How to Negotiate Professionally
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Procurement managers are accustomed to countering the layman’s perception that “everyone can shop, so anyone can buy”. Negotiation skills attract a similar prejudice. A large part of our lives, almost from the day we are born, is spent in ‘negotiation’ - with parents and siblings to start with; later with teachers, employers, co-workers, bank managers, traffic wardens, tradesmen and our own children (although nothing in this series of articles is warranted to apply to negotiation with teenagers)... Some people appear to be ‘natural’ negotiators: credited with charm, persuasiveness, ‘winning ways’, ‘a born salesman’, they win every point - indeed, the deal seems to be half over before they enter the room. Other people, on paper equally knowledgeable and qualified, seem to lack this special something - they appear, particularly to themselves, to be forever on the defensive, always backing down, never quite in control of the way things are going, a liability, easy meat for the ‘born salesperson or ‘natural’ negotiator.

But with rare exceptions, natural-born talent has very little to do with successful negotiation. The top salespeople, the winning negotiators, the dominant diplomats, are trained, and train themselves, to succeed. They see negotiation as a process which can be analysed, practised, rehearsed and refined; they prepare beforehand and debrief themselves afterwards; they note what tactics and approaches work for them in particular circumstances, and with specific ‘opponents’. They understand the rules and can rapidly tell whether the other party knows the process or not.

In other words, successful negotiation is based on a set of knowledge and skills, applied to a problem, which anyone can learn. Effective negotiators are made, not born, and although as with any set of personal skills, learning lasts a lifetime, there is a framework, which this series of articles sets out to describe, working within which anyone can rapidly begin to increase their effectiveness as a negotiator. And the same framework and skills can be applied, not only in the obvious arena of negotiating with suppliers and vendors, but also, with minor variations and rather different constraints, to a range of situations from industrial relations to internal policy and strategy determination (in practice, even procurement professionals may find that negotiations within their organisations are at least as big a part of their lives as negotiations with external bodies).

But what is successful negotiation? In some ways it is easier to say what it is not. Negotiation is not a form of warfare: it is not about using power to beat the other party into submission as sometimes practiced by large organisations. Negotiation assumes that both sides have some valid starting point, that each has something to offer the other, and that there is at least the possibility that each side can come away from the table with a deal.
If negotiation is not a war, then nor is it a game or a duel. There are many people who derive great enjoyment from the ‘cut and thrust’ of negotiation, and why not, but there is always the danger that the sheer fun of using some clever tactic, of manoeuvring the opposing party into a corner, tripping them up, catching them out, putting one over them, can completely obscure the real objective: that of reaching an agreeable conclusion. Tactics and ploys have their place, and we will look at some of them in a later article, but they are only a means to an end.

A negotiation is successful when it achieves its ends, its objectives; and so negotiation necessarily starts with the setting of objectives. Almost always, that will be ‘objectives (plural)’. Even in the most straightforward procurement negotiation, for example, there will be several, perhaps many, objectives, of varying importance and relationship to each other. Often, you can categorise them into ‘need’, ‘want’ and ‘like’: for example “I need a 5 per cent cut in unit price” might be the prime objective set by your organisation; “I want daily Just in Time delivery” may not be absolutely essential, but perhaps of great value to you (and so may or may not be tradable against part of that 5 per cent); “I would like consolidated monthly billing, and the cartons overprinted with our logo” might be matters not important enough to stall a negotiation, but worth getting if you can. In this example, obviously, coming away with everything except the price reduction hardly counts as success; but equally, achieving that but not even trying for some of the lesser benefits as well cannot be called effective. Your objectives, and their relationships, are key to the whole negotiation process and need to be constantly in mind.

In practice, objective-setting is more complex - on price, for example, you may have a highly optimistic (ideal figure) as your initial position, a minimum (fall back figure) which if not achieved means a deal is not possible, and between the two your own assessment of the likely achievable outcome - an assessment which you may need to modify as further information is revealed during the negotiation (realistic figure).

Objectives, of course, have to be set in the context of the real world - not just in terms of what may be physically, technically and commercially possible (and in some negotiations, for example in industrial relations, add ‘legally possible’), but in terms of the relative influence and importance of each side to the other. This isn’t the place for a treatise on strategic procurement, but most readers will be familiar with the concepts of supply positioning and supplier preference1 and these familiar four box matrices have a critical influence not just on the objectives set, but on the whole planning and conduct of the negotiation.

The supply positioning matrix relates business risk and value of spend (for a particular commodity, or for all the supplies from a particular vendor, as appropriate) and suggests a range of behaviours, from the low spend, low risk situation (where procurement can be to a significant extent ‘automated’ and there is really limited use for negotiation) to situations where the priority is to secure supplies, or to maximise profit, or to manage the business relationship perhaps as a longer term partnership - each requiring a different approach to negotiation.

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As a buyer, you know, or should know, where a particular deal lies on this matrix. What you don’t know for sure is how your supplier sees things, on a similar matrix (supplier preferencing) relating the attractiveness of your business to the percentage of income it represents. If the supplier sees you as a key account, and you envisage the supplier as a potential long term partner, that’s fine; but if the supplier regards your strategically critical supply as a low value, low profit nuisance, a different approach is called for. We will look at this more closely in a later article.

It is worth noting in passing that although this approach is framed in terms of suppliers and buyers, the principle applies to any sort of negotiation: you may find it amusing to mentally relabel the axes to cover an industrial relations situation (where the ‘supplier’ becomes the workforce or its representatives), or an internal bid for capital expenditure, (with the CFO as ‘supplier’).

But something is missing from the discussion so far - something so obvious that most books on procurement or supply management completely ignore it. If negotiation was really described by this mechanistic world of 4x4 matrices, surely we could just slot in the numbers and let the computers take over? It doesn’t work - ask anyone who has tried to use ‘procurement software’ written by non-procurement professionals. Algorithms don’t negotiate (although superficially they may appear to) and despite what it says in the management texts, organisations don’t have relationships - people do. Negotiation is a human activity, conducted between individuals (or small teams of individuals) and so is overwhelmingly influenced by human factors: likes and dislikes, fear and threat, voice tone and body language, comfort or discomfort, even the weather.

The ‘natural salesman’ or ‘born negotiator’ doesn’t earn that title through superior knowledge, a better grasp of facts or the ability to perform discounted cash flow calculations in his or her head (although all these may help). Some are successful in negotiation because they know how to recognise and work with human behaviour, their own and that of their counterparty.

We will explore this further on, looking at both overall behaviour, and the particular ‘styles’ that people tend to adopt in negotiation. In preparation, here is a questionnaire to help establish your personal ‘style profile’. What it all means will be revealed in the next section.
**Personal Negotiation Style Profiling Questionnaire**

There are 15 pairs of responses to the situation described below. For each pair there are a total of **three** points to be allocated (3:0, 1:2, 1.5:1.5 and so on depending on how you think you are most likely to respond. Don’t ponder your answers: it is the gut reaction that is revealing!

**Case Study Scenario**

You hire ‘digital relay units’ and the contract for supply and maintenance is up for renewal. Your supplier, who you have used for a while, supplies good equipment and service quality is good though not excellent. You have been hiring seven units but now want nine, and therefore are looking for a reduction in unit price. You would settle for no price increase; your boss would be satisfied if an increase was held to 5 per cent.

Your supplier’s first offer, taking into account the increased volume, is at the same unit price as last year. How do you respond?

Complete this questionnaire to determine your personal negotiation style.

**Instructions**

Allocate a total of 3 points across each pair of statements below, in the ratio of your personal preference. Single decimal places are acceptable.

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<td>Accept the offer</td>
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<td>Explain you were looking for a 10% reduction, ask to be met halfway, i.e. a 5% reduction in the unit price</td>
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<td><strong>2</strong></td>
<td>Explain that you should also be looking elsewhere as a matter of company policy</td>
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<td></td>
<td>Stress the 29% increase in business you have to offer and the fact that the basic cost of the equipment has fallen, due to improvements in technology</td>
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<td><strong>3</strong></td>
<td>Suggest improved payment terms and a longer contract period in exchange for a better offer</td>
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<td>Show appreciation for the offer that has been made and mention the ‘bad time’ users have given you over servicing</td>
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<td>4</td>
<td>Accept the offer</td>
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<td>Stress the 29% increase in business you have to offer and the fact that the basic cost of the equipment has fallen, due to improvements in technology</td>
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<td>5</td>
<td>Explain you were looking for a 10% reduction, ask to be met halfway, ie a 5% reduction in the unit price</td>
<td>C</td>
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<td></td>
<td>Suggest improved payment terms and a longer contract period in exchange for a better offer</td>
<td>B</td>
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<td>6</td>
<td>Explain that you should also be looking elsewhere as a matter of company policy</td>
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<td>Show appreciation for the offer that has been made and mention the ‘bad time’ users have given you over servicing</td>
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<td>7</td>
<td>Explain you were looking for a 10% reduction, ask to be met halfway, ie a 5% reduction in the unit price</td>
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<td>Stress the 29% increase in business you have to offer and the fact that the basic cost of the equipment has fallen, due to improvements in technology</td>
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<td>8</td>
<td>Explain that you should also be looking elsewhere as a matter of company policy</td>
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<td>Accept the offer</td>
<td>A</td>
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<td>9</td>
<td>Suggest improved payment terms and a longer contract period in exchange for a better offer</td>
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<td></td>
<td>Stress the 29% increase in business you have to offer and the fact that the basic cost of the equipment has fallen, due to improvements in technology</td>
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10. Explain you were looking for a 10% reduction, ask to be met halfway, ie a 5% reduction in the unit price. 
   Show appreciation for the offer that has been made and mention the ‘bad time’ users have given you over servicing. 

11. Suggest improved payment terms and a longer contract period in exchange for a better offer. 

12. Stress the 29% increase in business you have to offer and the fact that the basic cost of the equipment has fallen, due to improvements in technology. 
   Show appreciation for the offer that has been made and mention the ‘bad time’ users have given you over servicing. 

13. Suggest improved payment terms and a longer contract period in exchange for a better offer. 
   Explain that you should also be looking elsewhere as a matter of company policy. 

14. Explain that you should also be looking elsewhere as a matter of company policy. 
   Explain you were looking for a 10% reduction, ask to be met halfway, ie a 5% reduction in the unit price. 

15. Accept the offer. 
   Show appreciation for the offer that has been made and mention the ‘bad time’ users have given you over servicing. 

Now note your total of points for A, C, B, T, L, and E. 
Now compare your personal score with the comparative scores explained in section 2.
Behaviour breeds behaviour; and buyers tend to get, if not the salespeople, at least the sales attitudes, they deserve. Naturally, we all believe, like Professor Higgins in 'My Fair Lady', that we are mild, reasonable people with the milk of human kindness flowing by the quart in every vein but, to switch authors, 'to see ourselves as others see us' might reveal a different picture.

From schooldays, we are all familiar with some stereotypical behaviours - the aggressive playground bully, and the natural victim, the doormat. It is fairly obvious why the latter is unlikely to be an effective negotiator, but it is surprising how many people, who are in their private lives fine upstanding compassionate and liberal citizens, and would never dream of browbeating their partners, their children or their gardeners, assume that the key to success in a business negotiation is to terrorise the opposing party into submission.

But most aggressive behaviour in negotiation is far from deliberate - it’s typically a combination of bad habits which, like any habits, can be un-learned. Words we use thoughtlessly can appear arrogant or patronising - an innocent phrase like ‘Of course.’ can come across as ‘If you weren’t an idiot you would know …’. ‘You should…’ or ‘you ought to...’ may be intended as a helpful suggestion, but may suggest that you don’t think the other party knows his job. And so on.

Surprisingly, though, the words we use are the least of the problem. Research shows² that, typically, we only build about 7 per cent of our perception of another person from the words we use - 38 per cent comes from the tone of voice, and 55 per cent from body language. (Many people disbelieve this, but the experiments are repeatable). Also, body posture has a great influence on voice tone, partly explaining why negotiating on the telephone can be so unsatisfactory - although you can’t see the other party, if they are hunched over a small desk with the handset jammed under their chin, they will almost certainly come over as more aggressive and peremptory than they mean to.

Of course, aggression does sometimes work, at least in the short term - if your supplier is fool enough to send you the office trainee, or has mistakenly hired one of nature’s lambs as a salesperson. But trainees mature, and lambs (or ‘non-assertive personalities’ in the jargon) don’t last long. And people move around. Bully salespeople who find themselves in a weak position today, and you may have conditioned (an important word to which we will return) them to play hardball every time you meet in future. One day, in the nature of things, it will be when you need the favour or concession, when you are the supplicant - and where has your macho behaviour got you then?

So there are entirely pragmatic, as well as ethical, reasons for trying not to be either a bully or a doormat. Treat your opposite party with respect, and you will be respected in return. And equally, self-respect engenders a positive response. The aim is for a behaviour that combines assertiveness - which puts over your needs and requirements clearly, without appearing to impose them - and responsiveness: listening and responding to what the other party is saying and offering. There is a strong case for suggesting that listening is the most important, and the most neglected, part of negotiating behaviour.

If you completed the ‘style profile questionnaire’ in the previous article, you will have a series of scores labelled A, C, B, T, L and E. Yes there are six, but A stands for Acceptance: if you have any score here it suggests that you are too ready to accept the first offer made to you - so that hardly counts as a negotiation style. The other five are more interesting.

E is for emotion. We all use emotion in ‘domestic’ negotiations, but don’t always recognise that it can be equally appropriate and powerful in the commercial arena. Yet every time we call on previous favours done, shared experiences, common interests (such as a love of Australia Cricket team or a mutual desire to ‘do down the opposition’) or the prospect of future status and reward, we are playing on very basic human emotions, from loyalty to greed or even shame. Emotions are very powerful motivators. a score of 12 or more suggests that you understand this.

T is for threat. Not wishing to be aggressive, threats are typically understated - sometimes barely voiced at all. But suggestions that you are looking for alternative suppliers; that failure in this negotiation could impact on other contracts; that tolerance of slightly non-compliant practices may cease or that benefits may be withdrawn (“we would have to look again at whether you can cite us as a satisfied customer in your literature”) don’t need Kruschev-style banging of shoes on tables to hit home. ‘Less is more’ when using Threat - and it goes without saying that if you make an explicit threat you have to be prepared to follow through - suggesting that you are looking at other suppliers when everyone knows there aren’t any alternatives is to weaken, not strengthen, your position. 8 or 9, but not more, suggests a good, controlled use of threat.

The Five Principal Styles of Negotiation

- **E** Emotion
- **T** Threat
- **L** Logic
- **B** Bargaining
- **C** Compromise

Cultivating assertive-responsive behaviour is a crucial part of being able to retain control of a negotiation (it implies after all that you are in control of yourself). It doesn’t, however, imply that there is only one style or approach to negotiation - in fact we identify five major ‘styles’ to be used individually or, more profitably in combination. Too many negotiators are ‘one club’ players - they have a style that suits and which they believe, rightly or wrongly, to be effective, but they haven’t learnt to change their approach according to circumstances. They only use one golf club for the whole round!

1 It’s A Deal by Steele, Murphy & Russell published by McGraw Hill. Available for sale from CIPS Australia.
L is for logic. This is, of course, a very powerful style: if you can ‘prove’ that the other party’s position is untenable, then surely they must make some concession? But what passes for logic can be grievously overused, especially perhaps by negotiators whose initial training was in science, engineering, accountancy or indeed some areas of law. Leaving aside the practical details - to win a logical argument you may have to know more about a supplier’s business and environment than they do themselves - a narrow reliance on logic ignores all the emotional and other human factors. A typical example: “If you invest $x million in plant, we will give you all (rather than part) of our business. You will have lower unit costs, at least as good margins, guaranteed throughput and the prestige of being a preferred supplier to my blue-chip company”. Who could refuse? Well, actually, quite a lot of firms, who have, rationally or irrationally, a dislike of high debt levels, or having too much business in one basket, or may have had different plans for the way their firm is going. Logic can be a powerful style (and certainly, lack of logic is likely to be disastrous!): scores of around 10 are appropriate.

B and C stand for bargaining and compromise - contrary to popular opinion, these are not at all the same thing. Compromise is about seeking the middle ground or, often, splitting the difference (though not necessarily 50:50). Of course, many details of a negotiation may come down to this, but it is a style to adopt only when other, more creative, techniques have failed to bridge the gap. Compromise is perhaps what computers would do if they could negotiate. And remember that the objective of a negotiation is to leave both sides feeling reasonably content: very often, a compromise satisfies neither party. You are looking for a low score here, no more than 3 or 4.

Bargaining, on the other hand, is a much more complex style, involving the trading off of many factors and ‘variables’, and for a lot of people only this is ‘real’ negotiation. Ideally, each side offers variables that cost them little, but have higher value to the recipient, although of course this isn’t always possible. Certainly, for those who enjoy the ‘cut and thrust’, this can be the most personally rewarding style, but that is not to say that bargaining alone necessarily leads to the best resolution of the negotiation and so a score of around 8 is good.

How so? Why do we want to score highly on such a slippery subject as the regular use of emotion, but have our propensity to bargain apparently undervalued? Look again at our five style categories. They split into two quite different groups: Emotion, Logic and Threat on the one side; Bargaining and Compromise on the other. The difference is fundamental: E, L and T do NOT have to cost your side anything: you are creating a condition in which the other party wants or needs to move towards your position without receiving anything tangible in return (except of course for the business itself). Bargaining and compromise, by contrast, both require you to offer or surrender some commercial value as well as receive – both parties have to move.
So it seems reasonable that in any negotiation process, we should start by employing some or all of the manipulative styles - emotion, logic and threat - before hitting the 'nitty gritty' of bargaining and, if all else fails, compromise. E, L and T can be regarded as a 'softening-up' process or, as the sociologists prefer to describe it, 'conditioning'. In the next article we will look at how conditioning can begin to be applied well before formal negotiation commences.

But to use any of these styles (other, of course, than outright Acceptance or straight 'split the difference' Compromise) we need some raw material to work on. Logic, obviously, requires research to make a case; using Emotion or Threat presupposes that you know where the opposing party may be persuadable; to Bargain, there must be several, preferably many, factors or variables to bargain with - a negotiation with only one variable, such as unit price, is highly likely to end in stalemate, broken if at all by an unsatisfactory compromise. Determining the factors and variables, creating the raw material for a negotiation, is an essential part of the planning and preparation process.

As an introduction to the next article, consider one of your current or recent negotiations - as straightforward an example as possible (a year’s supply of a single component, for example), and make a couple of lists. In the first, list all the questions you might ask of your potential supplier, all the information you might try to acquire. In the second, list all the variables that could conceivably be brought into the negotiation, by either party, and that are therefore available to trade. [A hint - both these lists should be a lot longer than you initially think, even for the simplest deal].
Time spent in reconnaissance is seldom wasted, as the great Generals acknowledge. Successful negotiators spend a lot of time and effort in planning their approach, in research and in preparing positions and tactics for a wide range of eventualities. It must be admitted at the outset that the buyer is often at a disadvantage in this regard. Where a buyer may be responsible for the commercial relationship with dozens or even hundreds of suppliers, the salesperson or account manager may have the luxury of focusing on just a handful. What appears to the buyer to be a cold call may be the result of weeks or months of research by the vendor company. The latter, if they are doing their job right, may know almost as much about your firm, its business and its business environment as you do. Except in the largest negotiations you are unlikely to be able to be so single-minded in researching your potential suppliers, but you owe it to yourself to find out what you can.

But planning and preparation is not just about information gathering. Objectives, strategies, tactics and the physical environment also need to be considered.

The planning and preparation process starts of course with an aim. The aim may be to conclude an acceptable deal with this supplier; it may equally be to discover what the best available deal is so that it can be compared with those from other suppliers. Objectives are planned: the goals you must achieve to be able to call the negotiation successful. Objectives will be prioritised: some will be more important than others, and some may be alternatives; and in most cases objectives will be defined as a range of acceptable outcomes rather than a single value.

As part of the planning, you will need to work out your own position, in terms of supply positioning, and make the best assumptions possible about the supplier's likely position (see part one of this series). This will suggest appropriate strategies and tactics, but will almost certainly reveal significant gaps in your knowledge. And always be wary of assumed knowledge - make a clear distinction between what you know, and what you only think you know.

As in a military campaign, objectives, strategies and tactics are all very well, but you can't fight without ammunition. At the end of the previous article we invited you to make a couple of lists, based on some relatively straightforward recent negotiation: of questions that you might raise in the 'testing' phase, and of variables that might come into play in the 'moving' phase. In both cases you should have a lot - a couple of dozen or more. You won't necessarily use them all, and some will be variations on a theme, different ways of arriving at the same point, but they constitute your ammunition, the raw material of negotiation. If you run out of ammunition, in effect you have surrendered control of the way the negotiation proceeds to the other party.

You can't have enough questions or variables; you can't have enough information either, and the more sources it is derived from the better. For high risk, high value negotiations you may want to buy in specialist market intelligence and analysts' reports, but a lot of information is freely available, especially through searching the Internet and the buyer's task here is certainly much easier than it was a few years ago. Annual reports and accounts are of course essential; credit checks and other reports from...
agencies such as Dun & Bradstreet can be very revealing (your sales ledger colleagues can probably help here). Visits to suppliers can be important, as is talking to other customers (preferably not just the few that are volunteered as ‘satisfied clients’). Obviously, any records and experience of previous negotiations with the firm should be tapped, and don’t forget the human element - salespeople move around a lot, but often stay in the same general area of business: it is quite possible that someone has dealt with the individual before, even if the company they represent is new to you.

There are other issues which need advance planning. The physical environment matters. Negotiators who are cramped, uncomfortable, cold, thirsty, having to balance papers on their knees, are unlikely to give of their best - indeed they are very likely to become unco-operative or aggressive. Background noise, telephone bells, constant interruptions, colleagues peering through windows, don’t help either. Remember to divert calls and turn your mobile off. Often there may be advantages in negotiating on ‘neutral ground’, a local hotel perhaps, away from the office or factory and its inevitable distractions - although be warned that alcohol is a poor crutch for negotiation. Sometimes it may be advantageous to hold the meeting at the vendor’s premises - certainly this can restrain the more extravagant claims about stock availability or the excellence of the production facilities! There is much, too, to be gleaned about how the supplier views you from the way you are treated as a guest (in the same way, a salesman visiting you may base many of his subsequent actions on the impressions gained in the ‘first contact’ at your reception desk). Develop a checklist or questionnaire gathering a wide range of information e.g. investment, production, capability etc.

The time factor needs to be considered too. Few people perform at their best against deadlines, and the last half-hour on a Friday afternoon is unlikely to show either side at their best in a negotiation of any complexity. Often, it can be predicted that a negotiation will take more than one meeting - you need to set interim objectives for what needs to have been raised or achieved at each meeting.

Whether you expect to conclude business in a single meeting, or a whole series of encounters, a negotiation moves through distinct phases. There is an ‘opening’; a ‘testing’ or ‘discovery’ phase, a ‘moving’ phase and a closing or agreement phase. We will look at each of these in detail in subsequent articles but each phase should be planned and prepared for in advance.

However, beware of building up a rigid sequential plan. “I will ask him question A, thus exposing the weakness of his case; he will offer X, I will hold out for Y and encourage him by offering Z which doesn’t cost me anything, and we will sign at 4.35” may be very convincing in front of the bathroom mirror, but things are rarely that simple. Your opposite number may have some completely new proposal you never anticipated; or may agree instantly to some point which you thought would be difficult to win, but be unexpectedly reluctant to make what you imagined would be a relatively minor concession elsewhere. The point of planning and preparation is to increase your flexibility and responsiveness, not to constrain it.

For the same reason it is not usually a good idea to invest much in set-piece speeches, presentations and ‘death by PowerPoint’. We are all too familiar with the double-glazing rep or tele-sales operative that cannot
manage anything that departs from the pre-planned or computer-prompted spiel - but buyers’ responses can be equally formulaic. And if you are concentrating on delivering a set-piece, or a rehearsed line of argument, you are almost certainly not listening to what is really going on in the negotiation; and the unanticipated offers and opportunities will pass you by.

Another factor that needs forethought is the question of whether the negotiation is to be carried by a single individual (and if so, whom?) or by a team. A number of influences may be at work here: the size and complexity of a procurement may require the presence of functional specialists, for example. Different user groups may insist on being present. If the vendor is likely to be fielding several people, strict parity of numbers is not essential, but it can be hard and lonely work being a sole negotiator against a team.

Cultural influences may obtrude - in Japanese companies, for example, negotiation between teams is the norm (even if most team members remain silent), and one-on-one negotiating may be regarded as worryingly individualistic. Even if you are proposing to negotiate solo there may be advantages in having a colleague present to take notes and ‘keep the score’.

Managing a negotiating team is an art in itself. There are many examples of highly successful team negotiation, where individuals complement each others’ skills, where there is a well-understood ‘division of labour’ and where there is detailed understanding and agreement about the objectives and the strategies to be deployed. But poor teamwork can be disastrous.

Beware of, and if possible avoid, the following: the Chairman or senior Board member (“I’ll just sit at the back and observe” but he or she is bound to be appealed to over the head of the lead negotiator, whose subsequent authority will be close to zero); engineering types whose enthusiasm for technical features can blind them to the commercial realities; end users, especially minor end users, who can’t see why their own detailed requirement isn’t the centrepiece of the whole negotiation; and anyone who is likely to lose concentration and then either reopen an issue that has already been settled, skip to a completely unrelated point, or volunteer vital information that you have been at pains to conceal from the other side. Sales teams are trained and skilled at spotting and exploiting the fracture lines in an opposing team.

If you have to work with a team, and sometimes it is unavoidable, it is essential that everybody understands who is in charge, what their own responsibilities and contributions are, how their own particular concerns are being addressed and, crucially, how to keep their mouths shut. If at all possible, bring the team together before the meeting and rehearse them in the major points and how the negotiation is likely to proceed.

There is another aspect to preparation, and that is conditioning. Conditioning covers all the methods you can use to modify the other party’s expectations. Conditioning, of course, runs right through the negotiation process, but it should start well before any meeting. As a preparation for the next article, try to think of ways in which you can influence a potential vendor’s view of you and your business needs, before you ever meet.
Impatience is never a virtue.

With all preparation done, objectives clear, arguments rehearsed, facts at fingertips and a lap-top full of back-up, the urge to ‘get on’ with the negotiation, to ‘cut to the chase’, as they say in another context, after the most perfunctory of preliminaries, can be almost irresistible.

But resisted it must be. A well-conducted negotiation goes through a number of distinct phases before any trade-offs are made: ignore or skimp these, and the resulting deal, if it happens at all, is almost bound to be suboptimal.

The negotiation proper will move through an opening, and a period of exploration or testing, then to a phase of movement (which is where the bargaining and trading largely occurs, although many other things are also going on, as we will see in the next article), and finally a closure. Too many executives charged with negotiating a deal focus on phase three and regard the rest as mere formality or window-dressing: but they are wrong. The opening and testing phases condition the whole basis of any negotiation, while a failure to close the deal properly can lead to confusion and disaster.

Conditioning - that word again. At the end of the previous article we suggested that you think of ways in which you can condition the other party - that is, change their expectations of what they can hope for from any deal, before the meeting even starts. Conditioning doesn’t cease with the first handshake, of course - almost everything you do throughout a negotiation is in part aimed at altering hopes and expectations (not necessarily just of the current deal), but it starts a long time before. As I’ve written elsewhere “If you’re thinking about when to start a negotiation it may already be too late... It is never too early to begin in terms of conditioning the other party, shaping their expectations or creating a powerful first impression. The end of your next negotiation could be the beginning of the one after”.

Negotiation being a two-way process, of course your opposite number is trying to condition you at the same time: nonetheless there is a first-mover advantage, or ‘getting your retaliation in first’ as the Rugby commentators used to say. A vendor who asks for a meeting to renegotiate a price, for example, will likely mutter darkly about world commodity prices, the Climate Change Levy, or other factors which are designed to do two things: to assure you that there is little room for manoeuvre or to counteract these ‘external’ factors (which ‘naturally’ are affecting the competition as well); and to accustom you to the idea of say a 10 per cent increase, so that when the rep offers ‘only’ a five per cent hike you positively swoon with gratitude. You know the feeling.

But you too need to get your conditioning in - veiled references to other quotations, alternative sources or new technologies; suggestions that you just know he/she will be fascinated to learn more about your inventory reduction plan/vendor rating scheme or is as concerned as you are at the weakness in the market or the overseas competition are the sort of counters that you really need to deploy. If you are initiating the negotiation it is that much easier to commence conditioning. Consider, for example, how a vendor will react to:

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4 - The Value of Conditioning

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1 Business Negotiation by P. T. Steele and T. Beasor published by Gower 1999
a) a formal Request for Quotation with considerable supporting documentation and signed by the CPO.

b) a voicemail suggesting that the supplier ‘drops by sometime - I’ve some business to discuss that you might be able to assist us with’.

Of course, there isn’t a single ‘right’ answer - a lot depends on the previous history of the business relationship, the degree of understanding between the people involved, and what you are trying to achieve. For example, a) probably implies “this is really important to us - we want your best people, your best proposals, and you are up against some ASX quality competition”. b) on the other hand, might be understood as “this is fairly trivial and I don’t want to waste too much time: don’t give me the Powerpoint presentation, I just want a keen price”; alternatively and depending on the conditions, there may be the implication that while this job is nothing in itself, a useful response could lead to greater things. (Mind, it could give the impression that you are not bothering with competitive quotes and the job is as good as won - that is probably not the sort of conditioning you are aiming for).

Conditioning carries on, even intensifies, in the opening phase of the negotiation proper. Everything about your organisation says something to the trained observer (and you have to assume that your counterpart has been trained). Ergo, everything can be used to convey a message and to condition expectations. (It goes without saying that, if you are the visitor to their premises, then you should be training yourself to pick up both deliberate and unconscious messages from them).

But assume for the moment that you are the host. What do you want the sales rep or negotiator to feel like? There are two key messages, regardless of context, that you should be putting across - that you are personally warm, and professionally tough. This can appear contradictory, but actually warm and tough are points on different axes. By ‘warm’, we mean that you and the organisation you represent want to come over as friendly, honest, open to ideas and suggestions, respectful of the rep as a fellow-professional, and of the organisation he or she represents as a serious entity. ‘Liking’ or ‘friendship’ is an optional extra - think rather in terms of ‘respect’. But at the same time you need to put over the ‘tough’ message - you and your organisation are not to be trifled with, you have goals and requirements which will be satisfied one way or another, you are not the sort of person that can be seduced by some minor concession or conned into a false position. ‘Warm’ and ‘tough’ are not contradictory; they are mutually supportive: if your opposite number views you as open, honest and well-disposed, he or she is the more likely to believe you when put your position out. If on the other hand you are seen as cold, hostile, secretive, devious, that inevitably discourages the other party from looking for a co-operative solution, and may even create a mindset in which they aim to take you for every short-term gain they can get, or perhaps just to walk away.

So the opening phase of any negotiation is critical in establishing your ‘warm and tough’ criteria, while at the same time starting or continuing the conditioning process. What does this mean in practice?
First impressions are important and that means Reception. Make your opposite number park two hundred yards away across a building site, have your receptionist mispronounce his name, or spend five minutes confirming his appointment, leave him on a hard bench without a coffee for half an hour after the booked time for the meeting, and see just how eager to please even the most desperate salesman will be! Do as you would be done by is a sound precept in negotiation.

But also, use this period positively, to give or withhold information. For example, the pegboard with ‘Acme Holdings welcomes John Smith of Grunge Widgets P/L’ is a nice touch. Leaving up the names of the other firms in contention may be a useful ploy, if you feel the need to concentrate your visitor’s mind. (Sometimes, of course, you may not wish your visitor to be aware of the competition - your receptionist should be able to ‘lose’ the signing-in book for half an hour or so!)

If all this seems a little theatrical, that is deliberate. You are creating what the Thespians call a mise en scene, and detail is vital. The message must be consistent - if you are about to plead poverty, don’t have some youth polishing the Chairman’s BMW outside! Equally, if your ‘come-on’ is the prospect of increasing future business, hide the announcement that the staff Christmas party has been cancelled as an economy measure! You get the picture.

This conditioning or scene-setting continues into the meeting itself. As discussed in a previous article, you will have given thought to the physical environment - friendly and relaxed but at the same time businesslike and professional.

The ‘social niceties’ are not merely to be skipped through. Introductions and ‘chit chat’ give you (both) a chance to see the other in a relatively relaxed condition - a norm. If behaviour changes later, that tells you something. There is a lot of useful information you can glean in five or ten minutes at the beginning, which may be exploited later: shared interests or common ground, general views on economic and commercial conditions, and especially if the person or the firm is new to you, a lot of background which will flesh out and modulate your own researches.

And don’t ignore the ritual exchange of business cards. You have probably assumed that the person you are meeting is in a position to make authoritative offers and decisions - it ain’t necessarily so, especially with bland job titles like ‘business development executive’, which could imply anything from office junior to commissioned agent. But people are very touchy about status - it can be much easier to assess their real power and position in these informal preliminary moments than if the issue arises later in formal talks.

The status and authority of your opposite number is just one assumption that you will have made, and may now need to question. In fact, a large part of your preparation for this meeting is probably based on assumptions - but do you know what is assumption and what is fact? and how are you going to test this? In the next article we will look at this centrally important ‘testing’ phase.
If you have followed us so far, you will have got the message that assumptions are some of the most dangerous things in a negotiation.

Both parties to a negotiation necessarily come to the table with a variety of assumptions - all of these have to be tested. You, for example, have probably assumed that the person you are meeting has the power to conclude the deal; hopefully you have already explored that particular one during the opening courtesies (section 4). We hope you haven’t made too many limiting or constraining assumptions - for example that a particular element of, or route to, a potential deal ‘isn’t worth’ exploring because the other party ‘would never accept it’. You may well be right, but you don’t know that until you’ve asked. Never assume that something is impossible - in negotiation, all routes are open until a definitive roadblock has been put up (and even a categoric ‘No’ isn’t always final). Everything is negotiable.

You will necessarily though have made other important assumptions: about, for example, how your supplier or potential supplier views you and your business (see part 1). It may be ‘obvious’ to you that you are this firm’s most important and valued customer - but you can’t be sure of that until you have tested the hypothesis.

Similarly, you may feel entitled to assume that the other party has interpreted your Request for Quotation, or whatever, in the sense in which you wrote it. This may not be so, and you must both test out your assumption and allow the other side to test theirs. A simple example: you are inviting quotes to establish a second source of supply, for increased security. The vendor is likely, if he or she has done her homework, to have a good idea of your total demand, and may assume that that whole volume is available, and be bidding on that basis. You really do need to know at an early stage if that is the case. Of course the whole conditioning process described in the previous article is instrumental in modifying and correcting assumptions and expectations (and conditioning can be worked both ways - you can condition the vendor to be grateful for the scraps from your table, or to expect and really work for the whole twelve course banquet).

Testing means questioning; but asking questions (and just as crucially, listening to the answers) is of far more importance than merely eliciting information and testing assumptions. Asking questions (along with actively listening to the response or reaction, and summarising at frequent intervals) is how you take and retain control of the pace and direction of a negotiation (or indeed of any other meeting).

For many people this is counter-intuitive. Surely, it is the person doing the talking that is in control, that ‘has the stage’, that ‘won’t let you get a word in edgeways’? Well, if you are determined to be a doormat, that may be so. But provided you have practiced assertive (not aggressive) and responsive behaviours (see section 2) then your questioning will set the agenda and decide where the negotiation goes.
Why is this? There are a number of reasons, but the most important concerns the flow of information. Information, it is generally agreed, is power. Every time you open your mouth in a meeting you are liable to give information away - deliberately and accidentally. Every time you keep schtum and let the other person talk, you will receive, if you listen and look (remember body language) a wealth of information, much of it unintended.

And if you can’t think of the right question or response, say nothing! Silence is incredibly powerful. There is a human instinct to leap into the breach, fill the gap, and so people start babbling. Readers who ‘enjoyed’ interviews with head teachers of the old school will know what we mean - silent reproach can be far more demoralising than any amount of rant or reason. (Indeed, silence can be sufficiently intimidating for us to counsel against its over-use in negotiations where preserving a good relationship is important. Ask your spouse or significant other if you don’t believe us).

Of course, not all questions are good questions. Except where the question is purely a request for information, avoid ‘closed’ questions. A closed question is one that invites a short sharp answer, typically ‘yes’ or ‘no’. They have an attraction for barristers, because they leave the witness with nowhere to go. “Did you speak to the defendant on the night of the 24th? ... I remind you, you are on oath”. But closed questions can come back to bite us, and may leave the whole negotiation with nowhere to go. The classic questions to avoid are those on the lines of “Is that your final offer?”

He/she has to say “Yes”, in which case that’s the end of the negotiation and it’s accept or reject time. What is the vendor supposed to say? “No, I’ve got lots more, I’m just trying it on”?

A closed question closes off an avenue of enquiry, or even a whole deal. An open question tries to open new ways of reaching the goal. Fortunately, only a little thought and awareness is needed to turn a closed question into an open one. “Do you have the capacity to manufacture 5,000 units a month?” is a closed question - “Yes”, and the deal lives; “No” and you have a problem. Ask instead “How would you achieve the capacity for 5,000 a month?” and you immediately open up alternatives, proposals and counter-proposals. Also, and reverting to an earlier point, questions that require the other party to explain and expound get them talking, and therefore giving information. (However, do be a little wary of “Why?” questions. They invite the other party to deliver a totally logical explanation of why something must be just so and the logic may be unassailable, at least with the time and information at your disposal. Logic is a powerful persuader - for both sides).
The testing out of some assumptions is a necessary preliminary to serious attempts to move the other party’s position, although in reality testing and moving is an iterative process - you probe some aspect of the deal, move things as far as you can at that time, use an adroit question to shift the focus, probe again, move again, and so on. At every stage it is invaluable to summarise.

This isn’t only because life can get confusing when, as often happens there are several alternative conditional (ie “If you do X then I’ll offer Y”) offers on the table. Presenting a summary is another way of asserting control of the negotiation. If you are doing the summarising, you can convert a tentative suggestion into an almost-agreed element of the deal; equally you can quietly ignore less attractive proposals or elements. Of course, the other party is free to dispute your summary - but if they don’t, their tacit acceptance will make it much harder to revisit and renegotiate these points later on.

And all the time, through repeated questioning, listening and summarising, we are seeking to move the other party through the judicious use of the five Great Persuaders - Emotion, Logic, Threat, Bargaining and Compromise, in that order of preference (see part 2). It is easy to see how questions can address bargain and compromise - typically, hypothetical questions with “If.... then...”. But questions can also be framed to exploit those cost-free persuaders: emotion, logic and threat. Questions starting “How do you feel about...?” “Where do you see us going...?” and so on can, especially in a relationship-heavy negotiation, draw the other party into almost an emotional conspiracy (and encourage them to give even more information). Being asked for your opinions is always flattering. By contrast “Wouldn’t it be a shame if...?” is a nice, warm-but-tough, way of veiling a threat.

Whatever combination of persuaders we use, eventually we will reach a position where the deal on the table looks about as good as it’s reasonably going to get. So: a handshake and a drink while the contracts people knock out the legalese, and then on to the next deal? Not so fast. There is still work to do, as we shall see in our final section.
When someone offers you their hand, the natural reaction, at least in the 'West', is to reach out and shake it. As professionals, of course, we are steeled against accepting the first, or even the twenty-first, offer that comes along; nonetheless, at some point the negotiation will have progressed as far as can reasonably be hoped for without disproportionate time and effort being expended for decreasing returns, and if what’s on the table meets the needs of both parties, then why not shake on it? It’s a deal!

Hang on. What deal? Or, very often, which deal? Most negotiations go through phases where there are competing proposals or alternative solutions ‘on the table’. Each side, naturally, tries to ‘Pick’n’mix’ the most attractive features. The result is that, unless the handshake is over a clear and agreed summary, there is a very high risk that either each side believes it has agreed to a different deal, or that the deal struck contains mutually incompatible elements.

There was a nice illustration of this danger last year in the UK, when the professional soccer players were in dispute over the allocation of income from TV rights. After an acrimonious (and very badly run) negotiation, both sides emerged separately to face the cameras. “We’ve settled: we’ve won £60 million” said the footballers; “We’ve settled, it’s cost us £50 million” the proprietors proclaimed. Unsurprisingly, they were soon ‘back at the table’, and with an even worse relationship than before.

It is tempting, of course, to believe that you have agreement on the broad issues and that the details will some how all come out in the wash, or the exchange of contracts. This is dangerous - not only are one side’s minor details frequently of vital importance to the other, but many negotiations either do not go to a formal contract, or imply one side or the other taking action in advance of contract. If, for example, your handshake has left your supplier with the impression that they’ve won the whole order, and they had better tool up for that immediately, the subsequent discovery that you thought you had explained you were only offering half the business is not going to make them happy. Verbal contracts are still contracts and, however difficult they may be to prove in Court, Court is just where this sort of misunderstanding tends to end up.

So: always shake on an agreed summary, and exchange that in writing as soon as may be thereafter. It is also important to ‘write up’ your notes, as near contemporaneously as possible, not just or even principally as a legal protection, but as a way of learning and improving.

Negotiation skills can and should be practiced and honed throughout life. One doesn’t want to get into the Korean mindset - they, according to a recent article in ‘The Economist’ “…approach all talks as a zero sum game. Any agreement, by this logic, means they have conceded too much…”. At the same time, there is no such thing as a perfect negotiation: even if you obtain all your objectives, there may have been something else you could have tried for; and even more likely, there could have been a better, simpler, less abrasive, more pleasurable (to both parties) way of getting there.
If from your office window you could see the salesperson that has just left you sitting in the company Holden Commodore in your car park, or heading back out to the motorway, you would probably see them either scribbling notes or talking to themselves. Good salesmen are trained to debrief themselves - they make mental or physical notes about you and your company; facts they have learnt that could be useful in future (ranging from “Buyer a staunch tee-totaller: don’t suggest drink after meeting” to “Visitor’s book suggests they are talking to our biggest competitor: I need greater room to move”). They will also be reviewing their strategy and tactics - were you impervious to an implied threat of ceasing supply?; were you easily drawn into and convinced by a purely logical argument; did you appear to be under pressure and easy meat for a ‘compromise’ just to get the business off your desk? And so on.

You must do this too. Review what went right, and what went wrong. Which were the sucker punches you fell for? Were you in control - how did you find yourself discussing volumes when you had been determined to save that for a later meeting? Were you properly prepared? Why had you completely mis-guessed the supplier’s view of your business? And particularly, review the meeting or the deal against the aims and objectives you had set beforehand. Were they appropriate? Were they achievable? Were they achieved?

Some firms are investing heavily in Supplier Relationship Management (SRM) systems (just as many vendors have invested in Customer Relationship Management (SRM) ) in which a lot of detail on a negotiation can be logged systematically and be available for future use. (A word of caution, though: personal details about salespeople and others with whom you negotiate are best not committed to writing or computer memory, otherwise the data privacy laws could turn round and bite you). But you don’t need fancy systems to conduct a systematic review of your negotiation, and to learn lessons for next time.

Negotiation is not check-list driven: it needs to be flexible and adaptable. Nonetheless, beneath the deliberately descriptive, rather than analytical, language we have used in these articles there lies a solid structure. We call this the ‘Four Pillars’ of negotiation, and it provides a useful framework in which to carry out your review and plan your need for self-improvement or, conceivably, for external training.
**Appendix I - The Four Pillars of Persuasion - People, Process, Persuaders, and Ploys**

*Under People*, and remembering that negotiation is carried out essentially between human beings, not between corporations, some of the questions you should be asking yourself include:

How far did I display value and respect for the other party as a person? Did they appear to value me? If not, why not?

How well was I communicating? Was I ‘talking the same language’? Was I clear when I needed to be clear? Was I listening acutely to what the other person was really saying? Was I listening to what I was saying? Was I talking too much and giving information for free?

How was my behaviour? Was I being aggressive (or supine)? If so, was this for a reason, because it was appropriate (and sometimes it may be), or had I just fallen into ‘default mode’?

*Looking at Process*, you should be asking yourself:

Were my aims and objectives appropriate? Was preparation and planning adequate? How accurate were my views on our position and that of our counterpart?

Did the opening set the right mood for the meeting? Did I test out all the assumptions I had made? (Were there any nasty surprises? What does that say about the assumptions I made?) Did I convey well what I needed from a deal? and how well and early did I discover what the other side really wanted?

How well did I control the course of negotiations? How effective was my questioning? how acute my listening? how decisive my summaries?

How well did I work the trading of concessions? Was I getting value for whatever I offered? Was I giving away too much at once?

Did I spot the conclusion coming? How clear are both sides as to what has been concluded?

*The Persuaders*, and your use of them, is inevitably subjective, and it can be difficult looking back to be sure just what caused movement in the other party. But you should check what you believe worked against the tactics you set out to employ, and in particular, whether you got full value from the ‘cost-free’ use of emotion, logic and threat before and during any bargaining and compromise.

*The fourth Pillar*, of *ploys*, tactics, stratagems, dodges or whatever you care to call them, has been deliberately underplayed in this series of articles. There are as many of these as you like, and while some are of universal application, many are, to put it mildly, manipulative (which is why there are pages of them in many sales training manuals). As such, they have their place in a short-term ‘winner takes all’ negotiation, and certainly the buyer needs to be able to spot when they are being used on him or her; but they should be used with caution and deliberation in any negotiation where the ongoing relationship matters. The appropriate use of tactics and ploys, and of the counters too them, comes with practice and certainly you should replay mentally instances you come across, and analyse why and in what circumstances they were successful, or not.
In the end though, the most successful ploys for you, as with other aspects such as your behavioural patterns, will tend to be those you are most comfortable with. Negotiation skills training isn’t some Californian cult aimed at changing the inner you (despite some similarities of terminology): rather, it is about helping negotiators feel confident in using a wider repertoire more effectively and more appropriately to each situation. Most negotiators without any training naturally do many of the things we have talked about at least some of time: increased negotiation skills come from increased self-knowledge, self-awareness and self-control on which we can build to improve our control over the progress and outcome of negotiations.

Self-awareness can be hard to come by, especially when it comes to looking at things like your own body language, or listening to your own tone of voice: it is a commonplace that people don’t recognise their own voices on tape, and sometimes themselves on video! Regrettably, it is rarely appropriate to video ‘live’ commercial negotiations! If you are fortunate enough to work within a tight and self-confident group, there is no substitute for open and honest mutual criticism, but not everyone can take that exposure in the workplace; and of course many negotiators especially in procurement are necessarily working alone much of the time. A lot can also be learned about how you come across to others (as opposed to how you think you come across) by talking to close friends and family members, although again this requires a certain level of self-confidence.

Alternatively, negotiation skills training in a ‘safe’ environment is available from a number of sources, not least being CIPS itself. CIPS Training offers, through partners including Negotiation Resource International, both in-company and public negotiation skills courses, typically combing theory with extensive role-play and other exercises. These almost always give even experienced negotiators fresh insights into their own and others’ behaviour but, whether you go for formal training or not, the real key to improving your negotiation performance is an understanding of the subject, then practice, practice, practice!

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**The 4 Pillars of Persuasion**

- People
- Process
- Persuaders
- Ploys
Appendix II - The 25 Steps to Testing Your Own Negotiation Skills

Everyone can benefit from this ‘health check’ devised by the Negotiation Resource International arm of PMMS Consulting Group.

Negotiation involves a complete complement of interpersonal, selling and negotiation skills in order to breed success time after time in the business environment in which you work.

Test your strengths and style with this quick but revealing questionnaire. When you finish, check the analysis to see where there’s room for improvement.

To start, circle the answers that best apply to you.

**Your options are:**

1. Never
2. Occasionally
3. Frequently
4. Always

<table>
<thead>
<tr>
<th>Step</th>
<th>Question</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>I research the other party before I enter into negotiations</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>2.</td>
<td>I choose negotiation tactics that are appropriate to my objectives</td>
<td>1 2 3 4</td>
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<tr>
<td>3.</td>
<td>I read background material before I devise my strategy</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>4.</td>
<td>I consciously use body language to communicate with the other party</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>5.</td>
<td>I communicate my points logically and clearly</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>6.</td>
<td>I regularly summarise the progress that has been made during negotiations</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>7.</td>
<td>I work well as a member of a negotiation team</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>8.</td>
<td>I know who my internal customers are and understand their business needs</td>
<td>1 2 3 4</td>
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<tr>
<td>9.</td>
<td>I have clear measures of success for each of my objectives</td>
<td>1 2 3 4</td>
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<tr>
<td>10.</td>
<td>I assess the risk in every decision I make</td>
<td>1 2 3 4</td>
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<tr>
<td>11.</td>
<td>I listen very carefully to my customers needs</td>
<td>1 2 3 4</td>
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<tr>
<td>12.</td>
<td>I communicate the right message to the right person at the right time</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>13.</td>
<td>I project self confidence and speak confidently</td>
<td>1 2 3 4</td>
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<tr>
<td>14.</td>
<td>I try to exclude personal prejudices of all kinds when judging others</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>15.</td>
<td>I know my own strengths at work and use them to the fullest</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>16.</td>
<td>I listen carefully to opposing views before summarising them</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>17.</td>
<td>I keep up to date with developments within my industry</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>18.</td>
<td>I am proactive and am always looking for new opportunities</td>
<td>1 2 3 4</td>
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<tr>
<td>19.</td>
<td>I use my voice and hands to emphasize suggestions</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>20.</td>
<td>I am specific about asking for what I want and for what I need</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>21.</td>
<td>I regularly mix with new people and build new contacts</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>22.</td>
<td>I make a point of learning new sales skills and techniques</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>23.</td>
<td>I identify the customer’s needs and change my approach accordingly</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>24.</td>
<td>I endeavour to get the other part to name their objectives first</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>25.</td>
<td>I get feedback to ensure that my customers are very satisfied with the purchase</td>
<td>1 2 3 4</td>
</tr>
</tbody>
</table>
As this exercise demonstrates, negotiation involves looking at the effectiveness of your own personal behaviour, your influencing skills, your communication style, your understanding of the seller and recognising and using negotiation strategies and tactics that work in your particular environment.

The answers you gave will add up to a total points score. Now you can check it against the following analysis – our way of encouraging you to look at your current skill set and recognise where you might develop your skills further.

25 – 60 Your negotiation skills are weak. Are you putting the customer first or are you doing what you have always done? You might consider how well you are communicating with colleagues and internal customers. You might consider how well you understand your influencing skills and think about a new approach to the behaviour you are currently demonstrating in relationships. You may need to understand selling skills in more detail - you might be in a role which is demanding higher selling skills and this may be affecting your current performance.

60 – 85 You have reasonable negotiation skills, but certain areas need further improvement. Are you receiving enough practical experience in the workplace at high-level negotiations? You are aware that your customers are important to you, but your communication skills may be letting you down so that people are misinterpreting your key messages when you thought that all issues were clearly communicated. You probably recognise that business relationships are important to you but perhaps find that you don’t always make this a priority with you in the work place. You are aware that good negotiators are good sellers but may benefit from further information about what makes an effective seller.

85 + Your recognition of selling, communication, influencing, behavioural and negotiation skills is high. However, we would always recommend that you continue to work on improving your abilities in order to stay at the top and continually keep that business “edge”. Learning never stops for you. You are a proactive and keen individual who recognises opportunities for growth and development. You are a skilled influencer who relates easily with others and probably finds communication skills easy.

You probably do put the customer first and avoid complacency in the workplace by continually requesting feedback. Your negotiations are more frequently successful than not but the fact that you are continually striving for improvement means that you want to know skills that will help you retain your strength in negotiation skills. For that reason, we recommend that you review your selling, influencing, behavioural and communication skills on a regular basis.
The Buyers Perspective

<table>
<thead>
<tr>
<th>Risk</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hi</td>
<td>Strategic Security Protect Strategic Critical Collaborate</td>
</tr>
<tr>
<td>Lo</td>
<td>Tactical Acquisition Avoid Tactical Profit Compete</td>
</tr>
</tbody>
</table>

Low value items that are crucial to the well being of the business. Security of supply is more important than price. A hard negotiation would not be appropriate.

Low value, low risk and exposure. Unimportant items which are not essential to the business. You can put the supplier at some distance.

These are key items which are both high cost and essential to the business. They are of the highest importance. Suppliers must be treated with care.

Items not of crucial importance to the business but the high spend means that the buyer can play the market. Spot buying and hard negotiation are obvious tactics.

The Seller’s Perspective

<table>
<thead>
<tr>
<th>Attractiveness</th>
<th>Sales Volume/Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hi</td>
<td>Develop Core Collaborate</td>
</tr>
<tr>
<td>Lo</td>
<td>Nuisance Exploitable Avoid Compete</td>
</tr>
</tbody>
</table>

Customers who do not spend much but have enough attraction to make them worth pursuing. You would hope that your care and attention would prove rewarding.

Customers who spend little and are not at all attractive. Why are you doing business with them?

Customers of the highest quality who should be protected under any circumstances. You would not wish one of these to escape.

Customers who are not particularly attractive but who spend so much money that a great deal of profit and turnover can be created. You can negotiate hard and try to earn some money.
Important Combinations

Blue/Blue negotiations and relationships are based on a strong need to work together over the potential long term. Both parties have a vested interest in maintaining good business and personal relations.

Orange/Orange negotiations and relationships are based on the need to compete and play against rather than with the other party. These are not pretty and will be adversarial and at arms length.

Orange/Blue negotiations and relationships are a clear imbalance where one party seeks to look at the future prospects whereas the other is seeking only short term advantage. The Blue side of this negotiation is very vulnerable.

Any combination with a Pale Orange ingredient is not likely to be at arms length and may be based on only a flimsy need to do business. It is not the likely basis of any long term arrangement.
This is a business deal where the quality of the relationship takes absolute precedence. It may be a monopoly situation where alternative strategies are not available or it could be a political problem where a short term business sacrifice is worth it in the long run. It may be that considerations outside of the parameters of the deal need to be taken into account.

These negotiations take place with a firm hand on the terms and conditions. Negotiators are concerned to do what is right and proper according to the obligations. The relationship will often be at arm’s length and governed by business rather than feelings.

There are times when neither the business nor the relationship justify any activity and opportunities are just not worth pursuing. It may be that the business is reaching a natural conclusion and this is a symptom of its end.

This is both a relationship and a business need of the highest order. Working together will create value and allow opportunities to be realised. At some stage the value will need to be allocated but at the early stage of the deal it is a relationship based activity with the long view in mind. The people skills of the occupants will be at a premium in order to release potential synergy.

This is a lively negotiation where the interests of one side are protected but not at the expense of the long term relationship. Green negotiators wish to win and win again and need to leave the other party just happy enough to wish to continue.

This is a zero sum game negotiation and the result is more important than the quality of any ensuing relationship. It is a highly adversarial Tactical profited environment and not one where sensitive managers will want to be for any length of time. Your objective is to seize value from the other side. It is a fight over crumbs not an effort to grow the cake. There are usually only short term objectives to be achieved.

Importance of the Outcome

Relationship Questions
1. Is there a relationship?
2. Is it positive or negative?
3. Is a future relationship desirable?
4. What is the length and history?
5. What is the level of commitment?
6. What is the level of interdependence?
7. How much open communication exists?

Outcome Questions
1. Do you need to win at all costs?
2. How many points can you concede?
3. Is your reputation on the line?
4. What is the power balance?
5. Have you surveyed your strengths and their weaknesses?
6. Are there issues of principle here?
7. Who won last time?
Paul Steele

Paul T Steele is a negotiator of long experience who has all too often seen a negotiator talk at the wrong moment, miss opportunities, or ruin a promising situation by taking the wrong approach.

Apart from extensive lecturing experience and experience in running over 1000 seminars and conferences on negotiation all over the world, he has also worked as a consultant for many organisations in both the public and private sectors.

Paul is Director of PMMS Consulting Group and has written three highly acclaimed books - *It's a Deal, Profitable Purchasing Strategies and Business Negotiation*.

He is also a Fellow of the Chartered Institute of Purchasing & Supply.

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PMMS Consulting Group

PMMS Consulting Group is a specialist procurement consultancy which has been at the forefront of innovation in procurement for nearly 30 years.

Operating globally, PMMS has local offices in Sydney, Melbourne and Auckland and offers pragmatic, 'real world' solutions based upon the experience of delivering training and consultancy across Asia Pacific in a wide variety of assignments and market sectors.

CIPS Open Training in Australia & New Zealand

If you would like to learn more of this approach to negotiating professionally, two CIPS Open Training courses based on the same model, Negotiation and Advanced Negotiation are running in 8 cities in Australia and New Zealand in 2007. Due to its popularity this will most likely run again in 2008. If you would like to book onto an Open Training course email training@cipsa.com.au for more information or visit www.cipsa.com.au