

# *in* business

South Australia



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# ENERGISE





## A no-nonsense guide to negotiation

Unless you live in a cave, you spend most of your life negotiating – whether it's with your customers, your suppliers, your kids or whoever. And whether it's making a major purchase, or arguing about bedtime, the basics stay the same, so if you know how to negotiate you have more chance of getting what you want!

One day you ask someone for a better deal, the next day you explain to your client why this is the best deal you can offer; regardless, the same principles apply whichever side you are on.

There is a fallacy that in negotiation you try to 'win' so someone else has to 'lose'. Actually, good negotiators try to create a win-win by finding common ground and creatively trying to 'increase the size of the pie' for everyone, thus developing a partnership, not an adversarial approach.

Good negotiation requires empathy for the other person's situation, to secure the best possible mutual outcome by reaching a fair compromise, not by doing the impossible.

Below I outline some tips for how to approach any negotiation. I've broken the process down into four basic stages: Preparation, Start, Process and End.

### PREPARATION

Once you know what you want, you must do your homework. Being well prepared before you begin negotiating is the single most important factor in your success.

Information is power, always, because in every negotiation the problem – and the solution – always lies in the details. You need to fully understand what exactly they want and what exactly you want, your true value to them and their real value to you, and be fully prepared to deal with their key issues.

And make sure you know your options, options give power. The more you need this deal the weaker your position, always. What is your "best alternative to a negotiated agreement" (BATNA), i.e. what's the next best outcome if this doesn't happen?

And prioritize your battles. Where are you willing to make concessions and where you are going to draw a line in the sand?

### BEGINNING

Don't get drawn into negotiating until you've got agreement in principle between you to do business if you can sort the details, i.e. you're both committed to reaching an outcome.

Take control of the location, timing and topics of the negotiation – if you're in control it helps you drive the agenda.



Before you begin you need a clear understanding of exactly what they want. Negotiation isn't just about the price! If you're buying or selling something, it's also about specifications, delivery dates, after-sales support, payment terms, etc.

Then how you get things started is important, by signalling that you are willing to work hard to reach a positive outcome for both of you. Starting things off in a friendly, positive tone is important. Build rapport by talking about mutual interests or finding common ground.

And aim high upfront. Remember your first offering sets your limits. Try to hear the other person's offer first – whoever makes the opening offer is generally at a disadvantage.

### PROCESS

Break the negotiation into parts, rather than battling one big war – this way you'll both have some wins and it will feel like you are making progress. This strengthens trust and commitment between you and helps set a collaborative tone.

Use their name, and use 'We', so they know you're trying to collaborate and you share common goals. Try to use facts, not feelings, by focusing on statements of fact rather than 'I think...' and ask them to try to see it from your position too.

Try to get to know them so you know what's important to them, including any cultural differences. To some people details are important, some want you to like them, some want to feel in control and others want to make sure everyone feels comfortable.

Adapt your style to theirs as far as possible; 'mirroring' is one of the most powerful social techniques there is. The party who demonstrates more adaptability always has the advantage in a negotiation.

And ask lots of questions. The more you understand them the more chance you have of giving them what they want! Ask open, not closed questions (why/how

etc). You'll learn more about them and what alternatives there are. Listen more, talk less. The person who talks too much might say something they regret.

Use active listening to ratify understanding and keep detailed records as you go, to avoid any forgetting, misunderstanding, or distortions of what was discussed.

Keep the big picture top of mind, and be prepared to make concessions. Remember "the most important trip you may take in life is meeting people half way." But trade concessions for concessions – don't give them away.

### END

Once you think the negotiation is settled, there are often extras to be had if only we ask. So don't assume that is all you can get. Ask for a bit more and see what else they might throw into the mix. And once you're done make sure you have clear, written agreement about what's been agreed and what needs to happen next.

Time can be your friend or your enemy though, so be prepared to wait to get what you want. Even if you are not successful, be prepared to walk away. There may be another opportunity down the track, and you have other options anyway.

No matter what the result, don't take it personally. Build a bridge and remember to pick your battles.

Practise makes perfect! If you don't ask you don't get; you have nothing to lose and you might even learn to enjoy it!

And remember, if it's really important to you and you need some help, you can always call in a professional like us...

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Buyologist