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**Be a Good Negotiator**

**Pocket Guide to Success**

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## **Be a Good Negotiator – Pocket Guide to Success**

### **Definition of Negotiation**

A definition of negotiation according to the Concise Oxford Dictionary is

'To confer with others in order to reach a compromise or agreement'

Another definition is:

'A process by which two or more parties reach a decision which is satisfactory to all and where the agreements are implemented within the time scales agreed'.

### **Introduction**

To negotiate or not to negotiate that is the question, or to be more accurate was the question. In today's world both social and business the need to be able to negotiate successfully has become of paramount importance if we are to be successful in both our social and working lives.

Whilst negotiating used to be an exclusive activity of senior managers and politicians it has now become part of everyone's daily lives. If we want to get things done and be successful in jobs and lives we will most likely have to negotiate in some way or other.

Due to the increased importance that being able to negotiate successfully it is now become a critical skill for all to master.

This 'Be a Good Negotiator Pocket Guide' is intend to provide you with an overview of the main concepts and skills required to **Be a Good Negotiator**.

### **The Dynamics of Negotiating**

Why do people find negotiating so difficult, or why are so many people reluctant to negotiate in the first place.

There are two reasons for this:

#### **1. The inherent dislike of conflict or confrontation**

Negotiation by definition puts us in conflict with the other party by having opposing objectives.

The process of negotiation is how we reconcile our different objectives.

In the UK when asked the question; "given the choice would you rather negotiate or not?" most people say that they would rather not have to negotiate.

However you need to factor in cultural differences when assessing people's attitude to negotiating, some cultures are very comfortable with negotiating and see it as a

weakness if others are not the same. Consider the bazaars in the Middle East for example.

## **2. The fear of failure**

In most instances the success or failure of a negotiation can be measured by one of the three following ways:

	<b>Failure</b>	<b>Success</b>
1	No deal	Deal
2	Poor deal	Good deal
3	Damage to long term to relationship	Maintained good working relationship

Point three relates to where we are negotiating with people with whom we have to deal with on an on-going basis, such as clients or colleagues.

If we damage the relationship we could lose out on any future business opportunities or will not receive any cooperation from colleagues who feel that they have been hard done by the negotiated outcome.

What makes negotiating difficult from a success point of view is that in many cases we are trying to manage all three dimensions in order to get a good outcome i.e. we want to reach an agreement whilst getting a good outcome and maintain the long term relationship.

This is very challenging and requires great skill and experience to achieve some people rise to the challenge while others prefer to concede and get away as quickly as possible.

Whether we like or dislike negotiating it has become one of today's vital business skills if we are to do our jobs effectively, therefore we need to master the skills and art of being a good negotiator.

This pocket guide to success will help you to understand negotiation in greater detail and provide you with the skills and techniques to become a Good Negotiator.

### **Two Distinct Types of Negotiations**

Not all negotiations need to be as complex as described above it will depend on the nature of the negotiation.

There are two distinct types of negotiation:

- **Transactional**
- **Relationship**

Transactional negotiation is where you are negotiating a one off deal where you do not intend to do business with that person again.

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In these types of negotiation you are not so concerned about maintaining the long term relationship and will therefore focus on getting as much as you can. You are therefore under less pressure and can focus 100% on getting a good outcome not worrying about whether the other party will be happy or not.

Transactional types of negotiations often result in a **win/lose** outcome but to whom is not always clear.

Relationship negotiations are where you are negotiating with clients or colleagues where you have to deal with them again and are therefore concerned about both your outcome and that they are also satisfied with the outcome.

It is with relationship negotiations that we have to try and manage the three dimensions of reaching a deal that is a good outcome whilst not jeopardising the long-term relationship.

With relationship negotiations we are trying to achieve a **win/win** outcome where both parties are happy.

Our ability to do this is often affected by our personal attitudes; sub-consciously we adopt a distinct approach when negotiating. This approach can affect how we behave and the resulting outcome.

It is important to be aware of your attitude and personal style when negotiating in order to modify or compensate when necessary in order to be a good negotiator.

### **Influence of Personal Attitudes**

What influences our approach to negotiating are our beliefs and prejudices. These affect our attitude and how we view a situation and consequently our behaviour.

For example, if you believe that people are inherently untrustworthy, or that you will only succeed in life by fighting for all you can; your behaviour will manifest as being more aggressive. This approach is intended to maximise your outcome by adopting a **take** style when negotiating.

If you have an inherent trust in people and believe that the best way of succeeding is by being cooperative then your behaviour will manifest itself as more passive, this is intended to demonstrate that you are open and honest and willing to go far to meet the needs of the other party. This results in adopting a **giving** style of negotiating.

To be a good negotiator you neither want to **take** or **give**, the correct behaviour is to trade, i.e.

***“I will give you some of what you want in exchange for some of what I want”.***

This requires us to adopt an assertive behaviour where we will not get bullied or manipulated by aggressive negotiators and will not take advantage of passive negotiators.

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The path to success is trading wants to the point where both parties have got enough of what they want to be happy with the deal or outcome.  
The process of negotiation then is to close the gap between each party's objectives by trading off what each other wants

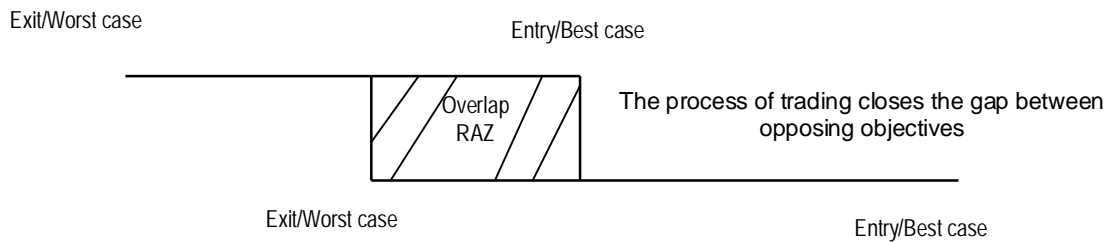
<b>.Party 1 Objectives</b>	<b>Gap</b>	<b>Party 2 Objectives</b>
Wants		Wants
Wants		Wants
Wants	Trade wants to close the gap	Wants
Wants	→ ←	Wants
<b>Over all Deal value</b>	Closing the gap until both parties are happy with the deal	<b>Over all Deal value</b>

This concept is acceptable as long as there is some overlap between what one party is prepared to offer and the other party is prepared to accept.

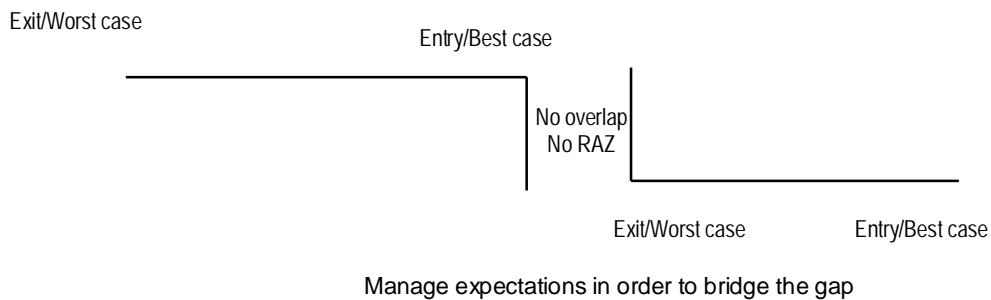
If there is no overlap the most likely outcome is that the negotiation will stall and collapse.

For a negotiation to take place there has to be a realistic agreement zone (RAZ) and the two parties have to be prepared to move from their opening positions.

**A Potentially Successful Negotiation**



**A Potentially Unsuccessful Negotiation**



As the model illustrates if there is no overlap then it is unlikely that a negotiation will take place.

At this stage the two parties will either have to go and find another party who is closer to their objectives or re-assess their objectives and wants to see if they can relax their requirements in order to get closer together.

There may be times when you will have to manage the expectations of others in order to get them to be more realistic in their aspirations and expectations.

The best way to do this is by asking how they arrived at the position they have, and then ask a series of logical questions to get them to see the weakness in their argument as to why they should get what they are asking for. By highlighting the weakness in their logic they will feel that they have no option but to back down from their original position.

**Four Key Concepts**

The four key concepts to help you get started when entering into a negotiation are:

**1. What is my BATNA (Best alternative to this negotiated agreement)**

If your options to having to find an agreement to the negotiation you are just about to enter into are poor or limited then your need to agree will be that much greater. This will potentially weaken your position of power.

In order to negotiate from a position of power it is important to have alternatives the better the alternatives the greater your position of power.

## **2. Walk Away Point (Point at which you will walk away from the negotiation)**

Your BATNA will help set your reservation price, the better the alternative the higher you can set your WAP as you will be confident that if this deal falls through you have other options to follow up on.

The poorer your BATNA the lower your WAP as you know that your options are limited.

It is vitally important that you have a walk away point and are prepared to walk if pushed to go below it.

If you are not prepared to walk away the other party will see this as a sign of weakness and keep pushing until they have secured a very good deal leaving you with a poor outcome.

## **3. Realistic Agreement Zone (The two points between which you realistically expect to reach an agreement.)**

Having identified your BATNA you should also consider the other party's BATNA (alternatives) this will give you an indication at what point they will walk away.

Your WAP and the assumed WAP of the other party will give you an indication of the two points between which you will hope to reach an agreement.

## **4. Creating value (Moving beyond arguing over who has the biggest slice of the cake to making the cake bigger so both parties benefit)**

The trap that most negotiators fall into is that they argue over who should get the most and who should give up the least. This leads to a **win/lose** type scenario where one party will feel hard done by.

The way to bring about a **win/win** scenario is to be creative by introducing as many variables into the negotiation so that both parties are able to get a good deal.

This requires a creative approach because it is not always immediately evident what additional variables can be included.

An example of this is:

A buyer wants to buy a Sony laptop but will only go ahead with the purchase if they feel they are getting a good deal.

He enters into a negotiation with the salesperson but after much haggling makes very little ground. He is offered a discount of £50 off the list price, not a lot considering the full price is £1650.

The transaction is close to collapsing even though the salesperson is very keen to sell the laptop. The salesperson's problem is that they have very little margin to play with on Sony laptops and is offering the maximum discount they can.

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After further discussion the buyer indicates that they also want to buy some software and a case for the laptop.

The salesperson then reveals that he has much more room to move on software and the case.

Factoring in the discount on the packaged deal it amounts to a saving of £200.

This is satisfactory to both the buyer and the seller. Negotiation completed successfully.

This example illustrates that you have to search for ways to create value to both parties.

It also emphasises the importance of making people feel that they have got a good deal.

Psychology plays such an important part in negotiations, it is very hard to determine how good a deal you have really got, the buyer of the Sony laptop walked away happy, but did they get the best deal possible, you never know what is important is helping people believe that they have got a good deal. This is half the battle.

How often have you made a private purchase where you are offered all sorts of extras to make the deal sound very attractive only to find that you never use the extras, they just collect dust in the back of a cupboard.

This takes us to the next key concept.

### **Psychology**

On paper negotiations can appear to be relatively straight forward, (plenty of common ground to find agreement) but when it comes to the negotiation they are not, why, because you have to deal with people and all the emotions that they bring to the table.

A big part of negotiating is perceptions and psychology, it's all in the head how people feel about the proceedings will affect their decision making.

Are they sceptical and suspicious of us and our offers?

Are they frustrated and angry due to what appears as our lack of flexibility, ie our unwillingness to move from our opening position.

You need to be aware of this and manage both parties' perceptions and psychology accordingly.

When going into a negotiation you don't know what the other parties ultimate goals are and how much they are prepared to concede in order to agree to a deal; their walk away point.

This is information that both parties will hold back and not share, to do so would weaken their position.

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What happens is that both parties' will state their opening positions and what they can and can not give.

Each party has to then assess the validity of the statements made and push for movement until you get to the point where you decide to either accept or decline the final offer that is being made to you.

The final decision is a judgement call and it is usually at this point you start hearing voices in your head asking you, is this a good deal, can I do better, are they lying to me, are they trying to make me think this is a good deal when it isn't, have I missed something.

You have to make a decision and then live with it, with negotiation there is seldom an opportunity to go back on an agreement

Your final decision is based on your perception that it is either a good or bad deal. One of the influences of our perception is the behaviour of the other party, do they behave in a way that we believe what they are saying. This perception is driven by what they say, how it said and the non-verbal signals that we read by looking at people's body language.

Our inner voices can lead to turning down what are good deals because we believe we can always do better somewhere else, or by working in a different way.

Try to minimise the negative effects our perceptions can have on you by planning and preparing well and applying the best practices to being a good negotiator.

The next step is to look at the key skills and behaviours of a good negotiator.

## Skills & Behaviours

Good Negotiator	Bad Negotiator
1. Plans thoroughly	1. Lack of preparation, no targets
2. Ask questions	2. Talks too much
3. Listens	3. Interrupts & does not listen
4. Good observation skills	4. Argues
5. Tests understanding & summarises	5. Lack of logical argument
6. Builds on common ground	6. Does not read the signs
7. Builds on their ideas	7. Gives too much away, caves into pressure
8. Presents a sound logical argument	8. Lacks patience
9. Send signals/Flexibility	9. Inflexible
10. Demonstrates mental dexterity	10. Naivety, makes assumptions

## Barriers to Success

Part of your preparation should be to identify any barriers that may affect the outcome of the negotiation. To do this you can assess the main barriers to success, will they apply and what can I do to mitigate them.

■ Die hard bargainers (Win at all costs)

Negotiating with people who are only interested in winning makes negotiating very difficult you are faced with a choice losing or walking away, either way it is not a good outcome.

■ Lack of trust (Personalities)

In most instances people like to do business with people they trust and get on with. Experience has proven time and again that people will walk away from what seems to be an acceptable deal if they do not like or get on with the person they are negotiating with.

■ Information vacuum (Lack of sharing)

Creating trust comes from sharing information, if you are unprepared to share any information the other side will perceive that you are hiding something. If one

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party demands that the other party share information without being prepared to share any themselves they are creating an imbalance in proceedings leading to increased conflict and hostilities. The most likely outcome is the negotiation will fail.

### ■ Spoilers (Alternative interests by key stake holders)

Spoilers or people who have hidden agendas. These are people who would prefer that the negotiation failed for a given reason. To be a good negotiator you need to assess any potential spoilers and form coalitions with other parties to strengthen your position in order to protect yourself against spoilers.

### ■ Difference in culture

A simple definition of culture is what is regarded as 'normal behaviour to a given group of people'.

Problems arise when people from different cultures have to negotiate with each other without knowing what behaviours are acceptable to the other party.

They are cognisant of the fact that if they behave in a way that is appropriate to the other party as it could cause the negotiation to fail.

Understanding all of the cultural differences would take a very long time, if you ever fully understand them.

What you should do is research some of the more important aspects of negotiating that culture differences can affect such as:

- Etiquette & Behaviours
- Opening positions
- Authority, who decides what
- Decision making process
- Attitude to information sharing
- Relationship versus deal focus
- Communication, direct or indirect
- Attitude to time
- Personal space

### ■ Communication difficulties

Due to the fact that people are afraid of giving anything away when asked a question they struggle to make sense when responding.

These communication difficulties leads to misunderstandings and assumptions are formed about each party's position. These assumptions are usually the other party's lack of ability to articulate clearly what they want, or reluctance to share information is a sign of their inflexibility and thus the negotiations stall and fail.

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The importance of being aware of typical barriers to successful negotiation is so that you pre-empt and prepare yourself to overcome them.

If you are not prepared you will struggle to reach a successful deal.

### **Communication**

To be a good negotiator you need to be an excellent communicator.

This means being able to listen, assess and interpret what the other side is saying, reading both the verbal and non-verbal communication signals.

You have to prepare what information you are prepared to share and what you are not.

You need to articulate your points in a clear and concise manner do not talk too much or over elaborate as you will end up giving too much information away.

You will need to construct logical arguments to support your requirements whilst asking well thought out questions to weaken the opposition's arguments.

You will need to be a very effective listener in order to pick up on all that is being said, the inference behind what is being said, making interpretations and responding with questions to probe points further in order to unearth any weakness in the other party's position.

Very often negotiators start off with what can seem an extreme entrenched position.

Do not get despondent or angry, chip away at their opening position with your questions. Over time there is good possibility that they will soften their position and you will start to make good ground.

### **Non-verbal – Communication - Everything we are thinking but not saying.**

Our body language can give far more away about what we are thinking than what we say. The fact is we can control what we say whilst our body language gives away our true thoughts and feelings through subtle signals and gestures. We tend to think about what we are going to say, therefore it is more controlled where as body language is subconscious, i.e. we are not thinking about how we are coming across.

To be a good negotiator you have to manage your body language by ensuring you are communicating the signals that you intend.

This may be a neutral stance to that of disappointment, whatever the signal make sure you are in control.

You will also have to be good at reading the other side, are they communicating genuine signals or are they trying to mislead you by sending deliberate signals intended to influence you, usually in relations to the strength of their position or the weakness of yours.

## Dilemmas & Strategy

When going into a negotiation you will have to make decisions on how you are going to approach it in order to get the best outcome.

The dilemmas are what decisions I am going to make about my approach, will you:

**Be trusting and open – which will indicate an open and collaborative approach**

**Be closed and misleading – which indicates a more competitive approach**

Your approach will have an impact on the relationship and the final outcome.

You will need to assess the situation and the people involved to help you decide on which will be the most appropriate approach for each situation.

The game theory model highlights the issues for each approach.

### The Negotiators Dilemma – Game Theory

		Northern Inc	
		Be open and truthful	Closed & mislead
Eastern Inc	Be open and truthful	Both companies make modest gains	Small gain for Eastern Large gain for Northern
	Be closed & mislead	Large gain for eastern Small gain for Northern	Neither company gains Negotiation may fail

What you tend to find is that people go through a logical thought process of whether both parties are likely to win by adopting a open and truthful approach then logically the other party will do this, so if I second guess them and adopt a closed and misleading approach then I should get a better outcome; but what if the other party thinks the same way then we will both lose.

This is your dilemma, you have decide how to play it based on the situation and people involved.

Having decided on your approach you need to prepare yourself for the negotiation. To do this you need to be aware of the key stages that a negotiation goes through.

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## **Key Stages to a Successful Negotiation**

There are typically five phases to a negotiation which are as follows:

- 1. Plan & prepare**
- 2. Debate**
- 3. Propose**
- 4. Bargain**
- 5. Close**

## 1. Planning & Preparation

One of the main contributing factors to negotiations failing or a poor outcome is reached is that people fail to plan adequately.

Below is a planning and preparation tool kit to help you cover all of the main issues that need to be considered when planning for the negotiation.

<b>Activity</b>	<b>Description</b>
<ul style="list-style-type: none"> <li>■ What are my wants, what are their wants likely to be?</li> </ul>	<ul style="list-style-type: none"> <li>■ Brain storm all potential wants you and other party</li> </ul>
<ul style="list-style-type: none"> <li>■ Prioritise by value</li> </ul>	<ul style="list-style-type: none"> <li>■ Assess and prioritise your wants by value, importance</li> <li>■ Consider other parties wants and asses by value</li> </ul>
<ul style="list-style-type: none"> <li>■ Objectives – minimum/maximum - L.I.M, range</li> </ul>	<ul style="list-style-type: none"> <li>■ Set objectives and range for each want</li> <li>■ Maximum (Best case) Like to achieve (average case) Minimum (Must achieve, WAP)</li> </ul>
<ul style="list-style-type: none"> <li>■ Estimate realistic agreement zone (RAZ)</li> </ul>	<ul style="list-style-type: none"> <li>■ Having set your WAP and assessed the other parties you can now estimate where you are likely to agree</li> </ul>
<ul style="list-style-type: none"> <li>■ Main issues, issues map, concession planning, closing the gap</li> </ul>	<ul style="list-style-type: none"> <li>■ Setting objectives is relatively easy it's the how am I going to realise them that is difficult. One way of doing this is by constructing an issues map. This is where you list all of the potential issues that will be discussed during the negotiation. Then asses them in respect of importance to the other party and yourself. See if there are areas where you can leverage high priority wants by the other side that are less important to you that you can trade off in exchange for getting things that you want.</li> </ul>
<ul style="list-style-type: none"> <li>■ Issues, position, interests</li> </ul>	<p>When planning consider the issues, opening positions and underlying interests When negotiating avoid arguing and defending opening positions. Seek to explore and understand underlying interest</p>
<ul style="list-style-type: none"> <li>■ Base case – Satisfactory overall value of deal</li> </ul>	<p>Consider what would be your overall base case for reaching agreement. Plan to get as close to this as possible</p>
<ul style="list-style-type: none"> <li>■ Create options for mutual benefit</li> </ul>	<p>Brainstorm options alternatives to create mutual benefits</p>
<ul style="list-style-type: none"> <li>■ Power balance - Best alternative (BATNA) for me and the other party</li> </ul>	<p>Asses each parties BATNA, do not immediately assume the other party is the stronger position. Seek alternative BATNA's to strengthen your position.</p>

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<ul style="list-style-type: none"> <li>■ Opening position, anchor</li> </ul>	<p>It is best to open the negotiation with the first proposal. Consider where you will open. Too high and no negotiation will take to place; too low and your will under value your position and end up with a less favourable deal.</p> <p>Remember the first proposal typically sets the anchor point from where the negotiation takes place. The higher the anchor in your favour the more likely you will get a better outcome.</p>
<ul style="list-style-type: none"> <li>■ Where will I close</li> </ul>	<p>You need to consider your walk away point and be prepared to walk away if you are pushed to go below it. If you are not prepared to walk away you will be negotiating from a position of weakness.</p>
<ul style="list-style-type: none"> <li>■ Information Matrix - Known, not known, need to know, plan questions</li> </ul>	<p>Information is power – Consider all the information required to negotiate effectively; where there are gaps conduct research to fill them, where you need information from the other party plan questions to obtain. Also consider how you will respond to questions that will not undermine or weaken your position.</p>
<ul style="list-style-type: none"> <li>■ Construct logical argument</li> </ul>	<p>Once you have agreed upon your wants, collated all information construct logical arguments to justify wants, be prepared to be challenged; do not dilute your logic by including too many points. The skilled negotiator will attack the weakest part of your argument to try and undermine it.</p>
<ul style="list-style-type: none"> <li>■ Plan questions to test assumptions</li> </ul>	<p>During your planning stage you will make assumptions about the other parties requirements, do not introduce these as statements plan questions to test your assumptions.</p>
<ul style="list-style-type: none"> <li>■ Opposition, style, approach</li> </ul>	<p>Asses the other party's negotiating style, will they be aggressive and demanding or more collaborative. Plan your approach according to the other parties style.</p>
<ul style="list-style-type: none"> <li>■ Solo or team?, Who should be in the team</li> </ul>	<p>Will it be a one on one negotiation or team. Check to see who will be representing the other party, match numbers where appropriate, asses who needs to be involved from your side, lead negotiators, experts, legal etc.</p>

## **2. Debate**

The purpose of the debate stage is to firstly build rapport and create a positive environment.

This may sound straight forward but most people enter into a negotiation in an aggressive manner making demands and threats. This hostility does not encourage the other party to respond in a positive way and their usual response is also aggressive and hostile.

This leads to a situation of mistrust and lack of information sharing. Parties then become entrenched in the opening positions and are reluctant to be the first ones to move; typically the negotiation will stall and fail.

Therefore it is important to create an atmosphere where all parties are relaxed and prepared to negotiate in a positive manner.

The skill is to disclose what you want without telling how far you are prepared to go. Share with the other side a full list of wants which will be in excess of what you will be prepared to settle for.

The other party will have to try and assess which of your wants are your priorities and which are nice to haves.

You need to ask questions to test assumptions about what the other parties wants are, do not make statements based on your assumptions, this will only give things away.

(You may be pleasantly surprised that they actually want less than you assumed)  
Continue to ask questions to uncover their wants.

Listen to what and how things are being said, this will provide signals of what is of real importance and indications of their willingness to move on other issues

In addition to listening to what is being said also observe their body language they are more likely to give away more clues about their real thinking via their body language.

During the debate stage you should build up a complete picture of the other party, their style, their wants, preferences, attitude, need to deal.

Once you feel that you have all of the information required you can confidently move on the next stage which is proposing.

The debate stage can take up to as much as 80% of the overall negotiation. Likewise for complex negotiations people will often conduct the debate stage and then adjourn to consider the other parties requirements before moving onto the next stage.

In order to be successful it is important to carry out sufficient due diligence during the debate stage before moving on, a failure to do so often leads to a failed or poor negotiation.

### **3. Proposing**

Once you have completed the debate stage and you are confident that you have all the information required you can then make your initial proposal, remember to aim high but be realistic.

In order to create credibility in your proposal it is important that you phrase and communicate your initial offer in a confident and fluent manner.

Do not say things such as, "it would be nice if we could" or "we are looking for something in the region of".

Be specific and confident; remember it is only your opening proposal; the expectation is that you will move from this to secure a final deal.

In order to prevent yourself from falling into the trap of giving or taking use the "if then" phase. This will ensure that you are trading one thing for another. "If you were prepared to..... we would be prepared to .....in exchange".

At this stage of the negotiation these are only tentative proposals designed to sound out the other party as to what they will and won't agree to, or how far they are prepared to move on certain issues.

Once you have made your proposal sit back and wait for a response, keep quiet, do not interrupt.

Do not be encouraged to bid against yourself i.e. If they say that your first offer is totally unacceptable don't rush in to improve it immediately. Acknowledge their comment and ask them what they had in mind.

Listen & acknowledge their response.

Summarise their proposal.

Test their resolve by challenging their proposal; ask for supporting information/logic behind their requests.

If you can discredit their reasoning for their wants then you will win the argument and the other party will have to concede on this issue.

Where possible avoid saying no to a proposal; saying no can lead to increased conflict.

Avoid making the other party look foolish in their request, this will only lead to conflict and heightened competition.

Remember to build on their proposal working towards your position; this is a more constructive way of working than competing over every issue.

Watch out for misleading body language, they might be intentionally misleading you on how difficult it is to move on certain issues.

Once both parties have made a number of proposals a picture should start to appear about who wants what, where each party is prepared to move and where there is little room for manoeuvre

This information will then give you a good idea of what type of deal you will have to offer in order to get to an agreement.

This then takes us to the next phase which is called bargaining.

#### **4. Bargaining**

Bargaining is where we move from making tentative proposals to making firm offers.

We move from making “what if statements” to the “if you will I will” statements where we are making a firm statement of intent of what we are prepared to give in exchange for what we want to receive.

Remember, continue to link what you will do for the other party with what you want in exchange.

The bargaining stage is where we are trading wants to reach a specific agreement. In essence we are fine tuning the deal to the point where both sides are happy with the final outcome.

It is highly likely that at this stage you will have to defend your position by strengthening your case for what you want.

#### **You can do this by:**

- Reinforcing your case with sound logic and information
- Empathises the positives to both sides of reaching an agreement
- Remind the other parties of the disadvantages of not reaching an agreement
- Where necessary repeat in an assertive not aggressive manner

#### **Weakening the other parties position**

- Test validity of arguments
- Cast doubt on assumptions
- Emotions, body language
- Prepared threats

The bargaining stage requires nerves of steel as it is at this point that both sides are pushing for the final agreement, the tension rises due to the potential for the negotiation to collapse at this point.

Experienced negotiators will pile on the pressure by using their body language to convey that they are uneasy with the deal and just about ready to walk.

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This is where good judgement comes in; do you cave in under pressure and agree or do you hold out a little longer to secure a better deal.

This takes to the final stage which is closing.

### **5. Closing**

The timing of your closing is critical to getting a good deal but without negating all of the good work you have done to get this far by being too greedy.

It is very easy when you are doing much better than expected to keep pushing for a better deal; your opponent is on the back foot pedalling like crazy to defend their position, you sense there is more to be gained when suddenly they announce that they would rather walk away than agree to the deal being proposed.

It is very difficult at this point to do a u-turn and announce that you can settle for less without severely damaging the relationship and your reputation. Remember you have just stated that you need more for the deal to work for you.

Many a deal has collapsed because people have been too greedy or their egos have got the better of them and they want to be seen winning.

Equally closing too early can be a mistake, this usually happens when someone's nerve goes and they settle at the first sign of any pressure or mention that the other side is ready to walk.

You have to be able to hold your nerve when negotiating and not be intimidated too easily.

To decide when to close is again a judgement call; have I secured enough of what I need to make this deal work for me, do I think we are getting close to their walk away point if the answer to both questions is yes then it is time to close.

If you have reached an agreement in line with your objectives your job is done.

It is easy to continually ask if you could have done better; if you have carried out your planning and preparation competently and agreed within your parameters you have succeeded in your negotiation.

Before giving your final commitment to the deal review all information, summarise proposals, clarify understanding.

It is very common for parties to go away with their interpretations of what has been agreed. To avoid any problems later on get it reviewed and agreed at the point of closure.

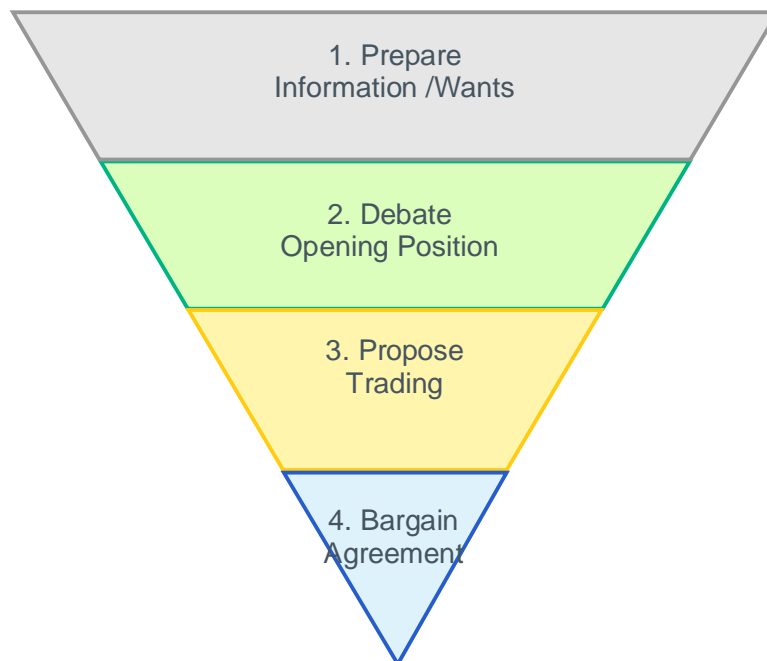
If struggling to close the negotiation here are some suggested methods that can help:

- Making final concessions
- Splitting the difference
- Offering alternatives
- Introducing new incentives or sanctions
- Suggesting an adjournment, time to consider, clarify facts

Remember once you have agreed all issues conclude assertively agree what has been agreed

Where possible lead the final summary, this will protect you should the other side try to slip something in or making a minor adjustment in their favour (by mistake of course)

### **Five Phase Negotiation Process**



5. Close - Timing - Agree what you have agreed

## **Team Roles**

When negotiating there are four key tasks to undertake, you have to manage the meeting, negotiate, observe and record what is being said.

This can be a daunting task when having to do all these things by yourself during a complex negotiation.

A lot of information is being exchanged, numerous offers and permutations of offers. To keep control and absorbed and digest all of the information can lead to confusion and agreement to poor deals.

This is hard enough when it is one on one but when you are up against a team of negotiators it is over whelming.

If you are going to negotiate it is important to find out who will be representing the other party. If there is going to be more than one on the other side it is advised to bring support.

When negotiating as a team there are a number of team roles to be performed if you are to be successful.

The roles are follows:

### **1. Chairman**

Responsible for setting the scene and agenda, summarising, bringing negotiation back on track and leading final summary and close.

### **1. Main Negotiator**

Responsible for leading negotiations

### **2. Support Negotiator**

Responsible for backing up main negotiator, taking over when they get tired.

### **3. Observer/Recorder**

Responsible for observing and recording what is being said, reactions and feedback back to negotiators.

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Task & Roles	Send	Receive	Record	Manage Meeting
Chairman		X		X
Lead negotiator	X	X		
Support negotiator	X	X		
Observer/recorder		X	X	

**Power & Influence**

One of the main aspects of negotiating is peoples attempt to influence us of their position of strength or power.

In summary this either means that they are in a much stronger position than us and therefore by default should get a much better outcome than us.

When analysed what they are saying is that your need to do the deal is greater than theirs or that you logic is flawed and that they can justify why you should accept a lesser outcome.

The mistake that many people make is that they go into a negotiation already assuming that they are negotiating from a position of weakness. When you do this you are automatically giving the other party the power.

Equally people go into negotiations thinking they are negotiating from a position of strength only for their case to unravel due to being asked a few well thought out questions.

When negotiating there is what is known as real and perceived power; if you perceive the other party has the power then perception becomes reality.

To improve your success you should during the planning and preparation stage assess each party's positions and then come to a more scientific conclusion as to who is in the more powerful position.

**Sources of Power:**

**BATNA** – The party who has a better alternative to the negotiated agreement is in a stronger position. In essence the party who has the worst BATNA needs the deal more.

**Competition** – Supply and demand will affect the options to both parties, if you have something that few people can offer you will be in a less competitive situation which will improve the strength of your position. Conversely if there are a lot of people offering the product as you will be in a weaker position.

**Expertise** – If we do not have the same level of knowledge or expertise about issues we are negotiating as that of our opponents it will be difficult for us to justify what we are asking for. Equally the other party can justify their requests without us being able to challenge them on their justifying logic.

**Information** – Information they say is power, the party with most relevant information is in the stronger position.

**Time / deadlines** – If we are under a tight deadline to get something done then we will be under pressure to agree quicker than the other side. They can use this against us in order to drive a harder bargain or either draw out the negotiation.

**Position** – If we are negotiating with a person who is in more senior position to us they will use their position of authority to get what they want knowing that we will not want to do anything that could jeopardize our future.

**Courage** – People who have a strong nerve and the ability not to show they are under pressure can use this as a position of strength.

**Irrationality** – There are times when people behave in an illogical if not irrational way. They seem too oblivious to what they are saying or demanding and the consequences. This approach can help improve people position power.

**Ruthlessness** – Some people adopt a tough if not totally ruthless approach to gain the upper hand if allowed they can get away with this and again gain the position of strength.

**The Huge Corporation** – Often large companies will use the fact that they are able to offer large volumes of business or future business as a way of putting them in a position of power. They can also use the threat of taking away profitable contracts to elevate their position of power.

**Improving Your Position of Power**

When conducting your preparation for the negotiation you should consider these power sources to see if they exist for both parties. Where possible build your own power sources.

If your immediate BATNA is not good look for ways to improve it.

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If you need to improve your knowledge and understanding conduct research. Make sure you are armed with all of the relevant data information before going into the negotiation.

When going into the negotiation the other side will try to influence you of their position of power by building their power base.

Do not accept what is said at face value; challenge what is said try to negate their posturing whilst building your own power base.

### **When to use Power Plays**

Using power plays can help to get a good outcome, equally they can destroy good will and long term relationships and so should be used carefully at appropriate times.

### **When Power Plays**

- One off deal
- Can't see any options for mutual gain
- They insist on playing the power game

### **Remember:**

- There is real and perceived power
- You only have power if the other party allows you to
- All power is limited
- Don't under estimate your power
- Power is the ability to say 'no'
- Power is the other party needing the deal more than you do
- Power is having a good alternative to the deal - BATNA

### **In Summary**

In summary, negotiation is a very complex skill to master and there is no substitute for experience which comes through practical application.

Negotiation is made difficult by the very nature that we are dealing with people and their emotions. Whether this is conflict or ego issues we have to navigate around them in order to secure a deal.

If you plan and prepare well this will take you a long way to getting a good outcome.

Also remember to separate the people from the issues if you focus on the people it will become about personalities (whether we like each other or not) and not about reaching a mutually acceptable agreement.

## **Final Thoughts**

- Negotiating is not about winning or losing but about reaching mutually satisfactory arrangements.
- Always negotiate in good faith to maintain the reputation of the firm as well as yourself.
- Negotiate strategically; think several steps ahead. Negotiation is like playing chess; the best players are able to think many steps ahead in order to beat their opponents.
- Don't be afraid to walk away; don't be afraid to say no. This will ensure you communicate the necessary strength to be taken seriously.
- Always close off amicably you never know when your paths might cross again.