
Chapter 5

Negotiation

Business owners' ability to negotiate skillfully is important because typically, whether they realize it or not, they spend hours every week negotiating with subordinates, suppliers, lenders, significant others, children, parents, in-laws, car dealers, and others. Deciding how much to pay a new office manager or where to go to lunch with a client involves negotiation. The office manager may choose to accept less money if 100 percent of health benefits are paid, while a client may agree to go for Mexican food if Chinese food will be the choice on the next occasion. Even though all business owners are experienced negotiators, they may not be *skilled* negotiators. Being a skillful negotiator requires patience, attentiveness, flexibility, and awareness of personal negotiation style, issues and details of the case, as well as the goals and objectives of the other party.

Negotiation can be described as nonviolent communication between two or more parties who may have conflicting and common interests in an attempt to reach an agreement that meets the goals of one or both parties. In simple terms, negotiation is a process for getting something you want. Gary Karrass, author of *Negotiate to Close*, once said, "We don't get what we want in this life, we get what we negotiate."

COMMON MISCONCEPTIONS ABOUT NEGOTIATION

Many people are afraid to negotiate because of all the stereotypes associated with negotiation. Although business owners spend up to half their time at work negotiating, many still feel uncomfortable with the process. Some fear that they may come across to the other party as impolite, pushy, unfair, or even cheap.

One common misconception about negotiation is that good negotiators use tactics similar to the stereotypical deceitful, conniving used car salesman. Being a good negotiator does not mean you have to resort to being a slick, smooth talker.

Contrary to popular belief, negotiating should not be compared to a game or a war in which both parties enter the process with the goal of winning and crushing the other party's spirit. The end result of war or a game is that one party comes out as the clear winner and the other as the absolute loser. Upon completion of a successful negotiation, in contrast, both parties should feel that they have won something.

Another reason business owners feel uncomfortable negotiating is because they feel they have to make trade-offs between getting along with the other side and getting what they want. It is not uncommon for business owners to feel that they have to either give in to the other side's demands or play hardball in order to avoid conflict, damaging their future relationship, or being taken advantage of by the other party.

Many people feel more relaxed when they find out that they will be negotiating with a woman because they assume that women are not as aggressive as their male counterparts and, therefore, cannot be as effective as negotiators. This is another common misconception. While women tend to be more concerned with preserving relationships and men with arriving at an agreement as quickly as possible, this is not always the case. Some men are patient and are more interested in achieving a deal that meets the needs of all parties while some women prefer to enter the negotiation with a competitive drive to win. Whether you are negotiating with women or men, you should always do your homework. Learn as much as you can about the members of the other team, develop a relationship with them and, if necessary, alter your negotiation style so that it resonates with the other team's personality.

PRIMARY GOAL OF NEGOTIATION

Negotiation is like neither a game nor a war. It is about cooperation and signing an agreement that makes both parties feel that they have been successful. The primary goal of effective negotiation should be to achieve a deal that both parties can live with and that accomplishes your goals without making the other party walk away from the deal or harming a valuable relationship. Basically, the whole point of negotiating with someone is to get something better than what you would get without negotiating.

NEGOTIATION STYLES

There are two main types of negotiation styles, hard and soft. Hard bargaining is also referred to as positional, aggressive, contending, or competitive bargaining; and soft bargaining is synonymous with relational or cooperative bargaining.

Hard Bargainers

In a nutshell, hard bargainers want to be victorious and are willing to jeopardize relationships to accomplish their goal of winning. While this negotiation style eliminates the need to make concessions, it also increases the likelihood that the other party will walk away, resulting in no agreement, and that the relationship will be severed or severely damaged.

Hard bargainers consider satisfying the other party's needs only if it helps to accomplish their goals and objectives. They tend to withhold important information, purposely provide incorrect bottom-line figures, and embellish facts. As a result of their sometimes deceptive behavior, they tend to distrust the other party. Other traits displayed by hard bargainers are their inflated demands and threats, impatience, pressure tactics, and insistence on their own positions.

Because this approach involves little to no preparation, it is used by many negotiators. However, this negotiation style usually does not yield the best results because it alienates the opposing party and leaves them dissatisfied with the outcome. Before deciding

to use this approach, serious consideration should be given to the following questions:

- ✓ How important is it that the other party does not walk away from the negotiation?
- ✓ How much do you value your relationship with the other party?
- ✓ How complicated are the issues?

If you value the relationship you have with the other side, it is important to you that the other party not walk away from the negotiation, or if the matter involves complex issues, hard bargaining will most probably not yield the desired results.

Soft Bargainers

In contrast to hard bargainers, the primary concern of soft bargainers is to maintain or improve relationships by finding a solution that appeases all parties. However, to avoid conflict with the other side, soft bargainers will quickly concede, make concessions, and agree to conditions that are clearly unfavorable for them. The major disadvantages of this approach are that often soft bargainers feel that they are taken advantage of or become bitter and resentful following a negotiation. Soft bargainers tend to be more patient, indirect, accommodating, and trusting than their hard-bargaining counterparts.

So, which negotiation style should you adopt—hard or soft bargaining? According to Roger Fisher, director of the Harvard Negotiation Project, and William Ury, director of the Negotiation Network, the answer is neither. Fisher and Ury suggest a third negotiation style called principled or win-win negotiation. The main idea behind principled negotiation is that both sides explore the interests of both parties and discover a creative solution that makes both sides feel like winners. Fisher and Ury base principled negotiation on the following four points:

1. Focus on the *interests* of all parties, not their positions.
2. Separate the people from the issue.

3. Make a list of creative options that meet the interests of both parties.
4. Base the end result on an objective standard.

PRENEGOTIATION HOMEWORK

To be a successful negotiator, it is imperative that you do your homework. Fisher and Ury suggest that you spend about half the time you spend negotiating on preparing for the negotiation.

Ideal Meeting Location

Once you have established a relationship with someone or have negotiated with that party before, you may feel comfortable negotiating over the telephone. Otherwise, conducting the meeting in person would be better than over the phone because it will give you the opportunity to observe the other person's body language and maintain eye contact.

If you decide to meet in person, offer to meet at your office if possible. Not only will you feel more comfortable in your office, but you also will be able to get quicker approval from senior people (if necessary); and it gives you the home advantage. The main advantage of meeting at the other side's offices is that you can withhold information until you return to your office. Of course, if neither party is willing to agree to meet at either office, you can always meet at a neutral location.

Evaluate Your Negotiation Style

Before you can improve your negotiation style, you should think about evaluating your current style and your personality. Thinking about the last few negotiations you participated in, what tactics do you think were successful? In what areas do you think you could improve? Would you say you used hard or soft bargaining techniques? Did you tend to be direct or indirect in your negotiation dealings? What would you say are your hot buttons? If you think about how you react in different situations and what your turn-ons and turnoffs are, you will be

better prepared to handle yourself professionally while maintaining your composure during your next negotiation. And this can be an advantage when dealing with people whose tempers get the best of them.

Establish Your Goals and Objectives

You need to determine your primary goal and objectives—that is, what you want to get out of the negotiation. Your primary goal should be realistic and accessible. Let's say your main goal is to hire a new office manager. It is unrealistic to assume that you will be able to hire an office manager at \$0 per year and no benefits. You should expand your main goal to include other objectives. For example, you would like to hire a new office manager and pay \$4,000 per month and 75 percent of health and dental insurance, offer 10 days of vacation and 5 days of sick time for the first year, and match up to 3 percent of salary in the company's 401(k) plan.

Research the Other Team's Members and Personalities

Once you have established your goals and objectives and those of the other party, the next step in preparing for negotiation is gathering as much information as you can about the opposing party's personalities. If you do not have a relationship with them already, begin to establish one by setting up a meeting or two prior to the negotiation. Perhaps you can meet informally over lunch one afternoon. If you are unable to meet with your counterparts prior to the negotiation, consider calling their assistants to find out more information regarding how to make them comfortable during the negotiation. Ask their assistants what they like to eat and drink so that you can have things prepared at the time of the negotiation.

Also think about how you will get their attention at the start of the negotiation meeting. What do you have in common with them? Perhaps you both like to hike and you can discuss trails you have hiked recently. What do they like to do for fun? If they like to play tennis, you can ask about the last game they played or how well they played. Or you could bring up the latest professional tennis tournament that you recently saw on television. This is a great way to get their attention before you begin negotiating.

Do you think the other side uses a hard or soft bargaining strategy? Can you trust them? How long do they anticipate the process will take? Do you know anyone acquainted with a member of the opposite team who can give you some information about them? What makes them tick? Are they impatient? Demanding? How long do they anticipate this process to take?

The more you know about the people on the other side, the more prepared you will be for the negotiation. And the more prepared you are, the more confident you will be because you will know what to expect.

Make a List of Assumptions

Skilled negotiators realize that people sometimes have mistaken assumptions that they believe to be facts. When negotiating with another party for the first time, we have to make certain assumptions as to what some of their body language, expressions, or phrases mean. Ask for clarification! Don't assume anything. Make a list of assumptions to bring to the negotiation and clarify any points that are unclear or uncertain.

Gather Facts and Conduct Research

The next step involves gathering as much information as you can about the subject of the negotiation. Let's say that you own a pizza restaurant and you are negotiating prices with the landlord who owns the building in which you operate your restaurant. To persuade the other side that you are asking for something that is reasonable, you need to provide supporting data.

For example, if you would like to renew your lease at the same price you paid the previous year, you would need to prove why it would be unfair of your landlord to increase your rent. Research regarding real estate prices in similar buildings located in the surrounding area of your restaurant, restaurant occupancy rates in your city, the number of new restaurant openings in the past year in your city, and the average increase in rent in your city would be some topics worth researching prior to the negotiation. You can find this type of information on the Internet, by asking for assistance at your local community

library, by speaking to a local real estate leasing agent, or by meeting with other building owners in your area. You may also want to find out about what the current issues are in the real estate industry. Another way to get the latest news and information regarding the real estate industry is to read trade publications or visit the web sites of real estate trade associations for current articles.

Focus on the Other Side's Interests Rather Than Stated Positions

It is almost always in your best interest to find a win-win solution for both parties, to complete a negotiation knowing that both sides are satisfied with the results. If the other party is dissatisfied, it can have negative consequences for you. For example, if a customer feels he was cheated, you will lose her as a customer and perhaps future customers because of her negative comments. If a new hire feels cheated out of a better salary, he may quit his job in a few months when he finds something else that pays more after you just invested time and money in training him. Leaving the other side feeling disgruntled, cheated, or deceived destroys relationships, which could be risky for your business.

The next step in preparing for negotiation is to imagine that you have to negotiate for the other side and develop a list of questions you should ask them. Put yourself in their shoes and do their homework. What questions will they ask your team? Be prepared to answer them.

Although it seems like the most important question to ask the other side is what they want, Roger Fisher states that there is another even more crucial question that looks at the underlying interests of the other party. *Why* do they want what they want? Walk a mile in their shoes and determine what you think motivates their stated positions.

You may already be familiar with this story, but imagine that one of your coworkers, Lisa, finds a bag of 30 oranges on sale at a local grocery store. She needs only 10 of them so she brings the remaining 20 oranges to the office to share with anyone who wants them. Both Karen and Anna decide they want them. After negotiating for a few minutes, they decide to each take home 10 oranges.

However, if they had focused on their interests (one wants just the peels and the other wants only the juice) instead of their stated po-

sitions (wanting the oranges), they would have been able to share the 20 oranges and achieve their goals. Karen wanted the oranges so she could squeeze fresh orange juice in her juicer. Anna wanted the oranges so she could grate the orange peels for an orange muffin recipe. Since neither side asked the opposing side why she wanted the oranges, both Karen and Anna had to make a trip to the supermarket. Anna's recipe called for the rinds of 20 oranges and Karen needed enough juice for her family of five for breakfast, which also required the juice from 20 oranges. If they had focused on interests, they would not each have had to make a trip to the grocery store, and the peels of Karen's oranges and the orange juice from Anna's oranges would not have been wasted.

Don't assume that every party's interests and motivations revolve around money. Let's assume that you own a small marketing research firm and are looking for a new project manager. You have completed the interviews and are in the process of negotiating an offer with a prospective candidate. When you offer him a salary of \$50,000 a year, he states that he thinks you should offer him \$55,000. When you ask him why he thinks he deserves \$5,000 more than you offered him, you realize that money is not what is motivating him. He feels he should get an extra \$5,000 in return for settling for the title of project manager. He has 10 years of project management experience and thinks he should have the title of project director instead of project manager. He is considering applying to an executive MBA evening program at the local university and feels that the title of project director would be viewed more favorably by the university. Once he has shared his true interests with you, you agree to give him the title of project director and agree to pay your new project director a salary of \$50,000 a year.

Consider this example:

Boss: Based on our conversations over the past few days, I would like to extend an offer to you for \$44,000 a year plus 10 days of vacation time and 5 sick days.

Employee: Well, I'm going to be honest and say that I am a bit surprised. I was expecting the offer to be closer to the \$50,000 salary range.

Boss: Why were you expecting an offer of approximately \$50,000?

Employee: Well, since I have been freelancing for the past few years, I have grown accustomed to having more time to go on vacations. I work hard for most of the year but I am also able to take a few weeks at a time to travel abroad. I will be unable to do much traveling if I have only two weeks of vacation time a year. So if I won't be able to travel as much, I should at least make more money.

Boss: I see. How about this? I'll throw in an extra week of vacation for the next three years so you'll have 15 days of vacation time. In addition to those 15 days of vacation time, you will have 5 days of sick time. If you do not get sick during the year, you can use them as vacation days during the last quarter of the year. So, you could have up to 20 vacation days your first three years! And, if you work with me for three years, I'll increase that to 20 vacation days plus 5 sick days. And, once a quarter, you can work 10 hours either Monday through Thursday or Tuesday through Friday and take a long weekend off. I think that sounds fair. What do you think?

Employee: I think I'll accept the offer—\$44,000 sounds good as long as I have enough vacation time to travel.

Boss: Great, welcome aboard then!

At first glance it may appear that both parties want completely different things and have no interests in common. However, once you start to think about what motivates the other team and what their goals are, you will notice that sometimes both teams have more shared interests than opposing ones. Let's go back to the example about the small marketing research firm owner and the newly hired project director. You, as the business owner, and your new employee have a few interests in common. First, you both want the company to perform well. You both rely on your company's sales to support your families. Second, you both want stability. You, the owner, want your company to grow and would like to keep your valuable employees; you do not want to lose them to the competition, so you offer them competitive salaries, vacation time, and benefits. Your new project director is also looking for job security. He doesn't want to have to switch jobs and move his family every few years to get a competitive salary and bene-

fits. Third, you are both interested in maintaining a good relationship with each other. You want your employee to be happy with his job so that he stays around, and your project director wants to be able to use you as a reference or for networking possibilities in the future.

Use Objective Standards

In order to convince the other party that what you are asking for is fair and reasonable, try to use objective standards whenever possible. If you are in the negotiation process with a prospective candidate, you will want to pay her as little as possible and she will want to earn as much as possible. Rather than feeling that the other party is trying to rip you off and haggling back and forth, the easiest solution is to use an independent objective standard. Independent objective standards may include market value, replacement cost, depreciated book value, competitive prices, precedents for similar cases, scientific judgment, professional standards, moral or ethical standards, or government standards. You can also speak to experts in the field to learn what is considered fair market value for whatever goods or services the negotiation is about. Using objective standards can reduce the amount of time it takes to conclude a negotiation because they are more likely to be accepted by the other party as a fair and reasonable offer.

If the other party offers to pay or accept a specific amount, always ask how they arrived at that specific number. Did they use an objective standard? If so, which one? If not, suggest one be used in order to eliminate bias and be fair, and to create a win-win situation for both parties. If they are unable to provide you with details for how they arrived at that amount and refuse to budge, you should seriously consider to agree to disagree and not negotiate. If, however, the price seems fair and is based on a trustworthy objective standard, be willing to be open-minded when confronted with a reasonable offer. Think about the following example:

Doctor: I am pleased to tell you that I met with everyone you interviewed with and would like to extend you an offer of \$45,000 per year as your salary.

Employee: How did you arrive at that amount exactly?

Doctor: Well, we think it is a very fair salary. According to our human resources department, the average salary paid to pediatric nurses with your level of experience in this city is \$43,789. Not only do we pay slightly more than average, but we also offer additional benefits. While most doctors offer their nurses two weeks of vacation, we would give you three. You would also be able to begin contributing to your 401(k) plan immediately rather than waiting for six months as in many other offices. Additionally, the vast majority of our nurses have been with us for more than 10 years. The average tenure at our office for nurses is 14.5 years. And every year for the past five years, we have been working with a market research firm to conduct an employee satisfaction survey. According to last year's results, 92 percent of our employees are either satisfied or very satisfied with their jobs, 94 percent with the benefits, and 90 percent with their bosses. We really value our employees here and I think they recognize that.

Employee: Sounds like once nurses are hired at your office, they don't want to work anywhere else.

Doctor: Exactly. We have one of the highest retention rates in the city for nurses.

Employee: Well, now that you explained how happy your employees are, I think I would like to work here as well.

Doctor: I'm glad to hear it. I'll notify the human resources department and have them send your paperwork by the end of the day. You should receive it by the end of the week.

Generate Options That Meet Interests of Both Parties

Once you have figured out what the opposing party really wants, you can start to develop a list of creative options that meets the interests of both parties. Remember, if you meet only your own interests, you risk alienating the other party and the possibility that they will lose their patience and walk away.

You may want to consider Fisher and Ury's suggestion of holding a brainstorming session with five to seven colleagues off-site with a facilitator to generate a comprehensive list of ideas. Have the facilitator

display the ideas on an easel or whiteboard and record all ideas mentioned, realistic or not. Remind all participants that all ideas should provide a win-win solution for both sides. The unrealistic ideas can be tossed out when the group meets again before the negotiation to select the best ideas that will be discussed during the negotiation.

Make sure that all the ideas selected meet the following basic human needs that motivate the positions people choose so that you can reach mutual agreement more quickly:

- ✓ *Risk reduction and security*—job security.
- ✓ *Sense of belonging*—fitting in at home and at work with specific roles and responsibilities.
- ✓ *Economic security*—being able to afford basic necessities (food, shelter, etc.).
- ✓ *Recognition and approval*—feeling valued for accomplishing challenging work.
- ✓ *Control over one's life*—managing, organizing, and running one's life in the desired way.

Consider this next example:

Employee: Thank you for agreeing to meet with me to discuss my raise for next year.

Boss: I want you to know that I think you are an asset to my company and I appreciate everything you do around here. I think your review went well this year, and I have decided to give you an 8 percent raise for all your hard work.

Employee: I appreciate the 8 percent but I have to say that I was hoping for 15 percent.

Boss: Please tell me why you were hoping for 15 percent.

Employee: Well, I really like my job but it's expensive to keep my kids in day care from 3:30 to 5:30 every day. I was hoping for a 15 percent raise so that I can keep up with the rising costs of day care.

Boss: I'll tell you what I can do. What about letting you work flexible hours? Maybe you could work from 6:30 A.M. to 3:00 P.M. each weekday with a 30-minute lunch. This way you

can still work 40 hours a week and be home in time to take care of your kids when they come home from school. Not only would you get to spend more quality time with your kids, but you also wouldn't have to send them to day care.

Employee: Wow, that's a great idea. The 8 percent raise sounds fine. Thank you.

The boss was able to meet his own needs of wanting to give his employee a raise of 8 percent and those of his employee by solving his day-care cost increase problems, leaving both parties feeling that they had won.

Determine Your BATNA

In order to negotiate better, you must determine what your BATNA is prior to negotiating. BATNA, first coined by Fisher and Ury, stands for "best alternative to a negotiated agreement." If you are unable to reach an agreement with the other party, what is your next best option? Knowing your BATNA helps you to decide at what point the deal the other side is offering you is no longer beneficial to you. Remember, the whole point of negotiating with someone is to get something better than what you would get without negotiating. So, you should consider sealing a deal only if you are able to come out ahead.

For example, let's say you own a small advertising agency and are looking for a seasoned account executive for one of your largest accounts. You are in the process of negotiating an offer with the leading candidate. Generate a list of as many alternatives as you can think of for not hiring this candidate and then pick the one option that seems to be the best. Bear in mind that you have a stronger position if your BATNA is to hire a freelancer who used to be an employee of your company until a permanent employee is hired. This person would require little or no training since she is familiar with how your company does things and would be able to produce work immediately. If, however, you have no other prospects in mind, have to advertise the position to generate resumes, and the official start date of the project is next week, you have a weaker BATNA.

Once you have determined your BATNA, you should consider the BATNA of the other party, keeping in mind that the party with the

stronger BATNA tends to be the more powerful party in the negotiation process. If the prospective candidate you are interested in hiring has another job, she has a more powerful BATNA than if her second best alternative is to remain unemployed for an indefinite amount of time until another suitable job is offered. If both parties have strong BATNAs, the best solution may be to not negotiate with each other and instead negotiate with other parties or not at all.

THE NEGOTIATION PROCESS

Put the Other Side at Ease

Once the negotiation process has started, the first thing you should do after you introduce yourself to the other party is make the other side feel at ease. If the meeting takes place in your office, make sure they are comfortable with the temperature of the room, and offer them coffee or water and something to eat. Give them a tour of the facilities so they know where the restrooms, phones, and computer access (if available) are in case they need to use them. Once everyone is comfortable, initiate small talk based on the research you did earlier. Talk about any interests you may have in common, ask about their children, or discuss hobbies or any other interests they may have.

Be a Good Listener

Active listening skills are crucial if you want to be a skilled negotiator. Being a good listener is challenging because you may feel stressed during the negotiation. Additionally, listening requires concentration and patience. Although you may want to interrupt with your comments, try to be patient and concentrate on what is being said. Many people find it difficult to concentrate because they are too busy preparing what they will say next in reaction to what was said. If you do your research, plan, and rehearse everything you intend to say prior to the negotiation, you will be able to listen and concentrate much more effectively during the negotiation.

If you prove to the other side that you are paying attention to what they are saying, they will be more likely to listen to what you say. To

avoid having the other party feeling like everything they are saying is “going in one ear and out the other,” try to appear genuinely interested and use physical gestures to prove that you are paying attention such as tilting your head and nodding. Saying “Go on” or “I see” are other effective ways to show the other side that you are interested in what they are saying. Another way to let the other party know you are paying attention is by reiterating what has just been said in a succinct manner. Although actively listening to someone does not automatically mean you agree with his point of view, make sure you acknowledge that you understand where he is coming from and how the person feels. Acknowledging the other person’s emotions helps him feel more comfortable so that you can both move on to the problem-solving phase.

Listening to what someone is saying is a good start, but also pay attention to body language. Is she looking you in the eye when she answers your questions or is she fidgeting and looking at the ground? Does she seem trustworthy? Does she say she agrees with you and then roll her eyes? Lee Miller, managing director of the Advanced Human Resources Groups, states that body language that suggests doubts include touching the nose, rubbing the ears, running fingers through the hair, or turning away.

If something that was said remains unclear or ambiguous to you, be sure to ask for clarification. And, once you think you have understood something, repeat it back in a succinct manner to make sure there are no misunderstandings.

Alter Your Negotiation Style If Necessary

You may find that you need to adjust your negotiation style to match the other team’s personality. For example, if your style is to be more indirect but the other side gets right down to business once the meeting begins, perhaps you should be more direct. If the other team seems to be more analytical, focus on your presentation and be sure to include lots of numbers, charts, and graphs that validate and explain your point of view.

Separate People from the Issue

Fisher and Ury state that people become too emotionally involved with the issues of the negotiation and their side’s position. When the other

side attacks their position or issues, they feel as if they are being attacked personally. It is important that you separate the people on the other side from the issues that you are trying to resolve. Instead of attacking the other party by saying “Your company ripped me off!” explain how the situation made you feel: “I felt let down.”

Actively listening to the other side when they are speaking, acknowledging their emotions, and making a sincere effort to understand their point of view are ways to ensure that you have separated the people from the issues at hand. When people become emotional during a negotiation, it is important that you recognize their emotions even if they seem outrageous or unreasonable. Simple phrases such as “I understand your frustration” would suffice. Failure to notice their emotions may lead them to feel alienated or to an even stronger reaction.

Be Confident and Firm but Not Demanding

One way to exude confidence during a negotiation is to practice, practice, practice. For example, you can work on your listening skills next time you get your car fixed at the car shop or negotiate with your spouse about where you want to go on your next vacation. You negotiate every day with your family, friends, and strangers, so you should find ample opportunities to practice.

Another way to show your audience that you are in control is by exhibiting positive body language. Lee suggests that you look your audience members in the eye, stand or sit straight, smile, moderate and project your tone and pitch, and speak slowly. Avoid phrases such as “I should have done more research in this area but . . .” or “I’m not as experienced as the rest of you but . . .” that may give the impression that you are unsure of what you are saying.

Be Patient

It is important to remain calm and patient at all times, particularly when the other side is screaming, personally attacking you or your company, or behaving in an emotional manner. Although it may be difficult to maintain your composure under tense circumstances, try to calm the other person down by acknowledging his emotional state and

trying to understand his point of view, followed by a brief 15-minute break. The person probably needs recognition, reassurance, security, or esteem, or perhaps he is just having a bad day. Maybe his spouse lost her job today. The idea is to “kill them with kindness” and avoid bringing up this episode in the future to save face and embarrassment.

Ask Questions

Even though you may have prepared as much as you could for the negotiation, there is no way you could have found answers to everything. Ask the other side questions to make sure you understand what their interests are and to clarify anything they may have mentioned earlier that you find to be unclear.

When you ask questions to find out what the other party is thinking, be sure to ask open-ended questions, questions that must be answered with more than just a simple yes or no. You will get more information from the other side by asking “What did you like and dislike about your last job?” instead of “Did you like your last job?” Or, “How would you describe your management style?” in place of “Do you lead by consensus?” Open-ended questions tend to begin with “who . . . ,” “what . . . ,” “when . . . ,” “why . . . ,” “where . . . ,” “how . . . ,” “describe a time when . . . ,” “please explain . . . ,” “please tell me . . . ,” and so on.

When the person has finished answering your question, refrain from immediately asking another question or making a statement. A few seconds of awkward silence is usually enough to make people uncomfortable, which influences them to continue speaking and you may be able to extract some more information from them.

Don't Be Afraid to Walk Away

Sometimes even though you do your homework, understand the other side's point of view and interests, and come up with a list of creative solutions keeping the interests of both parties in mind, you find yourself unable to reach a satisfactory agreement with the other party. Although it is sometimes tempting to just sign a deal and get it done as quickly as possible so that you can move on to other pressing tasks, be patient. If the offer you are thinking about signing is worse than your

BATNA, do not be afraid to walk away. Sometimes after you declare to the other party that you are walking away, the other side will reconsider the agreement—but not always. Remember that what you are offering to the other side is valuable. Why else would the other party spend time trying to negotiate with you if you were not valuable to them? You should be able to find another party to strike a more reasonable deal with, one that is better than your BATNA.

DIRTY NEGOTIATING TRICKS

While principled negotiation is the ideal negotiation strategy, sometimes you may be faced with a situation in which the other party claims to use principled negotiation but during the negotiation will begin using tricky negotiation tactics, which range from using false data to lying. If you find yourself in this situation, call the other party on the dirty trick they are using, make a counteroffer, keep their interests in mind, and insist on using an objective standard. Although it may seem easier said than done, keep your emotions under control when confronted with dirty tactics. Although it is human nature to respond sharply, you may say something in your state of anger you will regret later, which is precisely what the other party is expecting to happen. Instead, smile, try to relax, and don't be intimidated.

After you confront the other party about their tricky behavior, continue with the negotiation process. Focus on the people, mutual interests, creative options, and objective standards. If you are unable to reach a fair agreement, evaluate your BATNA and consider walking away.

Nibbling

Let's say you own a florist shop and negotiated a contract with a vendor for vases just three days ago. You are meeting today to sign the printed contract. When the meeting begins, the other party says, "I know we agreed to all parts of this contract but when I took it to my boss for approval, he told me that the company now requires payment in 30 days instead of 45." When one party wants just a little bit more toward the end of the negotiation, this is called nibbling. Until

you confront them and acknowledge the nibbling, they will continue to do so.

The key when dealing with dirty tricks is to separate the people from the problem. Instead of saying, “You tricked me! I’m not going to negotiate a deal with you liars,” try “Well, as long as we’re still in the negotiation process, there’s one small thing we’re not that happy about, either. How about us paying you within 30 days of receiving a vase shipment if you will guarantee these prices through the end of June?” You could also try, “Look, this agreement has already been approved by a lot of people from your side and my side. We have both already agreed that it is a fair contract, and I would prefer that we keep it the way it is.”

Good Guy/Bad Guy

The good guy/bad guy routine, often seen on television shows and in movies about detectives and cops, involves two individuals. The bad guy is demanding, abrasive, and tough while the good guy acts friendly, seems more anxious to make a deal, and appears to be almost embarrassed by the partner’s harsh behavior. The good guy tries to befriend you while the bad guy tries to intimidate you. Although the two are working together to deceive you, the good guy will try to work out a deal with you so that you can avoid having to negotiate with the bad guy. The best way to handle this situation is to recognize the tactic and call it to their attention. “There seems to be some disagreement between you. Perhaps the two of you need a few minutes to sort out your objectives here today. Why don’t we break for 15 minutes while you work it out?”

Ultimatums

This “take it or leave it” technique is usually designed to intimidate you and get you to sign the agreement quickly. The best way to handle this technique is to ignore it and continue with the negotiation process as you normally would.

Limited Authority

If you are in the process of negotiating and the other party says that they do not have the authority to agree or sign off on an issue, you are

the victim of the limited authority tactic. Whether this technique is preplanned or legitimate, you should say, “I understand. Let’s set up a meeting with the person who does have authority to negotiate on all the issues.”

Lateness/Long Interruptions

When you are waiting for someone to show up for a meeting and that other person arrives either very late or not at all, you feel flustered. You have been wondering, “Am I on time? Were we supposed to meet earlier today and I wrote it down incorrectly in my calendar? Or maybe we were supposed to meet tomorrow?”

On other occasions the other party arrives on time but is interrupted during the meeting and does not appear to have any interest in resuming the meeting. Consider someone who accepts a cell phone call in the middle of a negotiation and remains on the phone for more than 30 minutes while everyone else in the room waits. These tactics are designed to make the other party feel intimidated and irritated. If you find yourself as the victim in this situation, you should say, “You’re obviously very distracted today, and I wouldn’t want to take advantage of your inattention. Let’s reschedule.” This lets them know that you will not tolerate this behavior and attacks the problem, not the people.

Statistical Data

The other party should be able to justify what they are asking for if they have done their homework. However, pay attention to the source of their information. Just because the source is legitimate, it does not mean it is relevant. For example, imagine you own an advertising agency in Boise, Idaho, and you are interviewing a recent college graduate for a position as junior copywriter. When you ask him what type of salary range he is looking for, he says he expects \$35,000 to \$40,000. When you ask him why he thinks he should get paid \$35,000 to \$40,000, he pulls out a document he printed from the Internet. Upon reviewing the document, you realize that the source he is using bases its results on a national study. Therefore, the results have little bearing on getting a job in Boise since it includes national data instead of local data.

CONCLUSION

Being a successful negotiator and using principled negotiation involves a lot of hard work and preparation. However, it can also be rewarding when you walk out after a deal knowing that both sides got what they wanted. During the negotiation process, remember to try to uncover the other side's motivating interests, never lose sight of your goals and objectives, and try to convince the other party to use an objective standard. And, if the other party uses dirty tactics, let them know that you are aware of what they are doing; attack the problem—not the people; maintain your composure; and continue with the negotiation.

Negotiation “Do’s”

- ✓ Use good posture.
- ✓ Speak slowly.
- ✓ Smile.
- ✓ Psych yourself up.
- ✓ Ask why they want what they want.
- ✓ Look the other party in the eye.
- ✓ Be succinct.
- ✓ Ask open-ended questions that must be answered with more than a yes or no.
- ✓ Be a good listener—clarify, encourage, appreciate others' efforts, recognize feelings, and summarize.
- ✓ Think of creative solutions.
- ✓ Ask for what you want.
- ✓ Realize that you have something valuable.
- ✓ Be willing to walk away.
- ✓ Try to achieve a win-win negotiation.
- ✓ Know what the other party wants.
- ✓ Walk a mile in the other side's shoes.
- ✓ Know your BATNA.
- ✓ Determine the other side's hidden interests.

- ✓ Ask for justifications and clarifications.
- ✓ Ask questions.
- ✓ Separate the people from the problem.
- ✓ Use objective criteria.
- ✓ Be flexible and open-minded.
- ✓ Be credible—use facts and other supporting evidence.
- ✓ Exude confidence.
- ✓ Pay attention to your tone.
- ✓ Make trade-offs.
- ✓ Take notes.
- ✓ Build relationships.

Negotiation “Don’ts”

- ✓ Make threats.
- ✓ Interrupt when someone is speaking.
- ✓ Shout.
- ✓ Be sarcastic.
- ✓ Criticize in front of others.
- ✓ Attack people.
- ✓ Insult or belittle.
- ✓ Make the other feel guilty.
- ✓ Pout.
- ✓ Cry.
- ✓ Fidget.
- ✓ Call anyone names.
- ✓ Be easily discouraged.
- ✓ Beg.
- ✓ Whine.
- ✓ Take it personally.
- ✓ Negotiate when you are feeling irritated, stressed, tired, or angry.

- ✓ Use technical jargon.
- ✓ Hog the floor.
- ✓ Give ultimatums.

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