

Deal-maker or deal-breaker?

David Jay examines the psychology of negotiation and how it can be used to supplement technical knowledge – and the five cardinal sins you must avoid

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In surveying, as in many other businesses, strong negotiation skills are vital. Financial and contractual discussions, as well as project management, require effective negotiation skills in varying degrees, so it is important to understand the psychology behind the art of deal-making and ensure negotiations achieve the right outcome for you and your clients.

In its simplest terms, negotiation is a discussion between two or more parties who are working towards a solution to a problem. Negotiations typically take place either because the parties wish to create something new that cannot be achieved by one of them alone or in order to resolve a problem or dispute. The parties acknowledge that there is some conflict of interest between them and believe they can influence the outcome to get a better deal, rather than taking what the other side will voluntarily give them. They prefer to search for agreement rather than fight openly, just give in or break a contact.

Everyone's a winner

Often the outcome of a negotiation is determined by the fundamental philosophy of the parties involved. Negotiation is not a contest that must be won; instead, it is an opportunity to seek synergy and allow both parties maximum gain. Each party has a philosophy they bring to the table, and it is fatal to assume that the other party shares your philosophy. The only sensible approach is an objective measure based on independent principles, which allows you to negotiate on the merits of the agreement without the influence of emotions.

The common element to all negotiations is that, to a certain degree, conflict is always present. Some people's personality will cause them to become aggressive and overpowering, while others are more level-headed and seek a peaceful and co-operative solution, often placing greater value on the relationship than the outcome of the negotiation.

The most successful negotiators are able to rise above the emotional aspects of a situation and separate the people from the negotiations. They seek out a mutually beneficial agreement and are able to assess and make decisions on the merits of the issues at hand. These people are adept at prioritising the issues and leaving aside their own emotions.

Perhaps the single most important objective of an honestly negotiated agreement is to ensure that each party leaves with the impression they have won; meeting the objectives they had before negotiations started.

For this to be achieved, basic psychological constraints and guidelines must be followed during the negotiation process. These fundamentals include:

- honesty;
- willingness;
- having shared and conflicting interests; and
- having authority to manoeuvre.

The attitude of the negotiators is key to the process. When negotiations fail there are usually several reasons. The most common is that each side becomes emotionally involved, takes an entrenched view and treats the opposition as if it were the enemy.

In my experience, the best negotiators seek a mutually beneficial outcome and in doing so avoid taking an unyielding position. They have an ability to divorce themselves emotionally from the process and focus on what can be achieved together. The best settlements come from negotiators who understand a win-win outcome and approach the negotiations from a 'glass-half-full' rather than a 'glass-half-empty' point of view. Bearing this in mind, both sides should hold realistic expectations at the outset.

Know your currency

In any negotiation process one of the most critical tools is knowledge. The more you know compared with your opposite number, the better the outcome you will achieve. Knowledge will not automatically ensure success but lack of it will place you at a significant disadvantage. In any negotiation process it is important to understand the 'currency' of each party. Negotiation currency is comprised of the concessions that each party has at its disposal and the relative perceived value of each of those concessions. It is the interplay of this currency and its perceived value that will shape negotiations.

When to walk

It is vital to predetermine the point at which you elect to reject the deal and walk away. This is your 'bottom line'. It may consist of a complex mixture of concessions that have been given and received but the net effect is that if negotiations cross this threshold, the deal becomes unacceptable. Anything above the line is acceptable to a greater or lesser degree.

Some of the strong interests (things you want to win) you have in the negotiating process are likely to be less valuable to the other party. These are known as 'compatible interests' because negotiating these points does not present a great deal of conflict. In other words, you want to win these points and your opponent is less concerned about losing them. The more valuable you can make these compatible interests to your opponent, the more leverage you will gain as possible concessions to counter your opposition's strong interests. Compatible interests rarely cause negotiations to fail. The greatest conflict >>>

» Getting it right

Try these tips for success.

1. Request something from any concession offered and make a big play of the concession given.
2. Never gloat over a concession given to you. Instead, congratulate the other side for their hard bargaining and make them feel good.
3. Never accept the first offer (regardless of how good you feel about it). Go through a process to make the other side feel good about the final agreement.
4. Offer reasonable concessions up front and then follow up with smaller ones. Create a feeling of being pushed as far as you can go.
5. Remain silent. Make your point and don't say anything at all even if the silence becomes embarrassing. It is amazing how many times this stimulates an agreement.
6. Retain the option to walk away. Deal with the minimum acceptable, not egos.
7. When you are in a powerful position, set up a concession to make the other party feel good.
8. Maintain a perspective. Don't be greedy regardless of the power you have.
9. Ask for far more than you expect. Concessions will set it up for the other to win within your threshold.
10. Concentrate on real interests. Do not react to emotional behaviour. Maintain a professional approach and stick to real issues.
11. Never disclose your time requirements but try to find out the other party's time constraints.
12. Play the reluctant party by never appearing enthusiastic about trade-offs. Make the other party feel a winner.
13. Negotiate small deals before large ones.

results from 'competing interests': those that cause an impasse because each side places a high value on them. Therefore successful negotiation is based on an ability to successfully predetermine the value of concessions and to manage them.

Avoiding pitfalls

In my work as a surveyor over the last two decades, I have witnessed many errors in the negotiation process. The five cardinal sins of negotiation are listed below.

1. **Ineffective preparation will put you at a disadvantage.** Before negotiations start you must have set clear objectives and anticipated the tactics of your opposition. You must also be well equipped with counter tactics of your own. Many deals are struck at the eleventh hour. Do you know the other party's options and timeframe, and how badly they want to conclude a deal? Time is often the biggest leverage point in any negotiation.
2. **Inability to leave your emotions behind.** Experienced negotiators understand the need to separate the people from the problem. They are sure to be soft on people, but rigorous regarding the problem. They focus on interests, not positions, and are always exploring mutual interests.
3. **Giving without getting.** Never give concessions too readily. To give something without getting is a fatal error. This sets a precedent for future competing interests and is difficult to reverse. Any concession must be hard fought – it may be very valuable to your opponent. Throughout the negotiation process maintain a mental ledger of concessions, ensuring there is a sense of fairness on both sides.

4. **Lacking trust.** In any negotiation process one needs to build rapport and establish a trusting relationship. If this is lacking the negotiations are likely to fail because trust is the cornerstone of all business relationships.
5. **Focusing on positions not outcomes.** Good negotiators focus on outcomes not positions. A poor negotiator will approach the table with a fixed position and will be less flexible, often becoming focused on maintaining a position rather than seeking a creative solution. This causes the parties to choose sides and withdraw to intransigent positions.

Many negotiations fail not because of misunderstanding the issues at hand but because of an inability to deal with the tactics and emotions of the participants. At all times, an objective and principle-centred approach must be maintained instead of letting emotions dictate decisions.

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Further information

The Art and Science of Negotiation (1985) Howard Raiffa

Getting to Yes: negotiating agreement without giving in (2011) Roger Fisher, William Ury & Bruce Patton

Bargaining for Advantage: negotiation strategies for reasonable people (2006) G. Richard Shell

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R For further information search for 'negotiat\$' on www.rics.org/catalogue

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