

POSITIVE NEGOTIATING FOR SUCCESS

(Presentation to Young Presidents' Assistants, an affiliate of the prestigious Young Presidents Organization).

Regardless of what we're doing, if the outcome is important, and anyone else must agree, then negotiating becomes a critical matter. The following observations are a result of over a decade "doing deals" in the context of M&A. In each case the outcome was absolutely vital to the parties involved, and required their agreement. It has therefore been surprising how many participants on both sides of the table appeared to go into the process lacking an understanding of the fundamentals of negotiating to ensure a positive result. The lack of knowledge and experience is compounded by the high emotional content in many transactions, and becomes more critical due to the high risks involved in a bad result.

If there's one over-riding mistake that we've seen people make which threatens their desired outcome it's picking unnecessary fights. We advise our clients to create win-win: Always focus on how to get the outcome you desire, while avoiding win-lose. It's not always possible, but more often than you'd think. With that uppermost in mind, the other suggestions make even more sense.

1. Be prepared—it's much more than the Boy Scouts' marching song! Do your homework. Set goals, and to the extent possible, define the boundaries of what you will deem "success." Be prepared by knowing as much as possible about the overall situation, both from your point of view, and, equally important, from the vantage point of the people with whom you are negotiating. Of particular importance, at the outset and throughout the process, validate your own data, and the information provided by those with whom you are negotiating. Don't make assumptions. They can be extremely costly.

A road map helps to guide the effort. Build an agenda for the negotiations. And continually be alert to any "hidden agendas" across the table.

2. HAB (hot air balloon) factor: Frequently leave the immediate scene and look down upon the situation from 10,000 feet. From that height you will see the total picture, be able to make a realistic assessment of progress, and, most importantly, avoid becoming sidetracked down the wrong alleys, blind alleys, or spending time on picayune details which really are not central to your goals.

3. Walk in the other person's moccasins: Project your thinking to imagine you are across the table from you. Attitudes and priorities will likely be different from there, and that awareness may prompt you to adopt a different strategy. In any event, as a result, you will probably be able to advance your cause much more effectively when you are able to predict response, rather than being blind-sided by it.

4. Leave your EGO at home: Being more right and more smart is rarely productive. Remember it's the outcome that's important, not your need for self-importance or superiority. Assume the people you are negotiating with are every bit as smart as you are. (It's hard to find stupid people to negotiate with.) Be mindful of the need for "face". (It's not just a Japanese concept.)

5. Don't sweat the little things: In negotiating it's usually referred to as "nickle and diming", even when it involves non-monetary matters. Being adamant about the less important things does at least two things-neither of which is desirable. It creates a frustrating and negative environment, and it results in a "you owe me" mind-set across the table. When this exists, it's harder to get the outcome you desire on the really important factors.

6. Don't start from outside the box: Some people picture all negotiated agreements as ending up "in the middle". And therefore to alter where the middle gets defined, they start with an extremely exaggerated position. In my experience, this kind of posturing is seen for exactly what it is, and as a result it doesn't work. In fact it often backfires when one party is deemed to be "posturing", advancing unreasonable demands. Such behaviour creates bad faith, which is the stuff that destroys productive negotiations.

7. Hang tough.....selectively. In every negotiation there are a few critical matters which are central to the outcome you want. (They become very clear when you employ the HAB factor.) Be prepared to trade off other items to get your way on these. Be prepared to redefine your approach, and even redefine the item to accomplish what you want. Put your creative juices to work to find a way to create a win-win around these items. And then hang tough.

8. Differentiate between needs and wants-your and theirs: Unless you're the only game in town, you can't negotiate away things the other side needs. You'll only frustrate the process-and yourself by trying. The most probable outcome is a break-off in negotiations. Similarly you can't give on those items which are must-haves in the context of your goals. Wants on the other hand are dispensable. One confuses the two at their peril.

9. Drama is a dangerous negotiating tool: We've all heard stories about one party with their hand on the door, leaving the negotiating room, only to be called back by the other party—capitulating. Unfortunately we don't hear about the number of times that the bluff is called, and they're forced to keep on walking. A temper tantrum is a similar high risk ploy. Treat the other side with the respect you appreciate. If you want to act, join a theatre group. If you want to negotiate for positive results, behave like a responsible adult.

With the above in mind, in most cases you can get what you need in even the toughest negotiations... and you may learn to enjoy it.