



Keys to Successful Negotiation

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INTRODUCTION

A negotiation has been called the process by which parties experiencing a conflict attempt to resolve that conflict by agreement.

Such a simple definition, while essentially true, overlooks the key essential in all negotiations, the need for a win/win outcome. Why is a win/win all important? The problem is that people are basically competitive. It's part of our nature. It's what has enabled us to survive, to grow, to succeed and it is a primary driving force in our lives. It is also a point of pride.

The problem when it comes to negotiating is that all of us, given the choice, would prefer not to negotiate, we'd prefer to demand what we want and to get it without any hassle.

The only reason we cannot do this in a negotiation is that we do not have absolute power, in other words we are dependent on the other party to achieve what we want to achieve. So we still want to win, and the other party who thinks exactly as we do, still wants to win. In sports if we both win it would be called a draw. Not so in negotiation.

Because we have to prove to ourselves, and others, that we have in fact won, we end up with a 'win/win'. In other words it's vitally important in any negotiation to prove that you achieve your success criteria in your dealings with the other party, and for them to be able to do likewise. The winning 'tape', as it were, is not therefore absolute, it is relative, depending on how each party defines it. It's a winning tape in each one's mind.

PREPARATION FOR A NEGOTIATION

If winning in negotiation is relative, and therefore down to each party's definition of a personal win, it is vital to define what that win will look like for you prior to the negotiation.

As we cannot be absolutely certain what we'll achieve (because we are dependent on the other party and the other party's attitudes, skills and behaviours) we define our win within parameters. That way, if we 'settle' within our parameters, we can justifiably say that we have won, ie we have got what we wanted.

How therefore do you define the winning parameters prior to a negotiation?

If the outcome was solely dependent on your own performance it would be easy. You could simply say to yourself 'if I achieve x result' I shall have been successful.

But because the result is not solely dependent on you it is not so straightforward. You have to add to your intention another measurement which equates to, 'but if the other party in some way prevents me then I shall have still succeeded if I achieve Y'.

In negotiation this is called defining your Most Favoured Position (MFP), which is what you would like to achieve; and defining your limit (Lt), which is what you might be forced to settle at. The win in your mind is any agreement with the other party between these two positions.

Prior to a negotiation it is important therefore that you define your own MFP and Lt in order to define your own success criteria. Given that the other party (if he/she is a good negotiator) will have done the same it is also a good idea to try and define their MFP and Lt.

By doing this you have in fact defined the win/win arena, otherwise known as the Bargaining Arena.

THE BARGAINING ARENA

Think of the Bargaining Arena as the limits within which the negotiation is to be carried out. It is, if you like, an arena, with fixed boundaries, in which you and your opponent are going to use your negotiating skills through which, rather like a tug of war, both of you will try to pull hardest and concede the minimum of ground.

In the Bargaining Arena there are many variables. Variables are simply inputs to the negotiation. They are issues which go to make up the whole negotiation result. In commercial negotiations they might be items such as price, delivery arrangements, contract terms, credit terms, penalty clauses etc.

In seeking to achieve a win/win outcome it is important that these issues are kept linked throughout the negotiation. Only then can you keep them together as a package and so achieve an overall win within your defined parameters.

Some negotiators try to compete against you, one issue at a time, and so 'nibble' their way to a win having reduced the items one at a time, and achieved what they wanted with each one. In effect what they have done is to reduce the negotiation to a number of 'events' and won in each event to produce an overall win. Your mental set has to be that while there are many issues, they are all linked and add up to one outcome.

In the Bargaining Arena it is vital, therefore, to keep all the issues linked and mutually dependent.

ROOM FOR MOVEMENT

If neither party in a negotiation is prepared to move away from their Most Favoured Position (MFP) it can mean one of two things. Firstly, they are being overly competitive (seeking a win/lose outcome) or that they do not need the other party, and can therefore achieve the result they are seeking without them.

For a negotiation to take place there must be **movement** and there must be a desire to **work together**. If neither exists you have a deadlock, which results in both parties walking away from the negotiation with a resultant lose/lose.

The only other outcome is where one party totally concedes to the other party's demands and settles at their MFP, which results in a lose/win outcome as far as the conceding party is concerned, and a win/lose outcome for the other party.

For good negotiators, a lose/lose, lose/win or win/lose outcome are not desirable because in all these three scenarios another human need is lost—the need for a **relationship** with the other party.

What makes a negotiation different from a sale, is the need for a relationship.

I can buy or sell an item or goods from or to another party, and if I never have to service or support that sale, I might as well get the best price possible, no matter what the cost to the other party.

But, if that other party holds some kind of power or influence over my future, then it benefits me to keep them happy and feeling good, because then I gain in the **long term**. If they too gain in the long term then by working together we have won in the short term and are winning in the longer term, a very important basic ingredient to commercial success. (It's easier to sell to existing customers who like and trust you than to strangers who have no knowledge of you).

Successful negotiators therefore actively seek to find room for movement because they know that if they can, they have created a short term deal and a long term relationship on which future deals can be based. This is simply good commercial sense.

GIVE AND TAKE

To be able to give and take (trade concessions) is therefore a primary negotiation skill. But this does not mean to give and take at the same rate, or equally, or at the same time.