your price, they will have a sale and not just another round of negotiation.

Seven Ways to Get Paid to Play

1. Ask for contributions toward bidding expenses, up-front capital costs, and other costs of entering the game.
2. Ask for a guaranteed sales contract.
3. Ask for a last-look provision.
4. Ask for better access to information.
5. Ask to deal with someone who will appreciate what you bring to the table.
6. Ask to bid on other pieces of business, in addition to the current contract.
7. Ask the customer to quote a price at which he would give you his business.

Cash is okay, too.

Of course, even with this arsenal of strategies, you might still fail to get paid, in which case you may decide not to play. That outcome isn't as bad as you might think. The cost-benefit calculation that suggested you might want to become a player in the first place was a little off. It's simply not true that making a bid has no downside.

Eight Hidden Costs of Bidding

There are hidden costs associated with making a competitive bid.

1. There are better uses of your time. Making a bid typically takes a lot more time and effort than simply reading a number off a price sheet. That time and effort often takes priority over serving your current customers. Keeping your current customers happy is smarter than chasing after other people's customers.

2. When you win the business, you lose money. If you win the business, you should be a little suspicious. Do you really want to win a customer just because of your low price? No. A customer you win on price alone is telling you he has no loyalty. If you think that getting the customer gives you an opportunity to make money later by raising price, think again: by coming to you, this customer has just revealed himself as someone who will switch suppliers in order to get a lower price. Thus, you'd better make sure that you can make money at the price you offer to attract the customer.

Ask yourself: why is the incumbent letting the customer go? Perhaps the customer doesn't pay his bills. Perhaps he's particularly demanding. If this were a good customer to have, your competitor would have kept him. The fact that you were able to steal the customer away should give you pause for thought.[16]

Sometimes there is a legitimate explanation for attracting the customer. Perhaps your rival really messed up and that's why the customer is leaving. But in that case you don't need to use a low price to attract the customer.

In sum, it's hard to attract someone else's customer away by using price *and* then make money at that price. Only if you have a lower cost structure can you afford to undercut the incumbent and still make a profit.

3. The incumbent can retaliate. Don't think that winning this customer is going to be the end of the game. If this is a good customer, then your win is someone else's loss. (If it's a bad customer, then you've already made a mistake.) The incumbent supplier is quite likely to respond. He can go after one of your customers. He may not get your customer, but he can surely force you to lower the price. If he succeeds in snagging your customer, then you and your rival have turned two high-margin accounts into two low-margin accounts. And you've traded accounts with a relationship for accounts in which a relationship needs to be established. Even if your rival fails to snag a customer of yours the first time, he might try again and continue doing so until he succeeds. The end result: lose-lose.

4. Your existing customers will want a better deal. The price you offered to get the new account is unlikely to stay secret. If your current customers find out how low you are willing to go to get a new account, they will likely demand that you offer them at least as good