

# Chapter 1:

## Defining a "Great Negotiator"

### **Purpose of this study**

Welcome. Nobody is born a great negotiator. Great negotiators learn their craft. It is not a gift. A gift is something given to a person at birth. Michelangelo had a gift. Andrea Bocelli has a gift. A skill is different. A skill is obtained through study, exercise and practice.

Assume you are in the market to buy a car. Your budget is \$20,000 but the car you want is listed at \$30,000. Or assume your neighbor opens his upstairs window every summer evening to blast his stereo. Or assume you have lived in the same rental complex for the last seven years. The landlord called because he wanted to raise the rent by 20%. All of these scenarios demand a certain level of mature negotiating.

How would you rank your skills to successfully negotiate any or all of these scenarios? Most of us would not rank high. We are not naturally gifted in this area. We lack the skills necessary to achieve a desired outcome. Negotiating skills must be learned. Once learned, they must be intentionally practiced.

The purpose of this study is to simply place into the hands of every student a handful of practical negotiating tools that, if mastered, can help them negotiate through the issues of life.

## **What is a Negotiation?**

By its very definition, a *negotiation* is a dialogue between two parties intended to *resolve disputes* or to produce an *agreed consensus* for a course of action. We negotiate for many reasons, including solving personal and/or business problems, to buy and sell goods and to establish terms for an agreement.

Attempting to solve problems, couples negotiate with each other, their children, and other family members all the time. In day-to-day life, a person can be found negotiating with the plumber, the boss, the car salesman, co-workers, neighbors, phone salesmen, and the dog. Most businesses must have the ability to negotiate lucrative and cost-effective agreements in order to compete in the market place. People and businesses are negotiating every day and all the time.

Over the years, several studies have attempted to better understand the how and whys of negotiating. One of the clear findings is that those who have better negotiation skills do better in life or in business. One recent study took a look at businesses in light of the recession. Because of the recession, 62% of the businesses surveyed had given added attention to negotiating. Of those businesses, 63% saw a positive effect on their profits; 55% saw a 5-10% savings in their costs and 92% believed that better negotiating skills had been critical for their business success. In a number of cases, a company's survival was linked to better negotiating skills.

So what is a negotiation? I believe it is simply the discourse between two parties with an outcome designed to benefit one or both parties. Better negotiating skills will allow for better outcomes.

## **The Greatest Negotiators among Us**

Some believe that the only way to determine the greatest negotiators is to examine their win/lose percentages. The worst negotiators would have high losses and the best would have high win percentages. If that were the only criteria, the greatest negotiators who have ever lived would not be famous diplomats, politicians or used car salesmen. Instead, there is a group of people who win nearly every negotiation they enter. Surprisingly, they aren't the oldest among us or the wisest. They are the youngest. They are our infants and small children. At this moment, babies across the planet are in need of a diaper change, to be fed, to be put down for a nap, or just to be held. The techniques used are not all that complicated. They scream, yell, and cry until they get their way.

These negotiators are persistent, determined, relentless and do not understand the word "No"! For most adults, the word, "No" causes us to do an about face and leave the negotiating room. Not so for this group of negotiators. According to Jim Camp, author of the book, *No: The Only Negotiating System You Need for Work and Home*, "Small children understand the power of no. Children know that their saying 'no' signals the beginning of a negotiation, not the end!" In most cases, they do not stop until they get what they want! A study found that when parents do say "No", the child will, on average, continue to ask nine to ten times before they consider the matter decided.

The negotiating techniques used by infants and children are effective but, we would all agree, are not the most mature tools to be used in an adult negotiation. The problem is many adults have yet to get that message.

Consider a twenty-nine year old daughter attempting to negotiate an issue with her father. At first, the conversation is calm. The moment, however, she realizes he is not going to just give in on the matter; she begins citing all her "Exhibits" including his infractions over the past few years. With great emotion they pour out of her mouth as a laundry list. The inflection in her voice intensifies with each sentence. The father objects. She strengthens her approach. The father objects again. She cites additional infractions. Before long, the father's blood is boiling. The conversation is out of control. The matter that the daughter wanted addressed has become enmeshed in a barrage of multiple issues. Hurt, bewildered and angry, the father gets up and walks out of the room.

Notice the negotiating skills used by both daughter and father. Neither were great negotiators. The daughter, especially, was resorting to those skills she possessed as a child. They worked back then but they are not effective as an adult.

A couple is discussing their son. The father is a strict disciplinarian. The mother disciplines with a more merciful approach. The intent is to calmly talk about their son's recent behavior at school. They know they need to be on the same page. They know they need to be in agreement about their approach. However, the husband believes his approach to discipline is the only correct approach. He believes that any child raised with his wife's style of discipline will fail in his adult life. The wife believes and could even cite instances where children did fail with a heavy handed discipline style.

This couple must enter the negotiating room. Can you predict the outcome? Unless they are equipped with skills that are more mature than the ones used as infants, the outcome is clear. The conversation

will escalate. One will belittle the other. One will walk away. Their son's issues at school will not be effectively changed and the couple's relationship could be weakened.

### **What skills make a great negotiator?**

Armed with only a handful of essential skills, a great negotiator enters the arena. What skills do they possess? What skills have they mastered? The answer to this question may vary from person to person. For instance, examine the following two scenarios and decide for yourself which is the better negotiator, John or Pete.

#### **Scenario 1**

John's home is located on grounds that have several trees. Some are overgrown, others are in need of minor trimming and one middle sized tree needs to be cut down and hauled away. Fall leaves also need to be raked and carted off.

John asked Terry, an unemployed father of three, to look over the job and, if he was interested, submit a bid.

Terry: "Yes, I would like the job. I will do it for \$15 an hour."

John: "Hum. Since you've never done this type of work before, I would rather pay you by the job rather than by the hour. Is that okay?"

Terry: "I suppose."

John: "How long do you think the job will take?"

Terry: "I estimate twenty-five hours."

John: "Twenty-five? I can't see how this would take twenty-five hours. That's over three days. Twenty-five times \$15 is \$375. I only budgeted \$200 for the entire project!"

Terry: "Well, maybe it won't take twenty-five hours but I have to make some money on the job. I'll tell you what, I will do the entire job for \$350."

John: "Can't be done. I've only budgeted \$200."

Terry: "Look, I need the money. I'll do the job for \$250."

John: "If you split the difference with me, I'll let you do the job for \$225."

Terry: "Okay."

## Scenario 2

Pete's home is located on grounds that have several trees. Some are overgrown, others are in need of minor trimming and one middle sized tree needs to be cut down and hauled away. Fall leaves also need to be raked and carted off.

Pete asked Terry, an unemployed father of three, to look over the job and, if he was interested, submit a bid.

Terry: "Yes, I would like the job. I will do it for \$15 an hour."

Pete: "Hum. Since you've never done this type of work before, I would rather pay you by the job rather than by the hour. Is that okay?"

Terry: "I suppose."

Pete: "How long do you think the job will take?"

Terry: "I estimate twenty-five hours."

Pete: "Twenty-five? I can't see how this would take twenty-five hours. That's over three days. Twenty-five times \$15 is \$375. I only budgeted \$200 for the entire project!"

Terry: "Well, maybe it won't take twenty-five hours but I have to make some money on the job. I'll tell you what, I will do the entire job for \$350."

Pete: "Wow, Terry, I would like to accommodate you but I've only budgeted \$200."

Terry: "Look, I need the money. I'll do the job for \$250."

Pete: "Okay, I'll give it to you for \$250. If you do a great job I'll throw in another \$50 as a bonus and I will recommend you to others in the neighborhood."

Terry: "Okay."

### **Who is the better negotiator?**

Which of the two men do you think is the better negotiator, John or Pete? Some would say John. He did get the better price. He was able to squeeze every dime out of Terry. There is no doubt that John paid less and moved Terry farther from his original position.

However, another question should be asked in order to determine who used better skills while negotiating. Although John paid less, did he get more? In all likelihood he did not get more. He paid less and he got less. Assume you are Terry, on which job would you work harder and do better? I submit Pete made the better deal. He did pay higher but he, in all likelihood, would receive more. I submit that Pete had better skills in negotiating and won the contest hands down.

# Seven Skills Mastered by Great Negotiators

## Seven skills mastered by great negotiators and scoring John and Pete's negotiating style

1. Seeking a win/win solution is one of the main skills used by great negotiators. Dr. Chester L. Karrass, author of *In Business As In Life – You Don't Get What You Deserve, You Get What You Negotiate* puts it this way, "A winner strives to leave the other party as satisfied as possible with the outcome. Winners do this by the way they conduct themselves in negotiation and by the way they jointly search for a better deal for both sides."

**Score: John – 0, Pete – 1**

2. Integrity, honesty and truthfulness are another negotiating skill. Integrity and honesty build trust. Negotiations fail many times simply because one party doesn't trust the other party. If they have the sense that they are being lied to, manipulated or controlled, they simply walk away. Great negotiators are not "great liars", instead they possess great integrity.

Professor Watkins, in his book *Breakthrough International Negotiations* believes that great negotiators "know that a bad process—one perceived as unfair, illegitimate, or simply confusing—can create unnecessary and often intractable barriers to agreement."

Compare the most trusted professions in the United States to the least trusted professions. Topping the list for the most trusted are doctors, teachers, judges, clergy and scientists. At the bottom of the list are politicians, salesmen, lawyers, journalists and bankers.

Ask just about anyone in America today and they would tell you that most politicians can't give a straight up answer to a straight up question. Many believe they have mastered the ability to lie.

Anyone who has ever studied the life of Abraham Lincoln quickly realizes that he was cut from a different cloth. There are hundreds of stories which have been documented that show a character of both honesty and integrity.

For instance: An impoverished widow was due a \$400 pension from a pension agent. The agent charged the widow \$200 for his fee. Lincoln sued the agent and won the case. For his services, Lincoln refused to charge the woman a penny; instead, he paid her hotel bill where she had stayed during the trial and purchased the ticket for her fare back home.

Use this story as a template and overlay it on top of the John and Pete negotiations. I suppose that both Pete and John were telling the truth but integrity goes beyond honesty. Can we really say that John was acting with integrity toward Terry, the unemployed father of three?

***Score: John – 0, Pete – 2***

3. Issue knowledge or Product knowledge. Building a knowledge base of the product or issue found at the center of the negotiation is vital for success. Both John and Pete rank equal in this area. Both had the same knowledge about how long the project should take and the value of the job.

***Score: John – 1, Pete – 3***

4. Confidence and calmness while under pressure. Most people are not born with this trait. Acting with confidence and calmness while under pressure is a skill that is developed. Both John and Pete had the ability to keep their heads and to think clearly during the negotiation. On this skill both deserve a point.

***Score: John – 2, Pete – 4***

5. Beforehand preparation One should never underestimate the need for being prepared or the direct correlation between being prepared and success. Great negotiators do their homework, *learning* about the issues, history, framework and the other parties involved.

Both John and Pete rank equal in this area. Prior to meeting with Terry, both had assessed their needs, the grounds and what needed to be done. Both had made a determination about the length of the project and the amount they wanted to pay for the job.

**Score: John – 3, Pete – 5**

6. Great listening skills are also an important skill used by great negotiators. Most people would agree that listening skills are a key to achieving great success in relationships and in business ventures. Did both John and Pete have the same listening skills? Remember when Terry said, “I have to make some money on the job” and “Look, I need the money”? What was he saying? Don’t you hear a sense of desperation in those statements? Did both John and Pete really listen to Terry’s statements? I submit that John didn’t care. I submit that when Terry was making the statements, John’s mind was busy with his comeback – what he was going to say next.

**Score: John – 3, Pete – 6**

7. Good interpersonal skills. Have you ever noticed that the world is occupied by billions of people all of which are *different* from you? Most of which have *different* opinions and/or beliefs about life and the way things should function. Perhaps the biggest challenge, while maneuvering through life, is to successfully negotiate with these people.

Conflict between two people in the workplace can stem from something as simple as maintaining files. Assume two co-workers use and maintain the same files. One possesses an extremely systematic and analytical approach while the other possesses a less systematic and analytical approach. Do you see a potential conflict?

Place yourself in the negotiating room. The task is to negotiate a very important contract for your company. The agreement involves several key elements. What are the chances that the person on the other side of the table will not see things exactly the same way as you see them? What are the chances they possess a different

opinion and/or belief about what the finished product should look like? Do you see a potential for conflict?

Add another dynamic in the negotiating room. Assume the person you are to be negotiating with lacks good interpersonal skills or possess a handful of wounded personality traits. Assume they are angry or controlling or very rigid in their thinking. There are only two possible outcomes from the negotiation. Someone will become angry or frustrated and walk away or if *you* possess the right interpersonal skills, the negotiation might have a chance. Great negotiating takes a great deal of patience, competence, interpersonal skills and luck.

Interpersonal skills include a person's ability to communicate, the tone of their voice, their heart, their facial expression and how they carry themselves around others. Interpersonal skills are simply how a person relates to others.

Great negotiators will possess these positive interpersonal skills: They are friendly, polite, gracious, pleasant, flexible, and truthful. They communicate respect for others and are self-controlled. They have the ability to place themselves in their counterpart's shoes. They value and are adept at understanding the other party. They have the ability to build trust and communicate in a clear fashion. They listen more than they speak.

How did each of the men rank in this category? If you were Terry, how would you rank them? Which of the two men would you consider had better people skills? I'd give this one to Pete.

***Final Score: John – 3, Pete – 7***