

Mastering commonly made mistakes in negotiation

Chapter 7

*In a world in which some people gain or lose in interpersonal skills, some gain more than others.
One factor which separates the winners from the losers is motivation.*

Gurgen

This chapter describes some of the most commonly made mistakes in negotiation. It explains how they impact upon a negotiation, and provides guidance on how to avoid making them.

Why concentrate on mistakes?

Everyone makes mistakes. Unfortunately, when many of us make mistakes, the first thing we do is look for someone or something to blame. Psychologists call this attribution theory. We take the credit for things which go well, and find an excuse when things do not go well. There is a saying that we learn from our mistakes, but this can only be true if we take responsibility for the mistakes, and try not to make them again.

Many of the mistakes made in negotiation are relatively simple. They are common human failings which we all make at some time or other. Although these mistakes are simple, they can have a dramatic effect on the outcome of a negotiation. Research conducted by the author at the North West Regional Management Centre (8) identified 12 commonly made mistakes which seriously impaired negotiating performance. Continuing involvement in negotiations with clients has confirmed the widespread nature of these mistakes.

Removing these mistakes from a negotiator's performance will make a significant contribution to mastering negotiation.

A good negotiator stands back after each negotiation and asks 'What did I do right?', and more importantly, 'What did I do wrong?'. This chapter gives you an opportunity to look at your own negotiation behaviour and understand the mistakes you may be making, and more importantly, to begin to remove them from your negotiating behaviour. Introspectiveness is one of the skills of negotiation. If you wish to improve your own negotiating, 80% of the work

is identifying the areas that need improving, and the other 20% is simply working on these areas.

These commonly made mistakes fall under three general headings: control skills, relationship skills and achievement skills.

Control skills

There are four basic errors surrounding control skills:

Questions

Have you ever been in a meeting where somebody said something you did not understand? There is a tremendous temptation in these circumstances to sit quietly as though you understood what was said. This is a common human failing. Very often we are afraid to show our ignorance, and rather than interrupt and ask a question we will sit quietly in the hope that we can catch up later in the meeting.

There is overwhelming evidence to suggest that in all business and social interaction, the most effective behaviour for taking control is to ask questions.

Questions serve a number of purposes:

- At a basic level, they provide information; (How does this work?)
- They provide opinions and perspectives; (What do you think the problems are they/we have to deal with at this negotiation?)
- They test our understanding of what has been said; (Are you saying that this product has unpredictable side effects?)
- They can put pressure on an opponent; (I have £800,000 of business to place, what are you prepared to do to get it?)

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- Questions can also be used to give time to think; (Can you go through that again? I don't think I understand what you mean)
- Skilled negotiators will frequently answer a question with a question, and thus take control back; (Why do you ask?)
- But the most important reason for asking questions, is to take control of a negotiation. (Having dealt with price, what are your views on quality?)

In a negotiation, if one person is asking questions, and the other is answering, it is quite obvious who is directing the negotiation and who is merely responding and being lead in a particular direction.

The person who is controlling the negotiation is the one who is thinking:

- What areas do I want this meeting to cover?
- Do I have enough information on this topic?
- Do I want to change the subject?
- What weaknesses does he have which I want him to talk about?

He is then translating these points into questions for the opponent such as:

- Why are your labour costs so high?
- How is it made?
- Will you explain your tooling charge? I don't understand it.
- What stocks do you hold?

Research by Neil Rackham suggests that the most successful negotiators ask twice as many questions as average negotiators. In analysis of negotiations, he found that 20 per cent of all behaviours used by successful negotiators in negotiation were questions. When watching a negotiation, you can easily work out who is in control simply by counting the number of questions being asked by each side.

There are many types of question, all of which serve different purposes. Some questions, however, betray our dislike of asking them. Perhaps this is because we feel embarrassed, perhaps because we think the other party may be offended. The net effect is that we sometimes ask poor or inadequate questions such as:

- You couldn't reduce your price could you? (*answer* – that's right I couldn't)
- Is that your best offer? (*answer* – yes it is)
- You don't give discounts do you? (*answer* – no)
- Is there any way you could possibly see your way clear, to thinking again about your price, and maybe sharpening your pencil? (*answer* – definitely not).

Asking questions gives you information, time to think, and the opportunity to exploit the answers. First of all, however, we must learn to ask the right questions in the right way. You need to think about what you want to achieve, and then consider the best form of question and the most suitable wording.

Listening

We all believe we are good at listening, but how often have you witnessed any of these experiences:

- A group of people in a social gathering. One is talking and another is leaning forward with one finger pointing and his mouth opening and closing like a goldfish. (Is he listening?)
- Two men both talking at the same time. (Can they both be listening?)
- Any group of people, each trying to 'out-do' the last story.
- An interviewer ploughing through a list of standard questions, not letting the interviewee answer any of them adequately.

Action Checklist



Quite often when we think we are listening, what we are actually doing is waiting for someone else to stop talking so that we can have our say. Alternatively, we are busy thinking about what we are going to say next, rather than actively listening. What we often hear is what we expect to hear, or what we want to hear, as opposed to what is actually said.

Most people speak at a rate of 150 words per minute, and we think at a rate of 500 words per minute. This means that when listening to someone, our minds have 350 words per minute 'spare capacity'. How often have you found yourself listening to someone and your mind has started to wander on to other topics? This is a common problem. If it happens in a negotiation you will miss opportunities, signals, and insights into how the other party is thinking.

In negotiation, it is important to hear the qualifying words. Examples would include:

- Your price is *a little bit* high.
- I want *about* 5% off the price.
- I can't discuss cost breakdowns *at this point*.

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In addition to listening to the words, especially the qualifying words, you need to listen carefully to the way things are said. There is a world of difference between the way something may be said if it has been calculated and considered in advance, or the way it may be said if it has been plucked out of the air. If a negotiator has not heard the difference he loses an opportunity.

The first step in improving your listening skills is to recognise that there is a difference between speaking, and not listening. A number of techniques exist for improving your listening skills. These include:

1. Summarising and frequently ‘testing your understanding’ during the meeting. Periodically in a negotiation you should stop and test your understanding of what has been said. It is equally effective to summarise what you believe has been said.
2. Some people use the technique of instant repetition. This involves repeating to yourself what has been said, a split second after it has been said. This helps you to take in and retain the message.
3. Taking detailed notes is another useful approach which makes sure that you have captured what has been said.

Action Checklist



Answers

Have you ever answered a question and then thought of a better answer? It is the sort of thing that usually happens in a job interview. When it happens in a negotiation, it can cause tremendous problems.

I was once told that there are two types of negotiators: those who can instantly come up with a superb answer after a question has been asked, and those who can't. If you fall into the latter category you need to think about your approach to answering questions.

When you have been asked a question, the first thing you should do is to consider whether you wish to answer it. If answering the question will put you in a difficult position, or will take the negotiation in a direction you do not want to go, then you should avoid answering the question. There are a number of tactics you can adopt if you don't want to answer a question. These include:

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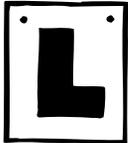


- Answering a question with a question. If someone asks you a question which you do not wish to answer, you simply say ‘Why do you ask?’, or ‘Why is that important?’, or ‘That’s a good question, what do you think?’.
- Making up your own question. This is a favourite trick of politicians, but it works just as well in negotiation. Asked a question about unemployment, a politician will give a wonderful answer about inflation, or the balance of payments, or anything except unemployment.
- American politicians are fond of ‘putting something on the back burner’. This simply means ‘I will come back to that later’. It is amazing how rarely the issue is resurrected in the interview.
- The power of silence. Frequently when a question is asked and there is a short silence, the interviewer will come in with a second question, or will clarify his question, or will begin to answer it himself.

This is a double-edged sword. You need to make sure that your opponent is not doing any of this to you during the negotiation.

Talk too much

Key Learning Point



There is a great tendency in negotiations, as in other spheres of personal behaviour, to make speeches or give our point of view or set the scene. Although some of this is necessary, what we are often doing is:

- Giving the other man information which may be of use to him;
- Giving him time to think;
- Taking the pressure off him.

It is amazing just how frequently in negotiation people start speaking and then don’t know when to stop. The damage done to your case by even one careless word can be irreparable.

It is considerably more powerful if you make your point with a few well-chosen words, rather than launch into a long premeditated speech.

Relationship skills

Many books on negotiation tricks assume that you are negotiating with someone you will never have to meet again. This is one of the unfortunate consequences of sharp practice and skulduggery; you cannot keep playing tricks on people as part of a long term relationship. Most negotiations, however, are part of a long term relationship. A good negotiation, should improve the relationship between both parties, rather than jeopardise it.

There are four common mistakes made in negotiation in the area of relationship building.

Receptive to ideas

Frequently, we approach a negotiation having considered all the issues and developed a solution that satisfies our concerns. We then see the negotiation as about convincing our opponent of the value of our solution. The problem is that our opponent has also considered all the issues and developed a solution that suits him, and the chances of both parties finding the same solution are pretty remote.

Both therefore start the negotiation with their own solution which they wish to 'sell' to the other party. Each is resistant to the ideas of the other. Each solution may solve the problems of one party, but is unlikely to solve both sets of problems. As the negotiation proceeds, people tend to dig in to these positions, their solutions and their ideas.

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It is relatively easy to break this spiral. The first step is to recognise that you are negotiating 'with' the other party, rather than against them. This involves being receptive to their ideas and their proposals, and indeed encouraging them. It is relatively easy to ask, at an appropriate point in a negotiation, how the other party recommends that you resolve the problem you are negotiating. The skill is then to develop, enhance and build on their proposal, to the point where it is an acceptable solution to both of you. Unfortunately what most of us do is propose our own solution, rather than invite theirs. If we don't like theirs, we then counter-propose.

Breaking the spiral starts from the basic premise that the other party will be more receptive to a solution based on *their* proposal than on yours. Even outrageous proposals from the other party can be modified, developed and enhanced.

Emotion

Emotion is a part of everyday life. There will be some people you will get on well with, and this will affect the way you negotiate with them. There will be other people you will not get on well with, and this will also affect the way you negotiate with them.

When you consider rows and arguments, it quickly becomes apparent that one side starts an argument and the other party is usually drawn into it. This applies to family arguments as well as business negotiations. There is a skill in only arguing when it suits your purpose. Having an argument in a negotiation is acceptable providing *you* choose to have the argument rather than you are the one who is drawn into the argument.

We need to broaden this out and think of emotion as more than rows and arguments. Enthusiasm, optimism, bonhomie and the willingness to work together are just some of the many forms of emotion.

If one person sets the emotional tone for negotiation, and the other is drawn into it, there is much to be said for being the person who sets the emotional tone, rather than being the one who is drawn in.

This means deciding in advance of a negotiation whether you wish the tone to be positive, motivational, enthusiastic or critical, negative and derogatory. You should ensure that having decided on the appropriate tone for negotiation you choose your words carefully so that you achieve the desired effect.

It is also important to consider how you should respond to the words and actions of the other party in the negotiation. It is all too easy to be drawn into an argument in a negotiation, when this was never part of your plan. The Americans have a saying, 'go to the balcony', and in a negotiation it may be necessary to go to the balcony when the other party introduces the wrong type of emotion.

Going to the balcony merely involves not reacting. When the other party says something provocative, you should mentally count to ten, and then continue by side-stepping what was said.

Words

There is no doubt that words are the tools that we use to build the right emotive tone for a negotiation. Words can inspire confidence, invoke a spirit of working together, emphasise benefits, and develop rapport. Alternatively, words can chastise, needle, alienate, and introduce personal animosity.

It is not the meaning of the word that is important, it is the impression it creates. Imagine a situation where a salesman is trying to sell oil to a motorist. He dips the tank. Then he has a choice, he can say the tank is half-full, or he can say the tank is half-empty. Which is most likely to sell oil?

I remember asking a strict Jesuit priest while on a religious retreat as a boy if it was OK to smoke while I prayed. The answer I got was very short and very sharp. A colleague of mine at a later stage in the day asked the priest if it was

OK to pray while he smoked. The different answer he got convinced me of the power of words.

Words can have a very positive and powerful effect. They can also have a very negative effect. Most of us will not need to be told that it is counter-productive to insult the other party as part of a negotiation. Although we do not insult the other party, we will quite often create offence by using a group of words which are known as irritators. These words are not intended to insult, but they do. They include:

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- Poor and inappropriate humour, often attacking minority groups in society;
- Expressions and phrases which are not well received, however well-intentioned they are meant, for example, phrases such as 'dear' or 'love' used to address women or other phrases which may be received as patronising;
- Gratuitously favourable comments about us, our position, our intentions, such as 'I am making you a *very generous* offer' or 'I am trying to be reasonable' (and the implication is that the other party is not).
- Slang or swear words.

Although you cannot script a negotiation, you should carefully think through the impact of what you are about to say, and think about the best way of putting your point of view across.

Reading and using body language

Get into a lift, or on to an underground train, and watch where people look. We are told as children that it is rude to stare, and in adult life we frequently do not look at people enough in negotiation.

In presentation skills training we are told that up to 70% of the message that we give is through our body language. In negotiation we are constantly giving off signals through our body language, and so is our opponent. We need to make sure that we give signals that are likely to build and develop the relationship rather than those which threaten and intimidate.

Just as important, we need to make sure that we are reading the body language of the other party. If they are feeling frightened, worried, unsure, or defensive, we need to know so that we can decide whether to do something about it. If we say something in the negotiation that has a positive impact, we also need to recognise it. Unfortunately, many of us do not pick up the body language, and if even if we do, we do not interpret it anyway.

It is important to be receptive to the feelings of the other party in negotiation if the relationship is to be developed. One of the best ways of doing this is to be sensitive to the body language signals that are coming across, and to act upon them. Similarly, we need to make sure that we are giving off the right non-verbal signals.

The next chapter of this book goes into more detail on body language.

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Achievement

Control and relationship building skills are a means to an end in a negotiation. The end is achievement. There are a number of 'achievement' mistakes that are frequently made in negotiation, and four in particular are worthy of comment:

Predictability

Many of us are creatures of habit. We have routines and rituals that make us feel comfortable. If, as part of a long term relationship, you have developed a particular way of negotiating with a trading partner, this will inevitably mean that he will be able to predict the way you will act and react. This will hinder your negotiating effectiveness.

A number of negotiators mistakenly believe that negotiation is an exercise in compromise. This encourages the opponent to start with an exaggerated posture so that he can achieve his objective and make the other party feel that he too has achieved a good result.

Others of us have favourite ploys or approaches to negotiation which may be effective if used occasionally, but lose their cutting edge when over used and abused. One public sector client when seeking to negotiate down the proposed price for consulting project always starts the negotiation the same way. 'My colleagues and I are really impressed by your proposal, however, there is another bid which is 10% cheaper. We would love be able to give you the job but need to know if you can match their offer.' Unfortunately for him, consultancy is a very incestuous business, and this man's reputation for this particular ploy has rendered it useless.

If you use the same ploys with negotiation partners again and again, you too will lose your effectiveness.

Argument dilution

In negotiation, when we build a case for our point of view, we frequently make the mistake of assembling a long list of arguments in support of our position. Unfortunately a case is only as strong as the weakest in a long list of arguments. If, in a negotiation, we put all these arguments on the table, a shrewd negotiator will pick on the weakest and use this to crack open our position.

The most effective approach to a negotiation is to have one very strong reason in support of a position, and to use only this argument in the negotiation. Other arguments may be developed in the planning stage, but should not be used in the face to face negotiation unless the strongest argument was found to be flawed.

There are times when it is better not to have any arguments in support of your position. A simple example may explain this point:

A retail buyer negotiating with a supplier quite simply said, 'Your price is too high'. This is a very powerful line to take in a negotiation, its power coming from its simplicity. The salesmen knew that he would have no choice but to discuss his price. Unfortunately the buyer then went on to say, '- At that price, I can't make my margin'. The salesman then proceeded to discuss all of the alternative courses of action open to the buyer which would allow him to make his margin, other than lowering the cost price.

There is a very old mnemonic, KISS. It stands for Keep It Simple, Stupid. It is a good line to take in negotiation. The simpler the argument the more powerful it is, the more complicated the argument the more opportunity your opponent has to find flaws.

Like to be liked

Although it is important to build a good relationship with your opponent, it must be remembered that this is a means to an end and *not* an end in itself.

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The soft negotiator is more concerned with building relationships than achieving. In understanding this, it is also important to recognise that hard and soft negotiators are simply extreme ends of a scale, and that many of us fit somewhere between these two extremes. Many of us will therefore exhibit some of the characteristics attributed to soft negotiators.

Liking to be liked can have a serious impact on the outcome of the negotiation. There are four symptoms of this particular problem which are common in negotiation.

Aspirations levels

Research by Chester Karass (3) suggests that the most successful negotiators aim high. His research in the USA has been replicated in the UK. Two groups of buyers were chosen for a number of experiments. One group of young ambitious buyers were asked to negotiate a 15% discount off the range of prices from two suppliers. The second group of more experienced, but less ambitious buyers, were asked to negotiate a 5% discount off the same range of prices from the same suppliers. The outcome was clear:

- The experienced buyers all achieved the 5% discount. Not one exceeded the objective.
- Not one of the ambitious buyers achieved the 15% discount. However, all achieved more than 10%.

Unfortunately one of the many problems we face in a negotiation is the conditioning that comes with our experience. Because of our experience we may temper our aspirations. As we know a market or a product we tend towards norms and less radical aspirations. It is often the inexperienced negotiator who does not realise that something has never been done in a particular way before who achieves that additional benefit.

It is not just experience that causes the problem. If you compare the British culture with the Middle Eastern culture, there are strong differences in the way

that we shop. These differences are carried over into our business lives, and the British culture is to see prices as fixed and non-negotiable. Many of us therefore do not ask for concessions which others may take for granted.

The message has to be aim realistic but high in negotiation.

Saying 'No'

'No' is a very hard word for some people to say. In price increase negotiations buyers often prefer to say, 'Why do you need the increase'. When asked for additional concessions, salesmen equally find it very hard to say no to discount requests.

We all need to recognise that the word 'No' is a legitimate word, and it may be the only word we should use at certain times in negotiation.

There will be times when it is better not to have the authority to negotiate, rather than to have the authority to negotiate. If your 'No' is non-negotiable, then you do not have to concede. If you have the authority to concede, you may well be pressured into doing so.

Soft words

Very often in negotiation we use words which take the edge off the message we are trying to give. A buyer will tell a salesman that his price is 'A little bit high'. Very often we will ask questions in a negative way such as by saying, 'I don't suppose you could give me a discount could you?'

Psychologists say that if you use soft words words, the message is that you are not prepared to fight for what you are asking for. In a negotiation this is a clear and distinct weakness.

Silence

The power of silence in negotiation is significant. It is not uncommon to find that someone asks a question and then, when it is not answered for five seconds, the questioner begins to answer it himself. Alternatively, he may ask a second question, or carry on talking and ignore his own question.

This is a double-edged sword. In a negotiation, if you ask the question, you must make sure that any silence that follows your question does not prevent you from getting an answer. Similarly, if someone asks you a question, five seconds silence may be enough to ensure that you do not need to answer the question.

Impression management

In a negotiation you never know with any degree of certainty how far the other party can move. Similarly, the other party never knows exactly how far you can move. This suggests that negotiation is an exercise in impression management.

Both sides are trying to create an particular impression in the mind of the other party. In a business negotiation, the impression you're trying to create is, 'If I want this deal, I must move a long way towards his position in the mind of the other party to get it.' Unfortunately, there is another impression that is often created which is, 'This deal is mine, I don't need to do any more to get it.' What puts either impression into the mind of the other party? The answer is everything you say and everything you do in a negotiation.

Consider the following statements made by a buyer to the seller in a negotiation, and consider whether they create the right impression about the price or the wrong impression in a negotiation. Which way do they move the seller on the top scale in Figure 14.

1. Your price is a little bit high.

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2. I have tried every supplier in the UK and no one has any stock available. You are my last chance. I know you have some stock. What price would you charge me?
3. You are the only people in this country who can meet my specification.
4. We have gone out to tender on your specification.
5. I have £800,000 of business to place, what are you prepared to do to get it?
6. I have met all of your competitors and if you come up with the right package at this meeting I will give you the order today.
7. I am under pressure to give the business to another supplier with a lower price, what can you do to help me give the business to you?
8. I do not understand why your prices are so out of line with all of the other quotations we have received.



Negotiation as an exercise in impression management

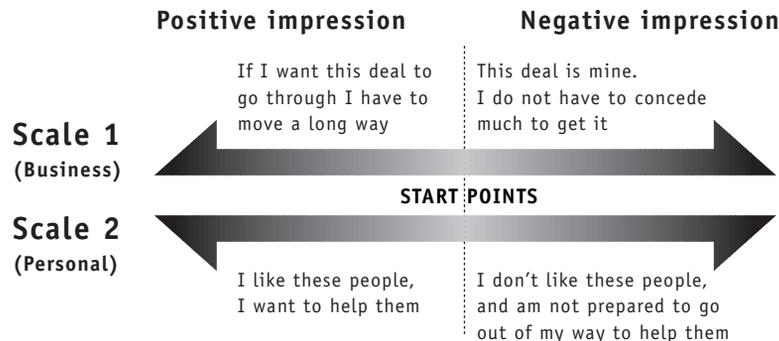


Figure 14

The first four statements moved the salesman in the wrong way on the top scale in Figure 14 while the second four statements move the salesman the right way.

The business impression that is created is only half of the story. People negotiate not organisations, and it is important that the right personal impression is created. In a negotiation it helps if the person on the other side of the negotiating table believes that he has a good relationship and wants to help you. Unfortunately, if the relationship is not a good one, and the person on the other side of the table does not want to help you, in fact, this will work against you. It is the individual on the other side of the negotiating table who will make a decision on whether to meet your demands. It does not help to antagonise.

This explains the second scale in Figure 14. To be successful, a negotiator needs to create the impression which moves the other party the correct way on both of these scales.

Summary and concluding remarks.

The 12 mistakes discussed in this chapter are basic. Nevertheless they are all observed frequently in negotiations, often negotiations involving millions of pounds worth of business.

Recognising that we make particular mistakes is 80% of the way to removing those mistakes from our negotiating behaviour. Consider the 12 negotiating errors, summarised in the lists below, and identify one from each of the three lists which you believe you most commonly make. Once you have done this, ask yourself what you are going to do to stop making them.

<i>Control mistakes</i>	<i>Relationship mistakes</i>	<i>Achievement mistakes</i>
Not asking enough questions or not asking good quality questions	Not being receptive to the ideas or proposals of the other party	Being too predictable
Not listening to what is said or the way it is said	Not being in control of the emotional tone of the negotiation	Diluting your arguments
Answering questions that don't help you	Not using the right words, and in fact using the wrong words	Liking to be liked, perhaps by not aiming high enough, not saying no, using soft words which soften the impact, breaking silences
Talking too much	Not reading or using appropriate body language	Creating the wrong impression on a business and a personal level

Activity

