

Negotiation: 3 dimensions, 5 behaviors

Competitive: Build tension

1. Make demands
"I need..."

5. Make trades
"I will...if you will..."

Competitive
(SELF)

Collaborative: Expose needs

2. Ask open questions

3. Test and summarize

4. Propose conditionally
"What if..."

Collaborative
(OTHER)

Creative
(BREAKTHROUGH)

TENSION



Competitive negotiation

Self interest
+
1 negotiable

Win-lose

*Find opportunity to
uncover needs &
make a breakthrough
to bring forth value
to both parties*



6 Principles of negotiation

1. Position your offering advantageously:

Brief, compelling, repeatable

2. Set high targets

3. Manage information skillfully

4. Know the full range and strength of your power *(influence on outcome)*

5. Satisfy customer needs over wants

6. Concede according to plan:

For every concession, get something in return



Positioning

Target:

Desired outcome

Opening:

Starting offer

Walkaway (bottom line):

Least acceptable outcome

Positioning theme:

3-5 words to convey value

e.g. 'fast & reliable'

Motivation line:

Separates selling from negotiating

**Be willing to negotiate
& have a bottom line**



Types of power

Situational power:

Power inherent in the situation

Organizational power:

Reputation

Personal power:

Ability to create relationships

Planning power:

Negotiation Preparation

Knowledge of customer power:

Customer awareness before negotiation

Information power:

Research



Planning: Known and unknown

Pre-planning (known):

- Identify past / current specified wants
- Brainstorm/translate wants to needs
- Prepare & expand negotiables
- Identify elegant negotiables of both parties (high value, low cost)
- Concession plan: What you concede is as important as how you concede

Collaborative behaviors (unknown):

- Ask open questions, paraphrase: Watch feeling, get info and relate
- Test & summarize: Watch feeling, translate wants vs needs
- Propose conditionally: What if... / Make trades / Close



Wants vs Needs: Negotiables

Want (explicit 'what'): "I want 20% discount".

Need (why): "...to reduce business risk".

e.g. Personal needs
(Risk-reducing):

Look good for
Management

Reduce risk

Manage workload

Appear cutting edge



e.g. Business needs:

Protect margins

Perform within budget

Project on schedule

Meet expectations of
internal client

Perceptions

Use of silence:

Conveys confidence, sends non-verbal message

Convey listening:

Paraphrase responses, ask questions

Perception of value:

Value is subjective according to the individual

Concession patterns:

What you concede is as important as how you concede

Endure tension, get & give:

Getting something too easily may reduce perception of value

Represent company interests



5 Patterns of concession

Long-term relationships (win-win)

1. Martini

Firm at beginning, large concession, small concession, bottom line.

Condition for Appropriate Use:

Expedited negotiations; momentum at first, then quick close.



2. Ice cream cone

Negotiable, then bottom line.

Condition for Appropriate Use:

Multiple rounds of negotiations.



5 Patterns of concession

Short-term relationships (win-lose; high risk)

3. Avalanche

Gives quickly. Size of concessions increase throughout negotiation.

Condition for Appropriate Use:

Large number of potential negotiables.



4. Lollipop / Sucker

Take it or leave it. All concessions made up front, then no more.

Condition for Appropriate Use:

Competitive negotiations.



5. Wrecking ball

Unwilling to negotiate. Concessions made begrudgingly last minute.

Condition for Appropriate Use:

Few, but costly negotiables.



Tactics: Recognition & response

Lie, cheat & steal tactics:

Not upholding agreements

Personal tactics:

Direct, manipulative assertion of power

Legitimacy and Limited Resources:

Attempt to define a law that must be followed

Procedural Tactics:

*Gain advantage by establishing procedure
or defining negotiation process*

Counter a tactic:

Make demands (competitive)

Ask open questions (collaborative)

