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Negotiation Skills for the Workplace

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What You Will Gain from This Course

Professionals in large organizations deal with people-related situations, problems, and opportunities every day. They are the critical link between what the company's executive management wants to do and what the line employees, that critical interface where work gets done, will do.

Participants will learn some very simple, yet powerful, principals about negotiations that are applicable in any situation. Whether you are very confident and assertive or introverted and compliant, these techniques will help you prepare for and conduct negotiations more successfully than you ever have before.

You will also learn how to identify and counter some of the typical 'dirty tricks' that are used in many unethical negotiations. Although we do not guarantee that you will be satisfied with every future negotiation you attempt, we do promise that following our techniques will assure that you have no regrets about the outcomes.

This course will help you negotiate more confidently and effectively:

- Salary packages
- Severance agreements
- Relationships between departments
- Employee accommodations
- Vendor relationships
- Disciplinary actions
- Misconduct allegations
- Disputes between workers

Some skills you will learn include:

- How to prepare for the upcoming negotiation and negotiate more confidently
- How to preserve good will even if you cannot reach agreement
- How to deal effectively with emergency situations where you do not have preparation time

- How to ask questions that help you develop your strategy
- How to stay on track and not get distracted
- How to use outside standards to reduce the potential for conflict
- How recognize and deal with “dirty tricks”
- A variety of ways to close a negotiation and get agreement
- The value of “interests” and the danger of “positions”
- How to define what a successful outcome looks like from your perspective and theirs

When have you had to negotiate with a coworker for something you desired?

How successful (%) was the negotiating process from your standpoint?

Why?

How successful (%) was the negotiating process from your coworker’s standpoint?

Why?

Finally, we hope that you will learn to never use that meaningless clichéd phrase, “A Win-Win” situation. To us, winning is an either/or situation: *you either win or you lose*. Also winning implies that each side shares the same values such as the outcome of the score in a competition. Obviously, if a team is participating, they focus on beating the other side to gain their “win.”

Negotiations are not about winning but about GAINING SATISFACTION with the outcome. And, since the same values may not be shared by both sides, each can emerge SATISFIED with the outcome without feeling the need to “win” in the negotiation.

For example, if I’m willing to pay a little more for something that I need delivered tomorrow, we have a successful situation because my need for the product was satisfied and your need for the sale was satisfied. Since we valued different things (I valued time and you valued the sale), we were able to satisfy each other. There was no “winner” – only satisfied participants.



“There is a direct correlation between pre-negotiation knowledge and a successful negotiation outcome!” What do you think is meant by a “successful negotiation outcome” to most people?

What does a “successful negotiation outcome” mean to you?

Here is what it should mean:

1. It should reach a **mutually beneficial agreement** (meets the legitimate interests of both sides to the extent possible, resolves conflicting interests fairly, will last for some time, and takes into account community [workplace, neighborhood, family] interests.)
2. It should be **“efficient”** (able to be implemented with a minimum of “moving parts”, other people or factions, and contingencies on future events)
3. Should **improve** (or not damage) **the relationship** between the parties involved
4. It should **create an environment in which we would be willing to negotiate with each other again.**

What are some pre-negotiation knowledge topics that should be considered regardless of what you are negotiating about? How would you gain this knowledge? (After you fill in some answers here, take a look at ours on the next page.)

PRE-NEGOTIATION KNOWLEDGE TOPIC	SOURCE OF THIS KNOWLEDGE

PRE-NEGOTIATION KNOWLEDGE TOPIC	SOURCE OF THIS KNOWLEDGE
A reasonable price for what they are selling. (If it's a home, the area taxes, fire and police protection, flood plain, etc.	Depending on what they're selling, trade journals, internet search, professionals or experts you know who aren't competing for this, or, as a last resort, you can always innocently ask them, "Why would I think this is a fair price?" and let them provide some references for you. Remember, until you sign the contract, you can ask anything you want and divulge as much information as you think is necessary to close the deal. Keeping too much secret can be as harmful as divulging too much.
Reasonable terms and conditions of the deal including warranties, delivery dates and condition, if setting-up the product is included, etc.	
What should be included in the delivered product as basics and what are options?	
The market value of what you're buying.	
The expected service life of it.	

DETERMINING VALUE

What or who determines the "value" of an object?

Each side decides for themselves what the value is to them. Remember, both sides may not share the same idea of the object's value or value may not always mean money. You will see why in a few minutes.



What or who determines the "price" of something?

There are two opposing views of price: the "selling" price and the "buying" price. Each side decides for themselves what they are willing to pay for something or what they are willing to sell it for. Remember, price may not always mean money. You will see why in a few minutes.

Could the value and the price of an object be widely different? **Yes**

How? Why would we ask that question in a negotiating class?

Suppose you were having a garage sale trying to clear out some of the objects your family has been accumulating for the past 30 years. One of the items is the family piano on which your mother taught you to play simple songs. Later, you taught your children to play those songs on the same piano. That old piano has many treasured memories for you. You have a written appraisal stating the value is \$750 and that is on the piano for customers to see.

Two people are looking at it. One is the local antique dealer (you see the sign on his truck in your driveway) and the other is a young mother with a five-year-old child with her.

The antique dealer has been trying to get your price down by pointing out the scratches on its legs (where your puppy once scratched it trying to get your attention when your grandmother was teaching you a song).



The young mother is watching her child trying to pick out notes on the keyboard as she tells you they want to get her piano lessons someday but just can't afford the cost of a piano and lessons right now.

*Do you think the seller, the antique dealer, and young mother all have the same concept of the piano's **price** and its **value**?*

- Who do you think would 'value' the piano more: the antique dealer who is looking for an object to sell for a profit or the young mother looking to find a way to help her child learn about music?*
- Would they value it in the same way?*
- Do you think the price would be the same to both prospective buyers?*
- Do you think part of the "price" to the young mother may be 'take care of it and let it give your family great memories like it did for ours'?*

Can you see now why price and value may be different from each perspective?

How would you determine the value of these?

OBJECT	METHOD OF DETERMINING VALUE
A used car for your child who is a new driver.	
A math tutor for your child	
New shoes	
Your free-lance work using a skill you have	
A new TV for your home	
The tricycle your grown child used to ride. You are putting it into a garage sale.	

Positions vs. Interests



There is a house for sale (by owner) in a neighborhood where you have wanted to live and you are looking to move into that area.

Here are two possible scenarios that could occur which will demonstrate the difference between negotiating from **positions** or from **interests**.

Positions are the **visible facts** about the deal such as price, delivery date, quantities, terms and conditions of the sale. Interests are the **invisible or unstated reasons** behind the positions. Another way of looking at this is **positions are the WHAT, interests are the WHY**.

If you take time to find out as much as you can about the invisible reasons behind their pricing, delivery dates, quantities, and terms and conditions, you may be able to offer alternative options that will still satisfy them and allow them to be more flexible on their positions.

NEGOTIATION #1

A Focus on POSITION

Your Comments	The Owner's Comments
How many bedrooms and baths?	3 bedrooms and 2 baths
How old is it?	It is 13 years old.
How much are you asking?	\$195,000
We wouldn't want to pay more than \$175,000.	That's your choice but it won't be enough for this house!
Maybe we could go to \$180,000.	I might consider \$190,000.
I wouldn't go much higher!	I won't go much lower!
At this point it may break off entirely or antagonisms begin to develop because one side starts thinking the other side is trying to take advantage of them. The relationship turns into a competition and becomes personal about whether one side can persuade the other to give in.	
The chance of a successful negotiation (see our definition on page 6) becomes very slim.	

NEGOTIATION #2

A Focus on INTERESTS

We have highlighted the interest-focus comments in blue.

The strategy behind the interest-focused comments is in green.

Your Comments	The Owner's Comments
This looks like a very nice house you have. May I ask why you want to sell?	It has been a great house for us but I have been relocated and we are trying to sell here and get settled there before school starts.
How many bedrooms and baths?	3 bedrooms and 2 baths
How old is it?	It is 13 years old.
How much are you asking?	\$195,000
I'm sure it's worth every bit of that and you'll eventually (you're commenting favorably here and also reminding him that it may take a while which conflicts with their interests of relocating in time for the start of school) find a buyer. However, if it were a little less, we would be very interested in it and it may help you get on with getting your family moved and settled before school starts in your new neighborhood. (You're saying, "help me help you get out of here by lowering the price")	Well, our interest is more about getting on with our lives than staying here hoping the right buyer shows up. (If you can help us achieve our interest, maybe the position on price can soften.) How much less would it have to be for you to be interested? (By asking "how much less" and not specifying a lower price, there's a chance the buyer would offer more than the lower price the seller names. It's wise to let the other side throw out a number they're comfortable with. Of course, it will be lower than what they would be willing to do, but this is a back-and-forth discussion.)
We wouldn't want to pay more than \$175,000 but we have excellent credit (saying this assures them the deal will go through if they can find a mutually satisfactory price) and my lender has already approved us to this amount and assured us it would go through quickly! (The interest of the seller is closing quickly and getting resettled in time for the new school.)	That's a lot below what we were thinking. I guess I can come down a little if it closed quickly but I really couldn't go below \$185,000.
Maybe we could get up to \$185,000 if the appraisal supports that much. If it's more, it's still \$185,000 and if it's less, the price will match the appraisal if we agree to buy it.	That sounds fair. It's a deal!

In this example, the buyers have already done their homework by looking at real estate listings in this area to get a feel for the market value of the house. Although the market value and final sales price

aren't directly tied together, it will give them a feeling of whether they can afford to be looking in this area. Also, this means they do not have to start with the position (price).

Once they know they can afford it, they talk with a lender to get an approved limit so they can speed the paperwork afterwards in case they find a seller that wants to move quickly.

By asking the seller why he/she wants to sell, they are trying to determine the interests behind the price. If the seller had said, "Our family has grown and we're looking for a smaller house", they may not be as much in a hurry to sell as the relocaters who have a "ticking clock" as the start of school in the new neighborhood is getting closer every day and be firmer in their pricing.

Since they took time to determine the sellers' interest of getting to their next neighborhood in time for their children to get registered for school, they were able to touch those interests (**words in bold blue**) by making the statements they did.

This also gave the seller a graceful way to reduce the price to speed the sale without appearing to be "beaten down" by an aggressive buyer.

The more time spent trying to identify the other person's interests behind the deal will give you more opportunities to **present various options** that may appeal to the seller.

Here is another situation that should help you understand the different between positions and interests.



You are a department manager who had a key project leader go on leave and will be out for the next 8 weeks. The executive sponsor for an important department project just told you that it has changed from a "hold" status (why the former project leader was able to take leave) to "active" and she wants it ready for implementation ASAP.

As the manager, you have met a consultant that you believe could do the job and want to call her/him in to negotiate a contract for this project.

This is confidential information known to you, the MANAGER:

You can only spend \$10,000 and do not want to “borrow” against any other accounts or projects you have planned. You have a 6-week deadline on this project.

You would like to get it back in 4 weeks in case it needs rework before the deadline. It would be nice to have a reliable resource like this consultant you can count on for unexpected events just like this. It would be good to see how they work on a small project like this before you consider them for larger ones.

The consultant likes the manager and thinks he/she would enjoy working there. This is the CONSULTANT’S confidential information:

You normally charge \$20,000 per month and do not have anything else planned for that month. It would be great to “get your foot in the door” with this company but do not want to appear too anxious. You fear that going below your normal rate will set a dangerous precedent that will keep future billings here lower than you would like.

It will take about \$11,250 worth of expenses to complete the project and you want to make at least \$8,000 of clear profit.

A Focus on POSITIONS

Department Manager	Consultant
I have a short term project in your specialty that I need completed in one month. (The project is described to the consultant.) Are you available and how much do you charge?	Yes, I’m available and can do that for you. My monthly rate is \$20,000
I’m sorry but \$20,000 is way beyond what I have available? I only have \$9,000. Will you take any less?	I may be able to come down a little but certainly not that far.
The discussion becomes a ‘give and take’ as each side tugs on that \$20,000 amount. The manager is trying to pull it down and the consultant is trying to keep it up without looking like they’re giving in too easily. They may or may not reach a satisfactory agreement.	

A Focus on INTERESTS

Department Manager	Consultant
I have a short term project in your specialty that I need completed in one month. (The project is described to the consultant.) Are you available and how much do you charge?	Yes, I'm available and can do that for you. My monthly rate is \$20,000
I'm sorry but \$20,000 is way beyond what I have available? I'm not judging the price point, just need to understand it better. Can you help me understand what all goes into that amount? (The invisible reasons behind the position.)	Well, there will be a significant amount of expenses doing this project in relation to duplication, administrative support, leasing some specialized equipment, and of course, there's the profit I need to stay in business.
I don't want to know what your profit is but if there is a way we can provide the duplication and administrative support you need plus allow you to use our equipment, would that reduce your expenses, still allow for your profit, and come within the \$9,000 that I have available?	Yes, let me look at it a little more but I think that will work.

The manager has been able to get what he/she needs by taking time to find out the **invisible reasons** behind the **position (price)**.

If they had started with the **position (price)**, they may have never gotten off of it. By focusing on interests, a lot of alternative options become apparent and each ends up with what they want.

If the consultant can end up with the amount of profit they need by allowing the client to provide all the support services, is there any reason to insist on more money so they, in turn, can hire subcontractors as support?

How would you define the POSITION in a negotiation?

How would you define the INTEREST in a negotiation?

Which element (position or interest) do you think has the greatest influence on a successful outcome?
Why?

INTEREST because there may be many invisible reasons bundled together in determining the price of something (or whatever position you are negotiating). The more that you know about the reasons behind the position means you have that many more chances to find alternative solutions that will be just as satisfactory.

If you do not inquire about interests and only focus on position, you will immediately become involved in a 'push-pull' contest with little chance of a successful negotiation.

Which element (position or interest) do you think people focus on primarily in a negotiation? Why?

POSITION because it is visible as they tell you what it is. It does not require the intellectual energy required to inquire about the interests behind the position (price, delivery date, quantities, terms and conditions, etc.)

The Secret of “WIIFT*”

“*WHAT’S IN IT FOR THEM”



How does the question, “*What’s in it for them?*” relate to our previous comments about interests vs. positions?

This gets you thinking about their possible interests behind their position. It helps you ask, “If I were in their place, why would I want to have that position?

Are there ways I can help them meet their interests while helping me get what I want, too?”

Why would it be useful for you to make that connection before you start negotiations?

“When your employees get what they want, you’ll get what you want!” That is from Zig Ziglar, (www.zigziglar.com) a famous motivational speaker.

How would his statement about dealing effectively with employees help you become a successful negotiator?

Keep this thought in your mind as you enter the negotiation: **“How can I make it easy for them to help me get what I want?”**

The Conscious and Sub-Conscious Strategy

Position vs. Interests



The **conscious** (position) **strategy** deals with the issue at hand. It may be getting the new car, the rental lease, the new contract, etc.

It is the “**WHAT WE WANT**” issue.

The **sub-conscious** (interests) **strategy** deals with how we conduct the negotiations by focusing on interests behind positions. It helps us determine if we will be “soft” or “hard” to deal with seeking “total victory” or “mutual satisfaction”.

It is the “**WHY WE WANT IT**” issue.



“A WISE NEGOTIATOR WILL ADDRESS THE SUB-CONSCIOUS STRATEGY (interests) FIRST BEFORE FOCUSING ON THE CONSCIOUS (positions).”

Do you think that statement above is true?

Why?

How can you get the other person to focus on that with you?

You can try to help them see that you are trying to help them get what they want. All you need is for them to help you get what you need.

It is something like saying, *“I can provide the outcomes you want but have to do it MY WAY. If you insist on getting the results you want by getting them YOUR WAY, we may not be able to solve this.”*

Suppose you are negotiating with a potential vendor and you want to understand what may be some of their **interests** before you start getting into **positions** (prices, delivery dates, quantities, etc.)

You could ask them to describe what an ideal relationship with a client would be like. They may say something like:

- I want to get paid promptly without having to send reminder notices
- I want to be treated as though I am entitled to a reasonable profit and not trying to take advantage of the client
- I want to be seen as a valuable resource that can help the client be successful – not just a commodity to be abused and discarded when they are finished with me.
- I would like to have them act as a reference for me as I look for more business.
- I would like us to resolve issues by trusting each other to find a mutually satisfactory solution and not have to keep falling back on the contract and threatening to bring the lawyers into it.

As a potential client, they now may be willing to hear you describe what your ‘wish list’ of an ideal relationship with a vendor would look like.

List here a few things that would be on your “wish list” when dealing with a vendor.

1. _____
2. _____
3. _____
4. _____

Then you could suggest, “If there were a way for each of us to achieve our interests, what do you think it would cost?” (The **position** reference)

An approach like this may help you meet each other’s’ interests and agree on a reduced position of price, delivery date, terms and conditions, etc.



YOUR CONSCIOUS AND SUB-CONSCIOUS STRATEGIES

(More Position vs. Interests)

Think of a time when you were in high school and wanted a special someone to go out with you.

What conscious strategy did you use? (This is the “who” you want to go out with)

What sub-conscious strategy did you use? (This is the “why” you want to go out with them)

Think about your concept of the “ideal job”. List some of its traits here:

_____	P or I
_____	P or I
_____	P or I
_____	P or I
_____	P or I
_____	P or I

Please circle “P” (position) or “I” (interest) after each one. Based on the number of interests and positions you have, how likely are you to find the ideal job? Why?

The more interests you have (a chance to develop, a chance to learn new things, a chance to travel), the greater the chance of finding a satisfying job.

The more positions (such as salary, title, and work location), the lower the chance you will find the specific combination you are looking for.

How does this question relate to talking with applicants for a job you have available?

What questions would you ask to help an applicant focus on their interests instead of their positions?

What are typical positions that applicants take about a job?

A Non-Confrontational Strategy

Focus on the “what’s-in-it-for-both-of-us” as much as possible by considering the merits that both sides can agree on in these areas: **people and problems; positions vs. interests; and external references.**

PEOPLE AND PROBLEMS

Separate the people from the problem as much as possible. The problem is bothering **US**; it is not **WE** bothering each other.

Manager to HR: “That employee you hired for us last month isn’t performing. Are you going to help me get rid of him or do I need to take it higher?”

The WRONG Approach



The manager and the HR representative focus on the personal battle between them to see whether the manager can bully the HR rep into doing what the manager wants.

The RIGHT Approach



Manager asks, “How can I help you help me get rid of this guy? What do you need from me?”

Note: There are at least 10 reasons why employees do not do what managers expect. Nine of those have their roots in behaviors controlled by management!

(Contact the author, dick@outsourcetraining.com, for a complimentary copy of the 10 reasons.)

What Bugs You?



MEANINGLESS JARGON
SPOKEN HERE



Many problems we have with people come from our unique reaction to something they have said or done which bothers us out of proportion to how others may react to the same thing.

What are some “pet peeves” of yours that irritate you all out of proportion to how others may react to that same behavior?

Why would we spend time identifying these behaviors?

If you aren’t aware of your ‘pet peeves’, you won’t be able to control them during a negotiation if one suddenly appears. (For example, suppose you are a young female and an older male says the word ‘Honey’ in a response. You know that you absolutely HATE when anyone talks down to you. His saying, “Honey” may have been intentional or unintentional – especially if he’s from the deep southern U.S. where that is part of their culture.

You must decide if it was intentional or not and if it *was intentional*, is it worth upsetting the negotiation just so you can give him a piece of your mind? If you were not aware of this pet peeve, you may not have given yourself the choice of deciding whether to blow up. You may do it without thinking and destroy the negotiation.)

Also, if someone wants to upset you during a negotiation as a strategy to get you to do something that isn’t in your best interests, they may intentionally do the very things that you have taught them will ‘push your buttons’.

What is in it for you to identify these?

How could a “pet peeve” of yours potentially damage your chances for success?

*Oh, I'm sorry...
Did the middle of my
sentence interrupt the
beginning of yours?*

Positions vs. Interests

KINDS OF INTERESTS

Let's explore the kinds of interests negotiation participants may have.

Interests can be:

"SHARED INTERESTS" = we both want that same item.

Example: The husband and wife each think a recliner would be good to have in the family room.

"NON-CONFLICTING" = one side wants something and the other side does not care one way or the other.

Example: The wife wants a beige recliner to match the carpet while the husband does not care what color it is.



"CONFLICTING" = if you get your interest, I cannot get mine.

Example: The husband wants a recliner, his wife wants a new carpet, but they cannot afford both.

What would be examples of these interests when a couple is planning a vacation?

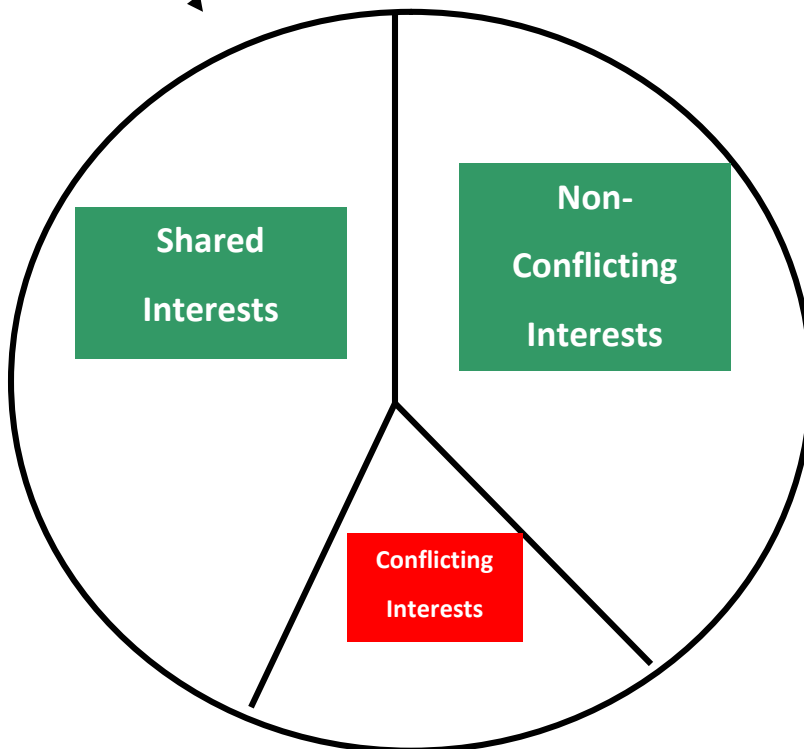
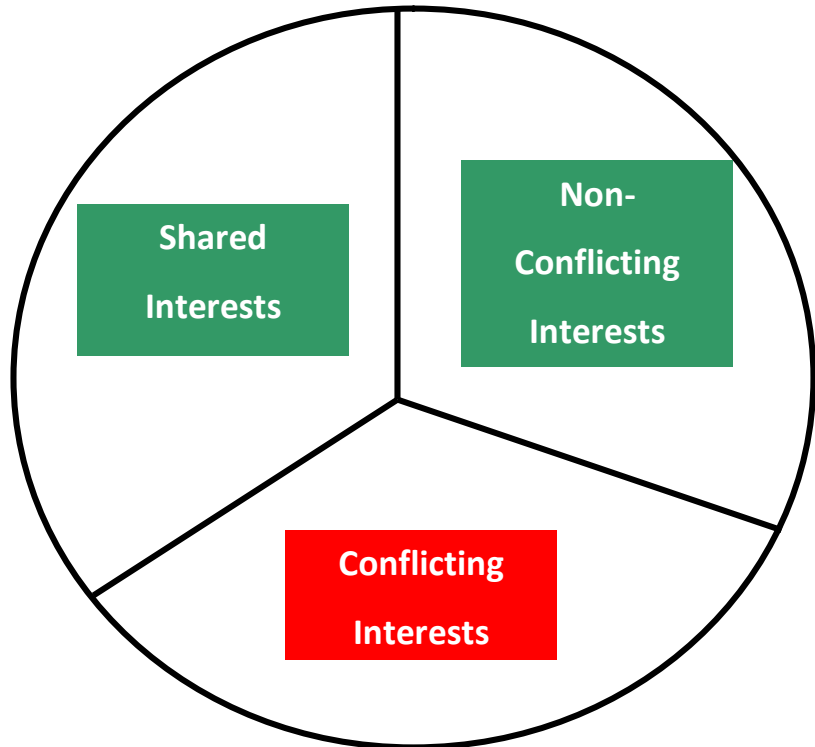
SHARED	NON-CONFLICTING	CONFLICTING

More about Kinds of Interests

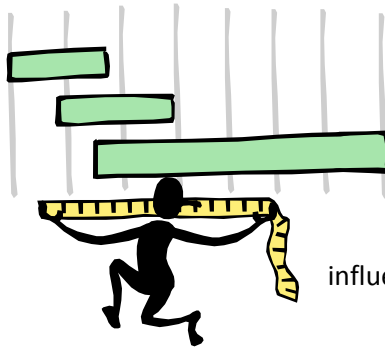
Think of the 3 kinds of interests in a graph like this:

If there is a way you can discover their interests and tell them about yours *before you get down to discussing positions*, you may discover that you have more **shared interests** or **non-conflicting interests** than you realized.

As shared and non-conflicting interests expand, **conflicting interests** must contract!



EXTERNAL REFERENCES



Negotiators can **reduce the potential of conflict by suggesting the use of some external reference that neither of you can influence.**

Suppose that you wanted to buy a used car. What could you use to determine a fair value that neither you nor the salesman could influence? (The 'Kelly Blue Book' or the NADA Value guide)

What kind of external reference could you use when negotiating these issues?

This issue	Use these EXTERNAL references
Trying to determine a fair price for a house you want to buy.	
Trying to determine an employee's performance goals for the upcoming period.	
Getting temporary help from another department for an unexpected workload.	
Getting a fair price for a rocking chair at a craft fair.	

For example, if you can base the price of the house you are buying from an owner on the appraisal value + a small markup; you have instantly removed a major obstacle to the negotiation because the appraisal **(an external reference)** is done by someone who has no stake in the outcome of your negotiation: therefore, each side can trust them!

Always look for external references that could apply to your negotiation BEFORE YOU BEGIN THE NEGOTIATION.

Your Pre-Negotiation Planning

“Asking for the moon and the stars”

Wants AND needs are bundled here.

Wants – the “frosting on the cake” that would be nice to have also but isn’t essential if other desirable elements are still present.

Needs – the things that the seller must have. There is usually a priority among the needs. This means they may be willing to rethink a few less important needs as the negotiation inches closer to their threshold and decision point: “Do I walk away or accept?”

Your preparing allows you to quickly brush aside the list of superfluous WANTS and begin talking about their NEEDS.

If you know something about their limitations or interests (must meet a closing date or something that may pressure them to act), you can reduce their list of needs even lower.



Imagine that you are going to negotiate with the character behind the wall. Picture your pre-negotiation planning like this. You’ll enter the negotiation from the left side.

At first, they want everything their way. Do not be offended, you are probably asking for everything initially, too. After all, if you never ask, you’ll never get. At some point, you will sense them beginning to “dig in” and becoming less willing to reduce their needs or give up anything.

This is the signal that you are meeting their resistance threshold (the brick wall in the diagram above) and are close to their decision point of either giving in or walking away.

Now let’s take the opposite approach where YOU are behind the brick wall and know you’re going into a negotiation soon. The brick wall is your resistance threshold where you start pushing back as they near your pre-determined limit. This gives you a chance to warn them (verbally, gestures, or body language) they are getting close to having you walk away if they do not stop pushing. (See page 36 for more on “walking away”.)

If you know your WALKAWAY POINT before you start negotiating, you can gracefully say, “I’m sorry but I can’t go any farther” and break off the negotiation. You will not always be able to achieve a successful

outcome to your negotiation but you do always want to preserve the relationship so you can come back and negotiate again in the future about something else. This way, you will not have regrets and kick yourself later for giving away more than you intended.

You NEVER want to decide on a walk-away point DURING THE NEGOTIATION!

This is not a “figure-it-out-as-you-go” situation.



If you allow yourself to go below your “walk away” point, you will always have second thoughts, think less of yourself, and develop a reputation as a weak negotiator. These are NOT career enhancing traits

Let’s look at getting you ready for that opportunity.

Example:

Your family has 2 adults and three children under 12 years old. You need transportation for around town and your annual out of state trip to each set of grandparents during the holidays that live 750 miles away. This must last at least four years until your oldest (may) get a car of their own.

Limits: Your budget allows \$1,000 down and not more than \$250/month payments.

Needs: Safety (4 stars on gov’t crash test), comfort, A/C & automatic transmission, reliability (Consumer Reports “good” rating minimum), favorable insurance rating, and fuel economy (min. 22 mpg city) are your descending priorities.

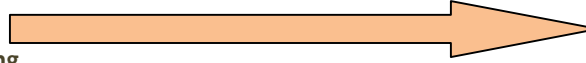
Wants: Leather seats, CD changer, sunroof, deluxe trim option, and power everything.

Your negotiation strategy would look like this (next page).

Your initial “asking for the moon and the stars” opening and look at an upscale vehicle.

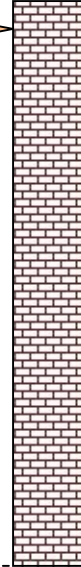
Needs: Safety (4 stars on gov’t crash test), comfort, A/C & automatic transmission, reliability (Consumer Reports “good” rating minimum), favorable insurance rating, and fuel economy (min. 22 mpg city) are your descending priorities.

Wants: Leather seats, CD changer, sunroof, deluxe trim option, and power everything



Since the price of the “moon and Stars” opening is beyond your pre-determined budget **AND YOU’RE HOLDING TO IT**, you now focus on the Needs and start looking at a different vehicle.

The price is still higher than your FIRM BUDGET LIMITS with all of the must-have items, so you drop the two least important (insurance rating and fuel economy) and can now buy the third vehicle you look at.



The brick wall is the walkaway point you established BEFORE GOING TO THE CAR LOT as a combination of budget and minimum safety requirements. In your mind, if you could not get these conditions in a vehicle, you would walk away.

PRE-NEGOTIATION WORKSHEET

Use this worksheet before you start negotiations to help you get a firmer understanding of the entire situation. **Remember, once you have started the negotiations, it is too late to prepare!**

DEVELOPING YOUR NEGOTIATING STRATEGY	
1.	Describe the issue you want to resolve:
2.	List common interests you think you share with the other side:
3.	List options that you can suggest based on the common interests:
4.	List interests that may be non-conflicting between the two sides:
5.	List interests that may be conflicting between the two sides:
6.	List any external references that can be used to reduce potential conflict:
7.	What possible consequences are there for the other side in not reaching an agreement? How will you make the other side aware that you know about these consequences?
8.	What are possible consequences for you in not reaching an agreement? Do you think the other side knows about this?
9.	What is the least you will be satisfied with?
10.	What is your range of possible offers?

PRACTICE ACTIVITY

Definitions

- **“Needs and Wants”** as everything you could ask for in this situation
- **“Least you will be satisfied with”** as the minimum you must have to still feel it is a satisfactory result and you do not start beating yourself up for not getting more.
- **“Wants”** are anything between the extremes of ‘Needs and Wants’ and “Least you will be satisfied with”.

Fill in these questions for an actual position that you are (or a manager would be) trying to fill where you work.

Identify the position:	What is the salary range?
1.	What common interests do you think you and the prospective employee share?
2.	What non-conflicting interests do you think there could be?
3.	What conflicting interests do you think there could be?

4.	What options could you offer that would tie to their interests?
5.	What could be the most 'needs + wants' of theirs that are you willing to meet?
6.	What is the least (about them) that will satisfy you?



WARNING!!



For your piece of mind, NEVER tell anyone what you paid for your new car, boat, house, etc. if they ask because, *regardless of how happy you are about the great deal you got*, they will always say, “Gee, my cousin (uncle, father, sister, or friend) could have gotten you a better deal!” and that will destroy any pleasure that you had in getting the deal.

Simply smile and say, “I got a great deal” or “I’m very happy with this car” or anything to avoid the specific answer. Remember, if you give them a way to burst your bubble, they will even though it may be without any specific intent to hurt your feelings. It almost always happens!

The Power of Pause



If things start going too fast and you are getting too emotional, do not hesitate to call “time out”, pause the negotiation, and take a break for a few minutes (or until tomorrow).

Remember, a successful negotiation (page 6) cannot occur if one of the parties involved feels he or she is being pressured

into a decision.

Never hesitate to take a break and review your pre-negotiation homework so you can reaffirm to yourself your limits.



If new information comes out that you did not have before the negotiation began, **you should stop and evaluate the new situation.**

Failure to do this may result in your getting less than you need for a successful outcome.



Conceding With Style

If you must make a concession, you can convey how important it is to you (or make them think it is important) **with a pause** before making the concession.

The pause is very important because;



- It gives the other party a feeling they have gained something of value.
- It makes you look thoughtful and deliberate.
- Failure to pause and conceding too quickly may make the other party think they have not asked for enough and keep asking for more.

Act as though conceding was not your first choice of behavior, but for the good of the deal, you are willing to give in for this.

It is an excellent way to build good will at a low price if what they are asking for really does not mean much to you. (But of course, your behavior makes it look to them that it really was important to you!)

An important point to mention here is the word “concede” implies giving away something because you’re in a weakened position. Don’t use the word in your negotiations; instead use “trade” because it implies an exchange of things with equal values.

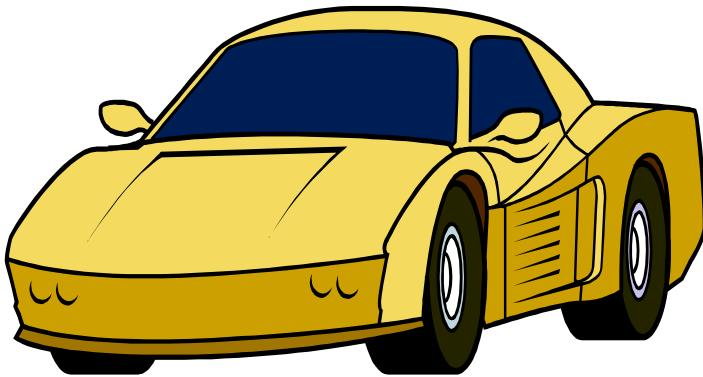
If I suggest that you “concede” a lower price, you may not like the idea of giving in to me and refuse to budge even though you really want the sale.

But if I said, “If you’ll trade a lower price for a sale, I’ll take it right now”, there’s a better chance that the introduction of a “trade” is easier to do than making a concession.

Love, Lust, and Losing

“Don’t let them see you want it because they will not budge from the price,” is the typical advice from people who have had a bad experience buying a car.

This is not always true. It *may* (not will) depend on the situation.

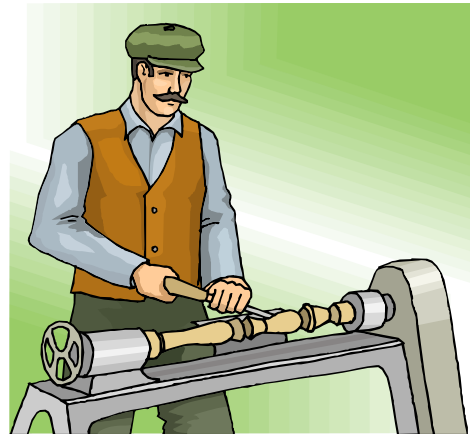


If you are looking for a new car and demonstrate through your words and actions that you are absolutely LUSTING after the new super XZ 450 turbo sports car, it is unlikely (but not guaranteed) the sales person will come down much on the retail price.

He may want to find out if you want it badly enough to pay full price. You probably (not guaranteed) will lose any chance to negotiate a better price.

However, if you are thinking of buying an object a craftsman has made, your demonstrated appreciation of the time, talent, and effort that went into making it may (but not guarantee) help you get a better price.

Expressing admiration may be part of the “payment” in the eyes of the craftsman and he may be willing to come down on the opening price.

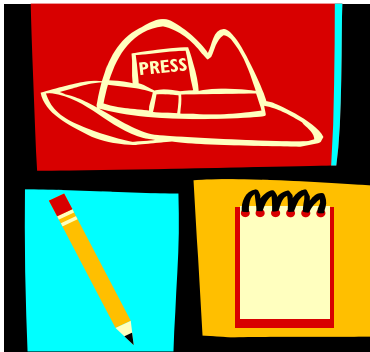


Also, it may indicate to him that you will take care of his creation and “give it a good home”. (The good home aspect of the deal may be one of his interests that must be met before he will sell at any price.)

The Art of Asking Questions

Getting the Facts

It is important to establish some rapport with the seller and ask questions to learn more about the object of your attention. Here are some examples.



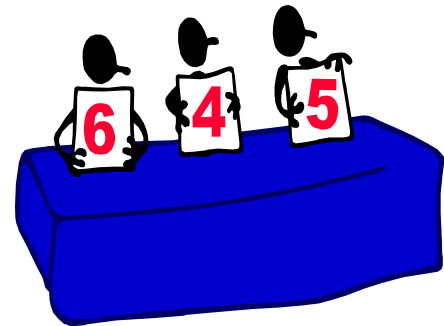
Use the five “Ws” that reporters use.

- **W**ho painted this?
- **W**hat are the actual dimensions of the lot?
- **W**here was this originally made?
- **W**hen was this made?
- **W**hy does it have to be the green one and not the brown one?

Getting Opinions from Others

Some examples of getting opinions that we use every day:

- What do you think about this paint job?
- Is the lot big enough?
- Where do you think this is from?
- Does it look very old?
- Do you think the green one is nicer than the brown one?



Guiding the Negotiation with Open-Ended Questions



- What do you like best about this product?
- How did that make you feel?
- What other requirements do you have that we need to meet?
- Where do you see yourself using this most?

Some Negotiating Strategies

Rarely will a negotiation go exactly as both sides would like. Inevitably, one of the participants will have a little more experience, or a stronger desire to reach a particular outcome, or be better prepared, etc.

In the very real likelihood that it does not progress exactly as you think it should, here are five strategies that you can use or at least recognize when the other side is using them.



The best advice to improve your negotiating skills is to remember, **“Perfect practice makes perfect”!** The more you try, the better you will become.

STRATEGY #1 - KENNY ROGERS' ADVICE



“You gotta know when to hold ‘em,
Know when to fold ‘em,
Know when to walk away,
And know when to run!”

(Kenny Rogers, “The Gambler”)

Preparation before you start negotiating helps you know all these things!

1. “Know when to hold ‘em”

You have done your pre-negotiation homework well and know:

- The value of what you are negotiating for.
- Your resistance threshold – see page 25. (The point at which you start pushing back because it is approaching your limit. You still have some room for flexibility but not much.)
- Your negotiation limits.
- The options you would be willing to consider. (Plan B, Plan C, Plan D, etc.)
- (Or strongly suspect) your opponent’s intangible interests.
- You have other choices if this does not work out. (This is not the only game in town.)
- That you are willing to walk away if the deal would require you to exceed your negotiation limits.

2. “Know when to fold ‘em”

- You have done your preparation (#1 above) and know:
- You have reached your negotiation limits.
- The other person is not willing to move from his or her opening position.
- You would have to concede too much to close the deal and would, in the long run, not be satisfied with it.

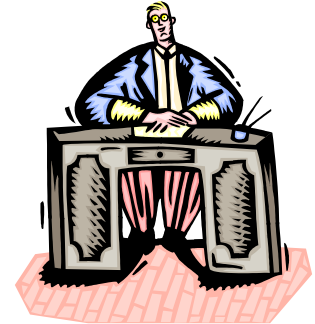
3. “Know when to walk away, and know when to run” (See #2 above.)

STRATEGY #2 - STALLING FOR “HIGHER AUTHORITY”

(Also called “The Invisible Partner”)



Sometimes you need to take a break in the negotiations to review the whole process, consider other alternatives, settle your nerves, or to calm yourself down again.



You can say, “I’ll need to check with my boss (or my partner – even if you don’t have one - the

owner, the renter, the mechanic; just anyone that sounds reasonable who is not there) before I can go any farther. Let’s meet again at (time and place) to continue.”

If someone does this to you, insist on getting an exact time and date when you will resume.

(If you are feeling particularly feisty, ask to meet the “invisible partner” so you can pay your respects only, not to negotiate!

WAIT!! What will be your reply if the other side wants to pay their respects to your “invisible partner”?)

STRATEGY #3 - GOOD COP – BAD COP

You have seen the television shows where the suspect is interrogated roughly by the “bad cop” and does not admit to anything.



The bad cop is fed up and threatens the suspect only to have the “good cop” step in and “save” the suspect. He suggests the bad cop go and get a cup of coffee while he and the suspect talk a little. Soon, the suspect is talking freely with his “new friend” and inadvertently gives up vital information that sends him to jail. The two cops, of course, were working together all along.

Sometimes negotiators for one side will do that same game. One will seem totally focused on their tangible position and not budge an inch. His buddy will say something like, “Come on, can’t you see she (you) is trying to work with us? Why don’t you get a cup of coffee and let her and I talk a little. Maybe we can salvage something from this.”

Be careful! Your relief at finally having someone reasonable to work with may cause you to give up some information or concede something that really was important to you.

Always go back and review your situation while humming the chorus from *The Gambler* (page 36) to yourself.



Be sure you have prepared so well that you have no doubt about

“when to hold ‘em,

when to fold ‘em,

when to walk away,



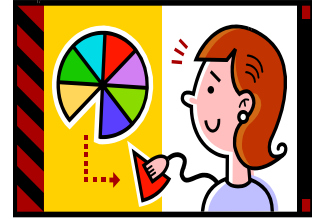
and when to run”!



STRATEGY #4 - SPLIT THE DIFFERENCE

When the negotiations have stalled, the other side may suggest, “Why don’t we split the difference, and be done?”

While it may sound like a reasonable thing to do and you are very tempted to say, “Yes”, there is a danger awaiting you.



WHAT SPLIT PROPORTIONS DO THEY MEAN?

Although you may assume it will be halfway between your positions and become a 50%-50% equal sharing, they may have meant 60-40 with you being on the short side!

Always verify the proportions before you agree! Otherwise, you could be very sorry.

STRATEGY #5 - REALITY CHECK

Sometimes it may be necessary to give the other side a peek at reality to get them to budge from their position. This “reality check” is actually an appeal to their interests as you are trying to help them see they are better off working with you than against you.

For example, your teenage son who is a driver (and still lives at home) may be a little slow cleaning up his room as you have asked several times. Instead of asking again, you may say something like, *“Let me put it this way: give me your car keys. I’ll hang on to them until I like the way your room looks.”*

Another typical use is when you are negotiating with a peer and both of you report (ultimately) to the same boss. You could say, *“You know, Fred, we really don’t want the Boss to know we couldn’t settle this between us! If he/she gets into it, we lose all control over the outcome!”*



The **reality check** here is your message between the lines saying, *“Fred, if we can’t work this out, I won’t have a problem escalating it to the Boss. Even though I may not get all of what I want, I’m sure you won’t either!”*

What reality checks can you inject into these situations to help the other side budge your way?

Closing the Agreement



"It ain't over until the fat lady sings!"

-New York Mets Manager and Baseball Hall of Fame Catcher Yogi Berra when asked by a reporter for his opinion about an opera currently playing on Broadway in 1969

Your negotiation is not complete until both sides have agreed on issues like these:

- What will happen?
- Who else is involved?
- When it will happen?
- Who does what?
- Who pays how much and when if money is involved?
- A confirmation that we both understand the same thing with a written contract if anything of value is involved or a tangible review if nothing of value is involved

(Note: This is not a legal definition of what is necessary! It is only "thought starters" for this course.)

SOME CLOSING STRATEGIES

The best way always to close the deal is just ASK! This is not the time to be vague!

- “If these terms are acceptable to you, please sign here!”
- “If we haven’t left anything out, are you ready to sign?”

Closing Strategy #1 - Linking One Final Concession

The “If, then” approach

If either side (or both) still has a point that cannot be given up so the deal can close, look back over the whole proposal. Try to find a place where one side did not get everything they wanted and link that to a closing.

Suppose the client felt the monthly service checkup was a little too expensive and was using that to avoid signing the contract.

You could offer, *“If the service agreement on the copier also provided for one free service call within a six-month period, then would you be willing to sign now?”* You will have linked their hesitation about the per-price call to a remedy that helps them feel they are getting more for their money.

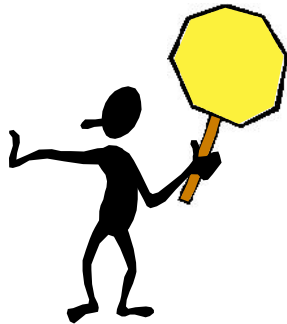
Suppose you are selling a customized software package that has a purchase price of \$20,000 and an annual license/maintenance fee of \$3,500. The manager you are dealing with understands the benefits of the program and wants it for her department. She is willing to agree to a three-year contract.

You have also learned she has a \$15,000 limit on what she can approve without higher authority. Also, you are not sure about her ability to “sell” it to her manager who can approve the \$20,000 cost of the software. You could link her agreement to a lower price and a higher annual fee since the software

company would prefer a lower price and a higher annual cash flow (the license/maintenance fee) instead of a “no sale”.

You offer, “If we lower the purchase price to your approval limit of \$15,000 and increase the annual license/maintenance fee to \$5,250 for three years, then will you sign it today?”

A REMINDER!



Never ask people to “concede” something because that suggests they are giving in or getting less in the deal.

Instead, suggest the parties involved “trade” something with each other.



Closing Strategy #2 - Assume the Deal and Offer Options

If you sense they may have trouble making a commitment by saying, “YES”, then assume their agreement and offer them a choice of options or implementation.

Suppose you are interviewing an applicant that you would like to hire. You have gone back-and-forth on the offering package and sense they are satisfied with the offer but, for some reason, just can't bring themselves to say 'Yes'!



You can say, “Would you rather start on Monday the 3rd or the 10th? Either one will get you into the pay cycle starting on the 15th.”

You really do not care which day they pick but only that they do pick one because that means they have agreed to your offer (at least in their minds.) As soon as they select one, you have closed the deal and can mark on the hiring contract the start date and give it to them for signature.



“We have to catch up on a lot of work this week. What night would you prefer to stay late and help me do it?” (You don't ask, “Do you want to work late?”)

“It's time for a change of scenery. Where would you like to go for dinner tonight?”

(You do not ask, “Do you want to stay home tonight or go out to eat”.)



“Would you rather pick up your toys now or before you can go out to play?”

(You do not ask, “Do you want to pick up your toys?”)

Closing Strategy #3 - Remind them of the Features and Benefits

Determine in advance the major features & benefits of your idea and present only the ones which will have value to the interests of the person you are trying to persuade.

FEATURES are undeniable facts about the object such as its color, it has a V-8 engine, it requires 2 D-Cell batteries, etc.

BENEFITS are what that feature means to the buyer. Be sure you select carefully the benefits that you highlight.



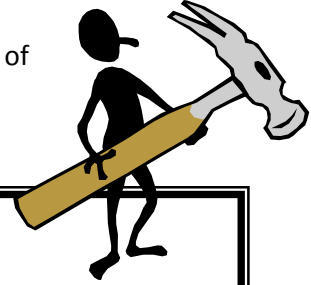
For example, if you were selling SUVs, you would think twice before making a point of mentioning a big, gas-guzzling V-8 engine (a feature) as a benefit to a customer with bumper stickers on their car supporting energy conservation.

FEATURES	BENEFITS
This new car features air conditioning.	The benefit is you will ride cooler.
What are some features and benefits of working for your organization that you would emphasize to an applicant you would like to hire?	
What would determine WHICH features and benefits you would stress?	



Closing Strategy #4 – Welcome Resistance

Welcome resistance because it identifies what must be overcome for acceptance of your idea!



Ask for their reasons for resistance **directly** using **indirect** questions:

“What obstacles do you see that I may have overlooked?” (A *direct* question to them phrased *indirectly* through your possible error.)

Ask for specifics instead of generalities for resistance:

ASK

THEN LISTEN!

Listen without interrupting (not just hear) to their expression of resistance because:

- They may answer their own objections
- You may realize they do not really understand the situation and this gives you a chance to clarify and possibly salvage your idea
- They may lose some of their pent-up emotion by talking it out
- They may hear themselves and realize their objection is actually petty
- They may identify a problem that you missed which saves you embarrassment
- They may be able to offer an alternative which will work and still be acceptable to them



As long as you get the result you want, do you really care about the process leading to it as long as it's legal and ethical?

This is a chance to give in to their process ideas while retaining your ultimate result.

Both sides are satisfied in this situation!

Welcome their resistance because they are telling you what you must overcome for them to say yes!

In effect, they are saying, ***“If you can help me get past this obstacle, I’m ready to act.”***

Ask if they would agree if you could find a way around their objection:

- ✓ ***“Would you be willing to try it if it cost less?”***
 - If they say yes, then DON’T JUST THROW OUT SOME LOWER NUMBERS hoping you’ll find one they like. Let them define it (remember...you don’t have to agree).
“I’d be willing to try it if it were four dollars less.” (If that’s acceptable to you, give it to them at \$4 less instead of you trying to guess what they would like.)
- ✓ ***“If I can find a way to get our people trained, would you be willing to do it this way?”***

Ask for specifics instead of generalities for resistance:

- ✓ ***“I can understand your saying it costs too much. Can you tell me how much too much?”***

Reverse roles with them and ask for their solution:

- ✓ ***“If this were your problem to solve, how would you solve it?”*** (If you can agree to their solution, then do it! Remember, which is most important to you...**that you get the result you want or the result and the way you want it done?**)

Ask them what they would require for agreement.

- ✓ ***“What would be needed for your agreement?”***

Then you can decide whether you want to give it. The benefit of doing this is that sometimes people in negotiations don’t really know what they want before the negotiation started, they’re just waiting to see if they hear something from you they like.

Asking them to define what they would need switches the momentum from them to you. Now the weight is on them to come up with something that would appeal to you (if they want to complete the negotiation.)

If you are in a situation where they are not as anxious for a successful outcome as you are, this may bring an end to the negotiations and show you that they just aren’t very interested in doing the deal.

Closing Strategy #5 – Trade Some Information

Offer to be the first to give a little information *if they are willing to do so, too.*

For example, you may say, *“We seem to be stalled. If I share a little of my interests with you, would you be willing to tell me a little about yours?”*

You are making it clear before you say anything that you expect **reciprocity**. If they agree, then share a little. If they don't, you have not given up anything. Ideally, going back and forth as trust builds between you may help you realize how each side can benefit.

Another benefit may be that as you share information, you discover that your interests are NOT competing; you just THOUGHT they were because you were so focused on positions.

Here is an example that admittedly is a little extreme but makes the point. Suppose both of you are food processing companies competing in negotiations with a vendor for a limited supply of their product - oranges.



Your bidding war is getting very expensive and each of you needs the entire supply of this particular kind of orange. Before things get out of hand, you ask if the other will trade some information about your interests.

They agree and you say, *“We have a new food snack coming out and we need those orange rinds for flavoring.”* They smile and say, *“We have a new food coming out, too, but we need the PULP and will discard the rinds!”*

Suddenly, you two are no longer competitors *because your interests are different* although you each need the entire supply. Although this is a rare situation, please keep it in mind when you find yourself in a bidding war and you ASSUME (not know) each side is after the same interest!

Closing Strategy #6 – Try Multi-tasking

Many times we become focused on one position when we discover resistance and make the assumption it is the most important issue TO BOTH SIDES. Then we begin to dig on our position while trying to push the other off of theirs.

Try setting it aside for a moment and considering other potential interests the other side may have. For example, if price becomes an issue, say, “Let’s set this aside temporarily and look at a delivery date (or quantities, or something else that may be bound up in this.)”

Multi-tasking may result in more options or variations that you originally thought existed. They may say, “If you could delay taking delivery for a week, we could come down on the price a little bit.”

Suddenly, the big obstacle you THOUGHT you had becomes smaller as you discover there may be some mix-and-match combinations of price, quantities, delivery dates, transportation, etc. that will allow both of you to reach a satisfactory outcome.

Closing Strategy #7 - Back to Square #1

If you have to go back to the beginning, be sure you come up with fresh ideas, issues, concerns, trades, etc. If not, you will end up exactly where you were before when you stalled.

“Insanity is doing things the way you always have and expecting different results.”

--Albert Einstein

DIRTY TRICKS

Here are some typical dirty tricks used in negotiations and ways you can counter them.

DIRTY TRICK	THE COUNTER MOVE
They put you in a stressful or distracting situation. Sitting facing the sun, an unstable (or too low) chair, a noisy background, etc.	Confront the behavior – not the person. “I’ll have to get out of the sun (find another chair, find a quieter place) before I can concentrate on our negotiation.”
They take an extreme position. (“We won’t settle for less than \$X” “You’ll have to deliver it by the 1 st of the month or no deal.” They offer you \$100,000 for a house that is clearly worth \$175,000”)	Look for the rational behind the extreme position. (“Why is \$X the specific amount? Are there other factors involved that force you to say \$X? Are you not aware of what property values are in this neighborhood? Help us understand why you think we would agree to something like that?)
Obvious Distortions (“This car was only driven by a little old lady who never went faster than 30 mph nor drove more than 3 miles at a time.”)	Pretend belief but ask for verification. (“You can imagine how surprised I am to find such a little-used car. Do you have documentation that can help me believe this isn’t a dream?”)
Quasi-authority (“I’ll have to take your offer to my boss for final approval.”)	Clarify their authority first (“Before we get into this, do you have authority to sign a final agreement or are you collecting data for someone else?”)
Doubtful intentions You are not sure of their intent to comply with the decision. (“We agree to buy the manuals from you and not make any copies.”)	Give yourself a contingent (“While we are confident no one [don’t say ‘you’ here] will make copies of the manual to avoid buying them from us, would you consider a minimal purchase amount based on the intended audience you told us you will have?”)
Remember, in many situations...less than full disclosure is not lying. (This is information for you – not a dirty trick!)	Make sure before you start that you have identified and addressed all of your interests. That way, even if they fail to disclose everything, you will have negotiated about the issues that concern you.
Good guy-bad guy They work in pairs while the “good guy” tries to get the bad guy to calm down while asking for a concession from you to help him (good guy) satisfy the bad guy.	Recognize it for what it is and confront them. (“Look, if you two need to have a moment alone to work this out, I don’t mind waiting outside for a moment.”)
Threats or final positions (“Take it or leave it!” “We just don’t do things <i>that</i>	Ask for clarification (“Are you saying that you are willing to let all the time and effort we both have put into this to be

DIRTY TRICK	THE COUNTER MOVE
way in our company!")	wasted if we do not do X? Can you tell me just how your company <i>does do things?</i>)
Refuse to negotiate ("We'll see you in court!")	<p>Realize it may be a negotiating tactic. (Look at their interests. Why would they not want to negotiate? Are they hoping to get you to make a first offer?</p> <p>Maybe they really cannot afford it and want to save face. Try to communicate with them through a 3rd party that both sides trust.)</p>
<p>Escalating demands ("Now that we have that out of the way, there is one additional, <i>very small</i> consideration..."</p> <p>"Mom, I know my curfew is 10:00 but I'd like to stay out with the kids until 10:30".)</p>	<p>Confront it or reverse it ("<i>Where did this come from? Why do you think we would be willing to agree to a final amount only to have another very small consideration come up?</i></p> <p><i>Why would I think it would not keep happening? What assurance can you give us that it won't keep happening?"</i></p> <p>"I can understand that you would like to be out later but, you know, the more I think about it, I would be more comfortable if you were back home by 9:30")</p>
<p>What else? (The author would appreciate hearing about any others you may have encountered. Contact him dick@outsourcetraining.biz and your contributions may be in a future version of this course.)</p>	

Emergency Tactics

What if someone suddenly starts a negotiation and you haven't had time to prepare: **what can you do?**

Typical situations are:

1. Children trying to 'work a deal' with their parents about extending curfew, visiting friends, doing something out of the ordinary
2. An employee unexpectedly wants to take time off
3. A coworker wants to do swap work or a schedule with you
4. What else?

The easiest way to buy time so you can think a little more is to:

1. **PAUSE** (see Power of Pause on page 31), look thoughtful, and then
2. **Focus on the interests involved for both sides.** (The last thing you want to do is automatically say "Yes" or "No" without having a little time to think it through. You want to be seen as a **reasonable person** in this negotiation and any in the future and instantly taking a 'Yes' or 'No' position doesn't always help you appear to be reasonable.)

Ask something like, "*Why would I want to do that?*" (In other words, you are saying, "What do you think are my interests since I haven't had time to think about this") or "*Why would I think that's a good deal?*"

As long as you do not instantly take a 'Yes' or 'No' position (unless you and this person have gone over this same topic many times in the past), this strategy will buy you enough time to develop a satisfactory outcome strategy.

Some Final Thoughts

If you gain nothing else from this course, I hope you at least understand and appreciate the difference between **positions** and **interests** in a negotiation.

Here is a technique that I've used several times in negotiations with vendors and clients that has been successful.

Suppose I'm trying to close a deal with a potential client for some training and development consulting with my company. I ask them to set aside momentarily any thoughts of price and just describe to me the traits of an ideal relationship with a vendor who could provide what they need.

They may say something like:

- It is fairly priced
- They are reliable with deliverables
- They tell me what I need to hear, not just what I want to hear
- Sometimes they surprise me by providing extras I didn't expect
- They realize that there is greater value in a long-term relationship than a short-term gain
- I have a good feeling of trust in their representative that handles our account
- (and several other things which represent their INTERESTS)

Since I was kind enough to ask about their 'dream relationship', they always say "yes" when I ask if I may describe my thoughts about an ideal client:

- They pay on time
- They realize that we have to make a reasonable profit so we can stay in business to provide our services
- They realize that although our contract defines the parameters of our performance for them, *we control where we work within that range.*

In other words, if the contract calls for a 24-hour reply to a call, it is our choice whether we call within the first 10 minutes of that 24-hour range or the last 10 minutes. When we call is

determined by our perception of how much they value us based on what we have done for them.

If they give us the impression we are valuable and they demonstrate that in words and deeds, we'll call within the first 10 minutes. If we think they just see us as a commodity that can be replaced by the lowest bidder next time, then we will take as long as necessary to comply with the contract.

Now that we have both verbalized our 'dream relationship' (in other words, our INTERESTS), it becomes easier for me to say, "How much would that piece of mind be worth to you?" They may give me a specific number or I may make it easy for them by saying, "If you can pay us \$X, we will do everything we can to give you that ideal situation."

At that point, they may say, "Yes" and we sign the deal or (more likely) they may say, "If you could take \$Y (which is less than X in this example), we will work hard to give you that dream situation in exchange for a little less money."

Unless we absolutely have to make \$X to survive, we will take \$Y because:

- We expected this ahead of time and asked for our "wants and needs" (see page 25) meaning we could accept less and still be satisfied
- We created a situation where we have obligated each side to try to fulfill the other's 'dream relationship' because that meets our interests. Go back to page 16 and review the "What's In It for Them" concept.

Some hard negotiators may have trouble with that concept because they have been taught to 'keep your cards close to your vest' and don't let the other side know what you have or what you want.

My reply is this, "If we haven't signed a contract, I have nothing to lose by telling them what my ideal situation would look like." At best, I get my dream and at worst, I walk away without signing the contract. Where's the harm?

If the other side is a little reluctant to describe their dream situation, then do it for them to help them realize you are not just looking out for yourself. After you have described a few traits that you think are of interest to them, ask, “Was I close? Where was I wrong?”

At this point, they can only say, “Yes you were right” or “Not quite, you had this part wrong”. Then, if they don’t voluntarily tell you what the correction is, they have still opened the door for you to say, “Well, then what is the correct answer?” at this point, there is a high probability they will tell you.

Finally, if they do not describe what their ideal situation would be (AKA their interests), you still have the option of walking away BECAUSE YOU HAVE STILL NOT SIGNED A CONTRACT.



Remember, the relationship is only beginning when you sign the contract!

If you beat them down to the absolute minimum on (for example) a 24 month contract, they have (in their minds) 2 years to get even with you!

That is NOT the way to start a satisfactory relationship.

Extra Negotiation Preparation worksheet

DEVELOPING YOUR NEGOTIATING STRATEGY	
1.	Describe the issue you want to resolve:
2.	List common interests you think you share with the other side:
3.	List options that you can suggest based on the common interests :
4.	List interests that may be non-conflicting between the two sides:
5.	List interests that may be conflicting between the two sides:
6.	List any external references that can be used to reduce potential conflict:
7.	What possible consequences are there for the <u>other side</u> in not reaching an agreement?
8.	What are possible consequences for <u>you</u> in not reaching an agreement?
9.	What is the least you will be satisfied with ?
10.	What is your range of possible offers ?