

Let's Make a Deal!

NEGOTIATION STRATEGIES FOR DEALING
WITH DIFFICULT PEOPLE OR ISSUES

JULY 29, 2015



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HOW TO MAKE THE FIRST MOVE

Who should make the first move in a negotiation? Inevitably, 8 out of 10 people in the room will respond by saying "the other side." This response comes pretty much as standard, regardless of experience, seniority, geography, industry or culture. I have also watched hundreds of negotiation role-plays and case studies and seen many examples of people desperately avoiding making their offer first. Exchanges such as "So make me an offer," "No, you make me an offer," "Well you are the seller so you should go first," "No, I asked you to tell me" ... are common fixtures in the early stages of learning how to negotiate effectively.

Making the first offer in negotiation is in fact a much promoted strategy and various articles have been written about the impact of "anchoring." In short, this is the cognitive bias that sees even the smartest of people being too heavily influenced by the information that is first put on the table. This might be in relation to the price of a product or service, the terms of a contract or a salary increase. By making the first move in a negotiation you are essentially anchoring the other party to your starting point because right there and then, that is the focus of everyone's attention. This may lead the other party to shift their expectations about what they can get from the deal and in you walking away with a more favorable outcome.

Put simply, YOU should make the first move, as that way you have more of a chance to grab and maintain the advantage...and yet we continuously look to the other party to get the ball rolling and go first. So why does this cause us such problems? Why are we so unwilling to put our offer on the table and make the first move? More often than not, its uncertainty, lack of confidence and not enough preparation. Below I expose the common reasons I get given for not wanting to make the first move...and I provide some evidence and tips to help break out of the "No, you go first" habit!

Let's Make a Deal!

NEGOTIATION STRATEGIES FOR DEALING
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1: BUT I WANT TO KNOW WHAT THEY ARE WILLING TO GIVE ME

If you find yourself thinking like this...STOP! Negotiation is not about waiting to hear what they are prepared to give and then responding. It is about developing and presenting proposals and packages in such a way that you get them to agree to what you want. By waiting for them to set the boundaries as to what the agreement is going to look like you are walking into the trap of agreeing to a deal that is designed from their perspective e.g. it's going to work in their favor, not yours.

Do not wait to hear what they are willing to give you. Instead, do your research (see point 2 below) and let them know what you might be willing to give them.

2: WHAT IF I GO FIRST AND I GET MY OPENING FIGURE TOTALLY WRONG?

This is where the importance of effective planning comes in. Many delegates tell me they are concerned that their opening position might be so inappropriate that they end up agreeing a deal far below what they could have got or annoying the other party so much that they end up deadlocking or coming to blows.

If you have effectively explored the product, service or market in question, researched your counterparty and their situation and are clear on your own value, worth and position then you should be able to craft an opening proposal that is both aspirational and realistic. In addition, this is where the importance of 'opening extreme' or 'testing the water' comes in. Your opening offer should be designed to test just how much or how little they might be willing to accept. Don't go straight in with your 'best offer' as then you have nowhere to go...by opening extreme you can gauge their response, encourage them to respond and make alternative proposals that build consensus and agreement...all from a starting point that works in your favor.

3: FEAR OF REJECTION OR LOOKING STUPID:

Let's face it... In negotiation you need to get comfortable with experiencing rejection. It is highly likely that they are going to reject your opening offer...and if they don't, it's highly likely that you haven't done your research properly and opened extreme enough.

Let's Make a Deal!

NEGOTIATION STRATEGIES FOR DEALING
WITH DIFFICULT PEOPLE OR ISSUES

JULY 29, 2015

Negotiation can be uncomfortable and awkward and a lot of that comes from the fact that when we negotiate we are often rejecting each other's requests. Try not to take it personally and remind yourself that your counterparty probably feel just as awkward and uncomfortable as you do (they just haven't told you that!) A simple way to deal with this is to plan for the rejection and have a whole suite of alternative proposals lined up...so they don't like your opening move...not to worry, you have plenty more options for them to consider already prepared and ready to be presented...and all of them are simply a re-packaging of what you asked for in the first place.

And finally...if you don't get to go first...Don't panic. Don't argue with them. Don't just agree to their first proposal. Instead, take a deep breath and present them with your opening proposal... because then all of a sudden you have moved away from their anchor and suddenly everyone is focusing on what you want ...whether they like it or not.



Let's Make a Deal!

NEGOTIATION STRATEGIES FOR DEALING
WITH DIFFICULT PEOPLE OR ISSUES

JULY 29, 2015



THE INNER NEGOTIATION: BEWARE THE LITTLE VOICE IN YOUR HEAD

Over time I have come to realize that all of the training and coaching that I deliver to my clients is useless. That is, it's useless unless you take the time to understand one of the most important and powerful forces in negotiation. It is a force that is often under-estimated, misunderstood or simply ignored altogether...and yet it is a force that if harnessed can massively increase your chances of securing the best possible deal.

May I introduce you to...The little voice in your head. "The little voice in your head" is the forgotten party in many negotiations and yet it has the ability to derail the most prepared and intelligent of people, make you sell yourself short, lose your confidence or assume your counterparty is in a far stronger position than they really are.

It's easy to recognize "that little voice." It sounds something like this: "You can't say that" or "You can't go that high" or "You don't really know what you are talking about do you?" or "They will never agree to that"... I routinely work with clients and they are smart, intelligent people who have studied the facts, numbers and detail and have a plan for how they want to negotiate, yet as soon as they get to the negotiating table that little voice kicks in and preys on their stress and anxiety. It's at that point all of their clever planning goes out of the window and they listen to that little voice and they sell themselves short, don't aim high enough or don't push back as they assume they are only going to lose. We all have that little voice in our heads. Whether you are young or old, male or female, recent graduate or CEO. It's there. It's just for some people that voice speaks so loudly to them that it clouds their judgment, erodes their confidence and ultimately prevents them negotiating as effectively as they could.

So, how do you stop yourself from being a victim to the little voice in your head?

1: GET TO KNOW YOUR LITTLE VOICE

One of the most powerful ways to combat that little voice is simply to recognise it's there! By accepting and recognizing its existence you have already taken away some of its hold over you as it is then less likely to be able to pop up and derail you unexpectedly.

2: LISTEN TO IT

Try having a listen to what the little voice is saying. Reflect on the messages you hear in your head when you are in a high stakes or stressful negotiation. Annoying and limiting as that little voice is, it also reflects your inner concerns, apprehensions and fears. By simply writing down what that little voice says to you at high pressure moments you can start to prepare to fight back.

Let's Make a Deal!

NEGOTIATION STRATEGIES FOR DEALING
WITH DIFFICULT PEOPLE OR ISSUES

JULY 29, 2015



3: COUNTER IT

Once you have identified the negative messages you can start to build robust responses. So if in preparing for a salary negotiation that little voice whispers “They will never agree to that figure!” or “You're not worth that much!” use this to your advantage by going off and researching why you are worth that much or what other employers are paying for your level of expertise. We are most vulnerable when we haven't prepared or don't have supporting information, so listen to the fears being voiced in your head...and go find out all the information you need to answer back.

4: DROWN IT OUT

So much of effective negotiation is about confidence. Negotiation can be challenging, awkward and uncomfortable and this impacts our performance. One tip is to start to drown out the negative messages before you even get to the negotiation table. Before that little voice is able to kick in, take the time to tell yourself what you really want to hear...that you are valuable, worth it, well prepared, confident, compelling... and keep telling yourself that.

5: RECOGNIZE THEY HAVE ONE TOO

Guess what? It's not just you that has the little voice. Your counterparty does too. And their little voice is whispering to them about their pressures and anxieties. A smart negotiator realizes that if all they focus on is their own little voice then they are missing a huge opportunity to tip the balance of power and gain valuable insight as to the key issues in the negotiation. While doing your research take the time to think about what the concerns and fears of your counterparty might be. By understanding that you can start to use the information to your advantage.

After all; they are only human too.



Let's Make a Deal!

NEGOTIATION STRATEGIES FOR DEALING
WITH DIFFICULT PEOPLE OR ISSUES

JULY 29, 2015



Common Negotiation Mistakes

These are some of the most common mistakes that neophyte negotiators make:

Mistake 1: Negotiation is all about winning

It isn't. Not outwardly anyway. At the end of the negotiation you want the other party to feel like they have "won." Because if they feel like they have lost, the negotiation ends and they will be the client or customer who keeps coming back, asking for more, making late payment, not prioritizing your requests or just being generally uncooperative. Nobody likes to feel like a fool. So at the end of the negotiation, make sure you behave with grace and professionalism. Make them feel like they have won, even if you know that you have secured the deal of a lifetime.

Mistake 2: Avoiding negotiation is a clever strategy

No one really likes doing it, so let's just cut to the chase and save time. We all know it's just a game, right? Wrong. A common mistake is to try and bypass the negotiation entirely, believing that both you and the other party will be grateful that they have avoided all that unnecessary awkwardness. The problem with this strategy is that despite the old saying, people do look a gift horse in the mouth. If something is too easy, people start to wonder why that was the case and what might be wrong with the deal they have just (so easily) agreed to.

Mistake 3: Sticking to your tried and trusted negotiation style

I routinely see clients who pride themselves on being "the bad cop" or "the collaborator" when it comes to negotiation. The problem is that they use that same style every single time they negotiate, regardless of the situation.

Not all negotiations are the same. Some require a more direct and unemotional response, whereas others require more creative thinking. Some will have one variable, others will have hundreds. If you adopt your standard collaborative approach in a hard-bargaining scenario, you will be taken advantage of. Similarly, if you approach a win/win negotiation with a tough and aggressive style, you are unlikely to get the result you want. To be the best negotiator you can be, get comfortable with flexing your style.

Mistake 4: Always trying to be fair

Just to be clear, I am not suggesting that you should actively be seeking deals that are unfair to the other party. What I am suggesting is that you shouldn't always assume that your definition of fairness matches theirs. I routinely hear people delivering proposals to the other side and then following up their suggestion with "I think that's a fair proposal, don't you?"

Let's Make a Deal!

NEGOTIATION STRATEGIES FOR DEALING
WITH DIFFICULT PEOPLE OR ISSUES

JULY 29, 2015



Each party approaches a negotiation with their own interpretation as to what makes an agreement fair. Put simply, what is fair to a buyer is probably not fair from the perspective of the seller, and vice versa. So don't be surprised if their response to your very "fair" suggestion is a flat refusal.

Mistake 5: It's all about you

When we approach a negotiation, we often spend most of our time thinking of all the reasons why the outcome is important to us. We get bogged down in thinking about deadlines, expectations, demands, targets, pressure from competitors, ambition or whatever it might be that matters to us. We often allow this to cloud our thinking and in doing so we ramp up the pressure on ourselves to do well. This often results in anxiety, fear and nervousness clouding our judgment, planning and performance.

Smart negotiators realize that the best way to diffuse the pressure of our own expectations is to simply acknowledge these pressures and then put them to one side. The real set of pressures and priorities that we should be thinking about exist in the head of our counterparty. Even if they do come across as powerful and intimidating, they too will have deadlines, expectations from colleagues and demands from their boss.

The more you research your counterparty and understand things from their perspective, the more you can start to use their pressures to your advantage. It also goes a long way to boosting your own confidence if you know that the balance of power might just be a bit more even than you had previously thought.

Mistake 6: Giving things away for free

Don't undervalue what you are offering. By fixating on one aspect of your negotiation, you may inadvertently end up giving away negotiation points for free. Instead, try a "if you..., then I..." approach, so that the counterparty gets something in return. For example, "If you will reduce the purchase price, I will shorten the time to closing."

Mistake 7: Not making the first move

Research shows that negotiations do not stray far from the first party's "anchoring" position. So by setting your stake in the sand, you are more likely to end up with the best deal for yourself.

Mistake 8: Being scared of rejection

Nobody likes to be rejected. It is because of this that I routinely see people falling apart and losing focus as soon as they hear the word "No" when they are negotiating. We have to learn to stop being afraid of the word "No" and instead start to reframe our relationship with it. Try seeing "No" in a different light. Consider it as an opportunity or a springboard to explore just what could be possible. View "No" as the starting point to building a solution that could lead to "Yes."

Let's Make a Deal!

NEGOTIATION STRATEGIES FOR DEALING
WITH DIFFICULT PEOPLE OR ISSUES

JULY 29, 2015



Mistake 7: Arguing

Don't argue; you will never win that way.

Five Ways to be a Negotiation Superhero

As someone who believes that negotiation skills can be taught and bad habits can be broken, I have provided five top tips to help you secure the best deal, every time.

Get cynical

I hate to break this to you, but sometimes the person you are negotiating with might not always be telling you the whole truth. In fact, in most situations the person you are negotiating with has probably adopted a planned strategy to test you.

The lesson here is simply to recognise that this happens. Do not make the mistake of assuming that because you might not routinely do this, that the person opposite you shares your approach. The fact is, your counterparty is never going to start the negotiation by leaning in and whispering to you "I'm going to start by offering you £10 but I can really get to £15."

Don't just accept their first proposal as the best they can do, as it's highly likely this is not the case. If you push ahead, you might be surprised as to what your counterparty is willing to agree to.

Stop giving things away for free

When we negotiate we often get so hung up on achieving the things that matter to us that we end up giving away lots of freebies to try and secure the deal. Over a number of years working with law firms I have regularly seen this played out in relation to fee negotiations. For some firms, securing a target hourly rate becomes their primary focus and in order to get the client to agree to this they will offer up enticements such as training, secondments, software, senior personnel and deferred payment. The problem is that at the end of the exercise if you bother to add up what the real cost of those freebies are to the firm's bottom line, then all of a sudden that target hourly rate isn't so lucrative after all.

So stop desperately trying to entice the other side and instead, start to trade with your counterparty. This is the simple way to stop giving things away for free.

Don't waste time arguing

This one is nice and straightforward. You will never win an argument in a negotiation. Ever.

Let's Make a Deal!

NEGOTIATION STRATEGIES FOR DEALING
WITH DIFFICULT PEOPLE OR ISSUES

JULY 29, 2015



I meet many people who are convinced that they are negotiating, when in fact they are simply arguing. The problem with confusing the two is that it is highly unlikely that after arguing extensively with your counterparty, they will suddenly back down and agree with you.

Negotiation is not about arguing, it is about making proposals in such a way that you bring the other party round to your way of thinking. You might think that you have just "won" that last argument but I can assure you that, in fact, all you have done is make the other party like you a little less. This wastes time and really doesn't help to change their mind.

Find other ways to say no

Nobody likes to have their ideas rejected and hear the word "no". You might not want to agree to what your counterparty is suggesting, but if you want to work with them and maintain a collaborative relationship, you do need to think about how they will feel as a result of your constant rejection.

Next time you want to reject their proposal, instead of simply saying "no", put forward your own proposal. Instead of "No. That doesn't work for us. Absolutely not." why not try "Thanks for that. I don't think that's something I can quite get to. But what I could get to is..."

Same message, different delivery. And now the ball is in your court.

Keep re-modeling... from your perspective

Rather than wasting time telling someone why their opening proposal won't work and your opening proposal will, come to the negotiating table armed with a number of pre-planned proposals that you can present as alternative options.

This is a smart strategy because (as I said in my first article on common negotiation mistakes), you want the other party to feel like they are winning, and every time you move from your opening position and present them with an alternative, for that moment, they have won. In fact, each proposal you make is simply a re-molding of what you asked for in the first place.

If you prepare more options prior to the negotiation, it is much easier to stay on course and avoid arguing or losing your focus.

Let's Make a Deal!

NEGOTIATION STRATEGIES FOR DEALING
WITH DIFFICULT PEOPLE OR ISSUES

JULY 29, 2015



Let's Make a Deal!

NEGOTIATION STRATEGIES FOR DEALING
WITH DIFFICULT PEOPLE OR ISSUES

JULY 29, 2015



Negotiation: Is It a Man's Game?

Are men naturally better at negotiating? Let's look at the unconscious characteristics that might mean women sell themselves short.

Based on watching hundreds and hundreds of people negotiating over the last few years, while men and women are as capable as each other when it comes to negotiating a deal, there are a number of differences that exist between the sexes.

Recent debate around Katty Kay and Claire Shipman's new book, **The Confidence Gap**, says that stereotyping, societal conditioning and expectation hold women back when it comes to asking for what they want. We need to be aware of to ensure we aren't selling ourselves short at the negotiation table. To be clear, I am not suggesting that all women do all of the things below, all of the time. However, if you do recognise yourself in the list below, here are a few tips.

Women don't ask (as often)

It seems that we women are less likely than our male counterparts to take an opportunity to negotiate when we are presented with one. We are more likely to assume that the proposal being made to us is a definitive position and so we challenge less. Research carried out at the US Tennis Open Championships showed that female tennis players were more than 80% less likely than males to challenge a close line call decision made by the umpire.

What we should start doing is to make a conscious decision to challenge the facts that are being presented to us. That might be in relation to a pay rise or dealing with a supplier. Next time, try pushing back. What's the worst that can happen?

We don't aim high enough

So if we assume that we have managed to get over the first hurdle, our next problem presents itself: when we do ask, we don't aim high enough. This might explain why a recent study by the Chartered Management Institute showed that male managers would earn £141,000 more in bonuses over a lifetime than their female counterparts.

On the one hand, you could assume this discrepancy is down to discrimination on the part of bosses, or you could start to wonder whether men are more likely to challenge their level of awarded bonus and ask for more. Next time you are negotiating that pay rise, bonus, sabbatical or working arrangement you should try taking your planned request and just upping it a bit. Or maybe a lot.

We don't like being chameleons

In my previous article I talked about the importance of being able to change your negotiation style to suit different situations. Over a number of years in this industry, I have observed that many women feel

Let's Make a Deal!

NEGOTIATION STRATEGIES FOR DEALING
WITH DIFFICULT PEOPLE OR ISSUES

JULY 29, 2015



very uncomfortable at the thought of "switching personalities" in order to get a result. Women appear more concerned about being labelled "disingenuous" or "shallow" and have told me that they don't feel they would be able to pull it off successfully.

My response to this? There is nothing disingenuous about playing different roles. Over the course of a week I play the roles of mother, commercial negotiator, friend, boss, mediator, wife, all of which require different styles and responses. If we can apply this flexible mindset to executing our negotiations, then we will start to see improved results.

We don't like to say no

From a young age girls are socialised to be "nicer" and more in touch with their own, and other people's feelings than boys and as a result tend to find it harder to say no to people. This reluctance appears to carry on into adulthood, with women generally being more empathetic and seeking to appear collaborative and co-operative, even when it might not be appropriate to do so.

However, there are alternative ways of disagreeing with someone or rejecting their proposals. Why not try rejecting their proposal by thanking them for their suggestion and then moving them on by suggesting an alternative proposal? The best way to reject their proposal is quite simply to deliver your own.

We are better at negotiating for others

Numerous pieces of research over the years have highlighted the fact that women tend to perform better when they are negotiating on behalf of others. This is evidenced by female politicians in the US routinely securing better financial outcomes for their constituents than their male counterparts and research from Harvard University that saw female executives securing higher bonuses for their team than their male colleagues.

The suggested reasons for this range from women feeling a greater sense of responsibility towards others, to suggesting that we feel more motivated to push hard if others are relying on us. Whatever the reason, we should surely embrace this. I often think of the words of Professor Neale of Stamford University who said "Every time I go into a negotiation now I remind myself that at home I have a husband, two sons, a mother-in-law, five dogs, three cats, four horses, two budgies and eight hens who are all relying on me to get a good outcome."

Negotiation can be uncomfortable. Negotiation can be challenging. Negotiation can be tough. If we recognise and accept these statements then we have already taken a huge step on the road to becoming better negotiators. So, before your next negotiation, borrow some advice from these articles, effectively plan your strategy and take a deep breath. Being a smart, resilient, articulate, confident negotiator takes balls.

Let's Make a Deal!

NEGOTIATION STRATEGIES FOR DEALING
WITH DIFFICULT PEOPLE OR ISSUES

JULY 29, 2015



And that's true whether you are a woman or a man.