

# Negotiating skills

Learning guide

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## Introduction

This learning guide was written by Bob Jack, a management consultant and specialist in management development and training. It is one of a series produced by the Learning Resource Centre. Each guide sets out to give you a quick summary of the main theories on a particular topic backed up by a practical commentary based on Ashridge's long experience of consulting on, and teaching management issues. We hope that it whets your appetite for more information. The guide points you in the direction of other sources such as key books, articles and videos.

## Where to start

Begin by skip-reading the overview of negotiating skills. This will help you decide what kind of negotiating you are interested in. Also try some of the development activities such as the self-assessment exercise, case studies or smaller ad-hoc activities.

Then if you have a little more time, supplement this by watching one of the recommended videos or audiocassettes listed in the resources section of the guide. If you prefer learning through reading, try one of the recommended books or articles.

## Resources

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### Videos/interactive CD-I

*Agreed!* (1995) Melrose CD-i - the time taken to complete this varies.

An interactive video to help managers and team leaders to negotiate in the workplace. A manager called Alan tackles a problem. It has chapters for you to turn to, or you can be led through by the programme.

Chapter titles include: Alan tackles a problem  
security system approval  
knowing your opponent  
dictating terms.

The programme is couched in terms of win-lose. The stated objectives are to help people understand the process of negotiation, recognise the pitfalls, and to show the benefits of successful negotiation.

*Do We Have a Deal?* (1992), Gower, 25 mins.

This film on negotiating is by Gavin Kennedy and offers practical help and examples of Kennedy's approach to successful negotiating in a whole range of business situations, including interpersonal and inter-departmental negotiations. The video comes complete with a trainer's guide and negotiator's notebook.

*Everyone's a winner: how to negotiate to achieve the best results for everybody* (1999), The Industrial Society, 23 mins

Whether asking a colleague for help with office cover, deciding where to go on holiday with the family, or in the more formal setting of a business meeting or client visit - you are negotiating. And the most common perception of negotiation is that one side has to win. But there is another way. Taking a more collaborative approach to a problem means you take everyone's needs into consideration - and move beyond mere compromise towards win-win solutions.

That way no one loses and the resulting solution is long term - because everyone has bought into it. This video will teach your team to negotiate with integrity - keeping everyone's well being in mind.

*From No to Yes: the Constructive Route to Agreement* (1987), Video Arts, 25 mins.

The medium is a staged meeting with three department heads involving a joint proposal for a system to replace individual computers. After a failed meeting, the database manager (Robert Lindsay) employs techniques borrowed from his doctor. These are active listening, winning a hearing, and working out a joint solution. This one, like the one above, tends to be co-operative.

*Getting to Yes* (1991), Nathan Tyler, tape 1: 52 mins, tape 2: 79 mins.

This video workshop demonstrates how confrontation can be transformed into mutual problem solving through negotiation, and deals with both internal company negotiations and those with external bodies.

*Negotiating Corporate Change* (1995), Harvard Business School, 30 mins.

This video can help managers successfully negotiate to solve problems...build stronger, winning coalitions...and perform better on a daily basis. Based on a Harvard Business School case depicting a real-life corporate situation, the video looks at many of the crucial issues of successful negotiations; guidelines for planning and structuring the presentation; eye contact and body language and finally, the effective use of visual aids.

## Journal articles

Anonymous, (2000), *Negotiating by e-mail*, Economist, April 8, p85.

Davies, Jim (1998), *The art of negotiating*, Management Today, November, p126-128.

Fisher, Roger (2001), *Doctor yes*, CFO, September, p67-70.

Gwyther, Matthew (2000), *The secrets of a negotiator*, Management Today, April, p56-59.

Kennedy, Gavin (2001), *It's your business to know negotiating*, Training Journal, August, issue 8 (supplement), p1-4.

Kiser, Kim (1999), *The new deal*, Training, October, p116-126.

Sebenius, James (2001), *Six habits of merely effective negotiators*, Harvard Business Review, April, p87-95.

The Industrial Society, (2000), *Pay negotiating*, Managing Best Practice, Number 69, March.

Williams, Judith & Kolb, Deborah (2001), *Breakthrough bargaining*, Harvard Business Review, February, p88-97.

## Information files

There are information files on the following subject areas containing a number of newspaper and journal articles. In the negotiating file is a useful leaflet called *Negotiating the Deal* produced by Bulletpoint that has a series of hints and tips for more effective negotiating.

- negotiating
- influencing

## Books

\*\* Books marked with asterisks are available for sale from the LRC bookshop.

Mail order service available.

Tel: +44 (0)1442 841159. Fax: +44 (0)1442 841211.

Email: [celia.tucker@ashridge.org.uk](mailto:celia.tucker@ashridge.org.uk).

Clegg, Brian (2000), *Instant Negotiation*, Kogan Page.

Ashridge shelf reference: CG (CLE)

*Instant Negotiation* will help you to hone your negotiating skills whether you are buying, selling or searching for common ground. Whatever your objective - a product or an idea, a pay deal or the best price - the creative, effective and easy-to-use techniques in this book will help you to: understand strategy and develop tactics to help you reach your goal; learn when to trust intuition and when to rely on logic; discover the benefits of win-win without losing out; and know when to push and how to realise that you need to take a step back. Packed with proven tips and helpful advice, the book also includes a comprehensive range of over 70 self-development exercises that will help you to improve your skills in negotiation - fast!

Evans, Eric (1998), *Mastering Negotiations*, Thorogood.

Ashridge shelf reference: CG (EVA)

Modern business relies on the ability to reach mutually beneficial agreements through the planning and delivery of critical negotiations. This book takes a practical, action-centred approach to developing core skills for effective action learning. It provides the core skills needed to succeed, focusing on all aspects of negotiations at the senior level. It also aims to develop negotiating skills to an advanced level, showing managers how to achieve the best possible agreement and how to make sure it lasts.

Forsyth, Patrick (2000), *The Negotiator's Pocketbook*, Management Pocketbooks.

Ashridge shelf reference: CG (FOR)

This 2nd edition of *The Negotiator's Pocketbook* provides a pocketful of tips, techniques and tactics to help you to negotiate the best deal. Contents include: the fundamentals of negotiation, ten techniques to keep ahead, managing the process, interpersonal behaviour as well as some useful checklists.

Kennedy, Gavin (1999), *The New Negotiating Edge: The Behavioural Approach for Results and Relationships*, Nicholas Brealey.

Ashridge shelf reference: CG (KEN)\*\*

This book is aimed at negotiators everywhere including those who lead and train them. The text provides practical, interesting as well as informative information that will help the negotiator handle the complexity and dilemmas of everyday bargaining. At the core of the book is a four phase process - prepare, debate, propose and bargain - and the author applies the behavioural insights gleaned from his vast real-life experience to provide a universal tool-kit for those who negotiate world-wide.

Lewthwaite, Julie (2000), *Negotiate to Succeed*, Hawksmere.  
Ashridge shelf reference: CG (LEN)

Modern business relies on the ability to reach mutually beneficial agreements. You need the skills to plan, deliver and follow - through on negotiators. This book provides accessible, practical guidance and techniques for negotiating, including: useful skills for the negotiator, dealing with people issues, and negotiation in practice. Written in a straightforward, non-academic manner *Negotiate to Succeed* provides: tips and techniques in a clear, easy to use checklist format; expert advice on best practice for the busy manager; and valuable information about how to succeed and apply each technique.

Marsh, P.D.V (2001), *Contract negotiation handbook*, 2nd edition, Gower  
Ashridge shelf reference: JSB (MAR)

This new edition offers a user-friendly approach to the art of negotiating in commercial situations. Less emphasis is placed on the mathematical treatment of negotiation and more on the psychological side, looking at the personal motivational drives on the negotiators. Negotiation is viewed as an integral part of the total business activity and contracts are often of long duration. Strong emphasis is placed on the development of long term relationships and negotiation where the parties are proposing to partner.

Martin, David & Wyborn, John (1997), *One Stop Negotiation*, ICSA Publishing.  
Ashridge shelf reference: CG (MAR)

*One Stop Negotiation* explores every aspect of the negotiation challenge and provides a valuable guide to a process that we may previously have tended to use without thinking. By encouraging thought, it will help to convert an instinctive reaction into a considered skill, enabling the reader to attain better results in their future organisations. Key features include: sections on both strategies and tactics; an expanded index format for ease of reference in the tactics section; and challenges reviewed from both sides of the negotiating table.

Ury, William (1991), *Getting Past No: Negotiating With Difficult People*,  
Business Books

Ashridge shelf reference: CG (URY)

In this indispensable book the author shows you how to get past no. With his proven, five step strategy you will discover how to disarm tough barriers, dismantle stone walls, deflect attacks and dodge dirty tricks.

## Websites

*The Negotiating Edge* [www.negotiatingedge.com](http://www.negotiatingedge.com)

The Negotiating Edge is a consulting company that provides training in negotiation skills for salespersons, project managers, purchasers and executives.

*Negotiate Ltd* [www.negotiate.co.uk](http://www.negotiate.co.uk)

Negotiate Ltd recommend a range of books, videos, articles and workshops on negotiating available all over the world from experienced professionals.

*Negotiate like the pros* [www.negotiatelikethepros.com](http://www.negotiatelikethepros.com)

Contains articles, recommended videos and courses to help people negotiate like professionals.

## Overview

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Negotiating is a skill that contributes, by its absence, perhaps more than any other skill to the lack of success many people experience in getting what they want and need, both in their private lives and at work. For a variety of reasons, many of us actively avoid situations where we might need to negotiate with others or, at the very least, fail to recognise and act on opportunities where negotiating would deliver a legitimate improved result. Those who avoid negotiating because they fear the risk of being perceived as 'winning' at the expense of others are neglecting the fact that **principled negotiation** is the process of achieving an agreement or solution that is acceptable to both or all parties involved.

Both in life and at work, we all have the choice to negotiate for personal gain at whatever cost to others or to concede our interests at whatever cost to ourselves. This learning guide focuses on principled negotiation as an interaction between two or more people where the objective is a wise outcome that will enable and encourage the parties to 'do business' with each other again. All parties 'win', although the personal value of the 'win' will vary between those involved. Although not the only approach, principled negotiation is generally most effective in business environments where culture and values support the belief that the development and maintenance of long-term relationships is a key factor in achieving goals and objectives. Within this context, people **expect** to negotiate and see the process as a positive builder of relationships rather than a potential threat.

### The negotiating process

Top negotiators achieve success by following a process from start to finish that enables them to stay focused, know where they are in the negotiation and check that everyone is working at the same stage. There are four stages to the process:



The following sections will take you through each stage of the process, suggesting tools and techniques you can use to be more effective as a negotiator.

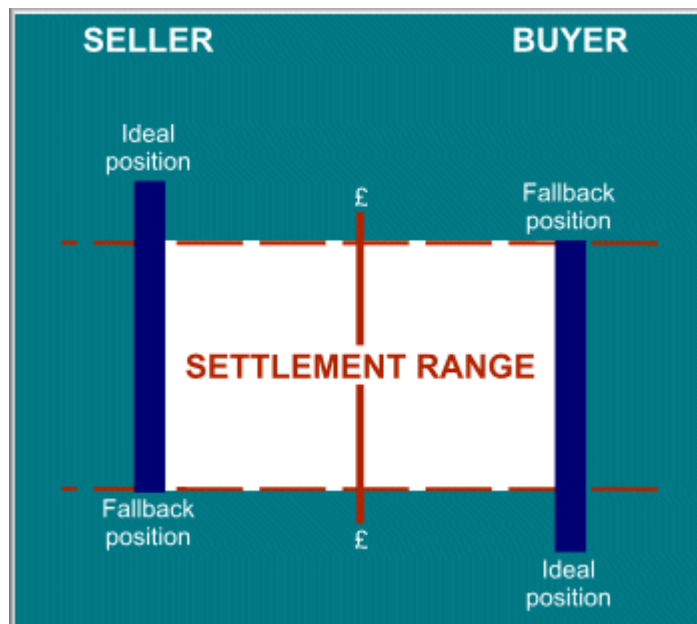
## The importance of preparation

Most of us can remember a negotiation where lack of preparation was the main contributor to a poor result. The time we need to get ready can vary from a few minutes of mental preparation before an impromptu discussion to several days for a vital business meeting. Nevertheless, each of the steps in the preparation process is just as valid. Consider the objective of preparation as 'to minimise the element of surprise'. There are three key elements of effective preparation:

### 1. *Defining your 'ideal' and 'fallback' positions*

Ideal and fallback positions enable us to be clear about what 100% success will look like and, at the other end of the scale, the point at which we would be better off walking away from the discussion without agreement.

A straightforward price negotiation demonstrates the principles best.



In this simple negotiation, there is a 'buyer' and a 'seller'. The 'seller's' fallback position is the lowest profitable price. Anything less is not worth negotiating (unless a loss is acceptable, eg to generate future business). The 'seller's' ideal position is the highest price that could possibly be expected. The reverse applies to the 'buyer', and the settlement range defines the parameters within which agreement can be reached that will benefit both parties. The agreement point is rarely and unlikely to be a '50/50' split compromise, but anywhere within the settlement range provides a 'win' outcome for both or all parties.

In our working lives, few negotiations are this simple. Most will involve the giving and receiving of concessions that produce an agreement on criteria such as price, time, quantity and quality. Definitions of ideal and fallback positions will need to be a combination (or often several possible combinations) of issues rather than simply price. The best negotiators are clear about what the issues are and consider them as objectives. They then prioritise these objectives into:

- **What I must have** – What is really essential and cannot be conceded at all.
- **What I aim to have** – What would be wonderful to have but not absolutely essential.

- **What would be nice to have** – ‘Icing on the cake’ issues that could easily be conceded (though not necessarily lightly!).

Use of this process will usually identify a number of combinations that will define a choice of ideal and fallback positions. The ideal position would typically include all. The fallback position might only include the first priority issue(s).

## **2. *Perspective taking***

If we don't consider the perspective of the other party in our preparation, we can be sure that a well-prepared opponent will have considered ours and will start with an advantage. From our knowledge of the other party, or from research that we can carry out, we may be able to build a picture of what will be important to them and what their position is likely to be. Perspective taking is largely educated guesswork and we cannot be sure of any of this. But we can target our initial questions when we are face-to-face at clarifying any assumptions we may make at this stage. Put ourselves in their shoes. What would we want if we were in their position? The better we can anticipate the perspective of the other party on the issues, the more we will be able to identify in advance where we can trade off their needs against our own.

## **3. *Identify possible trade-offs***

Prioritising the issues involved in the negotiation will enable us to identify those that we can concede and those that we can't. Each concession we are able to make has the potential of becoming a trade-off for something we can win for ourselves in return. For example, by making a concession on quality or delivery time, we can ask for a trade-off on price. Identifying possible trade-offs in advance will also reduce the risk of accidentally offering a concession that results in the loss of one of our top priority issues!

Appropriate advance preparation is essential if we want to give ourselves the best opportunity to negotiate successfully. We will always have to 'fly by the seat of the pants' to some degree in face-to-face negotiations, but effective preparation minimises the surprise element and reduces consequent risk.

## Problem definition

Negotiation invariably involves the solution of a 'problem' where both or all parties ideally want everything that is on the table but realistically have to find a compromise solution. Most of us at some time have encountered difficulty in solving problems because of the desire to head straight for the solution to the problem. Negotiations often reach stalemate or break down because there is no common definition of the 'problem' the parties are trying to solve.

Our preparation defines the problem as we see it, based on certain assumptions we have to make prior to the face-to-face meeting. The early stages of the negotiating meeting need to focus on clarifying assumptions and establishing in general terms what is important to each of the parties involved. It may be appropriate to aim for an agreed definition that, for example, might be summarised as *'to reach an agreement on action that is realistically achievable by both or all parties and mutually beneficial'*. The problem definition may also include reference to issues such as cost, quantity, quality, time and long-term relationships.

The process is often an analytical one, with needs, wants, ideas, feelings and concerns being systematically drawn out and exchanged to reach common agreement on the definition of the problem. The essence is to agree what we are trying to resolve before trying to resolve it, and this stage can often flush out non-negotiable issues and determine whether negotiation should even take place at all.

## Problem solving and creativity in negotiation

The most effective problem-solvers are usually those who have developed the ability to think both analytically and creatively/laterally. These people are equally comfortable with the use of logic-based processes such as 'Cause and Effect (Fishbone) Analysis' and 'Force Field Analysis' as they are with the creative or lateral thinking processes that enable them to look at things from different angles, eliminating mindset and spotting new possibilities. Many of the stalemates we encounter during negotiation can be overcome by the use of creative thinking techniques that challenge the validity of entrenched positions

and open up alternatives that will often not emerge from analysis alone. *'De Bono's Thinking Course'*, author Edward De Bono, published by BBC Books, gives an insight into the personal development of these creative thinking techniques. Numerous publications include references to analytical techniques.

Key to effective problem solving in negotiating are:

- Keep the agreed problem definition in mind and refer back to it when the discussion goes off track, amending as necessary
- Establish and maintain a detailed understanding of all of the issues but stay focused on what **overall** success for you and others will look like
- Always stay as close as you can to your ideal position and as far away as you can from your fallback
- Continually look for and challenge assumptions, yours and theirs
- Constantly challenge the needs of the other party for validity
- Continually challenge your own needs for validity
- Always remember that validity may change as new ideas and proposals emerge
- Keep an open mind and be prepared to offer and accept new ideas
- Don't be afraid to ask the other party for ideas
- Recognise and acknowledge as and when parts of the problem are solved
- Summarise regularly to ensure progressive agreement.

Negotiating is about solving the problems created by different needs and wants. The wider our range of thinking, the greater is our ability to solve these problems and achieve successful negotiating outcomes.

## Completion

Completing a negotiation is the equivalent of 'closing' a sale. In the euphoria of the moment when all parties agree the solution and the adrenalin fades away, it is too easy to walk off to celebrate without 'nailing the agreement down'. Problems almost certainly then arise when the lack of clarity on what was actually agreed emerges later and subsequent disputes over the agreement may well lead back to another wasteful round of negotiation.

Knowing when to complete the negotiation is often harder than knowing how, and there are a few indicators that help to identify this crucial point in the discussion:

- Knowing when we have reached our limit beyond which we will be accepting a bad deal
- Knowing when we have got what we want
- Judging how close the other party is to their limit
- Being fully aware of what concessions have been given and received
- Reading and assessing the reactions of the other party.

When we sense the time is right to attempt to complete the negotiation, there are a number of options available, some of which are:

- **'Summarising'** involves reminding the other party of the concessions both sides have made and highlighting the benefit to them of accepting the proposed agreement. Then summarise what has been agreed and how much you have 'given' before asking for agreement on the terms.
- The **'alternative'** approach presents the other party with a choice of alternative agreements that they are free to make – 'either/or'.
- The **'very last concession'** proposes one last concession in return for agreement. Remember here that if the concession is too big, the other party may think you are desperate and try for more. If it is too small, they may regard it as insignificant. Furthermore, this will **have to be** your last concession in order to maintain your credibility as a negotiator.
- The **'consequences'** approach summarises and calls for a decision, stating explicitly the consequences to both parties of failure to agree.
- The **'postponement'** summarises and suggests time out for both parties to consider what has been proposed and to reconvene at a specified time.

If an attempt to complete fails, there are unresolved issues that must be re-examined. A summary of what the parties are happy with will identify those issues that still need to be resolved before we attempt to complete again.

There are a few key steps in ensuring that our agreement stays valid after the event:

- Agree what we have agreed
- Summarise each issue
- Record what we have agreed in an acceptable way
- Confirm in writing the agreed issues
- Decide and record an agreed plan of action.

## Managing the negotiation process

Irrespective of who is 'hosting' the negotiation, all parties have a role to play in managing the process. If the meeting is on our territory, we need to plan the physical environment in a way that demonstrates consideration for everybody involved. Basic elements of the physical environment focus on space, general comfort, seating (pre-arranged or not is a decision to be made), room layout and equipment.

In **setting up the process**, we need to:

- Ensure that all the right people are there (eg influence, expertise, authority)
- Agree appropriate ground rules before starting
- Get an early commitment to the goal of reaching a settlement
- Build common trust by being open in sharing interests, objectives, concerns and expectations
- Avoid projecting the perception of hidden agendas or game-playing
- Set an agenda for the task (ie to reach agreement) and consider as many issues as possible at one time, remembering they are probably all linked.

**Controlling the process** involves:

- Keeping our exploration of the other party's position separate from action to agree (exploration is problem definition; action is problem solving)
- If the discussion goes off track, re-directing individuals and/or the group back to agreed objectives - using questions rather than making statements will help avoid alienation
- Continually ensuring that shared facts and information are unambiguous and checking that they are
- Always being clear about what is being negotiated.

To stay focused on our **limits and goals** as defined in our preparation, we need to:

- Stick to our principles unless we are convinced they are no longer viable
- Keep our aspirations high
- Keep an open mind about **how** we negotiate but be rigid about **what**
- Demonstrate willingness to co-operate but be slow to offer concessions
- Avoid making premature compromises
- Be comfortable with periods of silence (take and give thinking space).

**Loss of face** on either side can destroy trust and co-operation. We can avoid by:

- Finding ways to manoeuvre around wins at the overt expense of others
- Helping people to retreat gracefully as appropriate
- Encouraging all parties to trade concessions fairly.

**High levels of emotion** are not uncommon during negotiation. They need to be handled sensitively by:

- Acknowledging emotion in others. Enabling them to express how they feel and why can provide valuable information
- Curbing our own negative emotional outbursts by remaining calm and objective
- If necessary, suggesting an adjournment.

## Choosing a strategy

In its simplest form, negotiating involves a choice of three strategies:

- **Hard** (winning at all costs)
- **Soft** (conceding everything necessary to reach agreement)
- **Principled** (giving and receiving concessions to achieve a mutually beneficial agreement).

The overall strategy we choose to adopt in a negotiating situation will depend on the outcome we want. A **hard** strategy may be appropriate for a single one-off deal where a long-term relationship is considered unimportant and/or where the consequences of failure to agree are acceptable. A **soft** strategy may ultimately 'win' where a short term 'loss' supports the development of a relationship that will be profitable in the long run. In many situations we typically face, however, the **principled** strategy achieves the desired goal of mutually beneficial agreement.

The **hard** strategy views the other party as an adversary and is demonstrated by demanding concessions and one-sided gains as a condition of the relationship, digging in, making threats, applying pressure and generating distrust.

The **soft** strategy views the other party as a friend and shows itself as making concessions and accepting losses to develop the relationship, changing position easily, making offers, yielding to pressure and building trust.

The **principled** strategy views the other party as a joint problem-solver and demonstrates a desire to reach a wise outcome amicably and efficiently.

It is important to remember that we may choose to adopt different strategies at different stages of a negotiation. For example, it would be unwise to be anything other than **hard** on an issue that is a 'must have' for us. Equally, we can afford to be **soft** on issues we have defined as 'nice-to-haves'. In most business negotiations these choices will usually be made within the context of an overall **principled** strategy.

## Communicating effectively

No matter how well we have prepared for a negotiation and how aware we are of the structure and the process of the meeting, the value of the outcome will ultimately depend on the quality of the communication between the parties involved.

### *Building and maintaining rapport*

Negotiations often begin with an air of tension created by the subconscious perception that the situation is a battle between opponents. Often we don't know or have never met the other party. It can be helpful to remember that the meeting is in reality a debate to share what the respective parties want and to attempt to reach a solution that will suit everyone to an acceptable degree.

A positive and fruitful negotiation is often dictated early through the development and maintenance of 'rapport' between the parties. Our tone will work against us if we are either hostile or submissive. One dictionary definition of rapport is '*a harmonious, understanding relationship*'. The same dictionary defines 'harmonious' as '*free from disagreement*'. The word 'disagreement' here does not relate to the negotiable issues. It relates to the respective behaviours and attitudes of each party. Rapport centres around minimising the differences and maximising the sameness between us and the other party in terms of how we behave towards each other. A simple example might be where I want to engage in preliminary small talk, but the other party wants to get straight down to business. Rapport will exist when one of us moves our behaviour towards what the other wants. The creation and maintenance of rapport is particularly important when negotiations involve cultural differences between the parties and you may want to develop your understanding and skill in this area.

### *Questioning*

There is always a risk in negotiating that we are so focused on our own agenda that we don't concentrate enough energy on establishing the needs of others. Exploration of the other party's agenda and goals is vital to the definition of the problem on the table and its eventual solution. Wise use of questions often

prevents the inadvertent disclosure of information that can result from making too many statements in our anxiety to present our case.

'Open' questions (beginning with why, what, where, when, who and how) facilitate the introduction of facts, feelings, beliefs, opinions and ideas to the discussion. (Beware of the overuse of 'why' which can often be perceived as aggressively challenging). 'Closed' questions invite 'yes' or 'no' answers in order to check agreement or understanding and confirm information.

### *Listening*

Negotiations often induce stress, making it very hard to concentrate on our own position whilst, at the same time, listening to everything that is being said around the table. Often, whilst listening, we are thinking ahead at the same time to our next response.

As well as listening for our own benefit to gather the information we need, it is important that we are **seen to be listening**. Key behaviours are:

- Keep your attention on the speaker
- Maintain eye contact
- Ask questions to check your understanding of what's been said
- Take notes of key points (you will never remember them later)
- Even if people are slow to respond, stay silent and give them time to think.

### *Stating our case*

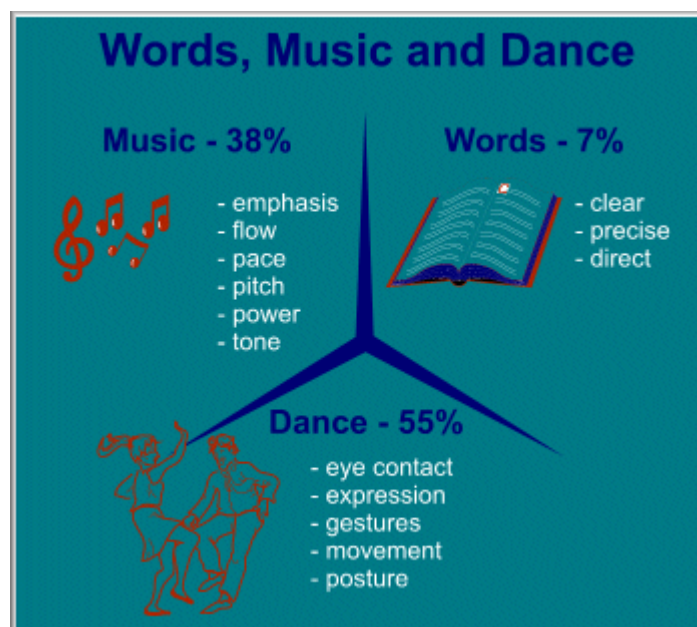
During a negotiation, we need to state our case on a continuous basis – early on to set the parameters of the negotiation, and throughout, as the negotiation develops and we modify our case with new proposals. Our initial statement is likely to be a statement of our ideal position, as will that of the other party. They and we can judge the flexibility of the respective positions by the language used. For example, 'I must insist on...' will have a different meaning to 'I was hoping for...'. For this reason, we need to choose our language carefully to reflect the relative importance of the issues.

As the negotiation develops, we will probably need to make modified proposals. Unless we want to concede everything, a proposal should consist of two elements – the condition and the offer. The condition states what we want from the other party; the offer states what we might trade in return.

It is generally more powerful to ask for the condition before making the offer. We are then in the driving seat – for example, ‘If you could speed up delivery, we might be able to consider a larger order’. Bear in mind the potential stalemate if both parties always use that approach. We need to use our judgement, using the power on important issues and conceding it on those that are less important.

### *Body language*

No matter how well chosen your words are, their impact will pale into insignificance if they are not matched by the sound of your voice and your physical image perceived by others. Research has shown that whenever we communicate, our message is received at three different levels:



- **The words we use** – precision, clarity
- **The ‘music’** – voice tone, pace, power, flow, emphasis
- **The ‘dance’** – eye contact, expression, posture, gestures, movement.

In normal circumstances, all three are congruent and the message is received unambiguously as a whole. Where one or more falls out of line, the receiver picks up 55% of the message from the 'dance', 38% from the 'music' and only 7% from the words we use.

It is easy for us to lose the vital congruence when we are under pressure, feeling nervous or lacking confidence or even lying! In these situations we need to concentrate on keeping all three in tune, even if it means putting on an act to some extent.

Try this exercise. Stand up, placing your feet about one foot apart and turning your toes inwards. Bend forwards about 45°, let your arms drop loosely and look at your chest. Now say 'I feel very strong and powerful'. Do you honestly think anyone would believe the words you have just spoken?

Now stand in front of a mirror and create the 'music' and 'dance' that will match the words and repeat the phrase until your message is credible. You can also practise with expressions of, for example, approval, disapproval, determination, conviction, passion, sympathy and any others you can think of until you are confident that all your messages are clear and unambiguous.

The use of body language in negotiating is a two-edged sword. Your own use of body language will certainly affect your credibility with others. On the other hand, you can look for signs in the other parties that suggest that the words they are using may not be the whole story, giving you an opportunity to probe for the truth.

## Understanding power

Power as a perception is often very different from power as a reality. Most of us have experienced at some time the discomfort we feel when negotiating with people we perceive as being more 'powerful' than ourselves. The following are some straight facts about 'power' that can help to minimise or overcome that discomfort:

- Power is usually best defined in practical terms as the ability to influence
- Power is relative – it is unusual (almost certainly unhealthy) for one person to have all the power in a relationship
- Power shifts over time between the same people in a relationship as the relationship develops
- Power is only effective if it is perceived and acknowledged by others (people only have power with our permission)
- Power based on expertise, knowledge or information is arguably more influential than power based on position or title (effective preparation provides this power base)
- We all have the power to ‘reward’ (give concessions) and to ‘punish’ (refuse concessions) based on our position within the negotiation.

Our preparation for any negotiation should include an analysis of where the power might lie when the parties are face-to-face, and a strategy for how to use this analysis to our advantage.

## Games that people play

It is important to realise that, even if we prefer to choose a principled approach to negotiating, we do not have a right to expect everybody else to do the same. In reality we will often meet people who ‘play games’ in negotiating with us. Whether or not these ‘games’ are ethical and fair is a matter of opinion. Many people see them as part and parcel of negotiating and we need to recognise their existence and be prepared to manage them without losing our position within the negotiation.

Some examples and suggested ways of dealing with them are as follows:

- Stalling/delaying

Identify, define and emphasise the costs of a delay in reaching agreement and the benefits of speeding the process up.

- Making threats

Stay 'principled' and refuse to react to them. If necessary, make the other party aware that you will only respond to reasoned arguments. Remember, they too have a vested interest in reaching an agreement; otherwise they wouldn't be there.

- Bringing in 'surprises'

Admit your ignorance of surprise facts rather than try to bluff without insight. Challenge 'surprise' facts for validity and take time out to consider their impact if necessary.

- Deliberate lies

You will only spot this one if you know the facts to be untrue, although you may suspect that you are being deliberately deceived. Either way, challenge the facts based on the information you know to be true and on previous statements made by the other party that reveal the deception.

- Personal insults

Decline to get 'personally' involved, asking them to explain the relevance of their statements to the task in hand of negotiating an agreement. Refocus the discussion on the issues being negotiated.

## Conclusion

Improving your skill as a negotiator will dramatically increase your chances of getting what you want out of life. The aim of this learning guide has been to present you with a practical framework with which to underpin your efforts to improve your skill as a negotiator. The suggested development activities that follow will help you to transfer whatever you may have learned into changes of behaviour in real life.

## Development activities

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### Profile of a successful negotiator

#### *Assess yourself as a negotiator*

Everyone is frequently involved in negotiation at work or at home, but in order to be truly successful at it you need to assess your skills. Evaluate your performance by responding to the following statements and mark the options that are closest to your experience. Be as honest as you can.

- Scoring options:
1. Never
  2. Sometimes
  3. Often
  4. Always

Add your scores together and refer to the analysis to see how you scored. Use your answers to identify your strengths and which areas need improving.

	Score 1-4
1. I take perspective of the other party before I enter into negotiations	
2. I study all relevant information before I decide on my approach	
3. I fully understand the main objectives of the negotiation	
4. I prioritise objectives into what is essential and what can be traded-off	
5. I use strategies that enable me to achieve my main objectives	
6. I display a flexible attitude towards negotiations according to the situation	
7. I believe that negotiations are an opportunity for mutual benefit	
8. I go into negotiations determined to achieve a satisfactory agreement	
9. I communicate my points and my position in plain language	
10. I communicate my points and my position logically and clearly	
11. I use effective questions and silence to explore the other party's position	
12. I progress towards agreement through a series of conditional offers	
13. I adopt a step by step, structured approach to achieving my objectives	
14. I am determined in setting realistic deadlines on agreements reached	
15. I use instinct to help me understand the other party's tactics	
16. I have enough relevant power to make decisions when necessary	
17. I am sensitive to any cultural differences of the other party	
18. I avoid making the opening offer in negotiations	
19. I am able to be objective and put myself in the position of others	
20. I know how to facilitate the other party into making an offer	
21. I work effectively as a member of a negotiating team	

22. I avoid exposing weaknesses in others	
23. I am polite at all times during negotiations	
24. I show emotion only as part of a tactical move to improve my position	
25. I regularly summarise the progress made during negotiations	
26. I suggest time out tactically to give me and others time to think	
27. I make sure that agreements are recorded and signed by each party	
28. I prefer to negotiate outcomes where both parties win whenever possible	
<b>Add scores and enter in this box</b>	

*Analysis of your score*

**Score:**

- 91 – 112** You are an accomplished negotiator. If you aren't currently working in a field that benefits from your obvious negotiating talents, switch to one that will.
- 71 – 90** Well done. You are a good negotiator, but you probably know this already, based on what others have told you. If you want to develop even further, look back to those questions where your scores were relatively low and plan to increase your score in those areas.
- 51 – 70** You are an average negotiator. If you want to increase your score, try putting yourself in more situations where you have to negotiate for what you want. Not everyone wants to be an excellent negotiator, but if you do, you'll find that by improving these skills, other, seemingly unrelated areas of your life will also improve.
- 28 – 50** Don't be disheartened. You really *can* improve, if becoming a good negotiator is something that you really want to do.

The following pages describe some of the activities you can undertake to develop your skill as a negotiator. (*'The Clockmaker'* and *'Whisper'* written by Bob Jack).

### 1. *Preparation – 'The Clockmaker'*

Use the information in the brief to prepare for a negotiation in order to be in the strongest possible position for the face-to-face meeting.

#### *The brief*

Your company manufactures clocks and you are about to negotiate with a prospective new supplier of a component. Using the following background information,

1. Identify your ideal and fallback positions
2. Assess the perspective of the new supplier
3. Identify possible trade-off

#### *Background information*

- You currently sell the clock for £240 at a planned profit of 20%
- The component price being paid to your current supplier is £50 per unit
- Market price range for the component is £35 - £55
- The cost to you of failure to deliver on time is 5% of the product sale price
- Current defect levels in the supplied component are reducing your profit by 10%
- The supply market is highly competitive
- The specification is unique to your product
- You want the stability of a long-term supply relationship
- You want to increase your actual profit to at least the planned figure of £40 per clock
- You are expanding your sales force overseas as part of a programme of long-term growth.

## 2. *Preparation and negotiation – ‘Whisper’*

The following case study has been developed as part of a training programme in negotiating skills. There are two briefs, one for each company that will be meeting face-to-face to negotiate an agreement that is potentially profitable for both.

You can use this case study simply as an exercise in preparation, using only one brief to do so before checking the details of the other to assess your preparation. Alternatively, you can set the exercise up with a colleague or teams of colleagues to represent both companies in both the preparation and face-to-face role-play meeting. There are an infinite number of combinations in which a mutually beneficial outcome can be obtained. In this case, it is interesting to gather opinion across the two sides at the end of the meeting as to the ‘success’ for each company, rated on a scale of 0 – 10, before sharing information from the briefs. In real life, you would never know the information on the other side’s brief.

Run this one as a team exercise and it will bring out the best and the worst in negotiating.

**Case study  
'Whisper' field radio**

**Brief - Macaroni Electronics Ltd**

**Background**

*You are a UK manufacturer of radio equipment with a long-term contract to supply 'Whisper' - a miniature military field radio - to NATO. Today is 1st March.*

*Your current profit on each radio supplied to NATO is £500. The 'gismo' is the central processing unit of each radio and is currently supplied by CPU Tech. Ltd. of Manchester. An increase in orders from NATO from 1000 to 2000 per month means you urgently need to find another supplier. There are heavy penalties for failure to meet the monthly quota. CPU Tech. can only supply 1000 per month and are unable to meet the increased demand. You are contractually committed to buy from CPU Tech. during March and April.*

*This is your first NATO contract and it is vital to the future growth of the company. You are looking for a long-term relationship with Lentil Electronics Ltd of Bristol who are the only other UK manufacturer and supplier of gismos. Overseas suppliers are few and of unknown reputation. Lentil is aware of its situation as sole alternative UK supplier.*

*Your role is to negotiate a future supply of gismos, which will guarantee that you fulfil the NATO contract both short- and long-term as profitably as possible.*

**Data**

<b>Cost</b>	<i>Highest price per gismo for acceptable profit</i>	£200
	<i>Price per unit paid to CPU Tech.</i>	£150
	<i>'Best deal' price</i>	£100
<b>Quantity</b>	<i>Units required per month for next year from now</i>	2000
	<i>Projected monthly requirement for year 2</i>	3000
	<i>Projected monthly requirement for year 3</i>	4000
	<i>Gismos held in stock</i>	2000

*You are covered for March and April from stock and existing supplier. From 1<sup>st</sup> May, you will be 1000 short per month.*

**Performance** *Specification deviation + or - 1% will affect profit by + or - 1% because of modification to compensate (-), or NATO agreed pro-rata % price increase for improvement in performance (+).*

**Case study  
'Whisper' field radio**

**Brief - Lentil Electronics Ltd**

**Background**

*Based in Bristol, you are one of only two UK manufacturers and suppliers of 'gismos', the central processing unit of a miniature military field radio being produced by Macaroni Electronics on a long-term NATO contract. Macaroni currently buy their gismos from CPU Tech. Ltd., the only other UK supplier. Overseas suppliers are few and of unknown reputation.*

*Macaroni are meeting you to negotiate additional supplies of gismos. You are new in this presently limited market, and it is vital to the growth of your company not only that you get this contract, but also that you get it at the best possible price. Today is 1st March.*

**Data**

**Price**

Lowest profitable unit price- @ 1000 per month	£150
- @ 2000 per month	£130
- @ 3000 per month	£110
'Best deal' price	
- @ 1000 per month	£220
- @ 2000 per month	£200
- @ 3000 per month	£180

**Production and delivery capacity**

Monthly supply capability from 1st April 1000

Monthly supply capability from 1st June 2000

*You will have capacity to double output after one year and to treble output after two years.*

**Performance**

*Your present specification is below the requirements of Macaroni by 3% which, you suspect, will affect their profit margin through the need for modification to the end product to accommodate the different specification.*

*Your future specification, available from 1st June, will be 5% above Macaroni's requirement and will increase performance of the end product.*

*If pushed, you could introduce the new specification by 1st May.*

### 3. *Ad hoc activities*

The following are a few suggestions of activities that you can use on an ad hoc basis to help develop your negotiating skills:

- If you normally start a negotiation by and feel more comfortable with stating your agenda up front, practise initiating the discussion with open questions to establish the other party's agenda (and vice versa).
- Ask a trusted colleague for honest, objective feedback on specific parts of your input to a negotiation after the event. (You will need to set this up beforehand).
- Practise your negotiating skills in situations as they arise outside work (children are a particular challenge!).
- Take the initiative in negotiations by getting off your chair and using visual aids such as flipchart or whiteboard to demonstrate your points or help others to understand, for example, a proposed solution. **Provided that your action is seen to be constructive and not simply a ploy**, the other party will focus attention on you at that point in the negotiation.
- Try something different from time to time. For example, if the discussion is getting bogged down, get up and walk around the room or look out of a window. Physical change often results in a change in thinking.
- Observe negotiators that you identify as 'role models' for you, learning from the behaviours that you believe you could develop for yourself.
- Try to learn from every experience. After each negotiation, conduct a personal 'post-mortem' of what you did well and what you would like to improve.
- Avoid trying too many new things at once. Work on introducing new behaviours gradually, becoming comfortable with one before moving on to the next.

*This learning guide was written by Bob Jack, an associate of Ashridge.*