

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

Blake E. Nielson and Tim Border

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

Blake E. Nielson, Ph.D., Assistant Professor of Professional Sales, Weber State University, 1465 Edvalson St, Department 2402, Ogden, UT 84408. Telephone: 801-626-7385; email: blakenielson@weber.edu. **Tim Border**, Associate Professor of Professional Sales, Weber State University, 1465 Edvalson St, Department 2402, Ogden, UT 84408. Telephone: 801-626-6644; email: tborder@weber.edu.

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 prospects 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

could benefit from an innovation of adding real world experience in addition to role plays.

INNOVATION OUTLINE

The innovation comes during the final assignment. The final assignment which takes a few weeks including student presentations consists of negotiating a real world deal. This gives students the opportunity to practice and report on the learning experiences they encounter while applying the class material. This assignment was started about seven years ago. The delivery of the assignment is unique. There are four 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

H ₁	Students were able to improve their negotiation skills by taking the course.
H ₂	The independent variables (classroom techniques) motivated the students to do better on their assignments and build their negotiating skills.

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)

Paired Samples T-Test						
Paired Differences					t	Sig.
Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference			
			Lower	Upper		
.540	1.916	.241	.057	1.022	2.235	.029

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)

Descriptive Statistics					
Variable	N	Minimum	Maximum	Mean	Std. Deviation
Work Quality (Y)	63	1	5	3.159	1.743
Total Amount (X ₁)	63	1	5	2.984	1.442
Negotiation List (X ₂)	63	1	5	3.095	1.456
Success Stories (X ₃)	63	1	5	3.048	1.570
Competition (X ₄)	63	1	5	3.032	1.414

TABLE 4: ANOVA (N=63)

ANOVA					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	144.716	4	36.179	48.022	.000
Residual	43.696	58	.753		
Total	188.413	62			

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)

Regression Analysis					
Independent Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	-.119	.283		-.420	.676
Total Amount (X_1)	.572	.154	.473	3.724	.000
Negotiation List (X_2)	.031	.199	.026	.157	.876
Success Stories (X_3)	.408	.188	.368	2.174	.034
Competition (X_4)	.076	.110	.061	.689	.494

- 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

Hypotheses	Findings	Results
H ₁ : Students were able to improve their negotiation skills by taking the course.	Supported	The paired sample t-test indicated that there was a significant difference in negotiating skills before and after the class.
H ₂ : The independent variables (classroom techniques) motivated the students to do better on their assignments and build their negotiating skills.	Partially Supported	The regression model indicated that the total amount negotiated and extreme success stories motivated the student to improve their work.

The first purpose of this study was to ensure that our sales students were in an environment where they had the ability to learn and have their negotiation skills improved. The results of H₁ lent support that students were meeting the course outcomes of increasing their skills. This study also tested if any of the classroom techniques had a significant effect in the quality of the students work. The regression model indicated that the total amount negotiated and the extreme success stories improved the quality of work.

There have been a number of theories that sales educators have used to try and bring practical experience into the classroom. It has been taught that sales presentations in the classroom as well as role-plays can be a very powerful technique to use in sales related curriculum (Widmier, Loe, & Seldon, 2007). Recent findings forwarded by Rippé (2015) have indicated that there is a shortage of qualified salespeople perhaps because educators rely too much on role playing and not enough on practical experience. This study gives an innovative way to allow students to go and use negotiation skills that are learned in the classroom in a real world environment.

There are a few study limitations that should be stated. This project used self-reported results. This can be dangerous and needs to be stated as a study limitation. The study could have also benefited from a higher sample size and a validated instrument. Future studies could also analyze other techniques that give real world experience such as internships or simulations.

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

- Bobot, L. (2010). Teaching sales and negotiation with combining computer-based simulation and case discussions. *Marketing Education Review*, 20(2), 115-122.
- Cummins, S., Peltier, J. W., Erffmeyer, R., & Whalen, J. (2013). A critical review of the literature for sales educators. *Journal of Marketing Education*, 35(1), 68-78.
- Dixon, A. L., & Tanner, J. F. (2012). Transforming selling: Why it is time to think differently about sales research. *Journal of Personal Selling & Sales Management*, 32(1), 9-14.
- Fogel, S., Hoffmeister, D., Rocco, R., & Strunk, D. P. (2012). Teaching sales. *Harvard Business Review*, 90(7/8), 94-99.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate data analysis*. Upper Saddle River: Prentice-Hall.
- Leach, M. P., Liu, A. H., & Johnston, W. J. (2005). The role of self-regulation training in developing the motivation management capabilities of salespeople. *Journal of Personal Selling & Sales Management*, 25(3), 269-281.
- McDonald, R. E. (2006). Videotaped role play exercise in large sales management classes. *Journal for Advancement of Marketing Education*, 8, 32-37.
- Özpolat, K., Chen, Y., Hales, D., Yu, D., & Yalcin, M. G. (2014). Using contests to provide business students project-based learning in humanitarian logistics: PSAid example. *Decision Sciences Journal of Innovative Education*, 12(4), 269-285.
- Rippé, C. B. (2015). Show and sell: Teaching sales through hands-on selling. *Marketing Education Review*, 25(1), 15-19.
- Serviere-Munoz, L. (2010). Epigrammatic sales scenarios and evaluations: Incorporating the experiential learning approach to research development and grading of sales presentations. *Journal for Advancement of Marketing Education*, 17, 112-117.
- Widmier, S., Loe, T., & Selden, G. (2007). Using role-play competition to teach selling skills and teamwork. *Marketing Education Review*, 17(1), 69-78.

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.