

NEGOTIATION-

THE ART OF THE WIN/WIN



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 of 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.

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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.

In each negotiator's mind there is a value for each 'give' that he/she gives and each 'take' that each he/she takes. Each one knows the true value to his/her own business and this true value is utterly relevant when deciding on which concessions to make and what you want in return.

The important issue here is to assess the **perceived** value to the other party.

*In negotiations, the skill is to concede in small degrees items of **low** value to you, but which may be of significantly higher **perceived** value to the other party. To do this you need to know what would be of a high relative perceived value to the other party.*

You also need to be able to value your concessions as benefits in such a way that the other party will see the concession you've offered as having a real worth to his/her business.

Only then can you make concessions of little/lesser value to you but of greater value to your opponent.

In making concessions therefore you need to have a complete working knowledge of the other party's situation, business and objectives. It is vital that you understand the part you play in their business success.

Concessions are like gold dust-trade them sparingly, in small amounts and drawing out the commercial benefits to the other party, and of course always insist on a concession from the other party in return.

QUESTION, LISTEN AND CONTROL

By now it will have become apparent that a primary skill in negotiation is questioning.

Through questioning you will be able to ascertain the other party's Most Favoured Position (MFP) and limit (Lt).

Through questioning you will be able to assess the major benefits sought from you and the relative perceived value of those benefits. Through questioning you will be able to lead, guide and control the negotiation to a settlement to

produce a win/win.

Wherever possible (especially in large negotiations) it is wise to have a lead negotiator, a recorder (a listener and note-taker) and a summariser (someone who can 'read' the negotiation and comment objectively on what is going on).

This isn't a luxury which most of us have. Normally all three roles have to be played by one person-you! What can you do?

You can make notes of key points or issues so that you can summarise the picture. The skills of paraphrasing, silence, and encouragement are key. Your task is to build openness, trust and understanding, not to outwit, outsmart or outpoint.

To build the relationship and trust you can minimise surprises. You can do this by pointing the way forward and preparing your opponent for your next move eg 'I'd like to make a proposal. What I suggest is ...'...'Let me put to you a question. Why is x so important to you?...'Let me respond to what you've just expressed. You're saying that...'

Good negotiators are calm, collected and unhurried. They do not pressure, surprise or threaten. They are as concerned about the deal as they are about the relationship, and their interpersonal skills evidence this.

Be too aggressive, patronise, put down or be plain competitive and you may 'win' but only at the risk of loser's revenge'.

FEELINGS-THE ULTIMATE MEASUREMENT OF SUCCESS

All of us want to be winners. It is a self-esteem issue. It is a personal pride issue and frankly it makes us feel good.

What we feel largely makes **us**. What we are makes our business.

If the other party in a negotiation feels that he/she has been defeated their natural inclination is to plot revenge (how can I get him/her back?). The problem with revenge is that it can consume us (it's all we think about), it's an unhealthy motivation (I'll get you back; I'll make you suffer), and it results short and long term in a lower self-esteem and damaged relationships.

The message is clear; avoid `win/lose` situations in which the other party can so easily get even with you or your organisation with comments made to third parties or even worse actively influencing events to conspire against you.

If you are forced to surrender, to `give in' and come away from a negotiation feeling belittled, stupid or inadequate, the opposite of the `win/lose' feelings expressed above will apply. You will want to get your own back and you can become consumed about your own revenge. This can be distracting and time consuming.

Lose/lose outcomes, when both parties walk away from the deal and the relationship, leave both feeling dissatisfied, demotivated and possibly filled with self-doubt (What did I do wrong? What could I have done better? What will happen next time?)

Win/win outcomes are not only important from the pure common sense of a deal done that benefits both parties commercially, but also results in a good relationship. They enable both parties to continue to respect each other, like each other, and learn from each other, the ultimate in a partnership mode of working together which has both parties feeling winners.

When both you and your negotiation opponents feel and behave like winners, the opportunity exists for you both to create a mutually dependent future-the ultimate win/win in business.