



## Are your people negotiating or concession making?

In the fifth in our series of articles exploring the skills and strategies for winning major sales we examine the negotiation phase. This article will explore the issues of planning for a negotiation and examine some of the skills needed for effective face- to-face negotiations.

Huthwaite has conducted the most comprehensive research into the subject of negotiations that we know of. This research revealed some of the common traps average negotiators fall into and the skills and strategies used by their more successful counterparts.

Some common traps in negotiation:

- Sellers make concessions early in the cycle before formal negotiations begin, so they have already given away the things they could trade later.
- Many people simply make concessions to win the business; they fail to trade them for other things of value.
- Some sellers agree to reduce prices today in return for promises of jam tomorrow.
- Sellers often perceive they are in a weak position and behave accordingly.
- There can be a tendency to plan what they want but not how they will get it.
- Agreements may not be clarified, which can cause problems during implementation.

### So what did we find successful negotiators do to help them avoid such traps?

The first crucial difference lies in the way skilled people prepare for negotiations. They spent time not only considering what they want to achieve but also, in planning how they might get the other party to agree. This process includes trying to get into the other party's shoes to see things through their eyes and consider what might influence them to accept a proposed position on a given issue.

They also explore exactly which issues can be traded in return for the things they wanted and how far they could go on any given issue. A key part of their decision-making in this process is to cost out the concessions so they know in advance exactly what it will cost to move on any issue. Giving consideration to all the issues that might possibly be traded in this way also helps them to avoid the common trap of the negotiation only being about price.

### Power is in the head

Skilled people also address the power balance in the negotiation, this is a crucial issue since those who believe they are weak will often act accordingly, resulting in a string of concessions, which might not have been necessary. Conducting an analysis of the situation to explore potential strengths and weaknesses and how they can be used or handled often reveals that the seller is in a much stronger position than first appears.

### Effective negotiation skills

When they move into the actual negotiation with the customer the research revealed a number of behavioural skills successful people use to help them reach satisfactory agreements. These skills are wide ranging and there are too many to cover in one article so we have summarised some of the key ones below.

### Make all concessions conditional

This advice is handed down on almost all negotiation skills



programmes and it remains at the very heart of effective trading or bargaining. In the heat of negotiations all too many people forget the key phrases "I might be able to move on X if you can help me with Y" and "If you could give me Y I might be able to move closer to you on X" and all the many variations on this theme.

#### **Link your concessions to the things which are most important to you**

It is surprising how often people negotiate on an issue by issue basis, with the result that their agreements come from a series of concessions by both parties towards the mid point between their opening positions. This form of horse trading does little to achieve success on the crucial issues so make sure any concessions on issues where you are prepared to move are linked to getting the things which are important to you.

#### **Open high**

The old phrase "If you don't ask, you won't get" is certainly true in negotiating, so always aim high. There is ample evidence that people who aim high do better in the agreements they achieve. It's surprising how often people open negotiations with a lower initial position than they set in their planning. So if you plan to open with a high position stick to the plan when you get into the negotiation, you may not get all you ask for but, the chances are you will do better than if you open with a more modest proposal.

#### **Seek trades that are high value but low cost**

The key to creative agreements is to seek areas where you can gain something of high value but which has a relatively lower cost to the other party. As a simple example, negotiating the fitting of extras to a new car you are buying as part of the deal, gives you a high saving on the retail price you would usually pay, while for the garage the cost is less since they will be buying the parts at trade prices.

Finding issues which have no cost to you but which have a real value to the other party can really help you to get movement on the issues which are important, since you are in an excellent position to trade them against the things you want without incurring real penalties.

#### **Don't leave the difficult issues until last**

Most people are worried about the issues they know are going to be tough and in an effort not to damage the climate of discussions can be tempted to discuss issues which are unlikely to be controversial first, leaving the tough issues until last. Sadly, while they may make excellent progress on the easier issues the deal may well fall apart when they come to the tough ones because they have nothing left to trade with. Settling the minor issues first removes the trades, which are needed to create movement on the difficult ones.

#### **Keep agreements on all issues conditional on the shape of the full package**

Setting agreements on each issue in stone as you progress through the

negotiation can make it difficult to reach the final agreement, as there may be a need to revisit issues and change positions as the shape of the total package becomes clear. This doesn't mean that we shouldn't take very careful note of agreements on each issue as we go along, far from it; clarity about what has been agreed is vital. But, it does mean that as we summarise agreement on a specific issue we need to make it clear that our agreement is conditional on the shape of the total package. This can help to avoid difficulties later if we need to revisit issues again.

#### **Have one powerful reason to support your position**

Many people defeat their own arguments when asked to justify their position by giving reasons, which won't hold water when challenged by the other side. So make sure you give thought to how you will justify your position if the other party makes a challenge. One good reason, which will stand up to any scrutiny is all you need, don't water it down with a dozen others.

#### **Don't concede anything until you have worked out the cost**

In our efforts to reach agreement there can be a temptation to make final concessions to get the agreement concluded. Sometimes the cost of these concessions only becomes apparent later. Equally people may raise issues you haven't considered and the lack of preparation may lead you to move before you fully appreciate its significance. Never be afraid to ask for time to give consideration to your



response and use that time to work out exactly what it will cost you to make the requested movement.

**Check the meaning of all agreements carefully**

It may be an obvious point but it's amazing how often something, which seems crystal clear at the time, can be open to reinterpretation afterwards. Spending time testing your understanding of the proposal on the table can save you much anguish later when it becomes apparent that what seemed a good

deal at the time turns out to be a problem because the customer's expectations are different to yours.

Remember mistakes made in reaching the agreement may have to be lived with for several years and can have a significant impact on both the profitability of the deal and on customer relationships. Even worse, some concessions can live on beyond the agreement to influence the next one.

Following the simple rules outlined above can help anyone benefit from the experience of the hundreds of negotiators we have

seen in action and should go a long way to help reach more successful agreements.

**Next article**

The next article in our series will explore the issues arising in the resolution of concerns phase where customer concerns about the risk of taking the decision may mean they settle for the safest solution not necessarily the best one.

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