



PROJECT **PERFECT**  
Pty Ltd

# Guide to Negotiation

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## Effective Negotiation Skills

### Why Negotiate?

The World is full of countries that prove the precept that those that live closer to the principles of free trade do better than those who have abandoned them. The famous economist Adam Smith spent 12 years, up until 1776 writing his seminal piece 'An Inquiry into The Nature and Causes of the Wealth of Nations' In it he remarked on the propensity to truck, barter and exchange - which he found to be common to all people on the planet and yet was not present in any other species. - Smith wrote.

*“Nobody ever saw a dog make a fair and deliberate exchange of one bone for another with another dog. Nobody ever saw one animal by its gestures and natural cries signify to another, this is mine; that is yours, I am willing to give this for that.”*

If you want to trade you have to negotiate, the alternative is to accept what you are offered. There are many opportunities to negotiate better deals and terms, however these chances are often missed because neither side makes it clear that negotiating is an option.

Many people wrongly assume that nothing is negotiable unless the other party indicates that this is the case - a more realistic view is that everything is negotiable, in order to be effective you will need effective negotiating skills.

### The 4 Phases of Negotiation

The complexity of the negotiating process will vary according to the size and complexity of the proposed deal as well as the attitudes adopted by the parties involved. This book explains a comprehensive and detailed approach, which should be tailored to suit the needs of each particular negotiation. It is worth remembering that the time and effort that you invest in any round of talks should reflect the potential benefit that can be gained from them

Nearly all negotiations are characterized by four phases –

- **Preparation**
- **Opening**
- **Bargaining**
- **Closing**

In large scale negotiations each of these phases are normally tackled sequentially. However, in smaller scale negotiations it is quite common for these phases to merge - possibly into a single unstructured process. Where this is the case, a good understanding of the logic that underpins the four phase approach can guide you, even when you are negotiating smaller deals

**Preparation** involves information gathering - knowing the state of the market, being aware of the supply and demand status, being aware of any current or imminent discounts and special offers and so on.

The **opening phase** of a negotiation involves both sides presenting their starting positions to one another. It usually represents the single most important opportunity to influence the other side.

In the **bargaining phase** your aim is to narrow the gap between the two initial positions and to persuade the other side that your case is so strong that they must accept less than they had planned. In order to do this you should use clearly thought out, planned and logical debate.

The **closing phase** of a negotiation represents the opportunity to capitalize on all of the work done in the earlier phases. The research that you've done in the preparation phase, combined with all of the information that you've gained since should guide you in the closing phase.

## Recognizable Patterns

In practice negotiations can be a messy business - there are no hard and fast rules. Human behaviour plays a strong part in any negotiation process - varying attention spans, deviations and interruptions are just a few of the hurdles, as are a whole range of emotional responses - from the silent sulk to the aggressive outburst.

However in all this chaotic human interaction there are underlying and recognizable patterns. This book identifies the underlying patterns of the negotiating process, highlights and analyses them and forwards a considered view of best practice - for effective negotiating skills. It identifies alternative courses of action that should help you to steer a successful path to the outcome that you seek.

## Characteristics of Negotiation

In business we negotiate with both suppliers and customers. We also negotiate within our organizations, for example with colleagues and team members. Think for a minute about the hundreds of deals you make every year - with your boss, your customers, your suppliers and colleagues. Whilst there are an infinite variety of negotiation scenarios, most negotiations are defined by 3 characteristics:

1. There is a conflict of interest between two or more parties. What one wants is not necessarily what the others want.
2. Either there is no established set of rules for resolving the conflict, or the parties prefer to work outside of an established set of rules to develop their own solution.
3. The parties prefer to search for an agreement rather than to fight openly, to have one side capitulate, to break off contact permanently or to take their dispute to a higher authority.

The principles of negotiation are not dependent on the identity of the parties involved, their cultures or the amounts at stake. The skill of negotiation can be applied universally - whether you are seeking a promotion, commissioning a nuclear power plant or simply buying a used car.

## Factors Influencing Negotiations

The actual negotiation process depends on the following factors:

1. The goals and interests of the parties
2. The perceived interdependence between the parties
3. The history that exists between the parties
4. The personalities of the people involved
5. The persuasive ability of each party

Negotiation is a complex communication process, all the more so when one round of negotiations is just an episode in a longer-term commercial or political relationship. In these situations

considerations about the longer term relationship will influence any specific round of talks - and reduce the tendency to maximize short term gain at any expense.

## **One Sided Deals**

The spirit of the deal can be as important as the terms of the contract, even a tightly worded contract can be sabotaged by either party backing out of the agreement, or by acting in bad faith. Capable negotiators understand that the stability of the outcome is important and focus on more than simply maximizing the concessions that can be extracted from the other side. This is down to effective negotiation skills; they know that if either side subsequently has reason to regret or resent the agreement reached, then they may seek to undermine it, or even reject it outright. Think about the following scenarios.

Consider a situation where management secure an agreement with workforce representatives on new working practices, but the workforce themselves believe that they have been coerced into acceptance. The workforce might then employ disruptive tactics, for example by refusing to undertake any tasks that are outside their formal job description. The result of this kind of action is often highly disruptive, even though it breaks no agreements or contracts.

In situations where sales representatives secure deals that are very one-sided the buyer may, on reflection, decide that he wishes to back out of it. In the business world it would prove very expensive and time consuming for the seller to seek recourse through the legal system. Furthermore such action would alienate a potentially valuable customer and could result in a lot of negative publicity.

Where the public are involved, and as consumers commit to purchase high value goods and services, they are usually protected by a legally specified cooling-off period. During this period they can back-out of the deal without incurring a penalty. Here the law recognizes that trained sales staff are usually much better deal makers than members of the public.

## **The Win/Win or Integrative Approach**

There are two types of negotiation process that differ fundamentally in their approach and in the relative prospects for the stability of the agreement that is reached. The first is called the integrative or win/win approach. In these negotiations the prospects for both side's gains are encouraging. Both sides attempt to reconcile their positions so that the end result is an agreement under which both will benefit - therefore the resultant agreement tends to be stable. Win/win negotiations are characterized by open and empathetic communications and are commonly referred to as partnership agreements.

## **The Win/Lose or Distributive Approach**

The second is called the distributive or win/lose approach. In these negotiations each of the parties seeks maximum gains and therefore usually seeks to impose maximum losses on the other side. This approach often produces agreements which are inherently unstable, as represented by the triangle balance on its apex.

## **The Mixed Approach**

In real life negotiations both of these processes tend to be at work together. Therefore, rather than two negotiators adopting one or other of the approaches, negotiations tend to involve a tension

between the two. It should be apparent that where a long term business relationship is involved that it is important to adopt a more integrative (win/win) approach to negotiations. The failure to work together with the other side in order to reach a mutually acceptable outcome is a common reason for the breakdown in many otherwise successful business relationships.

### **Stability of the Outcome**

Remember, the spirit of the deal can be as important as the terms of the contract and when seeking to expedite negotiations that will deliver a deal that suits the needs of both sides, you should:

1. Focus initially on each side's primary objective - ancillary negotiating points can become a distraction in the early stages.
2. Be prepared to settle for what is fair - if an agreement is not seen to be equitable it is unlikely to be stable. Maintain flexibility in your own demands and interests, this makes it easier for the other side to be flexible as well.
3. Listen to what the other side wants and make efforts to meet their requests. You may need to compromise on the main issues, so that both sides can begin to attain their goals.
4. Seek to trade-off concessions - so that each side gets something in return for everything they give up.

Capable negotiators understand that the stability of the outcome is important and focus on more than simply maximizing the concessions that can be extracted from the other side.



## Negotiation Strategy

### Negotiating Dilemmas

In negotiating we do not know what the other side will accept, and in some cases we are not absolutely clear about our own limits or negotiation strategy. This creates three common negotiating dilemmas:

1. When and how to open.
2. How far to move and when.
3. How long to hang on.

All negotiators suffer the stress associated with making decisions where some of the facts are unknown. Experience and research can help to reduce these; however they will never be enough to completely eliminate the stress associated with negotiating. Decision making in gray areas is a notoriously difficult task and this is why careful preparation is often the key to success. Preparation may not equip you with all the answers ahead of opening a negotiation but it should help you to take appropriate action if and when events take an unexpected turn.

### Doing Your Research

Preparation involves information gathering - knowing the state of the market, being aware of the supply and demand status, being aware of any current or imminent discounts and special offers. This applies both with respect to your organization and your competitors. Knowing the true market value of the deal is important. People often make assumptions about value which are based on little more than anecdotal evidence about the state of the market. Conversely you may have developed a significant market intelligence and then fail to capitalize on this hard won information - by assuming that the other side has the same knowledge, when this may not be the case. As with so many areas in modern business life - information is the key to success. Therefore, you should ensure that your information is at least as good, if not better than the other sides.

### Commercial Intelligence

You should ensure that you have access to your competitor's sales literature, price options and be aware of their strengths and weaknesses as an organization. There are many ways of keeping an eye on the competition; you can use industry contacts, the media and the internet to help your research. An organization may have dealt with one of your competitors before and have found their products and or services to be unsatisfactory. In this case they may try to present them as legitimate competition simply to weaken your negotiating position. In this scenario your knowledge of the relationship between one of your competitors and your customer may undermine their use of this tactic. Research can turn up information that can fundamentally change a negotiating position, consider the following example: A software salesman working for a company supplying medical administration systems to doctors has been using the internet to gather information about a major competitor.

In doing so, he has discovered a web site run by an independent user group, which highlights some major deficiencies in his competitor's products and support. He will be able to use this information

to his advantage in future sales presentations and will be able to focus on the advantages of his products, knowing that the competitor has recognized weaknesses in these areas.

## **Organizational and Personal Factors**

Where possible you should also research both the organization and the individual that you'll be negotiating with. If your organization has had dealings with them in the past then seek details of these earlier transactions. Alternatively you may need to use similar research tactics as you would use to assess the competition - industry contacts, the media and the internet.

Consider the following organizational factors:

- Why is the organization negotiating?
- What does it hope to gain?
- What is it afraid of losing?
- How strong is it now, in terms of market position, managerial knowledge and human resources?
- What are the trends in its recent industry or region?
- What is the history of its negotiating style - cooperative or confrontational?

Consider the following personal factors:

- Are they an experienced negotiator?
- What is their personal style: aggressive, persuasive, amiable or other?
- What is their background: do you have similar experiences; will they understand your arguments?
- What is their reputation - honest and open or secretive and selfish?
- Are you likely to be dealing with this person again in the future - will the relationship be ongoing?

## **The Power Dimension**

The more sources from which you can obtain what you want, the stronger your position; and the fewer such options you have the weaker your position. However it can be dangerous to assume that what you think, regarding this power dimension, actually applies in practice. You should be aware that the other side may be using a tactical ploy to convince you to change your position.

It doesn't really matter that much whether you are buying or selling if you get the power dimension to work for you rather than against you. Many of the moves and tactics in a negotiation are attempts to alter the other side's perception of the power dimension.

Most sellers are overly concerned with the power of the buyers and the extent of the competition. It is quite common for salespeople to psyche themselves into a weak position by focusing on their misconceptions of these two critical issues. Firstly, sellers may pre-empt the negotiation by deciding that the competition has already beaten a path to the buyers door, they may also believe remarks made by the other side regarding the strength of the competition.

## **Altering the Balance of Power**

The more skilfully you can manoeuvre the other side's subjective views of the power relationship in your favour the less relevant the objective power balance of the marketplace is to the outcome of the negotiation.

Put another way - it is not an article of faith that the buyer holds the strong position. If you enter a negotiation believing that the other side has the power then this will be the case. The critical question is not who is the buyer and who the seller - but who can get the power dimension to work for them. An example of this is the international oil crisis of 1973 which was precipitated by a simple change in the relationship between the Arab oil states and the Western oil companies.

Up until that time the Arab oil states had been convinced that they as the sellers were in the weak position. In a classic manoeuvre the seller adopted the strong position. The Arab states decided that they held the power and organized themselves accordingly. The power dimension in the negotiations was reversed, the world's oil prices skyrocketed and the Arab states became extremely wealthy.

### Negotiating from a Weak Position

Whilst negotiating from a genuinely weak position is difficult, you can help yourself beforehand by recognizing any weaknesses and trying to think of a positive spin on them. For example:

*"I'll have to concede that we're more expensive but our components are far more reliable than any of our competitors."*

*"There are newer products on the market, admittedly, but our track record is unrivalled."*

*"I know you can buy cheaper, but if you go with us you can rest assured that 20% of the price goes directly to the producers in the developing world."*

*"If you're willing to pay the slight premium attached to our ingredients you will be able to use the 'organically grown' logo on your packaging."*

In all of the above examples an undeniable weakness is being conceded, but then countered with some positive information.

### Addressing the Details

It is important that the major areas of the deal are considered in the preparation phase. If possible the details of the deal should also be addressed, ensuring that you are clear about your objectives.

Both sides should be clear about just what the whole deal will entail. One of the best ways to remember to address all of the important details is to think in terms of 'What if?' questions.

Consider the major what if clauses that should be discussed when you are considering the long term hire of a vehicle.

- What if I have an accident.
- What if another person wants to drive.
- What if the vehicle breaks down.
- What if the vehicle is stolen or vandalized.
- What if we dispute the condition of the vehicle on its return.
- What if I am late in returning the vehicle.

This list is by no means comprehensive, but it illustrates the main issues that need to be considered in addition to the main item – the cost of the hire.

## Negotiating Range

In the preparation phase you should define your bargaining objectives in a way that best suits your specific circumstances. The following classification is suggested as a general guide:

- Ideal - the best deal you can hope to achieve.
- Minimum - the least you would be prepared to settle for.
- Target - the deal that you believe is realistically achievable.

Negotiation training - don't forget that the other side will also have the same sub-conscious criteria, and it is only when your target zones overlap that a settlement can result. Assess what the other side wants or is prepared to offer. The difference between their position and your offer is the negotiating range. If your maximum matches, or exceeds, their minimum then this indicates that a settlement is achievable.

## Planning Concessions

Knowing what you want from a negotiation depends on two factors:

- Understanding what is possible
- Evaluating what is important.

The extent to which you should plan concession trading will depend on the importance of the deal and to some extent the likely timeframe for the negotiations. Make a list of all of the things you'd like to achieve. For each item decide what would be the worst position that you would be prepared to accept. It is important that you are clear in your own mind about exactly what you would be prepared to give up. Then consider how you would build up a package which would allow your concessions to be exchanged for concessions from the other side.

When planning concessions a variety of other factors should be considered, not just the price of the deal. For example:

- Could you accept a higher price for a concession on payment terms?
- Could you include the first year's maintenance contract free if the other side commit to renewing it at market price for the following three years?
- What about delivery and installation terms, parts and service charge warranties?
- Would you consider assisting one of your major customers in their future promotions?

Put your ideal list of results in priority order, in accordance with your overall success criteria. List all of the possible concessions on each issue and evaluate the impact of each one. When, during the negotiations the burden falls on you to offer a concession you can check over your list and make a counter offer that reduces your demands as little as possible - preferably by only one notch on your lowest priority objective.

## Standard Contracts

Depending upon the nature of the deal, you may be able to use existing contracts and other documentation and modify them as the negotiations proceed. Alternatively, you may need to

develop original documentation to accompany the negotiation process. The other side may also come to the negotiation with pre-prepared documentation. It may prove beneficial for both sides to review each others documents ahead of the initial meeting. This may clarify issues such as the requirements specification, maintenance intervals, payment terms, warranties etc. Standard terms and contracts are often used to open the negotiations and as such can be thought of as representing an opening position. This can be used to your advantage by carefully screening your paperwork for sensitive or contentious issues, whilst obtaining as much detail as possible from the other side.

## A Negotiating Agenda

A well prepared agenda is one of the key aids to a successful negotiation. Tabling an agenda is a positive move, regardless of who is in the stronger position, as it shows that you are looking to progress the negotiations and that you have taken the trouble to plan how to do this. However, the downside to tabling an agenda is that it can reveal key aspects of your opening position. For example it may show your priorities, preferences and possibly your intended strategy. The agenda should aim to introduce the issues in such a way as to promote a favourable reaction and hopefully early convergence on key points. This should be followed by addressing, one by one, those issues where there are known differences - starting with the least important.

1. The issues that the agenda should address include:
2. The main issues to be considered.
3. A list of any areas to be omitted.
4. The negotiating sequence - top down or bottom up.
5. The timescale and progress that you anticipate.

## Adopting a Tough Opening Position

The opening phase of a negotiation represents the most important opportunity to influence the other side. You should use your opening to manipulate the other side's expectations to be more in line with what you want. This is why it is almost always in your best interests to adopt a tough opening position. Careful preparation is the key to ensuring that a tough opening stance is credible.

## The Opening Dilemma

All negotiators will encounter the opening dilemma - the challenge of being as tough as possible whilst remaining credible. If the other side consider your opening position to be ridiculous then negotiations may be terminated before they have started. At the other extreme an offer that is too accommodating may be snapped up immediately - leaving you with the realization that you have seriously undersold your position. Ideally your opening statement will be backed up by thorough research and will also be tabled in response to an opening statement from the other side.

Several factors need to be considered, for example:

- Is the other side's attitude tough or easy-going?
- Are their expectations reasonable?
- Do you feel as though a deal is possible?

By weighing up factors like these, you should be in a position to counter with a credible offer.

## Establishing Credibility

The expectations within a negotiation are often entirely subjective. External factors can be virtually eliminated by the interpretation put on events by the two sides involved. Therefore, establishing a tough but credible opening position may not be as difficult as first thought. The credibility of the pitch only needs to be established in the minds of the other side - not in the minds of a panel of neutral observers. The real issues can be summarized as what the pre-opening expectations were, how these expectations were adjusted during the opening phase of the negotiation and the issue of overriding importance - how badly both sides want to do the deal.

## Salary Negotiation

### The Importance of Not Opening First

When one side puts an offer or draft agreement on the table the other side is able to assess their negotiating style, determine whether or not they are tough negotiators and may even be able to infer their settlement range. Consider what might happen if you open first: The other side now has the salary negotiation initiative, as you will have revealed key elements of your negotiating position and they can now put you on the defensive by asking you to justify your opening offer. By doing this, they will gain further valuable information as you attempt to explain your position. They might also say that your offer is unrealistic and ask for you to be more reasonable. In either case the negotiations stay focused on your position, without the other side revealing anything in return. Even if they do make a counter offer it reveals very little about their settlement range - as they can now place their own offer anywhere between what they hope to get, and what has already been offered by you.

### How to Ask the Other Side to Open

The way in which you ask the other side to open is likely to be influenced by your relationship with them. If you're in the strong position then you have the advantage and more options will be available to you. For example:

- A friendly approach - *"Well Steve, I can see you've got the proposal in front of you, could you talk me through it please?"*
- An interested approach - *"I've heard that you're a very competitive company and we're very keen to see what you have to offer. So, can you show me the details of your proposal?"*
- A demanding approach - *"I need to see the main terms of your offer now. I need to know if there's going to be any mileage in this?"*
- An impatient approach - *"I've got a meeting in half an hour; can you show me what you've got?"*

Whilst these approaches differ in style, they all put the other side on the spot and make it difficult for them to do anything but reveal their opening position. Spend a couple of minutes thinking of a variety of ways in which you might ask the other side to open in different circumstances.

### Asking the Other Side to Open from a Weak Position

If you are in the weak position asking the other side to open is feasible, if you adopt a friendly or questioning style. For example:

- A friendly approach - *"Well Steve, based on the specifications you gave me last week, I've roughed out some ideas - could you just outline the sort of deal that you're after?"*
- A questioning approach - *"I've brought a draft proposal with me and if you can tell me how much money is available I'll try to optimize the deal for you."*

## **Analysing an Opening Statement**

Very little is actually known about the other sides opening position until they make their opening statement and it is vital to learn as much as you can from it. Analysing their opening statement will help you to evaluate the strengths and weaknesses of their arguments. Ask questions where appropriate, observe their behaviour and listen carefully. It is important not to miss a single nuance or implication of what the other side is communicating. Are their tactics tough or easy-going, are they serious about their opening offer or is it a try-on. These factors should provide you with information that you'll need to secure the best possible deal. Even in the opening phase it is important to try to identify areas that the other side considers to be non-negotiable, these can often be identified by what the other side omits from their opening statement. Knowing what is non-negotiable can be a valuable weapon in your negotiating armoury.

## **Staying Focused**

Taking notes as you listen will enable you to construct a more accurate picture of the other side's position. However, avoid the temptation of planning rebuttals, counter-offers or victory celebrations in response to what you're hearing. You should stay completely focused on the listening process until the other side has finished. As well as listening out for points where there is disagreement, also listen carefully for areas where both sides agree. Recording these will help eliminate a lot of unnecessary discussion, freeing up more time for negotiation on the contentious issues. In addition, listen out for omissions, which may indicate items that the other side consider to be non-negotiable.



## Opening Negotiations

### The 4 Key Elements

There are four key elements to body language communication when opening negotiations:

1. Posture
2. Facial expression
3. Tone of voice
4. Limb position.

Of these, the tone of voice is most easily disguised and you should be wary of making judgments based on this element alone. While the other side is speaking, reassure them by using positive body language - make a lot of eye contact, smile, nod in agreement with their major points and generally act as though you are persuaded by their arguments. This tends to draw the other side out by making them feel that you are easier to negotiate with. When they have come to the end of their prepared remarks, keep quiet and maintain an attentive pose. They may then begin to improvise - providing even more information to the intelligent listener. Body language should be seen as a two edged sword, and when you are opening you should be aware that the other side may use it to encourage you to say more than you intended.

### Mirroring

In any intimate communication there is a natural tendency to mirror the body position of the person you are talking to, and this behaviour tends to result in a more relaxed and agreeable atmosphere. You can put the other side at ease by being aware of this and making a positive but subtle effort to mirror their body language when opening negotiations - but don't overdo it. If you are negotiating as part of a team then it is important to keep everyone on your side aware of the subtle messages they may be sending out. An individual's facial expression, tone of voice, body posture and movement often convey a world of detail about what they are thinking, feeling and planning. The effective use and interpretation of body language communication will help you to identify subtle aspects of the other sides opening position. It is a key component of intelligent listening.

### Intelligent Listening

Intelligent listening when opening negotiations, can be described as getting behind what people say to understand what they really mean. For example if the other side says:

- *"We absolutely **cannot** move on price"* it may be that other aspects of the deal are negotiable.
- Similarly, *"We don't **usually** give more than 5% discount"* could mean that they might well give more discounts if you give them something in return.
- *"Under our **standard** terms"* could be taken to mean that other terms are almost certainly negotiable.
- *"That isn't our **usual** practice"* could mean that they could be convinced to make an exception.

- “I can’t see **how** you’re going to achieve this” invites you to explain in more detail how it could be achieved.

## Non-negotiable Items

Experienced negotiators know that the other side’s non-negotiable items can serve as powerful bargaining levers - even if these items are of little consequence. For example:

**First Negotiator** – “You haven’t mentioned payment terms?”

**Second Negotiator** – “Our payment terms are always 30 day’s; our accounting system won’t allow extended payment periods.”

**First Negotiator** – “That makes things quite difficult, we were expecting a 60 or 90 day payment period, and if that’s the case we’ll need to revisit the proposed price and discount structure.”

Here the first negotiator is inflating the significance of the other side’s rigid accounting system. She may well discard this as a ‘generous’ concession during the bargaining phase. This example illustrates how non-negotiable items can have the effect of forcing the other side to be more flexible about issues that are negotiable.

## When You Have to Open First

Opening negotiations first is generally viewed as a sign of weakness - as you are obliged to show your hand and reveal your priorities and possibly your strategy. However, it isn’t all negative; there can be some benefits to be gained from opening first:

- You can alter the other side’s perception of the situation. A confident opening can demonstrate confidence in your position.
- It can also imply trust in the other side to which they may respond favourably. Remember, if you are opening first, avoid revealing too much and try to disguise the importance that you attach to different issues.

If you are opening first, it is important to allow time for normal introductions, courtesies and small talk. You should then begin by outlining the scope of the negotiations and ensuring both sides are agreed on the main objectives.

During this initial stage, pay attention to anything that the other side says, observe their body language.

- Do they appear confident?
- Are they worried or distracted?
- Are they relaxed or impatient?

Indicators such as these can help you to build up a useful picture of the other side’s position and strategy. You should try to maintain a neutral tone and remain relaxed throughout this preliminary stage. If, for example, the other side can see that you are adopting a tough stance then they can very quickly toughen up and a stand-off may develop before the process has gained momentum. This introductory stage of the opening phase can be ended by tabling your proposed agenda for the negotiations. An agenda is a key aid to effective negotiations, and its content is described in The Preparation Phase of this course.

## Is Their Opening Credible?

When the other side has finished detailing their opening you should assess it in the light of your own research, your opening position and your bottom line. The fundamental question is whether or not you consider their opening position to be credible. If it is not credible then you must reject it immediately, as it is important that the other side alter their opening position - or at least understand that you are not opening in response to it. If you do not make this clear then you are tacitly accepting their opening as a valid start point.

Given that a credible opening has been made you may want to ask specific questions about their proposal. Your questions should be directed at areas of weakness and should also aim to identify what areas they consider to be non-negotiable. Avoid accepting the other side's agenda if it doesn't suit you, by countering with your own - if you have prepared one. Standing up for yourself is something that should be done from the outset - or the other side may start to see you as a pushover.

## Splitting the Difference

Splitting the difference is a common negotiating tactic that may initially seem fair to an inexperienced negotiator. This approach involves halving the difference between the last two offers to find a middle ground that is agreeable to both sides. The fairness of splitting the difference rests on two hidden assumptions.

- Firstly, that both sides have made equally fair initial offers and that they have made equally fair progress towards their theoretical best possible offer.
- The second assumption is that both sides have continued this process as far as they can.

In reality one or both of these hidden assumptions may not be true. If you accept an extreme opening position you are leaving yourself open to the other side adopting the split the difference approach. For example if the other side suggests splitting the difference as a means of concluding the deal, it can be very difficult to refuse without appearing to be unfair and unreasonable. This is why it is so important not to accept, even tacitly, an opening position that is not credible

## Using Shock Openings in Negotiations

### Changing the Other Sides Expectations

The use of a shock opening can compel the other side to adjust their expectations. Using a shock opening is easier if you are in the strong position. If you are in the weak position, a shock opening can endanger the whole negotiation, as if the other side don't believe that your opening is credible they may decide to abandon the process altogether. Don't forget that the credibility of the opening position only needs to be established in the minds of the other side. For example, you could say something like:

*“As I’m sure you’re aware things are slowing down at the moment, lots of people think that there’s over capacity building up in our sector. If we’re going to survive we need a significant price reduction from all our suppliers - and I’m asking for 20% off your prices.”*

If you can get the other side to accept your extreme opening position then you will create the opportunity to use a split the difference approach later on. Remember that the other side may find it very difficult to refuse this suggestion without appearing to be both unfair and unreasonable

### An Example Shock Opening

In the following example Laura, a technical author, is in the opening phase of negotiating a publishing deal for her new book on telecommunications networks. She's expecting to agree a royalty of around 20% and has opened with a request for 25%. She's expecting the publisher to counter with an offer of around 15%. This example illustrates how the publisher could counter with a shock opening.

*“Well Laura, our company usually pays royalties of between 5 and 10 percent for technical publications. Your book would be in high demand, but it’s likely to be out of date in about 12 months. Therefore, it is **essential** that the production of your book gets underway as soon as possible - and we are uniquely placed to make sure that your book is on the shelves within the month. As the market leader in this sector we can guarantee to maximize sales, but obviously this incurs high production and distribution costs.”*

If this shock opening succeeds, Laura's expectations will be radically lowered - and whatever happens in the bargaining phase she would now consider anything above 10% to be a good result. The publisher has attempted to make this shock opening credible - by stressing the high initial costs of ensuring rapid publication.

### The “Old Mother Hubbard”

The Old Mother Hubbard approach can be used to disguise a shock opening. As you may remember from the nursery rhyme, when Old Mother Hubbard went to the cupboard it was bare. This approach is based on the premise that irrespective of any other argument - there is no more money available. For example:

*“The board have studied your proposal with interest and believe that your system offers the best solution. However due to budget constraints the most that we can afford is \$22,000. I know that this is some way short of your proposed \$30,000 - but there’s simply no more money available.”*

An important point when employing this tactic is to make it clear that you are genuinely interested and that there is only one major obstacle in the way of an agreement – that is the amount of money. This approach can also be used where something other than money is raised as the only obstacle to doing a deal.

## Agreeing the Agenda

You should try to follow your own clearly thought out agenda and use it to keep you focused on your goals and to keep the discussions on track. It may be advisable to agree the agenda up front, as described earlier. Beware of wasting time on issues that are of little importance to either side - this sometimes happens when both sides work too hard at avoiding contentious issues.

Use an agenda to:

- Formally define what the discussions are about.
- Keep you focused on your goals.
- Allocate fixed periods of time to specific issues.
- Help to bypass any deadlock situations - by moving onto the next item.

The presence of a firm deadline on your agenda can be used to put the other side at a disadvantage. Their options may become more limited as they feel the pressure of time. You may decide to set a deadline arbitrarily, for example by letting the other side know that you’ll be unavailable after a certain date because you have other commitments or are starting another project. You may highlight or exploit an existing fixed date as a deadline in order to expedite the negotiation process, for example a forthcoming trade show or the launch of a new venture. Negotiations depend upon clear communication and it is vital that both sides understand one another. Misunderstandings are potential time-bombs - set to go off just when both sides feel as though an agreement is within their grasp.

Always be explicit about:

- What point you are discussing.
- Each offer you make to the other side.
- What objections your side has to a given offer.
- What changes remove or negate a current point of contention.
- What terms you think you are agreeing to.

Try to draft notes about points of disagreement and about each point that is agreed on. Committing thoughts to paper can make both sides think more clearly about what has been agreed and reduces the chance of a misunderstanding arising.

## Taking Notes

The bargaining phase can be long and protracted. During this phase many options may be discussed and it is important that you note down all of the concessions that are offered by the other side - no

matter how tenuous or how conditional they appear to be. When it comes to detailing the terms of the final deal, the notes you have taken may put you in a position to request concessions that can substantially benefit your side's position. The other side may have volunteered concessions, at the time noted by you, that you can later request - for example making them conditional on you delivering the main deal in line with their expectations.

For example, you might say:

*"Just a couple of requests - first you indicated yesterday that you'd be willing to supply the first years maintenance free if we committed to a three year contract. This morning you said that you'd be willing to service a fifth site free for 6 months if we signed up four sites for two years."*

*"Well I am now in a position to sign up the four sites for a two year period but only if you'll give us the first years maintenance free without any commitment on our part thereafter and the fifth site free for 1 year instead of 6 months."*

The details you have recorded enabled you to respond in the following way:

**Their Offer:** First years maintenance free on a 3 year contract, 5th site free for 6 months if 4 signed up for 2 years.

**Your Request:** First years maintenance free on a 1 year contract, 5th site free for 12 months

## Styles of Negotiation

### Avoid Early Concessions

The importance of making a tough but credible opening is clearly illustrated earlier in this course. In the early stages of bargaining it is important to follow this up by maintaining a firm stance, to demonstrate to the other side that you are unlikely to make substantial movements from your opening position. Your job as a negotiator is to put forward persuasive arguments that will compel the other side to agree with you and thereby make concessions. However, never verbally attack the other side, always be polite and if possible provide them with an escape route. Disagree firmly but don't try to make the other side look small. If you indulge in personal attacks the other side may dig in and a deadlock may result.

### Identifying Your Negotiating Style

Assess your own personality in the light of the negotiating styles below. Bear in mind that you are unlikely to identify exclusively with a single personality type, as most people are a complex mix of different personality types.

#### Analytical

Analytical people demonstrate an aptitude for breaking down concepts and aggregates into their component parts. To these individuals a city is a collection of streets and buildings. When faced with a proposal they will break it down into its constituent parts before working out how to adjust the separate components to benefit their side.

#### Aggressive

Some people identify what it is that they want and make a determined effort to achieve it. They may employ all manner of arguments, props and tactics to ensure that they reach their desired goal. This style can be an effective approach to negotiating, utilizing their ability to seek out and employ the tools and weapons required to construct a powerful and convincing case.

#### Persuasive

A mixture of natural charm and the ability to paint a scenario that people buy into, the persuasive individual possesses the knack of 'getting people on board'. If you have this ability then you would do well to concentrate on face-to-face discussions at the strategic level - concentrating on gaining agreement in principle. Leave the detail of the agreement to others and avoid going head to head with individuals who are essentially analytical.

#### Inclusive

A naturally accommodating personality, in negotiations this individual tends to incorporate almost every idea or requirement into an ever changing plan or proposal. The result can be an ever-changing specification that proves increasingly difficult to 'sign-off'. This style may frustrate individuals who want to focus the negotiations on delivering the 'main deal'.

Whatever your negotiating style, if you are communicating with the same person, group or organization regularly then it is important to build up a reputation as a trustworthy and fair

negotiator. This can only be achieved over time and may be helped by taking the other sides word on particular points and keeping any suspicions you may have to yourself. You should also avoid manipulations and half-truths however tempting they may be, as if these come to light it will prove very difficult to salvage your reputation.

## Bargaining Guidelines

Irrespective of your negotiating style, there are certain guidelines that you should follow:

- **Be willing to make small concessions.** Identify what is important to you and focus on achieving gains from the other side on these issues. By making small concessions on a number of minor points a spirit of co-operation can be fostered, whilst enabling you to keep referring back to your main issues and seeking accommodation on them.
- **Anticipate the other side's objections** - and use this information to diffuse them. By foreseeing obvious reservations that they may have you can address them and explain your point of view before the other side can raise them as a contentious issue. The one caution here is that you must be careful not to gift any arguments to the other side - by raising points that they may not have thought of.
- **Assertions of fact** will have far more impact if they are backed up with published information. The use of domain experts may add a lot of weight to your position. If they are good communicators why not let them make the argument rather than just confirm your viewpoint.
- **Before you attempt to counter the other side's argument it is important that you understand their position**, by listening carefully to what they are saying. The way in which an argument is countered will be heavily influenced by the personality and style of the individual negotiator.
- **Don't talk too much yourself** You may end up giving too much away and it is likely to reduce your ability to read signals coming from the other side. Wherever you can, ask the other side to justify their position on an item by item basis and make sure that you understand their reasoning clearly.
- **Don't just say "No"** If the other side wants something that you cannot give. Where possible, try to offer an alternative package. For example if you cannot meet the customers required delivery date, could you deliver part of the order on that date, followed by the remainder shortly afterwards.
- **Don't overstate your case** The use of emotive words and metaphors can add interest and aid understanding. However, if taken too far it can reduce the credibility of your main argument. It is often better to understate a strong case than to overstate a weak one.
- **Don't highlight your own shortcomings** Never use your own problems or shortcomings as bargaining chips, this almost inevitably backfires. For example if you try and justify a price rise as being the inevitable consequence of staffing problems, then it is likely that the customer will start to view your competitors in a better light.
- **Don't deny obvious weaknesses in your position** As you may jeopardize your credibility if you assert that they are not really weaknesses. A better tactic is to downplay them in comparison to other areas - where your position is strong.



## Debating Tactics

When you are listening to the other side's arguments, or planning your own, there are some useful approaches to debating that you should be aware of:

- **Socratic Method** - This is a powerful debating tool which involves framing a series of questions, the answers to which lead the participant to the conclusion that the questioner wants. It requires a good deal of planning to force the appropriate series of questions into the debate, when and where they are needed.
- **Ad Hominem Argument** - This takes the form of attacking an individual rather than their argument. For example: *"Mr. Smith is the chairman of the user group and therefore he's bound to say that our maintenance costs are too high"*.
- **Argument from Authority** - This takes the form of assuming that the argument put forward by an individual in a position of authority, not an expert, automatically carries weight. For example: *"If the chairman of the user group says our maintenance costs are reasonable then they must be."*
- **Small Sample Argument** - A common tactic, whereby spurious credibility is implied in a statistical finding. For example: *"80% of our customers who responded to a survey thought that our maintenance charges were reasonable"*. If the organization had several hundred customers but only a carefully selected 20 were sent questionnaires and of these only 5 responded, then how much faith could realistically be attached to the finding?
- **False Dichotomy** - This is an argument in which two conditions are expressed as being exhaustive with respect to the available options - when in reality others are available. For example: *"Either you accept our maintenance charges or you can go ahead without a maintenance contract"*.
- **Non Sequitur** - This is an argument in which the second condition does not logically follow from the first. For example: *"If we offer you better terms on our maintenance contract, you will have to pay more for the initial purchase"*
- **Straw Man** - A classic debating technique is to attach bogus significance to an issue, and then to concede your position on this at a later point. Consider for example an employee negotiating a pay rise at their annual appraisal. In this example the employee has highlighted the forthcoming move to a new project team as being a major concern to him - when in reality he is very pleased about it. Later, as the two sides near agreement, he feels the time has come to cash in his straw man . . . For example: *"Look if you will come up with two more percentage points on my salary, I'll go out of my way to ensure a seamless integration with the new project team"*.
- **Making Threats** - This is a tactic normally only used by individuals with a tendency to bully. Never react to threats - act as if they were never made. If you are ever in the position where you have to make threats, make sure that they are not empty ones. For example: *"Agree to these terms or I'll take my business elsewhere and we'll never do business with your organization again"*
- **Bluffing** - Normally used by the buyer to indicate that other suppliers are offering a better deal than you are. You should have prepared your position carefully and should feel confident in asking for an explanation. For example: *"What exactly are you being offered, what are the payment terms and are you really going to place another contract with them."*

- **Leading Questions** - These are designed to channel you into a position where you have to agree with the other side. Never fall for a leading question. For example: *“Do you think that your suppliers should be rewarded on merit”* ‘Well . . .YES’ *“Well then, you’ll have to drop the fixed bonus that ignores volume throughput, won’t you ?”*
- **The Piecemeal Approach** - Here your opponent will try to pick off the items one by one. Always negotiate the whole package and avoid being railroaded into a piecemeal settlement. For example: *“Right we’ve agreed the price and delivery will be in two months - now this is how we charge for maintenance”*

## Bargaining and Concession Trading

### Beware of Buyer's Props

A common tactic employed by some negotiators is to talk up your competition by implying, or even stating, that they have proposed a better deal. However, when in the role of seller it is important that you are aware of the possibility of the buyer attempting to stage-manage your perception of the state of the competition. It is also important that you recognize 'buyer's props' for what they are and don't let the other side successfully intimidate you into believing that you are in a weak position

### Using a Principal

It can sometimes help a negotiator to appear to be acting on behalf of a principal. The negotiator can then act as if they have restricted room for manoeuvre and can only negotiate within the terms of their mandate; which is determined by the principal. For example, they could claim that the mandate detailed a specific upper price limit, and in doing so remove the need to justify it themselves.

Another advantage of the mandate approach is that the negotiator can always refer back to their principal - whereupon the limits could conceivably be moved. In doing so the negotiator doesn't suffer, indeed they may even be viewed as assisting the negotiations by obtaining a change in the mandate conditions. In reality these may have been fictitious all along.

Mandates, whether real or imaginary, protect the negotiator from being held personally responsible. Therefore the negotiators are unlikely to become the target of any personal abuse or hostility - should the other side become irritated during the bargaining phase.

### Surprise Tactics

Surprises are a classic negotiating ploy that can be used either to get stalled negotiations moving again or to shake up a negotiation that is not going your way. Here are some examples:

*"We're going to have to change the discount levels from those previously agreed, as our board has rejected that aspect of the proposed deal."*

*"My boss would like to meet your general manager to discuss this situation."*

*"We want to review this deal because we've just received a better offer."*

If the other side spring a surprise on you, remain calm, make sure that you understand the details and then ask for a break in negotiations, so that you can rethink your position. Whatever you do don't panic and try to recover the situation on the spot, but adjourn and then come back with a calm and considered response. If you're planning to use the surprise tactic in a round of negotiations then it is important to remember that one surprise is enough, a second or third is likely to make the other side lose confidence in you as a trustworthy negotiator.

## Concession Trading

To a large extent negotiating is the art of knowing how to exchange concessions. One of the major drawbacks with this approach is that it can involve losses at two levels - both materially and from an image perspective. Concessions can become a way of life, eating away at an organizations profit margin - particularly, for example, when sales targets are volume based with little or no recourse to the bottom line. This is why it is important to plan carefully the concessions that you are willing to make. Here are some useful guidelines on how and when to offer movement.

### Avoid making the first major concession

It is important to work hard at not being the first party to make a major concession. The psychological victory gained by the winner of the first major movement is so important that it may shape the overall outcome of the talks. If you do find yourself in this unenviable position then try to obtain an equally important concession in return.

### Offer concessions in reverse priority order

When the other side offers to make a concession they will usually expect you to make a concession in return. It is important to have your concessions listed in reverse priority so that you can offer a concession of your choice before they can ask for something specific. Alternatively you could opt to play 'hard-ball' and accept their offer without responding in kind.

### Make every concession contingent

Frame every concession you make in terms of *"If you agree to X, we'll give in on Y"* If, however, the other side makes a contingent offer, you should aim to seek an advantage. For example you could counter with an offer like *"We'll accept X and Y but only if you agree to Z"*.

### Behave as if every concession that you make is important

The other side will not usually know how much importance you attach to the concessions that you make. If you give the impression that a concession that you have traded is of no consequence to you, then the other side may push for further concessions before making a significant movement in their position.

When concessions are being traded, be wary of the negotiator who gives in too easily. They may be naive, they may know something that you don't or they may have misunderstood the consequences of agreeing to your demands. It is in both side's interests to make sure that the implications are fully understood before entering into a formal agreement.

### Avoid Goodwill Concessions

Each concession made may be read either as a goodwill gesture, or as a sign of weakness. Even in the best case scenario - where a concession is taken as a sign of goodwill - there is absolutely no compelling reason for the other side to respond in kind. Making goodwill concessions is not contagious. An experienced negotiator is more likely to accept the concession and feel confident that he can seek further movement from a party that is ready to make unilateral concessions. If however, the concession is read as weakness on your part then the other side may very well adopt a tougher stance. The law of the jungle prevails at the bargaining table and one thing that you must try to avoid doing is to draw attention to any weaknesses in your case.

## Concession Management

The problem with making concessions is that making one from a position of weakness can lead to requests for you to make a series of follow-on concessions. Alternatively, if you are not in an obviously weak position, and are seen to be too ready to make concessions, then the other side may start to feel that the underlying deal must be biased to your advantage. Another important aim during the bargaining phase is to get the other side used to making concessions. A good tactic here is to get them to make a few minor concessions at the start of negotiations - as this will lay the groundwork for obtaining more important ones later on. If the other side refuses to make any significant concessions then this may indicate that they are not negotiating in good faith. Finally, if the other side has got used to giving little, or nothing, away then they may assume that they are in the stronger position as the negotiations draw to a close.

## Recognizing a Losing Trend

In long negotiations, the advantage often swings back and forth between the two sides. However, sometimes you can find yourself on a losing trend when you feel that despite your best efforts you are consistently coming off second best.

As a general rule consider a losing trend to be indicated by:

- A situation in which you find yourself making three unilateral concessions in a row.
- You can't keep the other side focused on issues which you feel are important.
- You find yourself persuaded by the arguments of the other side on three or more successive points.

You should learn to recognize a losing trend and respond by either:

**Taking a Break** - make an excuse and suspend negotiations while you reorganize your arguments and rethink your strategy. This could be a short coffee break, a lunch break or you could make an excuse for suspending negotiations overnight.

**Moving the Focus** - a losing trend can result from the negotiations becoming centered on your weak areas. Try to move the debate on to areas where you are stronger.

**Trading a Concession** - one sure way to stop a losing trend is to gain a concession from the other side. This may be worthwhile even if the trade seems generous from your perspective - as you may shift the momentum back to your side of the negotiating table.

## Dealing with Negotiation Deadlock

### Dealing with Deadlock

It is not uncommon in negotiations for an impasse to arise - where the two sides just cannot see eye to eye and progress is not being made. The key here is to remain calm and patient. Try to step back from the heat of the talks and understand what has led to the current situation. Suggest taking a break, often it is tension and fatigue that lie behind many deadlock situations. Sometimes a few hours may be sufficient for you to recharge your batteries and see a new angle with which to address the impasse. The natural assumption is that the other party is at fault and often the best way to analyse the situation is to put yourself in their position.

It may be useful for the senior negotiators to have a round of discussions together, with a view to removing the deadlock in the absence of other team members who have developed a negative mind-set. Alternatively a group brainstorming session may reveal an effective route around the block. If the deadlock is proving to be immovable then it may be worth raising issues that are on a higher plane than the existing talks themselves. For example, the importance of your long term relationship, the advantages of reaching an agreement and the dangers of not doing so, as well as the fact that a negotiated settlement is in both of your interests whilst conflict is not. Factors such as these raised and discussed diplomatically may help by focusing attention on the bigger picture.

### Knowing When to Leave

Leaving the negotiating table is not necessarily the final move - it can also be employed as a powerful tactic. There are circumstances where leaving a negotiation may be your best course of action.

#### **When the other side is unreasonable in their demands or behaviour**

If the other side is in a strong position they may feel as though they can force you to meet unreasonable demands and requirements. They may even try to bully you into accepting their terms. You should always give the other side the benefit of the doubt but when it becomes clear that they are not interested in compromise or concession then leaving may be the best option.

#### **After you have made a final offer which has not been accepted**

You must be very careful when making 'final' offers, but if you do so and it is not accepted then you should gracefully leave the negotiation. It rings very hollow if when your 'final' offer is rejected you immediately produce an improved one. If you need to back-track then you should do so at a later time - for example by saying that new information has come available or that your boss has given you more latitude.

#### **When negotiations reach an impasse**

When you feel as though both sides have thoroughly researched all of the possibilities but you still can't reach an agreement then quitting enables both parties to go away and re-evaluate their positions. It may well be that the side that suggests the termination or adjournment retains the higher ground with reference to any future renewal in negotiations. If the deal is important enough then both sides will probably return with some new ideas.

### **When you have achieved your objectives**

If you have achieved what you originally wanted from the negotiation then don't make the mistake of continuing to negotiate. View negotiations like climbing a mountain, once you have reached the summit the only way is down - so leave as quickly as courtesy allows.

## **Closing Negotiations**

### **Closing Signals**

The closing of a negotiation represents the opportunity to capitalize on all of the work done in the earlier phases, and needs to be handled carefully. There are a number of signs that indicate that the opportunity for closing negotiations is approaching:

- The difference in the position of the two parties narrows significantly.
- The objections and counter arguments have begun to fade; this may well indicate that all of the major points of contention have been addressed satisfactorily.
- The other side indicates that they would like to see a draft final agreement or contract. This indicates they are willing to spend time examining the fine detail of the proposed deal

In complex negotiations it can sometimes be necessary to wait before making a final commitment. This allows both sides time to think, to digest the whole proposal and to decide whether they are genuinely happy with the terms set out. In some cases it may even be a good tactic for the seller to suggest a pause for reflection - especially where the deal is one round in a long term relationship.

In large scale deals the pause required between agreeing in principle and formalizing the deal by exchanging contracts may be days, weeks, or even months. It is the buyer who decides when to sign and any external pressure brought to bear upon them may backfire - even jeopardizing an otherwise done deal.

The research that you've done in the preparation phase, combined with all of the information that you've gained since should be used to guide you. You should be aware of the options available to the other side, the importance of the deal and the risks inherent in delaying - as well as those associated with putting pressure on the other side.

### **Tactical Manoeuvres**

Negotiations continue right up until the deal is finalized - and in some cases they continue even beyond that! You should be aware that the other side may try to pull a last minute tactical manoeuvre. This is often a try-on based on the premise that you have invested a lot of time and energy in the negotiations and are more likely to accommodate such a request, rather than jeopardize the whole deal.

Here is an example:

*"Well, we've examined your latest draft proposal carefully and subject to the issues we've just agreed we will recommend acceptance . . . on one condition - that we're only committed to the maintenance contract for one year and not three."*

Last minute requests such as this are often a re-iteration of a request made during the bargaining phase, in which case you should be prepared for it.

The correct response to a last minute demand will depend on the importance of the deal, the positions reached whilst bargaining; the state of the competition and the nature of the request. You should be aware that if you re-open negotiations on any point raised at the last minute, that this may postpone or even remove the opportunity for closing. Don't forget that the other side has also invested a lot of time and energy into the negotiations and may be as keen to do the deal as you are. Once negotiations have reached their closing phase even an initially weak position may be significantly stronger than it was.

## Stay Calm

If the other side makes a sudden announcement or shows an abrupt change of tactics, once the closing phase has started, it is important to remain calm. There is nothing to be gained by reacting with alarm, dismay or incredulity. Maintain a professional attitude and ensure that you understand all of the details of the change in their position. Depending on how fundamental their proposed change is, you may find it advisable to seek an adjournment whilst you consider your response, or you could simply move the discussions onto areas that can be finalized.

This latter course of action may re-introduce a spirit of co-operation that can help you later, when their change in position has to be addressed. You should be prepared for a last minute tactic, particularly if the other side has repeatedly raised an issue that remains unresolved. Practice your reactions to surprise information, develop a calm and professional exterior regardless of how shaken up you may be feeling.

## Timing Your Request

The bargaining phase is effectively over, you have talked through virtually all possible permutations and options - at least it will probably feel that way. The points of contention have been addressed and you believe that you're respective positions are probably about as close as they'll get.

Up until now it has been all talk. Decisions are harder - because making decisions is a thing that almost everyone finds difficult. Just before you ask for the other side's commitment can be a good time for a short adjournment. Take a few minutes to gather your thoughts, if appropriate consult with your team in private. It is important to avoid any interruptions when delivering your closing statement, so brief your team not to interrupt or distract you and deliver it in a style that discourages interruption from the other side. Also, avoid the presence of any hitherto uninvited third parties - who may wish to revisit areas that have already been settled.

Experienced negotiators will develop their own approach to actually asking for commitment from the other side and this approach should be adapted to each specific negotiation. You could conduct a high level review of the major points that have been agreed and that together indicate that an agreement is likely. At the same time ask questions that will illicit a positive response, as keeping the overall tone positive will favour a commitment to the deal that you are seeking.

You could keep an ace up your sleeve - some 'special terms' or concession that you have not used up until now. This can be held back and used in the event of the other side hesitating at the point when you ask for their commitment. The use of this tactic requires foresight and planning - to ensure that



you have something left to offer at the end of the bargaining phase. You could pick up on a point made by the other side and use it as the catalyst for closing. For example, 'That was an excellent point I think that in the light of that we have the basis for agreement'. You could emphasize how far your two positions have come together. For example, 'I think we've made a lot of progress today, and I would like to table this draft agreement'.

## **Signing the Deal**

Once the other side has responded to your closing statement and any questions have been answered - this is the best time to ask them for their commitment by producing the contract or agreement, and indicating to them where they should sign. Act naturally, you may feel like your heart has jumped into your throat but appear as cool, calm and professional as possible. Whilst the other side is signing, continue talking in a friendly and relaxed way, diverting attention away from any ceremonial importance of the occasion.

You have now said and done everything that you set out to. Wait for the other side to speak - either to make the commitment that you seek, or to ask for clarification on one or more issues. At this time you should be in possession of all the facts to answer these to their satisfaction. Once you have the agreement signed you should obey the salesman's golden rule - Once you've sold . . . shut up. Without appearing to be in a rush you should aim to leave the negotiating table as quickly as courtesy allows.

## **Stay Professional**

When an agreement has been reached and the deal is signed, sealed and delivered there are a couple of important issues that still need to be addressed. You should try to manage both side's feelings of success. It is not a good idea to openly celebrate your skill in securing a deal that was beyond your wildest dreams. It is far better to make the other side feel that they have come out of the negotiations with the best deal that they could have secured. This will help to create maximum stability in the new agreement - as it should prevent it from being undermined by doubts and recriminations. Furthermore, by disguising any private feelings of elation you will pave the way for an easier passage in any future negotiations with them.

Whether your negotiations have been conducted by you individually or as part of a team it is a good idea to assess your performance. The overall success or failure of the process shouldn't unbalance this analysis. Avoid singling out individual team members and rebuking them publicly for errors that they may have made. However a private discussion with them on how to avoid repeating such mistakes may prove worthwhile.

## **The Value of the Relationship**

An important point to remember is that the negotiators will have developed a significant experience of dealing with the other party, that a relationship will have developed and that this may well represent a valuable communication path between the two organizations. Furthermore the in depth experience that the negotiators have developed - surrounding the written terms of the deal may also prove to be an important source of reference to their parent organizations.

Negotiated agreements do occasionally fall apart and one of the best insurances against this happening is to keep the negotiators involved in the implementation phase of the deal. In practice, this may mean little more than making sure that they are on the circulation list for reports and other

communications regarding the implementation. Even at this level they may be able to read subtle indications that things are not running smoothly and to initiate appropriate action, when others involved in the implementation may not.

**Authorship:**

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