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Module One – Match Your Negotiation Tactics to Your Strategy. I’ve often heard people use the terms “strategy” and “tactics” interchangeably. They are not the same thing. First, let’s talk about these two terms, what they mean, and the relationship between the two. Strategy is the overall big picture plan, which includes goals and desired outcomes. Another way to put it would be a plan, method, or series of maneuvers for obtaining a specific goal or result. Negotiation strategy is the process of devising and carrying out a well-thought-out plan to achieve your desired outcomes. Often, your strategy is to convince another party to give you what you want on your terms. The first thing that you need to determine when developing a negotiation strategy is, what do you really want? What is the purpose of the negotiation? Do you want to purchase property? Do you want a raise in salary? Do you want to set a good price for the products that you sell? Once you know what it is that you want, and you’ve devised a strategy, you can then implement the tactics that will carry out your plan and help you to reach your goal. Tactics are simply the means by which you carry out your strategy. You should be careful not to focus on the activity, the means, or the tactics at the expense of achieving your goals or desired outcomes. As we continue to talk about the various negotiation tactics, remember to keep in mind that tactics are the means to reach your goal. So always keep your goal in mind when you employ your tactics. So how do you devise your negotiation strategy? Your goals in combination with your bargaining position should dictate your negotiation strategy. And your negotiation strategy,
in turn, should dictate which bargaining tactics you will want to use. The five main negotiation strategies are competitive, accommodation, compromising, collaborative, and avoidance. Competitive strategy involves an I-win-you-lose attitude. Accommodation is I will let you win in exchange for some other benefit that I hope to gain either now or later. Compromising is I don’t care who wins; I just want to get this over with quickly. Collaboration is we can both win by sharing the pie. And avoidance is I don’t want to do this at all. The competitive strategy of I win, you lose is the one that is most often used in litigation settlement negotiations. It involves the use of intimidation, distraction, and diversion tactics to gain leverage. You can choose a competitive strategy regardless of your bargaining position. If your bargaining position is good, meaning that you have greater leverage, you can use competitive tactics to strengthen your advantage. But if your position is weaker, using competitive tactics can themselves create some value. Most negotiations of any type begin with a competitive strategy. The parties need to test each other’s wills before they begin to bargain seriously. The parties will then continue their competitive bargaining, or they may shift their approach to one of the other strategies. Here are some of the competitive negotiation tactics. First, alternatives to settlement. In alternatives to settlement, you emphasize that you have other choices rather than to settle. The side that cares the most about settling is in a weaker position. So if you have a better BATNA, or Best Alternative to a Negotiated Agreement, you’re in a stronger position. You should make that very clear to the other side. Tell them, “I don’t need this deal, and I’d just as soon that things stay the way
they are.” Or I have other options or I have other options. Next tactic is not good enough. You can claim that your adversary’s offer is not enough, even if it is. Many people use this tactic for all first offers. If you assume that the first offer is not the best offer, or your opponent is holding something back, you can often pick up other concessions before you allow yourself to be persuaded to agree. Next is bluffing. Bluffing is a key tactic to almost any negotiation because each side has limited information. A good bluff uses your adversary’s lack of information to create more doubt. Look for signs of uncertainty in your adversary’s face, tone of voice, or body language. But remember that a bluff is not a lie. You should never mislead. The standard bluff is take it or leave it. You won’t know your opponent’s limit until you push for it. The next competitive tactic is limited authority. You claim to lack authority to agree to some amount and ask your adversary to reduce the offer to your authority limits. You say something like, “I’m only authorized to go up to $10,000 without going up the chain for approval. So, if we want to close this deal today, you’re going to have to come down to $10,000.” The next tactic is silence. Just by staying silent, you can gain an advantage. Very few people can endure silence. Your adversary may feel compelled to fill the silence, and by doing so might give you more information or concede more than what was intended. After you’ve conceded an issue or in some way acted defensively, a good tactic to use is turnabout. The next time you come out strong on an issue, choose an issue that you really want to win when you’re using the turnabout. Let’s talk about the accommodation strategy. An accommodating party will concede his concerns to satisfy the other parties, at
least for the time being. You choose an accommodation strategy if you’ve done wrong and want to get the matter over with quickly and less expensively. For example, think about oil spills or airplane crashes. Those are instances where quick settlements will save the company money. There are less catastrophic examples where desire to limit business disruption will encourage you to end a matter quickly. Or maybe you want to gain goodwill or other benefits through a quick resolution. Some tactics that go along with the accommodation strategy are face-saving. Face-saving is when the other side’s dignity is the priority. Allow the other side to make a graceful retreat to avoid embarrassment. Another tactic is identification. Align your interests with your adversaries. See the facts from their perspective and agree with the arguments. But don’t concede unnecessary issues. Next tactic is take the lead. Move the negotiation forward regardless of who created the difficulty. Suggest solutions and be flexible about timing. Another accommodation tactic is take reasonable actions. Set yourself up to be the party of reason when settling the conditions of a negotiation. Don’t move directly from being the party of reason to using competitive tactics. The next strategy is the compromising strategy. Compromisers look for an expedient solution which partially satisfies both sides – a middle ground. Their primary interest is in haste. Compromisers are willing to trade concessions, sometimes despite the merits, just to make a deal. One example is a dispute involving an ongoing business relationship. You might choose to give a little to preserve the relationship. Here are some tactics that go along with a compromising strategy. Conditional proposals. Make a proposal conditioned on your adversary’s
acceptance of issues that you need favorably resolved. Next, bit by bit. Gain your concessions bit by bit rather than all at once. As the direction of the incremental movement becomes clear, suggest meeting in the middle. Next tactic, log rolling. Concede an unimportant issue to you, but important to the other side, in exchange for your opponent’s concession on an issue that does matter to you. Next compromising tactic is split the difference. At some point, offer to split the difference with the other side, whether through an exchange of remaining issues or cutting in half the dollar amount at issue. And the last one is tit for tat. Never make a concession without obtaining one in return. When compromising, you must adhere to this rule or you may end up compromising away all of your value for expediency’s sake. Next is the collaborative strategy. The collaborative strategy is the win-win strategy. It seeks to create value for both sides. You give the other side something that it wants in exchange for something that you want. Most business negotiators use the collaborative strategy. Business negotiations involve many different components of value and risk, all of which can be traded for an ultimately satisfactory outcome. Here are some collaborative strategy tactics. Flexibility. You need to be flexible. This is a characteristic of a skilled collaborator. Know when to retreat and when to press for an important point. Be willing to reexamine decided issues, but don’t feel obligated to make further concessions unless you also gain something. Focus on process. Rearrange the mechanical steps of the negotiation to overcome an impasse and a deadlock and enhance your prospects for problem solving. Typical examples, take a break; change the physical setting of the negotiations;
identify with others in a similar circumstance. In this tactic, you argue that the other side has already been treated similarly, situated in a certain way, and they should treat you in the same way. For example, I know what price you gave to the XYZ company, and I’m prepared to close at that price point. And last is the avoidance strategy. Avoiders try to ignore the entire dispute or some specific issues for at least some period of time. The avoider uses tactics to sidestep or postpone an issue, or withdraw altogether from what the avoider sees as a threatening situation. Tactics that are usually used with avoidance are negotiate the money first. If you prioritize the money, insist that the money be negotiated first. By fixing the money component, you avoid discounts for the cash worth of any non-money concessions. Or you can negotiate the money first. If you want to avoid paying the money, address the non-money issues first. You can then value your non-money concessions and use those to reduce the amount of money that you pay. For example, I’ll give you the extra time that you need, but you’ll have to give me a lower price. Another tactic for avoidance is walk out on the situation. If you become engaged in negotiations that you’re not ready for, walk out. You may state some dissatisfaction with your adversary’s proposals, but your goal is to defer the discussions to a later time. Or you could withdraw the issue. If you’re not ready to address a specific issue, remove that issue from the negotiation at least for a period of time. Successful negotiation requires specific strategies and the right tactics to implement that strategy. Your bargaining position will determine which negotiation strategy will work best for you. Competitive when you must have what you want; accommodation when
you have done wrong and want to settle quickly; compromising when expedience matters most; collaborative when you agree to split the pie; and avoidance when you’re not ready to bargain.

[End of recording.]
Module Two – Before You Negotiate. Negotiating is the art of convincing the other side that you should have what you want. In any kind of negotiation, the planning stage is probably the most important. Effective planning is critical to meeting your negotiation objectives. If the parties are to reach a lasting agreement, specific events must take place before the negotiation begins. Generally, the more time that is spent in planning and preparing for the negotiation, the more beneficial the outcome will be. Inexperienced, lazy or naïve negotiators may believe that being prepared means just knowing what they want out of the negotiations, which in general means that they know what they would be satisfied with. They may have gone ahead and determined their worst-case scenario – what would be the least that they would accept. A lot of people think that they don’t need to go to the trouble of preparing for a negotiation, even when large sums of money are involved. Some people think that they can use their wits to develop a strategy on the fly. But skilled negotiators know that knowing what you want from a negotiation is only a small part of what it takes to be prepared. The key is in knowing how you are going to get what you want. You need to know how to develop both your strategies and the corresponding tactics that will get you to your objectives. Once you’ve determined that you want to negotiate with another party, a plan of action can be developed. Developing a plan will help you anticipate your opponent’s needs, offer positive solutions to problems, and anticipate your opponent’s actions. This plan should cover the following steps: It should identify the issues in the negotiation, the business objectives to be met, or
the price of the product or service. Ask yourself these questions: What are my objectives? What exactly do I wish to achieve from this negotiation? What information will influence the final action of the negotiation? What concessions have I got to trade with? What is the cost and the value of each concession? What concessions are available to me other than price? What is non-negotiable? And what is the limit of my authority? The next step in the plan is to identify the needs of the other party. Don’t just concentrate on the solutions to your issue. Then identify one or more solutions based on your needs and on the needs of the other party. Ask yourself, what is my best outcome? What other outcomes may be acceptable? What is my worst acceptable outcome? What options or alternatives would be acceptable to me? What are the other side’s objectives? What options or alternatives might be acceptable to them? Then decide on your strategy and tactics. Ask yourself, what’s my plan of action? How am I going to achieve my objectives in this negotiation? What’s the strategy of the other side most likely to be? What tactics should I use? What tactics are the other side most likely to choose? Then decide on approaches to possible positions or behaviors of your opponent. Try to anticipate your opponent’s moves. And practice your defensive tactics. Try some what-if analysis of actions taken by your opponent. Then develop a plan and an agenda. When planning a negotiation, determine which of your long-term goals or business objectives are important with regard to the decision in question. Then you must determine how to proceed to achieve those goals. Before you enter into negotiations, you and your organizations must determine the value of the product or service on the
table. For a buyer, this is how much you are willing to spend. For a seller, this is how much you are willing to accept. You must also determine the delivery date of the product or service. Calculate the cost of the concessions. Don’t agree to any concession until you understand the cost of agreeing to it. Next thing in your plan is that you need to gather facts. Information is a valuable resource in negotiation. Information and knowledge of your competitors and customers is very important to a successful negotiation. Information on the other organizations can be found through research of their previous negotiations, their financial data, talking with people in their organization, or talking with customers or references. Information gathered can help you to anticipate their objectives. If you can anticipate their demands, you can make concessions on issues that are not a priority with you without compromising your own objectives. In a negotiation, there are going to be five types of information that will influence the final outcome: Information that I have that the other side also has; information that I have that the other side does not have; information that I need to find out before negotiating with the other side; information that the other side needs before it can negotiate with me; and information that I am prepared to reveal to the other side. A plan is only realistic if you know what the other side wants and you’ve figured out a way to get it to them while you’re getting what you want, or have figured out a way to get them to change their minds to agree with your demands. The more that you know about what the other team wants, the less there is to negotiate and the easier it is to get a fair settlement through negotiation. So how do you determine success or failure of a negotiation?
Success is determined when a mutual agreement is met and both sides are satisfied without any hard feelings. To achieve this, you'll need to consider the other side's needs as well as your own. An effective negotiation is not necessarily a winner-take-all type of contest. Most negotiations take place between people who need to work together after the negotiation has come to a close. If they feel cheated or resentful about a deal that was struck, the working relationship will be compromised. Failure is judged in terms of potentially damaged relationships, or by a deal that you are unhappy with. A failed negotiation might be one where you got everything that you wanted, or everything that you thought that you wanted, but ended up damaging your working relationship with a colleague or a customer. For example, it's not uncommon for a purchasing department in a large company to squeeze small suppliers and contractors to the point that they cannot make a profit from the contract. The result is that the contractor may provide minimal or poor-quality service or products. In this contest, there is no winner in this negotiation. Everybody loses. Here’s a preparation checklist for negotiation. Identify your objectives and justifications along with their relative priorities. Identify what you expect the other side’s objectives, justifications, and priorities to be. Create an effective negotiation plan for convincing the other side to agree to the terms that you want, keeping in mind the long-term big picture view. Determine the specific approaches to how you will present your arguments in a convincing way. Predict the other side’s tactics and plan your reactions and counter tactics. Make a note of the key words and all of the important points to be raised during the
negotiation. Keep this with you during negotiation sessions for reference. Come up with a list of why your proposals are beneficial to the other party to use as key points during the negotiation. And be prepared with some predetermined options to provide you with the flexibility in what is asked and what is offered. Always bring your plan with you to use as a reference in your negotiation. Your plan will be of no use in the actual negotiation if you don't use it. Good planning for negotiation can lead to better confidence at the table and a plan of action for uncovering factual data, interests, and priorities that can be used to craft the best solution possible.

[End of recording.]
Module Three – the Five Biggest Mistakes in Negotiation. When you enter into a negotiation, as we talked about, you should already have in mind the results that you want. But in order to achieve those results, you need to keep in mind some very basic principles that if done correctly, can lead to an unsuccessful negotiation. Don’t make the mistake of falling into these bad habits. First mistake is being unprepared. This principle is important enough that I gave it its own module. If you’re going into a scheduled negotiation, you have to be prepared. Otherwise, you may get flustered and you may lose sight of your goal and become easily duped by the other party’s negotiation strategy and tactics. Don’t skimp on the planning and preparation stage. And don’t forget to practice. Say the items in your planning checklist out loud so that you can be more comfortable and confident when the actual negotiation begins. But what about unscheduled negotiations? Not every negotiation is a formal sit-down meeting with an agenda and a plan. We negotiate in less formal ways every day. Every time you make an agreement with another person, there is some kind of negotiation involved. While you obviously aren’t going to make a plan to negotiate where you and your family are going to go to dinner, or when to set the due date for an assignment or task, you can still prepare for a good outcome. The best way for you to prepare yourself for successful negotiations is to enhance your negotiation skills by attending such events as the one that you’re attending now. Strengthen your skills
through knowledge and practice. Be able to recognize the other people’s negotiation tactics and how to counter them. Having good negotiation skills will help you gain the confidence to hold your own in any type of negotiation and prepare you for success in both formal and informal settings. The second mistake is all or nothing. If you go into a negotiation with the attitude that it’s my way or the highway, you will be unlikely to get consistently good results. Even when you choose the competitive negotiation strategy, you have to be prepared to change your strategy and your tactics when the negotiation doesn’t go according to plan. Many people believe that negotiations are all all-or-nothing and that there has to be one winner and one loser. While the goal of negotiation is most certainly getting what you want, the fact is the best deals – the ones that stick – incorporate terms and ideas from both parties. Don’t let your attitude ruin your chances for a successful negotiation. There’s nothing more likely to prevent concessions from your opponent than an overbearing attitude on your part. If your opponent feels like you are trying to bully them into doing something, they will simply resist you, unless they are a pushover opponent. You have to make a judgment call. If you think that you can be slightly more aggressive than normal in a certain situation, then you can certainly attempt to be. But do so in a way so as not to offend your opponent. If an agreement cannot be reached in one sitting or one phone call, leave the door open to future negotiations. If possible, schedule further meetings. Don’t worry. If it’s worded properly,
your request will not appear overly anxious. To the contrary, it will come across as though you sincerely believe that a deal can be worked out and that you’re willing to work to make that happen. Words or phrases that leave ambiguity signal that you are open to a proposal. Use words such as possibly, perhaps, maybe, or acceptable. Also, if you use such phrases as, “looking forward to your reply,” this is a signal that you’re enthusiastic and optimistic that an agreement could soon be reached. No matter what you bring to the negotiating table, it’s naive to assume that you’ll always get what you want. Negotiation is not a win-lose proposition. It's usually a compromise, and you should expect that going into discussions. Very few of us are in such demand that we can write our own tickets. That doesn’t mean that you should settle for any offer that comes your way. But sometimes an agreement won’t be made. Finally, if an agreement simply cannot be reached, agree to part as friends. Never, under any circumstances, burn your bridges. The third big mistake that people make in negotiations is giving your adversary an ultimatum at the wrong time or in the wrong way. Ultimatums are generally very risky. If the other party rejects your ultimatum, then you’re faced with the difficult decision to either end the negotiation, or withdraw the ultimatum and risk losing your credibility. You can only use one ultimatum during the course of a negotiation and still maintain your credibility. If it works, okay. But if it doesn’t, your negotiation is unlikely to recover. However, under certain circumstances it might be in your best interest to draw a line in the sand or
create a rule that allows you to hold your counterpart accountable for making a decision. It may be worth the risk to use the take-it-or-leave-it stance when, for example, the other party cannot afford to leave it, or when you’ve reached the limit of your ability to make concessions without taking an unaffordable loss. The problem with issuing an ultimatum is that it can create hostility, as the other party feels backed up against the wall. If you do decide to use this tactic, make sure not to use the actual phrase “take it or leave it.” Find a way to say this without using those words. And watch your timing. An ultimatum will work best late in the negotiation rather than earlier. The next common mistake is in focusing on the what instead of on the why. If all you see is what the opponent wants, you will be missing out on a large proportion of negotiation leverage. Take the time to find out what motivates the other party. Then you can make your offer, tap into their motivation, and also into their biases. Negotiators need to analyze the biases and the motivations that their opponents bring to the table. There is a distinct and clear difference between what your opponent wants and what they need or will settle for when the negotiation is final. Your goal is to determine the difference and develop an approach that will show your opponent that their wants are clearly not in your best interest, while, on the other hand, helping satisfy their needs can bring about a satisfactory agreement for all parties concerned. If your opponent is coming into the negotiation representing a company or a business, then you will need to question the driving forces behind this corporate
organization. A vision and mission statement can help you get an insight into the values, beliefs, and principles that a company seeks to project. You can use these insights to gain an advantage in the negotiation process. Number five is losing your cool. This is the final of the five biggest mistakes that we’re going to talk about. It can be hard to keep your emotions out of the equation when you’re negotiating something that’s critical to you personally – like the purchase or sale of a house or car or a salary raise. You feel passionate about it. But nothing will lose you your advantage like visibly getting upset – especially if the other person is a skilled negotiator. Your aim is never to lose your confident and collected attitude. This is essential. If you lose control of your emotions, you will also likely lose the respect of your opponent, and they will become much less likely to want to collaborate on an agreement. In fact, your loss of control could lead to an argument that will almost certainly cause the negotiations to fail. When you stay calm and collected, your thoughts will come easier to you. Even if you’re not that confident in your bargaining position, you should try to appear as confident as possible to get an extra bit of leverage. The best negotiators take nothing personally. They are impervious to criticism and impossible to fluster. And because they seem unmoved by the whole situation and unimpressed by the stakes that are involved, they have a way of unnerving less experienced counterparts. Whenever you negotiate, remember that it pays to stay calm, to never show that an absurdly low counter offer or
annoying stalling tactic has upset you. You can use your own calm
demeanor to unnerve your opponent. And if your opponent becomes
angry or peeved, don’t take the bait and strike back. By remaining calm in
the face of an emotional opponent, you gain the emotional advantage in
the situation.

[End of recording.]
Module Four – Neutralizing Manipulative Negotiation Tactics. Everyone uses negotiation tactics to get what they want. That’s why you’re participating in this audio conference. Most of the time when you enter a negotiation, you can expect the other party to use certain measures to tip the scales in his favor. For example, you can expect someone to offer less money than they are actually willing to pay in order to leave them some room for negotiation. Everyone uses negotiation tactics, but that doesn’t mean that negotiation can’t be fair. Some tactics are acceptable and expected. But there are some tactics that are downright sleazy. Tactics are part of the negotiation process. Just using tactics doesn’t imply tracking or manipulating your opponents. But some tactics are simply tools to expedite the negotiation process while others are used to take advantage of the other person. To be a successful negotiator, you need to be able to tell the difference between fair and unfair negotiation tactics so that you can use the good ones to your advantage and deflect or neutralize the questionable ones. Here are some negotiation tactics and what you can do to counter those tactics if your opponent uses them against you. We talked about how you can use bluffing as a negotiation tactic when using the competitive strategy. But when someone uses a bluff on you, telling you to take it or leave it, it’s usually best to call the bluff by leaving it. You won’t know your opponent’s boundaries unless you push them. You can prevent your opponent from using the limited authority tactic by determining their authority limits in advance. If your opponent does not have the full authority to make a deal, do not move forward. You need to be negotiating with the person that has the authority to make an agreement. But just because your counterpart tells you that it’s out of my hands, don’t automatically assume that the person is being honest. You may find that although the other person has used this tactic to force you into backing down, if you keep at him, you might get what you
want. The next tactic is the wince. The wince can be explained as any overt, negative reaction to someone’s offer. For example, you might act stunned or surprised when your negotiating opponent names their terms. The wince tells you that your counterpart – that you know your limits, which is by no means underhanded. And wincing at the right time can potentially save you many dollars. Keep it in mind that when the deals are negotiable, your counterpart will usually start high. Of course you won't always be the wincer. Many times you will be on the receiving end of the wince. In that case, you can counter the wince with the silent tactic. Sometimes silence can be your strongest tool. If you don’t like what has been said or if you’re waiting for a response, just sit back and wait. If your opponent uses the silent tactic, you can say something like, “I see that you’re thinking over my offer, and I’m going to leave the room for a bit. Please let me know when you’re ready to respond.” Then leave. This counter should end the silence very quickly. If you’re on the telephone or in some other way unable to leave the room, you should counter the silent tactic by resetting your offer. Don’t make any suggestions; just repeat your terms. This forces the other person to respond, and more often than not, they will respond with a concession. The next tactic is the good-guy-bad-guy routine. You often see this tactic in the movies or on TV where two detectives are interviewing a suspect. One detective seems unreasonable and inflexible where the other makes it look like he is on the suspect’s side. This tactic is designed to get you to make concessions without the other side in turn having to make any. If you find yourself in a good guy, bad guy situation, the best response is to ignore it. Recognize this game for what it is – a game. But don’t play along and don’t let the good guy influence your decision. The best technique is to let your counterparts play your game while you look out for your own best interests. Next tactic is the red herring. This technique comes from the fox hunting competitions where one team would drag a dead fish across the fox’s path to distract the other team’s dogs. At the bargaining table, a red herring means
one side brings up a minor point to distract the other side from a main issue. Effective and ethical negotiators generally agree this is the sleaziest negotiation tactic possible. When your negotiation process gets bogged down with a minor problem, and your counterpart insists on settling it before they will even talk about more important issues, then you are probably dealing with a red herring. In this case, use extreme caution and suggest setting the issue aside temporarily to work out other details. Then we have a trial balloon. Trial balloons are questions designed to assess your negotiating counterpart’s position without giving any clues about your plans. For example, you may ask your counterpart, “Would you consider a 90-day trial of our service?” Or, “Have you considered our service plans?” Essentially these types of questions put the ball in your counterpart’s court. And the nice part is that they really aren’t firm offers. They allow you to gain information without making a commitment. When you’re on the receiving end of a trial balloon question, you may feel compelled to answer it thoroughly. But to maintain your edge, you should resist the temptation and counter with another question. For example, if someone asks, “Would you consider financing this property yourself?” You could respond by saying, “Well if I did, what would your offer be?” The next tactic is low-balling. Low-balling is the opposite of the trial balloon. Instead of tempting you to make the first offer, your counterpart will open the process with a fantastic offer. Then after you agree, they start hitting you with additional requirements. For example, let’s say you see an ad for a product that’s priced lower than it is at other stores. But then after you agree to buy, the sales representative uncovers hidden costs, such as shipping or installation. In the end, you probably paid more than you would have at another store listing at a higher price. To avoid falling victim to this tactic, always ask your counterpart about additional costs before agreeing to any deal. Then there is bait and switch. Similar to low balling, the bait and switch tactic should be avoided. Your counterpart may try to attract your interest with one great offer, but then hook you with another
mediocre one. This tactic will almost always burn you unless you recognize it. If your
counterpart was really able to offer a genuinely great deal, they wouldn’t have to resort
to a bait and switch. Next tactic is outrageous behavior. Outrageous behavior can be
categorized as any form of socially unacceptable conduct intended to force the other
side to make a move. The behavior can be something like throwing a fit of anger or
bursting into tears. As most people feel uncomfortable in these situations, they may
reduce their negotiating terms just to avoid them. However, the most effective response
to outrageous behavior is none at all – just wait for the fit to die down before reacting,
because emotional negotiations can result in disaster. Now let’s talk about the written
word. When terms of a deal are written out, they often seem non-negotiable. For
example, when was the last time you negotiated a lease or a loan or even a service
contract if it was all typed up in advance in an official-looking document? You probably
assume that the terms were non-negotiable and for some reason, most people make the
mistake of accepting terms that appear in writing. The best defense to this tactic is
simply to question everything, whether it appears in writing or not. You will inevitably run
into some standard non-negotiable documents, but it never hurts to ask questions. You
may be surprised how many contracts are negotiable when challenged. People have
used these common negotiation tactics far back into history. But that doesn’t mean that
they are always fair. So before you rush into your next negotiation, make sure that
you’re aware of these tactics, how they affect the negotiation process. When you learn
to use the defenses of these tactics, you can reach a more mutually beneficial
agreement.

[End of recording.]
Module Five – Top Ten Tips and Techniques for Successful Negotiation. Tip number one – the first and foremost technique for an effective negotiation is to do your homework. You should be well informed with everything related to the deal. Find out even the minutest detail that you think is important, and that you might require at the time of the negotiation. Be prepared for everything. Remember, the second party might ask you anything. Be a detective. Gather as much pertinent information as you can prior to the start of the negotiation. What are your counterpart’s needs and why do they want what they want? What pressures do they feel? What options do they have? Doing your homework is critical to successful negotiation. You can’t make decisions without understanding the other side’s position and their situation. The more information that you have about the people that you’re negotiating with, the stronger you will be, and the more confident you will be going into the negotiation. Don’t base your offer on arbitrary criteria. Don’t just find out what the other vendors charge and try to get a product or a service cheaper. Base your offer and your counter offer on facts. Research the product and the market, and base your arguments on objective reasoning and not on arbitrary criteria. Remember, the more knowledge you have of a situation before going to the negotiating table, the better off you will be. There are many reasons preparing yourself with the best approach will be to your advantage. But one lesser known perk comes from psychological studies. It’s called the consistency principle, which refers to a
person’s intrinsic need to appear reasonable. That means that your counterpart will likely abide by certain standards and defer to your authority if you’re able to demonstrate that you absolutely know what you’re talking about. With greater knowledge, you will be able to set the parameters of the discussion in your favor.

Tip number two – always be willing to walk away. You should never negotiate without options. If you depend too much on a positive outcome from a negotiation, you lose your ability to say no. When you say to yourself, "I'll walk away if I can’t conclude a deal that is satisfactory," the other side can tell that you mean business. Your resolve will force them to make concessions. I’m not saying that you should always walk away. But if you don’t consider that an option, you might be inclined to cave in to the other side’s demand simply to make the deal. If you’re not desperate, if you recognize that you have other options, your counterpart will sense your strength. Just walking away sounds simple, yes? It should be. But people get themselves into all kinds of trouble by feeling like a negotiation is a failure unless a deal is reached. If the only deal on the table is not a good deal for you, walk away. Negotiating from a position of need puts you in a really bad position. You are almost certainly going to lose. The other party will push until they find your limits. For example, negotiating a salary when you’re unemployed, trying to raise venture capital when your company is almost out of cash, or buying a car when you really have to buy one puts you in a position of need. Of course things happen that are out of our control, and some of these situations are unfortunate, but unavoidable. But in any negotiation, your best investment is to figure out a way to get by if the deal
falls through. Tip number three – don’t give away anything without getting something in return. Unilateral concessions are self-defeating. Whenever you give something away, you need to get something in return. Always tie a string. I’ll do this if you do that. When you give something away without requiring them to reciprocate, they’ll feel entitled to your concessions and they won’t be satisfied until you give them even more. But if they have to earn your concessions, they’ll have a greater sense of satisfaction than if they got the same concession for nothing. In negotiation, don’t assume that your actions will speak for themselves. Your counterparts will be motivated to overlook, ignore, or downplay your concessions. Why is that? To avoid the obligation to reciprocate. As a result, it’s your responsibility to label your concessions and make them unmistakable to the other party. When it comes to labeling, there are a few rules you need to follow. First, let it be known what you have given up, or what you have stopped demanding, and let them know that it’s costly to you. By doing so, you clarify that a concession was, in fact, made. Second, emphasize the benefits to the other side. Negotiators tend to reciprocate concessions based on the benefits they receive while tending to ignore how much the others are sacrificing. And third, don’t give up on your original demands too easily. If the other side considers your first offer to be frivolous, your willingness to move away from it will not be seen as a concessionary behavior. By contrast, your concessions will be more powerful when your counterpart views your initial demands as serious and reasonable. Accordingly, spend time legitimately at your original offer and then use it as a reference point when labeling your concession. Tip number four –
quit while you’re ahead. Negotiating is not about winning at all costs. It’s about agreeing on terms that will satisfy you. Don’t get greedy. If you continue to negotiate for the sake of negotiating, even if your negotiation has reached the terms that you’ve set as your goal before the negotiation began, you may well end up with a disaster. Too many people have seen just how far they can push a negotiation. They have to try to get just one more concession. This attitude can be a deal breaker. The best negotiations are brief and to the point. Get agreement on your major points, then stop. Additional items can be addressed in subsequent negotiations. If you continue to ask for more – either more money or more concessions – you’re likely to push a good deal off the table. Not only will you come across as disingenuous and stubborn, but people usually find a way to even things out. The best way to finish a negotiation is not to come out as a conqueror. You’re defending your own interests, but in negotiation, your interests are not served by crushing your opponent. Your opponent should be pleased as well. So if everything has fallen within your objectives and it seems to be a win-win situation, strike the deal. Tip number five – don’t be afraid to ask for what you want. Successful negotiators are assertive and challenge everything. They know that everything is negotiable. Being assertive means asking for what you want and refusing to take no for an answer. You should express your feelings without anxiety or anger. Let people know what you want in a non-threatening way. Note that there’s a difference between assertive and being aggressive. You’re assertive when you take care of your own interests while maintaining respect for the interests of others. When you seek your own
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interests with a lack of regard for other people’s interests, you’re aggressive. Being assertive is part of being a successful negotiator. Challenge means not taking things at face value. It means thinking for yourself. You must be able to make up your own mind rather than believing everything you are told. You can’t be a successful negotiator unless you’re willing to challenge the validity of the opposing position. Tip number six – don’t tip your hand. Uncertainty is the key advantage in most negotiations. If your adversary knows what you desire most, your negotiating position is not as strong. So play it close to the vest. Number seven – shut up and listen. Negotiators should be like detectives. They should ask probing questions, and then shut up. The other negotiator will tell you everything you need to know. All you have to do is listen. Without communication, there is no negotiation. Listen actively and acknowledge what’s being said. Listening enables you to understand their perception, feel their emotions, and hear what they’re really trying to say. Ask the other party to spell out exactly what they mean or repeat ideas if they’re unclear. Active listening improves not only what you hear, but what they say. Talk to the other side. Negotiation is not a debate. Speak about yourself – not about them. Describe a problem in terms of its impact on you rather than in terms of what they did. For example, you could say, “I feel let down,” instead of, “You broke your word.” Speak with purpose and make every word count. Tip number eight – don’t accept the first offer. You shouldn’t say yes to the first offer or counteroffer because it automatically triggers two thoughts in the other person’s mind – I could have done better, and, something must be wrong. It doesn’t even really
depend on the offer. Even if the offer is fair, if you accept the first offer, the other party will think that it could have done better and something must be wrong. Of course the refusal of the initial offer does have the potential to stop the deal. However, more often the acceptance of the first offer will create the feeling in the initial party that they could have done better. Otherwise, why would you jump at the first offer so quickly? This feeling could turn into remorse and second thoughts, and they may want to change their mind about the deal. Tip number nine – know what your needs are and show the other party how their needs will be met. Successful negotiators always look at the situation from both sides' perspectives. Everyone looks at the world differently, so you’re way ahead of the game if you can figure out your opponent’s perception of the deal. Instead of trying to win a negotiation, seek to understand the other negotiator and show them ways to feel satisfied. If you help the other side to feel satisfied, they’ll be more inclined to help you satisfy your needs. This does not mean that you should give in to all of their position. Satisfaction means their basic interests are being fulfilled – not that all of their demands have been met. And don’t confuse basic interests with positions or demand. A position or a demand is what you want. Your basic interest is what you really need. And tip number ten – don’t take the issues or the other party’s behavior personally. All too often, negotiations fail because one or both parties get sidetracked by personal issues unrelated to the deal at hand. Successful negotiators focus on solving the problem, which is, "how can we conclude an agreement that respects the needs of both parties?" Obsessing over the other person’s personality or over issues
that are not directly pertinent to making the deal can sabotage a negotiation. If someone is rude or difficult to deal with, try to understand their behavior and don’t take it personally. A last bit of advice before we close today’s audio conference – when you’re planning for a negotiation, always remember to be skeptical. Things are often not what they appear to be. Like it or not, business negotiation involves a degree of posturing, partial truths, and conflicting interests. So be skeptical. The information that’s provided by the other party may not be complete. Their expert may not be an expert at all. What you are told may be more important than what you are not told. The other party will present information that best suits their position. Your job is to be politely skeptical. Search for the big picture, and search for what may have been left out.

[End of recording.]