

Let's Make A Deal!

"Improving Negotiation Performance"



Fact

During 2009, the **net income** of the Global 2000 **declined by 30.9 percent**. In that same period, the upper 25% of companies on a 'negotiation maturity' benchmarking scale' posted an average net **income increase of 42.5 percent**.

Negotiation quiz

1. Is it true that in comparison to average people, successful negotiators don't reveal information about what they are thinking and feeling? Yes No
2. Do skilled negotiators spend more time planning for a negotiation? Yes No
3. Do successful negotiators use more arguments to persuade the other party than their average colleagues? Yes No

Negotiation quiz

4. Is it true that skilled negotiators avoid dwelling on areas of common ground? Yes No
5. Is it true that skilled negotiators will readily say 'no'? Yes No
6. Do skilled negotiators work hard to get points agreed one-by-one? Yes No

Prepare & Plan



Prepare and plan

Before a negotiation

- **skilled negotiators will actively manage their feelings of power**
- **identify the possible overlaps, trades, and levers that maximize their flexibility to bargain.**
- **identify as many negotiable issues as possible**
- **prioritize them, and develop a negotiable range for each, from best through to target and worst.**

Prepare and plan

Before a negotiation

- calculate the cost of concessions for each, to avoid impulsive and expensive mistakes when under pressure.
- Finally, they repeat this process from the other party's point of view, identifying common ground and planning how to use it when negotiating.

The Negotiation Objective & Plan:

Our priority issues (what do we want?):

- 1.
- 2.
- 3.

Their priority issues (what do they want?):

- 1.
- 2.
- 3.

Value creating options:

- 1.
- 2.
- 3.

The Negotiation Objective & Plan:

Tradable issues (low cost to us - high value to them):

- 1.
- 2.
- 3.

Our alternative options:

(what options do we have if *this* deal falls through?
How can we strengthen our position?)

Their alternative options:

(what options do *they* have if *this* deal falls through?)

Negotiation range:

Opening position; Realistic Exit point

Sell first, then negotiate

.....but only if you have to.

If you can sell a solution at the full price, why negotiate?

The reality of major business contracts is that this rarely happens. Usually the buyer will signal the start of negotiations with an opening such as, "I'd like to do business with you, if...",

Poor negotiators will already have given things away to reach this position; skilled ones will not.

Seven Key Tips for Negotiation

1. Never concede, always trade
2. Win/win is not 50:50
3. Power is in the head
4. Logic is not persuasive
5. Don't just cut the pie: grow it
6. Develop your behavioral skills
7. Keep all the balls in the air till the end

1. Never concede, always trade

An effective negotiation involves give and take by both parties to achieve a mutually satisfying outcome. So avoid giving something without securing something in return.

When you need to alter your position, make a conditional offer, such as: "I might be able to move on X, if you're prepared to move on Y."

2. Win/win is not 50:50

A win/win outcome is not a case of splitting the difference, or feeling awkward about representing your interests.

You need to achieve a 'WIN/win' result – the best possible deal for you, that still allows a degree of win for the other side.

3. Power is in the head

Power in negotiation is a perception:

If you feel powerful, you are powerful – and you'll behave accordingly. If you feel weak, the reverse applies. Because this power involves perception and emotion, you can manage and control it.

4. Logic is not persuasive

Skilled negotiators know this.

They don't browbeat the other party, or use long chains of logical arguments. They just have one or two key reasons for whichever position they adopt. They do, however, prepare lots of smart questions that probe the other side's stance.

5. Don't just cut the pie: grow it

A good deal is a creative deal.

It creates value over and above what the two parties bring to the table. Ideally, that value is created at the expense of a third party; for example, the competition or even the taxman.

Skilled negotiators look outside the deal for extra value.

6. Develop your behavioral skills

Skilled negotiators have a wide range of behaviors available and the flexibility to adapt their behaviour to suit the situation

7. Keep all the balls in the air till the end

Avoid settling issues as you go, particularly minor ones.

- **The risk is that the negotiation comes down to a single-issue confrontation – usually price – with no remaining factors to break the deadlock.**
- **You need to be able to juggle the issues so you can bring any of them back into play, at any time, before the deal is concluded. Until you close the deal, only settle issues provisionally.**

8. No deal is better than a bad deal

Skilled negotiators are clear about their worst position, and have a credible fallback.

They can recognize a bad deal, and aren't afraid to walk away from it.

Now, Let's Negotiate!



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THANK YOU!

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