

Negotiation

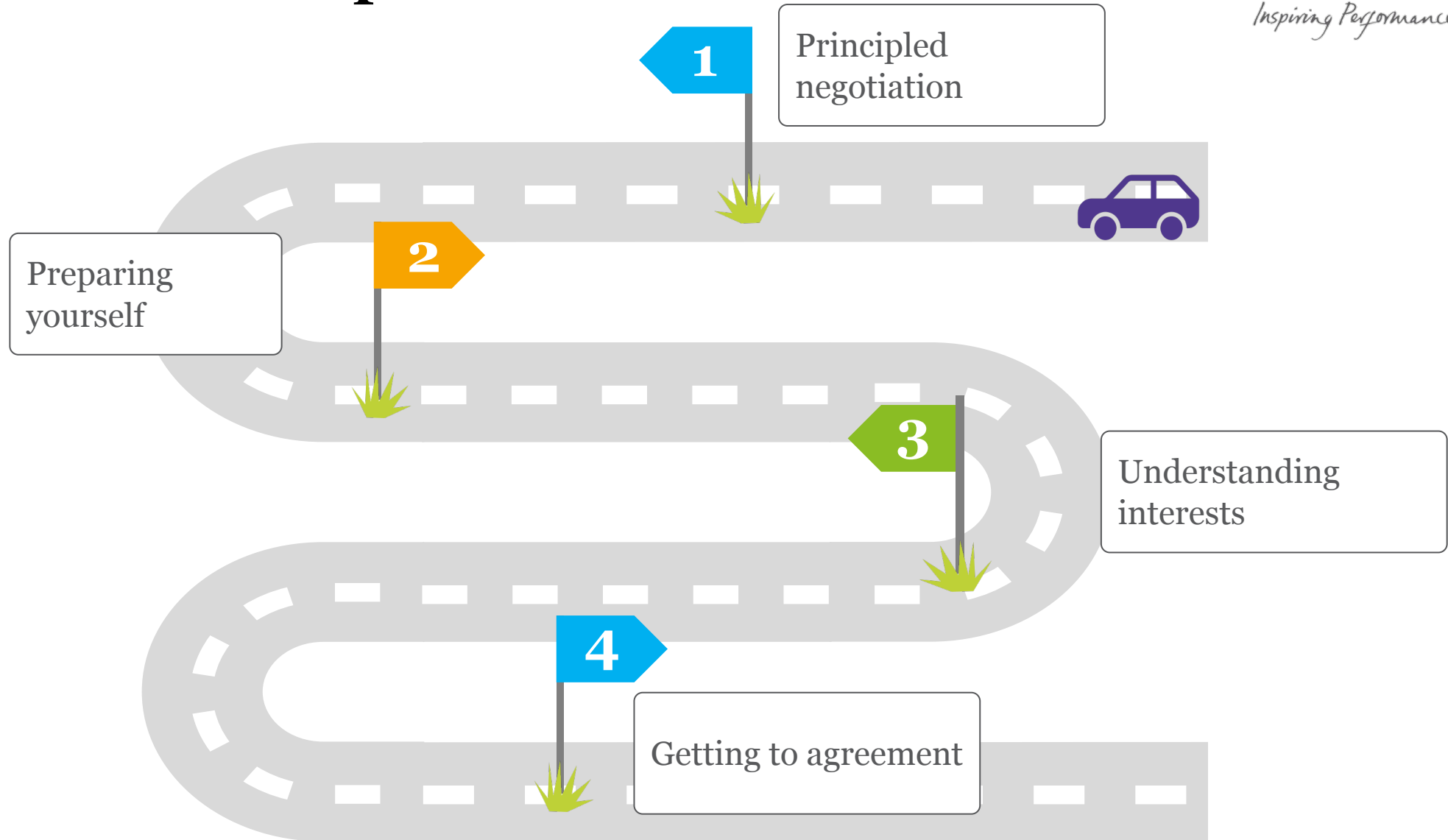
ELM Module : Impact, Influence & Negotiation

Learning outcomes

Learn about the rules
of principled negotiation

Understand how to get closer to
your intended outcome

Session roadmap



Principled negotiation

A quick case study!

Shop purchase

The bike you want is £620, at least £120 above your price range.

They will fit it to you and give you a free check-up after 12 weeks.

They will throw in a cycling top which is probably worth £30, although you have lots of kit already.

It will take 4 weeks to arrive as they are out of stock.



Online purchase

Last years model of the same bike is available.

It's not quite as good but it's pretty close.

It's not as nice a colour as this year's model but it's closer to your £500 price range, although it doesn't come with freebies.

It will arrive in kit form, you just need to put on the wheels, seat and handlebars.

Reflect for a moment on these 3 questions:

1. What tactics would you use in the shop to negotiate a better deal?
2. Would you use the same tactics if you wanted to use them again?
3. Would you use the same tactics if they were a friend?

Principled negotiation



Principled negotiation is based on the notion that we need to work together with our counterpart.

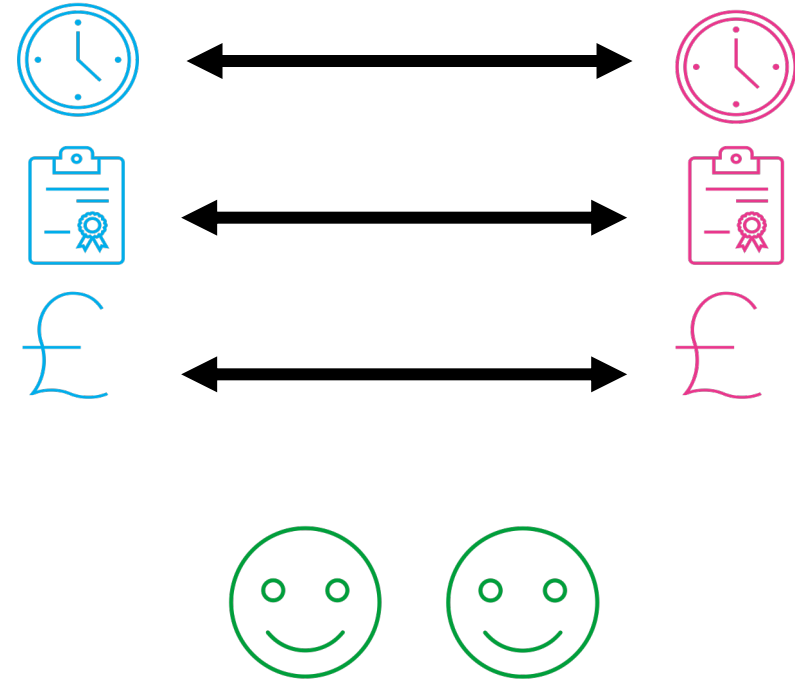


Therefore, all parties' interests are considered, across a number of variables, in order to move both parties closer to their intended outcome.



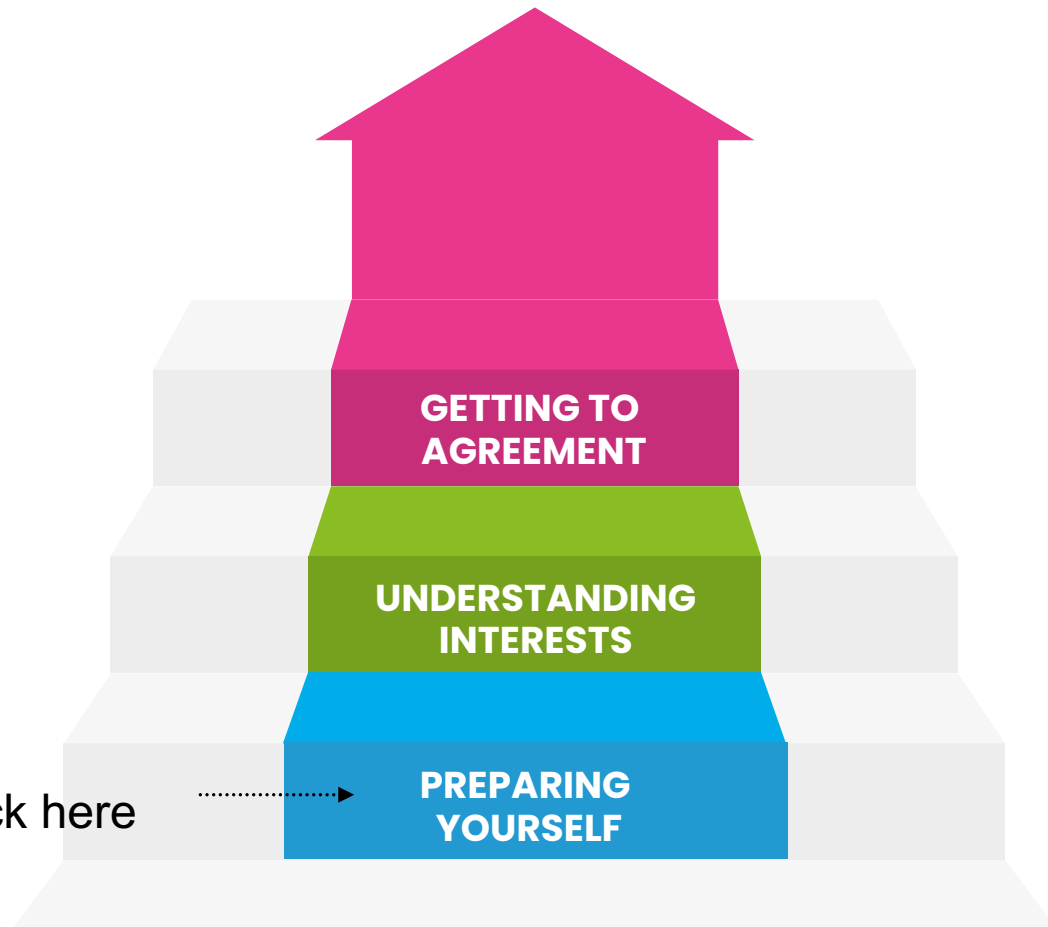
To achieve principled negotiation both sides must:

- Want to reach an agreement.
- Be interested in giving and taking.
- Approach the relationship as problem solvers.
- Aim to achieve a 'Win/Win' outcome.



Achieving Principled Negotiation

We can work towards achieving principled negotiation by following 3 important steps.
Click below to find out more.



Identifying and trading variables to help unlock the deal and achieve an outcome that works for both parties.

Thinking through the interests of both parties, what is at the heart of the negotiation and where the common ground lies.

Understanding how we best prepare the ground ahead of a negotiation to ensure that we are fully informed.

Preparing yourself



Considering your situation

As with many things in work and life, being well prepared is always key to a good outcome.

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What questions might be useful to ask yourself ahead of a negotiation?

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Considering your situation

*What tactics
will I use?*

*Where do we
start? How do
we gain trust?*

*What are
my goals?*



Finally, how might the other party answer these questions?

*What can I give
away, what's a
nonnegotiable?*

*What's
acceptable to
me and
what's not?*

*Why am I
negotiating?*

Considering possible outcomes

One of the most important aspects of your preparation should be to consider your range of possible outcomes. Click on 'Best Outcome' to see more.

BEST OUTCOME



What you wish for in an ideal world

In the bike example, the best price we could find, for a less nice bike and service, was £520, so that must be our best option.

£520

TARGET OUTCOME

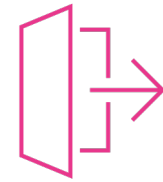


What you will happily accept based on your wants and needs

In this case you might be willing to pay a bit more for a newer bike and the service that comes with it. So, you might justify that with an extra £40.

£560

WALK AWAY



The point at which you walk away

In this case you might say your walk away point is £580. But how do you know? What informs your thinking?

£580

Knowing your Walk Away: BATNA

The BATNA stands for...

Best Alternative To a Negotiated Agreement

Why is it important?

Securing an alternative option gives us clarity of where we stand, our strengths and weaknesses, and ultimately, informs our 'walk away' point.

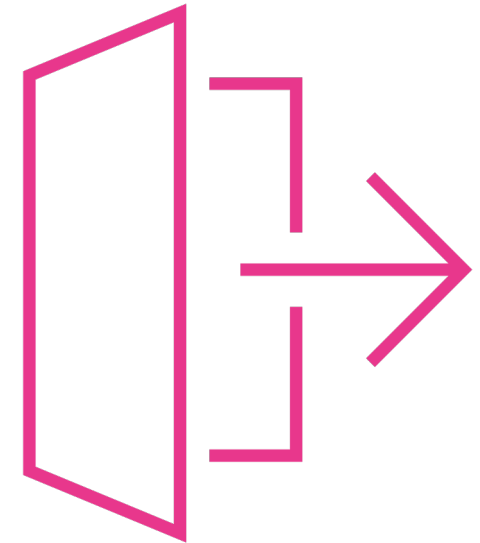
What if I don't bother?

Failure to secure a BATNA might mean that we drop our position too far, when in fact another alternative would have been better, and this is often only recognised when it's too late and negotiations have concluded.

'Example' from the bike exercise:

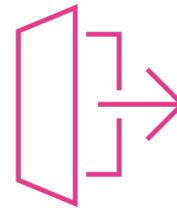
You know what you are willing to pay because you've done your research. Imagine if you hadn't, or didn't know what the alternatives were, how confident would you feel going into that negotiation?

The seller will also have a point at which it makes no sense to sell the bike for less. If the reason the bike is out of stock is because it's so popular, they may not wish to drop the price too much.



Preparing the ground

Think about a current or recent negotiation?



You

What was the situation?

When identifying your BATNA, what did/do you need to think about?

What was your BATNA?

Your counterpart

When identifying their BATNA, what did/could you think about?

What do you think their BATNA was?

Understanding interests



Focus on interests, not positions

What you see



Their Position

What they say they want

Demands

Things they say they will/won't do

Subjective wants

Project Manager's Position:

'I want a one-month extension to close out the project'.

Project Manager's Interest:

Before facing unexpected challenges in completing the project (subcontractor error), the PM approved a holiday for the senior QS.

The PM wants to demonstrate that they fight for the team's needs and keeps her word.



What may be hidden

Their Interests

Why they want it; underlying motivations

Concerns

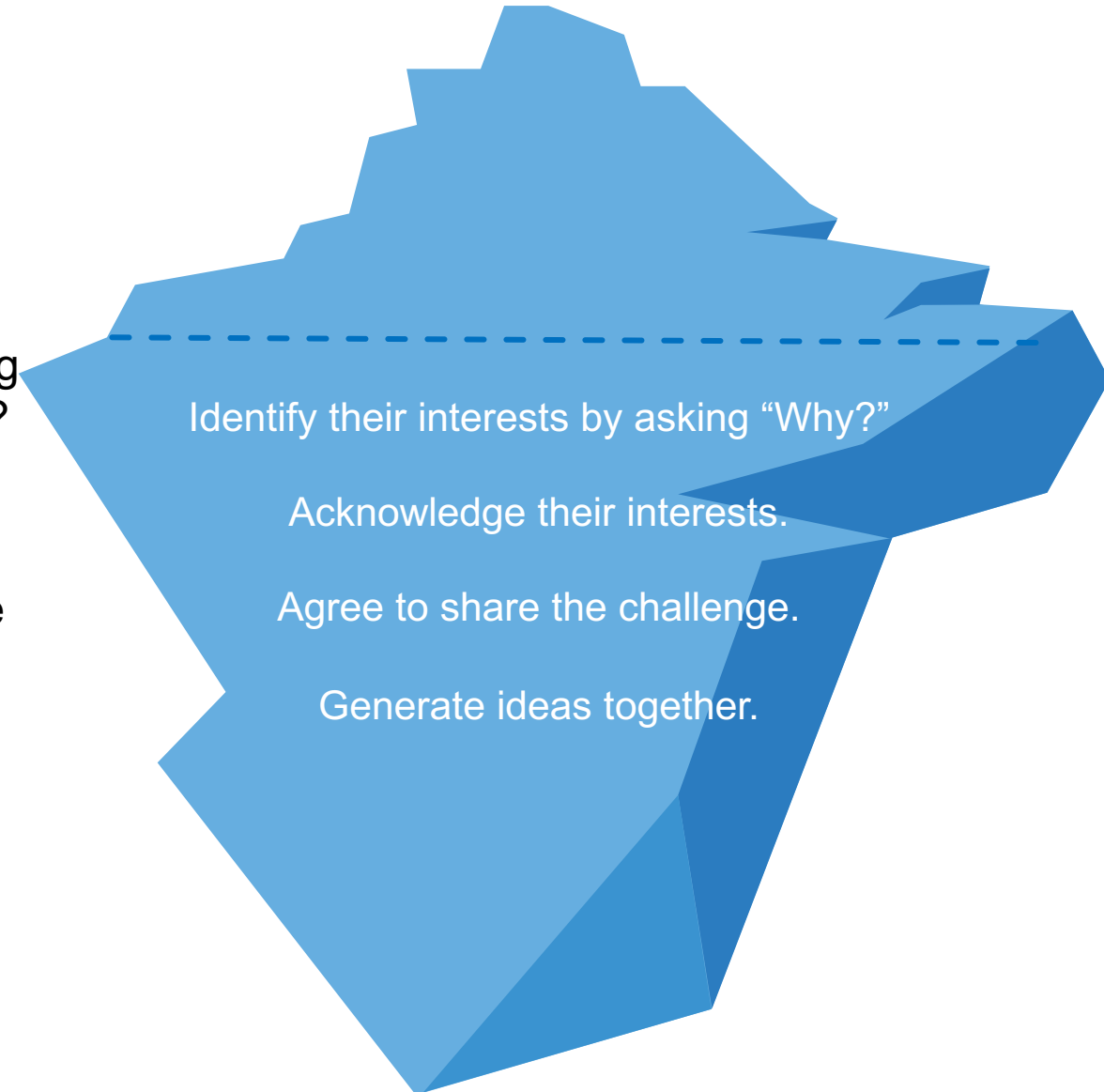
Fears and aspirations

Objective needs

Uncovering interests

If we're going to uncover our counterparts' interests, we need to get to the heart of the matter.

- » Effective questioning and listening can help us uncover what sits beneath the waterline.
- » E.g., 'Something is telling me that my proposal isn't giving you enough certainty over the deadline, is that the case'?
- » E.g., 'I understand that it might be difficult for you to take that proposal back to your side, is that the case'? 'I'd love to explore how we can make that easier for you', would that be okay'?



Focus on interests: example

Thinking back to the bike example, you as the buyer, may have a number of interests that are important to you.

Click on 'YOU: The Buyer' to see some of these interests.

YOU: The Buyer

You want this bike but it's too expensive.

You're not confident with building/fitting bikes.

You're a bit particular about the colour.

You really like this brand and would prefer not to change.

You're not really interested in more kit.



The Shop/Seller

They want to hit their sales target for this month and they're a bit short.

Their cashflow is looking pretty good though.

They have a range of other similar bikes with good colour matches to the customers preference.

Focus on interests: your example

Think again about a current or recent negotiation?

What were/are your interests?

What were/are their interests likely to be?

Your interests:

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<type here>

<type here>



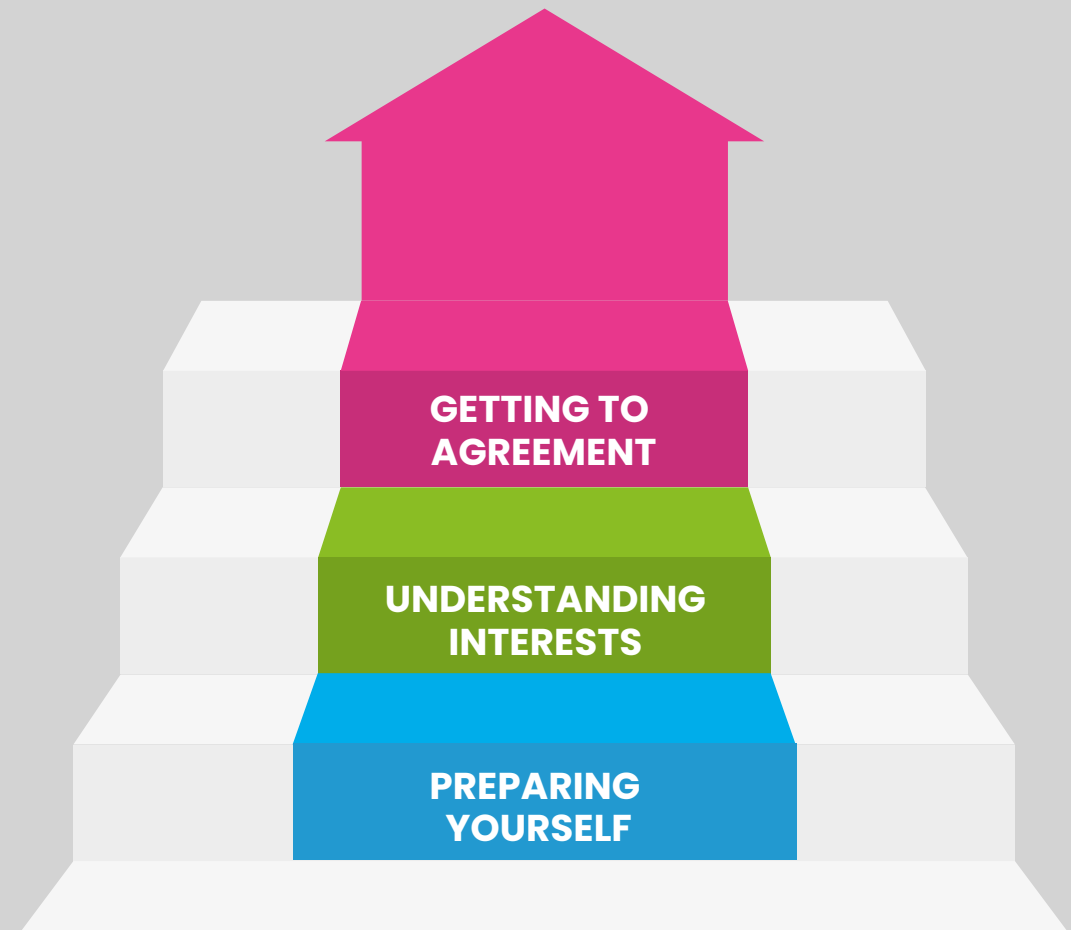
Their interests:

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Getting to agreement



Using the 'variables' at play



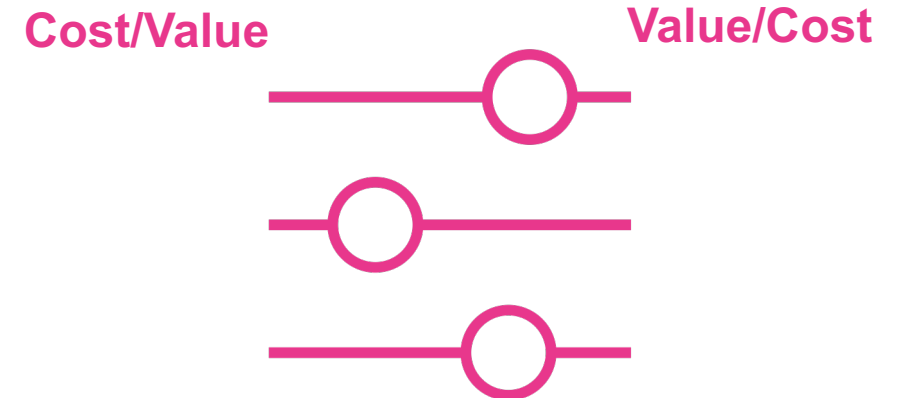
Skilled negotiators rarely negotiate on a single issue at a time because this implies there is a fixed, 'single point' position, which often leads to deadlock.



Often, there is more than one 'good solution'. In principled negotiations both parties focus on a range of variables that are involved in the wider deal.



Variables are small inexpensive items that cost one side very little but are more valuable to the other side.



Think back again to your recent or current negotiation.
What variables could, or might you have traded?

<type here>

Trading your 'variables'

Potential variables

- Cost/Margin
- Completion date/time
- Support
- How delivered
- Quality
- Training
- Pre-sales
- Turnaround time
- Payment terms
- Marketing
- Fitting / Installation
- Expertise
- Quantity
- Warranty
- Volume Rebates
- Length of contract



Negotiators can unlock deals and get to agreement by trading the variables that secure their interests.



So it's important to be clear about your variables in advance and consider what the other party might be willing to trade.

Exploring their interests thoroughly should bring their variables to the surface.



Your aim is to trade like this:

- Low cost to you, high value to them
In return for...
- High value to you, low cost to them



Here's an example of how you might frame an offer.

'If you can give us 'X' on the turnaround time, we would be able to do 'Y' for you on the payment

Example:

Thinking back to our example of the bike purchase let's assume that this time you are the shop owner.

How might you attempt to get to an agreement given the interests on both sides?

Person buying

Wants this bike but its too expensive

Not confident with building/fitting bikes
and have already been offered a fitting

Seems to really like this style of bike

But doesn't seem to want last year's
model because is quite particular
about the colour.

They're not really interested in more
kit.

YOU: The Shop Owner

I want to hit my sales target for this
month and I'm a bit short

My cashflow is looking pretty good
though

I have a range of other similar
bikes with good colour matches to
the customers preference

Example:

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Create
Win-win
solution

Create
Win-win
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YOU: The Shop Owner

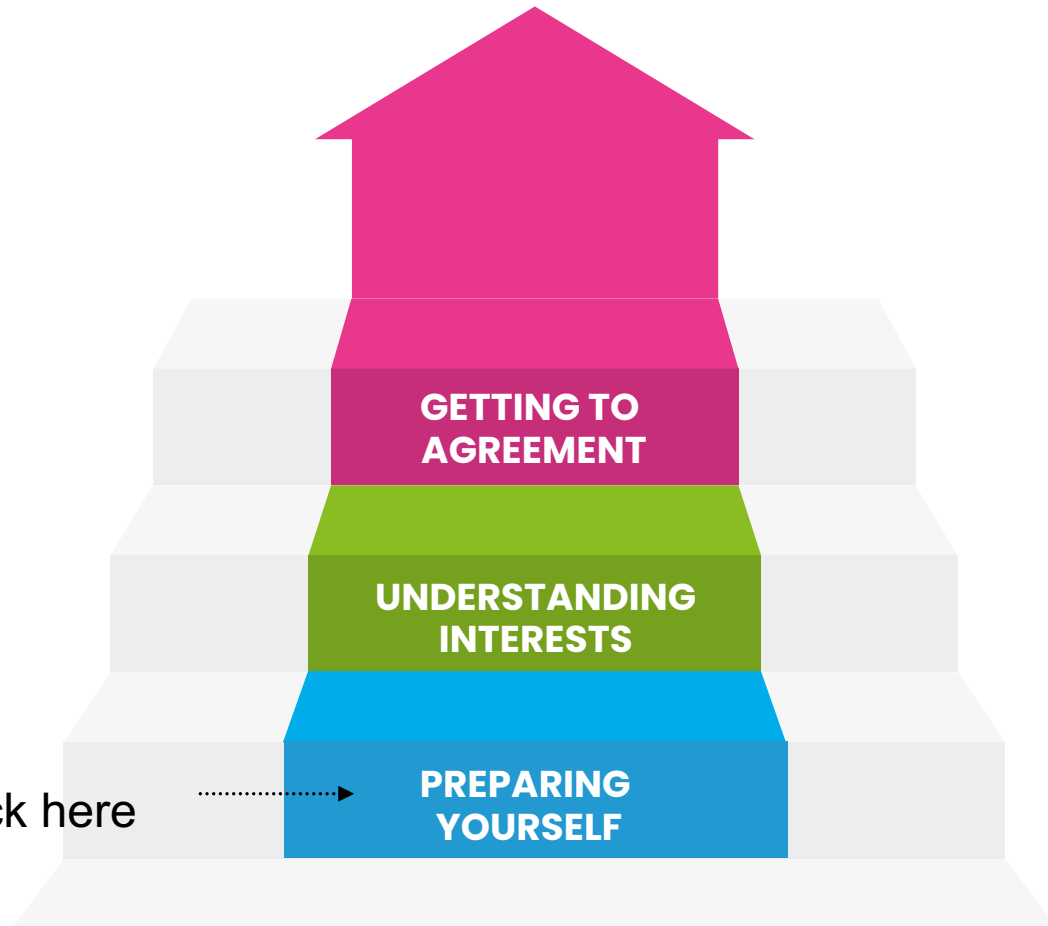
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The 3 steps recap

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Wrap Up

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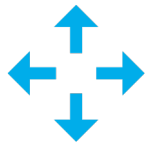
Negotiation: Key points



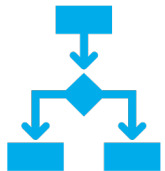
Use principled negotiation, aim for win/win and a good relationship.



Preparation is key, understanding BATNAs for both parties opens the zone of possible agreement.



Move away from people positions and uncover their interests.



Explore different solutions and use variables to get to a win/win agreement.

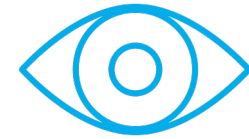
Negotiation: Action planning



Consider the negotiations that you are involved in.



Prepare in the right way and aim for win/win.



Explore their interests and aim to trade with cost and value in mind.