

Negotiation skills



Clean Heat
Accelerator

30th September 2024 – now 17th October 2024

AGENDA

Introductions & what you are hoping to get out of the session

3 main approaches to negotiation

Preparing for negotiation

Common pitfalls

8 core negotiation tactics

Negotiation exercise / Comfort Break

12 ways to break deadlocks and keep relationships

Summing up

3 main approaches to negotiation

Positional bargaining - soft

- 1) Participants are friendly
- 2) The goal is to agree
- 3) You make concessions to cultivate the relationship
- 4) You are willing to change your position
- 5) You make offers
- 6) You accept one-sided losses
- 7) You yield to pressure

Positional bargaining - hard

1. Participants are adversarial
2. The goal is victory
3. You demand concessions as a condition of business
4. You dig into your position
5. You make threats
6. You demand one-sided gains
7. You apply pressure

Negotiating on merits

1. Participants are problem solvers
2. The goal is to solve the problem
3. You separate personal relationships from the problem
4. You focus on interests, not positions
5. You explore common ground
6. You invent options for mutual gain
7. You reason and are open to reason and yield to principles, not pressure

Preparing for negotiation

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Ask yourself 4 basic questions

1. What do I want (what is the ideal outcome for me)?
2. What do I need (what is the minimum I am willing to accept)?
3. What are my alternatives (What happens if the negotiation fails)?
4. What is the worst that can happen (What do I want to avoid)?

And then repeat this exercise from the perspective of
your counterparty

Common negotiation pitfalls

ONE:

Assuming you are in the weaker position

TWO:

Not understanding the value of what you offer

THREE:

Dropping your ask/position too quickly

FOUR:

Not seeking common ground throughout the process

FIVE:

Getting stuck on specific elements

SIX:

Entering negotiation without knowing what you are willing to compromise on

8 core negotiation tactics



The "drip"

Making demands little by little

Pro: can avoid scaring the other side

Con: can feel never-ending



The "drop"

The opposite of the "drip" - share everything upfront

Pro: clear what you are seeking to achieve

Con: Can be overwhelming or an overshare of info



Patience

This can be a useful asset / devastating weapon if the other side is excited

Pro: being calm can defuse tense situations

Con: in the face of enthusiasm can be damaging



Slow agony

Never saying no, defer decisions, asking lots of questions

Pro: useful when you are being pressured

Con: can make the other party so frustrated they leave

8 core negotiation tactics



Faking

Pretending there is something you absolutely cannot do/concede

Pro: useful as a bargaining chip

Con: can be exposed, which may jeopardise negotiation



Apathy

Answering questions without energy or passion

Pro: good defence against high pressure

Con: may trigger the other party into frustration



Limits

Allow the other party to go so far but no further

Pro: Useful when the other side keeps pushing

Con: if you set and then break your own limit you will not be taken seriously




Fait accompli

When you make a threat if something else doesn't happen

Pro: can demonstrate how serious you are

Con: you will need to deal with the consequences

A close-up photograph of a hand holding a white coffee cup. A stream of milk is being poured from a metal pitcher into the cup, creating a latte art design on the surface of the coffee. The background is dark and out of focus.

Comfort break +
negotiation
exercise

5+15 minutes

Negotiation exercise – followed by group discussion

- Consider your usual approach to negotiation – what mix of soft, hard and merit-based tactics do you usually use?
- 5 minutes comfort break/thinking time – what is your strongest and weakest negotiation tactic normally?
- 15 minutes – we are going to ask you to split a goat and when we are back in session, to share how you split the goat between yourself and your partner

+ sharing outcomes and group discussion + vote



12 ways to break deadlocks and keep relationships



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1: Recap

Recap the discussion to ensure there really is a deadlock

"To recap we are discussing point X and we are trying to reach agreement on A, B and C"

2: Emphasize

Reiterate areas of mutual interest

"We are both wanting to find a resolution to this"

3: Cost

Stress the cost of not reaching agreement and the situations you want to avoid

"If we can't agree on this then all our previous work will be wasted"

12 ways to break deadlocks and keep relationships

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4: Postpone details

Reach an agreement in principle and postpone agreement on details to a later date

"Agree to agree and sort out the details later"

5: Secrets

Try to find out if the problem is based on something the other party isn't telling you

"Hidden agenda"

6: Changing the contract

Changing the type of contract, changing contract specifications or terms and adding options to the contract

"Bespoke" vs "One-size-fits-all"
- noting legal costs add up quickly!

12 ways to break deadlocks and keep relationships

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7: Change the setting

When things get too heated, suggest changing the setting by holding an informal discussion outside of the current environment

"let's take this offline"

8: Concessions

Make concessions which are contingent on settling all the issues

"I am willing to accept changes to clause A and B if this means we reach agreement by Friday"

9: Change the people involved

Sometimes the chemistry between the parties at the table just don't mesh and it becomes necessary to substitute one or more team members

12 ways to break deadlocks and keep relationships

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10: Be careful with language

It is easy to escalate a conflict – one way is to shift the use of language

"You are responsible" vs "Your company is responsible" vs "Company AAA is responsible"

11: Use a hypothetical

For a particular issue, use a hypothetical situation to illustrate how you perceive the impacts to both parties

"With this clause, if X happens, then our liability will be far greater than the potential upside"

12. Be patient!

Being patient and calm – without being apathetic – is one of the most powerful strategies to resolve conflicts and to "win" at negotiations in general.

"Passion is good for sales, patience is good for conflicts"

Questions?

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2024