

Negotiation Primer

Negotiating is considered to be an art by many. Your library and local bookstore offer a long list of titles covering this topic. Many well known speakers make a good living sharing their secrets in successful negotiations.

The truth of the matter is that all of us are negotiators. We all engage in negotiations with family members, friends, colleagues and business associates. The purpose of these negotiations is to get what you want from others who may not necessarily be inclined or motivated to give you what you seek.

Principled Negotiation

This powerful negotiation technique separates the people from the problem. An offshoot of the Harvard Negotiation Project, the method was developed to answer the perennial question of how to best work out differences in every sort of conflict- whether domestic, business or international diplomacy.

Four basic steps to Principled Negotiation

As described in the book "Getting to Yes" (Fisher, Ury and Patton, Penguin Book), the three steps for achieving a mutually acceptable agreement are to:

1. Focus on Interests and not Positions,

This means taking the time to understand the reasons driving the stated positions. A position occurs when one or the other party states exactly what they need or specifically what must happen to conclude the negotiations. A position usually represents but one option that could satisfy the needs of the positioning party. This is why it is best not to take a position until a mutually acceptable solution has been found.

For example: You wish to hold a meeting in your home office, which has no telephone. The other party insists on holding it at the local hotel (a position) because he must stay in constant touch with his office (an interest). You suggest that he bring a cellular telephone (an option). It is agreed to meet at your home (mutual gain).

2. Invent Options for Mutual Gain,

Understanding the interests of the other party allows you to search for solutions that both meet your needs and those of the other party. Be creative and come up with as many solutions as you can. Select the ones that best appeal to you and bring them to the attention of the other party. Work on the basis of mutual satisfaction.

3. Insist on Using Objective Criteria

If possible, use third-party objective criteria to determine what is a "fair" concession for each element of your agreement. Trade elements of value to compensate for those items that are perceived as being less fair. Remember not to give away items that you believe to have no value.



Sometimes, it is exactly what you value the least that is being sought by the negotiator.

4. Develop Your Best Alternative To A Negotiated Agreement

The best agreements are usually negotiated when the negotiating parties are free from any outside pressures or fears. Most experienced negotiators can read the subtle changes in body language that exist when the other side is being pressured or feels a need to arrive quickly at an agreement. One technique you can use to avoid putting yourself into this situation, particularly when the current negotiator is the only prospect in the immediate future, is to plan for the possibility that no agreement will be reached. In this event, you will have to consider your Best Alternative To A Negotiated Agreement. Be tough on yourself and set a realistic alternative. This option will become your yardstick for making or breaking the deal.

Communication

As a general rule, when communicating expect the other side to hear or understand something different than what you intended. This situation is compounded by language, culture and emotion. Maximize effective communication by paying attention to the following areas:

Talk to each other

Many negotiators frequently don't talk to each other. Rather, they talk to impress third parties, to spectators or to members of their own team. Help the communication process by building a strong one-on-one dialogue.

Hear and be heard

Talking to each other does not necessarily mean hearing each other. Often, we spend too much time on thinking about what we are going to say next rather than listening to what is being said now. Active listening is a skill that can pay great dividends in improved communication. Avoid thinking about what to say next. Focus on what the other side is saying and attempt to paraphrase the key items as you hear them. There will be ample time for you to think about your response.

Verify that you understand and are understood

Many negotiators often view the negotiation as a debate with a goal of trying to persuade the other side about the merits of your viewpoint. Try to view the negotiation as a fact finding mission where both you and your negotiating counterpart are attempting to work out a solution to a joint problem.

Cameo/ A short primer on communication styles

People communicate and respond to communication over a spectrum that can range from full empathy to violent denial. How should you communicate with your negotiation counterpart? What can you do to improve your communication style? A number of interesting tools have been



developed for professionals involved in sales. Sales people have a vested interest in effectively communicating over the widest possible range of styles. Research in the area of human communication has yielded a number of tools that may help you communicate more effectively. This section outlines two of the more widely recognized and useful methods for handling interpersonal communications. They are frequently given different labels depending on the organization promoting them. We refer to the first technique as Communication Styles and the second as Neural Linguistic Programming.

Communication Styles

This technique classifies interpersonal communication into four major categories. We avoid getting into complicated descriptions of each type by looking at how they typically respond when first contacted (Stress level 1) and how they respond when further pressed for a favor or other demand (Stress level 2).

Communication Style #1: Driver/ Choleric

This the typical type A person who is goal oriented and low on people concerns.

- **Response to stress level 1**

They ask you directly what do you want and tell you to get to the point so that you don't waste their time.

- **Response to stress level 2**

When further pressed for a response or commitment, their response is flight... i.e. they will have an excuse for not being

Able to respond at this point in time and must immediately undertake some urgent matter.

- **How to best get what you want?**

State your business, stress the facts, and above all, be brief.

Communication Style #2: Expressive/ Sanguine

The life of every party, you cannot miss the arrival of the expressive. They are typically "loud" and shake everybody's hand.

- **Response to stress level 1**

An expressive is usually very aggressive and will respond with a resounding "NO." This response is their normal instinctual response to most requests.

- **Response to stress level 2**

If you accept the expressive's response as the normal behavior that it typically is and continue to press for what you need, the expressive will give in and usually respond in the affirmative.

- **How to best to get what you want?**

State your business, weather the emotional assault, and get what you need.

Amiable/ Phlegmatic

You know this type as the banker, bureaucrat or city official.

- **Response to stress level 1**

Amiables avoid conflict with a passion. If you gently bring up your request during what you may perceive to be a social chitchat, the amiable will attempt to grant you your request.

- **Response to stress level 2**

The challenge with an amiable is not to push too hard. At some point during your conversation, the amiable may feel that you are pushing too hard. If this happens, the automatic response will be a firm and unshakable "NO". Once you have triggered a firm no, it is almost impossible to change the amiable's mind.

- **How best to get what you want?**

Begin by initiating a dialog and gently lead the conversation to your request. Back off once the request has been acknowledged.

Analytical/ Melancholy

Analyticals are the technocrats and scientists of our society. Odds are that your car mechanic is an analytical.

- **Response to stress level 1**

When pressed for a favor, the analytical attempts to flee without making any sort of commitment. They will usually report the need to go to a meeting, finish up some work that is past a deadline, etc. They prefer to avoid conflict if they can help it.

- **Response to stress level 2**

Block the exit, hold your ground and press your request. The analytical responds by asking you to be very specific about what it is that you want. They may go as far as having you spell out in great detail what it is that you need.

- **How to best get what you want?**

Corner the analytical and make your demand. Bring all the necessary information and be very detailed.

Cameo/ Sales techniques (Neural Linguistic Programming)

Sometimes referred to as rapport technology, this communication technique leverages on the way people experience and perceive their world. It attempts to show you how to communicate using that person's specific pattern of perception so that you are totally and clearly understood. Much of what is outlined in a structured way is what many successful salespeople tend to do on an instinctive level. The method relies on the observation of visual, auditory and tactile clues to determine an individual's unique pattern of communication and then show how to adopt the same pattern (in a technique called mirroring) to optimize the communication process.

Practitioners of NLP vary in their abilities to properly apply the technique. Polished practitioners come across as sincere. Inexperienced practitioners may appear to be insincere. If you feel uncomfortable with the person that you are negotiating with yet you cannot exactly pin down the reasons for the discomfort, take some time to analyze the negotiator's body language and overall approach to communication.

Refer to your library or your local bookstore for more information on this topic.

Cameo/ The 10 sales closings

Forewarned is forearmed. By learning these ten traditional sale closes, you will have a better perception of what is happening during most negotiations and selling encounters.

The ten sales closes are presented from the viewpoint of the closer.

Learn to recognize the patterns and see how often you encounter them during the course of a day.

Close 1: Ask for It

You ask directly for a decision.

Close 2: The Order Form Close

You initiate the paperwork that is necessary to close the sale. In effect, an agreement to pursue the process means acceptance.



Close 3: The Either/ or Close

Ask the prospect to choose one of the available positions. A selection is a sign of acceptance.

Close 4: Half Nelson

You ask the prospect to commit if a certain issue is resolved satisfactorily. Agreement is a sign of acceptance.

Close 5: Duke of Wellington

You outline all the reason why the prospect should seriously consider accepting. The prospect is left to think of reasons for not taking accepting.

Close 6: The Cautionary Tale (Third Party Reference)

A story is told of what happened to another prospect; that decided not to accept or to go elsewhere.

Close 7: The Lost Sale Close

You ask the prospect for specific reasons for not accepting. You work on overcoming the arguments one by one.

Close 8: The Process of Elimination

You are concerned about the apparent lack of enthusiasm for the offer. Since the prospect is not forthcoming in explaining the concerns, you go over a checklist of concerns and ask the prospect to agree or disagree with each item. Once you understand the specific concerns go back to the Half Nelson approach.

Close 9: The "I'll Think it Over" Close

You ask the prospect what specific issues bother him/her. The purpose is to identify their specific objections. You then proceed to use the Process of Elimination close.

Close 10: The Final Objection Close

You get the prospect to agree that there is only one remaining issue that is causing him/her to waiver. Once you share their concern, you resume with the Half Nelson close.

Valuation

Realize that what is of value to you may not be as important, or in some cases even worthless, to the other party. The same is true of some bargaining chips that you may not even realize that you possess. For this reason, it is useful to complete an "interest" inventory. Asses the value of each item on the list from your viewpoint and from that of the other party. Remember, the greater the number of "interests" identified, the better your chances are for attaining a mutually beneficial agreement.



Converging to a common agreement

At the beginning of the negotiation process, you should spend some time on understanding the interests of the other party. Try putting yourself into their shoes and evaluating the impact of each "give-and-take" on the negotiating representative and the company that they represent. Many negotiators rely on traditional techniques of hard or soft negotiation. Hard negotiators see the process as a contest of wills and often use a range of conventional negotiation tactics.

Common Hard Negotiation Tactics:

Deception Tactics

• *INCORRECT INFORMATION*

situation

Knowingly false statements are made

solution

Make it a practice of conditionally accepting stated facts and announcing that you will verify the facts with a reputable third party as part of your due-diligence process

• *LACK OF AUTHORITY*

situation

The negotiator leads you to believe that they have authority to compromise when they don't.

solution

Before getting into any serious give-and-take, ask the other party about their authority to compromise. If they do not have the authority, work on a draft that both of you understand to be open for change. If you are satisfied with the draft, allow for an acceptance within a fixed time window.

• *INTENTIONAL MISREPRESENTATION*

situation

You are dubious about the intention of the other party to comply with certain parts of the agreement even though they profess 100% compliance.

solution

Since the other party is 100% sure in their ability to comply, add nonperformance clauses that compensate for the expected nonperformance. It is difficult for the other party to refuse these clauses if they are so sure of their performance.

Psychological Tactics

- **STRESSFUL SURROUNDINGS** (*heat, noise, lack of privacy, glare*)

situation

The negotiation is held in a surrounding that is uncomfortable.

solution

Inform the other party that certain elements of the surroundings are making you uncomfortable and then proceed to discuss ways to change or remove the offending factors

- **PERSONAL ATTACKS**

situation

Verbal and nonverbal communication (negative comments about your appearance, making you wait, interrupting negotiations to take calls, avoiding eye contact etc.) is used to make you feel uncomfortable.

solution

Mention the factors that are making you uncomfortable and inquire about the intent of the specific tactic being used. Recognition of the tactic is often all that is required to remove it.

- **GOOD GUY-BAD GUY ROUTINE**

situation

One individual in the opposing negotiation team takes a hard position that sets a psychological negotiation point. The objective is to have you accept a value (offered by the good guy) that is close to this value... i.e. it sets a ball-park value for the final negotiated value.

solution

Avoid the game by stating that you are willing to accept the lower value if that is what is determined to be fair and then proceed to

understand the rationale used by the other party to arrive at the quoted value.

- **THREATS**

situation

The negotiating party ups the stakes by threatening to initiate an action that is detrimental to you or to your company.

solution

Consider the threat as a statement made in haste and/or irrelevant to the negotiations. Should the threat be repeated, respond with warnings regarding possible responses to the threat. Emphasize how the consequences are out of your control.

Pressure Tactics

- **REFUSAL TO NEGOTIATE**

situation

The other side refuses to talk to you or sets stringent preconditions to meeting.

solution

Attempt to find out their interests in refusing to talk. Discuss the situation with third-parties. On what principles are they basing their tactics. Look for alternatives that satisfy both their and your interests.

- **EXTREME DEMANDS**

situation

Obviously extreme and unacceptable demands are made at the outset of negotiations to lower your expectations.

solution

Tell them that you recognize the tactic. Follow this up by asking them to justify their position using objective criteria.

• **ESCALATING DEMANDS**

situation

A new demand is made for every concession. Negotiators use this tactic to reduce overall concessions and to speed up negotiations so as to avoid further demands.

solution

Alert them to the situation and then take a break to consider on what basis you want to resume negotiations. Resume discussions on agreeing on what basis to resume negotiations.

• **LOCK-IN TACTICS**

situation

A negotiator will publicly announce a position that will make it difficult for that person to change without losing face.

solution

Recognize the announcement and diffuse it by interpreting it as one of their goals. Resist the lock-in on the basis of principle and ignore it.

• **DIFFICULT "OTHER" PARTY**

situation

The negotiator states being agreeable but cannot accept because of the position of the other negotiator (or owner, manager, partner, etc.)

solution

Recognize the tactic and ask for the negotiator to express the position in writing (i.e. that the first negotiator recognizes that fairness of the agreement). Then, if possible, discuss the situation with the other party.

• **DELAY TACTICS**

situation

The negotiator keeps postponing decisions for various reasons.

solution

Look for time sensitive reasons for delaying the decisions. Bring them up in the negotiations and find your own objective reasons for meeting a certain deadline.

• TAKE-IT OR LEAVE-IT STATEMENT

situation

The negotiator draws the line and makes a take-it-or-leave-it statement to end negotiations.

solution

Ignore the statement and change the topic or bring up new solutions. Keep a list of what they have to lose if no agreement is made. Suggest working together to finding a way to let them save face and allow you to meet your objectives.

Concept of equity

The purpose of negotiating is to reconcile interests and to find one or more options that result in mutual gain. The exchange does not necessarily involve exchange of equal market value but rather of equal perceived value, hence the use of the term equity. Do not make the mistake of disregarding the value of an item because you do not give it any value.

Making the deal

If you have followed the suggestions listed above, you have probably already worked out most of the difficult issues and are really just paying attention to the details that accompany the closing of most deals. This method also reduces the risk of any "buyer's" remorse that accompany traditional negotiation approaches.