

They say a week is a long time in politics. Yet for the first time, perhaps in a generation or more, as a result of the current economic crisis the financial world is similarly changing dramatically and at extraordinary speed. In just a few months, old certainties have been turned on their head and institutions that have been around for centuries have gone to the wall.

In the current climate, accountants in practice and in business are inevitably facing growing pressure from their clients to reduce fees. Many will have been told on at least one occasion that their proposal is too expensive and that their competitors are charging less money for the same service – which could turn the heads of clients during tough economic conditions.

For those professionals that are in a negotiating position, however, practical advice can be hard to find. So let's examine some of the key challenges inherent in the professional/client relationship and employing techniques good negotiators can employ in order to achieve a win/win outcome.

#### THE IMBALANCE OF POWER

The current downturn inevitably means that it is a tougher, more hard-bitten world out there for most professionals. If you are a financial director in business, for example, you are likely to be asked to be involved in more frequent and more complex commercial negotiations than before.

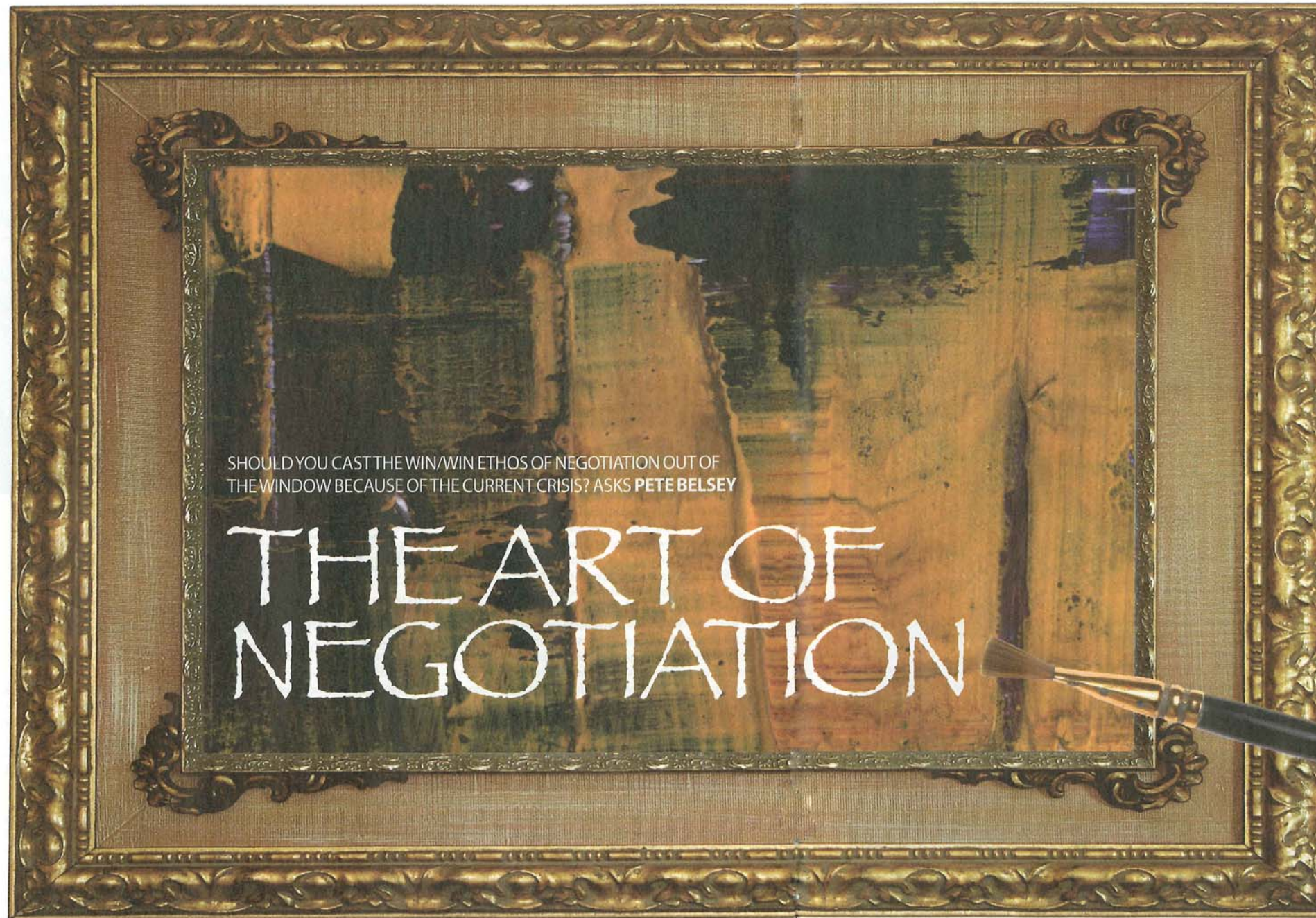
Without doubt, the goal of win/win as the basis of long-term commercial partnerships between clients and professionals is under unprecedented strain. Indeed, received wisdom would have us believe that this is no longer realistic: with clients typically perceived to be holding most of the cards in commercial negotiations, the power imbalance is more likely to resemble WC Fields' old adage: 'never give a sucker an even break'.

If true, this is fatally short-sighted: the result of the 'win/lose' outcome long term remains the same: 'lose/lose'. This is because the deal is almost certainly less profitable for the professional who then cannot afford to provide the service the client wants, so neither party gets the outcome it truly desires.

It is all too easy to see how the client is seduced by short-term gain in abusing their power: such an unsatisfactory outcome however is also down to the professional's ineffectiveness in caving in because of a misperception of their own negotiating position.

In such a situation, the key to successful negotiation is to understand how to plan to achieve a 'win/win' outcome and how to recognise and handle the client who is playing win/lose.

**JOINT PROBLEM OR BATTLE OF ADVERSARIES?** Evidence suggests that suppliers can't just hope to ride out a short-term storm – by, for



SHOULD YOU CAST THE WIN/WIN ETHOS OF NEGOTIATION OUT OF THE WINDOW BECAUSE OF THE CURRENT CRISIS? ASKS PETE BELSEY

# THE ART OF NEGOTIATION

example, simply agreeing unprofitable deals to keep the business afloat on the basis that they are 'contributing to overheads'.

Whatever strategy is adopted, it must be sustainable in the context that the present economic downturn is likely to be with us for some time to come.

At the same time, it is all too easy to be seduced by the argument that today's buyer (or client) holds all the cards. It is true, of course, that client organisations facing exactly similar commercial pressures will want to protect margins by striking a tough bargain with professional consultants or advisors. And further, that this is likely to be exacerbated

by an overriding focus within many such organisations on achieving short-term cost-cutting goals.

After all, while it may be difficult to contemplate in today's gloomy climate, the downturn will not go for ever.

The economic cycle will turn again eventually and recessionary pressures ease. When it does, we are likely to see another shift in the balance of power. This time it may swing to the professional adviser who, in a similar fit of short-termism may similarly seek to abuse their superior negotiating position to secure a win/lose result.

However tempting the essentially adver-

sarial approach of 'winner takes all', the most effective negotiator will seek to create an atmosphere in which the two parties are working together to solve a joint problem.

Thus, wherever the true balance of power may lie at the outset, by exercising restraint and creating a spirit of 'we're in this together', the result is much more likely to be a win/win as the basis of a mutually beneficial commercial relationship longer-term.

#### KEY CRITERIA

Easy to say, much harder to achieve if the other party is determined to achieve a win/lose outcome. Whether client or professional

adviser, therefore, when everything else goes out of the window in the face of mounting costs and disappearing margins, the only tool left at your disposal is your inter-personal negotiation skills.

Within the sales process, negotiation is the critical part of any commercial relationship. It is the process which concludes a major contractual agreement and determines its ultimate profitability for each party.

However, it is also the process by which, through renegotiation, commercial partnerships either evolve to mutually profitable maturity or break down in acrimony.

Our research over many years has identified

four key elements which are necessary for negotiation success.

First, whether client or professional adviser, it is essential to define the organisation's strategic objectives. This places much greater emphasis on the long-term, consideration of the implications and a 'their shoes' approach to anticipating the other side's position.

Second, before entering any negotiation, each party should adopt a systematic approach to analysing and managing the power balance.

And again, at the planning and preparation stage, each should explore a wide range of possible trades and linkages and, importantly, how they are to be negotiated.

#### AT THE NEGOTIATING TABLE

Most importantly of all however, however, top negotiators require first-class face-to-face skills. This incorporates a surprisingly consultative style, based on understanding needs, maintaining clarity and building trust, while dealing firmly with aggressive or unreasonable behaviour by the other side.

Historically, the standard interactive skill adopted in teaching negotiation skills was to make proposals in the 'conditional' form: 'If you do this we will do that.'

Though such an approach still has its place in encouraging trading – in particular to avoid unilateral concessions – it should be seen as only one part of a more complex skills model.

This model comprises certain behaviours which skilled negotiators use heavily and others which they avoid.

Critically, the best negotiators ask lots of questions – more than twice as many in fact as the average negotiator. This is designed to achieve a number of important objectives, including testing understanding, identifying and probing reasons for the other party's position and summarising at key stages of the negotiation.

The most common use is to uncover the other party's position and explore its underlying rationale. Ask enough questions and they will often realise that their position is untenable and make a concession: in this way, seeking information, reasons, feelings and proposals represent important skills in the persuasion process.

Average negotiators, by contrast, attempt to

persuade the other side by bombarding them with information and reasons to support their case. As we all know from personal experience, such attempts at 'persuasion' rarely succeed in having a positive influence on any negotiation.

Second, effective negotiators are not poker-faced but in fact talk readily about their feelings or emotions. This is supported by psychological research, which suggests that such sharing of feelings encourages openness and creates a climate of trust.

And finally, skilled negotiators regularly check understanding of the latest stage of negotiation. One reason for this is that average negotiators seem happy to fudge contentious issues and fine details rather than clarifying and resolving them. The problem is of course that they do not go away and, if left to fester, can cause greater problems later in the negotiation.

#### BEHAVIOURS TO AVOID

Some behaviours should be avoided. These include such irritators as gratuitous self-praise and condescending or patronising behaviour. Two simple examples: offers prefaced by such phrases as, 'this is a fair and generous offer' or, 'with the greatest respect young man', will almost certainly damage the climate of the negotiation, yet are commonly used by average negotiators.

Similarly, counterproposals do nothing to advance the negotiation as they are typically perceived as disagreement or blocking tactics rather than a serious proposal.

And finally, it is important to avoid diluting one's argument. Our educational culture has taught us to present as many arguments as possible to support our case: skilled negotiators, however, use one strong argument and repeat it as necessary. Only if it is undermined will they introduce a second reason to support their position. They refuse to dilute a strong argument with a weak one.

#### SYSTEMATIC APPROACH

Professional advisers and their clients both need to take note: changing behaviours in this way will change results. The bottom line therefore is that the cynics are wrong: a systematic approach to negotiation works, has a low failure rate and, critically, keeps both sides happy. That's win/win.

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