



# The fine art of negotiation

NEGOTIATING IS ONE OF THE MOST IMPORTANT SKILLS IN BUSINESS. NO OTHER SKILL OFFERS A BETTER CHANCE OF OPTIMISING PERSONAL SUCCESS AND THAT OF YOUR ORGANISATION. STEVE GATES EXPLAINS HOW TO EXERCISE YOUR POWERS

Your negotiations can only progress if communication flows and those who are directly or indirectly involved are allowed to make decisions. Understanding the role of empowerment in your negotiation is fundamental to managing the relationships and communications that stand between you and progress.

However, with empowerment comes exposure, and this brings with it risk. It is this risk that organisations seek to control by empowering individuals with limits, or caps, beyond which they must escalate to higher authority. Too much empowerment and

any individual can become dangerous or vulnerable, and so can the organisation they work for.

The complete skilled negotiator will understand empowerment in terms of:

- How it can be used to protect you;
- How it affects your ability to be creative;
- How it affects your ability to build value; and
- How it affects the other party's thinking and behaviour.

Essentially, it is the degree to which you can negotiate and make decisions without having to refer or escalate

them to a higher authority. In other words, empowerment relates to the scope and range of variables and the authority within which you have to negotiate or operate. If you regard empowerment as simply a gauge to broaden or narrow your trading opportunities, or to provide 'stop limits' up to which you can negotiate, you can start to get a feel for how empowerment can work *for* you, as well as *against* you.

To negotiate collaboratively requires the scope or empowerment to work with many variables and possibilities. Limiting this, as many organisations

do, can help protect you from the escalation and disempowerment tactics sometimes used by others.

Great negotiators tend to be unsung heroes. Great deals become so over time as the contract delivers the value it was intended to offer, rather than necessarily at the time when the deal was completed. Negotiators often work as part of a team, which can involve specialist lawyers, corporate treasurers and others. Because the last person to become involved in the negotiation dealings is the boss, the act of negotiation is usually, and appropriately, delegated further down the



line, further diluting the transparency of who is actually controlling events. And when the deal is done, the need for confidentiality, as well as the need to protect the operations of those companies involved, means that the true facts and figures agreed are rarely publicised to the degree to which you can measure the relative performance of the negotiators involved.

One of my personal experiences as a negotiator involved facilitating a highly charged negotiation between a Japanese electronics company and a trade union in the UK. The level of trust between the parties involved, together with

the climate of the meeting and the relationship, was poor, hence the need to bring in a neutral party to facilitate events. On my advice to my client, I was provided with no scope with which to negotiate, which allowed me to focus on the process and not be drawn on specific proposals. My role included helping the parties with establishing solutions, starting with why they thought they could not agree to the terms that had already been tabled.

Most high-profile negotiators tend to be political figures or union leaders, because they use PR as part of posturing during or leading

up to discussions. However, these individuals neither work by themselves nor are they fully empowered to negotiate on all issues. Using the press and media is part of how they frame, anchor and publicise their position and progress to those they represent, the parties they are negotiating with and any other third parties.

### **How empowered are they?**

Rushing into negotiations without qualifying whether the other party is empowered to negotiate is a mistake many eager and ultimately frustrated account managers have made. The need to question, qualify and explore requires patience. It is during this phase of initial discussions that the issue of empowerment should be qualified by simply asking: “Are you in a position to sign off the agreement?” or “Who else would you need to consult with as part of signing off this agreement?”, or even “What limits are there that might prevent you from signing off the agreement?” All of these questions will help you to decide whether you are dealing with the right person or people.

### **Being disempowered**

We are socially conditioned to conform, and most of us lead our lives respecting the laws of where we live and others around us. Laws provide, in some instances, freedom of movement, for example, effectively empowering us to travel and choose how and where we travel. Laws can also disempower us, in that we may not travel faster than a given speed or, when driving, having drunk alcohol, and so on.

The written word carries an assumed authority in that it has been published. It is designed to be legitimate. In your negotiation, the other party may present you with, say, a price list. Rather than accepting this as it is, you should regard it as their opening position. Different situations require different considerations, yet many will wrongly assume that, not only is the printed price fixed, but the person issuing it is disempowered to negotiate.

The more empowered you are, however, the more exposed you become. You may carry more risk to your business and therefore be accountable for the total impact of your actions. Organisations have a tough challenge in providing a level of empowerment to their employees, which helps the business conduct ‘good business’, but not with such risks that the ‘good business’ could be concluded with unintended consequences or unforeseen costs.

Many organisations actively promote business values, such as creativity, entrepreneurship and even empowerment. Yet when negotiating with suppliers and customers, they recognise that there have to be limits within which individuals are empowered to operate, otherwise the business will lose total control of its operation. They operate a disempowered structure to protect their own business operation. ♡

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