



***6 BUSINESS NEGOTIATION
STRATEGIES THAT WILL
ADD AT LEAST A
10% MARGIN TO YOUR
NEGOTIATION OUTCOMES***

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Contents

INTRODUCTION.....	3
<i>HOW TO GET THE MOST FROM YOUR BUSINESS NEGOTIATIONS</i>	3
<i>KEY BUSINESS NEGOTIATION RESEARCH FINDINGS:</i>	4
<i>WHAT NOT KNOWING THAT YOU'RE A PROFESSIONAL NEGOTIATOR IS COSTING YOU:</i>	5
<i>HOW TO BLAST PAST YOUR NEGOTIATION OBJECTIVES</i>	6
STRATEGY NO. 1 – NEGOTIATION IS ALL ABOUT THE PEOPLE	7
STRATEGY NO. 2 – BE TEACHABLE.....	15
STRATEGY NO. 3 – HEIGHTEN YOUR AMBITION	18
STRATEGY NO. 4 – ACT WITH COURAGE	24
STRATEGY NO. 5 – BRING CONSISTENCY TO YOUR GAME.....	28
STRATEGY NO. 6 – HAVE FUN.....	32

INTRODUCTION



HOW TO GET THE MOST FROM YOUR BUSINESS NEGOTIATIONS

The first and most important thing for you to know about negotiation is that ***it's never an event***. No, negotiation is a process that starts the first time you interact with a counterpart and it never ends! You negotiate when you ***make a deal***, you negotiate when you ***manage the deal*** and you negotiate when you must ***mend the deal***. Negotiation isn't something that happens only when you sit down to discuss formal terms of agreement with your counterpart!

It's been my experience that most people simply don't think about negotiation as something that they even do on a regular basis, and when they do believe they negotiate, they think of it as a formal meeting or event to discuss specific terms of agreement. You will find that there is a whole lot of people who think that negotiation is something that's only done at the United Nations, during hostage situations or when countries set up trade deals!

You're a professional negotiator whether you think so or not!

The original definition of the word negotiation in Latin – 'negotiarī' – simply means 'to carry on business' or anything that you do that is not a leisure activity. This means that you're a professional negotiator – it really doesn't matter whether you think that you are or not!

So, if you don't have a choice whether you negotiate or not, then the only choice you have is to decide if you wish to be the best professional negotiator you can be or whether you are satisfied with average or even below average negotiation results.

Over the past 16 years, the clients that we've worked with have contributed to a negotiation research study which provides some really revealing insights that you can leverage to supercharge your own negotiation results.



Considering that the audiences that we have worked with over the past 16 years represent some of the best-known brands and largest commercial organizations in the world, the results from the study hold even more potential impact for you if you are part of a small or medium sized business.

KEY BUSINESS NEGOTIATION RESEARCH FINDINGS:

Of more than 4,000 middle & senior managers in large enterprises surveyed:

- 67% had received no previous negotiation training,
- 93% had no knowledge of the 'Harvard Method',
- 72% had never read a book on negotiation,
- 63% had no established company negotiation best practices, and
- 79% spent less than a 1:1 ratio of preparation time to negotiation time (1 hour of preparation for 1 hours' worth of negotiation).

As you can see from the statistics above, it seems clear that even those who work for some of the world's leading organizations are not fully aware that what they do every day is negotiate!

What's really striking to me is that if you were aware that the salary you get paid, the number of sales you're able to close, the margins you close those sales at, the budgets that you manage to get approved for projects, the amount of time that you receive off from work, the perks that you receive, what you pay for products and services and the results of just about any other business type activity that you participate in, is a direct consequence of your ability to negotiate, then surely more than 28% of people would invest in at least reading a book on negotiation!

I think that one of the great features of the modern world – the emergence of massive organizations in civilian environments – has contributed significantly to people not clearly understanding that to do business is to negotiate. The plain truth is that in the modern world the activity that we traditionally knew as negotiation - or 'doing business' has been broken into sub activities - things like sales, purchasing, project management, customer services or human resources. It's just no longer clear to people in business that what they do every day is negotiate!

Of course, it's important for large organizations to create structure. Without structure it's not possible to manage these complex and complicated national and international corporations, non-profits and government departments. This means that in large organizations there are several different departments that focus on separate functional disciplines. So, the way you may work or will typically be organized around a sales department, a purchasing department, a human resources department, a legal department, a finance department and so on.

This has led to people not thinking that what they do every day is indeed negotiate. That's why most people in sales say that negotiation is only something that takes place once it gets to the stage where you start discussing the formal terms of an agreement. If you've been one of those



thinking of negotiation as an event rather than a process, then you've already missed significant opportunities. If this is you, then I have some good news for you. You have a significant opportunity to improve your negotiation outcomes!

The first thing that you must do is realize that whenever you're speaking to a counterpart you are negotiating with them!

Knowing that negotiations starts the very first time that you interact with your counterpart is incredibly empowering. It will empower you to take control of all your negotiations and to manage the perspective through which all of those that are involved in the negotiation will view the interaction.

WHAT NOT KNOWING THAT YOU'RE A PROFESSIONAL NEGOTIATOR IS COSTING YOU:

Not being aware that you negotiate for a living is probably costing you a lot more than you think:

First, you're almost certainly not earning as much as you would be able to earn if you were consciously and consistently applying business negotiation best practices when negotiating your salary or contract with your employer.

If you're in business for yourself, not consistently applying these best practices to every sale and every purchase you or your organization makes is costing you significant amounts of money. A conservative estimate of the immediate gains you would make by consistently applying negotiation best practices would be an increase of **at least 10-20%** in your earnings over the next 12 months.

Second, it's costing you time. Because you don't consistently apply communication and negotiation best practices, you're wasting time trying to convince colleagues, suppliers, clients and other stakeholders to see things your way and to move in your direction. You may often feel misunderstood and may be unnecessarily managing way more conflict and relationship issues than you would encounter if you knew how to apply persuasive communication techniques and could accurately identify personality types and deal with them effectively.

The result is that you're probably dealing with way more relationship stress than is required and you could easily reduce the time you spend clearing up misunderstandings and dealing with relationship issues **by at least 50%**. Furthermore, you can easily reduce the time it takes to complete the sales or purchasing cycle **by at least 25%** when consistently applying business negotiation best practices. Let's say you spend two hours negotiating every work day and that you work 230 days per year. This would mean that you negotiate for at least 460 hours per year.



By consistently applying business negotiation best practices, you could save 115 hours or almost 14,5 days per year! That's almost 3 weeks! Time that you could invest in your family, further building your skills, increasing your income or pursuing other interests.

Third, it's costing you opportunity. ***Because you're unaware that just about every conversation in the context of conducting your day to day business affairs is a negotiation, you're almost certainly leaving money, time and opportunity on the table.*** If you were equipped to consciously deploy business negotiation best practices as a part of the way that you generally do business, you will almost certainly be increasing the scope of current opportunities and projects that you are busy with and you will most definitely be uncovering new, previously unexploited opportunities for the creation of additional value.

HOW TO BLAST PAST YOUR NEGOTIATION OBJECTIVES

It's easier than you might imagine. Don't get me wrong, it won't happen without an investment of effort on your behalf. But the payoff to will be massive. You also don't have to completely change what you're doing overnight. You can immediately start earning more money, saving time, improving your business relationships and uncovering new opportunities. You may even outperform the figures quoted above. ***But increasing your earnings by 10-20% over the next 12 months is huge! Saving almost 15 days a year by fast tracking reaching agreements buys you the time you need to reinvest in other pursuits.***

Think about what you can do with that much more money and time in your life. Go back to the points above. Improving your negotiation skills could start turning those negatives into positives. Think about the positive impact on your relationships, family, health and business.

How can you do it? In the chapters that follow, I cover six high level strategies backed up by proven tactics, techniques and tools that can help you to significantly improve your negotiation results – immediately!

- 1. NEGOTIATION IS ALL ABOUT THE PEOPLE.**
- 2. BECOME TEACHABLE.**
- 3. INCREASE YOUR LEVEL OF AMBTION.**
- 4. NEGOTIATE WITH COURAGE.**
- 5. EMBRACE CONSISTENCY.**
- 6. HAVE FUN.**

STRATEGY NO. 1 – NEGOTIATION IS ALL ABOUT THE PEOPLE



"If you talk to a man in a language he understands, that goes to his head. If you talk to him in his language, that goes to his heart."

Nelson Mandela

"Life's most persistent and urgent question is, 'What are you doing for others?'"

Martin Luther King, Jr.

I want you to take a moment to pause and think back on all the years' worth of formal education that you've had. Depending on the country that you were raised in, you either completed 12 or 13 years of formal schooling. You then probably followed this up by continuing your studies at university or by doing some kind of on the job training. You may even have continued studying to postgraduate level or even to a PhD level. If this is you, then you've probably completed somewhere between 17- and 23-years' worth of formal education.



Against this backdrop of all the formal education you've had, what would you say are the three biggest problems faced by you and just about all other people during their lifetimes? The three biggest problems that you are likely to face in your life will be:

- problems with people,
- problems with money and
- problems with health.

The health problems normally present themselves later in life and there are some people who are fortunate enough to escape the money problems but I've yet to meet anyone who could honestly say to me that they've never had people problems.

Now, my question to you is this, during all your years of formal education, how much time did you spend being equipped to deal with these three problems that are universally shared by all people? If you spent any time dealing with ways to cope with these problems, then you're certainly not part of the majority of people who were quite simply never equipped by the formal education system to deal with these problems.

It's therefore hardly a surprise that dealing effectively with people is such a rare skill. Those who possess great people skills find themselves propelled right to the top of organizations. It's very rare indeed to find CEO's of large enterprises who don't have very good people skills. Seeing as people are the source of your opportunities, remuneration, advocacy, obstacles, sabotage and advancement it's clear that it won't be possible for you to make it to the top if you haven't figured out how to get others to support you, your ideas and your recommendations.

I'm willing to bet that the single biggest cause of problems, frustration and waste of time in your life can be ascribed to people and relationship problems. ***People are the source of opportunity; they will either advance your cause or stand in your way.***

Negotiation is first and foremost a people game.

The economy changes, politics change, the climate changes; there a lot of things all around us that are constantly changing. Yet there is one thing that hardly ever changes. As a matter of fact, most experts agree that it has never changed at all. ***Most psychologists and sociologists agree that human nature has never changed;*** those who say that it has changed (a small group) say human nature has changed, but it hasn't changed by much.

Your success in life generally, and in negotiation specifically, is wholly and directly dependent on your ability to connect with people. **The breakthrough skill in negotiation is not knowledge. It's not the best command of the facts or the deepest insight into the research.**



This is an incredibly important point. My brother, Reenen Potgieter, is a lawyer specializing in commercial litigation. I asked him to explain to me how he goes about winning a case in court. I was curious to know how the experts use the evidence that supports their case to convince a judge and/or jury to find in their favor.

Reenen explained to me that being correct on the point of law is critical. He also told me that you have to be able to break down and discredit both the testimony of witnesses as well as the evidence presented by your counterparts. I then asked him what the impact would be of winning or losing a court case on the relationships between the counterparts. He was surprised by my question because it seems so obvious that in 99% of cases there is a total breakdown in the relationship after the case has been decided.

Of course, it's normally because the relationship broke down in the first place that the case ended up in court. I still wanted to ask the question because it has been my experience that when approaching negotiations, most people in business lead with the evidence.

On the one hand wherever I've been in the business world everyone always agrees that relationships, relationships, relationships are the key element. I have yet to work with an organization that said to me "Actually we don't care about people. We're all about the money." Everybody says yes, it's all about relationships, it's all about people.

Yet what happens in the context of our negotiations with others? Do you know what your and most other people's default is? We tend to approach the negotiation from the perspective of leading with the evidence that supports our case!

This is why you provoke 90% of the objections that you get!

Let's say I was negotiating with you and I present my case based on the evidence. What must happen for us to agree?

The universal principle that underpins human behavior is the principle of reciprocity. The principle of reciprocity states that I will return to you the form of behavior that you exhibit towards me. If I'm nice to you, I can expect you to return the favor. If I'm rude and impolite, once again I can expect you to return the favor.

Now imagine that I start my approach to negotiation with the evidence supporting my case. I say, "Mark, you know what, my evidence is really good, and this is why you need to do this." What can I expect from Mark in return? "Yes, of course I will buy your evidence?" No! What's Mark going to do? He's going to present his case! "Well hang on. Actually, my evidence says this!"

Now let's follow that to a logical conclusion. Where does that end up?



If it's my evidence against your evidence, who makes the decision normally? The judge or jury makes the decision! Seldom or never will I say, "Mark, your evidence is better than mine. I agree with your perspective, clearly I'm the fool!"

This is how you end up provoking objections to your proposals, arguments and statements. By leading with the evidence that supports your case the only thing that you are doing is forcing your counterpart to defend their case and present their evidence!

If you want to get exceptional results from your negotiations, you absolutely have to have great people skills! You simply can't rely on the evidence to win your argument!

This chapter covers three key people skills plus a fourth one that will help you to connect with anyone, regardless of age, cultural background or gender.

Together these four techniques will set you on course to join the ranks of the master negotiators.

1. Assume that other people have different perspectives to your own.

Regardless of your cultural background, all parents encourage their kids to 'treat others the way they wish to be treated'. While the philosophy behind this advice is sound because it encourages children to treat others with dignity, respect and honor, it also sets us up with a false expectation that others share a similar set of values with us.

Your values, your childhood experiences, the influence of those around you and your beliefs (to name a few) will all influence your perspective on life generally, and in specific situations. Your views on the value of a transaction, your perspective on fairness, your expectations in terms of acceptable behaviors, will all be influenced by the course your life has taken. This will also be true for those with whom you're dealing with when you negotiate.

We all approach decisions with confirmation bias. Wikipedia defines this as follows - *"Confirmation bias, also called confirmatory bias or myside bias, is the tendency to search for, interpret, favor, and recall information in a way that confirms one's pre-existing beliefs or hypotheses, while giving disproportionately less consideration to alternative possibilities."*

It's therefore not only likely, but indeed probable, that others will not necessarily hold a similar perspective to your own when it comes to considering your recommendations!

The principle of reciprocity underpins human nature. It states that we return to others the form of behavior that they display towards us. Reciprocity is powerfully at play in exchanges between you and others. When you're negotiating, you can very reasonably expect that your counterparts will be treating you in a similar way to how you're treating them. In other words, if you're approaching the negotiation from a perspective where you position your arguments and then you



back up your arguments with the evidence that supports your perspective, you can reasonably expect your counterpart to do the same.

If, on the other hand, you really try to see your counterpart's perspective and you depart from a perspective that your view is not necessarily the only view on the matter at hand, you will provoke a similar response from your counterpart.

2. Ask Questions.

Questioning is one of the most powerful tools that you can use in negotiation. However, questioning is not something that comes naturally to most negotiators. Most of us tend to justify and defend our own point of view, position or interest in negotiation, rather than spending time on gathering information from our counterparts, which might result in the identification of additional opportunities for agreement.

Questioning can assist you to:

- Identify, manage and overcome objections,
- Identify new options and opportunities,
- Resolve conflict, and
- Close a deal.

But, there are some typical pitfalls associated with questioning in negotiation:

- We tend to make statements to explain our position or interests rather than asking questions about our counterpart's positions and interests.
- We tend to not listen to the answers that are offered in response to our questions—this is because we usually use the time that our counterpart spends talking to prepare our next statement.
- When we've asked a question, we tend to respond too soon to the answer that was offered. It's often necessary to use both probing and nurturing questions to uncover vital information.

You should ask probing questions, such as:

- Why are you doing this?
- Who are the players involved in this event?
- What are you expecting as a key outcome of this negotiation?
- How will you reach a decision or measure the success of the engagement?

Culturally and personally, some negotiators feel uncomfortable asking questions of their counterpart, but as we're working on the assumption that we all communicate and behave as



professionals with expertise and integrity, we should never feel afraid of coming across as demanding or interrogating our counterparts. If that's your concern, you need to learn how to ask questions in a nonaggressive, interested manner. The adage applies: *It's often not what you say, but how you say it that is important.*

Questioning Tips

There are probing and nurturing questions that can help you to understand precise needs and challenges, which will in turn help you to meet those needs with your product or service.

Probing Question

- 'Why have you decided to implement this system'?

Answer...

- 'Because we've experienced some problems with our existing solution'.

Nurturing Question

- 'Would you please expand on what these problems are and when/how they arose'?

Make sure that the questions you ask are open and not closed— this means that you'll be able to identify interests rather than positions.

Ensure that you actively listen to the answers provided (this means not responding immediately but confirming understanding first). Make sure that you use 'nurturing' questions to uncover further interests.

You cannot negotiate without questioning. If this is your current style, then you are not negotiating; you are merely stating, defending and positioning your needs!

Examples:

Customer: 'Please send me your proposal by the end of the week'.

Question to ask (example): 'What do I need to include in the proposal for it to be valuable to you? What are your key decision-making factors? What would help you and your organization be more efficient and effective right now'?

Customer: 'I would like sufficient after-sales support'.

Question to ask (example): 'Can you please tell me what your understanding of sufficient after-sales support is'?



Customer: 'I want better service than what I've experienced so far'.

Question to ask (example): 'Can you tell me what was unsatisfactory in the past, so I can be clear on how to improve your experience'? 'How exactly can I serve your needs in the future'?

Customer: 'I think your services/products are too expensive'.

Question to ask (example): 'How did you come to that conclusion'? 'How do you measure price versus value'?

Customer: 'I can't give you the order today'.

Question to ask (example): 'What prevents you from giving me the order today'?

3. Compliment others.

Research has proven that one of the most powerful things that you can do to get people to like you is to compliment them. Don't get me wrong, I'm not suggesting that you should be insincerely complimenting people! The research done by leading social psychologist, Dr Robert Cialdini (and confirmed by others) has proven that people are significantly more likely to like you if you compliment them. So, what I am suggesting is that you look for reasons that you can use to sincerely compliment your counterparts.

Perhaps you can refer to the professional quality of their proposal. Perhaps you can mention that you can see that a lot of effort and thought went into putting together and issuing the Request for Proposal. If you look for it, you will always find a reason why you can issue a compliment or compliments to others. This is a really good habit to develop. If you can get yourself into a mode of looking for positive things about others, just think about the kind of reciprocity you will be provoking!

When your mind set is the opposite – to look for faults, weaknesses and opportunities to criticize others then you should be prepared to handle the objections and defensive responses that you will have provoked. You should not be surprised by the reciprocity that will come back your way – others pointing out your faults, weaknesses and criticizing your proposals and suggestions.

4. Make the first concession.

I'm ending off this chapter by making a statement that many traditional authorities on negotiation will vehemently disagree with. Most of them will say that you should never be the one to make the first concession. But here's what I know, if you want to have exceptional results in life and in negotiations, it's not going to be good enough for you to approach negotiations in the same way



as the average folks do. ***To achieve exceptional results, you will have to do some completely counterintuitive things.***

Make sure you give them something that is of value to them, not just to you. For example, you could give someone access to a valuable piece of information or you could do something that genuinely advances their personal and business prospects. The principle of reciprocity states that by you doing something to advance your counterpart's interests you will significantly increase the likelihood of them returning the 'favor'. *The key to harnessing the power of this principle is to be the first to make a concession....and here is the part that most traditional negotiation experts will disagree with.....you don't have to ask for a counter concession if you make the first concession in such a way that it is recognizable that you are making a concession.* Your counterpart will automatically be moved to offer a concession in return because you are simply aligning your approach with human nature!

You must plan your concessions. Don't get to the negotiation without having thought about what you are prepared to trade with your counterpart. Match these concessions to the concessions that you would like to receive from your counterpart. After all, why should they make concessions to you if you're not prepared to make concessions to them?

For instance, if you're asked to lower your price you may suggest that you can lower it and that it would be amazing if in return your counterpart could provide a testimonial or a referral to another potential customer. Don't demand counter concessions, deftly position the counter concessions needed and you will be amazed at what comes your way in return for the concessions you offered!

STRATEGY NO. 2 – BE TEACHABLE



"Insanity: doing the same thing over and over again and expecting different results."

Albert Einstein

"To improve is to change; to be perfect is to change often."

Winston Churchill



ALMOST WITHOUT EXCEPTION, TOP PERFORMERS ARE TEACHABLE

It's fascinating when you look at those at the top of the pile in every industry. Almost without fail, they're surrounded by advisors and coaches. They don't mind submitting themselves to instruction or to correction. Isn't it strange that as you go lower down in organizations people tend to resist correction and learning? The people who most need to learn new skills are the most resistant to changing their behaviors!

Look around, top politicians, actors, business people, professional sports stars are all surrounded by advisors and coaches!

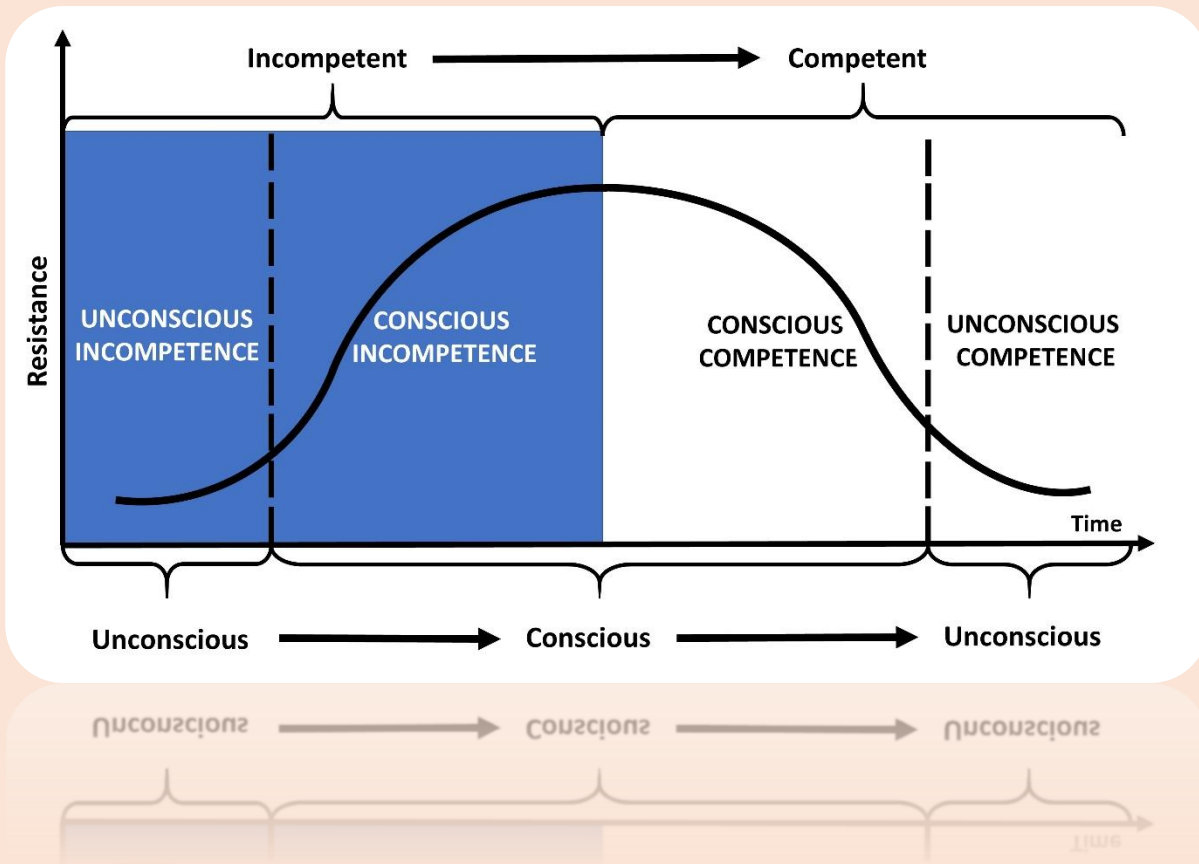
The fact that you're reading this report is a pretty good indicator that you'll be successful. Even more so if you've attended negotiation training before and you're still exploring new materials and searching for new negotiation insights. That's a great indicator of your success in life. You know why? We only retain about 7% of new information that we're exposed to. Let's say you want to learn to play the piano. You would never go to one lesson and then think to yourself "I got that baby done – I'm now the master of playing piano!"

What is the mother of all skill? ***If you want to get really good at something the mother of skill is repetition.*** I've been researching and teaching on negotiation for more than 20 years now and I learn something new weekly. This wasn't always the case. Believe me, you must set yourself a goal to learn something new. It requires humility to learn. It's not possible to learn anything from a position of arrogance or overconfidence.

It's been said that whatever you think that you've mastered is something that you will never be truly good at. The simple reason is that if you believe that you're really good at something, you're not going to be open to learning more on that topic. Can you imagine if this was the attitude of top performers? What sets top performers apart from the masses, is that they've always looking for ways to do things better. They're fully invested in continuously finding ways to improve and they recognize that success hinges on your ability to gather around you people who are even better qualified than you are, so that you're able to lift your own game.

I recently started putting money into a new category of investment and it really struck me how true the graph below is as an indication of the learning journey we must follow to get good at anything. We start off by not even knowing that we lack the competence, then we become aware that we're incompetent, then we move to a level where we must actively and purposefully focus on the right behaviors and then, finally, we master the new skill to the extent that we don't have to think about it to deploy it.

Your Learning Journey



The fact of the matter is that the main obstacle that stands between you and getting better at negotiating (or anything, for that matter) is your ego. Your willingness to admit that you don't know everything, that you're not the all-time master at negotiation, that you can learn not only from negotiation trainers and experts, but also from your colleagues and those around you, is a key indicator of your future and sustained success. Knowing that, regardless of your experience and level of success, you can always learn something new is key to maintaining and extending your edge.

STRATEGY NO. 3 – HEIGHTEN YOUR AMBITION



“Intelligence without ambition is a bird without wings.”

Salvador Dali

“Big results require big ambitions. “

Heraclitus



IT'S IMPOSSIBLE TO OBTAIN GREAT RESULTS WITHOUT DEMANDING GREAT RESULTS

You don't win the Olympic medal by sleeping late, overeating and partying. You must have a heightened sense of ambition. You must be prepared to pay the price that other people are not willing to pay. That's how you get better results.

Let's look at top achievers. Guess what? They want more. They are not happy settling for average. They want to win! It's the same thing in negotiation. If you want a better deal you must be asking for a better deal. You've got to do the bargaining. It's not just going to happen. It's not going to get handed to you.

If you want better results from your negotiations, you will have to be more ambitious in what you ask for when you negotiate with your counterparts.

You should not be afraid to make the first offer. When there is a perceived balance of power or when your counterpart believes that they hold more power, the odds will favor you if you create an ambitious (not necessarily extreme) anchor point for the negotiation by making the first offer at a level that is higher than your desired outcome.

However, if both parties share the perception that it is you who holds more power, then it would be better for you to let your counterpart make the first offer.

For example, when recruiting managers deal with salary negotiations the normal practice is to wait for the interviewee to make the first offer as research has demonstrated that those who are eager to land a new job will often lower their aspirations and ask for less than what would have been offered by the company in the first instance if the company made the first offer.

Of course, you won't now be making this mistake!

So, if you want more, you absolutely must ask for more. Don't make the mistake of making decisions on behalf of your counterpart. Don't limit yourself by saying 'they'll never go for that' or 'they won't even consider that'. Give them the opportunity to say 'no' to you.

For your next negotiation, set a goal that is 10%, 11% or even 15% higher than you've ever tried to reach before. You can always move back to your original position by making a concession if your opening offer is turned down!



NEVER ACCEPT A FIRST OFFER

Research into what makes people satisfied with the outcomes of their negotiations indicates clearly that the exchange that takes place through the trading of concessions greatly increase the sense of satisfaction of all parties to the negotiation.

Remember that your counterpart is probably expecting to make some concessions to you as they are most likely also asking for a little more than they really need. This means that you should be ambitious enough to always ask your counterpart to improve their offer, you just cannot be sure that they won't say yes to your request.

You have absolutely nothing to lose and everything to gain by asking your counterpart to improve their offer. If they are unable or unwilling to improve their offer, then you can still agree to their original offer. You will be surprised at how often your counterpart will be able and willing to significantly improve their offer if you only ask them to do so!

DON'T NEGOTIATE WITH YOURSELF!

How often have you negotiated with yourself? How often have you said to yourself - "I shouldn't ask for so much, they'll never consider that"? Or "no, I couldn't possibly ask for that, it will make them run a mile?"

In my experience, most people are their own worst enemies when it comes to setting themselves up for a successful negotiation. If you're anything like the overwhelming majority of people who've been through our training seminars, then you've probably made the mistake of giving yourself permission, or a mandate, to negotiate with yourself on behalf of your counterparts.

This is due to the tendency that we must make assumptions about what other people want and are prepared to do, rather than validating our assumptions before we act.

Another reason why you might like to negotiate with yourself could be that you're afraid of other people saying no to your suggestions. Let's face it, most of us don't like to have our recommendations rejected by others.

Interestingly, the latest research tells us that you have a moment of power just after someone has said no to you. In fact, it could be a great thing if your counterpart says no to you in the first instance!

Let me explain in a little more detail:

In the mid 1970's, Dr Robert Cialdini, a famous social psychologist, and his team conducted an interesting experiment. They stopped a random sample of passers-by on public walkways in



Phoenix, Arizona, and asked them if they would be prepared to volunteer to supervise several juvenile detention center inmates on a day trip to the zoo. As they had expected, very few people, only 17% of those surveyed, said that they would be prepared to help.

For another random sample of passers-by, they began with asking for an even bigger request. To serve as an unpaid counsellor at the juvenile detention center for two hours per week for the next two years. Everyone in this second sample rejected the extreme appeal for assistance.

But after the participants said no, the researchers offered them a concession. “If you can't volunteer at the center, would you chaperone a group of juvenile detention center inmates on a day trip to the zoo?”

Offering this concession in response to the no, powerfully stimulated concessions in return from the passers-by. The compliance rate nearly tripled to 50% saying yes compared to the 17% positive response rate of the straightforward zoo trip request!

This experiment highlights and underlines one of the most powerful techniques available to you. A technique that's quite well known but more often than not used in the wrong way and therefore not delivering any benefit whatsoever.

Correctly applied, this technique holds the potential to provide you with an immediate and high impact improvement on all your negotiation outcomes.

This is the negotiation technique of always having high aspirations & ambitions when it comes to setting objectives for your negotiations. You should be ambitious when you set targets for your negotiations rather than just settling for your minimum requirements.

And remember, this technique does not only apply to the obvious area of money or price negotiations. It can apply to anything that you're negotiating including things like contract duration, payment terms, intellectual property rights, and almost any other contractual terms.

Research has confirmed that having high aspirations will consistently outperform low aspirations. You could say that if you want to hit the moon, you should aim for the stars. You'll be surprised by the effectiveness of something so simple. Most of my clients are delighted when they figure out that they can realize more from their negotiations by simply asking for more!

It's important that you don't hear what I'm not saying. I am not suggesting that you now begin to open your negotiations with extreme and unrealistic demands. Your opening offer should reflect a level that's realistic and that you're able to justify using a solid, factual argument. It can be high risk using extreme demands and offers as your counterpart may well decide not to negotiate with you at all.



The extreme offer tactic is a tactic which is very culturally sensitive. It's a tactic that's often used in some parts of the world like the Middle East, parts of Africa and parts of Asia and it's seldom used in western societies. This is because in western societies it's generally not important for people to allow others to 'save face' when they negotiate which means that if someone is presented with an offer which they regard to be extreme, they're likely to respond in a way that may makes the negotiation become too personal.

In geographies or countries where there's a high level of importance associated with allowing your counterparts to 'save face' in all interactions, there is more freedom to use the extreme offer tactic because the risk is significantly reduced that your counterpart will respond offensively.

So, when you to set your objectives, make sure that you are conscious of the geography within which you are making the offer. If you're presenting someone in Western Europe or North America with an offer, you should typically not use the extreme offer tactic but instead of asking for \$ 10,000 you may decide to ask for \$ 10,500 or \$ 11,000 or even \$ 12,000 whereas if you're going to be negotiating in a geography where 'saving face' is important, you can afford to be more aggressive and perhaps start by asking for \$ 14,000 or \$ 15,000.

ANCHORING THE NEGOTIATION

In addition to high aspirations significantly outperforming low aspirations, another reason why it's good to open your negotiations with high aspirations is that it may allow you to 'anchor' the negotiation around your aspirations.

There is a lot of power in the use of anchors. Research has shown that anchors affect even those with significant negotiation experience and expertise.

In one remarkable demonstration of the power of anchors, Professors Greg Northcraft and Margaret Neale invited real estate agents to evaluate a house that was for sale. The agents were allowed to walk through the house and the neighborhood and were given a Multiple Listing Services or MLS information sheet that provided details about the house, including its size and dimensions, the year it was built, the amenities included etc.

They were also given information about other properties in the same area. The information provided to each agent was identical with one exception, the 'list price'.

The list price on the MLS sheet that was given to each agent was randomly picked from one of the following four prices: \$119,000, \$ 129,000, \$139,000 or \$ 149,000.

In real estate, the list price is the 'first offer' made by the seller. This study manipulated the first offer to see whether it would affect the perceptions of experienced real-estate agents. After



seeing the house and reading all the information, agents were asked to evaluate the house on four criteria:

1. What is an appropriate list price for this house?
2. What do you estimate is the appraisal value of this house?
3. As a buyer, what is a reasonable amount to pay for the house?
4. What is the lowest offer you would accept for this house if you were the seller?

On every one of the four measures, those given a higher price thought the house was worth more than did those given a lower list price. Furthermore, when the agents were asked whether their answers had been influenced at all by the list prices given to them on the information sheet, more than 80% of them said no!

So, you can see, it is tremendously powerful to use your aspirational goals to anchor the negotiation as this anchor will tend to have a significant impact on your counterpart's expectations.

STRATEGY NO. 4 – ACT WITH COURAGE



“Success is not final; failure is not fatal: it is the courage to continue that counts.”

Winston Churchill

“He who is not courageous enough to take risks will accomplish nothing in life.”

Muhammad Ali



IF EVERYONE AGREES WITH YOU, YOUR RESULTS WILL BE AVERAGE

Do you believe that it's possible to achieve superlative or unique results if you do average things? The truth is that it's simply not possible. If you're doing what everyone else is doing and everyone is agreeing with your approach, then you're going to get the same results that everybody else gets.

But what happens to you when you swim upstream? What happens to you when you go against the conventional wisdom? When you do the counterintuitive thing? You get resistance. And what do you have to do then? You must have courage to overcome the resistance!

In my view, Nelson Mandela was one of the most accomplished negotiators ever. Consider that the Apartheid South African Government was the only country ever in recorded history that negotiated themselves out of power! The normal way that governments change is through either an election or a revolution. Nelson Mandela led the ANC in their negotiations with the South African Apartheid government and it was a combination of his leadership and negotiation skills that resulted in making history.

You know what Nelson Mandela's biggest problem was? his own stakeholders! They thought he'd gone crazy. How could he be conciliatory towards the people that kept him in jail for 27 years? What he did was completely counterintuitive. Mandela understood the power of the principle of reciprocity which states that we return to others the form of behavior that they exhibit towards us. In other words, the way that we treat others is the way that they will treat us. In the context of negotiation this means that brinkmanship will be met with brinkmanship and conciliatory approaches will ultimately be met with conciliatory approaches.

You can clearly see why Mandela achieved the heights and results that he did because what he did was swim in the opposite direction of reciprocity. He completely violated the principle of reciprocity by offering a conciliatory approach to the apartheid government, but he also knew how to invoke and harness the principle of reciprocity in his favor. What Mandela had was the strength of his conviction and belief in doing the counterintuitive thing to reach a peaceful and lasting agreement. Even if this meant that he had to constantly deal with the resistance of his own internal stakeholders.

THE POWER OF HAVING ALTERNATIVES

Your strongest source of power in any negotiation is undoubtedly the quality of the alternatives to a negotiated agreement that you have available to you. We call this your BATNA or **best alternative to a negotiated agreement**.

Knowing what your BATNA is means knowing what you'll do or what will happen if you're unable to reach an agreement. Of course, you should investigate the BATNA of all parties involved in the



negotiation as the BATNA of each party will serve as the ultimate measure against which everyone will measure their own position of strength in the negotiation.

Think about it, if you're in job interview situation, you're in a much better position if you already have a few job offers on the table than if you've been unemployed for some time and you have very few, if any, alternative options available to you.

Without a clear understanding of your BATNA, it's almost impossible for you to decide when to accept a final offer and when to walk away to pursue other options. To identify your BATNA you should in the first instance identify all the alternative options you might pursue if you're unable to reach agreement. Then you should attempt to associate a value with each alternative and pick the alternative that presents you with the best outcome. This will be your BATNA.

People often make costly mistakes when they confuse their BATNA with other elements of the negotiation. Remember that your BATNA is not what you think is fair or what you originally paid for the item you are selling or even the price you hope to achieve.

Your BATNA is the reality you will face if you reach no deal in the current negotiation. It's also a mistake to see your alternatives in the aggregate. You can't have the sum of the other options if you fail to reach agreement. You will have to choose just one option. It goes without saying if your BATNA is strong that you will be able to negotiate more favorable terms knowing that you have something to fall back on if a deal cannot be closed.

To weaken your counterpart's perception of the strength of their BATNA, you could try to convince them of the value of the unique benefits associated with your recommended course of action - in other words, you can point out to them what the things are that can only be obtained through reaching agreement with you and what things they will not be able to attain through falling back on their BATNA.

Remember that you will always be in a more powerful position if you only must choose between equally attractive options rather than having to make a decision that favors only one potential and inevitable course of action.

Now you may say to me that knowing and developing a BATNA is common sense and I would agree with you. However, where most people miss the power of a BATNA is that they only start developing their alternatives when they realize that an agreement is not possible because they've reached a deadlock. It's too late to start thinking about alternatives once you've already started negotiating!

If you want to have power and leverage in negotiation, it's essential that you start developing alternatives to a negotiated agreement early on.



As in life, there are also exceptions in negotiation. Normally we benefit from having choices. The more options we have the more assertive we can be in our demands and requests. There are, however, some situations where having the courage to eliminate options can increase your payoff.

Shortly after landing in Mexico, Cortez, the conqueror of the Aztecs, destroyed his ships. Why would he do that you might be asking yourself? To show both his potential enemies and allies how determined he was and that he would not be quickly driven back to Europe.

Consider the effect this step had on local tribes that were considering allying themselves with Cortez against the powerful and dominant Aztecs. No tribe would have wanted to ally themselves with Cortez if it thought that he might someday quit his fight against the Aztecs and return to Europe because then the tribe would be left to the mercy of the Aztecs. If Cortez had not burned his ships, his potential allies would have thought that Cortez would run away if he suffered an early defeat. By having the courage to burn his ships and eliminating the option of quickly returning to Europe, Cortez guaranteed that he wouldn't desert his allies.

As you can see, eliminating options can be a courageous and useful strategy in certain situations. So, you should carefully consider your interests and key objectives and decide what would serve your interests best. To develop alternatives which would be true in probably 80% of your negotiations or to eliminate your options which would probably hold true for the remaining 20% of your negotiations.

STRATEGY NO. 5 – BRING CONSISTENCY TO YOUR GAME



“Continuous effort - not strength or intelligence - is the key to unlocking our potential.”

Winston Churchill

“Discipline is the bridge between goals and accomplishment.”

Jim Rohn



SUCCESS IS NEVER A RESULT OF LUCK

Success is never achieved in one fell swoop. It's always built little by little, day by day. The position that you find yourself in today is a result of the daily habits that you've accumulated over the years.

Over the past 16 years I always ask every corporation I work with if they believe that they are good negotiators or not. Regardless of their answer being positive or negative, they can almost never validate their point of view because they've got no consistent way of measuring their negotiation performance! Yet we learn from basic management theory that it's not possible to improve anything unless you measure it. So, it begs the question of how will anybody, let alone a corporation, improve their negotiation capability if they don't have a consistent way of approaching negotiations and measuring their negotiation performance?

People on the buy side will often say that they do measure their negotiation performance by the savings they've achieved over the previous year. Or on the sell side they'll say that they've had revenue and margin growth. But these simple measures do not consider the complexities of the market such as new market entrants, currency fluctuations, market consolidation etc.

To consistently improve your negotiation results requires you to bring structure to the way that you approach your negotiations. You need a means of preparation for negotiation that's structured because it makes it replicable. And that helps you to continuously evolve your approach through refining it little by little.

One of the key traits or characteristics common to all of those who are recognized to perform at an elite level within just about any discipline, be it sports, arts & culture, public service, politics or business is their passion for and commitment to always being 100% prepared. Successful negotiators will tell you that the chances of you achieving your objectives in any negotiation depends mostly on the quality of your preparations.

I would even go a step further and tell you that if you've not invested at least as much time in preparing for your upcoming negotiation as you expect to be in negotiation then you should consider the outcome a gamble with the odds stacked against you.

In other words, if you expect to be negotiating for an hour, you should spend at least one hour in preparation. Anything less than this and you don't have to wonder whether you're underprepared. I can assure you that you are!

The uncomfortable reality is that when most people think that they've completed their preparations they've in fact only completed 50% of the work required because they've only



thought about the negotiation from their own perspective and they've not invested any time thinking through the negotiation from the perspective of their counterpart or counterparts.

Believe me, instead of it costing you more time to prepare, I can assure you that you will be saving not only time over the long term but also significant amounts of money by ensuring that you are properly prepared.

Preparing for negotiations is similar in concept to the training that soldiers undergo in the military. It's a well-known fact that the battle seldom resembles the training that soldiers undergo. This does not negate the need for training. As a matter of fact, it amplifies the need for training. If you can ensure that you've thought through as many angles and possibilities as possible before you go into battle, then you don't have to start from the beginning when you're under pressure and must act fast as you've already probably considered 80-90% of the eventualities that could take place.

If you are properly prepared it means you are likely to find yourself in one of two scenarios:

In the first scenario you're able to deal with the battle, or in our case, negotiation, quite comfortably and you may even think to yourself afterwards that you've overinvested in your preparation because things went so well, so easily that it hardly even required much effort from you.

In the second scenario you may find yourself seriously challenged and may even encounter a surprise or two but because you've invested so much time in preparation you're now able to devote almost all your energy into finding creative and practical ways to address and attempt to solve or overcome the surprises. Because you've had a running start, you are much more able to cope and the odds of you still achieving your objectives are greatly enhanced.

Over the years, we've developed a comprehensive business negotiation check list that enables negotiators to consistently apply negotiation best practices to each step of the negotiation process. Some

Some of the key elements to consider in understanding the context of a business negotiation include:

- What is the nature of the sale/purchase you are making in terms of risks involved, the level of expenditure and the complexity of the deal?
- Competitive analysis. What is the nature of the market and what alternatives do our counterparts have available? E.g. in a purchasing role you must understand the supply market to prepare your negotiation strategy effectively. You will approach negotiations



with a sole supplier differently than with a potential vendor in a fully competitive market. Identifying market characteristics for specific services and goods will allow you to understand how the market works, its competitiveness and key suppliers.

- Is it a one-off deal or should you consider maintaining a long-term positive relationship that creates opportunities for future business? For example, in a situation where you sell a car or a house you are normally only interested in the best price and not really interested in an ongoing relationship. A competitive approach with no consideration for the relationship will most likely assist you to achieve your goals and objectives if no ongoing relationship is concerned. On the contrary, most business negotiations are more complex and although price is usually an important factor, there are many other criteria that must be satisfied on both sides as a foundation for mutually rewarding deals and relationships.
- Have we had any dealings with the other side in the past and what is their most likely approach to doing business?
- What does the power balance look like? (Legitimate power, Reward power, Coercive power, Expert power, Referent power).
- How skilled are the negotiators on both sides of the table?
- What cultures will be represented at this negotiation? (Ethnic, Corporate & Professional Cultures should be considered). Do you need to do any homework regarding the local customs?
- Who are all the parties & individuals involved in the negotiation and the decision-making process? A diversified approach is required as different roles look for different benefits and results when negotiating.

STRATEGY NO. 6 – HAVE FUN



"I think we're having fun. I think our customers really like our products. And we're always trying to do better."

Steve Jobs

"Fun is one of the most important - and underrated - ingredients in any successful venture. If you're not having fun, then it's probably time to call it quits and try something else."

Richard Branson



MASTERY IS REFLECTED THROUGH FUN

Perhaps the most telling indicator of whether you're a good negotiator or not is to ask yourself whether negotiation is a very stressful event for you? You can hardly imagine an athlete competing in the final of their event at the Olympic games waking up and thinking to themselves that it's an unfortunate part of their success that they must compete! Competing is what they've trained for and what they love doing!

If you find negotiation to be a stressful activity it is a clear indicator that you've not fully mastered the skill yet. ***The inconvenient truth missed by most people is that the mother of skill is repetition and if you haven't consistently invested in improving your negotiation skills then you will most likely continue to find negotiation encounters challenging and stressful.***

The goal is to get to a place where you look forward to every opportunity to negotiate and where you can recognize almost immediately why you were successful or why you failed. You must be prepared to try new things and you must realize that the whole world never depends on just one negotiation. It is ok to not get the deal you so badly wanted. There will always be another day and another deal. The wheels always continue to turn!

The best thing you can do is to make sure you're equipped with the skills you need and properly prepared setting yourself up to have fun around the negotiation table!



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