

Business Forum Mid Devon Seminar Notes

The Golden Rules of Negotiation

Preparation

1. Always prepare well

Time spent in preparation is never wasted. We are more effective in negotiations when we have a clear idea of why we are negotiating, what we want and how far we are prepared to move.

Negotiators who do not prepare well, or go into negotiations “thinking on their feet”, are at a disadvantage.

- Identify your **interests** – the “Why?” of negotiations
- Brainstorm to generate **issues** – the “What?” – that meets your interests.
- Put these issues into order of importance.

Set upper and lower limits for your issues – what you would like, and how much you are prepared to accept.

The Negotek® Preparation Planner

Issues	Entry	Exit	Other party
1. (H)	X	Y	
2. (H)	X	Y	
3. (M)	X	Y	
4. (M)	X	Y	
5. (M)	X	Y	
6. (L)	X	Y	

(H, high. M, medium. L, low.)

2. Use tradables to reach agreement

Tradables – items to negotiate – widen the scope of the negotiation. One item deals mean movement at the expense of one of the parties, but adding extra item to trade can balance this. Finding tradables is a creative process that is helped by brainstorming, and awareness of your interests and those of the other party.

3. Identify your interests and those of the other party

Interests are the reasons why we negotiate; we wish to obtain something that meets our needs.

Identifying interests helps to generate issues, and if we try to identify the interests of the other party we are in a stronger position to trade. You can use the debate phase to find the value of the tradables to the other party.

Debate

4. Neither Red nor Blue play is optimal.

Red play – aggressive, results based, winner takes all – can lead to dissatisfaction from the losing party who may take their revenge later.

Blue play, particularly a submissive Blue approach – where the concern is only for relationships – leads to exploitation from other players and deals which are not in the best interest of the Blue player.

The optimal solution is the **assertive Blue** play, where the concern is for results *and* relationships. Assertive Blue play was shown in the Red and Blue game, where the assertive Blue player opens with a Blue card, but plays Red when necessary. This ‘tit for tat’ approach is instantly punishing and instantly forgiving.

5. Ensure that your opening offer is realistic

Dr. Karrass recommends aiming high to get the best deal, but make sure that your first offer is both realistic and defensible, i.e. you can justify it if challenged.

6. Avoid accepting the first offer

Negotiation is about movement. People very rarely have a fixed position, no matter what they say. Sellers seek the highest price they can get, and buyers the lowest. Providing that there is some overlap between their prices a deal can be made.

Treat such statements as “This is our best price” or “We can’t go any lower” with caution. Often their best or lowest price is not the best or lowest.

7. Never concede, always trade

People value things differently, and negotiation is an opportunity to exchange items, terms etc., on that basis. Just because we have something that is of little value to us, does not mean that the other side does not value it higher.

People also appreciate things that they have to work for.

Trading is a very good habit, since it forces us to look for new items to add to the negotiation; the tradables.

8. Use the good debate behaviours

There is plenty of advice on how to behave in negotiations, but the research on what superior negotiators do, or avoid, is a very useful item of work.

The four key ones are:

a. Avoid irritators

These are such comments as “This is a fantastic deal” or “You won’t get better terms than this” can annoy the other side, particularly when the negotiator improves them later!

b. Behaviour label

Statements such as “May I make a suggestion” and “Could I ask a question” get the attention of the other party and prepare them for your suggestion/question etc.

c. Test and summarise regularly

This avoids the situation where the parties leave the negotiations with two different views of what they agreed!

Summarising is particularly important at the close of the negotiation.

d. Use questions

Some negotiators use questions to get “Yes” answers, and to gain information, but questioning can also avoid direct disagreement and be used as a tactful but effective way of challenging statements.

Instead of “Oh Yeh!!” or “Say’s you!!” we can ask:

“How exactly did you reach that conclusion” or

“Can you please tell me how that figure was arrived at?”

Proposals and Bargains

9. Use the If ... then ... condition/offer structure

Here you place the **condition** (what you want, your Red side) before the **offer** (what you will trade, your Blue side), which is assertive Blue play.

The advantages of the If ... then ... include:

- Saving you from the other side accepting your offer before you have had a chance to state your condition. This is really useful if you are negotiating over the telephone!
- It forces you to trade rather than give something away.
- It is a 'no nonsense' approach, which is more assertive than questioning.

10. Use the correct language to avoid problems

A **proposal** is a suggestion not a deal, so the wording of the offer must not be firm, but should be tentative:

"If you will give us an extra 10% allowance, we will *look into* the shift-working timetable."

You can use such words as "consider", "think about" etc.

A **bargain** is a firm offer, so the wording has to be firm too:

"If you will give us an extra 10% allowance, we will change the shift-working timetable."

And finally!

Nothing is agreed until everything is agreed

It is not unusual for last minute demands to be made in a negotiation. If this happens, you have the right to reopen earlier deals and renegotiate them to counter the new demand.

Recommended Books

The New Negotiation Edge by Gavin Kennedy. This book, written by the author of the Edinburgh Business School MBA course in Negotiation, covers the real-world fundamentals of negotiation. It is not about what people ought to do, or otherwise – it is about how people really behave and what you can do about it.

Getting to Yes by Fisher and Ury. A classic book on the Harvard negotiation approach. The authors call it “A straightforward, universally applicable method for negotiating personal and professional disputes without getting taken – and without getting angry.”

Give and Take by Dr. Chester L. Karrass. Very much a Red author, Dr. Karrass lists and discusses two hundred negotiation strategies and tactics. We don't recommend that you use all of them, but it is valuable to know about them and how to counter such tactics and strategies. See also, **The Negotiating Game** by the same author.

Negotiating Rationally by Bazerman and Neale. A book that identifies the common errors that negotiators can make, and gives good advice on how to avoid them.

Robert J. Hartnett