Negotiation Fundamentals

Part I

Identify and overcome assumptions and cognitive biases that can lead the negotiator astray

Identify and handle key tensions at the negotiation table

Design and implement a clear and coherent negotiation strategy that is adapted to the other side's approach

Three dimensions of any negotiation

Any negotiation includes three different dimensions. Most negotiators will focus on one of them only thus underestimating or even ignoring the other two dimensions, and that is the beginning of trouble.

Now, let me these illustrate these three dimensions with a simple, daily examples. Have you got kids? Some of you probably have. Well, my wife and I try and take care of two kids, two growing kids to the extent that one of them is now a teenager. And guess what? At some point, you have to deal with the following tough negotiation. Your teenager has been invited to a party this Saturday evening. What time should he come back home? That is the problem to be addressed. And this problem can be dealt with in a very simple, rational way. Is your son coming back on his own or together with a friend? What time is the bus he's supposed to get home? Has he already done his homework or will he have to do this on Sunday, etc. And even how many hours of sleep does the World Health Organization recommend for a teenager of his age?

So this is the problem dimension, it relates to the substance of a negotiation, which apparently can be dealt with in a cold-tempered, rational way. But here, this negotiation involves your teenager with whom the relationship has been for weeks under stress, because of issues totally unrelated with the matter at stake. For example, he lost his skis or it looks like a storm went through his room. And there is, obviously, a relationship aspect, which is going to change the way the negotiation is likely to happen. That relates to the people dimension, it's different from the problem dimension.

At the workplace, you've probably already realized that a simple issue handled by two coworkers will hate each other is likely to rapidly become a huge disaster. On the contrary, a big issue handled by two colleagues with a high level of mutual trust is likely to be settled smoothly. Now, back to our family example, imagine now that your teenager raises the issue at the wrong moment of the week. You are just back home exhausted at the end of a difficult, painful day.

Conversely, he might be wise enough or simply lucky enough to raise the issue at the right moment. You are so happy with this nice Chardonnay wine bottle you've just opened to celebrate something. Now obviously, a simple variable when does the negotiation take place will change the dynamic of the whole discussion. This issue timing relates to a third dimension different from the previous ones and that is process. By process, we means things such as how is the negotiation organized, how is the agenda built, how do we proceed according to which rules? How do we process information exchange across the table, etc.

In a nutshell, there are indeed three dimensions in any negotiation. People : who is involved in a negotiation, Problem : what is at stake and process : how do you proceed. These three dimensions are always there, they're separate but interconnected. And most negotiators focus on the problem dimension only. As a result, they do not see difficulties likely to appear on the people dimension and on the process dimension. People, problem, process. The three dimensions were, of course, present in the major negotiation which took place in Paris, in December 2015.

Three strategic tensions

In each of these dimensions, there is a classic dilemma or strategic tension. Basically, you need to take care of two elements which are rather at opposites. For instance, you need to listen and to speak, but of course you cannot do both at the same time. To properly handle these tensions, the first step is to be aware of them. On the people dimension, the tension is between assertiveness and empathy.

As a negotiator, I must assert myself. I need to speak efficiently in order to convey my message across the table. Assertiveness will help me clarify my intentions and diminish any misunderstanding. But I also need to listen to the other in order to understand his or her concerns, priorities, and constraints. To understand doesn't necessarily mean to agree. But this empathy will usually have a positive effect on the relationship. It will also help me understand my impact on the other negotiator.

Good negotiators indeed anticipate, thanks to acute empathy. If what I'm about to say is likely to trigger the wrong reaction across the table, I'd better try and say things differently. That is why empathy should come first. Paying attention to the other and understanding his or her rational, will help me find chewing my argumentation in order to be more convincing. In the next video, I will discuss listening and speaking in negotiations in greater details.

Now, on the problem dimension. The tension is between cooperation and competition. These are two opposing strategies as Nash showed in 1950. But negotiators need both of them. Through cooperation with the other side of the table, both negotiators will create value together, will create joint gains, will enlarge the size of the pie.

Now, through competition, each negotiator tries and secures a better share of these value for himself. We compete one against the other in order to decide who will get which share of the pie. This creates the negotiator's dilemma as Zartman put it. The more competitive or the tougher a negotiator is, the greater the probability to get the better share but the lesser the probability to strike a deal at all because the other is unlikely to accept the poor deal.

Now, on the contrary, the more cooperative or the softer a negotiator is, the greater the probability to get a deal, but the lesser the probability to get a fair share because the other is likely to take advantage of this. The way out of the dilemma is to work along a sequence. First, corporate with the other in order to help create value while insisting on the principle of reciprocity. "I'm happy to make efforts as long as I'm not the only one around the table." Second, compete against the other in order to secure a fair share while thinking long-term. Do not break the relationship with the other side of the table.

Last, there is usual tension on the process dimension too. Most negotiations are structured the following way. The negotiator is sent to the table by someone who is the real decision-maker. We say that the agent negotiates on behalf of the principal. For instance, a lawyer negotiates on behalf of his client. A CEO negotiates on behalf of her board. As a result, most negotiations will go through a three-step sequence. First, internally setting the instructions given by the principal to the agent. Second, at the table, the negotiation between the two agents. Third, reporting back to the principal. That process creates a tension. The more the negotiator sticks to the instructions he was given, the smaller the probability is to reach a deal.

On the contrary, the more the negotiator shows flexibility on the mandate he was given, the more likely he is to reach a deal and then to be in trouble with his boss. I will discuss this principal-agent relationship in greater details in the third lecture of module three. As a conclusion for now, try and identify these tensions in real life negotiations. Listening and empathy versus speaking and assertiveness, value creation and cooperation versus value distribution and competition, and the principal-agent tension.

Communication and Active Listening

Successful negotiation is a lot about smart communication. The way both the negotiators exchange information should help them establish a working relationship. It should also help them understand each others expectations and motivations and diminish the risk of misunderstanding. That is why proficient communication skills are a driving force behind effective negotiation.

However, effective communication proves pretty complicated. One negotiator might select the wrong information to convey across the table. Besides, the sender is usually convinced that his message is perfectly clear for the other side of the table, which is not necessarily the case. The recipient might perceive this information the wrong way, and be convinced that his interpretation is the only correct understanding. Thus widening the gap between the intentions and the impact on both sides of the table.

In addition, several cognitive biases might further hinder the communication process. Let me name just a few of these biases, demonstrated by social psychology research. The selective perception bias means that the recipient tends to consider only those elements, which corroborate her initial judgement. Through the projection bias, a negotiator imposes his interest, or feelings, upon another, as if they were his own.

Last but not least, over confidence will lead many negotiators to overlook or even ignore critical elements which have been, nevertheless, communicated to them by the speaker. As a result, do take communication seriously.

As we'll see later, communication will be one item to look at carefully when preparing for the negotiation. Now for the time being let me highlight that communication cannot be a one-way street, it must take the form of a dialogue. And this requires two fundamental skills, listening and speaking.

As far as listening is concerned, well there is listening and listening. Here are a few listening modes which are totally counterproductive. Obstructive listening, arms crossed, firm professional expression, staring at the other, now, this listening mode will not help you build a relationship. It will not encourage the other to share more information with you.

Distracted listening is also to be avoided. Fidgeting with your phone, looking elsewhere, simply looking at your watch as soon as the other starts speaking, that's wrong, of course.

Reactive listening, as soon as the others start saying something, the reactive listener interrupts, objects, contradicts, wrong gain.

Directive listening is another mode to be avoided. The listener interrupts the speaker, not to oppose her, but to ask her questions in order to lead the conversation in a specific direction and that also tends to be counterproductive. Good negotiators stay away from this listening modes. Rather they turn to active listening.

Now, here are some features of what we mean by this productive listening mode. Listen with visible signs of attention such as eye contact and nodding, now of course, do not overdo it. Suspend your internal judgement, and resist the temptation to interrupt and object, your turn will come later. Pay attention to what is said but also to what is unsaid. The tone of the voice, for example, take a few notes if necessary unless strict confidentiality is an issue. Reformulate from time to time the key statements of the speaker but, please do not turn into a parrot repeating, if I understand you correctly you said. Invite the speaker to correct if you got something wrong. Ask open and clarifying questions, avoid loaded questions which convey the wrong signal.

Now one last point, while listening, keep in mind this golden distinction, understanding doesn't mean agreeing. As a negotiator, you need to understand the other and it helps to demonstrate that you understand what the other means but that does not imply that your viewpoint is the same. Your own viewpoint, you will explain through active speaking when it is your turn to take the floor.

Communication and Active Speaking

In negotiation, words matter. The right words crafted the right way, at the right moment. Will help you bring your message effectively across the table. The negotiator must be an active speaker, just as he or she is an active listener. And we've known that for thousands of years, actually. Let's remember the three levers of classical rhetoric as analyzed by Aristotle. Reason, passions or emotions and style. The speaker must develop a solid reasoning in order to convince the other. But he should also build on the right emotions in order to persuade the other. And he should choose the pertinent style in order to please the other.

Now building on this classical result of rhetoric, lets look at 10 features of active speech that modern negotiators should keep in mind. First, active speaking is directed towards a specific audience on which it is entirely focused. Do not attempt to speak actively to someone while doing something else at the same time, even on the phone, your interlocutor will hear that you're also watching something on your screen.

Second, active speech is adapted to this audience, talented negotiators do not address different audiences in the same way, always showing equal respect to whoever is in front of them. They try to get in tune with the other side. Be they a senior sales servant or junior sales manager.

Third, active speech is always as concise as possible. Brevity is quality. Keep it simple. Do not overflow the other with a long boring speech. Forth, active speech is precise and clear. Ambiguity usually leads to the wrong interpretation on the other side of the table.

The British diplomat once advised me, never ever be ambiguous, unless of course you want to be. It is only when you know why you should build a constructive ambiguity that you should do so. Feature number five is this, active speech should be iterative. Avoid positional responses such as yes/but, try yes and there's also this to be considered. Instead of separating both sides of the table, you versus I, try and show you consider that you're in the same boat, we, have to consider this.

Number six, active speech relies a lot on suggestions. It is better to suggest and to propose than to impose. What if we did that? If the other negotiator discovers our solution by herself, we reduce the risk that she will reject it.

The seventh feature is also crucial. Active speech seeks positive framing. Several social psychology experiments mainly those of Kreisky and Cayman have demonstrated that people are attracted by positive formulations and tend to reject negative ones. Even though both formulations, positive, negative, amount to exactly the same reality.

In the same vein, feature number eight, active speech focuses on opportunities to be seized, rather than risks to be avoided or challenges to be overcome.

Last but one feature, active speech is orientated towards the future instead of focusing on what happened in the past. The past cannot be changed. What can be shaped is the future. And that is being decided now.

Now let me insist on the last feature of active speech. Avoid lying. There are four reasons why a negotiator should not lie. First of all, because it is unethical. And all of us have to decide which ethical standard we want to live with.

Second, lying is a classic example of a pitfall. I will bring you attention to in the next video. Underestimating the other side of the table. If you lie to someone, you underestimate their level of information. You also underestimate their capacity to check what you're saying, and if you get caught, consequences are massively negative. The deal is over, the relationship is broken, your reputation is in shambles. Third reason, do not lie because they could believe you. What if you pretend that you have a great plan b in order to put pressure on them, and then they reply, well, okay then we are leaving the table. Bluffing will lead you to commitments you cannot deliver. And the last reason why you should avoid lying is because there're all the tools which can help you as a negotiator and which won't backfire such as getting properly prepared.

Beware of instinctive pitfalls

One safe way to make progress as a negotiator is to be aware of commonplace and typically wrong assumptions about what negotiation is about. Analyzing negotiations and debriefing many negotiators has helped us investigate these counter productive assumptions. We call them pitfalls.

First and foremost the typically wrong assumption is that in negotiation, there would be nothing to learn and therefore, nothing is ever learnt. Even at high level, executives tend to rely on old routines and they do not question how they've run the negotiation in order to take some lessons learnt. I advise you to take exactly the opposite view. See any important negotiation as a learning opportunity. That means that in the aftermath of a negotiation, you should take some time to analyze how you did. This post-mortem analysis is two-fold.

On the one hand, what went well and why? This will help you decide whether you've been good or whether you've been just lucky, and this will help you identify your strong points on which you can rely safely in your next negotiation. On the other hand, what went wrong and why? Do not fall into the usual blame game. Well, the negotiation failed because the other didn't understand how excellent we are.

Now, this will help you identify your weaker points on which you'd better improve before the next negotiation. Now, depending on the importance of the negotiation, reflect on these two simple questions. It will take either a few minutes or will require a few hours and you can do this on your own but also with colleagues. Do this in an informal manner and you can be also excellent for teambuilding.

I strongly advise you to open on your laptop a document with a password in which negotiation after negotiation, you will conduct this personal analysis. That is the best way you can keep on improving all your life as a negotiator. You will enter into a virtuous circle. Your analysis will help you focus on the right issues in your next preparation. Thus, helping you achieve better results in the negotiation to be further analyzed. Now another popular and wrong assumption is the natural tendency we all have to underestimate the other side of the table.

Well, it's way safer to take the opposite view. Your counterpart has been selected by his or her organization precisely because he or she is able and competent. So, do not rush to the usual pleasant conclusions such as, well, if they don't understand it's because they're stupid. It might be because you are not clear enough. Or if it gets tense and nervous, it's because they do not control their nerves. No, might be because you do not control yours and you tend to be abrasive.

The third equally wrong assumption is to believe that negotiation is always pure competition. Objective is to win against the other.

Well, the problem is that nobody likes being beaten by the other side. In here, let me highlight a big difference between negotiation and high level tennis for instance. In a tennis match, say in the 2016 final of the Roland Garros tournament in Paris. When Andy Murray realized that he was about to lose the match, he could not tell Djokovic. Well actually, you know what, I'm leaving the tennis court right now and maybe we'll meet year for another try. He had no choice but to lose. Negotiation is different. The side who is under the impression that the deal is not going to be good enough. Is able to leave the table and say no deal. I'm not losing and you're not winning.

You see, together with my team we've done business in over 75 countries of the world. We've never yet encountered the bizarre tribe of people who will be happy to lose so that you can win. It might be naive to think that win-win approaches are always possible but it is certainly very naive even infantile to expect that the other will accept to lose so that you can win.

The next wrong assumption will help you address the former. Many people believe that negotiation is only and always about concession-making. They believe that it can only be a zero sum game. What he wins, I must lose and vice-versa. That reality is different. Negotiation can help you create value. What I need I'm not always obliged to take it from the other. I can create it with the support of the other. And the other will accept to help me on this point because she knows that I will help her do the same on another matter by way of reciprocity.

That is why we need also to avoid another pitfall. To believe that there is always only one solution and of course it's mine. No, the game usually more open. We need to refrain from judging too early what's good and what's not. Creativity matters in negotiation.

The next pitfall is unfortunately a very commonplace. A sharp preference for short term at the expense of longer term opportunities. Here, negotiators need to distinguish two cases. One the one hand the so called one-shot negotiation, a simple transaction where nobody really cares about continuing the relationship in the future. And on the other hand the normal business situation where the longer term matters enormously.

When we have acquired a new customer, we want to keep him on the long term. When we have identified a reliable supplier, we want to secure her on the long term. Same thing with any business partner. So most negotiations have a long term horizon packed with opportunities which should not be lost because of short term temptations.

One more pitfall, well, to believe that business is business and therefore, it's worth behaving like a bully in a negotiation. Well no, not simply because it's impolite and unethical but also because it doesn't work so well. There's a fascinating field of research on so-called procedural justice. And basically results point at the following conclusion.

For a given proposal people tend to accept it better if the proposal stands out of a process in which they felt respected, had a say, could voice their concerns, etc. On the contrary, the very same proposal stemming for a process they felt uncomfortable with, they will tend to reject it. So, there is a premium for negotiators who managed the process in the way which is respectful of people. And the last pitfall is something we called negomania. Some people believe that everything is negotiable. Well, precisely, no. And good negotiators know how to draw the line between what's negotiable and what is not. This will be one objective of the preparation of negotiation.

Part II

Develop a systematic preparation method

Demonstrate how to prepare for the three fundamental dimensions of any negotiation: People, Problem (substance) and Process

Preparation before Action

As a warm-up, I would like you to take just a few minutes and answer the following question: What are, according to you, the typical factors of success for a negotiator?

Probably some of you wrote down preparation, and you're right. Maybe others wrote down other points such as sharing the right information, knowing who your opposite number is, identifying your red line, having a sound reputation, packaging solutions the right way, etc.

Now think again, all these brilliant ideas share one common feature: you need to take care of them before you reach the negotiation table. Otherwise, it will be much more delicate to improvize when you sit around the table. And indeed, all these ideas boil down to the same fundamental principle: preparation before action.

As Roger Fisher used to say, there are three keys of success in negotiation: prepare, prepare, and prepare. Now the question is, how to get prepared? How to make sure you get ready for a negotiation even though you might not have a lot of time available?

This part two will focus on this crucial topic, proposing a method of preparation which has proven highly reliable. Indeed, this method has several advantages. It is useful whatever the context and the object of the negotiation in question, buying and selling, managing a joint project, solving a dispute, etc. Two, it brings results whatever the time available, from a few minutes to several weeks, according, of course, to the importance of the negotiation. Third, you can use it on your own or with the whole team to prompt joint brainstorming. And as you will see, this method builds upon the three dimensions of any negotiation which have been introduced in module one. It is structured as a system of 10 elements.

We've tried hard to identify the missing 11th element, and so far nobody has found it. So as a result, we're pretty confident that this list of 10 points is fully complete.

The first dimension is about people – who is involved? – in which there are three elements. First, who will be around the negotiation table? Let's evaluate the personal relationships existing between them. Two, who is above the negotiators giving them instructions which must be respected? As these people are the real decision makers, that's what we call the mandate. Third, who is neither around the table, not above the negotiators, but somewhere else in the landscape and holding a stake in the negotiation which will take place without them? We call them stakeholders. The second dimension is about the problem – what is at stake? – in which four elements should be considered in the preparation. What are the objectives, the priorities, the needs, the motivations to be fulfilled?

Next, what solutions could satisfy them at the table? Next, which justifications could help support the solutions I want to keep in the deal? And last, what is my plan B should the negotiations stop? This we call this solution away from the table. The third dimension is about process – how do we run the negotiation? – in which there are the three remaining elements. Organization. How do we organize the negotiation? Communication.

How do we process information exchange? And last but not least, logistics, the material environment for the negotiation.

Now, two more things. On the one hand, I acknowledge that such a preparation method can look pretty complicated at first sight, but just like any new tool, the more you use it, the more familiar it gets and the more effective it becomes. So go ahead, practice, practice makes perfect.

On the other hand, the very spirit of this negotiation method in order to get prepared is not to build a fort, lock yourself into it, and then not move out of it whatever happens at the negotiation table. This sort of positionalism, as we called it in module one, will not bring you very far.

The purpose of preparation is, rather, to decide which useful stuff you need to put into your backpack before entering the jungle so that whatever the opportunity, you're able to seize it, and whatever the surprise, you're better equipped to cope with it.

People dimension : 3 elements to be prepared

Remember, whenever we negotiate about things and problems, we actually negotiate with people and this is the first dimension of any negotiation. In this people dimension, there are three points to look at; the first one is personal relationships between the people at the table. You should build a diagnosis of the existing relationship between the negotiators, and there are three basic situations.

The first situation, which is very commonplace is this, you're going to negotiate with someone you've never met before, and given that this is the first time you're meeting with that person, whatever you say first will have a very powerful impact on that person's impressions, and what you say therefore has to be very good and extra care in preparing communication should be made. That first impression is going to be lasting impression.

On the other side, your own perceptions might be biased because of assumptions, or cliches and stereotypes. Show benevolence and grant the benefit of the doubt. Make sure you have enough time to introduce each other. Build a minimum working relationship before entering the substance. In the second situation, well, you already know the person you're going to negotiate with. You've established rapport, you trust each other and your relationship is one of respect. Fine. If this is the case, then check twice, then you may move on rapidly to negotiating.

The third situation is little trickier. You've already met the person before, but there was a problem and this affected your relationship. Research shows and practitioners confirm that in this case, you must try to do something about it to stabilize the relationship before attempting to address the substance of your negotiation. Otherwise, whatever you say or put on the table is likely to be negatively rejected.

Lee Ross, demonstrated the power of this cognitive bias which he termed reactive devaluation. So, providing explanations or even an apology for whatever happened, bringing a small gift could help mend the relationship, and if you suspect that the situation is even worse, then it is in your own interest to consider changing the cast for this negotiation.

The objective is not that you do the negotiation, it is that the negotiation is properly done if need be by a colleague of yours. A last option would be to bring in a third party, to act as a go-between between the two negotiators. The second element to look at in this people dimension is the vertical relationship. Who is above your head? Setting your negotiation mandate.

The instructions that you must absolutely respect in the upcoming negotiation. You need also to identify who is above the head of your opposite number at the negotiating table. Beyond that negotiator, who will actually be the true decision-maker to be convinced at the end of the day? And this notion of mandate is so important that we will address it properly in a special video part of module 3. Third category of people, stakeholders. This people, or entities, or organizations are not at the table. So, it's easy to forget them, but they hold a stake in the discussion which is about to take place without them, and there are two main reasons to identify them in your preparation.

During the negotiation, they could side with either side of the table, thus shifting the power balance. Imagine a simple example. You're about to join a meeting in which you would like to promote a project dear to your heart. Looking at the list of attendees, you realize that several of your friends won't be able to attend this meeting. Call a few of them straight away saying, "I'm about to send you an email asking what do you think about project X. Please email back saying you'll support it". And If a couple of them are able to respond, print out the emails and bring this with you at that meeting table. You no longer isolated, thanks to this coalition involving stakeholders.

What's more after the negotiation? Stakeholders can usually support on the contrary impede the smooth implementation of the deal, and the purpose of a negotiation is not to reach a deal, it is to reach a good deal that will be implemented. As a result, it is wise to try and anticipate the negative reaction of an important stakeholder in your ecosystem. In order to get more familiar with his three categories, think of a recent meeting you were involved in. Who was at the table? Who sent you to this meeting? And to whom you had to report to afterwards? And who was not in this meeting, but could or even should have been because of the stakes?

Problem dimension : Motivation

You should never forget what negotiation is about. We negotiate, that is we spend time interacting with others, because we need to achieve something and we think we can achieve this in a better way with the consent and the input of the other side of the table, rather than on our own.

As a result, the preparation must help you get the clearest possible understanding of what you want to get from a specific negotiation. There's no way you would reach your objectives if you do not know them in the first place. Now, here, let me go into a little bit of terminology.

Most negotiation scholars have used two terms, objectives and interests. However, analyzing tons of negotiations, and discussing with many high level negotiators, brought us to the following conclusion.

Objectives are not that objective, as they tend to include a fair amount of subjectivity. Similarly most negotiations stakes are not simply but the maximization of quantitative interest by supposedly rationale individuals.

Real negotiations are far more subtle and complicated. Negotiators are moved by many other deeper things than objective interests. This can be principles of ethics or emotions such as anger or fear.

That is why we've decided to use the word motivations. Deep inside, which motivations do I try to fulfill through a negotiation? And because it takes at least two to negotiate, what do I know about the motivations of the other negotiator across the table? Here, you must try and dig as deep as you can.

You need to uncover below the superficial position, I want this, your deeper motivation. Why do I want this? And you need to do the same for their motivation. Why do they ask what they ask?

Let's take a simple example. Imagine two partners in a startup. They're negotiating their share of the assets. Both of them insist on having more than 50% of the shares, which is clearly impossible. And that leaves no zone of possible agreements. However, digging deeper to understand the core motivations underlying these positions might lead to this. One negotiator's motivation is control. She wants to have the final say on strategic decisions. The other negotiator's deep motivation is return on investment. He wants to have more as he considers his personal investment in the company will be greater.

Once this has been clarified, a mutually satisfactory solution is within reach, to distinguish non voting shares. So that one negotiator yields more revenue without having control over the company decision-making process.

Understanding these deeper motivations is absolutely crucial for the negotiator. Indeed, maybe you can not give away, what they asked. That's their position. As a result, the negotiation would stop and fail. But if you manage to understand why they wanted a core motivation, you may manage to put on the table another solution, which is in line with a deep motivation, that they had not thought of, which you can afford, and you're allowed by your mandate to give away. And provided, of course, that you get something in return by way of reciprocity.

As a result, in your preparation time, you must think hard to identify your motivations, what you need and why, and their motivations. Or what they need and to the best of your knowledge, why? Usually, you don't have lots of information here so it is useful to prepare the right questions to ask. And do not forget to identify the motivations of relevant stakeholders. People who are not at the table but they hold a stake in what is about to be discussed without them.

Doing this might help you identify shared, and compatible motivations. It is in both negotiators' interest to conclude the matter in a swift and discrete manner, for instance. And this should be addressed first in the discussion, as they will help build trust for later. One last thing. Sometimes people ask, what's the difference then between motivation and the mandate? Well, it's pretty simple. The motivation is, I'd like to go as far as possible in that direction while the mandate is, my boss expects I go at least that far, and this red line I must absolutely respect.

Problem dimension : Solution at the table and justification

Once true motivations have been identified, the next step in your preparation is to imagine which solutions could be traded at the table in order to satisfy these motivations. Yours of course, but also theirs to a certain extent as you would need their agreement in the end.

Let me highlight three important things about solutions at the table. First, there is no unique solution. Usually a combination of various solutions would help address the different motivational sake. In most negotiations, we need to build a package deal.

It is usually in your interest to have as many variable as possible. For example, within the framework of the recruitment negotiation, the salary, of course, but also the bonus, timeline, trial period, relocation package, whom the person reports to, task sharing with the assistant, resources, project, whatever. Second, solutions have to be invented. Do not rely only on the usual routines and on the obvious solutions jumping into your mind. Brainstorm, there's a premium for creative negotiators. Third, small solutions will help you create value at the negotiation table.

As a negotiator you must try and trade solutions which do not cost you a lot, but bring value to the other side of the table and get by way of resiposity solutions which bring a lot of value to you but do not cost too much to the other side. If both negotiators give away solutions which cost them less and the added value they bring to the other side the result of this trade off is a net creation of value. And that is how negotiators enlarge the size of the pie.

As a result, in your preparation time, ask yourself the following questions. Which solutions could I put on the table? Which solutions could I ask the other to put on the table or expect him or her to put on the table? Which solutions could be brought into the discussion by stakeholders?

Also, start preparing the tactical side of the negotiation. Which package of solutions should I put first on the table in order to anchor the discussion around it? Which concession path should I have in mind? Which solution to add to the table or remove? And the same on their side. And what is the ultimate thing you will throw on the table if need be and only if need be?

Once you have identified good solutions at the table the next question is, how to keep them on the table to be included in the final package deal? There are three ways a solution would be accepted by the other side. The first and easy way is this. The solution is mutually satisfactory. It is in line with your motivation but also with some of their motivation, fine.

Now, what if a given solution is not in line with their preferences? It is time to identify, on another item of the negotiation, a solution which they want, but which you do not like. And then you agree on the trade off. Either you get the solution and I get mine, or we both say forget about them.

Now, what if this does not work? The third way is about the very core of negotiation. Convincing the other side. People will be convinced not because you yell at them, not because you cry, not because you repeat please, please, please I want it so much.

You know the negotiators will be convinced because you built a demonstration. Thanks to objective points of reference which nobody can easily deny. And these we call justifications.

Typically, justifications will be based on a precedent. I'm asking you this because last time that's the way it was solved. Second, benchmarks, statistics. Market surveys show that blah, blah, blah. Third, the law. We've looked at the jurisprudence and the law says that in a case like this blah, blah, blah. That is what the judge would say. So either we agree on a similar thing or we go to court and then the judge will tell you that blah, blah, blah.

Justifications may vary depending on the context and the subject of negotiation, but the overall idea remains the same. Nobody can deny that and therefore solution must be in the agreement. Justifications will also help you as a shield it will enable you to refuse the other solution. Not because you don't like it, although that maybe the case of course. But because there is a legitimate reason to take it off the table. And referring to this external reason, will also help you maintain the relationship with the other side. I'm not saying no, but the facts X and Y justify that we do no include this option in the final deal.

Problem dimension : Solution away from the table

What will you do in order to fulfill your motivations, if the negotiation fails or if the other leaves the table, or if you want to stop the negotiation. Similarly, what could the other negotiator do on his or her own. While preparing for any negotiation, it is crucial to think about this questions.

You must identify what we call, your Solutions Away From the Table or SAFT. You could call this your plan B or your fallback position, the idea remains the same, what will you do on your own, if there is no longer any possible negotiation with the other side. In a popular book published in the early 1980s, "Getting to Yes" Fisher and Ury mentioned a similar concept. The best alternative to a negotiated agreement or batten up.

Now strictly speaking though, the best alternative to this negotiated agreement could be another negotiated agreement. So, there's a slight contradiction in the wording, never mind. Why is it crucial to know your solutions away from the table or SAFT? There are two main reasons. First of all, a negotiator should not accept a deal which is less interesting than his or her plan B. To put it differently, there will be a deal only if the solutions traded at the table are more interesting than the solution away from the table. This is a very important notion. At the end of a negotiation, if a negotiator compares the potential compromise on the table with the high expectations that he or she had in mind when opening the negotiation, well, the compromise is likely to look disappointing. But this is not the right comparison.

A negotiator should compare the package of solutions at the table with the reality, not the initial dream that he or she will be stuck in when leaving the room without a deal. Usually, that comparison makes the compromise look brighter. As a result, to increase your chance of convincing a partner, you may want to engage him or her into that discussion which we call the reality check. Maybe you're not entirely pleased with the solutions we put on the table, but what if there is no deal.

What will we do? What will you do? So, identifying the SAFT will help each party judge any solution at the table and nobody's likely to accept solutions at the table which are less interesting than the SAFT. But nobody should turn down solutions at the table, if they are more interesting than the poor mediocre plan B. This leads me to the second reason why it is crucial to identify your best solution away from the table because it is the main ingredient of the power balance around the table.

The powerful negotiator is the one who can afford to leave the table with no deal at a smaller cost for herself than for the other negotiator. To put it in a nutshell, the most powerful negotiator around the table is the one having a better plan B than the other negotiator.

Indeed, if I know that I have a very comfortable plan B, my opposite number will have to match this with even better solutions at the table. I will be able to have demanding requests conversely. If my SAFT is poor that whatever solutions the other negotiator throws on the table, I'm likely to consider them better still that hopeful fallback position. This is even more valid of course if my counterpart happens to have some sort of ID of what my SAFT could be. That is why in the next video, we'll need to prepare for information exchange. So, remember your SAFT will increase or decrease your power in a negotiation.

The more comfortable your SAFT is, the more you can afford to be demanding at the table and the other party will have to match your expectations otherwise, you will turn to your plan B. Conversely, if you're SAFT is mediocre then he will have to accept pretty much any solutions thrown on the table by the other side.

For all these reasons in important deal making, you should also try and improve your SAFT while negotiating with your primary target. In your preparation, in order to determine your SAFT, ask yourself the right questions, such as what can I do apart from the negotiation in order to satisfy my motivations? What should be all the consequences of each of these SAFTs? Which SAFT best satisfies my motivations? To the best of my knowledge, what can the other party do without me? What will be the consequences of his or her SAFT for them and for me?

Last but not least, which questions should I ask the other in order to have a more precise idea of their SAFT? Now with this seventh element, we're done with the problem dimension on the preparation.

Process dimension : 3 elements to be prepared

This important dimension includes three elements to be prepared; the organization of the meeting, the communication, how do we process information exchange, and the logistics aspects. So, first of all, the organization of the negotiation is essential.

There are two scenarios you don't want to go through as a negotiator. One of them is that nobody, neither you nor your opposite member, has thought about how to best organize the meeting. The negotiation is likely to be chaotic, and this will not help you achieve your objectives. Another scenario, even worse, is that you didn't plan for that organization, but the other side did and organized everything the way they want things to happen. You've not yet started talking on the substance, and yet you've already lost some ground.

As a result, do not go to an important negotiation without considering the next organization issues. How long will we have at the table? The negotiation is likely to be very different depending whether you have 20 minutes with your target or two hours. Any specific deadline on my side or on their side? Imagine that the opposite number needs to report their sales results on a quarterly basis and that we're just a few days away from the end of this quarter. They're probably eager to close the deal before the deadline.

On the contrary, if we are just at the beginning of a new quarter, they might be under the impression that they will have plenty of other opportunities to reach their sales target hence no need to make special effort for you now.

Next, how should I structure the agenda? This is highly tactical. The agenda is the list of points to be discussed and you may want to keep some out of that list. Think carefully about this perimeter. An agenda is the order in which points will be discussed. You may want to start by a specific item and not another. How would we proceed along this agenda? There are two main approaches. On the one hand, there is the so-called Salami technique in which we address point 1 on the agenda, settle on it, and then move on to point 2 until we reach the end of the agenda, but there is no coming back on previous points.

On the other hand, there is the package deal approach in which nothing is decided until everything has been discussed. This method looks more unstable and creates somehow uncomfortable feeling of uncertainty. However, it proves far more effective as it helps negotiators organize trade-offs. Last element but one, communication. That is one of the keystones of any negotiation. You cannot negotiate without listening and without speaking, but you need to listen to obtain useful information. So what kind of information do I need, and how can I get it? I need also to speak in order to provide information.

You must ask yourself how you would present your case especially taking care when no initial relationship has been established, and that first impressions will be important. It is also a lot to do about how you manage information sharing. Typically, preparation questions will include identifying must do's. What must you say? That is the point you will not leave the room without saying. What will you never ever say because it constitutes your weak points or your mandate instructs you not to share any information on it? What is the information you need that you don't actually have and that you have to get?

Consequently, what could be the right questions to raise? Beware of negotiators who ask lots of questions. They know their stuff. Vice versa, what are the questions that they're going to ask you and that you might not feel very comfortable with? It is these questions that you especially need to anticipate and prepare. The very last element to our preparation method is logistics. Logistics is also a very important aspect to consider, and experience shows that neglecting this aspect, which is pretty down to earth, can be a factor of failure in negotiation.

Logistics means the equipment, material, the environment that we have to think about. Could include protocol issues, the choice of the place, the choice of the meeting room, the seating arrangements, the furniture, whether you need to take any samples along for demonstrations, enough copies of documents, and whether screening is required, beamer, to name just a few factors. Imagine the very important negotiation to be held at your client's place.

You've prepared very carefully, and on your way, you realize it is going to take actually way more time than expected because you didn't anticipate such traffic on the road. This is stupid, but it can be anticipated. Now, all this equipment, material, environment should not hinder the negotiation, but help the negotiation proceedings and therefore, has to be effectively prepared. It is also important to take into account the cultural differences if any. In some context, the etiquette and the formalities of the environment will be crucial for logistics. It is not simply about equipment or the organization of things, it is once again about showing respect for the other side in the negotiation.

All these ten elements, they click together. For instance, if you realize that the people in front of you will be very formal, you need to pay extra care to the preparation of the organization. Clear agenda to be sent beforehand, et cetera.

Part III

Analyze the typical factors of failure in negotiation and develop proper responses

Analyze and overcome tensions encountered when enforcing a negotiation mandate

Employ techniques to create value at the negotiation table

Use communication and share information in an efficient way

Determine how to respond to hard bargaining tactics

What makes a good deal ?

How to evaluate the quality of a deal? At the end of a negotiation, you have to decide whether to say yes or no. Either you accept the deal and then it is a serious commitment for yourself and for your organization, or you say no to the deal and you will have to do with your solutions away from the negotiation table. Either way, you will be accountable. Either way, you don't want to regret the wrong move.

So, when the potential deal is on the table, do not rush to the conclusion. Deal or no deal? Step back and think. Remember that the purpose of negotiation is not to reach a deal. It is to reach the best possible deal. Indeed, there are bad deals to which you should have said no too. As a result in the last stage of a negotiation when the potential deal is on the table, I advise you to go through the following checklist, which can really help you make the right move.

This 10-point checklist is based on the three dimensions of any negotiation, which we have identified earlier. People, who is involved in this negotiation? Problem, what is at stake in this negotiation? Process, how do we run this negotiation? On the people dimension, three checks. First, check that the negotiation has maintained, or improved, the relationship between the parties around the table. If this deal is at the expense of the relationship, it could be the last deal you ever make with this partner.

Think long-term. It is still time to do something to improve the relationship, and this we call sweeten the deal. Second, check that the deal is within the instructions of your mandate. Usually, we negotiate on behalf of someone else, our boss. Are we sure that the deal respects the instructions we were given. Third, check that the deal takes into account important stakeholders, people who are not at the table, so it's easy to forget them, but they are important for their successfulness, smooth implementation of the deal. There is still time to factor them in.

Now, on the problem dimension, four checks. Check, of course, that the deal satisfies your motivations. What really is important for you? Usually, people do not forget this one. Five, check that your motivations are better satisfied with this deal than they would be with your plan B, your best solution away from the table. Otherwise, you're wasting your time. Six, check that the solutions at the table create as much value as possible. Do not leave value creation opportunities on the table. Other ideas may still be included in the deal to make it even more interesting, maybe for both sides of the table. Seven, check that these solutions can be explained, thanks to objective justifications. Your hierarchy will ask you why the deal looks like this.

For instance, why eight percent in a certain contract clause. You cannot simply answer, "Well, because we thought with the other guy that it was a really nice number." You must be able to provide the reason why you ended up at eight percent. Maybe specific stakeholders will also ask you similar questions, and you have to give a rational explanations.

Now, on the process dimension, three last checks. Number eight, check that the implementation of the deal is clearly organized. Who does what, when, etc. Failing to agree on the organization of the execution of a deal means organizing a future failure. Nine, that's why you need to check also that there is no misunderstanding. Communication should clearly state rights and obligations of each side. You may also want to discuss communication towards third parties and stakeholders on a given point of agreement here.

Do we also agree to let it be known by others? Or do we agreed to keep it as discreet as possible? This may open new room for negotiation. Last but not least, number 10. Check that the logistics again is ready for the final validation and signature, especially in some cultures, a ceremony will be held or drinks will be shared, and you do not want any logistical details to be in the way. If you want to know more about this important issue in negotiation, read chapter eight of our book, The First Move. Remember, the purpose of a negotiation is not to reach a deal. It is to reach a good deal. Evaluation before decision, that makes the whole difference.

Why negotiation fail ?

I would like to discuss with you two crucial questions for any negotiator. Why do so many negotiations fail? And what can you do to avoid this? We've all been confronted with this situation. We've prepared hard for negotiation, we spent time at the table, and in spite of our efforts, we have the growing impression that this is going nowhere.

Is no deal the only way out? Certainly not. When you think that there's going to be no deal on the table, step back for a second and analyze why despite your efforts, there is no deal. There might be a good reason, a reason that, like it or not, you have to accept.

In this particular negotiation, there could be no zone of possible agreement. No ZOPA as we call it. Maybe there is no ZOPA because the mandate, the instructions both of you got from the bosses do not overlap. Maybe there is no ZOPA because your motivations, your priorities and theirs, are strictly at odds. You both want the same thing and for the same reasons.

Sometimes there's no ZOPA because the solutions away from the table, your plan b, or theirs or both is better than the solutions anyone can provide. Nobody can match the others plan b. In these three cases, there is indeed no need to waste for the time in the negotiation. Better to close the discussion politely and maintain the relationship for future opportunities. However, research shows and practitioners confirm, that in many cases negotiations come to nothing although a deal was possible. There was a ZOPA, but negotiators failed to find it.

That's why it's essential to understand the typical factors of failure in negotiation, and of course, how to cope with them. So let me introduce ten of them, as they appear when analyzing failed negotiations. First and most common reason is probably this one. The relationship between the negotiators is so damaged that they fail to interact properly. What can be done? Either improve the relationship before addressing the substance or change players on both sides. Or involve a third party, a mediator.

Second, negotiators may fall into the trap of the so-called Gorilla syndrome. They try to impress each other so much that rapidly the relationship is damaged. And similarly, negotiators try and impress their boss, they wish to exceed the objectives, that their boss, gave them, to the extend that in their perception, the ZOPA disappears. What to do, stick to the facts, focus on the real objectives and do not try to impress anyone, as it usually backfires. Third, the key player is missing at the table. Without his or her input, you cannot close the deal. The solution is simple. Identify and then invite this relevant stakeholder for part of the negotiation.

Fourth, true motivation and needs have not yet been properly understood. So dig deeper. Improve information-sharing to help your counterpart better understand why you need something. And help your opposite member do the same through using active questioning. Number five, no deal sometimes because no satisfactory solutions have been found at the table, yet.

It is still time to try and be more creative. Solutions have to be invented and engage into brainstorming. Is that all? No, there's a few more to come. Factor six, excessive anchoring. Negotiators started with extreme demands. Which of course can not be met. And now they're stuck with them. The solution is for you to back your demands with objective justifications using benchmarks and non-deniable facts. And then you stick to them.

Seven, the process is chaotic, no agenda, no rules, no working methods. Stop discussing the substance and set a process first. Eight, running out of time. You did not anticipate how much time you would have or you've wasted it. Solution is simple. Prepare better in order to focus on what must be said in a concise manner. Always ask at the beginning, how long do we have for this meeting? Nine, running out of steam. People around the table are getting exhausted. Because of that, they start making mistakes. So, it is better to stop. Go for a break. Get some fresh air. And then, start again.

Ten, the environment is not adequate. You're meeting in an office and you're constantly interrupted by colleagues or the telephone, and the impact can be disastrous on your opposite member, who doesn't feel he's getting the consideration he should get. So the solution is simple, take the logistics seriously, look around, find a better place.

So remember, whenever you feel there is going to be no deal, stand back, analyze in order to understand why there is no deal. And you will usually recognize one or a combination of several of these factors. And then, see how to implement the antidote. It might not work. But if you not try, it will definitely not work and you will remain in the stalemate.

Lastly as a general rule, do not expect to conclude a negotiation session on the binary mode, either no solution or a solution for everything. In important deal making, there will usually be a step by step progression. Agreement to meet again, and on certain process. Maybe later you will have the agreement on the disagreement, which is a very important progress.

Later on you will have what we call partial agreement. We agree on clause four, six and seven, but on the others we disagree. Contingent agreement. There will be an agreement if certain conditions are met. And then at some point, you will reach the final and comprehensive agreement.

Negotiation on behalf of others : respecting your mandate

Most negotiations that take place in the professional environment are indirect. The negotiator intervenes on behalf of someone else. A manager negotiates on behalf of his or her boss. A lawyer negotiates on behalf of his or her client.

Even the CEO will negotiate on behalf of his or her board. That means that, the negotiator cannot do whatever he wants at the table. He's what we call an agent and must respect the instructions given by his boss, whom we call the principal. These instructions are what we call the negotiation mandate. As a result, most negotiations involving agents will follow a three step sequence. First, getting instructions from your boss.

Second, negotiating while respecting this mandate. Last but not least, coming back to your boss and explaining what you got from the negotiation. In important negotiations, step one and three will be very formal. In many other negotiations, they tend to be informal or even non-existent. Nevertheless, they are always crucial for you as a negotiator. Before the negotiation, get the right mandate. Be clear and firm on the motivations, the objectives, the priorities and also on the no-go or red lines not to be crossed in any case. But be reasonably flexible on the solutions in order to let the negotiator maneuver at the table.

During the negotiation, do not forget the limits of your mandate. And then back from the negotiation, be prepared to convince your principal. He or she might be disappointed with the results of the negotiation. You will need to sell back the results of your negotiation.

Now, consider again these three steps sequence and the two sides of the table. How many agreements do we need for a negotiation to reach a happy ending? We need five agreements. First, you need to agree internally beforehand on what is to be achieved within the organization. Two, the same should happen on their side. Well, try and negotiate with someone who disagrees with his or her boss, complicated. Third, of course you must agree together at the table. Four, back to the office, you need to convince your boss to endorse the deal. And five, the other negotiator needs to do the same. And that means something important.

If you are so good at the table, that you leave nothing interesting for the other negotiator, how can you explain him to be able to convince the real decision maker, his boss? Here, remaining fair in striking the right balance at the table is also a condition for effectiveness. Now in this video, I would like to insist on the most important part for you as a negotiator.

How to avoid a deal which is out of your mandate? Because as a negotiator, this is equivalent to committing suicide. So let me highlight the typical reasons why negotiators go out of their mandate. And here are the reasons analyzed by practitioners and researchers. The most commonplace factor is lack of preparation. In many daily negotiations, you will not have a formal step one with your hierarchy. You will simply do the job the way you think is best. Does it mean that you have no mandate and that you can do whatever you want? Well, of course not. You need to identify yourself in your preparation what the red lines are likely to be.

So, prepare, prepare, prepare as usual. Another factor is lack of understanding. They are pretty funny experiences showing that nobody wants to look stupid in front of his or her boss. When the instructions are not understood, people prefer to pretend that they get them right, hoping this won't be too important in the negotiation. Avoid that trap. Better to ask for advice before. Similar is the situation where the mandate was unclear. Again, take step one seriously and clarify your mandate.

A more difficult factor is this, the mandate is unrealistic. You understand it, it is clear but it is really overestimating the target. As a result, you should negotiate your mandate to make it more reasonable which means that you need to get prepared for step one in order to provide your boss with the real information.

Now, what if the mandate is a free-hand trap? Your boss tells you, "Well, now that you've been through that training, you're so good, so go ahead the way you want." Now the risk is that, you negotiate the way you want but that in step three your boss tells you, "What? This?" And no matter how many time you mention, "Well, but you told me free-hand, do it the way you want," in the end who's right? Your boss. As a result, it is better to be prepared and as we say, write your own mandate. You study the negotiation ahead of you and you draft a nice memo which you send to your boss prompting some feedback.

Either you'd get the feedback and now you have a formal mandate, or you do not get this feedback but you are in a safer position because you had warned your boss. Another classic case is, a situation where the negotiator wanted the deal so badly. The deal was just a little bit out of the mandate, the temptation was so appealing.

Remember, better no deal than a deal out of the mandate. Another classic situation, the negotiators went out of their mandate because they were unable to resist the huge pressure from the other side. Remember your job is to say no, if need be politely but firmly. And what if a new element occurred in the negotiation something totally unexpected, which means that your mandate is no longer accurate? Well, better to call for a break and check with your boss. Easy nowaday with all this new technologies, smartphones and so forth.

Now there is a tougher one. You've got a mandate, you understand it, but you disagree with the mandate. You think it is the wrong approach. You must try and settle this before, by negotiating the mandate in step one. Otherwise, try and be replaced on the basis that if you're not convinced by the approach, you're unlikely to be very convincing across the table. Remember all these points, to achieve better results in negotiating while protecting yourself as a negotiator.

Creating value

Negotiation is not simply about deciding who gets what. That is only the second question that effective negotiators look at. The first and primary question is, how can we create value together? How can we do better than if we stay on our own, without a deal?

Indeed, very few negotiations prove to be zero sum situations. It is usually possible to enlarge the pie on the table. Thanks to a negotiated agreement, either costs can be reduced or revenues enlarged, or all the benefits obtained that none of us could have access to without a deal. And that relates to the cooperative side of negotiation, which we explored in lecture three of module one. Remember the key message, what I need, I do not necessarily have to take it from you. I can try and create it with you.

So how does this value creation process work? The overall mechanism is based on the difference between value and cost. If each party gives away a solution that costs him or her less, then it brings value to the other side. Then the result of this exchange is a net creation of value.

Now, that mechanism is based on two requirements. One is reciprocity. I'm ready to make an effort, which brings value to you, provided you make also an effort, which brings value to me.

The other requirement is an effective exchange of information. Both negotiators need to understand what the priorities of the other are, in order to build meaningful tradeoffs.

One must identify differences in preferences, and then exchange between them. There are other types of differences that must be sought out. Resources differences, what resources do I have that could help the other? And what resources does the other have that could help me?

Differences in time preferences. If a salesperson is in need of money now, she may agree to offer a discount if paid in cash. Conversely, a buyer may be willing to pay more if he's given a longer period over which to do so. There are also useful differences towards risks, or in the evaluation of the probability of a future event.

Imagine a deal between an optimistic concert organizer and a pessimistic venue owner. The concert organizer will accept to pay a high lump sum, together with a small percentage based on attendance. While the pessimistic venue owner will be pleased with this package, even though, if the concert turns out to be a success, he would have got more with a smaller lump sum together with a higher percentage on ticket sales.

As a result, thanks to your preparation and information exchange, explore differences and preferences. One smart way to do this is the technique of multiple equivalent offers. Try and build several offers to throw on the table. They result from different combinations of ingredients, quantity, quality, timing, service, pricing, etc. From your viewpoint, they are more or less equivalent, they cost you the same. However, your counterpart is likely to perceive them as different, in terms of value, and to show more interest in the offer in which the ingredient he values best is more important.

Even when you think that value creation is impossible, try and save on the cost of negotiation. Do not waste time haggling. Try and establish a smart process, transparent enough so that both negotiators rapidly see if there is a zone of possible agreements. And then find a balanced deal.

Now, one last thing about value creation, many negotiators, as soon as they have found an agreement, close the deal and stop the negotiation. And there are several reasons to do so, some are legitimate, or we have other business to get done that must move on. Others are not so legitimate. Most negotiators are under the wrong impression that in a negotiation situation, there's only one possible deal and that they found it. Or they fear that, should they explore other options, the whole thing could crumble down.

If you rush to the conclusion, however, the risk is that you leave value on the table. Another, better deal was possible, but negotiators failed to identify it, and left the table. As a result, when you have identified a deal, put it in writing, get it signed, so that everybody feels safe around the table. And then engage into another round of discussion, while considering this first deal as your shared plan B. Either you manage to find improvements that both of you are happy with, and you would be stupid not to read them, or you will maintain the first deal.

At the end of the day, one challenge remains. The more value you create, the more value there is to be shared. And that's why you need to know how to maneuver your way in the competitive side of negotiation.

The usual bargaining tactics

At the end of the day, negotiation is also about deciding who gets what, how is it distribute across the table the revenues or the cost, etc. The more you manage to create value in the first place, well, the more you need to be good at managing this competitive side of the negotiation, and here, it's important to know the usual bargaining tactics. Let me introduce them here in order for you to avoid using them because they're slightly borderline and they could backfire. They could usually hurt the relationship and they have a short-term orientation, which is contrary to your business' long-term interests.

But, I will introduce them, so that you can recognize them, encounter them if the dark side of the force uses them against you. How to counter these techniques will usually rely on the following three ingredients. First, thanks to your preparation, have as much information as possible. Most manipulative tactics rely on information asymmetry. Second, build a relationship. These tactics or dirty tricks are used less frequently amongst negotiators that have a longstanding relationship. Third, insist on process. This is not how you intend to negotiate and you expect respect and reciprocity.

Now, for each of the following commonplace tactics, I will introduce how they work, the trick. Why it is risky to use them and most importantly how to respond to them. Extreme anchoring is one of the most commonly used tactics. An unrealistic figure is thrown on the table in an attempt to anchor the discussion in a zone that is favorable to one side of the table. Now, if you do this yourself, the risk is that the other party simply leaves the table under the impression that her solution away from the table, is far more interesting than you offer.

Another risk is that she responds with a counter-anchor equally extreme, but on the other side and then you enter into some sort of trench warfare. Now, the best way to handle extreme anchoring is to ask for justifications. Please help me understand how you come up with such a figure. Either it was sheer bluff, there's no justification and then soon another more realistic offer would have to appear on the table. Or it wasn't bluff, and then you may want to consider your plan B. Making the other negotiate against himself or herself is pretty perverse. Imagine you've prepared a proposal in order to impress a potential new customer.

In the first meeting, they tell you something like, well, probably you send the wrong document because this is so much below expectations that there's no point discussing this today. But, to give you a chance, why don't we meet in two days and in the meantime, you send us another better, serious proposal. Be prepared for this scenario because most people will simply go back home and try to repair, improve the offer.

So, they're losing ground, but they've got nothing as reciprocity. So, be ready on the spot to ask for a counteroffer from them, or at least try and grab for information, help me improve my first offer by discussing now why it is not up to your expectations. Another classic technique is linkage to add non-related issues. It consists of pooling a new demand out of nowhere and linking it to the existing stakes on the agenda. It usually works well because the other negotiators remain focused on the initial perimeter of the negotiation and they have not prepared anything about this unexpected new item.

There are two ways to respond to linkage. If the power balance is comfortable, you may want to answer, "Well, I beg your pardon, but we had agreed to discuss a, b, and c, so the discussion will remain around a, b, and c," full stop. But, if the power balance does not allow you this approach, then try to propose, "Well, I'm perfectly happy to discuss this new item d, and in order to give you fruitful answers on d, I need time to confer with my colleagues. So, gain time to see what d exactly means or costs.

A fourth commonplace tactic is the so-called red herring. A negotiator might pretend that a certain item is essential for herself, when in fact it is not. That is the red herring and later in the discussion, that negotiator will painfully accept to forget about this item. In exchange, of course, for a concession on your behalf, which was her real target from the beginning. I strongly advise you not to use the red herring technique because you might well end up with the item you pretended what's so important for you. If you suspect that the other negotiator is making you run after the wrong target, be curious and dig deeper. Why do you want this? If legitimate motivations appear in a clear manner wasn't a red herring. If it remains blurred or illogical, there's probably a red herring.

I will introduce four more ugly bargaining tactics and how to counter them as true negotiation G dice. The good cop-bad cop tactic is inspired by investigation techniques. Whereby one inspector bullies the suspect while the other seems friendly in comparison.

This technique does not work so well when the good negotiator and the bad ones are together in the same room at the same time, unless they have rehearsed a flow less interaction, then don't do that. Imagine the following scenario, you go to a meeting with a potential client. You encounter the bad negotiator, who bullies you and has very high demands.

The meeting is not productive. You're just exhausted and in the end he yells at you, "Okay, then let's meet next week, same hour, same place." In the meantime, you hardly sleep. You get increasingly petrified, and then that day, already shaking and sweating, you enter the room and meet with another negotiator, the nice one. Of course, his demands are still very high, but you rapidly understand that you'd better close the deal with him today, otherwise, in the next meeting, you will have to deal with the awful colleague back in town. That sequence creates a contrast on the people dimension, so that you forget that on the problem dimension, the demands remain pretty much the same.

Now the best way to handle this situation is, don't be impressed. Do not mix people and the problem dimensions. Stick to the facts. Insist the rule of the game such as mutual respect, and if your plan B enables it, leave the room in the first meeting. My hands are tied. Many negotiators have heard this sentence. The other negotiator pretends that he can no longer make any concession because he has reached the limits of his mandate. "I would love to help but my boss won't allow this." Do not play that game yourself as you will appear as the wrong interlocutor with too little empowerment to negotiate effectively.

What if the other plays that game? Kindly say, "Okay okay, probably we've done our best within our instructions, it is time for my boss to call your boss." Either the opposite number was honest and has reached the limits of his or her mandate, or he was playing a game with you, and the last thing he wants to happen is that his bossed has to handle something with your boss that he was supposed to be doing.

So his hands will magically untie. The ultimatum is another classic. The other negotiator tells you, "Well, I haven't any time left, my last offer is 100, take it or leave it." What to do? First, resist the temptation to say, "Well then if you say so, I'll leave it." Now, the first reflex must be to compare this 100 at the table with your best solution away from the table. If you're SAFT is 98, you may take the 100, but if your plan B is 102, you may leave it.

Once you've done that comparison, there's a better way, even if your SAFT is 102. Thank the other for his last offer and then put on the table, your last offer, 105. It is not unlikely that that the other was bluffing and that he will take it or you might settle somewhere in the middle at 102.50 which is still higher than 102. Remember, the best way to handle an ultimatum is a counter ultimatum on better terms for yourself.

Now the last tactic in this video must be of course, the famous icing on the cake. At the last minute, when the package deal seems accepted by both sides, the other negotiator will say, "Well, actually I would like you to add some icing on the cake, otherwise I'm not signing." This is a last minute rather small concession and most negotiators will give in for fear that the whole cake collapses. But there is a better way. Illustrating the great negotiation principle of reciprocity. "I'm perfectly happy to add some icing provided you add a little bit of whipped cream." Either he says yes and then both of you have jointly created further value, or he says no. The icing disappears and you've been constructive all the way through.

Part IV

Plan the necessary sequences of a negotiation and organise them effectively in scheduled phases

How to build the right negotiation sequence ?

How to put everything together. That is how to build the most effective negotiation sequence. How to start, what to continue with, why, and how to end.

In order to help you run the right sequence, I will show you two different tools. The first tool is rather simple. It builds on the ten preparation elements. Take a few seconds to remember all of them, you should know them by now.

Now, please picture yourself right before the beginning of a real negotiation. You're about to enter the negotiation room. Which of the ten elements should first come to your mind? Logistics, of course. Make sure you arrive early enough in order to decide where to sit, or to check the equipment, or to put the documentation neatly on the table.

Which element should come next? Communication. Carefully select what to say and how to say it, in order to create the right first impression on the other side of the table.

And the implicit purpose of this opening words is usually to establish the right relationship between the negotiators at the table. And that is the third element. Some small talk will help or providing explanations for something unpleasant, which happened and which previously damaged the trust in your relationship. Once this has been done, the fourth element in this sequence will be organization. Clarify whether you have a party, how long you have, which elements should be discussed, in which order, etc.

Now, you've set the scene of the negotiation, to stand to enter into the substance. And it would have been a mistake to discuss the problem dimension straight away without taking care of these four elements in the first place.

You will now, fifth element, try and understand the deep motivations which brought the negotiators to the table.

Then, you will try, of course, to imagine the right solutions at the table, number six, in order to build the creative and fair package deal. To decide which solutions will stay in the package and which solutions should be left aside, you will resort to justifications, number seven. Now, there is a potential deal on the table, and three missing elements out of the ten.

So number eight, well, it's time to compare the solutions on the table with your best solution away from the table. If your plan B is better than the package, there would be no deal.

Ninth element, it is still time to take into account key stakeholders who were not part in this negotiation, but hold a stake in its outcome. Try and anticipate their likely reaction in order to make sure that they will support the smooth implementation of this deal.

Last element, but certainly not least, the mandate. Check that this package is in line with the instructions you were given. So you see, the ten elements come in handy. They provide you with a logical ten-step approach, however, of course, such a linear approach is a bit too theoretical, I know that. In practice, there will be ebbs and flows in negotiation.

That is why, I will introduce my second tool to help you run an effective negotiation sequence over time.

Doing first things first for effective negotiation

In order to understand how to best builds an effective negotiation sequence, we've analyzed plenty of negotiations and discussed with many seasoned negotiators trying to understand what had helped them and something interesting appeared.

We realized that in negotiation, there are a number of obvious things which everybody will take care of. For instance, it is obvious that negotiators should speak to the other in order to try and convince him or her. Hence, the usual temptation to talk, and talk, and talk.

However, we realize that the most effective negotiators, before doing obvious things would take care of something else, usually more low key but actually absolutely essential, such as in my example, listening to the other. Listening so well that they would know when they would later turn to speaking, which argument to select, how to frame it and through which loophole they should use it. In a nutshell, instead of doing the obvious while forgetting the essential, the negotiator should treat the essential first before turning to the obvious.

Based on this very ID, I'm going to share with you 10 principles which will help you do first things first in any negotiation. Whenever you attempted to do something which obviously has to be done, this principle will help you focus first on something far more essential, only then you will turn to the obvious stuff.

Ready to discover this 10 principles? As you will see, they will also help recapitulate the contents of the three previous modules. Principle number one. Before anything else, what do you think proves to be the constant pre-occupation of truly effective negotiators. Take a few seconds to write down your answers.

Now, before I uncover the right answer, let me share with you this little anecdote. Imagine you've worked all week long on the report that you have to present to a potential customer in a meeting next Monday, 9:00 AM. It is now Friday, 4:00 PM and you've just emailed your nice report, 100 pages with colorful graphs and pictures. The job is well done, the weekend is nearly there. At five past four, while you were packing to get away, you receive an email from your contact person and she says "Oh, nice report. Could you please bring paper copies with you on Monday?" There'll be about 20 of us in the room. That means you need to get done 2,000 colored copies plus the binding. Now, in most organizations, there is someone ruling over the empire of heavy duty copy machines and they're usually established in some dark basement of the building. It is now 10 past four, on this Friday afternoon, you rush downstairs, the guy was packing and about to leave.

Scenario one. You've never met the guy before. The probability is close to 100 percent that he's answer will be, "Well, sorry but I've turned the machine off and by the way, for such a quantity of colored copies, do you have form B16 signed by your manager?"

Scenario two. You've met the guy before, had coffee together at some point. The probability is pretty high that his answer will be, "Well, you are really a pain but I'll do it for you and you owe me another coffee. As for form B16, well never mind. You bring it next Tuesday." What is the only but essential ingredient which changes everything, you know it, relationship.

The essential pre-occupation of truly effective negotiators is to establish a relationship before anything else. To put it differently, do not expect to create trust when you need it. It's usually too late. This first principle is very powerful even more in the negative way. Stanford Professor, Lee Ross has demonstrated the power of a cognitive bias he called Reactive devaluation.

People will negatively react to a proposal. not because of its inner substance but because they have a bad relationship with the person who put that proposal on the table. If the very same proposal were put on the table by someone they trust and like, they would be far more likely to accept.

Remember the KID, behind this ten principles? Do the essential before turning to the obvious task. Now, let's turn to the second principle. Negotiation means obviously action, doing things, entering into discussions et cetera. But, what is essential before hand however, is preparation, getting ready, and how to get prepared was the focus of module two. I hope that you became familiar with this ten elements.

On the people dimension, relationship, mandate, stakeholders. On the problem dimension, motivations, solutions at the table, justifications, and solution away from the table. Last on the process dimension, organization, communication, and logistics.

Once you're prepared, the obvious temptation is to join the negotiation meeting, which means usually meeting with external partners. The essential step before that though, is to build an internal consensus within your own environment. You are prepared, but is this preparation in line with your close colleagues and partners?

Imagine the situation where a well-prepared sales manager sold the vast amount of products without checking in the first place with the production manager if the company was actually able to manufacture such a quantity at this point in time. This principle, internal consensus before external meeting is very important when you're about to join a meeting as a team, each of you presenting a specific department of your organization. This is essential to build an internal alignment and cohesiveness before meeting with the other side at the table.

Do we all agree on our objectives and our strategy? How do we share roles? Now, as a bonus, let me also share with you principle number three and a half. Before a multilateral meeting where several parties will negotiate, it is essential to build alliances. Through informal bilateral discussions, try and build a coalition around your approaches. So that you're no longer isolated when the multilateral negotiation meeting starts.

Now that you're aligned with your colleagues, you're eager to engage into the discussion of the problem. Wrong. Obviously, there is a negotiation because a problem or a series of problems have to be solved. However, if you want to increase your chances to solve the problem, it is essential that you set the right process first.

Clarify with the opposite number the rules of the game. How long do we have? How do we structure the agenda? Do we discuss one item at a time or do we go for a package deal approach? And this fourth principle, process before substance, will help you avoid two scenarios you don't want to be in. The first scenario is, nobody thought about the process. Your negotiation is likely to be chaotic, and that will not help you reach your objectives.

The second scenario is even worse, you didn't check the process, but they did, and they organized everything in the way they want things to happen. So remember, set the process before engaging into the problem.

Principle number 5, is something I've mentioned already in this module. It is obvious that the negotiator must speak to the other side of the table in order to convince them. It is essential however to listen first to the other side of the table.

Why so? Well not simply to be nice or improve your comment. There are two main reasons. First of all, negotiation is structured by information asymmetries. You know things that they don't know, and they know things that you don't know, but would like to know. So in order to reduce these uncertainties or blind spots, take listening seriously in order to grab more information, ask questions, dig deeper.

Second reason, listen properly to someone, showing respect and sincere interest will usually be good for the relationship. And that is consistent with principle number one. As you can see these ten principles form a unified and coherent system. Now that you engaged into the substance of the negotiation, the usual temptation is to focus on one of this question. Who will get what? That is the value distribution side of negotiation.

However, it is far more essential to focus first on another question, what is to be shared, and how can we expand it? How can we enlarge the size of the pie, or diminish the costs or the risks? And that will be the value creation side of negotiation. The more we manage to create, the more there will be to share. That makes sense, doesn't it? The usual purpose of negotiation is not to capture some meager short-term gain. It is to engage, whenever possible, into profitable and sustainable partnership.

So remember principle number 6, value creation before value claiming. Principle number 7 is the following, in a negotiation, dealing with the problem, most negotiators will look for a solution, that's pretty obvious, isn't it? Problem, okay, let's look for a solution. But wrong again. Extremely talented negotiators know that if they want to have a chance to identify the right solution they must look for something else than solutions in the first place. They know that they must look for information with no a priori about what the solution could be. It is only when they've secured enough information about the problem and the deeper motivations behind it, when they will have a better chance to identify the right solutions.

That principle, number 7, is consistent with two of the previous principles, preparation before action. Do your homework in order to get the right information. And listening before speaking. At the table, grab more information through active listening.

Principle number eight is in line with the previous one. Of course, we negotiate in the real world; we need realistic solutions. That's obvious. However, experience shows that good solutions need to be invented. It is counterproductive to rely only on the usual routines or to try and apply the solution which worked last time.

Good negotiators are creative and innovative people. They imagine the solution nobody had thought of before and that is why they find their way out of the stalemate. Then of course, they check and double check and triple check whether such an innovative solution is realistic. Is it legal? Is it compliant with a number of norms? Is it technically doable etc? Remember, do not rush. Creativity first and then realism.

We're now reaching the end of a negotiation. At some point, you will face an obvious question. Should you say yes or no to a potential deal? Most people will jump to conclusions and miss the essential step before that, which is to evaluate correctly what a yes or a no would mean. Hence, our principle number nine - evaluation, before decision. This refers to something we discussed what makes a good deal? Remember that a good deal will pass the test of the 10 elements.

Now at the very end of a negotiation sequence, I hope that you will remember my tenth and last principle. Obviously, negotiators will be eager to close the discussion and move on to other business. Before adjourning however, it is essential to check and double check in order to validate everything. Indeed, many mistakes happen in this very last stage. The closure of a negotiation is a very sensitive stage and the devil is in the details.

Imagine a small informal negotiation. Your mind might already be in the next meeting, on the next item on your To Do list and mistakes will happen. Or imagine a long, tiring negotiation. Your mind is exhausted and again mistakes will happen. As a result, I strongly encourage you, take this last principle very seriously. Validate before adjourning. Remember that a negotiation goes on until the last full stop on the last page of the last document. First things first.

Let's recap these 10 principles, which provide you with a compass for any negotiation. Whenever you're about to do the obvious thing, check you took good care of the essential aspect before. Relationship before anything else. Preparation before action. Internal consensus before external meeting and coalition building before the multilateral meeting. Process before problem. Listening before speaking. Creating value before sharing value. Looking for information before looking for solutions. Innovation before realism. Evaluation before decision. Validation before adjourning. Again, memorize these principles, which can really help you in real life negotiations.

Reaching the end : And how about the power balance ?

We've been through a long list of topics and one remains, how about the power balance? What if the other side have more power than a half? But what is power for a negotiator? That is a legitimate issue which I will like to address in this final video. So what makes a negotiator powerful? Please pause for few minutes and reflect on this question. Then I will share my own answer with you.

Ready? Well, believe it or not but here again, are ten elements coming very handy. They help you get prepared see model two, they help you evaluate potential deal, module three. They even help you build a logical negotiation sequence, first video of this module four. And they provide you with the checklist which can help you thought through eases who's got negotiation power around the table. Indeed, each and every of them help shape the power balance.

Relationship, who is the more willing to maintain the relationship on the long-term? If I am more comfortable than you to end our business relationship, I have more power, as you will be willing yield of substance in order to maintain relationship for the sake of future opportunities.

Mandate, who is negotiating on behave of the most influential principle? Imagine a situation where you are negotiating on behave of your boss whom everybody knows will leave the company at the end of this month, your bargaining power is diminished. Stakeholders, who has more alliance and supporters out of the negotiation road map? Motivations, who is more in need of the deal overall? Do they rather need things from us or do we need things from them?

Solutions at the table, who can provide more valuable solutions at the table thanks to his or her resources? Justifications, a very important item for negotiation power. Who can root his or her demands in objective criteria which nobody can easily deny? I'm asking for the solution because the law says I'm entitled to it.

Solutions away from the table, the plan b. This is the central and most important ingredient of negotiation power. The most powerful negotiators is the one who can leave the table with no deal at a lesser cost than the other, because he's got a better plan b. Organization will also provide power to the negotiator, who is in a situation to decide the agenda? And how long to devote the negotiation and set deadlines, etc.

As far as communication is concerned, information asymmetries will also provide power, if I know something that the other doesn't know. Last but not least, logistics is also an ingredient not to be underestimated. If we negotiate at their choice of location and I'm dead-lagged, I lose a bit of negotiation power.

Now, once you've done this assessment, do not despair if you conclude that the balance of power is clearly favorable to their side. Whatever the structural situation is, interpersonal aspects will help you shift the power balance such as, who is the best preferred?

Whose team is most cohesive? Usually, powerful negotiators tend to be overconfident and therefore less well prepared. Who's got the best personal qualities when it comes to active listening and speaking or inventing creative solutions? And there will always be a premium for negotiators who really engage in and while staying very calm, are able to spend lots of energy.