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How do you come to terms in tricky client negotiations? David Sherwin, a lead designer at Frog, lays out a plan of attack.

The following is an excerpt from [Success by Design: The Essential Business Reference for Designers](http://amzn.to/successbydesign) by David Sherwin (HOW Books).

When first striking out on their own as businesspeople, many consultants and designers don’t know how to bargain or strike a deal. Consider this story from Ted Leonhardt, cofounder of The Leonhardt Group and a consultant for design businesses. What would you do in this situation?

My associate, Tim, had the opportunity to redesign one of the great American brands. It hadn’t been updated for years, and the company needed to present a revitalized brand at an upcoming event.

Tim was chosen because of his packaging expertise. While not known as a brand design house, his firm had significant experience with packaging that overlapped nicely into branding. He was desperate for this job, because brand design has more status than packaging design. This assignment would launch his firm into that heady, highly profitable world. So, Tim’s leverage was spectacular. His firm was the only one being considered. His skill set was a perfect match. He was the perceived expert, and, even better, the client had only three months until the unveiling of the new brand. There was no time to source a new design firm.

Tim presented his fee proposal. His direct client approved it and they began work. At the next meeting, while discussing the results of the discovery phase, his client mentioned that Purchasing had questions and would be calling in to the meeting to talk. Enter Mr. Procurement. He called from his car, apologizing for not being there and mentioning that he has been extremely important to the company’s turnaround by streamlining divisions and vendors globally. (A classic power play.)

“We can’t wait to see your solutions. We are thrilled to have you on our team. Hitting a home run on this will launch your firm into big-time branding. But there are a couple of things we must address before I sign your purchase order …” (Another textbook power play.) You can guess what happened next. The client’s purchasing policy required a 20% discount on fees over $300k, and payment 180 days after completion. Before he really knew what was happening, Tim had agreed to the terms.

What went wrong? Tim was vulnerable. He needed the job and had his team going full speed. He was confused by the new conditions and afraid of losing the work. However, he forgot that he had the leverage of expertise. Time was on his side. The company could not meet their deadline without him. Instead of negotiating from this position of strength, Tim let his client take advantage of him.

When working with any new or existing client, you need to be prepared to address situations like these. Whether you’re negotiating the payment terms for an upcoming project or amending changes to a design based on client feedback, negotiation skills are required in the conversations you’ll carry out with a client. The following tips will help you next time you enter into a negotiation with a client. Similarly, they can apply to internal negotiations within your company.

**1. Have a position before you enter the room.**

Good negotiation starts with knowing what you want and putting it forth in conversation. This requires a substantial amount of preparation and asking the right questions through the discovery process, rather than improvising responses in calls and emails. When you negotiate from a position of strong preparation, the other party will be more comfortable meeting you on your terms, based on your expertise.

**2. Understand what kind of leverage you have.**

Design firms bring a range of skills and hard-fought experience to bear on client problems. This is expertise that our clients rarely have within their own organization. “The most important leverage any design firm has is expertise,” says Ted Leonhardt. “Each of us has our own mix of history, skills and experience. A client can only get the unique skills you provide from you.”

Beyond expertise, you also have leverage with regard to schedule, scope and other variables that are necessary for client success.

**3. Make sure your position is realistic.**

If you wanted two million dollars and a platinum-plated Rolls Royce, negotiations would be difficult. However, if you’re presenting an estimate for a design project and have some strong logic behind your pricing, or some ground as to why your audience will prefer green instead of blue for their new logo, you shouldn’t change your position.

**4. Compromises should be around shared interests.**

Don’t give up in your negotiations until you’ve exhausted possibilities that meet your shared interests and help your firm create a quality product. Push for your best-case scenario, preserving your project’s schedule, budget, creative direction and so forth. Know what other cards you can place on the table or return to your hand before considering a compromise.

**5. Always keep the big picture in mind.**

Know which decisions require formal negotiation and which are just potholes in the road. Changing a headline or swapping out a photo shouldn’t be a drama. Spiking a killer concept to play it safe? That’s another story. If you have a strong creative brief and a strong contract, these points shouldn’t become issues. Don’t treat every single discussion and point of feedback with the client as a potential conflict.

**6. Don’t agree to a deal until your team agrees.**

When discussing action steps, withhold agreement when necessary. Avoid saying yes on anything related to schedule, scope management and other contractually required action steps until you can review the discussion with your internal team. Make sure that your team’s goals and your client needs are aligned. To quote Robert Solomon in his excellent book The Art of Client Service: “Make no commitment without consultation.”

**7. Beware of cultural nuances.**

I once worked with a foreign client whose method of negotiation was to state in every deliverable review that there were always things that could be improved. We found ourselves increasing the project scope and number of deliverables in order to compensate for the perceived lack in quality. Their negotiating position wasn’t unusual in their country, but it was for our team. After a few nerve-racking weeks, we realized that the client’s escalations were an opportunity to set up clear approval criteria to demonstrate how our design work had merit and was on brief. In our final presentation, the success of our project was clearly evident to everyone within their organization.

**8. Don’t rush to agree with a client need.**

If the stakes are high, take your time and hash out the finer points in detail. The longer and more drawn out the negotiation, the more important it is to never show your “settling point.” Get some time and space to think it over. Don’t jump on the phone and immediately try to iron it out. Otherwise, whomever you’re negotiating with may think that they can push their position even further. These situations are very hard for designers; we love to solve problems as quickly as possible!

**9. Keep your dialogue humane, respectful, and honest.**

When negotiating with clients or your boss, make sure you don’t turn your negotiations into an “us vs. them” scenario. Our clients and co-workers have the same set of human needs that we do, and relating with them on a human level will strengthen your continued working relationship. It will also cement the expectation that no matter what happens in your work, you’ll always be on equal footing as people.

**10. Be prepared to leave the table at any point.**

Be willing to walk away from a negotiation if you think the options available are going to hurt you in the long term. Being willing to say no is important in contract negotiations, and the natural human desire to avoid conflict is a something that potential clients may exploit. It’s okay to say no.

**11. If the negotiation fails, don’t take it personally.**

Hindsight is 20/20. If you don’t land a project because it wasn’t the right fit, or the client overrules your beautiful color scheme because they dislike purple, learn from what happened and move forward. Don’t let your conscience eat a hole in your gut. Analyzing these failures can have a big impact on improving future negotiations.

**12. Failure to land a project can lead to a future win.**

Relationships between your co-workers and your clients continue, even if you fail in your first negotiations. If you’ve been cordial and truthful about your position and the experience that you bring throughout the entire negotiation process, you’ll gain respect. Mutual respect comes from establishing clear boundaries and reinforcing them throughout the life of a relationship. This is the currency that will yield future work and support you when you get down to business.