

Self-inflicted wounds

Don't be your own worst enemy in negotiations

Question:

Do people sabotage themselves at the bargaining table without knowing it?

Answer:

After participating in hundreds of negotiations, both as a participant and observer, there are seven things people do, say or overlook that undermine their negotiating success. Half of these occur prior to coming to the bargaining table and before either party says a word.

When your level of emotional preparedness and confidence is rock solid, they serve as powerful factors in creating a strategic advantage. When you are sure-footed, then you think clearly, communicate deliberately and are focused on achieving mutually agreeable solutions.

On the other hand, when you come to the bargaining table feeling a high degree of anxiety, uncertainty or self-doubt, you are more apt to make mistakes and give away your power.

Review these seven strategies to determine if you are unknowingly sabotaging yourself:

Inadequate planning: There is no substitute for effective preparation. I am not talking overkill, but rather adequate time to determine your needs (what you must have) and wants (what you would like to have), where you have leverage, what your walk-away point is, what concessions you are willing to make and what you will ask for in return, and viable options if the other party

refuses to support your position.

In simple negotiations, this might take five minutes and can be mapped out on a napkin. In more complex negotiations, when more research is involved, it might take a few hours, especially if you are reliant on others for input.

Information is power, especially when negotiating. Having the right information can mean the difference between feeling vulnerable or feeling at the top of your game.

Just last week, a client called to let me know that the day before a very important negotiation with his second largest customer, he was talking to a customer service agent at the account who told him, "Your product is the very best. For the past three years, we haven't received one customer complaint. In fact, last month our manager informed us that your product has saved us \$150,000 in both direct and indirect labor costs. I wish we had more suppliers like you to deal with." With this information in hand, he walked into the negotiation with a higher lever of conviction and self-assuredness.

Halfhearted information gathering: Information gathering begins prior to the negotiation and continues throughout the negotiation. Learn as much as you can about the other party to minimize your chances of being caught off-guard.

The information you want to know before coming to the bargaining table includes: Who will be attending the negotiation? What is important to each person regarding the outcome of this negotiation? Why are they attending/participating in the negotiation? What is their breadth of authority, what is their negotiating style? How much do they know about the topic of the negotiation? What is their relationship to each other (if they are negotiating as a team)? What is happening

in their company that could influence the outcome of the negotiation? What is their sense of urgency? What options are available to them and which ones are they most likely to support? The answers to each of these questions will assist you in developing the strategies and communications you select to use during the negotiation.

When possible, and prior to coming to the bargaining table, ask who will be attending the negotiation. Then call them. Find out what they would like to achieve as a result of this meeting and why. Tell them you want to make the most of your time together and would like to bring the information that is important to each person attending. Any information you gather, and rapport you develop, will eliminate the anxiety associated with walking into a room of strangers.

Failure to define your bottom line: Too often, salespeople don't know what their bottom line or walk-away point is because management won't take a stand. Rather, management wants to see how the discussion unfolds. This strategy can cause the salesperson to surrender their initiative needlessly, as they have neither the knowledge, nor the authority to negotiate the final deal. This is negotiation suicide.

Having a single-minded position: It's counter-productive to enter a negotiation with a non-negotiable list of must-haves. When the other party perceives you to be inflexible and self-serving, they dig in their heels. Ego overrules rational thinking. Power-plays replace collaborative dialogue. You always want to enter a negotiation with your needs and wants clearly defined, but with some latitude of flexibility so you can reach a mutually agreeable solution. For example, if you have a customer who has a limited budget, rather than saying take it or leave it, if you unbundled your offer and take certain elements off the table in an

effort to meet their cost requirements, you are at least perceived to be flexible. This enables you to maintain the integrity of your starting position and lets them know that there is value associated with those other factors.

Poor concession strategies: This includes making concessions too early, too big and too often. You want people to work for their concessions; otherwise they will feel like they should have gotten more. Follow the golden rule of concession making, “Never give a concession without getting something in return.” By default, if you don’t ask for something in return, you are in essence conditioning the other party that the more pressure they put on you, the greater their rewards. This is detrimental if you want to build a long-term profitable relationship.

Not taking a break: When you find it difficult to think, take a time-out. This doesn’t mean you are surrendering your power; rather, it’s about owning your power. Negotiating involves intense thinking and energy. During a negotiation, you must read the other party’s body language, interpret the intent behind the other party’s words and skillfully determine how to direct the discussion where you want it to go. Along the way, it’s not unusual to encounter situations where you are having difficulties thinking clearly. This is the time to take a short break. Change your setting and take a walk, even if your only option is to visit the powder room. I always recommend bringing a large bottle of water to every negotiation. This helps create a sense of urgency in a time of need.

Lack of future cause and effect: Most customer negotiations are not stand alone events; rather they are part of an on-going relationship. Therefore, we must be mindful that everything we do in a negotiation, from where and how we sit, to what we say and how we say it, creates an impression. To be successful in building a long-term relationship we must be deliberate in what we say and do. Measure your words carefully; once said, you can not take

them back. Make concessions strategically so you create expectations that will undermine future negotiations.

People who sabotage themselves when negotiating often do so by default rather than deliberately. In other words, they make mistakes because they don’t know better. Rather than gaining strategic advantage, they are giving their power and profits away.

Do yourself a favor before turning the page. Take a few moments to review this list again and then select at least one area in which you can make an improvement. Determine what you can do differently and then keep that note handy when preparing for your next negotiation. Small changes can result in big profits when effectively implemented.



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