Mastering the Art of Negotiation

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Ask a Question

Up-Vote a Question

Respond to Polls when they appear
“If you’re planning on doing business with someone again, don’t be too tough in the negotiations.

If you’re going to skin a cat, don’t keep it as a house pet.”

Marvin S. Levin
Two Stages to a Negotiation

Section 1 – Preparation
Section 2 – Negotiation
Preparing for a Negotiation

1. Goals
2. Trade-offs
3. Relationships
4. Previous Outcomes
5. Consequences
6. Balance of Power
7. Win-Win Solutions
Getting to Yes: Negotiating Agreement without Giving In discusses position vs. interest.

What is the difference?
# Position vs. Interests

What it means to think in terms of interests vs. position:

<table>
<thead>
<tr>
<th>Positions</th>
<th>Interests</th>
</tr>
</thead>
<tbody>
<tr>
<td>If your position/proposal is rejected, justify and defend.</td>
<td>Ask why our proposal doesn't work; gather information.</td>
</tr>
<tr>
<td>When a proposal is made to us that is unacceptable, reject it outright.</td>
<td>Instead of rejecting, ask why their proposal is important; gather information.</td>
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</table>
1. What are your interests? What do you want to get out of the negotiation? Why?
Position vs. Interests

Understanding the other side’s thinking is not simply a useful activity to help you solve your problem.

Their thinking is the problem.

Getting to Yes: Negotiating Agreement without Giving In,
Roger Fisher and William Ury
1. What are your interests? What do you want to get out of the negotiation? Why?

2. What are the interests of the other party?
What do I mean by trade-offs?

Why is it important to think about them before entering a negotiation?
Relationships

• What is the history of the relationship and *how* could it impact your negotiation?

• What can/will you do either before or during the negotiation?
Relationships

To evaluate an option from the other side’s point of view, consider how they might be criticized if they adopted it.
Previous Outcomes

• What outcomes have occurred in the past?

• What precedents have been set?
Consequences

• What are the consequences for you based on the outcome of this negotiation?

• What are the consequences for the other person due to the outcome of this negotiation?

• What are the consequences for the department or company if an agreement is not reached?
Balance of Power

• Who has what power in the relationship?
• Who controls the resources?
• Who stands to lose the most if an agreement is not reached?
Preparing for a Negotiation

1. Goals
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Identifying Solutions

Is it realistic to think you can achieve a “win-win” solution in a negotiation??
Identifying Solutions

When searching for solutions, use **objective criteria** (not feelings) in your negotiations.
Objective Criteria

- Market value
- Replacement costs
- Depreciated book value
- Competitive prices
- Precedent
- Data (scientific or otherwise)
- Professional standards
- Efficiencies
- Court decision
- Moral standards
- Equal treatment
- Tradition
- Reciprocity
Win-Win Solutions

Using objective criteria:

1. Identify the problem.
2. Establish objective criteria
3. Evaluate options against those objective criteria
Win-Win Solutions

An **IF-THEN matrix** is a *great* tool to help you prepare and make decisions quicker during the negotiation.

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Negotiation Planning Worksheet
Preparing for a Negotiation

1. Goals
2. Trade-offs
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FINAL QUESTIONS??
Two Stages to a Negotiation

Section 1 – Preparation

Section 2 – Negotiation
Typical Negotiation Structure

- Negotiation preparation
- The opening
- Counter-proposal
- Converting demands to needs
- Value justification and trade-offs
- Closing the meeting
- Follow-up/homework
- Round 2 negotiations.
The Art of Negotiation

What are traits of a good negotiator?
Developing Confidence

1. Preparation.
2. Preparation.
3. Preparation.
Poll: On average, how much time do you think the best negotiators spend preparing for *one hour* of negotiations?
Developing Confidence

It’s not who you are that holds you back, it’s who you think you’re not.

- Author Unknown
Effective Communication

One of your most effective negotiating tools is active listening.
Effective Communication

If you want the other side to appreciate your interests, you begin by demonstrating that you appreciate their interests.
Negotiating Tactics

Two sides to effective negotiating:

1. Active Listening
2. Speak to What You Hear
Barriers to Active Listening

- **Physical Distractions**: noise, movement, barriers
- **Internal Distractions**: anxiety, anger, daydreaming
- **Body Language**: posture, facial expressions, gestures
- **Emotional Filters**: values, biases, past experiences
Barriers to Active Listening

You’re not listening because you’re formulating your response!
Negotiating Tactics

Two sides to effective negotiating:

1. Active Listening
2. Speak to What You Hear
Effective Negotiations

Speak to what you hear:

1. Typical negotiations require a number of “kicks at the can.”

2. Adapt your pitch according to what you hear.
Effective Negotiations

CRITICAL CONCEPT

Don’t keep reiterating your idea(s) and expect people to change their opinion!
Effective Negotiations

Poll: If someone says NO to your idea or recommendation, what is the *first word* that should come out of your mouth?
Effective Negotiations

Influencing often requires more than a good argument.

The why (or benefit) is where you can move someone off their position.
Negotiating Tactics

1. What are the objective criteria?
2. Why is this option important?
3. Why is it the best option?
4. How does it meet customer expectations better than other options?
5. How does your option create more benefit than other options?
6. How does this link to a key company strategy or value?
Negotiating Tactics

IF-THEN matrix can help you make decisions quicker during the negotiation.
Negotiating Tactics

How can you buy yourself more time to compose a response?
Negotiating Tactics

When the other side poses a firm position, how do you restart the negotiation?
What is the other side does a “bait and switch?”
Negotiating Tactics

- Ask questions/encourage the other side to talk.
- Listen attentively while others have the floor and don’t interrupt.
- Acknowledge what is being said to ensure clarity and let the other person know they are being heard.
- Don’t posture, speak to be understood.
- Discuss your feelings, not theirs.
- Be hard on the problem and soft on the people.
Keeping Emotions in Check

“Anger can be an effective negotiating tool, but only as a calculated act, never as a reaction.”
– Mark McCormack
Keeping Your Emotions in Check

• Know your hot buttons.
• Consider dealing w. less emotional issues first.
• Focus on not losing your cool.
• Try to step outside yourself and watch/listen.
• Use silence to cool yourself down/get it under control.
• Sit back in your chair.
• Speak more quietly than the other person.
• Put more space in between your words.
• If they interrupt, pause for a few seconds after they finish.
• Don’t resort to foul language.
• Do not rise to the bait if they attack or blame you ~ ignore all threats.
• Defuse with acknowledgement, empathy, patience and impartiality.
Two Stages to a Negotiation

**Preparation**
1. Goals
2. Trade-offs
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**Negotiation**
1. Learn traits of great negotiators
2. Prepare to increase confidence
3. Be prepared for “point-counterpoint” (IF-THEN)
4. Prepare a matrix of negotiation tactics
5. Keep your emotions in check

FINAL QUESTIONS?
Resources

• *Getting to Yes: Negotiating Agreement without Giving In* by Roger Fisher and William Ury

• *The Art of Negotiation: How to Improvise Agreement in a Chaotic World* by Michael Wheeler
Thank you!

• To receive a copy of these slides and Negotiation Preparation Worksheet, leave me your business card.
• I’ll also be doing a random drawing for 3 signed copies of my book.

FINAL QUESTIONS?