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Negotiation Skills

ELP – Module 8

Covid Guidelines

- Respect 2 metre social distance at all times (tables, flipcharts, breaks)
- Protect your workspace and your folder items
- Only use pens, pencils, markers and blutac from your folder
- No sharing of materials
- Follow all hotel guidelines- including sanitising hands before entering room and when leaving the room.
- Stay safe and respect others
- Anything else to consider?

Working Agreement

- One voice at a time
- Phones/Laptops off (or on silent)
- Begin each session on time
- There is no such thing as a stupid question
- Confidentiality: What is said in the room stays in the room.
- Participate
- Encourage others to participate

Session Objectives…

What this session won't do:

- ✗ **Transform you into a high-level hostage or treaty negotiator overnight!**
- ✗ **Take you through a 3 years masters degree in the subject…**

But this session, will help you to:

- ✓ **Recognise a whole range of situations that require some form of negotiation**
- ✓ **Understand different drivers for, and perspectives / types of negotiation**
- ✓ **Recognise the things that good negotiators do (and the essential elements required)**
- ✓ **Build on your understanding of effective communication and influencing skills**
- ✓ **Add some key negotiation skills to your personal leadership toolkit**
- ✓ **Begin to define an effective strategy to each of your future negotiations**
- ✓ **Finish the session feeling confident and competent to apply what you have learnt**

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Agenda…

- Defining ‘negotiation’
- Clarifying your starting point today
- Understanding different reasons for, and types of, negotiation
- Defining what good negotiators do
- Understanding different drivers and perspectives
- The role that rapport, relationship, influence & planning play
- Defining clear outcomes and having a clear structure
- Key negotiation skills
- How preferences, approach & behaviours impact on quality & outcomes
- Giving it all a go
- Summary, Next Steps & Close

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Breaks & Timings for Today….

It may not be what we normally do at these ELP sessions…

But seeing as today is all about *Negotiation Skills*

All Breaks & Timings are up for *Negotiation….*

I will begin the talks….

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Your ELP Learner Log….

There will be lots of things to capture for future use today…

…So keep making notes as you go along!

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What is meant by negotiation?….

Quotes from
'The Negotiation Book'
by Steve Gates

In Pairs **Have a 2-minute chat and come up with a short-definition**

"resolving differences and forming agreements based on mutually acceptable terms"

In Pairs **Talk about why someone should bother negotiating with someone else?!**

"because the return on time and energy invested can be dramatic – in improved relationships, time saved, risk reduced, profit made or dilemmas resolved"

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What is meant by negotiation?….

In Pairs Talk about where you *think* your confidence and competence as a negotiator currently lies on scales of 1 to 10 (1 being low) and talk about why

In Pairs Talk about how you might increase both your confidence and competence scores by *at least 1 point* during the course of today (and / or how you might help others in the group to do the same)

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What is meant by negotiation?….

In small groups (3 blocks of questions)…

Does everyone ‘negotiate’?
If so, how often?
Just in the workplace?

Do commercial people negotiate?
Do operational / site-based people negotiate?
Do support functions / office-based people negotiate?

So, as Farrans, who are we negotiating with?
Does everyone who we are negotiating with have the same objectives as us and / or as each other?
So, what does this tell us…

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The Spectrum of Negotiation….

- ✓ Relationship Building
- ✓ Joint Problem Solving
- ✓ Establishing better terms or outcomes for all

- ✓ Making Deals
- ✓ Hard-Bargaining
- ✓ Protecting the margin programme or resource etc…

Collaborative

Win:Win

When there is an opportunity to build something bigger

Winner Takes More

When there is a finite amount in the 'pie'

Competitive

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What do good negotiators do?….

In small groups have a quick chat and list the top 5 things…

Different types of negotiation require different skills… however…

- ✓ **Balanced in your thinking**
- ✓ **Knowledgeable and well-prepared**
- ✓ **Keeping ego & emotions in-check**
- ✓ **Focussed on understanding the interests & priorities of the other party** (prepare lots of questions; ask them; and listen more than talk) ("You don't know, what you don't know until you ask"!)
- ✓ **Able to build really good relationships** (either before, during or after (& especially after a really 'tough' negotiation))
- ✓ **Well-structured, well-organised, well-presented and un-hurried**
- ✓ **Professional, reasonable & flexible**
- ✓ **With a constant eye for the best outcome but also the bottom-line**

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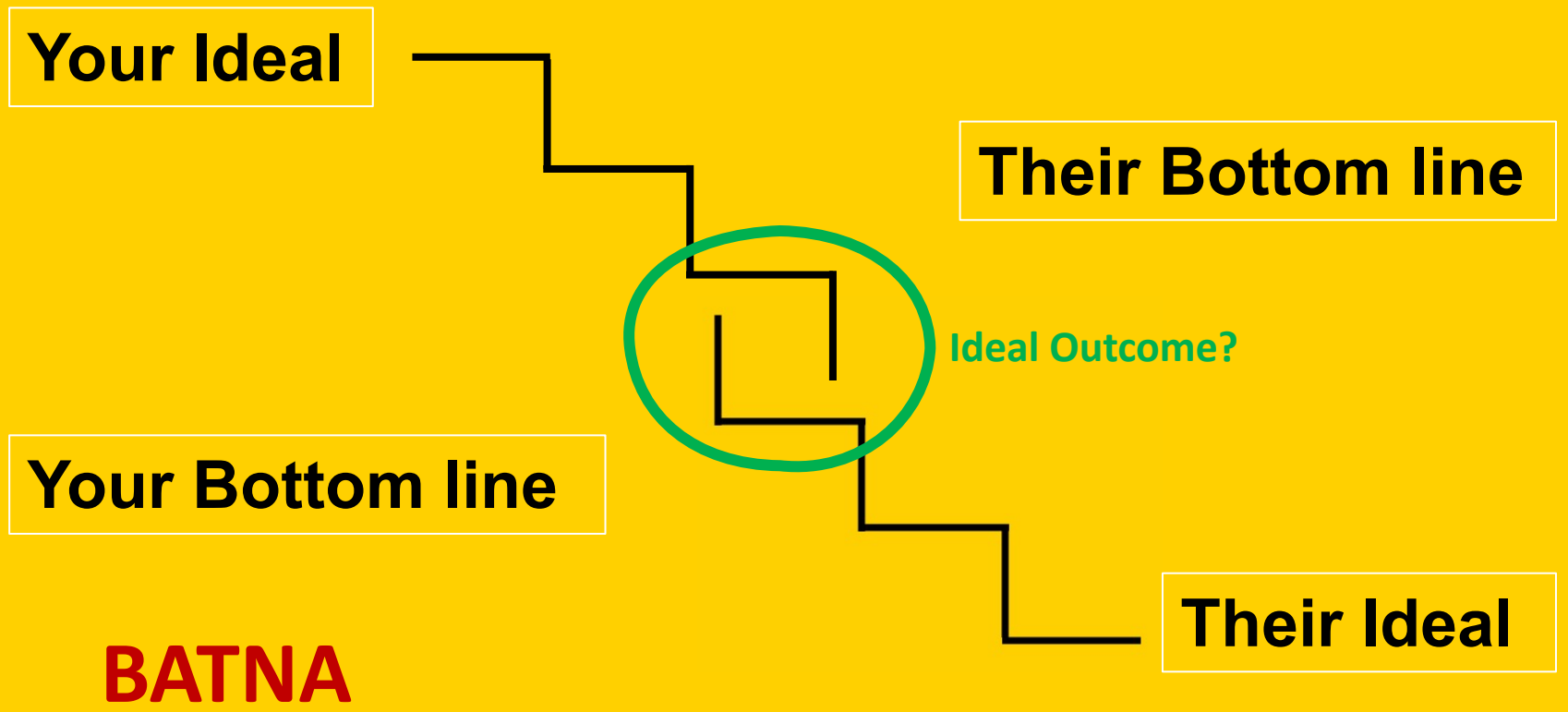
The Classic Negotiation Model….



The bottom-line is sometimes known as the **BATNA** line because beyond that line lies, the…

Best
Alternative
To
Negotiated
Agreement

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Good negotiation links to previously learned skills (Mod 4 Personal Effect.)…

Seek first to understand and then be understood

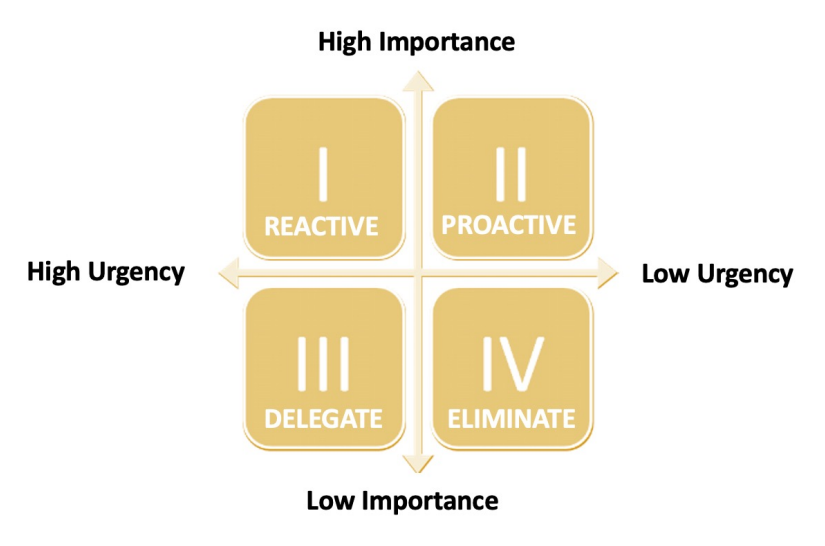
One of the great maxims of the modern age.

This is Covey's habit of communication, and it is extremely powerful.

Covey helps to explain this in his simple analogy 'diagnose before you prescribe'.

Learn to *really* listen – it is simple, effective, and essential for developing and maintaining positive relationships in all aspects of life.

Stephen Covey – 7 Habits of Highly Effective People



Open Ended Questions

- What are your thoughts?
- How did that impact you/others?
- When did the issue first arise?
- What is the best solution in your opinion?
- Which options might work for you?
- How do you feel about that?
- Tell me more about the situation?
- How could we avoid a similar outcome?
- What can we learn / do differently?

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Good negotiation links to previously learned skills (Mod 6 Communication Skills)….

C	Context	**Set the context – what you want to discuss**
E	Examples	**Use specific examples to support your context**
D	Diagnose	**Seek to understand their view**
A	Actions	**What actions can we agree as a result of our conversation?**
R	Review	**When and how should we review?**

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Real Conversations

Set the context for the conversation

Ask the person you want have the conversation with to listen *without* interruption for 2 minutes, then they can respond.

Why?

1. Sets the scene
2. Gives a full understanding of the issue
3. Is professional

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Real Conversations

Interaction

- Listen to their views
- Use paraphrasing and perception check
- Dig for full understanding
- Make sure they know you understand their position

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Transactional Analysis

- Parts of our personality will surface and affect our behaviour according to different circumstances – these are called our ego states:
  - Parent – our "taught" ego state
  - Adult – our "thought" ego state
  - Child – our "felt" ego state
- Effective transactions must be complementary otherwise there will be a problem between sender and receiver
- The secret to success in Transactional Analysis in the workplace is to "hook" the adult

Source: Eric Berne

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Adult

- ✓ Problem solving
- ✓ Being rational
- ✓ Mature and deliberating part of our personality
- ✓ Concentrate on facts not feelings
- ✓ Helps us decide which ego state to move into – controlling Parent and Child

- !! Often only stays in this state
- !! Doesn't necessarily have fun!

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Real Conversations

Handling Defensive Response

- Recognise they are behaving defensively
- Do not get hooked and take attacks personally – stay calm – adult
- Listen carefully and reflect back
- Show empathy
- If criticised ask for clarification- is there truth in any of it? – do not become defensive!
- Look for areas of agreement
- Seek a solution and move on

Lots of great advice here – which of these do you think will most help in Negotiations

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What does all this mean in practice?….

The scenario…

Groups A – the ‘customer’
Groups B – the ‘firm’

- **The ‘customer’ lives in a busy street of semi-detached homes in a friendly neighbourhood and they are looking to get the ‘firm’ to re-landscape their garden, preferably before the spring of next year**
- **The customer wants:**
  - **a patio area creating**
  - **fencing installed at the back & side of the property**
  - **a new lawn**
  - **a new driveway**
  - **cultivation of new shrubs and flower beds**
- **Each party wants the best ‘deal’ possible**

In Pairs: Prepare your approach…

Now give it a go!…

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What does all this mean in practice?....

How did you do?

What was the practical outcome?

Were you able to stick to your pre-negotiation plan? (if not, why not?)

How effectively did you communicate? (And what was the knock-on effect?)

What did you learn?

What would you do differently next time?

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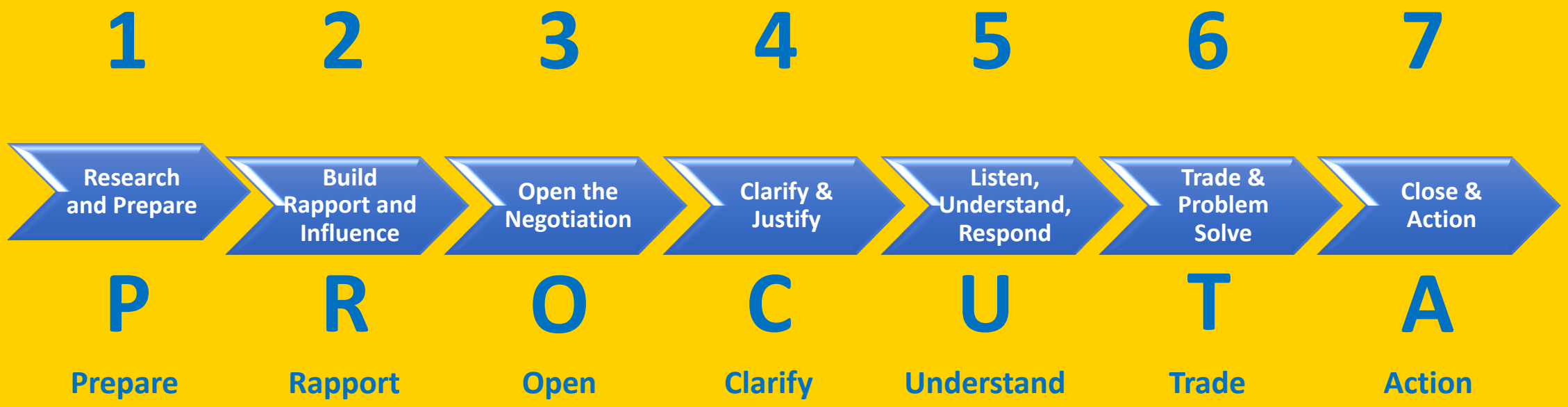
A Clear Process for Effective Negotiation….



- Which of these 7 stages make sense to you?
- Which do you most need to work on?

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P Research and Prepare

In small groups… before any negotiation, what do you need to research and prepare?

1. **Understand who they are and what they want organisationally, commercially, politically, personally**
   - What are our CLIENTS main drivers / hot spots? Are they the same for private & public sector clients? Do they vary within sector? (will a Hospital have the same drivers / hot spots as a Water Treatment Works?) Who are you negotiating with and what do they personally love / hate? Who knows them? What intel can you get?
   - What are the SUPPLY CHAIN main drivers? Do these drivers / hot spots vary by size or type of firm? What kind of relationship have we had with our supply chain? And how does that help us determine what they might drive for and / or behave? What is most important to them? (relationship? volume? repetition? stability? margin? referrals / visibility?)

1. **Understand who we are and what we are trying to enhance or protect as a result of this negotiation**
   - What is the overall Farrans approach / style? What is the aim here – is it collaborative (building / problem solving) or is it competitive (protecting / capitalising)? Is it just about this one negotiation or is there a bigger picture here? Who needs to be involved in prepping our side? Who should the main 'negotiator' be? What are the levels of authority required (and do we have them) and what is the bottom-line / BATNA? Who are you going to consult to get answers to all these questions in good time?

2. **What will our approach and structure be**
   - Is it a classic PROCUTA type situation? If so, as part of our
   - Preparation: does the
   - Rapport already exist or will it need to be built? What is / will the rapport be based on? What will the
   - Opening be – a warm segue into a cosy chat or a formal call to arms? – are we going to
   - Clarify their position with a collaborative-type question or Justify our 'higher-than-ideal' aim with a competitive anchor? How will we demonstrate our
   - Understanding of their position – with encouraging empathy or with a steely acknowledgement? What do we have to
   - Trade with other than just money? Which aspects of the contract / situation are concrete and in our favour? Which aren't? What are the grey-areas which we can utilise for our / their / mutual gain? What do we need to be wary of / be on the look out for? What is low cost / low value to us, but beneficial to them? How will we 'dance' carefully to the best agreement? What
   - Actions are we hoping to agree on & how can we use that to 'close' before any negotiation starts up again!

NOTE: Never research and prep alone – always get perspective from others and practice if you can!

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R Building Rapport

How do you build rapport with someone?…

2 key principles…

People like people who… like *them*

People like people who… *are* like them

So let's have a look back at Insights…

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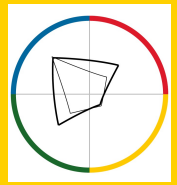
R Good negotiation links to previously learned skills (Mod 2 Insights)….

Discovery

Being aware of (and accessing) all 4 colour energies…



If you were negotiating with someone with high Red energy:

- How could you tell? (what are the signs?)
- What would you need to do to build a 'rapport of similarity'?
- What should a negotiator who has a preference for Red energy watch out for / work at?

If you were negotiating with someone with high Yellow energy:

- How could you tell? (what are the signs?)
- What would you need to do to build a 'rapport of similarity'?
- What should a negotiator who has a preference for Yellow energy watch out for / work at?

If you were negotiating with someone with high Green energy:

- How could you tell? (what are the signs?)
- What would you need to do to build a 'rapport of similarity'?
- What should a negotiator who has a preference for Green energy watch out for / work at?

If you were negotiating with someone with high Blue energy:

- How could you tell? (what are the signs?)
- What would you need to do to build a 'rapport of similarity'?
- What should a negotiator who has a preference for Blue energy watch out for / work at?

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R Building Rapport

How do you build rapport with someone?…

2 key principles…

People like people who… like *them*

People like people who… *are* like them

Influencing as a precursor to negotiation…

- **You are already in a strong negotiating position if you have some existing (positive) relationship with the other party – (and *not* if *not!*)**
- **Find some common ground and / or get an 'Agreement in Principle' *before* you move in to any negotiation discussion (i.e. "I think we can both agree that we want to find what's best for the project?" or "Is it fair to say that this is going to be a pretty tough series of discussions that we will have to tread carefully through?" or "looks like we have both been left with the short straw on this one then, eh?" or " Are we agreed that the challenge ahead of us is how we make the budget work?" etc…)**
  (A 'yes' in principle might be the strongest start you are going to get in some situations!)

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O Opening and…
C Clarifying / Justifying…

It depends on the Planned approach as to how you open and whether you start by *clarifying* or *justifying*…

Collaborative / 'Building' type negotiation =

1. **Easy segue / transition in to discussing things openly & warmly**
2. **Clarifying questions to start to understand their perspectives on things**

Competitive / 'Protecting' type negotiation =

1. **More formal start to proceedings with agenda and / or aims and / or formal introductions**
2. **Justifying your 'higher-than-ideal' starting position with a competitive 'anchor' – (i.e. "let's be clear from the off – we have very little room on this and our position is we must recoup somewhere in the region of xxx" (insert eye-watering figure / or vein-popping demand here!) however, if you want to show *some* willingness to trade, you can follow with "so, given the limits, we want to do everything we can to work with you and with whatever might be available to us all"**

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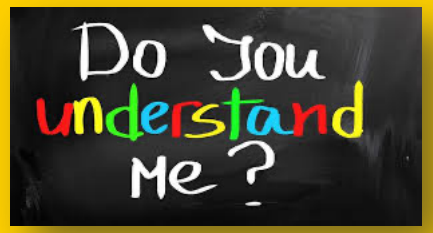
U Understand, Listen & Respond…



Asking the right questions, in the right ways, at the right times can really add to the momentum and success of any negotiation (see Question Types & STROB handouts)…

As can listening….

Follow the ARQ of the conversation….

Actively listen….

Repeat back….

Question further….

5 Levels of Listening

Source: Stephen Covey

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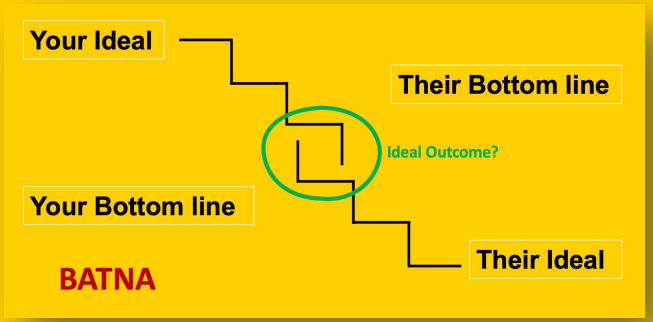
T Trading & Problem Solving…



What do you now understand by the term 'Trading'?

- What do you have to trade with other than just money?
- Which aspects of different contracts / situations are 'concrete' and in our favour?
- And which aren't?
- What are the 'grey-areas' which we can utilise for our / their / mutual gain? (and could also be used against us?)
- What do we need to be wary of / be on the look out for?
- What is low cost / low value to us, but beneficial & valuable to them?
- How will we 'dance' carefully to the best agreement?
- How will we justify moving our 'position' during the negotiation?
- And what will we ask for in return?
- How can we keep track of what has been said / agreed and keep an eye on the overall 'worth' of what we have traded?
- Where is our BATNA(bottom)-line set and what *is* our BATNA?

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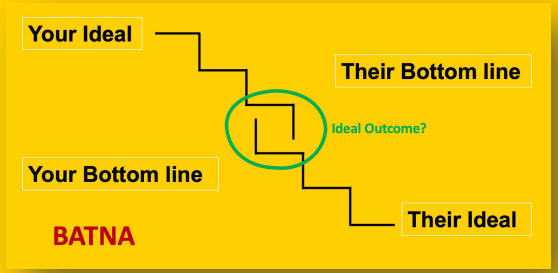
T Trading & Problem Solving…

How do you deal with curve-balls and tricky situations? What advice would you give someone?



Adult mode is your friend…

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- ✓ Problem solving
- ✓ Being rational
- ✓ Mature and deliberating part of our personality
- ✓ Concentrate on facts not feelings
- ✓ Helps us decide which ego state to move into – controlling Parent and Child

- !! Often only stays in this state
- !! Doesn't necessarily have fun!

- ✓ **Use an Adult approach to manage and direct your emotions and energy**
- ✓ **Use the power of questions**
- ✓ **Use the power of rapport and attentiveness**
- ✓ **Use the power of silence**
- ✓ **Take your time and take a break whenever necessary / useful** (remember: lots of poor 'buying' decisions are made impulsively / under pressure and lots of good 'salespeople' know this!)

Watch out for the *Controlling Parent (extreme Red)* or *Natural Child (extreme Yellow)* coming your way…

FARRANS A CRH COMPANY **Real Conversations**

Handling Defensive Response

- Recognise they are behaving defensively
- Do not get hooked and take attacks personally – stay calm – adult
- Listen carefully and reflect back
- Show empathy
- If criticised ask for clarification- is there truth in any of it? – do not become defensive!
- Look for areas of agreement
- Seek a solution and move on

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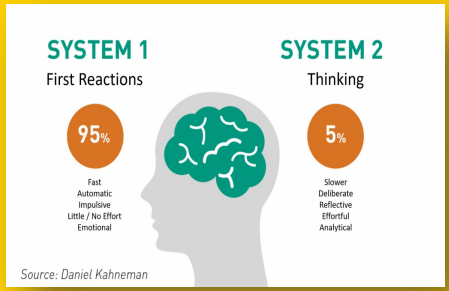
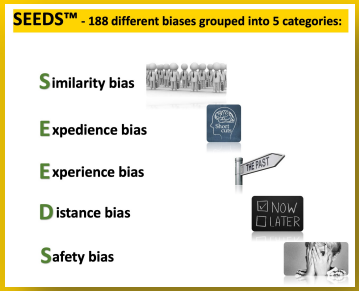
T Good negotiation links to previously learned skills (Mod 3 Uncon. Bias)…

How is Unconscious Bias relevant to what we are focussing on today ?





- **Availability heuristic bias:** relying on the most readily available data points
- **Confirmation Bias:** Causes people to pay more attention to information that confirms their existing belief system and discount information that is contradictory.
- **Affective Forecasting bias:** Imagining that I will feel in the future the same as I feel today
- **Sunk Cost Bias:** Not wanting to let go of something you are invested in
- **Anchoring bias:** Relying too heavily on the first piece of information offered when making a decision
- **Temporal Discounting bias:** £100 today is better than £150 in 6 months
- **Loss Aversion bias:** Being risk averse – more likely to take action in the face of loss or fear
- **Framing Effect bias:** Making a different judgement based on whether the decision is presented as a gain or a loss (40% v 60%)

How might you be able to use knowledge of these biases positively during trading?

And how might they be used against you if you aren't careful?

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What does all this mean in practice?….

The scenario…

Groups A – the ‘customer’
Groups B – the ‘firm’

- **The ‘customer’ lives in a busy street of semi-detached homes in a friendly neighbourhood and they are looking to get the ‘firm’ to re-landscape their garden, preferably before the spring of next year**
- **The customer wants:**
  - **a patio area creating**
  - **fencing installed at the back & side of the property**
  - **a new lawn**
  - **a new driveway**
  - **cultivation of new shrubs and flower beds**
- **Each party wants the best ‘deal’ possible**

In Pairs: Prepare your approach…

Now give it a go!…

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What does all this mean in practice?....

How did you do?

What did you learn?

What do you most need to work on from now on?

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A Closing and Agreements / Action…

What is the best way to close a negotiation?...

- ✓ By asking closed questions…
- ✓ By summarising agreements…
- ✓ By clarifying actions / action owners deadlines…
- ✓ By thanking everyone for their input and commitment (especially if it's been a tough one!)
- ✓ By looking ahead to the next action / activity / step
- ✓ By doing a 'lessons-learnt' review as soon as you possibly can post-discussion

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In Summary…
What do good negotiators do?….

Different types of negotiation require different skills… however…

- ✓ Balanced in your thinking
- ✓ Knowledgeable & well-prepared
- ✓ Keeping ego & emotions in-check
- ✓ Focussed on understanding the interests & priorities of the other party (listen more than talk)
- ✓ Able to build really good relationships (either before, during or after (& especially after a really 'tough' negotiation))
- ✓ Well-structured, well-organised, well-presented and un-hurried
- ✓ Professional, reasonable & flexible
- ✓ With a constant eye for the best outcome but also the bottom-line
- ✓ Being a PROCUTA pro

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Negotiation Skills

Thank You!