

Negotiating real-world relationships
Overview - Negotiation



Faith in win-win waning?

Whither is fled the visionary gleam?

Where is it now, the glory and the dream?

William Wordsworth

Never give a sucker an even break

W C Fields

Pardon the cynicism, but a lot of the people we speak to these days are feeling a bit cynical.

We've been told for as long as we remember, and especially by management gurus over the last decade, that we live in a win-win world. There's no other way to do business effectively. Win-win is the name of the game and long-term partnering between customers and suppliers is the goal.

And, yes, of course there are some companies who say they play win-win and do really practice win-win in their business dealings.

But when some of the world's largest conglomerates come to us saying, "*we need help; we're being screwed by our customers,*" we start thinking that maybe there is a large minority, or even a majority of companies out there who pay lip-service to win-win but play win-lose.

So what happened to the utopian vision of a win-win world? Another well-known quotation explains it perfectly: 'Power tends to corrupt and absolute power corrupts absolutely'.

When one side in a negotiation perceives a power imbalance in their favour, win-win tends to go out the window. In most commercial negotiations the buyers feel they have more power, so it's the sellers who end up on the wrong end of a black nail gambit: "*give way to all our demands or you don't get the business.*"

Too often the sellers cave in and (with a really helpful mandate from their senior management, like "*get the business at all costs*") accept their lose-win position. They make concessions until the deal is barely profitable and, having got the business, resent having to service the account. The buyers try to rationalise the ethics of their position and can never quite understand why they don't seem to get service with a smile. Long-term, the deal is lose-lose.

In the end, neither party really benefits from this situation, so we should ask the question, why does it arise? Given that buyers will too often act in their short-term interests, we have to conclude that most of the 'blame' for the eventual lose-lose outcome lies with the sellers' ineffectiveness.

- Failure to anticipate the buyers' likely tactics.
- Failure to analyse the real power balance.
- Failure to optimise their own power.
- Lack of skill to counter the buyers' attacks.
- Failure to bargain, rather than conceding.
- Failure to plan and persuade the buyer towards a more win-win outcome.

In a nutshell, then, the questions are: how do you plan for win-win and how do you handle someone who is playing win-lose?

Real-world wins with Huthwaite

Huthwaite has been investigating the process of complex, high-value selling for almost thirty years. Our mission has always been to research what it is that exceptional performers do differently that distinguishes them from the mass of merely average performers.

Nobody would disagree that negotiation is critical in commercial relationships: it is the process that concludes a major sale and determines its ultimate profitability for the seller; but it is also the process by which, through renegotiation, commercial partnerships either evolve to mutually profitable maturity or break down in acrimony.

Huthwaite's approach to negotiation focused on three issues: strategy, tactics and face-to-face skills – starting from big concepts and moving to ever-finer points of detail.

Since we were looking for real-world solutions the first step was to find real-world research subjects. Researchers selected a group of 49 'skilled' negotiators who met three criteria:

- Track record of successful negotiation. It wasn't luck - they had some 'system' which worked time after time.
- Rated as effective by both sides. They could consistently engineer deals that kept both sides happy.
- Low incidence of implementation failure. There were no tricks - when they did a deal, it stuck.

The behaviour of this skilled group was compared with the behaviour of the people they negotiated with - a random group of, by definition, 'average' ability.

Over a total of 103 negotiations the Huthwaite research team observed thousands of hours of the preparation and planning for major negotiations. Their main interests were the negotiators' mindsets, the content and duration of their discussions, and the analytical methods they used.

During the actual negotiations, face-to-face skills, apparently unmeasurable, were researched using Behaviour Analysis, a methodology that Huthwaite pioneered. Behaviour Analysis divides conversations into different categories of verbal behaviour and measures the frequency with which each category is used.

This enables researchers to isolate the Success Model: the critical pattern of verbal skill that differentiates the 'skilled' negotiators.

The result of this research, the largest ever study of negotiation skills, is a sophisticated Success Model that replicates the attitudes, processes and behaviour of the exceptional negotiator.

- Strategic objectives – much greater emphasis on the long-term; consideration of implications, and a 'their shoes' approach to anticipating the other side's position.
- Power – a systematic approach to analysing and managing the power balance, with emphasis on tough no-go decisions.

- Preparation and planning – exploration of a much wider range of possible trades and linkages and, importantly, how they are to be negotiated.
- Face-to-face skills – 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.

If you're tired of so-called negotiating training, which is based on either unrealistic win-win visions or a series of win-lose dirty tricks, Huthwaite's research model is the answer you've been looking for. In the centre page spread is an overview of Huthwaite's Negotiation Programme, which can give you the skills to become a truly effective real-world negotiator. This is followed by examples of some of the research findings about face-to-face skills, identified by Behaviour Analysis of skilled negotiators' performance.

Overview - Negotiation

Objectives

By the end of the programme each participant will:

- be able to explain the important differences between selling and negotiating
- have a framework for analysing the context of the negotiation and preparing an optimal negotiating position
- be able to plan a variety of tactics to manage the movement of the negotiation to a desired outcome
- be able to describe and use the key behaviours, or Skill Model, used by effective negotiators
- have strategies for maintaining a positive climate, dealing with 'dirty tricks' and overcoming stagnation or deadlock
- have practiced preparation, planning and use of the Skill Model in several simulated negotiations
- have received constructive and objective feedback on their performance compared with the Skill Model and created an Action Plan for continued development of the skills after the programme.

Target audience

Sales executives, sales managers, technical, financial or legal specialists involved in the planning or execution of major contracts or agreements in which the terms of business are variable. Note: The research showed that in negotiation (as opposed to selling), effective performers on both sides used the same planning methods and skills, so this programme is also entirely appropriate for professional Buyers.

Programme content

- The difference between negotiating and selling -when you should sell and when to negotiate.
- Negotiation outcomes - win-lose, lose-win, and a pragmatic, workable definition of win-win.

Preparing for the negotiation

- Setting objectives: yours and theirs.
- Evaluating fallback positions and implications.
- The hierarchy of tradable issues and possible trade-offs.
- Best, target and worst trading limits.
- Calculating the cost of concessions, hard and soft.
- Anticipating 'their' position and tactics.

Planning the negotiation

- Evaluating strengths, weaknesses and the power balance.
- Creative and leveraged trades.
- 'Diminishing return' concession strategy.
- Common ground, long-term versus short-term issues.

Negotiating skills

- The researched Success Model of twenty-one key behaviours.
- Skill subsets for persuasion, managing the power balance and bargaining.
- How to maintain the climate, resolve deadlock and conclude the right deal.
- Handling Low Reactors and 'dirty tricks' by the other party.

Training design and methodology

The training design is based on the principle that trainees learn best by doing and reviewing. Preparation and planning processes and the negotiating skill sets are introduced incrementally, interspersed with three simulated negotiations, each followed by a detailed review and feedback session.

The negotiations take place in small groups, usually two-on-two, and each is observed by a coach who makes a live Behaviour Analysis of the skills used by each participant. During the review sessions trainees are encouraged to analyse strengths and weaknesses of their preparation and planning processes, and then receive detailed feedback on their own behaviour profile compared to the Success Model.

This repetitive cycle of input-practice-feedback helps trainees to match their behaviour ever closer to the Success Model as the course progresses and equips them with an awareness of their own behaviour so that skill improvement can continue post-course.

Materials

During the programme trainees receive a complete set of documentation, to assist them in the structured preparation and planning of major negotiations.

They also take away a comprehensive library of user-friendly reference material giving detailed explanations of key concepts.

Case studies used in the simulated negotiations can be customised to replicate the client's own industry conditions and products or services.

Duration

Normally four days. Other timing designs are possible to meet individual client requirements.

Faculty and group size

The programme is delivered by Huthwaite consultants experienced, whenever possible, in the client's industry. Consultants are supported by one or two behaviour analysts/coaches, so that the faculty: trainee ratio is 1 : 4. To ensure individual attention and participation, training group size is limited to a maximum of twelve.

Face-to-face negotiating skills

Prior to Huthwaite's research, negotiators were usually taught only one interactive skill – to make proposals in the 'conditional' form: 'if you do X, we'll do Y'. Certainly, skilled negotiators do use this behaviour to encourage trading and to avoid making unilateral concessions; but it is by no means the full picture.

The application of Behaviour Analysis to Negotiation revealed a much more complex Skill Model, comprised of certain behaviours that skilled negotiators use heavily and others which they minimise. For example:

Skilled negotiators use

Lots of questions

More than twice as many as the average negotiator. In fact more than 20% of all the skilled negotiators' behaviour consisted of questions, compared with less than 10% for their average counterparts. The difference is very significant.

The most common uses are to uncover the other party's position and explore its underlying rationale. If you ask enough questions the other side will often realise that their position is untenable and make a concession, so seeking information, reasons, feelings and proposals are the key 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. You've no doubt been on the receiving end of this kind of 'persuasion' and know that it usually fails to influence you.

Giving feelings

Contrary to popular belief, effective negotiators are not poker-faced. They give one third less factual information than average negotiators, but talk 50% more about their feelings or emotions. Psychological research suggests that this sharing of feelings encourages openness and creates a climate of trust.

Testing understanding and summarizing

Checking that both sides' ideas are understood and frequently summarizing the position adds clarity and increases the chance of a successful implementation of the final deal. These two behaviours accounted for 17% of the skilled negotiators' total behaviour profile, compared with 8% for average negotiators. Why? One reason appeared to be that the average people seemed happy to fudge contentious issues and concerns about fine details, rather than clarifying and resolving them. Again, we seem to have found a crucial difference between skilled and average behaviour profiles.

Skilled negotiators avoid

Irritators

Is it persuasive if someone says they are making 'a fair and generous offer'? No, it suggests you are being unfair and mean. Your unspoken reaction is probably, 'Let's just hear the offer I'll be the judge of how good it is.'

How about condescension like, "*With the greatest respect, young man*" (or, maybe worse, "*young lady*")?

Gratuitous self-praise and patronising behaviour irritates the other side and contributes to destroying the climate of the Negotiation. Average negotiators use Irritators six times more often than skilled operators.

Counterproposals

"I think £3 per unit is acceptable!" "No," you say, "It must be £3.50." How does the other party feel when you ignore and counter their proposal without consideration? They'll probably do the same to yours.

Such behaviour does not progress the Negotiation and is often perceived as blocking or disagreeing rather than a serious proposal. There's also the danger, of course, that if you are making a counterproposal off-the-cuff you may make an ill-considered concession. You will not be surprised to learn that the immediate counterproposal is used twice as frequently by the average negotiator.

Argument dilution

Our educational culture has taught us to present as many arguments as possible to support our case, and this is what average people do in Negotiation. So what's the problem? The risk is that they will eventually use an argument that won't hold water, and that's the argument the other side will attack. As in a legal trial, if you destroy the credibility of one witness the whole case often collapses. So with supporting arguments.

It seems that skilled negotiators are aware of this; they 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.

Let's negotiate

This brochure has been about Huthwaite's research-based model for real-world Negotiation. If you feel that real-world is a better foundation for Negotiation than utopian fantasies or questionable verbal tricks, we'd like to talk to you.

Implementing a culture of real-world Negotiation involves training to change people's behaviour, but Huthwaite strives to offer complete flexibility in implementation

methods to suit clients' needs, which will vary widely depending on variables like:

- size of training population
- existing skill levels
- organisation structure
- internal training and coaching resources
- available budget
- corporate culture.

With so many variables we should be able to negotiate a creative, Win-Win Partnership! Contact us and arrange a meeting with a Huthwaite consultant to explore how Win-Win Negotiation could increase the effectiveness of your organisation.

Your next step...

I need further information

Please have a Huthwaite consultant contact me.

Please send me more information about Huthwaite International and the following skill sets:

- Developing major accounts
- Key account management
- Presentations & proposals
- Sales awareness for marketing
- Winning business from corporate entertaining
- Coaching skills
- Negotiation
- Sales management skills
- Selling skills

How to contact us



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