

# How to Prepare for a Negotiation

## APPLICATION

*Applies broadly to most negotiations where the relationship and the durability of the agreement are important. This does not apply to one time negotiations (such as a flea market) where the relationship will not matter.*

## INTRODUCTION

## IMPORTANT TIPS

- A. Don't bargain over positions – these are often overstated for tactical reasons. Bargain over the principles and solutions that meet the needs of both parties.
- B. Strive for creative solutions that meet real needs. Avoid “splitting the difference” solutions as these are often unsatisfactory to the parties and therefore may not provide durable solutions.
- C. Know your “bottom line” or BATNA (best alternative to a negotiated solution). This means, know when to walk away and pursue other avenues.

## KEY POINTS

1. **Understand the needs behind your opponent's positions.** The discovery process is important to you. Start by asking questions about what they need, and more importantly, why they need it, from the negotiation. Get past the demand for “a unit cost of \$50.” Be willing to disclose your needs (but don't give everything away).
2. **Ignore your opponent's initial offers or demands.** Don't let these influence your position. Most initial demands are tactics to move you closer to their position. If you opponent asks \$890,000 for the house they are selling – ignore this. It's the decision principles that matter.
3. **Principled negotiation is powerful.** State early and clearly the principles that you intend to use to make an agreement. For example, “I intend to make you a fair offer based upon the comparable prices of similar homes that have sold in the area.” Or “I will only consider offers that have an industry accepted multiple of 10X or higher earnings.” Listen to and be willing to incorporate the opponent's principles if they are reasonable.
4. **Make all concessions contingent.** If you feel you need to make significant concessions to get a deal, state and make this contingent on specific things you want from the other party. “I would be willing to do this, if you would be willing to offer that.” Get a specific agreement. Do not make concessions without a quid pro quo as they can weaken your overall position.

5. **Be willing to make small concessions** Do these early if you want to demonstrate your good faith efforts. Look for and seek similar small concessions from them.
6. **Separate the people from the positions.** Keep personalities out of the negotiation. Allowing this will take you down the wrong path. Never accuse the other party of being “unreasonable” or “unfair.” You may and should say, however, that the offer is “unreasonable.” Or the position “doesn’t seem connected to the principles we agreed to.” Suspend negotiations where you feel personally attacked.
7. **Buy time if you need it.** Don’t allow yourself to be pushed into premature agreement. Call a time out. Ask for time to consider an offer.
8. **Be indirect in your response to soft offers.** Don’t initially respond that you “like” an offer or that you think it is “reasonable.” This may prematurely harden the opponent’s position. Keep the negotiation open by using vague words like, that’s an “interesting” offer. Or that it is “difficult to consider that offer.”
9. **Don’t change your bottom line or BATNA during the negotiation** because of pressure. Only modify this after thoughtfully examining new information that changes the situation. But take a time out if you are going to do this.
10. **Each negotiation affects the next.** How well you handle this negotiation will impact subsequent negotiations with this party. Good win-win solutions pave the way for future wins. Poor win-lose agreements will harden your opponent and negatively impact your ability to get what you need next time.