

IT DOESN'T HURT TO HAGGLE

Treasurers must be able to negotiate to succeed in their roles. Mike Clayton offers some helpful hints on how to drive a hard bargain

The need to negotiate is not negotiable. We all do it – whether that's formally, in a boardroom, discussing investments worth millions of pounds, or around the dinner table, planning the next family outing. But the prominence and practices of negotiation vary widely from culture to culture. In the Arabic souk, or in the north of the Indian subcontinent, negotiation is more than a way of life – it is a ritual to be savoured. Everyone there is more than familiar with its ploys and gambits, and feels comfortable with the give and take, the spirited competition and the feigned offence. Not negotiating is what gives real offence.

But the North European culture isn't like that. Day-to-day, the idea of negotiating over a cup of tea or setting the price of a consumer purchase is alien to us. And we don't think of haggling over whether to eat at the Italian, Indian or Chinese restaurant as a negotiation; it feels more like an argument. Consequently, many people feel uncomfortable with the idea of negotiating.

So how can you negotiate well and feel confident at the same time? The good news is that negotiating is a learnable process. Once you assimilate the four basic steps, you can practise each, carrying them out diligently to get a result every time. Note that it won't always be the result you hoped for at the outset: that's not the goal of negotiating. There are, after all, two (or more) parties to please.

Process of negotiation

Negotiation is a process of searching for an agreement that satisfies all parties and it has four steps:

1. PREPARATION

The secret of success lies in going into the formal 'let's negotiate' part fully prepared. This can give you an immediate edge, but, realistically, will simply prevent you

being at a disadvantage from the start. Its real importance is two-fold: to boost your confidence and to equip you to recognise and secure the best outcome available... or to know when to walk away.

So what should you prepare? First and foremost, know what you want, and what your option would be if you failed to reach agreement. Known as your BATNA or 'Best Alternative to a Negotiated Agreement', this tells you when to walk away. It forms your bottom line. You also need to make an inventory of all the variables in your negotiation: what you can trade, offer, concede, request and tweak, in terms of money, goods, services or relationships.

This will give you your manoeuvring space. Find out what you can about the other party and do your best to anticipate what they need, want and don't want and, as a result, some likely scenarios. Play them out.

Lastly, assemble a file of every relevant fact or figure that you can keep readily to hand. Ideally, learn it all – the impact of that on your counterparty can be stunning. If not, at least be familiar with it all, so you can quickly find what you need.

2. OPENING

The opening is a dance so, like a debutante, your first priority is to make a positive first impression. Dress right, enter confidently,

TIPS AND TRICKS

- ◆ Know what your ideal outcome is; and ask for it.
- ◆ Cultivate the art of listening with ferocious attention, waiting before you speak and shutting up when you have spoken. The last most of all: nothing is worse than over-speaking and hearing yourself arguing against your own point.
- ◆ Take your time. There are cultural limits to this, but if it is worth negotiating, it is worth getting right. Take your time over preparation, over the opening ceremony and over bargaining. Then close with alacrity.
- ◆ Focus on the WIIFY: "What's in it for you?" – the other side's wants and needs, drivers and pains.
- ◆ ...and then show the other side how you can address them. If you do this, success will be yours.
- ◆ Never offer a naked concession – always dress it with a request for a concession in return.
- ◆ Make every concession smaller than your last. That way they will converge. A great rule of thumb is that your next concession should be around half the value of your last.
- ◆ Be prepared to say NO. NO is not no; it's not negative. NO is a Noble Objection: what you make when you decline for the right reasons and in a respectful way.
- ◆ Focus on the issues, not the personal positions, and don't let bad behaviours cloud your judgement.
- ◆ Know when to back off from hot topics and save them for later. When you have more agreed and are closer to a close; contentious issues can seem less substantive as you both want to reach final agreement.



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and get your papers out to reveal an orderly file, smart notebook and classy pen. Show you are confident and mean business.

Don't neglect rapport-building banter. A few minutes of this is an acknowledgement that all negotiation is a human activity. It's harder to be hard with someone you have rapport with, so soften up the other side. Next, establish any ground rules – above all, does the person in the room have the authority to seal the deal? If not, you will never want to make your best offer to them.

Finally, the opening bars are over and the main bit of the dance starts: who will state their position first? If you are expecting to negotiate around a shared understanding of the main parameters – which will usually be the case – let the other party speak first, so you can respond to their position and thus control the first exchange. If, however, your position would surprise them with its audacity, speak first, speak confidently with a prepared statement, and then stop.

3. BARGAINING

Now the ball is in full swing. The secret here is to listen hard, never respond immediately and not to be defensive.

Always move one step towards where you think agreement lies, either accepting a concession, making one, requesting one or spelling out the next step. Anything else shows you to be focused on the wrong thing. The right thing is the big picture: progress towards an agreement that satisfies all parties.

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4. CLOSING

Eventually, you will either reach a point of agreement where both of you are happy, or you will reach a point where one of you recognises that no such agreement is possible and offers to walk away – or storms out. But don't ever let that be you.

This is where weak, inexperienced, nervous negotiators stumble and fall. They fear that saying they are happy and checking the other party is, too, will break the magic spell. The opposite is true. Failing to declare this point will mean the magic will wear off. So, screw up your

courage and go for a close. The simplest and safest approach is a trial close: "I think we are at a point where we can both agree? Is that how you see it?"

If you get the right signals, express your pleasure and move straight into the formalities of finalising the detail. Never, ever revisit any of the terms. You have a deal and there is no way it can get better.

Can it be that simple?

Yes and no. Yes, this simple process works and is the basis of all negotiation. No, because every negotiation will be different and there is one fundamental characteristic of all negotiations that militates against simplicity: they are a human endeavour. But as such, if well prepared, you are in the same position as the other party. You are a human; so are they. ♥



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