was employed by Utah


Transit Authority. His job during the class was buying

and negotiating for land that the state needed to buy

for the train that runs up and down the northern Utah

area. There was a couple that wouldn’t approve.

Rather than trying to strong hold the landowners into

making them sell, he was able to go and talk to the

property owners. He found out that the couple had a

son that recently passed away and this son had

planted a garden on the property they were purposing

to purchase. He was able to write a proposal to move

the garden and do a monument in the son’s name.

This extreme one million dollar plus example always

reiterates to other students the importance of not only

getting deals done, but finding ways to make them a

win-win. There was another student that sold his pest

control company for over one million dollars while in

the course. This student had the opportunity to talk

with and negotiate a deal with one of the biggest pest

control companies in the United States.

It is important to share extreme success stories of

students that were not currently working in a job where

they were negotiating a million dollar contract or have

a company that was worth one million dollars. That is

why everyday negotiations are shared. For example,

many have gone in and negotiated hospital bills in the

tens of thousands of dollars down to pennies on the

dollar. In another class there was a dad that had a

child that needed an eye surgery that was not covered

by insurance. He was able to negotiate a deal to get

the surgery done. There was even a student that was

able to negotiate with a major car company to donate

over fifty thousand dollars in parts to build a car from

the ground up. The great thing about these stories is

that the students are always adding to the list and

seem to be motivated by others success stories.

Students typically enjoy working on practical

projects that will enhance their future careers.

Competition can be a great way to motivate them to

achieve more (Özpolat, Chen, Hales, Yu, & Yalcin,

2014). The instructor of the course always challenges

the students to compete with each other as well as the

stories from previous students.

After these things are covered in class students
decide what they are going to negotiate, formulate
their plan and go and execute the plan. The premise
of the class is that most things in life are negotiable so
students typically easily identify their project. The last
week of class they come back and report their plan,
desired results, actual results, and give a summary of
their whole process. The assignment directions are
presented in Appendix B.

INNOVATION AND ROLE PLAY PROBLEM

This innovation has been great for our sales program.
It is allowing students to get practical experience which
prepares them for their career in sales. We are trying
to find ways to do it in other courses and other
settings. For example, in our sales management
course we now require students to go and help real
businesses using sales management techniques
covered in the class. It has not been suggested that
this innovation completely and exclusively solves the
problem of ensuring that sales students get all the real
world experience that they need; rather, this innovation
can be something that can help with the problem.
Other things could also help. For example, required
internships or sales simulation labs which are being
used at other institutions could also help prepare sales
students for a career in professional selling. These
other techniques could also be beneficial to the
instructor because they are not fully dependent on
self-reported student data.

INNOVATION ASSESSMENT

The focus of this research is to analyze if the

techniques used in this negotiations class helped
students improve in their negotiations skills. Furthermore, to study if different techniques that have been employed in the classroom are effective in helping students improve the quality of their work. The study hypotheses were created to analyze both the improvement of negotiation skills as well as the effects of the classroom techniques in helping the overall quality. The hypotheses are presented in Table 1.

### TABLE 1: HYPOTHESES

<table>
<thead>
<tr>
<th>H1</th>
<th>Students were able to improve their negotiation skills by taking the course.</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2</td>
<td>The independent variables (classroom techniques) motivated the students to do better on their assignments and build their negotiating skills.</td>
</tr>
</tbody>
</table>

The study uses primary data collected from students that have taken the course. The instrument was developed to measure the student’s improvement in negotiation skills as well as which of the techniques in the class motivated and helped the students improve their skills. The survey was sent out to 143 students who have recently taken the class. There were 63 completed questionnaires which yielded a response rate of 44.1%. H1 stated that students were able to improve their negotiation skills by taking the course. The paired sample t-test was used to analyze if the students improved in their negotiating skills by ranking their skills before and after the course. The results are presented in Table 2.

### TABLE 2: PAIRED SAMPLES T-TEST (N=63)

<table>
<thead>
<tr>
<th>Paired Differences</th>
<th>95% Confidence Interval of the Difference</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lower</td>
<td>Upper</td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>.540</td>
<td>1.916</td>
<td>.241</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>1.916</td>
<td>.241</td>
<td>.057</td>
</tr>
<tr>
<td>Std. Error Mean</td>
<td>.241</td>
<td>.057</td>
<td>1.022</td>
</tr>
<tr>
<td></td>
<td>2.235</td>
<td>.029</td>
<td></td>
</tr>
</tbody>
</table>

The results indicate that there was a significant difference in the student’s negotiations skills after they have taken the course with an alpha level of .05; thus, there was support for H1. H2 was next tested with a regression model. The dependent variable is the quality of the students work (Y). The independent variables are the techniques that are used in the class. These include the total amount negotiated (X1), past negotiation list (X2), extreme success stories of past students (X3) and competition of doing better than other students in the current course (X4). Hair et al. (2010) recommend at least a 5:1 ratio for sample size to independent variables. Thus, with 5 independent variables the sample size of 63 participants seems adequate. The descriptive statistics for the dependent and independent variables are presented in Table 3 and the ANOVA results are presented in Table 4.

### TABLE 3: Descriptive Statistics (N=63)

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Quality (Y)</td>
<td>63</td>
<td>1</td>
<td>5</td>
<td>3.159</td>
<td>1.743</td>
</tr>
<tr>
<td>Total Amount (X1)</td>
<td>63</td>
<td>1</td>
<td>5</td>
<td>2.984</td>
<td>1.442</td>
</tr>
<tr>
<td>Negotiation List (X2)</td>
<td>63</td>
<td>1</td>
<td>5</td>
<td>3.095</td>
<td>1.456</td>
</tr>
<tr>
<td>Success Stories (X3)</td>
<td>63</td>
<td>1</td>
<td>5</td>
<td>3.048</td>
<td>1.570</td>
</tr>
<tr>
<td>Competition (X4)</td>
<td>63</td>
<td>1</td>
<td>5</td>
<td>3.032</td>
<td>1.414</td>
</tr>
</tbody>
</table>

### TABLE 4: ANOVA (N=63)

<table>
<thead>
<tr>
<th>ANOVA</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>144.716</td>
<td>4</td>
<td>36.179</td>
<td>48.022</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>43.696</td>
<td>58</td>
<td>.753</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>188.413</td>
<td>62</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The regression analysis results are displayed in Table 5. The table gives the probability of error at an alpha level of .05 for each of the independent variables. The significant values have been bolded.
TABLE 5: REGRESSION ANALYSIS (N=63)

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-.119</td>
<td>.283</td>
<td>-.420</td>
<td>.676</td>
</tr>
<tr>
<td>Total Amount (X1)</td>
<td>.572</td>
<td>.154</td>
<td>.473</td>
<td>3.724</td>
</tr>
<tr>
<td>Negotiation List (X2)</td>
<td>.031</td>
<td>.199</td>
<td>.026</td>
<td>.157</td>
</tr>
<tr>
<td>Success Stories (X3)</td>
<td>.408</td>
<td>.188</td>
<td>.368</td>
<td>2.174</td>
</tr>
<tr>
<td>Competition (X4)</td>
<td>.076</td>
<td>.110</td>
<td>.061</td>
<td>.689</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Quality
b. R-Squared: .768
c. Adjusted R-Squared: .752

The regression results indicate that the total amount that had been negotiated and success stories were statistically significant. The paired sample t-test and regression analysis results were analyzed with respect to the study hypotheses. Table 6 presents the study hypotheses, statistical findings and results.

TABLE 6: HYPOTHESES RESULTS

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Findings</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Students were able to improve their negotiation skills by taking the course.</td>
<td>Supported</td>
<td>The paired sample t-test indicated that there was a significant difference in negotiating skills before and after the class.</td>
</tr>
<tr>
<td>H2: The independent variables (classroom techniques) motivated the students to do better on their assignments and build their negotiating skills.</td>
<td>Partially Supported</td>
<td>The regression model indicated that the total amount negotiated and extreme success stories motivated the student to improve their work.</td>
</tr>
</tbody>
</table>

INNOVATION CHALLENGES

There can be challenges with this assignment. Even though there was statistical reason to include extreme success stories from the past, there may be a little caution in how this is done. These stories and examples need to be updated frequently so that we are not talking about previous decades. It should be done in a way that the stories are not just unattainable events from past legends. This assignment can also be a challenge because everything is self-reported with no way to validate the results.

OTHER SALES COURSES

This study has given a path for educators to enhance the teaching process for sales students by enabling them to go out and practice class concepts in the real world. We have given a mold on how this can be crafted. We are starting to use this same model in other courses. This could easily be adapted and started in any sales class by making an assignment where students must go and try something in the real world, starting a list of projects, keeping a tabulation of the total value and sharing best practices. Negotiations can be such a fun class to teach and we are hopeful that this study and technique will be considered by other educators and sales trainers as they develop and update their own curriculum.
REFERENCES


Appendix A

Negotiations List

- Accident
  - i. Automobile damage
  - ii. Vehicle settlement
- Air Cleaning System
- Apartments for Sales Rep
- Apex Alarm Contract
- Automobile (buy & sell)
- Bedroom Set
- Booth Rental in Salon
- Building Contract
- Bullet Bike
- Buying a Boost Mobile Store
- Camel
- Capstone Project for BIS
- Car Parts to Build Car From Ground Up
- Cell Phone Contract
- Charity
  - i. Charitable Event
  - ii. Charity Chair – Supplies to Make Chairs
  - iii. Christmas Charity
- Clothing Company Start-up
- Clothing Line – Screen Printing Contract
- Comcast Contract
- Construction Equipment (Skid loader)
- Court Negotiation
- Daughter’s Speech Therapy
- Dental
- Destination Homes
- Deviated Septum Surgery
- Discount Bulk Company
- Discount on Insurance
- Dish Network Contract
- Dishwasher
- Divorce
  - i. Divorce Mediation
  - ii. Divorce Settlement
- Drift Boat
- Employment Contract
- Eye Glasses
- Eye Lash Extensions
- Eye Surgery
- Fleet Trucks for Company
- Freezer
- Fund raiser
  - i. School Equipment
  - ii. Fund Raiser – SACC
  - iii. Fund Raiser for High School
- Garage Door
- Gas Allowance
- Geico Insurance
- Golf Clubs
- Graduation Trip
- Hair Extensions
- Health Insurance
- Home Entertainment system
- House Rental
- Internet for Condo
- Internship
- Jewelry
- Lake Powell Houseboat
- Landscaping Contracts
- Laser Hair Removal
- Lease on House
- Leave Time for Job
- Legal
- LSAT Prep Class
- Manager – Promo deals
- Medical Bill
- Medical Contracts for Lab Equipment
- Merge a Business
- Missionary Clothing
- Motor Home
- Motorcycle (Motor Cross)
- Ogden Rafters – Baseball Tickets for WSU club
- Organic Salon on 25th Street
- Parents to Come and Visit Utah
- Parts for a Car
- Pest Control Contract
- Petition Grade with Professor
- Physical Therapy Training Contract
- Position in Company
- Printing Services
- Pro Football Team
- Purchase a Home
- Purchase Company – High Mountain
- Python Breeding Business
- Raise at Job
- Recover Addiction Center contracts
- Rent
  - i. Buyout Rental Lease
  - ii. Renegotiate Rent
- Renting House Property
- Refinance Rental Property
- Regional Manager Pay for Summer Sales
- Roof for Home
- Rossignol Position
- Sale Management Overrides
- Seed Distributor Sales Rep to Nursery
- Selling Pest Control
- Side Jobs
- Snap-on Tools
- Snowbasin – Ski Club Passes
- Software Consulting
• Software Module for Company
• Speed Boat
• Sponsorship
  i. To Washington D.C.
  ii. To Orlando – Competition DECA
• Sponsorship for Softball Team
• Sponsorship for Tires (Race car)
• Sports Gym
• Tires for Car
• Townhouse Renters for Summer
• Tree Removal
• Triplex
• Vacation
  i. Airfare to Japan
  ii. Caribbean Cruise
  iii. Four day trip
  iv. Money from Parents to Travel
• Wake Board
• Web Site Design
• Wedding
  i. Dinner
  ii. Engagement Ring
  iii. Planner
  iv. Wedding Plans with Parents
• Western Metals – UTA land
• Wolf Creek Condos
• Working from Home
• WSU Basketball Scholarship
• WSU Football
  i. Stipend
  ii. Scholarship
• WSU Soccer Scholarship
Appendix B

Final Negotiation Project Instructions

1. Choose your negotiation and get it approved with the professor.

2. Build a one sheet planning guide that has...
   a. Your SMART target.
   b. Win-win strategy plan.
   c. Your BATNA.
   d. Your available concessions.

3. Complete your negotiation. Good Luck!

4. Write a ten page paper that describes your negotiation from start to finish including the following items...
   a. Must include at least five rules from chapter two and ten of the Karrass prescriptions from chapter nineteen.
   b. Include a critique of what you learned and what you would do different.
   c. A summary of the whole experience.

5. Prepare and present a ten minute oral brief-out of your negotiation experience that will be presented the final week of class.