

Norton Media Web Articles:

Top ten tips for negotiators

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These Top Ten 10 Rules of Negotiation, identify the techniques available to achieve better quality of business, with fewer expensive concessions. But of course good negotiation skills are not just an asset in the traditional sales person/customer situation. In all areas of life - with colleagues, employers, even your own family - being able to negotiate well will allow you to get what you want without damaging your relationships.

Strong negotiation skills are fundamental to achieving and sustaining career and business success. Those who want to get better results, both in their private lives and at work, need to develop effective negotiation skills. A lack of ability in this area can be the single largest contributor to preventing people and businesses getting what they want and need.

1. Don't - unless you need to.

Always evaluate your needs honestly and buy/sell hard. Never, if possible, negotiate, as it always requires compromise - which costs. Some people are tempted to negotiate too soon. Just because the other party says, "This is the "negotiation phase," doesn't make it so. Work out your ideal position and don't be afraid to state it straight away.

2. Never negotiate with yourself.

People regularly try to second guess the other party and in doing so minimise their own expectations. "I want to be paid £10,000 for this ideally but maybe they don't have that much. If I ask for £10k or nearest offer, it might sound less aggressive." This is the start of negotiating with yourself. If you start reducing your expectations from your ideal before you even see the "whites of their eyes", you will always end up with a lesser, compromised deal. Start out with your ideal and wait for the other party to ask for a lower figure.

3. Never accept the first offer.

There is almost always a different (better) offer behind it. Don't forget they will be instinctively (or professionally) trying not to break rule 2. Their opening stance will obviously be leaning towards their ideal position - with probable room for manoeuvre. Also, be aware, that you can sometimes annoy the other party by doing this. If you accept too quickly, they will think they should have asked for more, resulting in their perception of a lose/win conclusion (they lost, you won.)

4. Never make the first offer.

(If you can help it!) It leaks your bottom line straight away. Always ask the other party, "What is your ideal or target price?" If you are backed into a corner - or a "I asked you first ..." situation occurs, make the offer under protest and don't break rule 2. State your ideal position i.e. your list price if you're selling or your lowest target price if you're buying.

5. Listen more and talk less.

Good negotiators lead by listening, not talking. Let the other side ramble on. Even if it's rubbish and frustrating, you must bide your time and bite your tongue. Continued silence will provide you with the opportunity to pick off their position by their leaked messages. Also, don't forget, whilst you are listening you can't leak your own position and give them the advantage!

6. No free gifts.

Always ask for something in return. No one values a free gift for long. It immediately decreases in value once it has been offered - and a free gift today becomes tomorrow's starting point. Don't forget free gifts are not always money, but can be the disclosure of useful information or even giving up your time too easily.

7. Don't be the repentant rookie.

Don't forget the differences between cost, price and value, and work with these. Cost is how much the concessions cost you; price is how much you want to charge for it; and value is what its worth to the other party. For example, the cost of this tap washer is 10p; the price to fit it is 10 minutes of my time, which is £10; the value to the other party is that it doesn't ruin their bathroom carpet and destroy the living room ceiling plaster at £500 replacement. Aim for the super win-win where both parties get high value concessions at low cost. For example, "We will finish the job early if you pay 100% up-front in cash."

8. Watch out for the 'salami' effect.

(Itemising every element of the deal and pricing it.) Start with a complete value-orientated price - for example, materials, labour, clean-up and a 5-year guarantee - £1000. Not £300 materials, £500 labour, £100 clean-up and £100 5-year guarantee. The other party will always know where to buy cheaper materials, then query your labour rates, say they'll do the clean-up themselves and forego the guarantee - thank you very much! So a £1,000 deal easily becomes £200-materials, £400-labour in total a smaller, £600 job. That's the Salami effect!

Only salami when, and as far as you are requested to. Never 'band' your expectations - it leaks your bottom line i.e. "I am looking for a 10-15% discount." Which one do you think you are more likely to get? Yep, it's going to be closer to 10% than 15%! Try not to 'salami' the other party, as this kind of behaviour breeds behaviour.

9. Never make a quick deal.

Say 'maybe.' A quick deal usually ends up in regret. Check your understanding of their offer, by repeating it back to them. It may be that the other party think that they have seen an advantage for them (or mistake by you) you have missed. So give yourself time to check the proposed agreement thoroughly. Never be afraid to take a short break and leave the room.

10. Never disclose your walk away point - and always have one.

Not before you start, not during the discussions and never after a successful conclusion. By doing this you will always be giving the other party an undue advantage over you. People learn their negotiation skills from their interaction with you. They also learn your limitations and abilities in post negotiation analysis. So don't let them know how you work or have worked under any circumstances - keep them guessing about your no-deal positions and they will have to move more towards you then you will towards them.