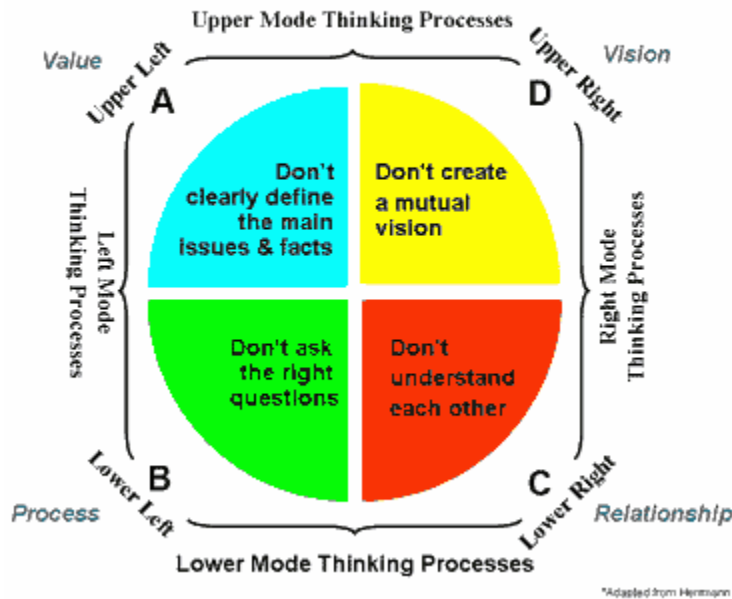


THE SCIENCE AND PROCESS OF NEGOTIATING

This is the fourth in a four article series about The Science and Process of Negotiating by Philippe Lavie and Rob Gullet.

Why do Negotiations Fail?

Generally speaking, negotiators fail because they don't negotiate in a holistic way. Research has shown that our actions and communications will be most effective when they are used in a whole brain format.



Negotiators must steer their actions and communications effectively by concentrating on four core areas of negotiation:

1) Value

Negotiators must make certain that they have an astute understanding of the facts that are the basis for any negotiation. Failure to gather & understand the relevant facts that support optimal deal making will result in a failed negotiation or negotiations where value or resources are left on the table.

2) Process

Any negotiation that does not have a defined negotiation process runs the risk of a sub-standard outcome. A framework to operate in is necessary so that it can provide an environment where risks can be pro-actively managed. A robust negotiation process guarantees a positive momentum and offers a framework of reference that lessens unforeseen complications & risks.

3) Relationship

Agreements can only be completed between people or organizations that are represented by people. It goes without saying that the manner in how we interact

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with other people is the essential basis for a successful negotiation. Within a negotiation context, the importance of relationships is amplified when we find ourselves in an environment where ongoing partnerships and longstanding relationships result from our business interactions.

4) Vision

To achieve a collaborative or partnership agreement, it is necessary that all parties have a shared vision of the losses and benefits associated with the agreement. It is only when all parties have a shared vision of the agreement that we can understand their driving motivators or interests. A crucial part of negotiation competency entails the ability to create options that will serve the needs and interests of all parties.

Here is an action plan for implementing lessons from these articles around The Science and Process of Negotiating.

1. Define a negotiation strategy
 - Answer the following questions:
 1. What group or groups of people should be capable to negotiate effectively in their vocational environments?
 2. What are the key negotiation characteristics of successful negotiators in your department?
 3. Should you be providing any free products or services to your clients or user community?
 4. Outline your deal specific negotiations strategy and tactics
 5. Should you be providing any concessions to your negotiation counterparts without receiving a counter concession of equal or greater value in return?
 6. Define your BATNA analysis (Best Alternative To a Negotiated Agreement)
 7. How will you measure success in the negotiation environment? (Consider both leading and lagging indicators).
 8. Make time and allocate resources for negotiation debriefing
2. Implement a supporting negotiation process
 - The negotiation process must be robust and have a high utility value to its users. The single most important consideration in implementing a negotiation process is ensuring a consistent application of leading negotiation practice across the department or organization. Additionally, this will result in a shared vocabulary and a common platform for the evaluation, refinement and improvement of negotiated outcomes. Build your negotiation process around the following key areas:
 1. Deal qualification
 2. Deal objectives identification (for all parties to the negotiation)
 1. Aspiration base

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2. Real base
 3. Contracting zone
 3. BATNA analysis (Best Alternative To a Negotiated Agreement)
 4. Negotiation role definition and team composition
 5. Deal specific negotiation strategy & tactics
 6. Framing
 7. Negotiating climate
 8. Negotiation debriefing
3. Implement a negotiation training program
 - Once an organizational negotiation process has been defined, all participants in the negotiation process should be trained in its use and application.
 4. Create a negotiation support environment
 - It is important for executives to create an environment that supports the development and application of an organizational negotiation capability. Some of the key enablers are:
 1. Creating an environment for negotiators to simulate negotiations on a regular basis (on a quarterly or bi-annual basis)
 2. Creating a negotiation reference database - in its simplest form a log of resources with specific reference to the types of negotiation and relevant experience of organizational negotiators
 3. Automating the use of tools to support the negotiation process implementation
 4. Providing an individual coaching environment where resources can be coached in leading negotiation practice by managers

The negotiation process should be designed in such a way as to support both the relevant purchasing and sales strategies and training is currently being rolled out across the enterprise to instill a corporate negotiation capability with a specific focus on two things:

1. Maximizing margins and savings on purchasing budgets
2. Identifying and mitigating risks

A key requirement of the negotiation process was the ability to integrate with the company standard purchasing and sales processes to ensure the most effective deployment of resources.

Early results are pointing to enhanced returns resulting from agreements as a result of:

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1. An improvement in the skills level of all negotiators due to best practice based negotiation skills training
2. The application of a uniform negotiation process which allows for the dissemination of relevant information on a uniform basis
3. A common negotiation vocabulary and a best practice cross cultural negotiation approach across territories
4. Individual negotiation competency, preference & style analysis
5. Optimal negotiation team composition & role definition
6. Best practice based negotiation debriefing & refinement

If you'd like to learn more about negotiating tactics and determine how negotiating process training will improve your company's profitability please contact us to schedule time to talk.

This is the fourth in a four article series about The Science and Process of Negotiating. Please visit www.keyroad.com to access the other four articles.

Philippe Lavie, president KeyRoad Enterprises LLC, dedicated to helping companies plan for, accelerate, and manage their revenue growth. www.keyroad.com. KeyRoad training services help companies implement customized sales processes, messaging, and training programs designed to drive increase revenue and greater accuracy in their pipeline management.

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