

The Role of Negotiation Skills in Achieving Personal and Professional Success

Developed for

TEPAP
The Executive Program for Agricultural Producers

by
George H. Lucas, Ph.D.
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A little about my Background in Negotiation Skill Development

- ▶ *BSBA, MBA, and Ph.D. from the University of Missouri - Columbia*
- ▶ *Marketing Department Faculty Member at Texas A&M and the University of Memphis;*
- ▶ *1992 started the first graduate level negotiation program in the U.S. with Dr. Patrick Schul;*
- ▶ *Co-authored The Once Minute Negotiator: Simple Steps to Reach Better Agreements with Don Huston, Foreward by Ken Blanchard;*
- ▶ *With Don Hutson developed the Continuing Education course on negotiation with Western CPE;*
- ▶ *Have been fortunate enough to help thousands of people in multiple industries (including ag) on six continents advance their negotiation skills; and*
- ▶ *Worked on skill development with both the buying and the selling sides of negotiations.*

Factors Making Negotiation Skill Development Critical for Today's Environment

- ▶ *Changing marketplace conditions*
- ▶ *Demanding parties, often with more options*
- ▶ *Slim margins with no margin for errors*
- ▶ *Increasing need for adaptability and creativity*



Question: Prior to today, how many of you have devoted time to your negotiation skill development?

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Session 1

**An Overview of Negotiations,
and the Strategies to Pursue Them**



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Negotiation Defined

“A negotiation is the (often ongoing) process through which two or more parties whose initial positions are not consistent work in an effort to reach an agreement.”

By the coauthor of the #1 *Wall Street Journal* and *New York Times* bestseller, *The One Minute Entrepreneur*

**The
One Minute
Negotiator**

Simple Steps to Reach Better Agreements



**Don Hutson
and George Lucas**

Foreword by Ken Blanchard
coauthor of *The One Minute Manager*

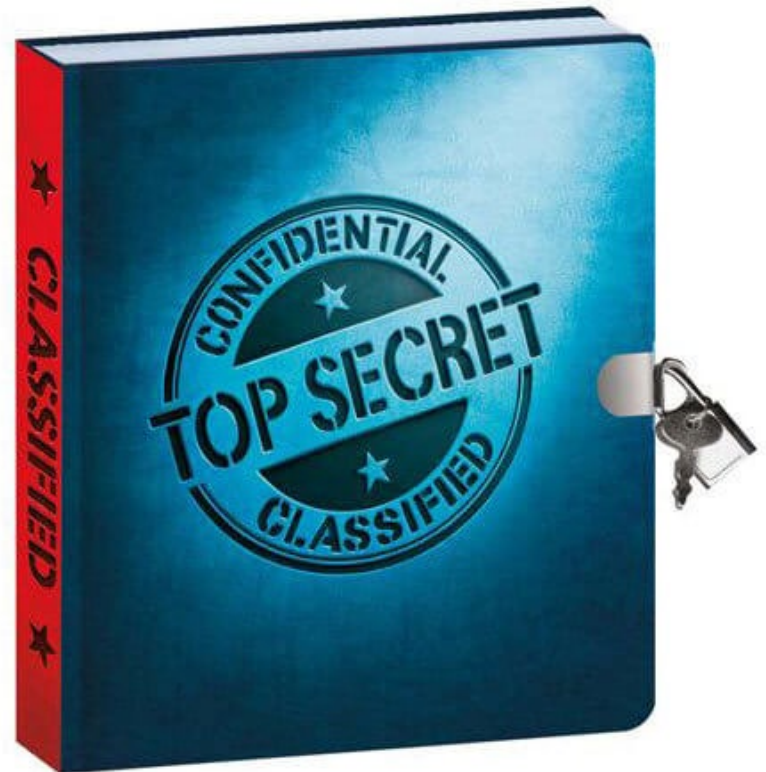
from The One Minute Negotiator
By Don Hutson and George Lucas

The Big Secret About Negotiations

In most cases they never really end!

We are always in one of these four phases:

- ▶ Pre-Deal
- ▶ Deal
- ▶ Post-Deal
- ▶ and Frequently Next Deal



The Epidemic of Negotiaphobia

Why do people, who do it every day, fear negotiations?

“Negotiaphobia” is a fear of negotiating based upon limited experience, discomfort with uncertainty, and a lack of developed skills. Another symptom is the inability to adapt one’s negotiation strategy to match the situation at hand.”

from The One Minute Negotiator
By Don Hutson and George Lucas



The Three-Step E-A-S-Y ***Treatment for Negotiaphobia***

1. **Engage:** Review situation and the four negotiation strategies
2. **Assess:** Your tendencies, and tendencies of others at the table
3. **Strategize:** Select the best strategy for this negotiation

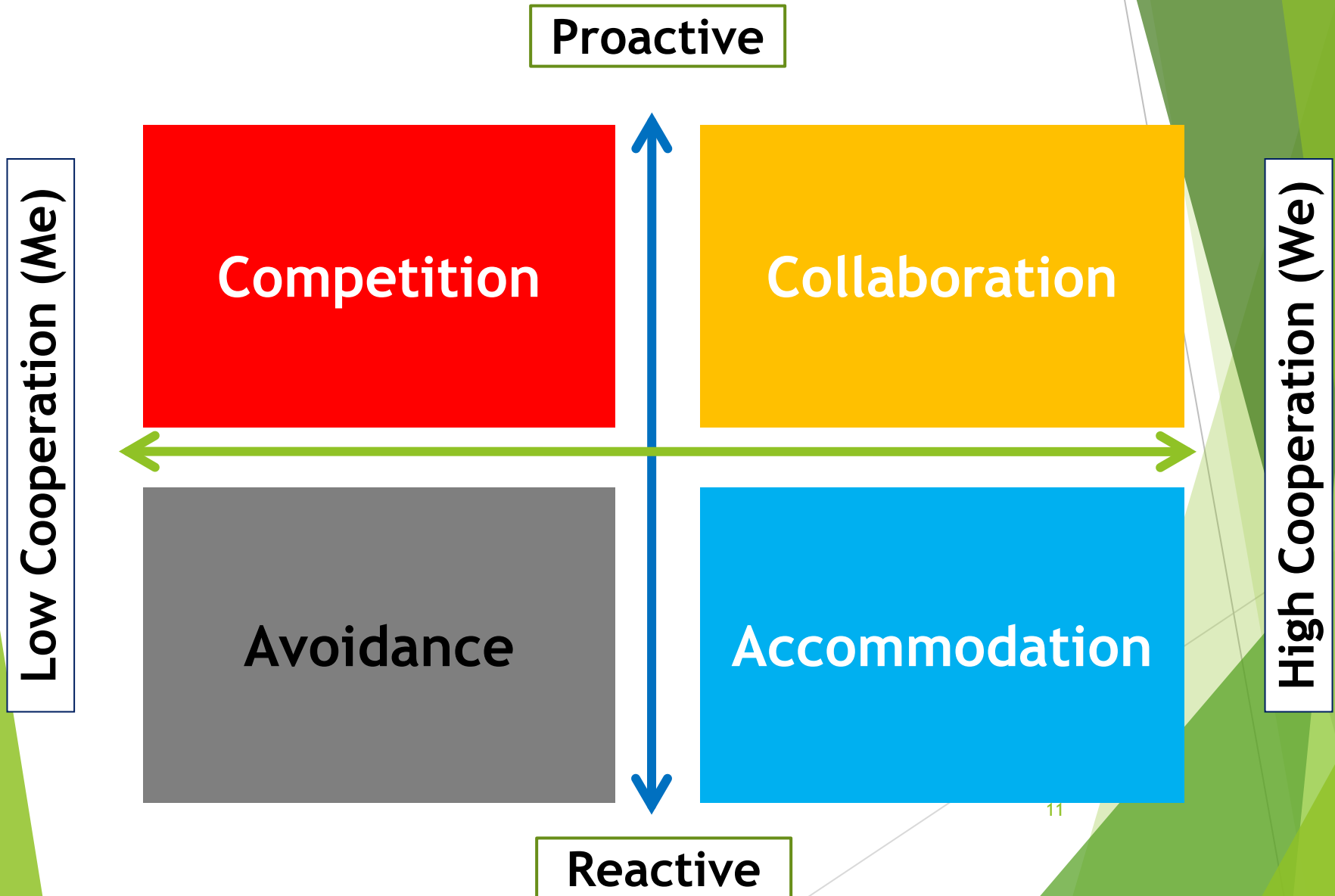
Your one minute drill for treating negotiaphobia

The Two Dimensions of Negotiation Strategies

Activation and Cooperation



The One Minute Negotiation Matrix



Avoidance

This Strategy has two sides to it:

- ▶ Done by you alone (+/-)
- ▶ Or when someone just takes from someone else; hoping they don't notice



Accommodation - Giving in to the others side's request(s)

Three Issues to Keep in Mind

- ▶ Know you are doing it, and why
- ▶ Not a relationship builder; but a tester
- ▶ Recognize it as the profitability “sink hole” it really is



Competition

A win-lose/fixed-pie approach, driven by:

- ▶ Skills
- ▶ Knowledge, and
- ▶ Nerve



Collaboration

The Most Advanced of the Four Strategy Alternatives with a focus on:

- ▶ Understanding/refining true needs (not just positions) of all sides
- ▶ Building creative solutions
- ▶ Increasing the number of issues/players
- ▶ Advancing the relationship
- ▶ Growing the size of the pie



Strategy vs. Tactic

The Role of **Compromise** in Reaching an Agreement:

- ▶ This is a vastly overused, and frequently abused, negotiation tactic
- ▶ At its core, it is nothing more than a simple mathematical calculation



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The Orange Exercise

Purpose - to establish a base-line for your current negotiation skill level



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Session 2

When to Use Each Negotiation Strategy



When is Compromise a Recommended Tactic?

Only when:

- ▶ Late in the negotiation process
- ▶ “Spread” is narrow/single issue, and
- ▶ The play is tied to an agreement



When to Use Avoidance

Best fit for:

- ▶ Minimal issue
- ▶ Better option in hand



When to Accommodate

A fit for:

- ▶ Weaker power position
- ▶ No other options in play
- ▶ Mistakes of commission or omission



When to Compete (go win-lose)

With an opponent:

- ▶ Not capable of collaborating
- ▶ Not worth the effort
- ▶ Who is one off/no relationship potential



When to Collaborate (play win-win-win)

For negotiations when you have all of the following:

- ▶ A significant relationship or opportunity for establishing one
- ▶ Access to true decision makers
- ▶ Capable and willing players/teams on both sides
- ▶ Trust is in place, or can be developed
- ▶ Identified/recognized gaps between what the other side is doing and best practices



Recognizing and Managing Your Own Negotiation Tendencies

Discussion of Your 40-Question Self-Assessment



Reading the Other Side

Information Sources:

- ▶ Your own prior encounters
- ▶ Organization culture
- ▶ Others with whom they have negotiated
- ▶ Questions they ask
- ▶ Degree of flexibility shared
- ▶ Emotional vs. rational positions
- ▶ Pace at which they communicate

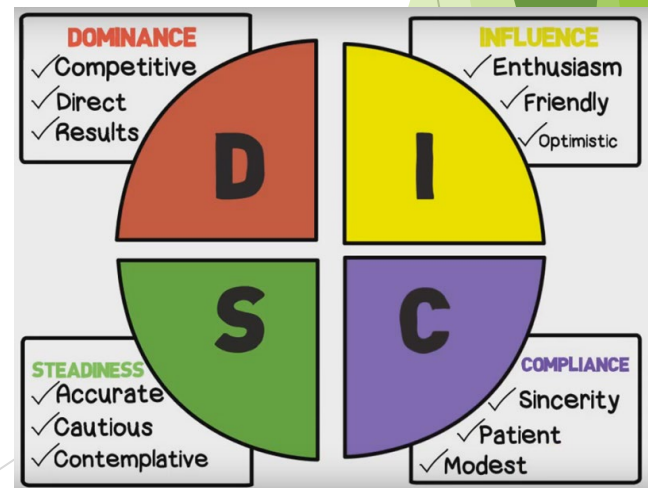


DISC Personality Profile Impacts on Negotiation Strategies

While not a perfect predictor:

- ▶ **Compliant** styles tend to *avoid* public decisions and seek perfection
- ▶ **Dominance** styles tend to open *competitively*, but will *selectively* collaborate
- ▶ **Influencer** styles will *love* collaboration, but tend to lack focus
- ▶ **Steadiness** styles lean toward *avoiding* or *accommodating* to alleviate disruption/conflict

Which style should you most want to negotiate with to produce the best outcomes?



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Session 3

Preparing for Negotiations



Proficient Negotiators Build and Use a Repeatable Process



Preparation Process Guidelines

- ▶ It all comes down to building the right attitude and assembling the right information
- ▶ Review the situation -
What you know, and what you don't
- ▶ Build questions to fill any gaps
- ▶ Revisit history - Organization and individuals
- ▶ Consider the BATNA for all sides ...



The Critical Role of BATNAs



Each party's Best Alternative to a Negotiated Agreement:

- ▶ Availability determines leverage
- ▶ If none in hand, look to build one
- ▶ Perceptions are more impactful than realities
- ▶ Be careful of using ultimatums (*watch what you say, and do what you say*)

Preparation Process Guidelines (*Continued*)

- ▶ Work to separate positions from needs
- ▶ Know your negotiation chips, and anticipate the other sides'
- ▶ Build out multiple options, with room to move for each one
- ▶ Carefully consider/script key communication points
- ▶ Think thru how each option will be shared



Note: The Importance of Negotiation Points Varies, and Can Change Over Time



Identifying Issue Importance or Chips

The Importance of Issues for Both Sides:

- ▶ Non-negotiables (Red) - Deal Killers {Legal/ethical and situational}
- ▶ Core Chips (Blue) - Can negotiate, but painful
- ▶ Bargaining Chips (Green) - Issues that are easy to move on, but only if you get something back in return

Let's discuss: Besides price, what are chip issues you regularly encounter?



Chip Words Exercise:

How can you spot the color?



Chip Alignment

Impact on Strategy Deployed:

- ▶ Non-Negotiables/Reds incompatible - Stalemate
- ▶ Core Chips/Blues the Same - Competitive
- ▶ Blue Chips match Green Chips and visa versa, and Reds compatible - Collaboration with prompt agreement

Building Your Three Levels for Every Issue in Every Option

Limit Level (sometimes called walk-away)

Base Level

*Value/
Opening Position*

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Session 4

Tactics for Negotiating Effectively in Competitive Situations



Why is it Natural for Negotiations to be Competitive Encounters?



- ▶ They are inherently zero-sum games
- ▶ There are multiple constituencies, each with different and often poorly defined needs
- ▶ Emotions can easily take over
- ▶ There is frequently significant time pressure
- ▶ Everyone is operating at over 100% capacity - *pressure makes people more competitive.*

When is it *Not* Win-Win?



The following are signs:

- ▶ Refusal to share needs
- ▶ Ongoing position restatement
- ▶ Attacks on you/your organization
- ▶ Use of competitive tactics
- ▶ Posturing

Going Competitive

Rules of Engagement:

- ▶ Anticipate consequences for you
- ▶ Keep the option to *walk away* open
- ▶ Create a perception of “firmness”
- ▶ Control your emotions - use their’s against them
- ▶ Premeditate your tactics
- ▶ Avoid being easily anticipated ...



Going Competitive (*Continued*)

Rules of Engagement:

- ▶ Set aggressive value positions
- ▶ Be impervious to pressures
- ▶ Protect your base like it is your limit
- ▶ No deal is often better than a bad deal
- ▶ No panic



The Role of Competitive Offensive Tactics: Proactively Generate Concessions or Accommodations



Offensive Tactics

Know and/or use the following:

- ▶ Direct accommodation requests
- ▶ Counter offers using **Green Chips**
- ▶ Investment in time
- ▶ Question their logic on **Red and Blue Chips**
- ▶ Using vague promises ...



S	m	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				



Offensive Tactics (*Continued*)

Know and/or use the following:

- ▶ Good-guy/bad-guy
- ▶ Nibbling



Defensive Countering Tactics: Anticipate & Respond

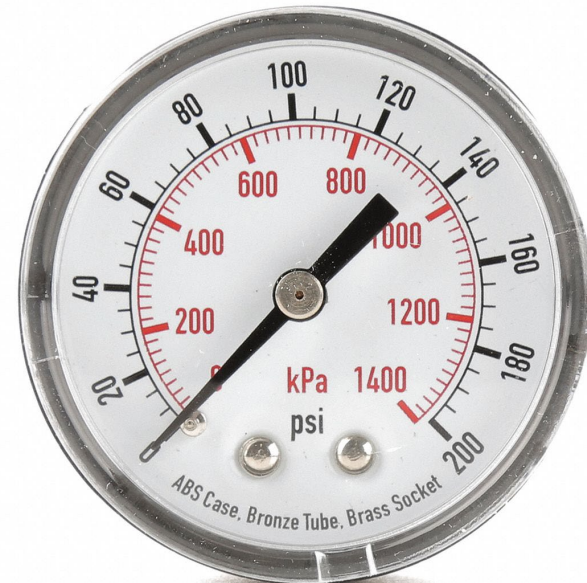


Tactic 1: Higher Authority

- ▶ Do homework on all decision makers on the other side
- ▶ Meet with their higher authority
- ▶ Secure authority commitment - early in the process
- ▶ If planned participants with authority not present, postpone discussion of your Blue chip issues
- ▶ Secure support commitment from those present
- ▶ Contingent commitment

Tactic 2: Time Pressure

- ▶ Absent higher authority on our side
- ▶ Conceal your deadlines
- ▶ No postponing your **Non-Negotiables (Reds)** or **Core Chips (Blues)**
- ▶ Emphasize the need for an acceptable deal for all



Tactic 3: Good-Guy/Bad-Guy



- ▶ Indicate tactic recognition
- ▶ Reverse with our own “Badder Guy”
- ▶ Ignore the tactic
- ▶ Let them grow weary of their bad guy

Tactic 4: Escalation



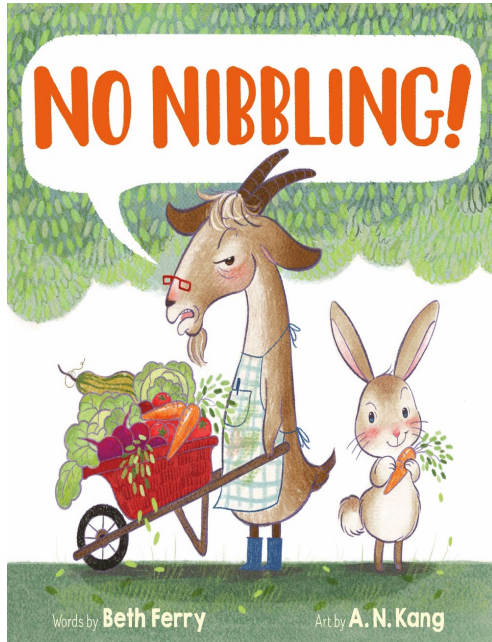
- ▶ Do your homework on history
- ▶ Use your unhappy higher authority
- ▶ Reciprocate - escalate back to value positions
- ▶ Point out that this is an unprofessional tactic with long-term implications

Tactic 5: Ultimatums



- ▶ Point out the negative effects from taking this stand
- ▶ Question its consequences
- ▶ Take a break/cool off
- ▶ Call their bluff
- ▶ Use higher authority (unavailable)

Tactic 6: Nibbling



- ▶ Tie the deal down
- ▶ Use unhappy higher authority
- ▶ Make them feel cheap
- ▶ Investment modifications for changes
- ▶ Make them feel good about what they got

Note: If you smile too much ...

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Session 5 **Becoming an “A Level” Negotiator** **by Effectively Managing** **Concessions**



Comparing Accommodations vs. Concessions

Accommodations

- ▶ One side gives
- ▶ One issue
- ▶ Reactive
- ▶ Weak power
- ▶ Unilateral gives

Concessions

- ▶ Both sides give and get
- ▶ Multiple issues
- ▶ Proactive
- ▶ From strength
- ▶ Bilateral chip maneuvers

Concession Guidelines

Proficient Negotiators follow these Guidelines:

- ▶ Don't default to price first
- ▶ Don't concede first
- ▶ Plan your first three moves
- ▶ Tie each move to a reciprocal request
- ▶ Move on Bargaining Chips (Greens) to get help on Core Chips (Blues)
- ▶ Start with only a modest amount (<10%) ...



Concession Guidelines (*Continued*)

Proficient Negotiators follow these Guidelines:

- ▶ Scale back size
- ▶ Bargaining Chips (Greens) aren't throwaways
- ▶ Make NO concessions after agreement is reached
- ▶ Keep an addendum of excluded items/changes and impacts

Wrapping Up Negotiations



When you get a verbal agreement you still must:

- ▶ Reinforce the process if collaborative;
- ▶ Confirm all the components of the deal verbally, and then in writing;
- ▶ Praise the deal in terms of the meeting of everyone's needs;
- ▶ Never ever share if you had more flexibility than they got; and
- ▶ Briefly discuss means to improve if the process was flawed.

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Workshop Wrap-up



Pearls of Wisdom



- ▶ Become a student of the game
- ▶ Use your repeatable process for preparation (every time)
- ▶ Know your own tendencies/ anticipate other side's
- ▶ Resist accommodations
- ▶ Read the chips (for both sides)

Pearls of Wisdom (*Continued*)

- ▶ Use silence as a tool/weapon
- ▶ Treat negotiaphobia: E-A-S-Y
- ▶ Utilize ongoing skill development tools





Thank You!

***I Wish You Even Greater Success in your life,
and your negotiations***

lucaslearning1@gmail.com