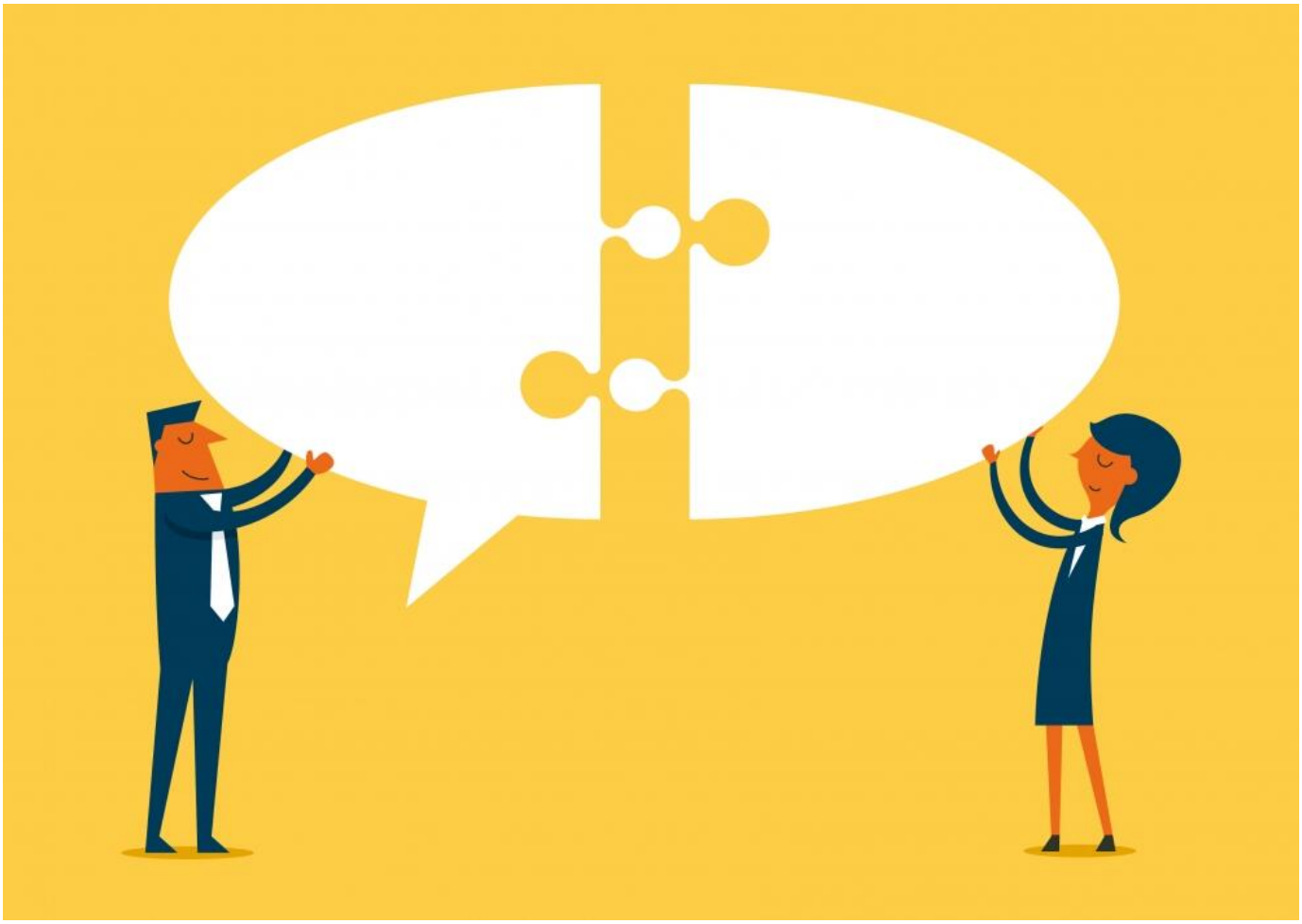
Getting the best deal



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Natalie Reynolds explains six negotiation mistakes to avoid

Key Points

What is the issue?

Negotiation is one of the most important skills to get what you want or need, be that an extended deadline, improved contract terms, an increased fee or a pay rise. However, many of us are not aware of what it takes to be a brilliant negotiator or how we can become one.

What does it mean to me?

Many people fall into the trap of making mistakes when they negotiate and may not even realise that they are doing so. This article is intended to encourage you to reflect and see whether there are ways that you could be more effective when making the ask.

What can I take away?

Six practical tips to improve your negotiation performance as well as recognition of what not to do!

As someone who has trained thousands of negotiators the world over, I believe passionately that everyone can learn to be an amazing negotiator and that knowledge is power. But some of the mistakes negotiators make are common to many, regardless of location, experience or industry. If any are familiar, it might be time to rethink your strategies.

Mistake 1: It is all about winning

It isn't; not outwardly anyway. At the end of the negotiation you want the other party to feel that they have 'won'. If they feel that they have lost, the negotiation ends and they will be the client or customer who keeps coming back, asking for more, making late payment, not prioritising your requests or just being generally unco-operative. Nobody likes to feel like a fool. So, at the end of the negotiation, make sure you behave with grace and professionalism. Make them feel like they have won, even if you know that you have secured the deal of a lifetime.

Mistake 2: Avoiding negotiation is a clever strategy

I know, let's just skip that negotiation part! No one really likes doing it, so let's just cut to the chase and save time. We all know it's just a game, right? Wrong.

A common mistake is to try to bypass the negotiation entirely, believing that both you and the other party will be grateful that they have avoided all that unnecessary

awkwardness and ‘wasted time’. The problem with this strategy is that, despite the old saying, people do look a gift horse in the mouth. If something is too easy, people start to wonder why that was the case and what might be wrong with the deal they have just (so easily) agreed to. So don’t rush the deal; let your counterparty feel that they have explored all of the options. People like to believe that they have secured the best deal they can for themselves and the process of exploration, suggestion, rejection and agreement will help with this.

Mistake 3: Negotiating in silos

When negotiating a deal with lots of variables it can be tempting to try to reach early agreement on some of the bigger issues. We routinely see people pairing off variables, negotiating them and then taking them off the table as ‘agreed’. They work their way through the issues, trading two at a time until guess what you are left with? Those difficult and contentious issues on which you will struggle to reach agreement.

You can assess how successful you have been in relation to each variable only if you look at the deal as a whole. That fee you negotiated early on and took off the table as ‘agreed’? It doesn’t look so great once you realise you have accepted a raw deal on deadline and payment terms. Adopt the mind-set that your deal is a ‘total value package’ and ‘nothing should be agreed until everything is agreed’.

Mistake 4: It’s not you, it’s me

When we approach a negotiation, we spend much of our time thinking of all the reasons why the outcome is important to us. We become bogged down in thinking about deadlines, expectations, demands, targets, pressure from competitors, ambition or whatever it might be that matters to us. We allow this to cloud our thinking and, in doing so, we ramp up the pressure on ourselves to do well. This often results in anxiety, fear and nervousness, all of which clouds our judgement, planning and performance.
Smart negotiators realise that the best way to manage the burden of our own expectations is to acknowledge these pressures and set them aside. The pressures and priorities that we should be thinking about exist in the head of our counterparty. Even if they do come across as powerful and intimidating, they too will have deadlines, expectations from colleagues and demands from their boss.

It’s also sensible to consider ‘power bias’ here. This is the phenomenon by which we, by default, seem to assign more power to our counterparty and we assume that we are the ones in the weaker position. This is particularly true if you operate in a competitive or congested marketplace where the fear always seems to be ‘but they will just go to firm X instead of us’.
The process of getting inside the head of your counterparty should allow you to think more broadly about what the other side’s motivations, fears, hopes and aspirations may be. Perhaps it has just gone through a huge restructure and is in no position to change supplier. Or it needs a project completing urgently and as a result is willing to pay a premium for this. What if it has plans to expand internationally and you have expertise that could assist?

The point is that, rather than assuming the other side has all the power, think through what might be motivating it more generally and how you might use this as part of your negotiation strategy. Often the power imbalance isn’t as stark as you might have first thought.

Mistake 5: Underestimating the difference it can make

A routine excuse people give for not negotiating for that ‘bit more’ or the ‘best they can possibly get’ is that they already have an ‘OK’ deal and that they worry that the risk of negotiating or continuing to negotiate is that it’s not worth the effort. Or that they might look greedy.

Before you call it quits and settle for what you have remember that ‘little things add up’. Take the example of two 30-year-old workers starting the same job and being offered the same salary of £100k. One accepts £100k and one negotiates for more, securing £106k. If they worked for 35 years, both receiving 4% uplifts each year the employee that did not negotiate will need to work six extra years to be as wealthy at retirement as the one who did. Or imagine the impact to your firm if you could gain an extra 5% on every fee agreed worldwide just by negotiating more effectively.

Mistake 6: Being scared of rejection

Nobody likes to be rejected. It is because of this that I routinely see people falling apart and losing focus as soon as they hear the word ‘no’ when they are negotiating. We have to learn to stop being afraid of ‘no’ and instead start to reframe our relationship with it. When my team and I work with delegates on our workshops we encourage them to start to see ‘no’ in a different light. Try seeing it as an opportunity or a springboard to explore what could be possible. View ‘no’ as the starting point to a solution that could lead to ‘yes’.

And finally: Beware the easy ‘Yes’

If your counterparty says ‘yes’ immediately to your first proposal that should indicate that it was very easy for them to do so and that you have in no way brokered the best deal you could. Negotiation is the process of exploring and establishing the best deal you can in the circumstances. So give yourself wriggle room, open ambitiously and get negotiating.