Introduction

For most vendors, contracts are merely documentation of the agreement with the customer. They are necessary to delineate service-level agreements (SLAs) and deliverables but are not structured to deliver additional value to both the customer and vendor after the signature. When developed with strategic customer and vendor goals in mind, however, contracts can be incredible marketing vehicles to drive business and help customers meet broader goals not specifically addressed by the requirements of the contract..

http://www.destinationcrm.com/Articles/Columns-Departments/The--Tipping-Point/Build-Contracts-that-Close-on-Schedule-and-Increase-Business-116098.aspx

1. Set a Difinitve Close Date

Set a definitive close date from the start of substantive solution/-pricing negotiations. For accurate forecasting and to drive a sense of urgency with customers, you should convey early on that your pricing is based on contract signature by a specific date. I usually tie it to the end of a quarter/half/fiscal year, and this has helped me obtain countless signatures the last two to three days of the period in question. Often characterized as incredible last-minute wins, they are actually just the last action in a three- to nine-month plan..

2. Tie Closing to Significant Financial Incentives

To close early, tie the closing to significant financial incentives. If you want to close earlier than the original date, pair the new date with a substantial incentive. The incentive could be contract credits, reduced pricing, or upgraded services at the existing price. It’s important to ensure the contract can be realistically approved and signed in the proposed time frame before you present the offer. The incentive you choose could be one you had planned to provide anyway, but now you can get maximum value for it by tying it to something your company wants—an early close. **But if the early close date is missed, the incentive must go away. If you don’t take it off the table, you lose your leverage and credibility in negotiations.**.

3. Avoid Global Pricing Requests & Regional Awards

Avoid global pricing requests and regional awards. Many companies want you to place a bid on an inflated scope that they have no intention of awarding to get a better price based on quantity. Be sure you stipulate that the pricing is based on a specific scope or quantity and that any changes will affect the price. It is also very important to stipulate a date by which the business will have been delivered in order to receive a particular price point.

4. Provide Incentives at Milestones.

Provide tiered pricing and incentives at milestones. To ensure you get the business you believe you’ve contracted, create tiered pricing to incentivize customers to purchase in quantities that get them to the lower price point. Additionally, when customers reach important revenue milestones, reward them as motivation to drive more business under the contract.

5. Reward Decision makers on their Pet Projects

5. Reward decision makers/key influencers in the form of help on specific pet projects. If possible, provide some incentives that specifically help your core customer supporters. The incentives need to be in line with the project, but directing resources toward a pet project of one of your inside supporters can pay dividends. Such a move provides those decision makers/influencers a reward for their internal support of your company, and it shows your desire to help them meet their objectives.

6. Use Reductions in Current Costs as Incentives

For existing customers, use reductions in current costs as incentives. Lowering a company’s current invoice can have an immediate impact on a deal’s closing. Such a move enables the company to spend that money on other needed services, as it had already budgeted the higher cost, and it is an incentive only an incumbent can provide, which makes it very effective as a competitive tool.

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