



creating change by supporting change



helping you  
to help others

# Negotiation Skills

Uday Thakkar  
uday@redochohre.org.uk

[www.redochre.org.uk](http://www.redochre.org.uk)



# What is it?

- Process by which people deal with their differences
- Process of persuasive communication
- To confer with others in order to reach a compromise or agreement
- To create mutual value
- Bargaining



# Aim?

- Tangible outcome:
  - Constructive
  - Positive
  - Value creating
- May require
  - Compromise
  - Accommodation



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# Understanding your needs

- Identify negotiation elements
  - Any quantifiable elements (price/ costs/ quantities)
  - Unquantifiable elements (e.g. Service/ design/speed/certainty/ease of use etc.)
- Consider which are:
  - Essential
  - Attractive
  - Relatively unimportant



# Failure

- Unarmed – no preparation
- Fear – of not getting deal
- Greed – destroying other party's value
- Pride – not prepared to concede
- Emotion – this is business not personal
- Myopia – taking short term view, not seeing beyond immediate deal



# Preparation

- Understand the other party and their needs
- What motivates them
- What are their needs
- Why are they negotiating
- Do not make assumptions without enquiry
  
- You are not selling – i.e. trying to induce agreement or compliance
  - Creating value is through listening and focussing on the other party's needs



# Preparation - 2

- What can you give?
  - How can you add value to it
  - How can you explain how expensive it is for you
- What are you likely to be offered
  - How can you reduce its apparent value
  - Can you suggest it has cost the other side little to offer this
  - Do you know the cost of accepting this
- Prepare to devalue
  - Cost to other party
  - The value to you of any concessions



# Preparation - 3

- Prepare to increase value of:
  - Concessions you offer
  - The perceived cost of you giving them
  - Give concessions a bit at a time
- Remember
  - Do not focus on what
  - Focus on?
    - Why?, and
    - Why not?





# Case study

- You are an education charity
- You have met a teacher who has created a drama methodology that accelerates has amazing educational impact
- You have an agreement in principle to deliver this methodology nationally to schools who are willing to pay for this
- You have offered the teacher has been offered a large licence fee for every class
- You are asking for exclusive rights to justify your investment
- Now he says NO!
- You offer him a higher licence fee, money up front etc.....
- Still NO!




# What do you do?

- Sweeten the licence fee further?
- Promise a larger up front fee?
- Agree the deal as originally discussed?
- Threaten to walk away?
- Anything else?



# BATNA

## Best Alternative to Negotiated Agreement

- If negotiation fails – what is your best alternative?
- Need to have clear understanding of your BATNA
  1. Identify all the alternatives to current negotiations
  2. Estimate value associated with each alternative
  3. Select the best alternative this is your  BATNA



# Reservation Value (RV)

- What is your walk away point?
- You need a point that determines if you continue negotiating or walk away – you are indifferent to the outcome of the current negotiation and will accept your BATNA
- The RV is both the monetary consideration and other non-monetary factors
- So need to know the non-monetary factors as well as the BATNA



# Wants, Likes and Concessions

WANTS	WOULD LIKE	CONCESSION
Pay rise £5,000	An acceptable pay rise	No
More responsibility	Increase in people supervised	Yes
Promotion	Better sounding title	May be
Attend Sector conference in Edinburgh	Attend any conference	Yes
Lead the ESF project	Participate in the ESF project	No



# Ascribe Value

WANTS	WOULD LIKE	CONCESSION/ RANKING
Pay rise £5,000	1,750	No
More responsibility	500	2
Promotion	1,000	1
Attend Sector conference	250	3 (loss leader)
Lead the ESF project	1,500	No



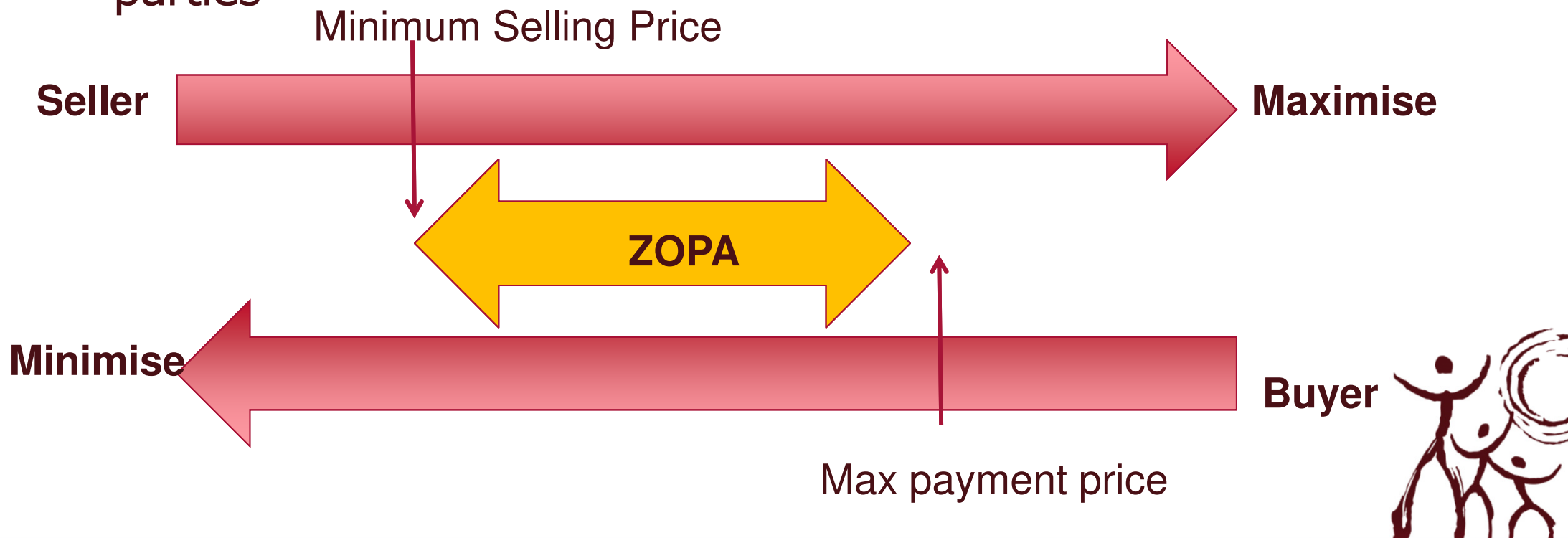
# Other Person's Shoes

- What is the other person's BATNA?
- What is the other person's RV?
- How can you find these out?
- What research can you do?
- Can you assess their strategic thinking?



# ZOPA

- Zone of Possible Agreement
  - (contains all possible agreements for both parties)
- The bargaining range created by the 2 RV's.
- It defines the "surplus" that must be divided between the parties





# Managing the Process

- Have and use a plan
- Keep on track
- Create physical advantage
- Keep numbers down
- Communicate clearly
- Deliver – (do not over sell)
- Get discussions going but use it your advantage
  - Let them speak early on
  - Use acceptance to press your requirements
  - Allow your conversation to get your requirements across



# Identifying other people's needs

- What are their key needs
- What are their financial needs
- What problems do they have
  - Ask if there is something you need to be aware off
- What are they afraid of loosing
- What priorities do they have
- What alternatives to they see
- What do you know about the nature of the people
- How will decisions be made
- How will all of this relate to what you intend



# Obtaining information

- Build trust
- Ask questions – what they do/ why they do it/ what will this negotiation lead to?
- Give away some information – creates obligation and trust
- Negotiate multiple issues at the same time
  - Ascertain which issues appear most important/ elicit most emotion
- Make multiple offers
  - I want this and this
  - Response will allow you to focus better on what the other party really wants/ needs or does not want



# What you need to do

- Do not focus on demands
  - Focus on underlying interests
- Create common ground
- Interpret demands as opportunities
  - What will you get in return?
- Can you help the other party overcome a problem
  - Creates value for them/ May create value for you
- Don't take a "No" as the end
  - Ask why not, can you create the value required but not made explicit



# Bridges of Rapport – making them see your point of view

- Open discussion on neutral subject, get agreement
- Reassurance that every effort made to get agreed outcome
- Demonstrate respect for other person and process
- Refer back to agreement: reinforce your persuasion by linking to their needs
- Make clear what all component parts of offer are worth to them
- Present clear explanations or justification for any complex issues

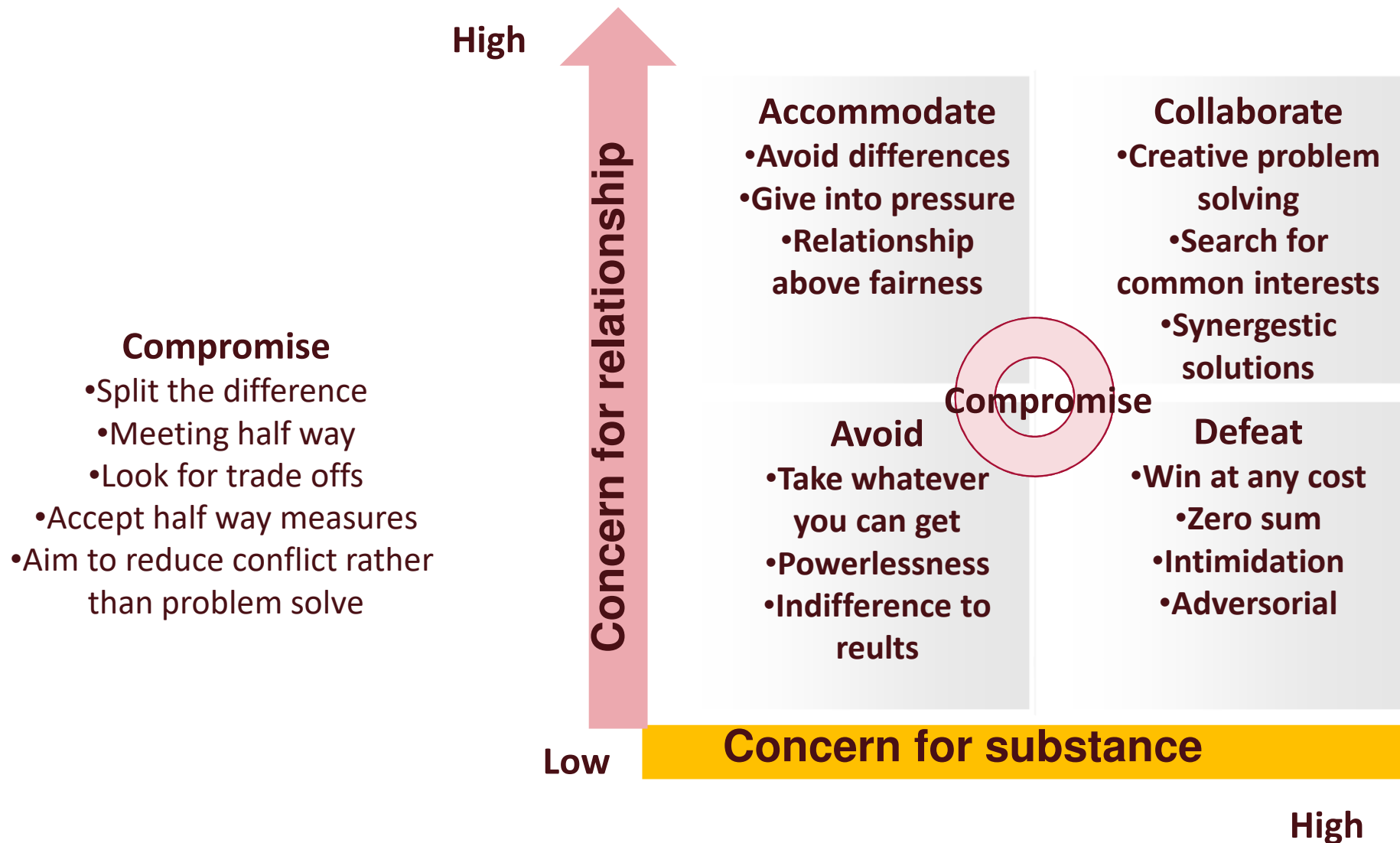


# Interpersonal behaviour

- “Read” the situation – listen/ look/interpret
- Get balance between empathy and projection right
- Be persuasive without being high pressure
- Watch out for verbal signs – what are they really saying
  - Extremely difficult = make it worth it
  - We cannot cope with that = if we do this it is a real favour
  - Not normal practice = can make an exception
  - We can discuss that point = it is negotiable
  - We are not prepared to discuss this at this stage = but could later
- Control the temperature



# Negotiation Styles



# Strategies of influence

- Highlight potential loss rather than gain
- Disaggregate gains and aggregate losses
- Make a big unreasonable demand (know it will be rejected) & then immediately follow up smaller demand (what you really want) – it seems reasonable compared to initial demand
- Get a small concession and then build on it – people need to justify original action
- Leverage justification
  - I need this because of that (usually creates a justification to agree with demand)
- Leverage power of social proof
  - Everyone is doing this, (you will loose out if you don't)
- Make token unilateral concession
  - No cost to you but creates need to reciprocate





# Trading concessions

- Never give a concession,
  - Trade it reluctantly
- Perception is crucial
  - Anything given away quickly is demeaned in value
- Law of reciprocity comes into play
  - If you give they will give back
    - But only if reminded – label the concession
      - This is really going to cost me – what can you give me in return
        - Optimise your concession – exaggerate cost/effort etc.



# Minimise their concessions

- Do not be effusive - a short thanks will do
- Belittle concession – “Right, that’s a small step forward, I guess”
- Amortise concession where appropriate – divide into smaller units that will sound less impressive – “ Well that saves me £100 day” (Rather than the whole £37,000
- Treat concessions as given but don’t put value on them. “Right, let’s do it that way”
- Treat concession for granted “Fine, I would expect that”
- Devalue – “OK though I have already ....”
- Accept but imply you are doing them a favour
- Limit value by implying it is not that important a concession
- Deny any value – “That really doesn’t help”



# Changing Position

- Changing the deal
  - Don't have to accept
  - Take time out
  - Progress step by step with signed undertakings and preventative clauses
- Wanting to pull out
  - Real threat or bluff?
  - Are they forcing the discussion/ sign of frustration?
  - Call for break or creative intervention
- Asking for more
  - Is it possible for you?
  - Reassess value of project to you
  - You ask for more in return



# Changing Position 2

- Reducing time scales
  - Can it be done?
  - What is the cost of doing this?
  - Any damage down the line or elsewhere?
- Introducing another party
  - Who?
  - Why?
  - How will it change dynamic?
  - Legal cover?
  - Timetable?



# Handling Objections

- Listen
- Ask probing questions
- Look – Body language
- Consider what is not being said
- Try and find out if it is a surface issue or something more fundamental
- Keep communicating
- Return to overall strategy
- Work forwards – seeking common ground
- Use positive language – “How interesting”, “Let’s explore this further”



# Group negotiations

- Allocation of responsibilities
  - Who will lead
  - Who will do what
- Clear communications
  - Secret communication
  - How do you achieve smooth handover during the negotiations
  - When to ask for breaks



# Completion

- Make sure you come to a clear end
- Agree what has been agreed
- Get this documented and if possible signed ASAP
- If there are to be any post agreement changes discuss them early whilst you are still positive about each other
- Make sure you understand What is in it for them and any changes should reflect what is in it for you
- Remember the relationship does not end there but continues afterwards to ensure that the execution proceeds as expected



# Tactics

- Bidding high
- Bidding low
- Bidding first
- Bidding last





# Bidding high

- To block competition or accelerate deal with a condition – “I will pay X if you sign today”

Benefits	Disadvantages
Very likely to secure deal	Pay over the odds
Speed	Not checked market prices
Can avoid protracted negotiations	Look desperate and could trigger higher price



# Bidding low

- Cultural/ cautious approach

<b>Benefits</b>	<b>Disadvantages</b>
Can get a good deal	Suspected of not being serious
You can always raise offer (reverse difficult)	Concerns over financial viability/ looking cheap
You can offer additionalities	Easily outbid



# Bidding first

- Some see this as an advantage

Benefits	Disadvantages
Sets the tone/ initial excitement/ innovative	Others will adjust their bids
See you as serious, others as being too cautious or copying you	You may want to strengthen bid after hearing (off) other bids
You can get your conditions and additionalities explained first (forms the yardstick)	May have understood the situation



# Bidding last

- Some see this as an advantage

Benefits	Disadvantages
Constantly improving market information	Nothing new and now repetitive
Can trump other deals	Perceived as "Also ran"?
Be seen to understand the requirement best	Appear to be too cautious/ not enthusiastic



# Final points

- Don't over react
- Don't get emotional
- Don't loose patience – though sometimes this helps
- Don't be provocative
- Don't be insulting
- Don't push too hard



# Post completion

- Can you go back and increase value?
- As you negotiate you may become aware of information/needs that you can go back to
- Having agreed the basic deal – you are in a greater position of trust
- Carefully approach the other party to suggest enhancing the deal



# Case study

- Charity was in a hard negotiation about increasing the contract value to deliver to a “difficult to engage” with BAME group
- The Chief Exec had a number of times raised the point that the civil servants did not and could not understand the perspective of the community and why they behaved the way they did
- The senior civil servant accepted this
- Once the fee had been agreed, the CE approached the civil servant and suggested enhancing the deal
- With reluctance he agreed to listen
- She convinced him to a training contract from the charity for employees of the department
- This improved their work and perception and the charity earned more money

