



explore, engage, execute, evaluate

Negotiation Skills

One Day Workshop

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NEGOTIATING SKILLS – A General overview

Introduction

Negotiation is a skill we all subconsciously use throughout the day in both work and social situations. It is a process of bargaining during which two or more parties agree an outcome. But, in this instance, the intention is to look at “bigger picture” or “set piece” negotiations.

There are four main phases to any negotiation:

- preparation
- opening
- bargaining
- closing.

There are three characteristics of a negotiation:

- a conflict of interest
- no rules that have led to resolution of the conflict
- a preference to search for an agreement rather than a fight.

The process depends on the following factors:

- the goals and interests of the parties
- the perceived interdependence between the parties
- the history that exists between the parties
- the personalities of the people involved
- the persuasive ability of each party.

Negotiation is a complex communication process. There are two types of negotiation process that differ fundamentally in their approach:

- the first is co-operative, or win/win these are characterised by open and empathetic communication and can be referred to as partnership agreements
- the second is adversarial or win/lose in these each party attempts to maximise their gain and the other’s loss and agreements so produced are usually unstable.

You really should be striving towards a win/win outcome and this may well require some flexibility in your approach. You need to keep a positive attitude, be reasonable and want a successful outcome. Seek to find common ground or understanding that can be used as the way into the more difficult and contentious areas. This is how you set the spirit of the deal and that can be as important as the terms of the contract. Focus initially on each party’s primary objective. Be prepared to settle for what is fair. Listen to what the other party wants and make efforts to meet their requests. Compromise so that both sides can begin to attain their goals. Seek to trade off concessions so that each side gets something in return for what they give up.

When negotiating use an agenda to keep the focus on your goals and the discussions on track; pay attention to detail – negotiations depend on clear communication as misunderstandings are potential time-bombs. Listen, anticipate and compromise. Avoid confrontation and avoid losing trends.

Planning a negotiation

In any kind of negotiation, the planning stage is probably the most important. Too often in negotiations, we go in badly prepared and end up with a poorer final deal. The importance of planning is in having a very clear idea before entering the negotiation.

- What are my objectives?
- What does the other side wish to achieve?
- What information will influence the final outcome of the negotiation?
- What concessions can I make?
- How am I going to achieve my objectives?
- What part will other people play in the negotiation?

Generally the more time that is spent in planning and preparing for the negotiation, the more beneficial will be the outcome.

Objectives

Before starting you need to have a clear idea of your objectives and try to work out those of the other side.

Ask yourself the following questions:

- what exactly do I wish to achieve from this negotiation?
- which of my objectives:
 - must I achieve?
 - do I intend to achieve?
 - would I like to achieve?
- what options or alternatives would be acceptable to me?
- what are the other side's objectives?
- how does the other side see the negotiation?

Information

In any negotiation there are four types of information that are important to the final outcome:

- what information do I have that the other side has also?
- what information do I have that the other side does not have?
- what information do I need to have before negotiating with the other side?
- what information does the other side need before it can negotiate with me?

Concessions

Negotiation is a process of bargaining by which agreement is reached between two or more parties. It is rare in negotiation for agreement to be reached immediately or for each side to have identical objectives. More often than not, agreements have to be worked out where concessions are given and received. Concessions have two elements: cost and value. It is possible during negotiations to concede issues that have little cost to you but have great value to the other side. This is the best type of concession to make. Think very carefully, however, about conceding on issues that have a high cost to you, irrespective of their value to the other side.

So when preparing for negotiations ask yourself the following questions:

- what is the best deal I could realistically achieve in this negotiation?
- what is the likely outcome of the negotiation?
- what is the limit of my authority? At what point should I walk away and what will this cost me?
- what concessions are available to me? What is the cost of each concession and what value does each have to the other side?

Strategy

Planning your strategy is important. Once you know your objectives, you need to work out how you are going to achieve them. It is also useful to try and see the negotiation from the other side and try and work out what their strategy will be. During the negotiation, there will be opportunities to use various tactics.

These are legion and will depend on your own and your team members' skills and preferences. For example, you may start with an open, friendly attitude or start with an ultimatum. You may choose to use the 'good guy / bad guy' routine, stop for time outs, socialise or remain completely business focussed. You should decide the strategy for closing the deal (see later) before you start. You need to decide which tactics you feel comfortable with and recognise those being used by the other side.

Ask yourself the following questions:

- how am I going to achieve my objectives in this negotiation?
- what is the other side's strategy likely to be?
- what tactics should I use in the negotiation?
- what tactics are the other side likely to use?

Tasks

If you go into a negotiation with a colleague or colleagues, you need to decide during the preparation phase:

- what role will each team member take in the negotiation?
- how can we work together in the most effective way?

Some teams appoint leaders, note takers, observers and specialists; each with their own clearly defined authority and role.

Structuring a negotiation

People who are successful negotiators have a well thought out strategy before going into the negotiation, are well prepared, self-confident and structure the negotiation so that they remain in control. Throughout the negotiation, it is important that you remain calm, keep the process objective and do not take personally anything that is said. The recommended structure of a negotiation is:

- establish the issues being negotiated
- gather information
- build a solution.

Stage 1. Establish the issues

- Agree an agenda:
 - What needs to be discussed and agreed
 - Who will be involved and their role?
 - What are the timescales?
 - What are the major issues?
- Spend time asking questions and looking for alternatives
- Look to gain commitment on issues early on in the negotiation
- Never commit to anything until you have established everything that is being negotiated
- Beware of an issue being brought up at the end of a negotiation when you are vulnerable and likely to agree a 'one sided' concession in order to conclude the deal
- Ask the other side for their 'shopping list' before beginning the negotiation and refuse to accept any last minute additions
- Keep everything general at this stage and make no concessions or agreements.

Stage 2. Gather information

This is a vital part of a negotiation and there are four kinds of information:

- information you have that you are willing to give to the other side
- information you have that you are unwilling to give to the other side
- information the other side has that they are willing to give you
- information the other side has that they are unwilling to give you.

You have to decide before the negotiation how much you are willing to share and what your information requirements are. This will set the climate for negotiation and will determine the amount of trust that exists between both parties. You should be able to ask a range of open, closed and follow up questions and you must be able to listen effectively. Do not make any concessions until you believe you have all the information required.

Stage 3. Build a solution

Having gathered information the next stage is to begin to put together a solution. Your opening situation should be ambitious, but defensible. There will then be a process of bargaining and concessions will be traded and movement take place, until, hopefully, agreement is reached. Concessions should not be given away for nothing and you should be wary about conceding on issues for which you are not prepared.

The closing stages

The closing stages of any negotiation are vital to the overall success of the final deal. A time will come when both parties sense an outcome is possible and each negotiator needs to be careful not to be too eager to close, or else the other party will be tempted to hold back for further concessions. Once a likely outcome is seen either party may define outstanding issues, compare arguments and objections, review the position to date and agree a deadline for agreement. The best solution to aim for is one where both parties feel they have done well despite having to concede on certain issues. Be wary of 'splitting the difference'. If you offer to split the difference, you have, in effect, given the other side a concession that is one sided. You have said you are prepared to move without asking for commitment in return. The final consideration is when you have done the deal and both parties are in agreement. Record the details and agree with the other parties involved that your interpretation of events matches theirs. That way there will be no unexpected comeback in the inevitable post-negotiation period when either side reviews how well or badly they have done. Again, this will be minimised if the solution you have arrived at benefits both parties. The closing stages need to be approached with caution. It has been shown that the majority of concessions are given or traded in the last 5% of the time allocated for negotiation. That means if you negotiate for one hour the last three minutes are when you are most vulnerable.

Some pitfalls to avoid:

- Failing to prepare effectively
- Being intimidated by the status of the person with whom you are negotiating
- Forgetting the other side has things to gain
- Making assumptions about what the other side wants
- Talking too much and failing to listen effectively
- Giving away concessions for nothing
- Conceding on important issues too quickly
- Being inflexible
- Assuming deadlock means agreement is not possible
- Taking things personally.

PREPARATION – a checklist

OBJECTIVES

- **Like to get – but probably unlikely**
- **Intend to get – your ideal position?**
- **Must get – the point at which you walk away**

Are your objectives realistic?

What are the other party's objectives?

INFORMATION

- **Research thoroughly**
- **What do they want and how badly?**
- **What are their likely inhibitions?**
- **What are the strengths and weaknesses of both parties?**
- **To give or not to give?**
- **Structure and set expectations**
- **Beware of making assumptions**

CONCESSIONS

- **What value do they have?**
- **What will you ask for in return?**

STRATEGY

- **Keep it simple, keep it flexible**
- **If in doubt adjourn and reconsider**

TASKS

- **LEADER – Runs the session and makes the proposals**
- **SUMMARISER – Asks questions, clarifies and summarises**
- **OBSERVER – Watches, listens, records and “reads” the situation**

At each and every adjournment you should reconsider each of these points.

ARGUING – a checklist

AN OPPORTUNITY

- **To exchange information**
- **To test assumptions**
- **To explore priorities**
- **To identify interests and inhibitions**
- **To influence, persuade and inform**
- **To review sanctions and incentives**

BE CONSTRUCTIVE

- **Avoid interrupting**
- **Avoid point scoring**
- **Avoid sarcasm**

REMEMBER

- **ARGUMENTS, PRINCIPLES and OPINIONS cannot be negotiated**
- **SUMMARISE REGULARLY**
- **EXCHANGE INFORMATION**
- **ASK DIRECT QUESTIONS**
- **SHUT UP**
- **LISTEN TO THE ANSWER**

COMMON AVOIDABLE MISTAKES

- *Not asking open questions*
- *Not listening*
- *Arguing to win*
- *Scoring points*
- *Interrupting*
- *Circular argument*
- *Not summarising*
- *Not validating assumptions*

SIGNALLING – a checklist

Characterised by a change in language from absolute statements to qualified statements e.g. “NO” to “Maybe”

LISTEN, watch, confirm, EXPAND

REWARD SIGNALS – DON’T PUNISH THEM

Buy a signal with a signal

To advance the negotiation it will be necessary to make a proposal but first you must have an indication, a signal that the other party is willing to modify its position. A signal acts as a “safe conduct pass” that tells you that your proposal will not be interpreted as a sign of weakness.

A CHECKLIST FOR SIGNALS

- Are there any signs of movement in the argument?
- What signals have you made to indicate your willingness to move?
- If they have been ignored, how can you reword them?
- What is the cause of “stonewalling” by the other party?
- Test “Stonewalling” by a specific presentation of your signal linked to a specific call for a response
- If no response you can break off negotiations, call upon the other party to seek authority to revise their position or consider revising your own position
- Avoid making concessions in the hope of a move, this just rewards intransigence
- Listen for your opponent’s use of non-absolute and qualified statements of their position, or references to their inhibitions.
- Ask for them to elaborate on them. (Their best move is to get your commitment to respond).
- Respond positively, e.g. “I am always prepared to consider reasonable suggestions for improving the acceptability of my proposals.”

MEMORY JOGGERS

Ignoring signals prolongs argument

Listen more, talk less

Respond and reciprocate

Reward signals not intransigence

PROPOSING – a checklist

MAKING A PROPOSAL

The person who has made the initial proposal is usually in a strong position.

OPEN REALISTICALLY – MOVE MODESTLY

- **Ensure that all the issues are on the table**
- **Be disciplined in making a proposal**
- **Propose – explain – summarise**
- **Invite a response**

If you have to modify your position as the negotiation progresses then any secondary proposals can be tentative –

- **“We might be prepared to consider the possibility....”**
- **“Supposing we agree to that....”**

DON'T JUST STATE A GRIEVANCE – PROPOSE A REMEDY

RECEIVING A PROPOSAL

NEVER INTERRUPT A PROPOSAL

- **Question**
- **Clarify**
- **Summarise**
- **Respond**

The weakest response is to say “No”. Equally an instant counter proposal may produce the wrong effect because it does not take into account the proposal you have just received and build on it. Consider if you need to adjourn before responding. Say what you like and don't like about the proposal. This may encourage a second proposal from the other party. If not, then respond with a considered counter proposal. Remember the strength of the statement “If you don't like my proposal then what do you suggest?”

GOOD COUNTER PROPOSALS GIVE THEM WHAT THEY WANT – ON YOUR TERMS!

GOOD COUNTER PROPOSALS BUILD

A PROPOSAL BEATS AN ARGUMENT

PACKAGING – a checklist

Packaging shuffles the variables without increasing the offer so that the proposal is more acceptable to the other party.

Identify the INHIBITIONS and the INTERESTS.

Address the package to these points.

If you adopt a COMPETITIVE stance then it is less likely that you will be told about the interests and the inhibitions than if you adopt a CO-OPERATIVE stance.

PROPOSALS ARE SOLUTIONS TO PROBLEMS – before you begin to respond to a proposal, attempt to identify the problem; there may be a solution to this problem which involves a lower cost.

THINK CREATIVELY ABOUT THE VARIABLES

VALUE YOUR CONCESSIONS IN THE OTHER PARTY'S TERMS (what is it worth to them – not what does it cost you)

BARGAINING – a checklist

If you.....Then I.....

The conditional offer. Having probed the terms that are likely to be acceptable during the proposal stage, and having fine tuned them during the packaging stage you can now set out the exact terms of the bargain.

Buy movement with movement – give to get.

Put a price on demands, put an unreasonable price on unreasonable demands.

CONDITIONS BEFORE OFFERS

- **“If I give you xyz then will you give me abc?” WRONG!**
- **“If you will give me abc then I will give you xyz” RIGHT!**

IT MAKES A STATEMENT

IT AVOIDS INTERRUPTION

IT MAKES YOU CONSIDER THE TRADE OFF

If you.....Then I.....

COMMON AVOIDABLE MISTAKES

- **Unconditional proposals**
- **Asking permission to concede**
- **Forgetting to state your conditions**
- **Separating the offer from the conditions**
- **Separating issues**
- **Not linking one movement on one issue to movement on another**
- **Using “If I will you” proposals**

CLOSING – a checklist

What is the most common closing opportunity? A question about a minor aspect of your proposal.

- **“Does that include delivery?”**
- **“Does that include the legal costs?”**
- **“Would that be backdated?”**

Closing concessions should be:

- **Conditional**
- **Specific**
- **Small**

DON'T GET GREEDY

DON'T SNATCH A DISPUTE FROM THE JAWS OF A COMPROMISE!

AGREEING – a checklist

AGREE WHAT HAS BEEN AGREED

Confirm the agreement in an acceptable form.

Agree a plan for implementation

BOTH PARTIES SHOULD BE HAPPY WITH THE DEAL OR BE ABLE TO LIVE WITH THE DEAL

Common avoidable mistakes

- *Inability to terminate bargaining*
- *Giving away concessions in the final moments*
- *Misjudging the timing of a final offer*
- *Bluffing with a “final” offer*
- *Unconditional closing concessions*
- *Making large concessions at the close*
- *Not summarising what has been agreed*
- *Making inappropriate threats using the “or else close” or the “either/or” close*
- *Not recording what has been agreed in an acceptable form*
- *Trying to “cheat” when recording the alleged agreement*

Strategy and Tactics

The overall objective set by yourself or your team is the strategy in any negotiation. The way in which this objective is reached can involve the use of various tactics along the way.

Not all tactics are suitable for all occasions. It is common sense that the use of sanctions or threats would not be very effective if used by the smaller of two parties. The balance of power should always be considered in the art of negotiation.

Tender situations (with a sealed bid offer required) are often considered to be outside the normal negotiation field. In reality, the specification of the product or service can still be negotiated prior to the bid being made. Research and information can also be obtained in most circumstances which help in putting the bid together in the first place.

Common Tactics

Shot-gun - an obvious tactic which can be used if the balance of power is very much in your favour. “If you do now agree immediately to our demands we will.....” is the type of statement made in this sort of situation. Long-term relations between two parties when this situation has occurred are usually poor.

See you in the boxing ring - in other words, if you do not see it my way I will solve this dispute/problem in some other way. The threats used usually involve the taking of legal action/moving of business somewhere else in the commercial world.

Mr Nasty and Mr Nice - much beloved of American detective shows, this tactic has been used very successfully in the fields of industrial relations and commerce for years. It does not work if the two parties know the members of the teams well as out of character behaviour is easily spotted. If this tactic is used correctly, it can be very effective. Danger is that the nasty role is overplayed. An element of intimidation is required rather than to provoke the opposition.

The Russian Front - the opponent is offered two choices. One of these is very much worse than the other. He is intimidated into accepting the better offer rather than suffer the consequences of being sent to the Russian Front. Handling this type of tactic involves remembering that it takes two to agree a deal or you can counter propose with equally extreme alternatives. This can lead to the moving of the parties towards more reasonable positions.

Salami - used when something unpleasant is being proposed. By offering to introduce the change over a period of time, the resistance to change is lessened. A good example of the use of this tactic would be the acceptance by a union for reductions in staffing by natural wastage rather than compulsory redundancy.

The Disguised Claim - used to mask the real objective being sought by one of the parties. Commonly used in conjunction with something like a Health and Safety issue. It has been suggested that the difference between a safe working practice and an unsafe one has a monetary value.

The Brooklyn Optician – two ways this technique can be used, first to raise the price and second to increase what you get for a specific price. An example would be “the lenses you require are £20 (pause) each. Frames will cost you £50 (pause) plus £20 fitting for the basic model which is fine if nobody sees you wearing them. The better models are £70 (pause) plus £30 for fitting.....” The pause gives the customer the opportunity to close. If they do not, then the optician keeps going!

Polite Impertinence – used to imply that you are more important/have more power than the other party. If they are intimidated by your confidence, they will tend to assume that they have the weaker position. “Your overdraft is due for renewal. Please arrange for an appointment with me to discuss”. (Reply) “I am please to be able to discuss the progress of the company with you and would be delighted to see you in my office at 3.00pm on Thursday.”

Noah’s Ark – and probably as old! “You are nowhere near the prices from your competitors”. Usually accompanied by tapping an empty file! Three possible answers to this technique. Counter bluff – “Then I would advise you to accept”. Call their bluff – “If you are asking me to compete then I need to see the other quote so that I can compare like for like.” Take the initiative – “Then I assume that my product or service is better and you would like me to justify the difference.”

Dutch Auction – a variation of the Noah’s Ark tactic and used to play one supplier off against another.

Linking – “I am prepared to discuss the price issue if you will discuss the slow payment record of your company.” When you are on thin ice on a particular issue, it is worth trying to link the discussions to an area in which you have the upper hand.

Perry Mason – obtaining “yes” answers to a series of questions and eventually trying to hang your opponent with logic.

Widows and Orphans – “If you do not agree my wife and children will not eat this weekend.” Not a very credible tactic these days!

Doomsday – painting such a bleak and black picture that the other party feels obliged to increase the offer to compensate.

The Quivering Pen Technique – Most successful when one of the parties has made public an agreement which has not yet been signed. Also very handy when you buy a car!

No Authority Here – If the person you are negotiating with does not have the authority to make a decision then you can bank on the person who does not liking your “best” proposal.

The Mother Hubbard – a favourite tactic of local authorities and other public sector bodies. “I like your product/service but I am only allowed to spend this much on that item.”

Negotiating Style Theory

The Model of Negotiating Styles at the center of *Negotiating Style Profile* is based on relevant literature on negotiating practices, including *Getting to Yes*, by Roger Fisher and William Ury. These sources reveal that both concern for the outcome of the negotiation and concern for the relationship appear to represent the most important behaviors a negotiator can employ in an actual negotiation. Furthermore, it is clear that a negotiator cannot be effective in both the short and long terms if he or she emphasizes one set of concerns to the exclusion of the other.

Although variations of each of the 5 Characteristic Negotiating Styles (shown below) may be appropriate under certain conditions, it is suggested that a consistent application of the Collaborate style offers the greatest probability of producing the highest quality negotiating results and the most enduring satisfaction to the parties involved.

