

Negotiating Skills

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Agenda

- **This session will help you be a better Negotiator**
 - ▶ **Negotiating is a life long pursuit**
 - ▶ **Negotiating involves:**
 - Preparation
 - Strategy
 - Tactics
 - Closing
 - ▶ **To help you continue to learn:**
 - Practice, practice, practice.
 - Wonderful references
 - Don't get discouraged.

Why Negotiate?

- To improve your situation
 - ▶ Doing better than BATNA - Best Alternative To a Negotiated Agreement
- What is it?
 - ▶ A method for people with different interests to reach a **mutually** beneficial outcome.
 - ▶ A discussion that leaves **both** of you better off
- Successful if:
 - ▶ Both get a Positive Outcome
 - ▶ Good Relationship

What is NOT Negotiating

- It is NOT:
 - ▶ Using power
 - Authority
 - Position
 - Money
 - Force
 - ▶ Manipulation - winning when you are wrong
 - ▶ Aggressive - loud, pushy
 - ▶ Quick or Easy

Don't

- **Don't negotiate when:**
 - ▶ **A weapon is involved**
 - ▶ **You are over your head**
- **Don't brag (i.e. don't motivate the wrong way)**
 - ▶ **"I'm a good negotiator"**
 - ▶ **"I just took this class"**
 - ▶ **"I'm rich"**
 - ▶ **"I'm powerful" or "Do you know who I am?"**
- **Don't make unnecessary movements**

Preparation

- **Know yourself:**
 - **Know what you want.**
 - **Including quality**
 - **Know your BATNA**
 - **Know what else is available (i.e. prices)**
 - **Know when to stop**
 - **Know what is fair**
 - **Don't settle if it isn't fair for both of you.**
 - **Know what your time is worth**
 - **Know how willing you are to change**
 - **Know what else depends on this relationship**
 - **Know how long do you need this to last**

Preparation

- **Know who you are dealing with**
 - **Understand their situation**
 - **Find out what they need and want**
 - **Determine their BATNA**
 - **Know who will make the decision**
 - **What will they think is fair?**
 - **What tactics are they likely to use?**
 - **Understand their background**
- **If you don't know,**
 - **picture yourself in their place,**
 - **guess, and then**
 - **listen and test.**

What is Fair?

- **Depends on Culture**
 - ▶ **Fixed concept**
 - ▶ **Determined by the outcome**
- **From my perspective:**
 - ▶ **The GOLD rule:**
 - **"Ye that has the GOLD makes the rule."**
 - ▶ **Pay for Knowledge**
 - ▶ **Pay for Service**
 - ▶ **It is fair for everyone to make some money**

Other Considerations

- **Expect to be successful**
- **Keep control of your emotions**
 - **Lose control, could lose the negotiation**
 - **Find/deal with items that will upset you**
- **Don't let the discussion become personal**
 - ▶ **Don't discuss YOU or THEM - discuss ideas**
 - ▶ **Use your smile to communicate**
 - ▶ **No matter what, show respect for them**

Other Considerations

- **Don't give up anything for free**
- **Don't agree to little things first**
 - ◆ **Similar to packing a car**
- **Keep possibilities clearly separate from commitments**
- **Don't expose your time pressures**

Other Considerations

- **Know Who is watching.**
 - How much do you trust them?
 - What affect will they have?
- **How you are communicating:**
 - In person
 - Phone
 - Written on paper
 - Public forum: >size = >risk
 - Recorded discussion
 - e-mail

Strategy

- **Validate your initial perspective**
 - ▶ Keep it casual
 - ▶ Keep them talking
 - ▶ If you meet any resistance:
 - stop or change subjects
 - ▶ Listen for what they want
 - ▶ Don't make commitments
 - ▶ Probe for common interests
- **Any information received here may be useful later**

The Negotiation Cycle

- **Do while progress is being made:**
 - ▶ **Discuss Interests**
 - Including learning about them
 - ▶ **Invent Options**
 - Possibilities that might benefit both of you
 - ▶ **Look for Criteria**
 - What have others done?
 - How has this, or something similar, been solved?
 - What is the market value?
- **End Do**

What are Tactics?

- **Short term actions meant to gain a concession without giving up one.**
- **Universal Defense:**
 - ▶ **Call them on it**
 - "I see that you are using I don't see how this will help us reach an agreement."
 - ▶ **Test it immediately**
 - "Did you just say that if everything else was in agreement, that this would keep you from agreeing?"

Tactics

■ Dishonesty

► Defense:

- "If you won't be honest, then we cannot reach an agreement"
- In fact, if they are not honest here, what makes you think they will keep the agreement later?

■ Deferring to another time

► Defense:

- Determine why they need to defer.
 - Custom
 - More information
 - Just a delay
- Compare the need to defer to their negotiated gains
- Or, just be patient

Tactics

■ Surprise -

► Use:

- "WOW, 29 dollars?"

► Defense:

- Stand firm: "Yep, that is the price."

► This is a good first approach to getting the fat out of the price.

■ Single deferral

► Use:

- "But, ..my boss.. will make the final decision"

► Defense:

- "Let me talk to the person that can make the decision."

► Preparation:

- Determine how much authority this person has
- Match their level of authority

Tactics

■ Multiple Deferral

▶ Use:

- "But, 'the committee' will make the final decision"

▶ Defense:

- "The committee must rely on your recommendation or they wouldn't have you representing them. What will you recommend to them?"

■ Helper (Good Cop, Bad Cop)

▶ Use:

- "I'm on your side. I'll take your case to my boss."

▶ Defense:

- Firmly say: "I know you two are working together, so I will treat you as one."

Tactics

■ Fixed Price

▶ Use

- "This is the price."

▶ Defense:

- "I can get it for X on the web, but I would rather deal with you as long as the price is in line."
- If we came within Y, would you still not agree?

■ Smaller differences

▶ Use:

- "Let's split the difference."

▶ Defense:

- Don't be the first to split the difference.
- Make each change smaller than the previous change.
 - i.e. 50, 40, 35, 32, 31

Tactics

■ Quality

▶ Use:

- "My product is made better."

▶ Defense:

- Ask for explanation, then research
- Use for your own education even if it takes lots of their time then defer for consideration
- "That is more quality than I need."

■ Urgency

▶ Use

- "Buy now and you get ..."

▶ Defense

- Consider why it is urgent and how important that is to you.
- Which is greater, his commission or your benefit?
- "If I buy later, you won't extend the same offer?"

Tactics

■ Nibbling

▶ Use:

- When the deal is almost signed say "Would you throw in ...?"

▶ Defense:

- Restate what they are receiving
- Mention another benefit for them

▶ Why:

- If the deal is a big enough gain, the other side will yield rather than ruin the deal.

■ Hard Stand

▶ Defense:

- Don't reduce yourself to their level
- Find others to talk to them
- Be patient

Credit Card Example

- **Situation**
 - ▶ **Used for many years**
 - ▶ **Always paid on time**
 - ▶ **Late payment this once (\$25 fee + interest)**
- **Your BATNA**
 - ▶ **Unhappy with company**
 - **Not use card as much**
 - ▶ **Pay \$25 + interest**
- **Their BATNA**
 - ▶ **Lose relationship (since you feel badly treated)**
 - ▶ **Lose future transaction fees (5%-7%)**
 - ▶ **Gain \$25 + interest**

Credit Card Example

- **Explain what happened.**
- **Ask:**
 - ▶ **"Would you forgive the late fees?"**
 - ▶ **"Before deciding, please consider how much I have charged to your credit card."**
- **The Usual response**
 - ▶ **"OK, but just this once."**
- **Nibble by asking:**
 - ▶ **"Would you also consider removing the interest charges?"**
- **Usually they will**

Closing

- **Close as soon as it is possible.**
 - ▶ **Document the result**
 - **record the name of the person**
 - ▶ **Discuss guarantees**
 - **Based on how durable this agreement needs to be.**
 - ▶ **Put it into action as soon as possible**
 - **Players may change**
 - **Players may forget**
 - **The situation may change**

Closing

- ▶ **Re-closing - If first closing wasn't successful**
 - **Smile**
 - **Agree: "I understand how you might feel that way."**
 - **Add more value:**
 - **I didn't have time to tell you ...**
 - **Did I mention ..(something new)**
 - **Close with a different question: "What color would you like?"**
 - **allow them to save face**

Example

► **Problem:**

- You are in a restaurant and you get a bad meal.

► **Your BATNA**

- Don't say anything, pay, leave and don't return

► **Other possible outcomes:**

- Complain to waiter
- Get a new meal, refund, or something else

Example

► **Goals:**

— **Your principled goal:**

- settle on a fair price ($> \$0$ and $< \text{full price}$)

— **Waiter's goal:**

- Preserve his tip

— **Manager's principled goal:**

- To have you come back
- To allow you say good things about them

Example

- ▶ **Resolve as soon as possible**
 - negative feeling grow with time
 - reduce time damage is done
- ▶ **Determine who can resolve the problem**
 - Waiter?
 - Manager?
 - Discussing the problem with someone who cannot make the decision you want can not get the result you desire and could prevent you from ever getting it resolved.

Example

- ▶ **Discuss with Manager**
 - To the Waiter: "May I see the manager?"
 - Discuss facts first with the Manager
 - "My meal wasn't as good as I expected ..." (and why)
- ▶ **If you like the solution:**
 - say thanks
 - don't say anything negative about them
- ▶ **If you don't like the solution:**
 - vote with your feet - Don't come back
- ▶ **Most will go beyond your expectations**

Practice

- **First practice in a safe environment**
 - ▶ **Wife**
 - ▶ **Children**
 - ▶ **people you don't know**
- **Next, practice in riskier environments**
 - ▶ **Peers**
 - ▶ **Boss**
- **Don't practice high risk environments until ready**
 - ▶ **Physical violence (e.g. weapon involved)**
 - ▶ **Significant value**

Evaluate yourself

- **How did you do?**
 - ▶ **If you feel good about the result:**
 - **What will you do again?**
 - ▶ **If you feel like you have been taken?**
 - **What will you do better next time?**
 - **preparation**
 - **strategy**
 - **tactics**
- **Continuously Study:**
 - ▶ **negotiation techniques**
 - ▶ **successful people**
 - ▶ **unsuccessful people**
 - ▶ **other cultures**

References

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 - ▶ **Roger Fisher and William Ury**
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