

# Smart Negotiation

*50 Plus Negotiation Strategies*

COMPROMISE



COMMUNICATE DIFFERENCE



AGREEMENT

## Negotiation



TACTIC

OBJECTIVE



SKILLS



DIALOG

COLLABORATION



BENEFIT

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## Smart Negotiation

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## Get More of Everything for Less

Do you ever sit back and wonder how the rich get richer and the poor never seem to get anything without a ton of hard work that seems to come so easy to the rich? It's not about being rich or poor. It's about knowing how to work the system—how to get more of what you want without having to spend more money. How do you buy a bigger house for less money? Is it possible to get two pairs of shoes for the price of one? What about getting the hotel where you are staying to kick in a free dinner with your hotel stay? Is it possible to get more for less? And if so, how do you go about doing it? The answer is rather simple. You have to learn how to negotiate. Negotiation, more than anything else, can give you more for less. Get a free lunch, receive an extra tie with a suit purchase, or buy a \$200,000 home for only \$180,000—saving you \$20,000 immediately. All of these things are possible if you learn or sharpen up your negotiation skills. Developing the skills necessary to get more out of life will bring you closer to your dreams.

Having the right negotiating skills can impact your life in such a way that it makes the life you may have been destined to have a much bigger and more pleasant one—it can make a major difference in your life. Negotiating skills are something that everyone should have and that everyone can benefit from having. Young, old, rich, poor, educated, or uneducated, it doesn't matter. Negotiating skills are something that are not bound by any race, religion, culture, creed, or any other factor. It's just a matter of learning them and perfecting them because those who utilize their negotiation skills have more money, more assets, travel more and have a better lifestyle without having to empty their bank accounts to do any of it. On the contrary, those who do not have the skills live in smaller homes, hardly ever travel (and never first class) and do not have any money in the bank — because they are always paying full price and never getting that little something extra when they pay for something.

Often they feel intimidated by sellers and other negotiators, but there is no reason to. Smart negotiators are sometimes diamonds in this ruff. This book helps guide you

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through the learning process to help you understand the basis of negotiation. Then it takes you through the process of learning how to apply your newly acquired negotiation skills to get more of what you want for less money. You may have said or heard someone say, "I'm not a good salesperson," or "I hate haggling." Negotiating is not about being a salesperson or haggling. It is actually more of a form of science. A science that can be learned and proven effective—a science of strategies, tactics, and skills, which done in the proper order, will result in better deals and very specific responses (and most of the time in your favor). You will learn the traits of a good negotiator and common tactics negotiators use to receive more value for their money. In addition, you will discover how to use body language in negotiation, how to define your and your opponent's sources of power in the negotiation process, how to influence people through nonverbal gestures and activities, and what to do when you reach an impasse in the negotiation process.

Also included are 30 negotiation strategies for successful negotiation and 50 strategies that can make an incredible difference in your personal power of negotiation. Get ready for a set of skills that can help you accomplish your dreams.

## Five Basic Stages of Negotiation

There are five basic steps to negotiation, which we will go into more detail on shortly. Before you even learn what these five steps are, the first thing you have to do to learn how to become a good negotiator is to understand the process of negotiation and how it unfolds. There are a series of steps that effective negotiators understand and use to their advantage—the five stages of negotiation. The timeframe for the stages to play out can be very short or very long. Some negotiations take a couple of hours—like buying a car—or it might be months—like buying a house. But sometimes negotiations are so complex that it can even take years to close a deal—like mergers and acquisitions.

Whether it is a simple negotiation or a very complex one, all types of negotiation go through these five stages of the process:

1. Preparation
2. Exchange
3. Compromise
4. Agreement
5. Post Analysis

I'll give a brief overview of each of the stages and then go into more detail in the subsequent sections of the book. The first stage of negotiating is preparing for the negotiation before it even begins. Poor negotiators start to negotiate without planning. The best negotiators, however, prepare ahead of time and strategize where the negotiations will go. This is all before the actual negotiations ever begin. They research and find out what the going rate is, remain in control of the situation, and spend substantial time and effort on the preparation. Without a good, effective plan, you are bound to lose more than you gain.

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The second stage of negotiating is the exchange stage. During this stage both parties “feel each other out” to assess what the situation is and to see how they can gain the advantage, determine the important issues, give opening positions and exchange information. Good negotiators concentrate on building relationships, use purposeful questioning to gain knowledge, and focus on the important characteristics of the negotiation process.

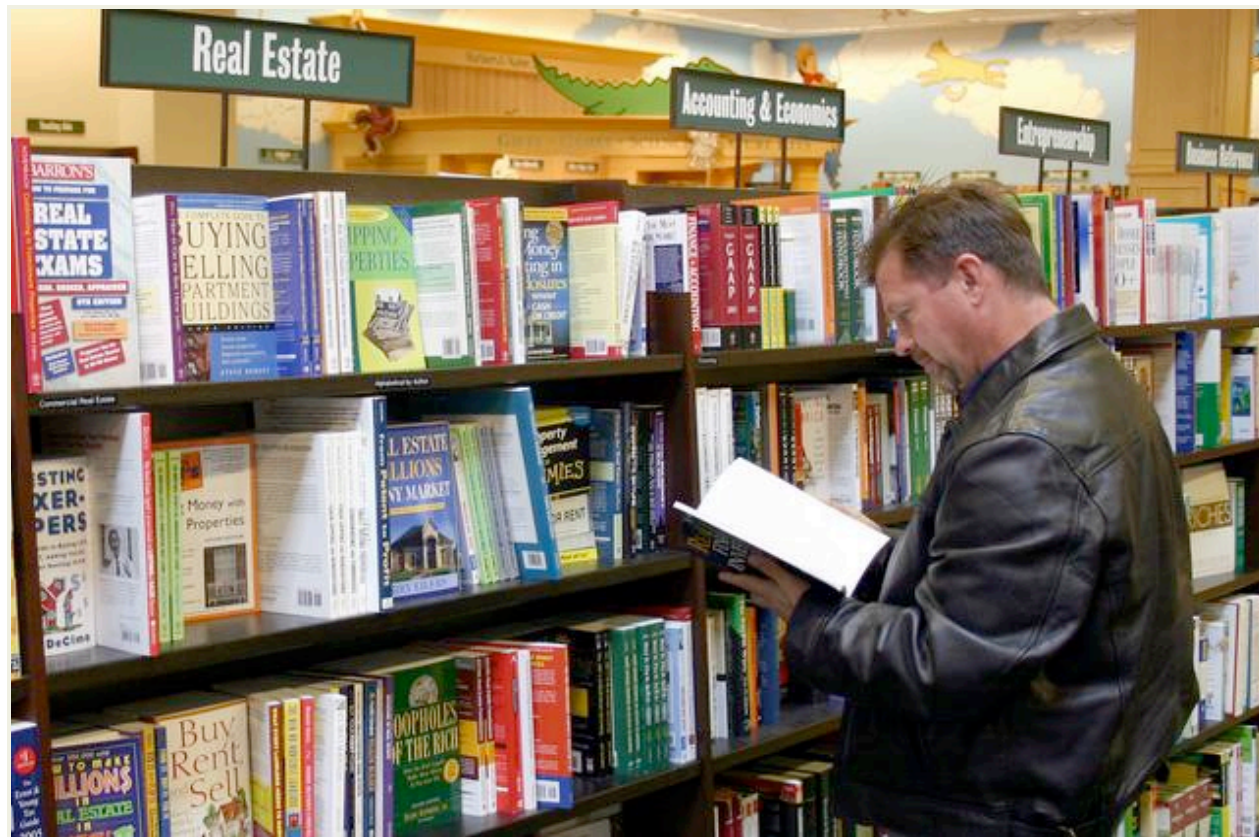
The third stage is compromise, which is the key to the negotiation process. It is the process of learning to give less and receive more—easily said, but often difficult to master. You need to determine where you can leverage or gain the advantage, know what options are available to you, and how to use tactics to overcome an impasse—when the negotiations are at a standstill.

The fourth stage of the negotiation process is when both parties come to an agreement. Many like to think of this as “meeting in the middle,” but you will learn later in the book that this is not the case—not if you are a smart negotiator. Once you have a fundamental agreement, it is time to close the deal. A lot of good deals have been lost because of not paying attention to the details of an agreement. Time kills all deals so getting an agreement as soon as possible, putting it in writing quickly, and making it as simple as possible brings the deal closer to closure. The steps that are included in the agreement must be clearly stated, understood, and exercised by both interested parties.

Finally, it is important to analyze the deal after it has closed. It is kind of like going over a graded test after an exam to see which questions you got wrong and why. Spend some time reviewing the deal. How did the process go? Could you have done better? What can you do better the next time you are negotiating a deal? Many individuals do not spend the time needed on analyzing the deal after the negotiation session. But it is important to do it so you can perfect your negotiating skills and get an even better deal the next time around.

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Now that you know about the five stages of negotiating, let's talk about how you can go through the five stages to sharpen and perfect your negotiating skills. And by the way, negotiating skills work for any type of negotiations—from trying to convince your kids to go to bed at a certain time to closing multimillion dollar commercial real estate deals to buying the home of your dreams that you normally couldn't afford without the great negotiating skills you possess (or are going to after reading and implementing the tactics in this book).



## Stage 1: Preparation

So, let's start back at the beginning. The first step of the negotiation process is the preparation stage. This is also the most overlooked stage in the negotiation process. Many people get so excited about closing a deal that they forget that there is a lot that goes into it before they ever step into the negotiation meeting. Just like a major exam, you wouldn't try to pass the exam without reviewing the information first, right? Good test takers prepare before the test, and so do good negotiators. Poor negotiators say things like, "Well, let's just meet with them and see what happens." This is their first mistake. Don't fall into the bad habit of not being prepared to negotiate. How do you know what to ask for or what you may be able to gain from the negotiation if you don't have any information upfront? Preparation is a key ingredient to being a successful negotiator. In the end, it can save you hundreds, thousands, or even millions of dollars. Ensure you get more value for your hard-earned cash by preparing for the negotiation before the meeting ever takes place.

To be properly prepared for the negotiation meeting, you need to know all of the following items. I'm going to use negotiating for the purchase of a home as an example to illustrate the things you need to know.

- The fair market value of the services or products involved in the negotiation  
Example: The market value of a home is what it could sell for rather than the listed price. A home seller may list their home for \$200,000, but the market value of the home is only \$180,000. This means that the seller either doesn't know what the home is worth and chose an arbitrary number or has given himself a \$20,000 cushion to negotiate with the buyer.
- What the opponent's position?



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Example: The seller put a lot of time into fixing up the home. He updated the kitchen and bathrooms, and is looking to get the money out of the sale to cover his time and the expense of the renovations.

- Any factors and information that may influence the negotiation

Example: The seller is relocating to a different area, which means that he needs to sell the home you are interested in buying before he can buy a new home. Also, it is a buyer's market so you know you have the advantage—there are more homes on the market than there are buyers.

- Who has the authority to make the decision and what the decision-making process is  
Example: It is a husband and wife selling the home, but it seems like the husband is the decision-maker--or is he?

- Ownership of the product or service, or whose money is being used to buy from you  
Example: In this example, you are the buyer, so your money is being used to buy the home. The sellers currently own the home.

- When you should walk away

Example: You have decided you will not pay more than the market value of the home, which is \$180,000. Since you need to close and be able to move in the house before Christmas and it takes 40-45 days to close, you have to have this deal in writing within the next two weeks. If the buyer won't come down to at least \$180,000 within the next two weeks, then you will walk away from the deal.

- Your style of negotiation

Example: You act calm and cool, non-chalant. You have a great poker face and don't wear you emotions on your sleeve, but you end up giving in sometimes to get what you want so you have to be cognizant of this.

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- The opponent's style of negotiation

Example: He seems to be like a bull in a china closet. He is hard-headed and a stickler for getting what he wants.

- Your timeframe Example: Two weeks
- Specific milestones or goals you want to reach

Example: At the first meeting, you are prepared to offer him \$160,000, which is \$20,000 below market value and \$40,000 below his list price. You also want him to throw in a one-year warranty on the property so your goal is to have him give in on the price and throw in the home warranty on top of it.

Good negotiators have a plan. They have a system they follow to evaluate how the process is going to unfold and what they are going to do to influence the process of negotiation. This usually entails having a “cheat” sheet that has the answers to the above listed items like fair market value, coding of personalities in the deal, notes, concessions planned, throw away items, and more. They spend time researching, determining, and analyzing these five major factors before having the negotiation meeting.

## 1. Fair Market Value

You must know the fair market value of the products or services that are being negotiated. For example, in real estate you must know what the fair market value is of the house being sold—what the house is worth. It's not the list price or the asking price. It's the fair market value. That means you must do the research to find out what the home is worth. You can call several real estate agents and give them the specifics of the home for sale and find out what a fair price is for the home you want to buy. You can also drop by the courthouse and see what similar houses are sold for in the area. You should also watch home sales in the area and see what similar homes are selling for—not listed for, but what the final selling price is. Check the newspapers, magazines, and

real estate listings to watch for price changes. Gather as much information about the fair market value as possible.

In assessing fair market value, you should establish a range of values: worst case, best case and the average. Once you have assessed the average value, you should establish your goal. Don't underestimate the power of establishing your goal. Your personal expectations, more than anything else, will influence the negotiation process. If you know the fair market value, then you will know what constitutes a good deal and when to walk away.

## **2. Who is the decision-maker—who has the authority to accept your offer**

Quite often, in any negotiation where there is more than one person involved, there will be multiple negotiators and you must determine who has the authority to make the final decision. Even times when you are only dealing with one person, there may be people behind the scenes that are actually the decision-makers, so you need to determine if the person you are dealing with can make the final decision. After all, you do not want to waste valuable time and energy dealing with a non-decision-maker, unless you have a specific game plan to influence the non-decision-makers.

There are several roles played by people in the negotiation process. When you are talking with anyone that is involved with the company you are negotiating with, you may want to determine which role you think they play upfront. It may also be useful to code each of the players in the negotiation so that you can develop a separate and appropriate game plan for each role player.

### **D — Decision-maker**

The decision-maker(s) can usually be determined by their professional title, body language, or group dynamics. However, sometimes the roles can be a little confusing. To help you determine who the key decision-maker(s) is, you may ask the person the following questions:

- Are you the decision-maker? If not, who is?
- Will anyone else be involved in the negotiations?
- Tell me about how the decision-making process unfolds.
- To avoid wasting time, should anyone else attend the meeting?
- If we agree, do you have the authority to sign the deal today?
- In a group, ask this question: Should I give you the big picture or start out with all of the details? (Watch where all of the heads turn, because the group will look to the decision-maker to answer the question.)

## **I — Influencer**

The influencer is usually the sounding board for the decision-maker, which means that the decision-maker values this individual's opinion so much that the influence may be able to sway the decision one way or the other. To ensure that negotiations go well and are favorable for you, you must get the influencer on your side. Spend as much time selling this person on your deal as you would the decision-maker. If you can make this person own the deal, he/she will push the deal through. In a group, the decision-maker will ask for the influencer's opinion often (if they don't automatically give it).

## **F — Facilitator**

The facilitator usually leads the discussion and often coordinates the activities after a meeting as well. He/she may give the opening position and be actively involved in the process. They are your best ally when it comes to an impasse. Use them to bring the negotiators back to the table if there are problems. You can recognize facilitators by their strong rapport and desire to help you. They are an excellent source of information and feedback. Check with them regularly to evaluate where you stand in the negotiation process and then readjust your

negotiation based on the verbal and non-verbal feedback you're receiving from the facilitator.

## **G — Gatherer**

The gatherers collect information. Often, they will tell you upfront, “I’m not the decision-maker, but ‘X’ needs this information.” Be careful! They may not be the decision-makers, but they are the connection to your decision-maker as well. The more information you give them, the less leverage or an advantage you may have at the end of the day. Knowledge is power, so the more that the gatherer knows about you, what is being negotiated, etc., the more the decision-maker knows. Gatherers may seem like they are just gathering data, but they are using the information they gather to determine your position. First, the gatherers assess the situation. Then they relay the information to the decision-maker. Ask why he/she needs the information and don’t accept, “Because I was told to get the information.” At the very least, ask for and gather your information in return.

## **N — Non-player**

The non-player is part of the negotiation team and may be important, but is not a key decision-maker. For example, a statistical analyst may be called in as a listener to analyze the situation, but is not asked to participate in the discussion or in the final decision. Code them as N (non-players), but ensure that you get them on your side. If asked, you want them to say, “Sounds good.” Realize non-players still indirectly influence the process.

### **3. Know your strengths and weaknesses**

So you have started to prepare for the negotiation by doing your own research to assess the situation of your opponent and what is going on in the market. Now it is time to identify your own personal strengths and weaknesses. Are you good at building relationships? Are you intimidated when it comes to being aggressive? Do you fold under pressure? Are you good with numbers or do you need someone else to look over

the numbers? Are you credible? Do you have the right image or should you negotiate by phone?

Know your strengths and weaknesses, because a good negotiator will use your weaknesses against you. It is important that you realize that your opponent is going to use your personal weaknesses to their advantage to gain control of the negotiating process. They are going to attack your personal weaknesses and you have to be prepared to respond to the attack. What is your defense?

You need to examine your bargaining position for strengths and weaknesses. Look at your position from your opponent's viewpoint. What weaknesses could they find? Where would they attack? What are your responses? Formulate a few possible attacks and have scripted responses ready to respond.

Put yourself in the other individual's shoes and ask the following critical questions:

- Do they need the product or service I have? If you are the buyer then this is what your opponent is asking about you.
- Are there any competitors? If you are the buyer then this is what your opponent is asking about your position.
- What are they going to ask for? Whether you are the buyer or the seller in a negotiation, both sides can ask for things.
  - What is fair?
  - What is the best I can do?
  - What price are they going to go for and how do I justify the value?
  - Are there special pressures or time concerns to consider?

## 4. Concession Planning

The process of negotiation requires compromise. Concessions are the ways you are willing to compromise. It may be that you can throw in something for free or it may be dropping the price, but it is important to plan your concessions, or where you are willing to compromise, well in advance. What are you going to give away? When are you going to give it away? In what order will you concede? What will you give first, second, third? More importantly, what are you going to trade for the concession?

Here are additional hints when making concessions:

Give in slowly. Even if you planned on giving in, do not appear to be too eager. If you are, they will ask for more! Make the concession seem like it is extremely important and hard to part with.

Give in small units. For example, if you plan on reducing the sales cost by \$10,000, reduce the price slowly, in \$100 or \$1,000 increments. Don't just drop the price by the full \$10,000 at the first sign of apprehension on your opponent's part.

Use diminishing concessions. Most people want to split the difference when negotiating—meeting in the middle. Good negotiators use diminishing concessions rather than splitting the difference. For example, if you are willing to reduce the price up to \$10,000, start out by reducing it \$2,000 first. If that doesn't work, come down \$1,000 more, then \$500, then \$250, then \$125. It gives the appearance you are getting close to your bottom line each time and they may bite way before you get close to where you were willing to go in the first place.

Do not give quid-pro-quo. Just because they gave in by \$500, does not mean you have to give them \$500 in return. It is okay to give them a lesser value in return during the negotiation process. In fact, this is what a good negotiator does—it is the sign of a good negotiator.

Do not be the first to concede on major issues. It sets a bad trend that you're going to give in on small issues too. This puts your opponent in a position where they can take, take, and take— putting them in control of the negotiation.

As the deadline approaches, concede less. The hardest part of negotiation is the pressure to give more as the deadline approaches because you want the deal to close. Don't fall into this trap. In fact, tell your opponent you are more flexible in the beginning of the process because you have time on your side, even if it is not true.

In concession planning, there are four steps you should consider. First, list all of the ways you are willing to give. This may be by reducing the price or by adding items to sweeten the deal. Second, establish a cash value for each concession. Let your opponent know what the value of what you are giving them is. Third, prioritize the order in which you will give them away. Fourth, establish what you will ask for in return for the concession.

## **5. Opening Position**

The opening position is where you stand when the negotiations first get under way. It is similar to the opening arguments that a lawyer gives to the jury during a trial. You need to understand what your opening position is and how you are going to present it. What kind of approach are you going to use? Are you going to use an aggressive style, a cooperative style, an "X" position? What is your starting point?

Positioning can make the difference between failure and success. Here are some suggestions:

Never give the opening position first. Let the other party begin so you can see where the situation is heading. This gives you time to assess the situation and make adjustments to your position and concessions, where necessary.



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If you have to give the opening position first, then make sure you have a strong and bold opening position. Start by asking for the world and you may be pleasantly surprised what happens. You never know what you may be able to get.

Even, if you have weaknesses (which everyone does), always expect the best and begin your position with power.

Try to delay your position until you have uncovered as much as you can about the other party and what his/her position is.

Write or read aloud your opening position to others before the negotiations and get feedback.

Write out your opening positions and practice ahead of time.

## **An example of three opening positions in a purchasing a home:**

**Position #1:** I am a real estate investor. I am looking at several properties in this area, and your house may be of interest to me, but to I need the answer to a couple of questions first. If I am interested, I will put an offer on the property within 24 hours.

**Position #2:** Tell me a little bit about the house and what you are asking as the purchase price. Why do you like the neighborhood? Why are you moving?

**Position #3:** I buy houses for cash, usually in less than 30 days, but I need a 10-20% discount off the purchase price. Which of these do you think will work better for you?

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Likely, the answer is all three positions work in different circumstances. The point is, you should have multiple opening statements, based on the person you are negotiating against—and these statements should be planned and written out.

*Number 1* will work with most people because you are setting the tone of the negotiation, and putting them a little on the defensive because you are looking at multiple properties. Therefore, they know that they have to compete (likely on price).

*Number 2* will do well in finding out information about the house and its owners. It is an open style of negotiation. It's about trying to gather as much information about the people and place before starting the negotiation process. If you have great flexibility and work well with people, this can be a great opening.

*Number 3* will do well to get to the deal quickly. You will irritate a lot of folks in the process, but get to the bottom line fast. This position is best used with opponents who like to be control, or individuals who are in distress (motivated to sell because they need the money or are relocating).



## Stage 2: Exchange

The second stage of negotiation is the exchange of information by each side—presenting what their position is. If you have done your homework properly, the exchange should go very smoothly. This is your opportunity to build the relationship with your opponent, to develop rapport with your opponent, to put yourself in a strong negotiating position, to test his/her position, to probe for weaknesses, to persuade him/her of your strengths, to gather critical data and facts, and to evaluate the situation.

Three key skills dominate the exchange:

Relationship building

Questioning skills

Discipline

## **Relationship Building**

It does not matter whether you have an aggressive style or a cooperative style of negotiating. Whatever your negotiation style, you have to develop a good relationship with your opponent. A good relationship does not mean you have to like them, agree with them, butter them up, or develop a social relationship. All of these may help your negotiation, but they are not absolutely necessary.

A good relationship means:

- You have good communication, you understand your personal differences (styles), and are effective in communicating.
- There is minimal misunderstanding and you are progressing toward the goal or the conclusion of the negotiation.

In the exchange stage, “pre-frame” the negotiation in an attempt to build a trusting win/win relationship with your counterpart.

Example: “Bob, to reach a mutually agreeable decision should take us about two weeks (perhaps two meetings). I believe in the win/win philosophy of reaching a decision, i.e., we both feel comfortable and believe we are getting a fair deal. To do that, I would really like to understand your position. Does that sound reasonable to you?” (Move into questions.)

Note: Use the term decision instead of negotiation. If you use the word negotiation, often you will put the individual on the defensive. Also, the style of negotiation suggested is fair and win/win. You are looking out for his/her interest and have positioned your question stage.

The better you understand people you are negotiating with, the easier it will be to build relationships and become more effective at negotiating. Along those lines, here are some easy skills and strategies to consider.

## **Sub-modalities**

People have a preferred way of processing information. We prefer to see things, hear things, or touch things. This manner is how we prefer to act on information. It governs our entire existence. Essentially, there are three types of preferences:

### **Sight**

Some people would much rather see things. The visual pictures stimulate them. They store information in their minds as pictures. They see life as a series of pictures and movies.

### **Sound**

Other individuals enjoy the richness of words. How you say it is much more important than the words or the graphs you use. They store life and events in words, music, and sounds.

## **Feeling**

Still others prefer to feel. Everything is a storage of feelings and pressures. The patterns are easy to identify. Just listen to the words people use for clues as to how they prefer to receive and process information.

**Sight** (visual) learners use words like show me, I see, illustrate that point, I get the picture. Show me. Let me see.

**Sound** (auditor) learners use words like sounds good, it rings clear for me, I missed the beat. Sounds good.

**Feeling** (kinesthetic) learners use words like the pressure is intense, feels good, it hasn't touched me in the right way. I feel the pressure of that decision.

Once you can identify the pattern, you can make people become more comfortable with you and build rapport by feeding them information in the manner they prefer to process. People like to associate with other people that have of similar patterns. All you have to do is match their preference of words and you will instantaneously build rapport. Learn to vary your word patterns to match others. Learn to talk to them on their level.

For example:

If the message you are trying to convey is, "I believe in win/win negotiation," this is how you can match you words with your opponent's preference on how they process the information.

**Visual:** "I would like to show you my process of decision-making and illustrate how much I believe in a win/win negotiation. I think we should focus on what is fair for both of us."

**Auditory:** "I really like the sound of a win/win negotiation. It is music to my ears when we both get what is fair to us."

**Kinesthetic:** "I hate the pressure associated with a win/lose negotiation. I much prefer the feel of a win/win agreement. What are your feelings'?"

This tactic is guaranteed to enhance your rapport with anyone. Often we get out of rapport because of our inflexibility to shift sub-modalities (others preferences). Once you start using others preferences, you will not believe the improvement in rapport. Use it. It works everywhere, not just in negotiation.

## **a. Personality Styles**

Everyone's personality is different, which is what is important to understand your opponent's personality before trying to conduct business with him. Personality styles can be so complex that it is a heavily researched topic. One good source of information on personality styles is the research conducted by Dr. David Merrill. His work is simple to understand and gives a solid foundation about how to evaluate people. Once you understand what motivates people, it is much easier to build rapport. Merrill's work became the foundation of a variety of sales training programs, including Wilson Learning Systems, PSS 3, and many more. I adopted it myself. After two decades of training sales people, presenting, negotiating, etc., I developed a few more distinctions about the four styles, and what makes them tick. I have even developed a few additional labels of my own.



Merrill's research indicates that there are four types of people:

1. Driver Winner
2. Analytical Referee
3. Expressive Show Boat
4. Amiable Team Player

By the way, this is not something that was just recently discovered. The Chinese were aware of the different personality styles early on. The new terms established by Merrill, however, demonstrate an easy way to identify personality styles and use them to your advantage in your negotiations. I have noticed there are two fundamental ways you can classify an individual's personality quickly.

Fundamentally, you can classify people by two major characteristics.

1. Thought Patterns: How people express themselves internally or externally.
2. Speed: How quickly the individual moves, makes decisions, reacts and processes.

Graphically, the two characteristics are represented as:

*Horizontally*, as people move from left to right, they are faster-paced, quicker to make decisions, and are faster in their movements or activities.

*Vertically*, how they move from top to bottom indicates the range from internal reference to an external reference.

Based on the measurement of these two areas, you can classify people.

Monitor their outward behaviors. To evaluate people, all you have to do is establish if they are fast-paced or slow-paced. Are they emotional?

Let's take a further look at the four styles:

Winner: shows little or no emotion and is very fast-paced

Referee: shows limited or no emotion and is slow-paced

Team Player: very emotional and slow-paced

Show Boat: very emotional and fast-paced

If you want to build rapport with people, you must develop a flexible outward style. You need to be willing to change your style to match their style. In addition, to match their outward behavior, you need to understand their inward behavior. What motivates them internally? Identify the key motivator of each style and develop a system to ensure you can influence them and help your negotiation by mimicking their personality style.

Each style has a primary value motivator, which is an important value that dictates the style's behavior. If you understand the value and use it with each style, you will double your negotiation effectiveness. Each value can be used to positively motivate the individual or negatively motivate him/her, so be careful how you use their personality style. Make sure to always use it to your advantage.

The best way of describing positive and negative motivation is for you to think of preachers. In trying to get you on the path to salvation, some of these church leaders will use positive motivation, motivating you to choose the right behaviors to get into heaven. Yet, some ministers will use negative motivation, saying if you sin and do not ask for forgiveness then you'll go to hell. That is to remind you of the negative things that will happen if you do not make the right choices.

Interestingly enough, about 65% of the population are motivated by negative motivation-the "hell and damnation" theory that motivates.

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Social styles and their important values are no exception. Negative motivation influences people. Below you will find the important value of each style and its positive or negative motivation.

## **Style Value Positive Motivation Negative Motivation**

**Winners** have a win/lose personality--win loose or look bad upon someone else who is losing

**Referees** have a right/wrong personality where being correct not being right is important to them

**Team Players** have a loved/not loved personality, which means that they like bring part of a team, and if the team dynamic is missing they don't feel cared for, loved, and different from their peers

**Show Boats** have a fun/bored personality, so their positives emotions are combined with their negative emotions

Let's examine how a master negotiator would use this information to influence the negotiation process--scripting language to appeal to their style.

### **Winner Style**

#### *Positive Motivation:*

If you sign the agreement, you'll be head and shoulders above the rest of the group.

Only winners sign deals like this.

I have really lost a lot in this transaction.

## *Negative Motivation:*

If you don't sign this deal, you will be the last one to do so.

You don't want to miss this opportunity to win a super deal.

It looks like others are moving ahead of you.

## **Referee Style**

### *Positive Motivation:*

You have made the correct choice.

Signing this agreement is the perfect choice for you.

Can you imagine what others will think about you making the right decision?

### *Negative Motivation:*

You don't want others to think you've made a mistake.

Not signing this agreement could be the mistake of a lifetime.

## **Team Player Style**

## *Positive Motivation:*

Let's cement our relationship by signing this agreement.

I have enjoyed working with you; after we sign the agreement it looks like we'll become good friends.

## *Negative Motivation:*

Everyone else is signing deals like this. You don't want to be the only one who doesn't.

You don't want to jeopardize our relationship.

## **Show Boat Style**

### *Positive Motivation:*

Signing this deal will make you feel great.

Imagine how exciting it will be to receive the check after we sign the agreement.

Signing a new deal is always fun.

### *Negative Motivation:*

You do not want to miss a good deal and feel bad about it, do you?

Missing out on a great opportunity usually makes people feel sad or depressed.

Learn to identify individual styles and then script your language to match their style. If you are not sure, use them all. Use statements to appeal to all of the various personality styles.

## Values Drive Personalities

You may be asking yourself, what drives the personality styles? The values that are important to each style are what drive these different personality styles. These values are actually taught to us through our culture, i.e., through society, school and family influences. Although it is easy to categorize people into the four styles, people often have a series of secondary values that motivate them as well. Values (what is important to us) really drive our motivation. Sensitivity to other people's values will help you negotiate.

Here are a couple of ways to identify values:

**a. Inspection:** You can pick up clues to what is important to your opponent by inspection. Always inspect the person's surroundings to gather clues about what is important to them. If they have family pictures all over their home or office, you know that family is important. Make sure your language helps them get closer to their family, i.e., signing this deal will help them get the money for their child's college education. If there is sports equipment all over the house, how does the deal help them be part of the team or improve their health?

**b. Direct Questions:** One of the best ways to uncover people's values is to ask questions surrounding their motivation. Three questions to use are:

1. What is the most important detail to you in this negotiation/deal?
2. What do you not want to see happen during this negotiation/deal?
3. Which is more important to you, "X" or "Y"?"

Apply what is important to them when you position the deal. Show or tell them how doing the deal will bring them closer to their values and how not doing the deal will take them further away from their values. Also, consider which of the questions above is the most important one to them. The answer it is the second question. Remember, people will do much more to avoid pain than move toward pleasure.

## Questioning Techniques

In the exchange phase, it is important to develop the free flow of information from your opponent to you. Limit giving information as much as you can. Generally, you will want to use some open-ended questions to gather as much information as you can. Open-ended questions are the type of questions that get a free flow of information because it leaves the answer open—free response answers that are not limited by certain choices. It is like an essay question on an exam as opposed to a multiple-choice test. They are typically who, what, where, when and how types of questions.

Here are some samples:

- What is important to you in this negotiation?
- Who will be involved in the negotiation and decision-making process?
- How long do you see this process taking?
- What is the procedure we need to follow for us to come to a final decision?
- What information do you need?
- Where do we go from here?
- Tell me about your negotiation process.
- What is your range of pricing?
- What happens if...?
- What is your best deal?
- What kinds of extras can I get?

- What kind of problem might you see?
- How is this process going to work?
- What are you looking for?

Other types of questions you will want to ask are closed-ended questions and test questions.

## **Close-ended Questions**

A close-ended question allows for a limited response like multiple-choice questions on an exam. For example, yes or no questions or choosing a specific number represents close-ended types of questions. They are used to get specific answers, to obtain background information or to lead the client in the right direction.

Sample close-ended questions are:

- Are you interested in this deal?
- Is your best deal “X”?
- Was that one thousand or two thousand?
- What is your maximum service contract?
- Is your service contract for three or five years?
- How many years can I have the warranty?
- Could you come down in price?

Close-ended questions are great for uncovering specific information and leading individuals to give you the answer you are looking for. The following exchange is a sample of how you can use close-ended questions to lead your opponent:



"I know you are not familiar with vendor take-back (VTB) financing, but you are interested in making money, aren't you? What kind of return are you getting at the bank? "(Response)"

Six percent? Would you like to turn a better profit, get a higher interest rate, and make more money?

Could you help your children go to college with the extra money? "(Explain VTB.)"

"Now, does that sound like a good deal? It's risk free, right? How much would you like to take back on a second mortgage so you can help your children?"

## **Test Questions**

There are a variety of closed and open-ended probe questions that you can use to test your opponent. There are also two types of tests you want to use to gain more information. First, you will want to test their position. Are they sincere in their deal or bluffing? The second test is to see if your position is being well received. How do they feel about what you are offering?

The following is a series of each type of question to assist you in your negotiation.

### ***Test Positions***

- Is this your best deal?
- Has someone else gotten a better deal than this?
- I heard "X" went as low as \$100,000. Could you go lower?
- Could you extend the warranty?
- What would happen if we dropped the price by \$10?
- If I bought two of these, could you do better?
- Is this flexible? How flexible are you at this point?
- If I did "X," would you do "Y"?
- Is it possible to...?
- What is holding you back from dropping the price?

- You can't be serious. (Silence)
- Who has authority to add more?
- Have others gotten it for less?
- Can I get a volume discount?
- What is the best you can do on this?
- If you cannot do "X," I guess we don't have a deal. (Silence)

## ***Closing Questions***

- Does it sound good?
- How does that sound so far?
- Can you live with that?
- Will this work for you?
- Does this make sense for you?
- How do you feel about this so far?
- Are you comfortable with the deal?
- What do you like about the deal so far?
- Are you getting what you need? (Note: say need not want)
- Are you okay with this?

Whenever you are using test questions make sure you read body language as well as listen to what the answers to the questions are. Remember, people lie but their actions can reveal the truth. You can learn a lot more about what they are saying by watching body movements and expressions than by the words the person says.

The best negotiators are always closing their deal. They are always ensuring that their position is accepted, step-by-step throughout the entire process—from the beginning to the end. It's called the ABCs of closing and you too must develop the ABCs of closing.

## **Always Be Closing**

## Discipline

During the exchange stage of the negotiating process, there is a natural tendency to get lost in information, rapport-building, and the dynamics of the relationship. Most people want to be liked and will develop a relationship with their opponent to get their opponent to like them. After all, many people have the philosophy that people do business with people they like, right? This is true to some extent, but this is a business deal, not an effort to gain a new set of friends. So it is important that you maintain a disciplined approach to your exchange stage. In order to do this you have to ask the right questions. And while you are asking the questions and processing your opponent's answer, do not get lost in the exchange. Most of all it is important to develop a disciplined philosophy and set of objectives for the negotiation process.

Here are a few thoughts:

- Do not play tit-for-tat with the exchange of information. Just because they give you information, does not mean you have to give them any in return.
- Ask questions and then listen carefully to the answer. Do not talk too much. Remember the old saying, "That's why we have two ears and one mouth."
- Give the strengths of your position freely, while you hide or ignore your weaknesses.
- The greater the information you can get from them, the greater your leverage or the greater your advantage.
- Never acknowledge the weaknesses in your own position. Always discount or minimize your weakness. (Your opponents are looking for leverage or to gain the advantage too.)
- Do not negotiate too early in the process. Save negotiation and compromising for later in the process.
- Always probe for weakness in your opponent's position by asking questions and gaining information from them.
- Uncover your opponent's options, alternatives, and fallback plans.
- Test their position.

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- Always get more information than you give.
- Position your opening bargaining position positively.
- Always Be Closing (ABC).



## **Stage 3: Compromise**

A number of negotiators believe you should stick to your position, do not budge, and force the other person's hand to give you what you want. Although this strategy may work in some situations, it is not the key to long-term success in the negotiations. The true key is your ability to evaluate the situation, establish a strategy, remain flexible, and compromise. After all, negotiation is the art of compromise.

To ensure your success in the art of compromise you must:

- Determine who has the leverage or the advantage Plan options
- Use language to help concession reciprocation Develop impasse skills
- Apply a turnaround strategy

## Who has the Leverage or the Advantage?

The advantage or the leverage in the negotiating process swings the balance of power in your favor. By learn the simple skills of leverage, you can easily gain the advantage position in the negotiations.

There are three main leverage positions that you need to be aware of to determine who has the leverage in the process:

**Actual Leverage:** One party has a distinct advantage over another. They know they have the advantage and they use it to their advantage.

**Perceived Leverage:** One party thinks they have the advantage but they do not actually have the advantage.

**Lost Leverage:** One party has the advantage but does not use the advantage because they don't know they have it.

For example, let's suppose you are a camel trader and you are traveling through the Sahara Desert. You have been traveling in the hot dry environment for a week and have just come across a small town. You and your camels are hot, thirsty, and dry. As you wander through the town, come across a pub called Jack's Oasis. Jack sells water and he wants to sell water to you.

Here are three separate scenarios demonstrating the use of leverage.

*Scenario # 1:*

Jack has water and thinks you don't have any water. You know you are dying of thirst and Jack thinks you are dying of thirst. There isn't any more water for 1,000 miles. You know that you will surely die if you don't get water soon. He asks for half your worldly possessions in exchange for enough water for you and your camels. You try to negotiate with Jack to give up less than half of your worldly possessions, but you end up paying half your worldly possessions anyway.

**Result: Jack got his price.**

**Reason: Jack had the leverage and he knew it, which he is used to close the deal.**

*Scenario # 2:*

Jack thinks you don't have any water. You are dying of thirst. He knows there is more water one mile away, but you don't. You will surely die if you don't have water. He asks for half of your worldly possessions. You try to negotiate and end up paying half your worldly possessions.

**Result: Jack got his price.**

**Reason: Jack had perceived leverage because you think he may be your only chance for water even though there is more water in just another mile.**

## *Scenario # 3:*

Jack thinks you don't have any water. You don't have water and are actually dying of thirst, but you tell Jack you are an investor and have brought tons of water with you. In fact, you are thinking about digging for water within a mile radius of his area. You know it is profitable and you plan to set up a competing operation. You tell Jack if he has some extra water that he wants to get rid of at a cheap price, you may be interested. You end up getting a couple of barrels of water for a few dollars.

**Result: You got your price!**

**Reason: Jack lost his leverage (and you actually gained some leverage).**

If you are going to get a great deal, you must understand leverage, what contributes to leverage, how to get it, how to keep it, and how to gain the leverage advantage.

Here are the areas that contribute to your advantage or loss of advantage:

- Competition: whether or not you are the only game in town
- other options: if you have media support
- a negative press profile: social proof
- coolness and unresponsiveness good rapport
- one style of negotiation--flexibility
- too analytical understanding motivation
- loss of control balance
- rely on opponent's story being prepared (knowing truth)
- no research personal power (bluff)
- limited question asking/information minimize opponent's advantage
- bad body language
- agree with opponent's advantage



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All of these add or subtract from your leverage. Fundamentally, there is only one question you need to ask that will determine who has the actual leverage.

Who needs the deal the least? The person who needs the deal the least has the leverage or the power because if they walk away from the deal they have not lost anything. The next question is also important. Do they know it? If they don't know that they have the power, then use the situation to your advantage.

A couple of additional questions you will want to ask yourself are:

What can I do to reduce their leverage? What can I do to increase my leverage?

How do I create uncertainty in my opponent's mind about his/her known/perceived advantage? (A good attack is always effective.)

Ultimately, all negotiation comes down to: Who has the perceived leverage--notice the word perceived? Many great deals have been closed based on a bad bargaining position. The negotiator(s) who knows how to increase their leverage can reduce the impact of the opposition.

All tactics and strategies must be used to reduce your opponent's position/leverage and improve yours. Personal attacks, withdrawal, exploiting and negative press are all intended to reduce your power and leverage. The greatest leverage in negotiation is to bargain from strength. Strangely enough, the greatest strength, the greatest power you have in the negotiation is the person who gives the appearance of not needing the business or the deal.

The person who values the business the least, gets the best deal! By the way, this is true in negotiation, but it also is true in personal relationships. Think about it for a minute. Most of us have been in a relationship where we were the chaser, the person doing anything to keep the relationship alive—all the work, all the building, and all the

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worrying! In that personal relationship, just like in negotiation, the other person is in control. The other person has the power!

To take control of all negotiation (even a romantic one), don't give the impression you need or must have the business. If you do, someone else has the power. Make sure you give the impression you would like the business, but never that you need the business.

Here's a script to begin your negotiating session.

"I really appreciate you being here. I know how busy your schedule is. I anticipate these negotiations will go well and we should conclude this in "X" (deadline). You know I really believe in the win/win philosophy, so I trust we will be open and fair with each other.

Before we begin, would you mind if I ask a few questions to get a clearer understanding of your company? If we are going to do business, I want to make sure your company is the right one for me, since there are so many out there to choose from."

Start asking background questions.

Give the person respect, open the situation for a win/win session and imply you don't need them. In most cases, the opponent is fairly open at this point.

Here are some key suggestions for evaluation of leverage:

- Assume they need you and that you don't need them--even if you should be begging for the business.
- Never bring up your weak points. Be prepared to address them, but never bring them up. Who says they know what your weaknesses are and the last thing you want to do is tell them!
- Be sure you tell them why they need you (e.g., company benefits, your skills, the deal's impact).
- Tell them the multiple options available to you.
- Use all the tactics in this section. All of them are designed to help you gain the leverage.

## Planning Concessions and Options

Having planned your concessions or compromises, you must now use them. You must know the sequence of your concessions. More importantly, you must know their individual value, that is, the value in terms of cost to your position and the value of the concession to your opponent. Your ability to understand the value of the concession to your opponent and to you will allow you to play the concession game. The first step is to understand what each concession is worth.

**Value:** You need to establish a dollar value of the concession. (What is the cost to you? What is the value to them?)

**Importance:** Use a three-part importance test: important, average, and not important to you (or your side). Do the same for them.

Obviously, your sequence of concession planning would be from least expensive (not important) to most expensive (important). Do not assume that what is most important to you is most important to your opponent. Use question techniques, research, and test questions to probe and uncover the importance of each concession to your opponent.

Understanding the value of your concessions, their cost, and interchangeability will allow you to think quickly on your feet. Do not forget your preparation for the negotiation and knowing what you are going to ask for in return for a concession on your part.

## **Language to Help Concession Reciprocation**

If I was to concede that point, what could I get in return?

I could only give you that if we did ...

I really cannot do that unless I get “X” in return.

Everything is negotiable; what would we get in lieu of that concession?

What is my incentive to do that?

How does this benefit to me?

Our side would have to get “X” to make this work.

## **Impasse Skills**

Occasionally you will reach an impasse—a point where neither one of you is budging and the deal is in jeopardy of not happening. The point where you aren’t ready or willing to make any more concessions or they aren’t either. What do you do? First, let some time pass. See if it’s a bluff or a real problem.

Second, consider any of the following options to get the ball rolling again:

Give a minor concession and then stop. Do not give back-to-back concessions. See if they bite on the first one.

Pass on information. Keep the rapport open and communication continuing. You never know what could change.

Change out the negotiator. Maybe it’s not the strategy or position but the style of the negotiator.

Find a sympathetic ear in the opponent’s camp and begin influencing the decision-maker’s sounding boards.

Use your boss. Use escalating authority.

Change anything. Have some type of excuse to start again.

Make the claim, “Things have changed.”

Brainstorm with associates.

In short-term impasses or when you don't agree with someone's opinion in a negotiation session, use the turnaround strategy. To understand this strategy, you need to understand human behavior. When people or their possessions are attacked, they become defensive. Then they often attack back and become aggressive. You can explain the process through the basic primal urges--the fight-or-flight response. When it happens, people lose their flexibility and open-mindedness, the characteristics that are useful in negotiation. Turnaround strategy is based on the philosophy of Judo--the gentle way. Take an opponent's energy and redirect it or minimize its effect.

## **Turnaround Strategy**

Decrease the likelihood of a defensive response and keep the discussion open. Here are several phrases you can use prior to attacking their idea.

- I appreciate your input. There may be another way of looking at the situation, for example ...
- I respect your opinion and ...
- I agree and ...
- I see how that is important and ...
- I can imagine that is important to you and ...
- Your opinion is important and ...

Positioning acknowledgment prior to stating your opinion makes your opponent feel like you are listening and that you respect his/her position. A straight attack will automatically create a defensive position. Make sure your opponent is listening to your position too. If your opponent's mind is closed, you will never get your position accepted.



## **Stage 4: Agreement of the Deal**

Signing an agreement can be the most pleasurable or the worst experience of your life. To make sure it a pleasurable experience, be sure you follow the golden rules.

## **Keep Lawyers Out of Your Negotiations**

Lawyers get paid to protect their clients. Often they will be deal breakers and in the process you'll spend a lot of cash to pay for their services. Deal directly with the client rather than deal with their lawyers or having your lawyers deal with their lawyers. Only have the lawyers join you in the negotiation process after an agreement has been reached. Explain what the terms of the agreement are to the lawyers and then give the lawyers a deadline to have the legal agreements completed.

If your opponents want a lawyer involved, do one of two things:

- Be sure the lawyer is present during the negotiation and discussions, and confirm with the lawyer each of the negotiated points directly to make sure everyone is on the same page.
- Put a clause in the contract/agreement that says "Subject to review by X's attorneys for legality only" meaning that the lawyer is not in the position to negotiate and only has the power to draw up the legal contract.

## **Power of Legitimacy**

Keep your agreements and contracts in electronic format. Why? There is a natural tendency in our society to accept the printed word. If the material looks standard, it is more readily accepted. We question handwritten statements or contracts, but printed contracts and agreements seem run of the mill, so we skip over the printed material and focus on the handwritten parts of the contract. Think about real estate offers. We tend to skip over the printed text and critically examine the handwritten text for deadlines for getting mortgage financing, getting an inspection, getting an appraisal, and closing on the property.

For example, a group of sales people sold cable television to hotels, businesses, condominiums, apartment complexes, and large association complexes. For several months a number of deals were hung up in negotiation with lawyers and clients arguing about each point in the contract. Clients were told a contract would be tailored to their needs. The contracts were all different and looked like they just came off a word processor (not very official-looking). When the contracts were examined, common and necessary elements were located. The company decided on what was negotiable (discounted price, a break on installation and a service contract). Only those spaces were left blank on the contract.

A rate chart of the three negotiable items was created based on the length of the contract and the number of outlets (number of people getting service). Rather than negotiate the rates or discounts, the sales person simply pointed to the rate chart and indicated which one the client qualified for. All the information was placed on two-sided N.C.R. paper (four copies). You would not believe what happened. The negotiation dropped from several months to an average of 45 days. Also, there was less negotiation on price. Clients just looked at the rate chart and agreed. The printed word is magic, if used correctly.

## **Introduce the Mechanics of the Agreement Early**

Introduce the paper flow, work orders, and how the process works as early as possible in the game. Do not go over it in detail. Simply state, “When we reach an agreement we will need to OK this (holding the agreement in your hand) paperwork.”

## **Beware of Surprises at the Last Minute**

Some negotiators realize that once the deal is signed, sealed, and ready to be delivered, people’s guards are down, so they slip in one more concession or benefit. Beware of the surprise in the contract or the statement, “I know we agreed but we would like ...” What they are doing is hoping you value the deal more than that last little



concession. Most people will agree to the deal. Do not fall into the trap. Say NO! See what happens. In 99% of the cases, the deal will go through as originally proposed.

## **Finalize Immediately**

More deals have been lost through inaction than taking the wrong actions. Once you come to an agreement on the deal, get the paperwork done as quickly as possible. Do not wait an hour, a day, or a week. Be prepared with the agreement before you step foot in the meeting. Assume you are going to close the deal and strike while the iron is red hot. Waiting gives your opponent too much time to think of why he/she should not do the deal. Most people mismatch their ideas and agreements. Do not give them an opportunity to escape from the agreement. Get the signature and paperwork out of the way quickly. In addition, you need to position the finalization of paperwork correctly. Remember that time kills all deals.

Here are a couple of positioning statements and also statements to avoid.

## **Position Statements to Avoid**

- OK the papers
- Sign the contract
- Write out names on the paperwork
- Authorize the agreement
- Our deal
- Sale
- Invest in the program
- Buy



## Stage 5: Post Activity: See how you did

After finalization, you should always review your negotiation process. See if you could have done it better, and how your skills could be refined.

Here is a checklist to use to analyze your performance:

## **Post-Analysis Questions**

- Was I prepared?
- Did I know the value of the elements of the negotiation?
- Did I plan my concessions?
- Were there other influencing factors I could have used to my advantage?
- Was the negotiation comfortable?
- Did I build a strong rapport?
- How could I have made them feel more at ease?
- Did I meet my goals?
- Was it a fair deal?
- Where did I have trouble?
- What can I do next time to avoid trouble?
- Could I have gotten a better deal?
- What would I do differently the next time?

Ask the opposition a question to see if you could have gotten a better deal.

### *Examples:*

- Now that the negotiation is all done, were you serious about walking away?
- If I had been a little more aggressive could I have . . . ?
- How far would you have gone down?
- I am still pretty new to negotiation, what could I have done differently ... was there more I could have gotten?

## **Negotiation Philosophy**

The styles of negotiation are important to understand. There are two basic styles:

***Win/Win Style***

***Win/Lose Style***

As a result, there are three combinations of negotiation possibilities. Understanding the dynamics of these possible combinations will greatly help increase percentage of your winnings. First, let's look at the two styles (win/win and win/lose). Next, we will look at what happens with each of the three combinations.



## **Win/Win Strategy**

The fundamental belief system of the win/win philosophy is that both negotiating parties get a fair deal they can live with and accept. Both parties win in the negotiation process.

You can tell win/win negotiators by the following characteristics:

- Realistic in their opening positions
- Open in sharing information
- Courteous and respectful to you
- Make you feel comfortable in the negotiation process

- Ask you a lot of questions and want to understand your needs, desires and wants and want to make sure that you understand theirs
- Tend to be warm, responsive, and personable
- Seem to be fair, trustworthy, and ethical
- Non-threatening in their approach
- Fair in their approach to negotiating
- Spend the time building a strong relationship with you
- Keep in touch with you on a regular basis
- Are factual

## **Win/Lose Strategy**

The fundamental belief system of the win/lose philosophy is that there is a winner and a loser in the negotiation, a need to maximize position without consideration for the other party. One person wins and the other loses. You can tell win/lose negotiators by the following characteristics:

- Unrealistic in their opening positions
- Never share any information
- Treat you badly
- Like to make you feel uncomfortable
  
- Ask a lot of self-serving questions without any regard to how the deal affects you
- Do not care about your needs and desires
- Tend to be cold and calculating
- Seen as untrustworthy, seedy and unethical
- Always want the best deal for them and do not care about you
  - Do not care if they ever see you again
- Are dominating, attacking and forceful
- May stretch the facts or tell untruths

## Negotiation Style

In previous decades, labor and management often used the win/lose negotiation strategy. It was not uncommon to hear the following types of statements:

Labor: “If we do not get a 15% increase, we will shut this company down by walking out.”

Management: “We will lock you out and bring in some new staff. You're easily replaced. There are hundreds of available people lined up just waiting for your job.”

Often those types of negotiation were filled with personal attacks, rigid positions, and only a one-sided approach. It is my way or the highway mentality. In most cases, these groups do end up with a deal and it can be a good deal for each group involved, but in many cases, these types of negotiations end in stalemates and there is a lot of down-time, wasted opportunity, and frustration involved.

The point is that the win/lose negotiation approach can be effective but may not be preferred. A win/lose negotiation style is best used in short-term relationships where there is no repeat business and a long-term relationship is not important. It is not as effective in long-term negotiations and repeat business relationships.

Win/win styles are often preferred because they tend to result in favorable deals for both parties and build long-term relationships. It makes the next negotiation session easier. It is important to note that there are effective win/win negotiations and poor win/win negotiations.

The answer to the question “Which is the better style?” if both styles can be effective. The real questions are:

- Which style do you feel comfortable with?

- Are you trying to build a long-term relationship?
- What style is your opponent using?

If you use a win/win style with a win/lose negotiator, you could lose your shirt.

No matter which style you use, you must ensure that you are effective! Find below a list of qualities and characteristics of effective and ineffective negotiators within each style.

## **Effective Win/Win Negotiators**

- Fair-minded in their opening position
- Realistic expectations
- Build strong rapport and are open-minded
- Ask pertinent questions
- Responsive and personable
- Non-threatening, treat you with respect
- Factual and forthright, do not try to hide truth
- Carefully share information
- Ethical, honest and trustworthy
- Tactful, concerned with self-image of opponent
- Self-controlled, keeps emotions out of the negotiations
- Courteous
- Planned concession and timing
- Planned flexibility

## **Ineffective Win/Win Negotiators**

- Work in favor of the other party
- Give too much to the opponent
- Spend too much time on the relationship
- Ask irrelevant questions
- Obliging and forgiving
- Too patient and gentle



- Too factual—the book is open
- Give all information about position—aren't selective
- Pride in intellect
- Too much socialism
- Too self-controlled—never show any emotion
- Subservient
- Give in easily—need to “hold out” more often
- Extremely flexible

## **Win/Lose Negotiations**

### **Effective Win/Lose Negotiators**

- Aggressive opening position
- Forceful and controlling
- Use threats in positioning deal
- Stretch the facts
- Rigid strategy
- Attacking and dominating
- Gradually reveal information
- Uncooperative
- Assertive and persistent
- Limited movement or concession
- Applies consistent pressure
- Reluctantly and occasionally “repositions”
- Some flexibility

### **Ineffective Win/Lose Negotiators**

- Unrealistic opening position/too one-sided
- Demanding/often intimidating
- Hostile and quarrelsome

Bluff and lie

Intolerant of opponent's concerns/short conversations

Take it or leave it approach

No information at all, gives nothing to opponent

Irritating and argumentative

Egotistical and headstrong

No concession(s) planned or given

Over-applies pressure

Never retreat or give in

No flexibility

## Sources of Power

Who is in control? Who has established the leverage? Who needs the product or service more? What information can you use? Who has the power?

The power in negotiations is a combination of leverage, tactics, communication and personal style. The following are the keys to personal power in negotiations:

- Knowing personal expectations
- Understanding your opponent
- Never needing the deal
- Being the only game in town
- Developing social proof
- Ensuring personal flexibility
- Building rapport
- Identifying personal motivation
- Maintaining emotional balance
- Maximizing knowledge
- Creating pressure
- Knowing Personal Expectations

Those who expect more, get more. It's simple, but also important to remember this fact. Your personal expectations, more than any one skill or tactic, will influence the outcome of the negotiation. Have strong convictions about the outcome. Expect more out of each negotiation. Ask yourself these questions:

- What do I expect?
- Could I get more out of the negotiation?
- What's the best deal for our side?
- How do I make my challenges into a benefit? (If the price is high compared to the competition, why is that good?)
- Is there another benefit I can ask for?

## **Understanding Your Opponent**

Good negotiators understand people. They know what motivates them, what drives them, when to put on the pressure and when to back-off. You must understand social styles and negotiation philosophy. Most of all, you must be versatile and willing to change your approach to match your opponent.

## **Never Needing the Deal**

Keep remembering that the person who needs the deal the least wins. Your greatest, most powerful leverage is your ability to walk away from the deal at any given point. Now, if you can't walk away, you've got to give the appearance that you don't need the deal. Often, that means controlling your emotions of panic, fear, eagerness, or worry. Don't let them rule your business decision. Stay in control of making your own decision. Desire the deal, want it, but never make the deal your master.

## **Being the Only Game in Town**

If you are the only game in town, you have increased your leverage position. The law of supply and demand indicates you can demand more. If you can set yourself apart from the competition, you'll gain the leverage. Make yourself distinct and the only supplier, if possible.

## **Developing Social Proof**

The greater the social proof, the more leverage your company or product will have in negotiation. Spend time collecting testimonial letters, statistical validation, and positive media exposure for your product or service. Social acceptance is a powerful tool to use in the negotiation process. Everybody likes to be part of the group or the team and doesn't want to be left behind. It's the bandwagon approach—everyone else is doing it, so jump on the bandwagon now so you don't get left behind.

## **Ensuring Personal Flexibility**

Increased flexibility of the negotiator dictates an increase in the leverage position. Being able to change your position, create options, and entertain several strategies or options helps to create a better leverage position for you.

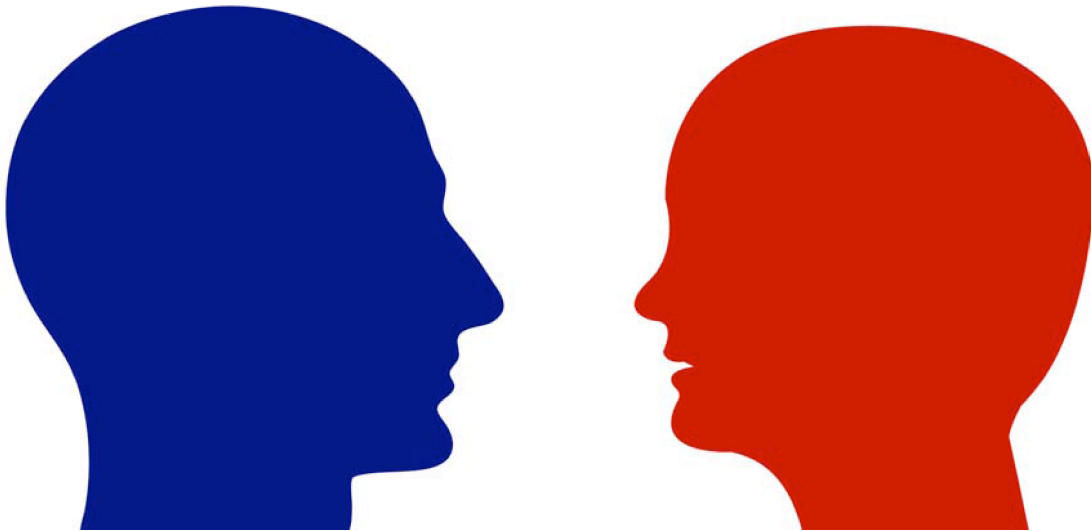
## **Building Rapport**

It is hard to pressure someone you like! Building rapport with your opponents will make it easier to discuss difficult issues, get an honest response, and lead to better end-results. Sometimes, you'll get what you want strictly because the individual likes you—a powerful leverage point. People give in to people they like but will fight to the death to keep from giving in to someone they dislike. Work on the relationship. It is worth the effort.

## **Identifying Personal Motivation**

To increase your leverage position, learn what motivates your opponent. What turns them on? What gets them excited? What upsets them? What are their hot buttons? Is it success? Is it being in control or having the power? Is it their relationships? Is it their

experiences? Is prestige what motivates them? If you can link your negotiations to appealing motivators, you gain the leverage.



## **Maintaining Emotional Balance**

Maintaining your emotional balance during negotiations will add to your leverage position. Good negotiators remain in control of their emotions while poor negotiators get emotionally involved in the process. The emotional pressure affects their judgment, decision making, and causes them to make mistakes. Stay calm, cool, and in control. Practice relaxation techniques if you have to in order to learn how to control your emotions.

## **Maximizing Knowledge**

Knowledge is power so the greater your perception, the more you know about your opponent's position and options, and the better your leverage. When you are preparing

for the negotiations, make sure to spend the time researching your position, but also your opponent's position.

## **Creating Pressure**

Creating pressure in your opponent and reducing your own pressure adds to your leverage position. Time pressure, needs pressure, motivation pressure like deadlines, bad consequences, and demands all give you a better leverage position, allowing you to get a better deal to reduce your opponent's power.

### **a. Competition**

Make a point of letting the opposing negotiator know about all the competition—how good they are, how much they are willing to work with you. It drops the price and saves you money immediately. The threat of signing up with a competitor is very powerful in reducing your opponent's leverage.

### **b. Social proof**

Any media or social proof (testimonial, customer letters) that is negative reduces the leverage position. Find your opponent's disgruntled customers, bad press, and poor reports—it helps in the negotiation process.

### **c. Stay focused on one strategy**

Limiting their flexibility limits their leverage. Keep them on one task. Don't allow them to change options.

### **d. Limit social involvement**

It is easy to pressure someone who is not a friend or someone you like. Don't allow the opponent to get close to you personally.

### **e. Motivation**

Find out everything you can about your opponent's motivation, but don't express what motivates you. You might go to your opponent's office to find out what motivates him/her through visual clues. The next time you have a meeting, hold it in a conference room in your office, so you don't provide any clues to your own motivators.

**f. Get your opponent emotional**

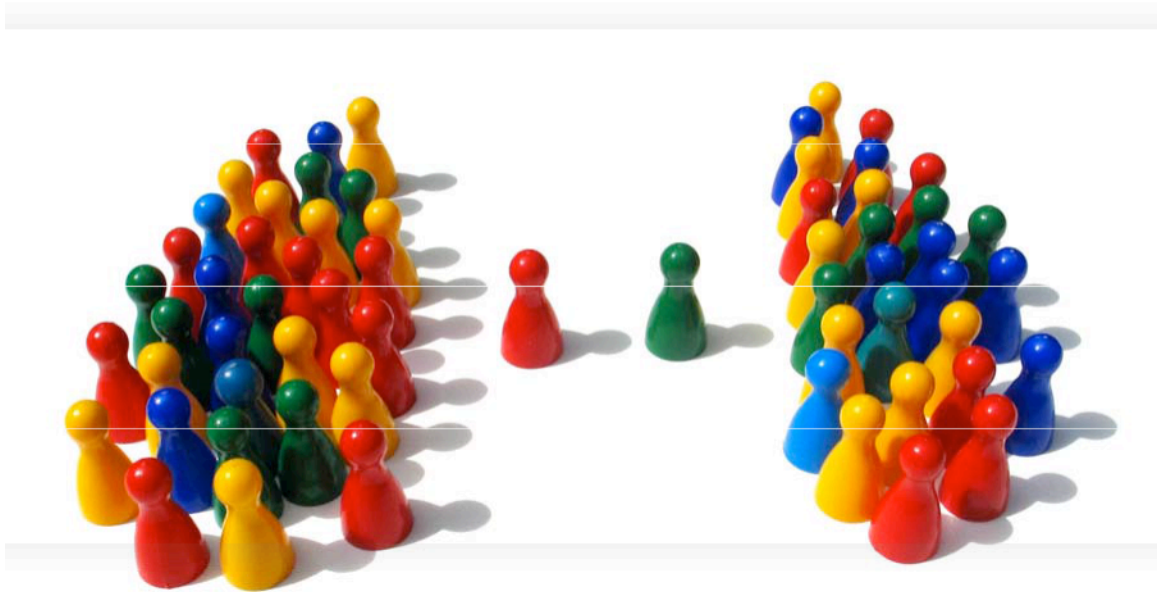
High levels of emotion, negative or positive, will alter or cloud judgment. Plan tactics that bring out the worst in your opponent. You'll gain in the leverage department.

**g. Information**

Get as much information about your opponents as possible, but don't give any to them. Play your cards close to the vest.

**h. Increase pressure**

Increase pressure on them and reduce the pressure on yourself.



## Thirty Negotiation Strategies and Tactics for Success

Here are 30 tips and tricks you can use to strategize a successful negotiation



## 1. Good Guy/Bad Guy

One of the oldest tactics in negotiation is the good guy/bad guy routine. It can be done when you have two negotiators—a team of negotiators. One negotiator acts overbearing, aggressive and pressuring while the other acts compassionate, flexible, and open. They take turns negotiating with the opponent. Often the good guy acts as if he is on your team. Another version of this strategy is the indication there is a bad guy, but there really is not.

You will hear comments like:

- “The manager will never go for that.”
- “My financial partner says we cannot do that.”
- “I am on your side, but the company will never allow us to do that.”

You may want to request to meet the bad guy. If they exist, they'll show up; if they don't, you will hear some fast backtracking or excuses.

## 2. What If?

If you are interested in reducing the other side's position, you may want to concentrate on the “what if” question. It is very powerful in uncovering the bottom line. For example, if you are trying to purchase one unit, ask “What if I bought 2, 5, 25, 50? What kind of discount will I get?” This helps you to determine your opponent's margin of profit. If, at 50 units, you get a 25% discount, you know they are still making money, so go for two units at the 25% discount.

## 3. Exposed Information

You're sitting in the buyer's office. All of a sudden, he excuses himself. You're looking around the room picking up clues as to the type of person the buyer might be. On the desk you notice a quote from the competition, the price is highlighted in bright pink.

Also, there is a yellow notepad next to the quote with some notes. You see your company's name on a note:

- Good company
- Great service
- The price has to be \$1.07 per unit for us to do the deal

The buyer comes back in and shuffles the papers. After a short conversation, you, without being asked, drop your price to \$1.07.

#### **4. Bogey**

The bogey works on the theory of legitimacy. The negotiator will refer to some document, budget, or expense account. They say, "The budget is only \$100,000. That is the maximum we have to work with." Even though they could spend more if the value was shown, but because the amount is in print they believe the figure to be inflexible.

#### **5. The Eleventh Hour Squeeze**

Eighty percent of the concessions in negotiation will come in the remaining 20% of the time available before a deadline—at the last minute or in the eleventh hour. The pressure to give more concessions as the deadline approaches is consistent in all negotiations. The better you manage yourself during the last few days, hours or minutes, the better the deal you will receive.

Here are some suggestions:

- Know your opponent's deadline and what their pressures are.
- Confirm the deadline as true; fake deadlines are often used.
- Do not reveal your deadlines to your opponent, if possible.
- Know who has the leverage position as you come closer to the deadline.
- Do not get emotional. Panic has ruined more than one deal.
- Do not give more concessions as the deadline approaches.

## 6. Fait Accompli

Fait Accompli is the strategy of assuming a discount, add-on or additional concession after the negotiations are complete. The negotiator just took one more piece of the pie. If you are good, you won't let it happen. If you let it happen, it will happen again and again. You just spent three months negotiating a complex and time-consuming deal. The company sends you the check, minus a 2% early payment discount. Do you take the check for 98%? Most people will. They will not even ask for the 2%. They just accept the discount. If it happens to you, ask for your 2% or give them 98% of the product.

## 7. The Stall

The stall is a great tactic if you have the leverage position, or if you know the other team is under pressure. Just keep putting them off or stalling them. The pressure will build for your opponent, which increases your leverage position. During an actual negotiation, the stall can be effective in giving you breathing room, creating pressure on your opponent, or evaluating your opponent's position.

Common stall tactics are:

- Refusing to answer questions until later in the discussion.
- Adding information or considerations into the discussion that are not important.
- Asking for time to access information.
- Belaboring a point that is not important.
- Asking for proof of their position (reports, statistics or data).
- Negotiating a non-negotiable point for hours.

## 8. Salami

If you are trying to negotiate a big deal, break it down into a series of smaller pieces. People do not mind giving up a little piece of salami at a time. They hate to give you the whole salami. The same holds true for anything. Keep asking for all the little pieces and eat it one slice at a time.

## 9. Bait and Hook

The bait is usually a key benefit, need, or point in the negotiation. “Yes, we can do that. We’ll work out the rest of the details later.” The bait often happens when there are multiple suppliers.

The fisher hooks you with the bait, gets rid of the competition, and then plays you on all of the other negotiable points. They know that once you have taken the bait, you are not very likely to get off the hook. The best defense is to ensure you get a complete understanding of all the negotiable items and ask for a complete proposal that includes all of the details.

## 10. Withdrawal

Withdrawal from the negotiations is a confrontational strategy. It indicates to your opponent you do not need them and creates more pressure on them to find a way to give you what you want so that the deal can close. A good negotiator’s response is to pay, wait and see. A poor negotiator who charges after the individual who withdrew is guaranteed to lose money.

For example, you sign a contract on the purchase of a home, with a contingency upon it passing inspection. When the home inspector finishes the inspection of the home, he tells you that the addition that was built on to the home does not have a permit and there isn’t an air vent going into the addition for the air conditioning and heating unit to pump air into the addition. It’ll cost you thousands of dollars to bring the addition up to code and you are already paying more than you can afford on the purchase price of the home, so you walk away from the deal.

The seller of the home comes back with an offer that he’ll knock the amount of money it is going to take to bring the house up to code off the purchase price of house or he’ll pay for the corrections himself. In this case, the withdrawal technique landed you the

home you wanted to buy and corrected the code problem so that you could proceed with the purchase.

## 11. Crunch

Another confrontation strategy is the crunch. It is not good for long-term relationships, but is effective in short-term relationships. You simply state your terms, conditions, and position and then tell them to take it or leave it.

It is often followed with statements like:

- “This is your only chance for business.”
- “If you do not, we will never do business together.”
- “That is the best you will get.”
- “Do not bother to call if you cannot beat this price.”

## 12. Distraction

The distraction tactic is a form of deception. The player picks an unimportant or less than important negotiation point that they know they cannot receive. It may be non-negotiable because the demand is completely unreasonable. The negotiator harps on the point and demands satisfaction. He/she never moves off the topic. Then, at the last minute, he/she trades the point for many other concessions. Because you could not give them anything on the original point, you feel obligated to give more on the other or many concessions they follow up with.

The conversation usually goes something like:

"Beth, you know how important it is that we get one-hour repair service (unimportant point). We must have that level of service to make the deal work, but we also know your company's limitations. We would be prepared to lessen our request if we can get "X, Y, and Z."

## 13. Limited Authority

You enter the negotiation ready to bargain and to strike a good deal. The player across from you knows his material, covers all the bases, but does not seem to be able to approve anything. He doesn't have the authority to make a decision because you keep hearing statements like:

- "I'll have to get back to you on that."
- "Let's review that later."
- "It looks OK, but I will have to get approval."
- "You are right on, but we will need to check on it first."

This is called limited authority. The person may or may not have the authority to agree to the deal but always postpones the final agreement. However, he/she asks a lot of questions and agrees to everything that is favorable to their position. The first time you hear, "I need to check on it," ask with whom and when. Stop negotiating until you have that individual in the room or have an agreement that the current negotiator has the authority to make decisions on all of the negotiation points.

## 14. Increasing Authority

You are negotiating with a small business. Two brothers own the firm; one is the president, the other the vice president. Jim, the vice president, takes you into the boardroom. You negotiate for two hours. You are a little tired, but it is a good deal. Just before you are ready to go Jim says, "Well, I agree with the deal, but Tom (the president) will have to sign off on the program, I'll just go get him."

Twenty minutes later Tom walks in, looks at the deal and says, "Well, this is a good starting point, let's go to work." Another hour later Tom walks out with a great deal and you with a marginal one. Know upfront if there are any other players involved. Only negotiate once with all of the players involved.

## 15. Surprise

Surprises can really throw a monkey wrench into the negotiation process. The agent you have been working with tells you another person will be taking over the negotiation. The rational nice guy you have been working with turns into a Mr. Hyde. No one will return your phone calls. All of a sudden, your client has asked for two times the discount or they will change companies—you will lose their business. They moved the meeting you had scheduled with them without telling you or they tell you of the change at the last minute (ensuring you will be late). Surprise! It is an interesting tactic. The surprise tactic often throws the opponent off balance, affects them emotionally, and makes them more acceptable to influence because their guard is down.

## 16. Use Body Language

You must learn to react, whenever a proposed strategy or tactic is used in negotiation. I mean act! Realize that your counterpart will be watching for your response. A painful look or response goes a long way in the negotiation process. Shaking your head in response to a positioning statement weakens its effect. React to everything that is said. Body language can be instrumental in evaluating how your presentation is going, if your points are being accepted, and when it's the right time to close the sale.

Remember, body actions and gestures are not an exact science, but they offer helpful hints. When you think about evaluating people, you must take into account not just the body, but the voice and eyes (the window to the soul).

Certainly analyzing your customer will help you, but more importantly consider your own body language. Does your voice break in the middle of your pitch? Do you look nervous when you talk about price?

# SMART NEGOTIATION

Find below common body language patterns and their interpretation.

**Steeple hands (fingertips touching to make a tent-like structure):** Demonstrates confidence and support.

**Wagging fingers:** Disagreement and negative impression of what was said.

**Pointing fingers:** Strong negative emotions, hostile and aggressive.

**Pointing pen:** Aggressive behavior and strength.

**Hands on hips:** A sense of confidence, strong belief and self-esteem.

**Rubbing hands:** In charge, in control and comfortable.

**Lean back on hands behind head:** Relaxation, comfort and pleasure.

**Lean far back with arms crossed:** Disagreement, lack of interest or frustration.

**Chewing pencil (fingers):** Nervous, excitement.

**Hand over mouth:** Hiding poor self-esteem or embarrassment.

**Tapping pencil or fingers:** Nervous or anxious.

**Leaning forward:** Interest, acceptance and agreement.

**Edge of chair:** About to take action and acceptance of ideas.

**Tapping of feet:** Impatience, boredom or uneasy.



**Rubbing nose:** Doubt of what has been said.

**Arms crossed:** Means show me or I'm listening. Sometimes a defensive position if coupled with leaning back.

**Vertical handshake:** Normal up-and-down handshake. Indicates equal footing or balance of self-esteem.

**Palm-up handshake:** Subservient relationship. Low self-esteem.

**Palm-Down handshake:** Indicates dominance, power, and strength.

**Hands direct to the chest:** Implies honesty and integrity.

**Hand tilted back:** Projects anger and hostility.

**Body turned to one side:** Avoidance, disagreement and lack of interest.

**Tilted head:** Interest, listening and acceptance.

Everyone is a walking billboard of their thoughts and emotions. Learn how to read the billboard effectively and your closing percentages will increase dramatically. Learn to master powerful, strong, confident, and tasteful gestures of your own during your presentation and your sales will go through the roof.

## 17. Give Them the Monkey

Have you ever noticed that when people tell you their problems, you feel compelled to solve them or help them? In the negotiation process, the compulsion to help someone can be quite disarming—it can be a powerful tactic. Whenever your opponent gives you something or positions how their product or service will help you, demonstrate to them

how the “solution” will cause you problems. Automatically, you take away their leverage and invite them onto your side. For example, “That will cause us “X” ... how could we solve that? How could we help?” By the way, to disarm this tactic, ask how important that problem is.

## **18. Trade-Offs**

In any negotiation, when you are asked for a concession, immediately ask for something in return. An excellent positioning statement is to say, “If I let you have that item, will you ‘X’ ?” “X” can be anything you need or purchase today. Buy the next one at retail price, take two instead of one, or relax the delivery terms. Always ask for an item of consideration in return. Even if it is not a big concession (i.e., you would gladly give it up) for you, make it seem like it is.

## **19. Delay Concession Acknowledgement**

If you make the concession process hard, it takes a long time and delays the process. You can use this to your advantage and get them to stop asking you for more. If you make the concession process cumbersome, allow it to create pressure or any unpleasantness, most people will stop asking. Let's say you ask for the refrigerator to be included in the purchase of a house. After 45 minutes of listening to how important the unit was, its history with the family, how the new place didn't have one so they need to take it with them, and all the work the owner would have to do to replace the unit, you won't ask for the other five items you wanted. After all, you don't want to be there for five more hours.

## **20. The Printed Word**

Realize that anything in writing is the law, or at least it seems like it is. If you can put your negotiation in writing, people will believe the numbers, statistics, matrix, etc., that you are telling them. Refer back to example on cable television presented earlier to reconfirm that this tactic works.

## 21. Negotiate Prior to Delivery

Your bargaining position is dramatically reduced once the service is rendered or the product is delivered. Never provide the service or the product until the deal is struck. To deliver a product or service prior to the agreement being executed only destroys your leverage position and your ability to bargain and you'll never be able to regain the position when they have your product or service already in their hands.

## 22. Puppy Dog

If you hold the dog, you own it. Most businesses know if you try the service or product, you most likely will not give it back. This is why so many offers include a free 30-day trial. You have to realize that if you use this strategy, there could be some risk involved. Be sure you tie up the deal prior to delivery with terms like you get the puppy dog, but only if you agree to the post-test period terms.

## 23. Mismatch Peak Performance Time

Some people are morning people and they work at their When is your personal peak performance? Are you a morning person? Afternoon? Or evening? Realize we all have peak performance hours. You will want to know yours and your opponent's. Attempt to match your best against their worst performance time. If you are an evening person and your opponent is a morning person, negotiate in the evening. In your discovery stage, be sure to ask questions to find out about this information.

For example:

- "I'm a little groggy in the morning, how about you?"
- "When is the best time for us to meet?" (Don't meet at that time.)
- "Are you a morning person?"
- "When do you do your best work?"

Defense: Don't let people know when you function best. Give them false information.

## 24. Stalling

Your refusal to do business, delaying the process, or ignoring the business, often creates a greater leverage position for you in the negotiation process. The Russians, for example, were famous for their skills in the disarmament talks using the stalling tactic. Often, it was an effective strategy. In the western world, we wondered and speculated, "Why are they stalling? Are they interested or not? Do they have another deal going? Why would they not negotiate?"

"*The stall*" has three key functions:

- It creates pressure—especially if deadlines are approaching.
  - It often means very little information is available, therefore, the other side speculates like crazy, often thinking the worst.
  - It gives the appearance of a lack of interest. Remember, the person who wants the deal the most, has the least leverage or is at a disadvantage.

If you want to use the stall tactic, consider the following actions:

- Don't give the answers to questions. Say, "We'll get back to that later."
- Leave the discussion regularly. Get interrupted.
- Don't immediately return phone calls or have a subordinate return them.
  - Ask cumbersome or time-consuming questions (e.g., detailed statistical reviews, research, company history, long revisions of how we got to this point).

If you are on the defensive side of this tactic, it is important that you realize this is a tactic and simply ignore it. Play the same waiting game. Confront the issue. Have a frank discussion that you know what they are trying to do and suggest it will not change the negotiation processor the end result.

## 25. Saving Face

The self-concept in negotiation should also be taken into consideration during the negotiation process. Most negotiators, no matter how seasoned they are, need to feel good and look good in the negotiation process. Somehow, you must let your challengers feel good about what they have negotiated. If your opponent feels bad about the deal, they could easily pull out or hold it against you until the next time—causing a loss of future business and damage to your business relationship.

Make your opponent earn every concession they ask for. Don't be too proud of your position or your wins. Never gloat. Be sure, during the negotiations, to let your challenger know how good they are, how they are getting the best deal. If your opponent needs to give a big concession to you, give them something, no matter how small in return. Even an acknowledgement, "You saved the deal," "You are the hero," "Excellent judgment," or "This could have destroyed our relationship if you hadn't realized its value," can work. Receiving a concession is always a reason to let the other person "save face."

## 26. Destroy Expectation

The greatest leverage in negotiations is the belief of the negotiator about what they expect out of the business deal. Your use of specific tactics to lower expectation will go a long way to getting you the best deal possible. Consider the following to lower expectations:

- Be sure they know that you know about any bad press the company has received. An excellent way to bring it up is, "I saw this ... what's the real story?" Don't look convinced when they give their explanation.
- Find out what other deals they have negotiated and find out anything you can about the terms and conditions of the deal. It helps you to see what their bottom line is.

- Attack their competence. A loss of self-confidence lowers personal expectations (e.g., ask for a new negotiator, express your discomfort with their abilities, ask for their superior).
- Tell them, with confidence and logic, what your expectation of the final deal is.
  - Be sure they know you have other options besides their company and that you would like the deal, but don't need the deal. Bring up their competition—your other options. Stall them and don't look anxious.
  - Leak information to a third party that you know will pass the information on to the company you are negotiating with that you are unhappy, dissatisfied, or angry.

If you are the defensive side of this tactic, ignore the bad press or articles, or have strong responses ready. You may even counterattack their company or position if they have had bad press, problem, or a negative position.

## **27. That's Unfair**

A number of effective negotiators will use this claim over and over again. No matter what the benefits they are receiving and the position they hold, the response will be, "That's unfair." For some reason, most people believe life has to be fair. Therefore, when a foul is called, there is an automatic reaction to be fair. If you simply add these words to your vocabulary, you will win more negotiations. Your opponent will take your side more often to make it fair. "Fair is a moral concept. In fact, what is fair to one person, is often not to another."

If you are on the defensive side of this tactic and you hear this type of language, you could also ask them why they think it is unfair. Usually, they will have a hard time justifying their position.

## **28. Wear Them Down**

If you have a teenager, you are probably the victim of the "wear the down" tactic. Your teenager wants to go out on a school night with all of their friends. You say no, but then

the team follows you around the house for an hour, providing you with all of the reasons why you should let them go. You finally can't stand it anymore and give in. Persistence pays in negotiations. No matter how many times you hear the word "no" to a concession, keep asking. No is not an option when you are in the middle of negotiating. Be persistent and go after what you want. Nine times out of ten, there is a way to get what you are asking for. Keep asking!

If you are on the defensive side of this tactic, simply say no, and then ask them for something.

## **29. Create Deadlines**

Creating deadlines in a negotiation process is an effective way to move through the process as quickly and effectively as possible. Deadlines put pressure on all of the parties involved, but use this to your advantage. First, you should be aware of your opponent's deadlines. This will tell you when is time to apply pressure and when it is time to back off.

Good questions to ask to determine what the deadlines for your opponent are:

- When would you like to finish these negotiations?
- What's the last day for this project?
- Are there deadlines?
  - Do we need to have this complete in three months or six months (any two options can be inserted here)?

In addition, if there are no deadlines, create some for some apparent reason. Most negotiations happen close to the deadline.

If you are on the defensive side of this tactic, don't accept the deadlines. Create a buffer for the actual deadline (e.g., if the deal needs to be done by Friday, tell your opponent that the deadline is Wednesday). You'll be more relaxed and in control of the situation.

Don't let your opponent know your deadlines and expect the deadlines they give you to be fake also.

### **30. Use Physical Space to Your Advantage**

Everyone, especially Americans, value their own personal space. Nobody likes for someone to get too close to them or infiltrate their personal space unless invited to do so. You can use invading someone's personal space to your advantage. It's a way of throwing them off balance. Try it the next time you are out to lunch or dinner with a friend. Start by very slowly moving all of the items on the table over to his or her side of the table. Then watch what happens. See how they react to what you are doing. Move the flowers, the pepper, the salt, your water, cup, bread plate, whatever is on the table closer to your friend. You will see the person start to become uncomfortable, nervous, and anxious. She/he may even say, "Stop that," or "What are you doing?" Invading physical space has an effect on people. Notice the effect that it has and use physical space to your advantage.

- For example, if you have a meeting in your territory it creates a dominant position for you because it is on your turf. You feel comfortable in your own environment and surroundings.
- Having a meeting in your opponent's territory puts you in a more subservient position.
- The size of the physical space can also have an affect. A larger space can give off the message of a higher status.
- Decorations, personal decorations, and furnishings
- Walls create personal territory and confidence
- Negotiation requires intimacy, therefore, a smaller meeting space creates intimacy over a larger space.
- Round tables better facilitate negotiation than square ones
- Face-to-face table meetings (square or rectangular tables) create conflict and block negotiation
- Team members interspersed among opponents alleviates the us against them feeling that may occur if you sit on one side of the table and all of your opponents sit on the other side of the table.





## **Fifty Helpful Hints to Keep in Mind During Your Negotiations**

## 1. Everything is Negotiable.

Keep an open mind about what is negotiable. You may believe retail prices in stores are the bottom line, but they are not! There are very few non-negotiable products or services. Try to negotiate and you will be surprised what you can get. Ask for an extra patty at McDonalds or free drink, request a second set of shoes at half price when you buy the first pair, you will be surprised.

## 2. When is the best time to negotiate?

Negotiate when your opponent is happy or content. They'll be less likely to give you opposition and say no than when they are unhappy or feeling discontent. When you have the advantage, all of the pressure is on them. You should also consider the actual time of the day that you negotiate. Everyone has a biological clock, a best time and an off-time to work or perform. Find their off-time and your peak time, and hopefully, they match. Never negotiate in your off-time. For example, some people are morning people. They jump out of bed ready to get right to work. Others are night-owls and work better at night. Let's say that the business you are considering buying from has office hours of 11 am-7 pm. This is a clue that they are not morning people because they don't even come into the office until around 11 am.

## 3. Know your goals

The best negotiators have specific goals and objectives. Keep them in mind and progress toward them. Write these goals and objectives down. Remember, what is in print seems like it is law, so it works to help you work toward achieving your goals and objectives if you write them out.

## 4. Keep the bottom line in mind

Forget your pride, prestige and need to be right. Remember, in negotiation only the bottom line is important. Set your personal emotions and feelings aside so that you can move toward the bottom line with a clear head. The end result is the only factor to consider. Don't let your ego, get in the way of success. I am happy to bow to you as a great negotiator, if I get my price.

## 5. Set the pace of the race

Have a game plan, a good idea of how many meetings, the format, and specific deadlines that lead toward closing the deal. A runner in a race has to set his pace so he can win. If he starts out running really fast he may run out of the breath and the energy it takes for him to finish the race—and finish the race in the lead. If he paces himself— starting out slow and easing into the race—then he has a better chance of winning. The same holds true for the negotiation process. Don't run like a racehorse out of the gate when negotiations begin. Start slowly and ease into the negotiations, always keeping your game plan in mind.

## 6. Access your opponent's philosophy

Win/win philosophy works, but not all the time. There will come a time when it is appropriate to play the win/lose game. Use the techniques discussed earlier in the book to figure out what your opponent's philosophy is and then use the words and actions that match it.

## 7. Make goals realistic

Be realistic in your goals. Have a fair opening bargaining position. Know fair market value. Being a realist in the process of negotiation will get you closer to your goal, which is closing the deal.

## 8. Begin with rapport

Rapport goes a long way. Make your opponent feel like he/she is your friend, but do not get too personally involved. Be friendly but not personal. People buy from people they like or feel a connection.

## 9. To negotiate in person or by phone?

Some people make a better impression in person while others do better over the phone. It depends on your style and level of comfort. If you are confident, understand body language, and are more of a visual person, then negotiate in person. You can get a lot of information by watching body language. If you are a little timid, lack confidence, or are more of an auditory learner then consider negotiating by phone.

## 10. **Negotiate by phone**

If you are going to negotiate by phone, be the one to make the phone call to your opponent. You pick the time of the call and make sure that you are prepared before you make the call. If they call you first, do not react. Ask if you can call them back in a few minutes or an hour, after you have had time to collect your thoughts.

## 11. **Negotiate from strength**

In person-to-person negotiation, have the meeting in your office. Home-court advantage can throw off your opponent. Often makes them uncomfortable.

## 12. **Know walk-away points**

Some of the best deals are the ones you will walk away from doing. Know your bottom line and stick to it. Don't fold under pressure.

## 13. **Do not get upset about the first offer**

The first offer made in a negotiation is usually done to test the waters. They want to see the reaction and gauge the opposition's stance. You know the law of contrast. It is simply a ploy. Do not take it personally.

## 14. **Do not get upset at the discussions**

Most of the discussions are meant to take advantage or gain the advantage. It is just part of the process. If you are getting upset, the opponent's ploys are working. Even if you are on fire on the inside, make sure that your exterior actions, expressions, voice level, and words are calm and collected. Speak matter-of-factly and avoid showing too much emotion.

## 15. **Let them make the first offer**

Do not show your cards. Keep your "ace," and try to get a look at their cards—see where they are coming from. This allows to use their position to your advantage.

## 16. **Keep asking questions**

Every meeting should make questions pop into your head. Make them give you answers to your questions. Have them provide you with more information—it gives you the advantage. The more you know, the better off you are because you know what has to be done to make the deal close. Understand the opponents position. Why do they need that? Why is the point important to them? What other options are they consider? What is important to them? What is optional? How do they want this negotiation to go?

## 17. **Do not tell. Ask!**

No one likes to be told how to conduct their business or what to do. Instead of making statements as a way to get what you want, pose questions to lead them in the direction that you want them to go. I would rather say, “I wonder if you would consider this deal”, rather than, “you should do this deal” Asking rather than telling.

## 18. **Lead with the minors**

Keep your major concessions for as long as you. Use only the minor concessions at the start and give a little at a time. This allows you to control your loss in the game and you never know where they may accept. For example, if you want selling a home that is listed for \$200,000 but you know is only worth \$180,000 and that is as much as you are willing to sell it for. The prospective buyer offers you \$160,000. Come back with a counteroffer of \$195,000. Don't automatically drop the price down to the \$180,000. See what the prospective buyer's response is first. They may accept at \$195,000 or they may come back with an offer of \$170,000.

## 19. **Be patient**

Waiting out your opponent is a skill. Do not fold under pressure. Silence is golden. Don't let your impatience and anxiousness to get the deal closed in the way of your good sense. Things that are rushed into usually end in disaster. Be ready to walk away if the deal is not right for you.

## 20. Greed kills

If you get what you came for, close the deal and walk away. More than one deal has been ruined by a greedy attitude. Don't let your greed get in the way of getting what you want.

## 21. Hide the salami

If you control the amount you give away then you cannot you cannot lose everything. It's like salami. If you only give away one piece at a time, you can see when it is getting to the point where you don't want to give away any more because then you'll be giving away the whole salami. Recognize this tactic and say no the first time. Keep the salami out of sight.

## 22. Play to their ego

Everyone likes to think that they got the better end of the deal. Play to their ego. Let them believe they have won. Be prepared to have some throw away points. Concessions you really don't mind giving. A guarantee. A bonus.

## 23. Shut down intimidation and attacks

Ignore the attacks of the opponents. Minimize their effect and shut down their approach.

## 24. Use diminishing units

Stay away from splitting the difference. Always go down in small decreasing increments. It gives the impression you are getting to your bottom line.

## 25. Two for one

Always get two pieces of information for every one piece you give out. Ask two questions before answering one of their questions. Information is useful in negotiation.

## 26. Never need the deal

You can express a desire for the deal, a want, but never a need for the deal. Always have an alternative option. If you do need the deal, do not let it be known, you will lose the advantage. Show them their completion. That you want a deal but don't need the deal. You have alternatives. You have other choices.

27. **Attack their weakness**

You need to decrease their advantage. What are their challenges? Where are their weak points? Bring their weaknesses into the negotiations. I like your deal, but his situation is a real problem for us. W

28. **What is their position?**

Understanding your opponent's position tells you how far you can negotiate. Knowing their minimums, maximums and walk-away points gives you the advantage.

29. **Flexibility wins**

Remain flexible. Take each piece of their information and use it to your advantage. Always find common ground, a new direction, a way around an obstacle.

30. **Prepare your giveaways**

Have a specific plan of your concessions. Know what is first, second, third and what you will trade for them. Know the value of the concession. What will it cost. What can I get back if I give this concession away to them.

31. **Keep price firm**

Poor negotiators give in on price very quickly. Often they will offer a discount before being asked. Anticipate the question and stay firm.

32. **Do not second guess yourself**

Once you have planned a strategy or executed a deal, do not second guess yourself. You did your best. That is enough. There is no point in beating yourself up about it.

33. **Do not burn a bridge**

You never know when they may influence another deal or provide information. Getting into a confrontation, argument, or anger is not good for future deals. Always leave with good rapport.

34. **Be ready to walk away**

Know what is a bad deal and be ready to walk away. Your best strategy is knowing what your walk-away points are and using them.

35. **Save face**

No one likes to be embarrassed. Be sure people look like winners even if they are losing. Always give people a chance to look good and save face.

36. **Use test probes regularly**

Test the acceptance of your position regularly. Regular reinforcement and agreement leads to positive deals. Get them in the habit of saying 'yes' throughout the negotiations.

37. **Perception is everything**

Perceived power is an advantage. Test the perception of your position. You may be pleasantly surprised. What they do or do not know can give you the advantage.

38. **Ask, you will be surprised**

Ask for anything and everything—you will be surprised at what you get.

39. **Print lies**

Just because it is in the budget, proposal, letter, or media does not mean it is true! Test the numbers. Test the documentation. Test the parameters. Do not believe everything you read. When I was in the cable tv business,

40. **Check authority and decision-making**

Time is valuable. You can waste a lot of time with people who are not the decision-makers. Be sure you are talking to the right people. Often in a corporate environment you will negotiate a deal, only find out at the end, you have to talk to his or her boss, to get the final OK. This is a strategy called escalating authority. The next "boss" takes your and say, we need more..... So, make sure the people you are talking to are the decision makers. Early ask. "Do you make the final decision or are there others involved"?



## 41. **Re-assess your advantage**

The advantage position in the negotiation can change quickly. Keep assessing who has the power or advantage today, now? You needs the deal more?

## 42. **Pre-frame expectations**

Early in the discussions, it is useful to frame the negotiations or position. Tell them what you are going to tell them, tell them, and then tell them what you told them. You can also, ask them, what would be a perfect negotiation for you?

## 43. **Start a little high but do not be unreasonable**

Once you have identified your best-case deal, ask for just a little more. Sometimes you will get it, most of the time it leads to the better deal. Wherever you start, be able to justify your position.

## 44. **Have a game plan**

Plan your negotiation. Know the issues. Have a timeframe. Plan concessions. Use a checklist or agenda for issue discussions. Stay close to the plan. Keep a logical progression.

## 45. **Choose the time to break bad news**

There is a good time for bad news, usually just after you have made them feel good or given a good concession. Wait for the right time. Try the sandwich techniques, good news, bad news, good news. It lessens the impact

## 46. **Stall if you need the time**

There is nothing wrong with postponing a decision on a key element of the negotiation. Stall for additional information or an approval, especially if you feel pressure. Well I can't agree to that right now, so let us leave that one alone, and move on to another item.

## 47. **Keep good records**

Keep good records. You'll be surprised at the inconsistency in arguments, position and strategy if you keep detailed records. Consider recording the conversations for your own records and transcripts.

## 48. **Make the cost intangible**

Make the cost of the deal less real. Use delayed, deferred, or postponed payments.

## 49. **Personal incentive**

Include indirect benefits for participating. Think about frequent flyer programs. A nice benefit. What is the personal benefit you would include as a reward for a good negotiation? I am not saying bribe them..... Well may be a little an ethical bribe. An incentive for the company. An a little bonus for signing.

## 50. **Always expect more and never settle for less.**

I was in a training with 500 lawyers learning how to negotiate. We did various case studies and role playing. At the end of the negotiations it was very evident that folks that expected more got more in their negotiations. They believe they deserved more in each deal. They would not accept less. Set lofty goals in the deal. You will get more.

### **Some Key Lessons:**

- ✓ Leverage and advantage changes over time, so keep evaluating. Use your advantage to its maximum.
- ✓ Don't negotiate too early! Don't give information freely.
- ✓ Know your minimum and maximum for each issue/concession. Use initial stage for information gathering and pre-framing.
- ✓ The more information, the greater the leverage.
- ✓ Know when not to negotiate. Say, "We will get back to that later." Integrate multiple issues.
- ✓ Understand their options and choices. Plan concessions.
- ✓ Expect More