

Ten Tips for Profitable Negotiation

By Patrick Harlington of ANSA Business Development

Negotiating is much misunderstood in commercial, service and industrial businesses today. Often negotiating is simply considered to be a means of ‘closing’, the reality is much different. Negotiating is complete process which commences long before the customer has agreed to buy.

Mastering effective negotiation can increase business bottom lines considerably as it is a fundamental skill impacting directly upon volumes, costs and prices.

1. Invest time in planning for negotiations

Where time for proper planning is allowed it is often squandered; the planning is sacrificed but the negotiation goes ahead regardless. Ensuring that you have flexible plans which, in detail, layout your ‘must get’, ‘could get’ and ‘should get’ situations, is a fundamental discipline. Researching position and possibilities, trade offs and package details prevents the negotiation degenerating into a ‘price haggle’. Very often your role as a negotiator is to help them negotiate within their own organisation.

2. Negotiation is a phased process

Negotiations cannot be ‘winged’ as we go on. It must be a thorough and precise process. If planning is the first phase of the process then planning is in spending time in deciding what we want. The second phase has to be in investing time in determining what the other negotiator wants. Then and then only are we in a position of entering the third phase of negotiation; finding out what they are prepared to concede and what concessions they are expecting of us call this the discussion phase where tentative proposals are being made and tested. The final phase is the bargaining, haggling, crunching out the deal.

3. Aim High

Anything less than targeting the maximum possible outcomes from any negotiation situation only can lead to a self deluding attitude that ‘the customer won’t accept that’.

Good negotiators know that they will probably have to concede something at some stage; therefore rather than starting to concede when all concessions have already been built into the package they use their concessions as trading and bargaining pieces.

4. Manage Concessions Carefully

Preventing conceding for ‘good will’ is the ultimate aim of concession management; ensuring that every concession has strings tied to it and every concession is the subject of a reciprocal concession seems to be easy to say but less than easy to practice. Over eager conceding is generally the mark of a ‘relationship’ sales person with the extremely high consequences to both the negotiation package and the eventual deal. Knowing what concessions for what trade offs the negotiator is prepared to make is fundamental. If concessions are to be of value in the negotiating process they need to be enhanced in the other negotiators mind.

5. Determine Your Power

Lack of planning and research can lead to an almost natural presumption that the 'power' lies in the hands of the other negotiator and yet both negotiators have wants and aspirations from the process. In researching limitations in the other negotiators power, it is often found that you have more power than you think. Remove the fear factor. Many aspects of negotiating power stem from a negotiators fear of failure, increased research, increased knowledge of alternatives and a clear identification of walk away points all help to reduce the fear factor.

6. Control Your Ego

In negotiating your ego can be your best friend or your worst enemy. Do not argue, do not negotiate over 'positions' but over desired 'outcomes'. Be prepared to be 'the chameleon' and change your behaviour to be compatible to the personality profile of the other negotiator. The behaviour we choose and the behaviour that we choose to use is perhaps the most under rated element of negotiating. Most negotiations reach stalemate or deadlock not because of the desired outcomes of the negotiators but because of their inappropriate behaviour. Negotiate with others as you would have them negotiate with you.

7. Be Clear About Your 'Walk Away' Point.

A good negotiator recognises, in the planning stage, their walk away point. Yet most negotiators end up going further than they intended to do either conceding more or settling for a deal which had previously been identified as being 'non negotiable'.

Setting the walk away point and sticking to it needs a very precise strategy which is implemented at each stage of the process. 'It is worth that extra mile' and 'we have worked on this for so long now that it would be a tragedy not to do the deal' are both heralds of the negotiator taking you beyond your walk away point.

8. Negotiate as a Team

Negotiating is seldom the province of the lone wolf. As negotiations are often complex it follows that there are several points of expertise and knowledge required in a negotiating team. Work together in the planning and strategy meetings, stick to your briefs and decide upon the roles of each member of the team. A leader is required as is an observer and a note taker. Never be afraid to adjourn and consult together as a team.

9. Invest in their Satisfaction

Everyone reports to someone make sure that they know not only what a good deal they have done but how much you enjoyed negotiating with them. There will always be another occasion. Review the process with them and audit the good points on both sides.

10. Agree what has been agreed

Take great care, without reopening the negotiation, to agree precisely what has been agreed, exchange notes if necessary. Far too often stalemates are provoked, after the negotiation, by misunderstandings as to what has precisely been agreed upon. It is often a good idea at the end of the negotiations to exchange a 'letter of expectations' in which each side will state its expectations of each other in the performance of the contract or supply.

Patrick Harlington of Ansa Business Development runs custom designed seminars for client companies worldwide. Subjects range from winning profitable sales, profitable negotiation, price management, purchasing for profit and communication and teamwork skills amongst many others.

For further information please contact Debbie Jackson of Global Strategic Promotions on 01634 314176 or email debbie@gspromotions.com