

# 10 Key Negotiation Principles You Must Know!

This is a summary of 10 of the most important principles of negotiation. Clearly there are many more, and fellow negotiators will have their favourite strategies, tools and techniques. If these 10 are not already in your toolbox then incorporate them, as they will almost certainly boost your negotiating power and your results, whether buying, selling or just navigating through life!

## 1. Importance of Time

### 1. Deadlines

Deadlines can create pressure to agree, they can build a sense of urgency, they can prompt concessions from the person upon whom the deadline is being 'imposed' and encourage concentration and focus. Key questions to consider are:



1. Who is most desperate or in need of achieving a deal quickly?
2. Who imposes or states a deadline?
3. Is it real or false, and how would you know if you were on the receiving end of the deadline?
4. What do you do if you impose a deadline to gain closure and that date/time passes yet the other party has not agreed?

### 2. Strategic Delay

Note the use of the word 'strategic' i.e. this is a deliberate, conscious, intentional delay; it is absolutely not about avoiding a situation, procrastinating or running away.

You may wish to use strategic delay when you need to buy some thinking time, or you need to re-negotiate with yourself or others internally. An adjournment, recess or break is an example, and these are normal tactics in negotiations.

Strategic delay can take urgency and pressure off the negotiation, either when emotions are running high or you are not in any rush to conclude a deal. It can also help to break deadlock as it gives both parties time to think and maybe re-consider their position.

### 3. Long vs. Short-Term Orientation

People have different ideas about how quickly things should happen in business and in their personal lives. Time is valuable, time is money, some people want things or services now, however, one philosophy is to remember there is always tomorrow... next week... next month... next year... never!

The expression... *'You may win the battle but end up losing the war'* applies here. So consider carefully whether you should push hard and hold your ground for a short-term victory, or whether a concession now may enable you to win in the future.

### 4. Never Appear Desperate

This can be difficult to hide as we're all human, and even if you don't convey it verbally it will probably leak out in your non-verbal communication or, for example, in the frequency of your communications.

Golden rules are: never say "yes" to the first offer, never agree to anything too quickly, intimate and imply that you have a lot of time, you have many other options, and use strategic delay to keep the other party guessing and them possibly wanting to close the deal speedily.

## 2. BATNA

BATNA stands for your 'Best Alternative To a Negotiated Agreement'.

What do you do if you can't agree; what are your alternatives, possibilities, options, and choices; do you even have an alternative? If not you are pretty much stuck.

Having a BATNA gives you confidence verbally and non-verbally, and the power to walk away; it gives you control. Note you do not need to walk away, you just need to be able to, should you wish. It is also very important that the other party believes you have a BATNA, even if you do not... yet!

Get creative, your BATNA may even be to do nothing or to wait – we're back to strategic delay and not appearing to be desperate. Don't become too committed to getting a deal, or this particular deal.

Think about a negotiation in which you are currently involved and work out your BATNA. Also consider the BATNA of the other party – do they have one? If not you're in the driving seat.



## 3. Reason and Reasonableness

I want to live and work in a reasonable world, where reasonable people do reasonable things in reasonable ways.

Negotiation is a game and you will have encountered several tricky, manipulative and unreasonable people. Don't resort to these behaviours yourself. In long-term relationships, being reasonable is sustainable; it's likely to serve you well and will reinforce your professionalism. Here are a few guidelines and tactics:

- Make any requests stretching but realistic i.e. ambitious but within acceptable reason
- Don't let emotion get the better of you, do not become emotional or you risk losing control
- Honour your promises
- Say what you mean and mean what you say - outright lying is detestable and unprofessional; take personal responsibility for your actions, commitments and results
- Take a broader view – step back, 'don't sweat the small stuff' e.g. trying to get another £50 off a £20,000 car
- Appeal to the other person to be reasonable - this is termed 'calling their behaviour'; you step back and talk to them openly about what they are doing and what is happening rather than the content of the negotiation; effectively you are negotiating about the negotiation
- Use humour, and especially learn to laugh at yourself and the situation - humour balances things out



## 4. Interests vs. Positions

An 'interest' a person has in something is absolutely not the same thing as a 'position' that they openly take or state.

E.g. Two people share an office; one opens the window, the other gets up and closes it. Both have taken a 'position', a contrary one. However, the positions are potentially masking underlying separate interests. One wants fresh air, another is cold. One wants to listen to the birds, the other wants to keep out the air pollution,



the other wants to jump out! Interests can vary widely.

The key is to think creatively and to look for alternatives, possibilities, choices and options that satisfy both parties' interests. You can only do this if you first uncover the interests (needs and wants) of the other party and make your own interests clear.

Questioning and listening and exchanging information between you and the other party are critical. As Stephen Covey famously said... "Seek first to understand, then be understood."

## 5. Hypothesising

You wouldn't put a baby in a bath of water without testing the temperature first.

Hypothesising is about asking... "*What if...?*" It's a way of testing a proposal without making a firm offer for example by asking.... "*If I did this then would you do that?*"



In hypothesising you are using questions to discover possibilities, alternatives and choices.

This can be useful in progressing negotiations or breaking a deadlock. Sometimes called a 'trial balloon', it tests the reactions of the other party to an idea.

However, be careful not to use this towards the end of the process as it might be seen as a backwards step, unravelling where you've got to already. Also, be careful that you don't inadvertently reveal a concession that you definitely can or are prepared to make. In hypothesising you need to make any suggestions conditional; if they don't agree then you withdraw the proposal.

## 6. ZOPA

This stands for the 'Zone Of Potential Agreement'; the territory that lies between two counter-positions.



Imagine if only 1 variable was involved e.g. price, and the positions of the parties are far apart. Is it still possible to agree a deal? Yes, if they are flexible and are prepared to meet somewhere in between. If not, then they need to bring more variables into the equation, so one gives in on price in return for concessions for other things; a simple example could be to have staged payments, or to throw in some 'extras'.

'Splitting the difference' is a crude, though useful tool to reach a deal when the difference is not that great as it can still be 'good business', rather than walking away and having achieved nothing? However, exploring additional variables is the best way forward to break deadlock and for both parties to be happy with the outcome.

## 7. Using Logic

Daphne was frightened of flying. Her brother tried to persuade her that it was the safest form of travel and that she had more chance of being kicked to death by a donkey than dying in an air crash. Daphne's response was ... "*We don't have many donkeys around here.*"



If emotion gets in the way then no amount of logic will overcome it. However, if you do want to use logic here are 9 ways to inject objectivity, reason and rationale:

1. Prepare by working through the situation carefully with a well-thought out and supported case
2. Examine your assumptions and anticipate the other party's assumptions and any objections they're likely to raise, and how you might counter these
3. Clearly and succinctly explain your rationale/reason for the case you are making
4. Provide evidence, especially referenced information and evidence from 3rd parties
5. Provide evidence that the other party may not be aware of - 'new news' which then causes them to have to react in the moment
6. Relate the current situation to previous similar situations where solutions were found
7. If you face emotional resistance then don't use logic; probe for understanding, use unemotional questioning to explore the sources of resistance and then work your way back to irrefutable logic
8. If the other party defends an irrational position then use logic to undermine their argument, show its weaknesses, shortcomings, invalidity and fallibility
9. If the other party needs more proof from you then go and find it, thereby answering their objection

## 8. Using Threat

If you only have a hammer you will treat everything as a nail.

Threat is a legitimate negotiation strategy but it needs to be used sparingly and wisely. Like anything with power, it has immense force and needs to be used carefully. Threat can have both intended and unintended consequences - you are taking a risk when you threaten.



- It has to be credible
- You have to be prepared to follow-through if required, otherwise you lose credibility
- Threat can be implied, it does not need to be wielded e.g. infer that you might walk away unless you get what you want, or that you are considering removing an existing contract unless they comply
- Threats can result in deadlock or hostility and a lose-lose outcome; you might win, but with blood on the carpet!
- Threats can damage relationships; you might win in the short term but lose in the future
- Threats are more appropriate in one-off transactions where there is no requirement or desire for an ongoing relationship

## 9. Using Emotion

This is not about getting angry, screaming or crying etc.

What do you think the difference is between 'using' emotion and 'getting' emotional?

The former is the conscious, intelligent application of a legitimate negotiation strategy. The latter involves you losing control, confidence and composure. You can appear irrational, foolish or unsettled; either way it's not going to help you, nor anybody within the immediate vicinity! If you get emotional in a negotiation you are no use to anyone, least of all yourself.



Emotional people stop listening; they can be seen as unpredictable and unfocused. They make poor decisions and do not reach their goals. By losing control of the situation they forfeit control of the negotiation and of the other party. They may dig their heels in, say things they later regret, or walk away from what could have been a good deal, ending up in a lose-lose situation.

Examples of positive use of emotions include appealing to reciprocity or goodwill, referring to friendship or a long-standing business relationship. You can open up a little more and disclose information to further build a human bond.

You can also use guilt, to encourage the other party to accede to what you need, or you can apologise.

You can talk about how the other person's emotionality is not helping the situation.

You can also express an emotion that you're feeling without actually demonstrating it, e.g. say that you are feeling frustrated without actually screwing your face up, pulling your hair or banging the table.

Finally, you can act/pretend to be emotional to create an impact. Be careful though - this is not recommended in professional settings, and particularly don't do this often or it will lose its impact, you will lose credibility and destroy relationships.

Remember, we don't negotiate with organisations we negotiate with people.

Emotion is powerful; use it wisely.

## 10. Price vs. Value

What's the difference between 'price' and 'value'?

Oscar Wilde famously said... *"A cynic is a man who knows the price of everything but the value of nothing."*



If you drive, why did you choose that particular car? If you bought solely on price you would be driving the oldest, cheapest car on the road.

Price does not equal value. Price is an objective number, the ticket price; the amount of cash you pay or receive. Value is far more subjective and far more important. Life's too short to drink cheap wine!

Value can vary widely and wildly depending on the situation a person is in. When the Icelandic volcano erupted several years ago, disrupting air travel for a third of the globe, the price of rail travel, taxis or car hire was not anywhere near as important as getting home; many people paid 10 times the normal price.

People do not buy on price alone - it could be quality, reliability, flexibility, timing, image or many other variables. They may buy purely on price if it's a commodity such as fuel for the car, but it certainly is not a factor for luxury goods.

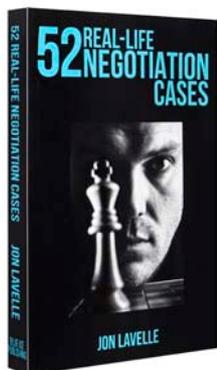
Some things are cheap for a reason; that's why it was discovered that cheap lasagne meals contained horsemeat; the price just did not make economic sense because the beef ingredient alone could not be so cheap. In contrast, Stella Artois marketed itself for 25 years as '*Reassuringly expensive*'; they have done quite well on the back of that reassurance.

Finally... some people want things to be expensive so that other people cannot afford them!

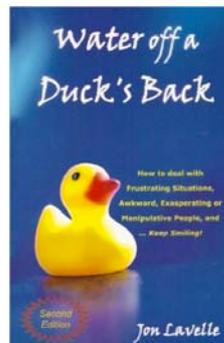
Do you buy the cheapest things you can or do you buy for value?

## Additional Supportive Resources

If your preferred learning style is to **read**, try these books...



- Learn from other's experiences
- Negotiate great deals
- Avoid common pitfalls
- Have confidence in dealing with any negotiation situation
- Plan an approach likely to give you the results you want
- Make or save lots of money
- Have fun in the process!



Learn how to deal with frustrating situations, awkward, exasperating and manipulative people and...  
...keep smiling!

Available from Amazon UK, Amazon US and [www.anglo-american.co.uk](http://www.anglo-american.co.uk)

A personally signed copy of either book can be ordered directly from the author in Burgess Hill, and personally delivered, by e-mailing [jon.lavelle@sky.com](mailto:jon.lavelle@sky.com)

If you learn better by **watching and listening**, try these free 5-minute videos...

<http://negotiation-hub.uk/videos.html>

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<http://managertoolkits.co.uk/MTANTsubpage.htm>

If you like to immerse yourself in **negotiation training** then explore this...

<http://negotiation-hub.uk/workshops.html>

If you want some coaching on a real-life negotiation case that you're currently facing then call me - maybe I can help you (in the background) to reach a desirable and profitable outcome.

Jon Lavelle

+44(0)7591 611752

[jon.lavelle@sky.com](mailto:jon.lavelle@sky.com)