

Negotiation Boot Camp

Or How to Resolve Conflict, Satisfy Customers and Make Better Deals

By Ed Brodow

Destructive Assumptions We Have About Negotiation

- **ASSUMPTION #1** The average person is not tough enough to win at negotiation.
 - You don't have to be the class bully to get what you want
 - You need to understand the rules of negotiation and how to manipulate them.
- **ASSUMPTION #2** Negotiation is all-or-nothing. You are either a winner or a loser.
 - Negotiation is not really about winning, it is about collaborating.
 - In place of the win-lose model, I propose a collaborative approach to negotiation in which both sides can consider themselves winners.
- **ASSUMPTION #3** The only good talkers make good negotiators.
 - Listening is critical for anyone who wants to master the art of negotiation.
- **ASSUMPTION #4** Assertive people are selfish people.
 - Never apologize for getting your needs met. If you don't take care of yourself, you are in no position to help anyone else.
 - Being assertive ensures that your needs are met. And this is what negotiation is all about.

Is There a Negotiator in Your Closet?

- Definition of negotiation: It is the process of overcoming obstacles in order to reach agreement.
- Profile of a Negotiator – Ten Traits of a Successful Negotiator
 1. **Negotiation Consciousness** – a mindset of people who make deals. A person who is assertive in what he wants and challenges everything including contract clauses.
 - a) **Ask.** If you don't ask you won't get your needs met.
 - b) **Eliminate negative self-talk.** Each time you are aware of negative thought, replace it with a positive one.

- c) **Practice expressing your feelings with anxiety or anger.** Let people know what you want in a non-threatening way.
 - d) **Learn to say NO.** Set limits and boundaries, and don't allow other people to cross them.
2. **Listening** – After negotiation consciousness, the most important trait of successful negotiators is the ability to listen. Among the benefits are:
 - a) You will learn the other negotiator's needs and pressures.
 - b) You will discover where your own strength lies.
 - c) The person you are negotiating with will like you and want to help you.
 - d) You will discover how to get your needs met.
 3. **The Ability to Ask Good Questions** – by asking the right questions and then listening to the answers, you can find out what is driving the other side of the negotiation.
 4. **High Aspirations** – Successful negotiators are optimists. In a negotiation, your level of expectation becomes a self-fulfilling prophecy.
 5. **Patience** – there are two reasons why you should take your time:
 - a) Whoever is more patient is in the driver's seat. Being patient will force the other side to give in as their anxiety rises.
 - b) If you slow down, you'll make fewer mistakes.
 6. **Flexibility** – Successful negotiators always make assumptions, but they are flexible enough to change them in response to changing circumstances.
 7. **Focus on Satisfaction** – Successful negotiators look at situations from the other side's perspective. Instead of asking, "How can I win?" they ask, "How can I help the other negotiator feel satisfied."
 8. **Willingness to Take Risks** – When you take a risk, consider your options if the risk turns sour. Ask, "If I take the risk and it doesn't work out the way I hope, do I have a Plan B?"
 9. **Solving the Problem** – Successful negotiators don't take things personally. They focus on solving the problems central to the negotiation. They rise above personal feelings in order to make a deal.
 10. **Willingness to Walk Away** – Always be willing to walk away. If you want the deal too badly, you lose your ability to say no.

Be Nice To Your Ears

- Many conflicts can be resolved easily if we learn how to listen. The problem is that we are often so busy making sure that people hear what we have to say that we forget to listen.
- The key to successful selling was to keep my mouth shut and listen to what people had to say. My sales prospects would tell me everything I needed to know in order to make the sale *if* I just kept quiet long enough.
- Trust is a necessary ingredient for successful negotiation. Human nature is to trust people who really pay attention to what we have to say. Conversely: Do you trust a person who does not pay attention to what you think and feel? No.
- **The 70/30 Rule** – Always let the other person do most of the talking. Listen 70 percent of the time and talk 30 percent of the time
- **Don't Interrupt** – Fight the urge to interrupt with some vitally important information. It isn't, so don't.
- **Listen Actively** – You want to be sure that they know you are listening.
 - One technique of active listening is asking questions.
 - Eye contact is important.
 - Body language should indicate you are paying attention. Leaning forward indicates you are listening.
- **The Interviewer's Art: Asking Questions** Hear are some tips for asking questions that will further your negotiation:
 - Ask Open ended questions – "How could we do this?" "What do you think of that idea?"
 - Don't Put Others on the Defensive – Instead of asking, "Why do you feel that way?" ask, "How come you feel that way?" Put this way it is no longer a challenge, it's just a simple question.
 - Ask for Advice – "What do you suggest we do to resolve this?" Everyone loves to be asked advice. It boost the ego.
 - Ask for Clarification if Needed – An excellent way to prevent misunderstandings and convince someone that you really are listening is to repeat back what was said. Asking for clarification is always an excellent way to clear up needless misunderstandings.

Strengthen Your Negotiating Position

- Negotiation power is a state of mind. It comes from:
 - Having options.

- Being able to demonstrate to the other party that they will be hurt by not agreeing.
- Convincing the other party that although they have options other than those you are proposing, you're both better off making a deal.
- **Finding Their Hot Button – The key question in every negotiation is: What is the pressure on the other person to make this deal?**
 - The question is, "What does he stand to lose if he does not make this deal?"
 - If you discover that the other side is under pressure, look for ways to exploit that pressure in order to achieve a better result for yourself.
- **The Confidence Mystique** – If you give signals that you are in charge, that you know what you're doing, you are less likely to be victimized. People bow to confidence.
- **Know Your Options** – Before you begin negotiating and be willing to walk away if a favorable deal is not possible.
- **Patience and Persistence** – When you sense that someone is in a hurry to complete a negotiation, you can take the advantage simply by taking your time.
- **Legitimacy** – You are powerful in negotiation when your position is supported by authority. Here are some types of legitimacy:
 - Anything in writing has automatic legitimacy.
 - If a practice in your industry is the norm, it has legitimacy.
 - If something is your company's policy, it has legitimacy.
 - Precedent has legitimacy.
 - Expert opinions have legitimacy.

Preparing To Negotiate

- **Setting Targets** – It helps to set specific targets. Three types of targets provide a road map:
 - **Target No. One: Maximum Position** – the best you could possibly do in the negotiation.
 - **Target No. Two: Your Goal** – the result that you will be satisfied with.
 - **Target No. Three: Your Bottom Line** – the worst outcome you will accept under pressure. You may not be satisfied, but it's preferable to walking away.

- **Starting Point** – A major question in every negotiation is, “Where should I open?”
- **Concession Lists** – Before entering a negotiation, make two lists of concessions – one of those you are willing to make and one of those you are not. Prioritize your concessions by deciding which you'll make first.
- **Strengths of Your Position** – Make a list of the strong points of your position. This will give you confidence and help you decide what to highlight during the negotiation.
- **Information About the Other Party** –
 - **Their Pressure** – What pressures exist on the part of your opposing party? A person under pressure is more likely to make concessions.
 - **Their Targets** – What are their goals?

Traditional Strategies

- **Opening Gambits** – traditional opening strategies emphasize keeping your cards close to your vest while learning as much as you can about the other party.
 - **Aim High** – When you aim high, there is always the possibility that you will achieve the maximum. By aiming for more than you will be satisfied with, you can make concessions and still hit your goal.
 - **Let Them Open First** – they may surprise you with low aspirations. Conversely, if you open first, you may leave money on the table.
 - **Keep Your Mouth Shut** – useful in an adversarial negotiation, because your opponent will use it to obtain concessions from you.
- **Middle Gambits** – during negotiations there are tactics you can use to your advantage.
 - **Manage Their Expectations** – If you send the message that you don't need to make the deal, their expectations will be lowered and they will be more open to making concessions.
 - **Creating Satisfaction** – You want to do everything you can to satisfy the other party, to let them feel that their needs have been addressed. Ways to create a satisfied opponent without giving away the store:
 - ◆ **Offer a Meaningful Explanation** – You want the other side to say, “I don't like this, but I can understand why it makes sense.”

- ◆ ***Give a Minor Concession*** – some negotiators need to feel as if they have won something in the negotiation. Throw them a bone.
 - ◆ ***Stroke Their Ego*** – People love to be complimented. Lavish your opponent with praise.
 - ◆ ***Present an Ultimatum*** – “This is the best I can do, take it or leave it.” They realize they have pushed you too far and gives them a sense of satisfaction.
 - ◆ ***Listen to Them*** – Satisfaction can be derived from knowing that the other person is really listening.
- **Closing Gambits**
 - **Walking Away** – may force the other side to soften their position.
 - **Breaking an Impasse** – ten tips for avoiding a deadlock.
 - ◆ ***Change your negotiators***
 - ◆ ***Change the level of the negotiation (up or down)***
 - ◆ ***Change the structure of the agreement***
 - ◆ ***Take a break.***
 - ◆ ***Introduce new information.***
 - ◆ ***Confront the obstacle.***
 - ◆ ***Offer alternatives: Ask “What if?”***
 - ◆ ***Make minor concessions***
 - ◆ ***Switch from combative to cooperative problem solving.*** *Change from Win-Lose to Win-Win.*

Concessions Make the World Go Round

- **Open With an Optimal Position** – For most negotiations, ask for a better outcome than you are willing to settle for. Benefits to opening with an optimal position:
 - **You will lower the other side’s expectations.**
 - **You have room to give the other negotiators a concession, which helps them feel satisfied.**
 - **They may surprise you by accepting the extreme position.**How extreme should your opening position be? Answer: As long as you can provide reasonable justification, no position is too extreme.
- **Other Tips About Concessions**
 - **Vary the size of concessions.** Each successive concession should be less than the one before it.

- **Never Accept the First Offer** – If you accept the first offer, the other side will feel they left money on the table.
- **Make Straw Demands** – A straw demand is one that you do not particularly care about and do not expect to win. In the end, you can trade it for something you do want.
- **Getting Something In Return** – With each concession, tie a string to it: “I will do this *if* you do that.” And make it clear that if they don't agree to do *that*, you are not obligated to do *this*.

Tactics to Die For

Twenty commonly used negotiation tactics, and my advice for how to deflect them when they are used against you as well as how to use them to gain an advantage over others.

1. **The Flinch** – it works because it contains a hidden message: “Your behavior is outrageous, your request is so ridiculous that it doesn't even deserve a response, except to dismiss it completely.” The most important thing is to recognize a flinch when you see one. And don't be afraid to use the flinch yourself.
2. **Emotional Barrage** – When the person we are negotiating with gets angry and seems to lose control, our first reaction is to mirror anger right back. This is counterproductive. A three-step method for dealing with it:
 - a. Give them a chance to vent their feelings. Just listen. Once they've dumped on you, they may be able to address the real issue.
 - b. Empathize with them, without agreeing. You can say, “I understand how you feel.” Make calming, empathetic sounds.
 - c. When they have calmed down, ask them what they really want. “What do you want to achieve?” You may find that all they want is to have their feelings validated. And if their demands are unacceptable, at least they will be able to discuss them now without shouting.
3. **The Sob Story** – If you are on the receiving end of a sob story, do one of the following.
 - a. Call the buyer's bluff. If they are testing the legitimacy of your price, say, “I'm sorry, but I simply can't sell it to you for less.”
 - b. Change the payment terms or reduce your price on the next purchase.
4. **The Squeeze** – Instead of saying, “I like your product, but I can't afford it,” the buyer says, “I like your product, but I can buy it cheaper

- elsewhere.” The squeeze draws upon the power of competition. By threatening to go elsewhere, they can compel the seller to offer a discount. Here’s how to deal with the squeeze.
- a. Before offering a better deal, obtain more information about the competition. A little research can many times identify the weaknesses of your competitor. Then negotiate based on your strengths when compared to the competition.
 - b. Tie a string. If all else fails, agree to a discount only if the buyer agrees to do something for you in return.
5. **Straw Demand** – A straw demand is one that you really don’t care about or expect to receive. It exists only so you can offer to drop it in return for other concessions – ones you really want.
6. **The Ultimatum** – “This is my final offer.” Use the ultimatum if:
- a. You are adamant about your position and you want to make a strong statement that demonstrates your resolve.
 - b. You want the other party to feel that it has pushed you to your limit.
7. **Walking Out** – when you walk out of a negotiation, you are sending a powerful message that you are committed to your position and have been pushed to your limit.

Mapping Out Your Next Negotiation

1. What are your targets?
 - a. Determine your maximum position – the best outcome you possibly think you can attain.
 - b. Set your goal – the result you would be satisfied with.
 - c. Determine your minimum position (bottom line) – the worst outcome you will accept.
2. What are your options? Do you have a Plan B?
3. What concessions are you willing to make?
4. What pressure is there on the other side to make a deal?
5. How can you make the other side feel satisfied – without giving away too much?
6. What is your opening position?
7. Where should the negotiation be held?
8. What interests do both sides have in common?
9. What options exist for mutual satisfaction?