Negotiation

**The essence**

Place a higher priority on discovering what a win looks like for the other person.

*Harvey Robbins, business psychologist*

Negotiation involves trust and the ability to influence others. Successful negotiations satisfy both sides and leave everyone open to working together again. Learning to be a skilled negotiator can help you make better deals, solve problems, manage conflict, grow IBM, and collaborate for success.

Negotiation

**What you should know**

The best negotiators focus more on the other side than they do on themselves.

*IBMers are not adversarial during negotiations. Our agreements satisfy as many mutual needs as possible. Being effective negotiators sets us apart.*

**To be a successful negotiator, you must:**

**Listen**

Instead of telling other people what to think, ask questions and listen to the answers. Don't listen for what they want, listen to why something is important to them. Be aware of what you know and what you don’t know. Always operate as if you don’t know everything – because you don’t.

**Show respect, build trust and have integrity**

When someone makes an objection, don’t get defensive. Instead, ask for clarification. Don’t interrupt. Don’t be rude or pushy. And if the person you're negotiating with is in a bad or unreceptive mood, have the conversation another time. Reciprocity and trust are crucial elements of negotiation.

**Emphasize common ground**

Focus on what you agree upon. Changing somebody’s mind is difficult, exhausting and rarely works. Frame the negotiation as a problem to solve.

**Prepare**

You can miss opportunities when you're unprepared. It’s hard to get what you want if you don’t know what it is. Negotiations are often give and take, so aim high. Preparing and rehearsing helps you arrive at the table ready. What are your interests and why? What might be the other party's interests and why? Which interests are shared? Think about where you want to end up and the steps to get there. Live our Practice: Think, Prepare, Rehearse. Research factors such as prices, processes and resources. Ground your negotiations in facts.

**Adapt**

An effective negotiator must be nimble and creative, willing to change tactics on the fly. Try to anticipate the best way to engage the other party.

**Define success**

Aim for the best agreement possible, which helps build a relationship and satisfies everyone. An agreement isn't the last step in negotiation; following through is. So make commitments realistic. Always negotiate ethically because it reflects on you and IBM.

**The four stages of negotiation**

As a general rule, negotiations follow four stages. The table below defines each, your task and the objectives.

Stage

Task

Tips for the negotiator

**Preliminary Stage**

* Create a positive setting
* Establish ground rules

Don't negotiate with a stranger. Get to know the other participants. Establish good relations with the stakeholders. Determine a timeline and a deadline, which can help if negotiations stall.

**Opening Stage**

* State expectations, make proposals
* Understand the other party's position

Explain what you hope to get from the negotiation. Identify any flexibility in the other party’s position to help you determine your stance. Let them know if you can be flexible as well. **Stress the areas on which you agree, and use words such as “we” to show it's a relationship**.

**Exploring Stage**

* Identify the needs
* Look for alternatives

Determine what it will take to satisfy them. Ask questions and listen closely to glean insights into their motivations and interests.

**Closing Stage**

* Match needs to what you can provide
* Reach agreement

Work hard for the best possible deal for everyone.

**Negotiating styles**

There are three negotiation styles:

* **Push**

Push is about forcing someone to change rather than motivating them. Push involves offering rewards or incentives. Sometimes called the "carrot and stick" approach, push can bring about speedy results and may achieve compliance – but not necessarily commitment.

* **Pull**

Pull is about motivating the other parties to want to change. With pull, you talk about what results are possible. Pull is effective in gaining a solid commitment but it may take longer.

* **Moving away**

Moving away is like pushing back from the table. Use it when a negotiation gets out of hand and you need a cooling off period or when no deal is possible.

Negotiation styles can be further separated into six categories, along with their rationale and behaviors.

Style

Category

Rationale

Behaviors

**Push**

**Persuading**

Based on logic or facts; can be measured objectively

* Proposing
* Reasoning

**Asserting**

Based on personal beliefs, values and attitudes; very subjective

* Stating expectations
* Evaluating
* Applying pressure and incentives

**Pull**

**Bridging**

Offering support; disclosing vulnerability

* Involving
* Supporting
* Listening

**Attracting**

Making others share positive feelings; envision desirable outcomes

* Disclosing
* Envisioning
* Finding common ground

**Moving away**

**Disengaging**

A legitimate tactic used to buy time or defuse tense situations

* Rescheduling
* Defusing with humor
* Refocusing

**Avoiding**

Not legitimate; used when we're not comfortable about negotiating

* Withdrawing
* Bypassing
* Evading

**Value of 'currencies' in negotiation**

Currencies are items valued by the other party, but of low cost to you. These are powerful tools for negotiating. Know your currencies in advance. Readily offer them to make a good impression on the other party – it may give you control of the negotiation early on.

Time

For example, give the customer a better price if they can wait until the end of the month. Conversely, you can charge more if they must have it immediately.

Quality

If the cost is just too much, offer a second-best option that can still get the job done. A smaller server is one example.

Resources

If you include extra resources to help them, you might be able to close the deal. For example, if you’re working with an internal organization, try providing some extra people to get the job done quickly.

Negotiation

**What you can do**

**Remember the basic rules of negotiating**

* ​Ensure you’re **dealing with those who have the authority to make decisions.** If you find that you’re not, insist that agreements aren’t final until the decision-makers sign them.
* Before you begin, **think about what success means for everyone**. But don't share this; just keep it in mind so you have something to work toward.
* **Determine when you'll end negotiations**. Set guidelines up front. For example, you may need to decide the maximum price IBM can pay a vendor, or when you need to consult your manager, or how late into the night a conversation can go. Sometimes you or others may just need a cooling-off period.
* **Be patient and let the momentum build**. Negotiations are fluid. Just because you got a "no" on Monday doesn't mean that won’t change in a day or two.
* **Value silence**. Delaying a response can speak volumes about your opinion – without having to say a word.
* Don't be pressured into making an unwise concession. Remember the adage, **"No agreement is better than a bad agreement."**
* **If you deadlock on a particular issue, set it aside and move on.** If you agree on other points, it may be easier to resolve that initial impasse when you return to it.
* **Trust is essential**. You represent IBM, a company esteemed for its ethical standards. Always be honest, responsible and forthright.

**Learn by observing others**

**Prepare:**

* Find a negotiation session to observe, maybe through your network.
* Find out how the negotiator prepares for the event.

**Act:**

* Observe a negotiation session.
* Take notes of your observations.

**Reflect:**

* Were the needs and objectives of both parties clear?
* What did the participants do well?
* What could they have done differently?
* What styles and behaviors did you observe?
* What currencies did you notice, if any?
* Which stages of negotiation occurred?
* Were the needs and objectives of both parties met?

**Plan and conduct a negotiation**

**Prepare**

* Understand the big picture.
* Write down what you want to achieve and why. Determine your objectives.
* Identify your currencies.
* Consider the four stages of negotiation.
* Role play with your leadership team to get feedback and coaching.

**Act**

* Apply what you've learned as you conduct the negotiation:
  + Ask the other side what's important to them and why.
  + Propose solutions and invite your counterparts to improve on them.
  + Make incremental commitments to build trust.
  + Appeal to logic and legitimacy.

**Reflect**

* Were your objectives met? Why or why not?
* Which negotiation tactics did you use? Which were used by the other person?
* How well did you use your currencies?
* Through which stages of negotiation did you and the other party progress?
  + Do you think the needs of both parties were met?
* How could the negotiation have gone better?
* Ask for feedback.

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