

Plug And Play Negotiating

Where Do I Start?

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Key Points

- **Win-win attitude**
- **Plan & prepare**
- **Key issues & contract goals**
- **Ask better questions**
- **Serve the ball**
- **Make it personal**
- **Closing strategies**
- **References**

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Definitions

- **Good negotiator**
 - ❖ Consistently gets the best deal
 - ❖ Always looking for a better way
- **Win-win negotiator**
 - ❖ Buyer and seller want to continue business
- **Ethical negotiator**
 - ❖ Rather have contract performance rather than people plotting revenge

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Getting The Right Attitude

- I will prepare myself for this situation
- I know everything is negotiable
- Regardless of what everyone has already said, I assume we will find a way to reach an agreement
- We will discuss all of the issues
- We will confirm all the facts

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What Are We Talking About?

- More than just placing orders
 - More than just agreeing on a price
- *Entering in to one or more exchanges of information with another party in order to improve a position and eventually reach a mutually acceptable agreement*

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Objective

Win without fighting!

Sun Tzu

*Prepare for war
and do everything you can to win
before it starts*

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Can We Really WIN –WIN?

- Two of the most important negotiations in our personal lives
- Most of us failed the first time and have been learning from our mistakes
- How did we learn to succeed?
 - ❖ By building common needs into a larger agreement

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Who Wins & Who Loses

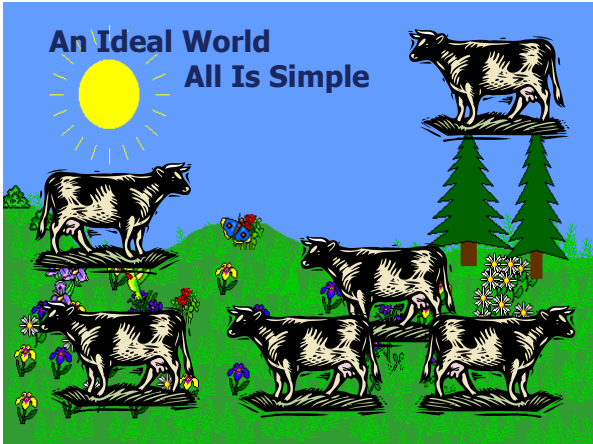
- **Failure:**
 - ❖ A malformed or incomplete contract
 - ❖ If either party does not want to perform
 - ❖ If either party does not understand obligations
 - ❖ Getting nothing and starting over
 - **Success:**
 - ❖ If the contract runs smoothly
 - ❖ If the contract is mutually beneficial
- *Can we both agree on these key points?
If so, then let's work together to negotiate a great deal for both of us*

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When Do We Negotiate?

- When we publish plans to downsize our supplier base
 - When we publish plans to expand production in to new markets
- *When we call our significant other and suggest going somewhere special for dinner on Saturday...*

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Infamous Cow Pie Example:

- While trekking across the field, I make a simple decision:
 - ❖ Avoid the cow pies
- *I decide ahead of time to pay attention and develop a personal action plan to avoid the problem. How?*

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How Do We Prepare?

- Planning ahead
 - Considering alternatives
 - Anticipating the issues
 - Seeking a win-win agreement
 - Practice on the little things
- *Remember the first time you had a choice and forgot to plan ahead?*

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Start NOW!

- Many negotiations are over before they start
- First impressions are hard to change
- We negotiate more than we think
- What you say will be used against you
- What you don't say, you don't get

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More Preparation

- Train your co-workers
- Give people credit and recognition
 - ❖ They won't feel like they have to take credit by making grandiose statements
- Practice "positive speak"
 - ❖ Say what you want others to think
 - "This is really a mess, I hope we can justify it"
 - "This justification would be better if we..."

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Learn The Language:

- Is there a better way to say:
 - ❖ "Your price is preposterous"
 - ❖ "You're trying to cheat me"
 - ❖ "You're not the low bidder"
 - ❖ "You can't be serious"
 - ❖ "I want to buy"
 - ❖ "I need"
 - ❖ "I can't accept"
 - ❖ "You are the worst salesman I've ever spoken with"

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Use A Checklist

- **Negotiate the whole deal not just the price**
- **Keep a reference handy**
- **Customize for your situation**
 - ❖ www.mltweb.com/what.htm
- **Anticipate the impossible**
 - ❖ What if..... who will.... Where....

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Fact Finding

- **Gather information**
- **Tour, travel and read**
- **Hard questions are easier when not negotiating**
 - ❖ What is the failure rate?
 - ❖ Ease of repair?
 - ❖ Service response time
- **Listen (don't give up information)**
- **Confirm all assumptions**
- **Record (save it for when you need it)**

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Key Questions

- **Does the seller have to sell to you?**
 - **Does the seller want to sell to you?**
 - **Does the seller have an incentive**
 - **Is the price reasonable?**
 - **Are the terms reasonable?**
 - **Are there alternatives to ordering?**
- How can we change these answers to yes?*

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Dig & Dig Some More

- Financial data
- Management chain
- Reporting
- Responsibilities
- Workload
- Condition of shop
- Union contracts
- Experience
- Samples
- Competitors
- Market share
- Inventory
- Labor costs
- Material sources
- Previous negotiations
- Trade journals
- Other contracts

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Consider The Path Forward

- Who will make the decision?
- Who stands to gain the most if an agreement is reached?
 - ❖ When is the best time to negotiate with a salesman on a commission?
- What value is success?
 - ❖ What do I loose or gain tomorrow
- How will I close the deal?

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When The Talking Starts

- Confirm all assumptions and facts
- Question everything
- Don't assume
- Understand the real issues
- Don't argue with generalities or statistics
- Calculate your own numbers
- Find and identify the common ground
 - ❖ Build a bottom line of agreement

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What To Negotiate?

- **The more details resolved, the more likely the final deal will be mutually acceptable and valuable**
- **Success starts with one small item that both parties can agree on**
- **The whole is greater than the parts**

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Cost Counts

- **A valuable concession is not always price**
- **Transfer direct costs to the party best able to manage the cost**
 - ❖ Elements are usually more valuable to one party than the other
 - ❖ Baker's dozen example
 - ❖ Costco example
- **Indirect costs can also be valuable**

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Don't Negotiate With Yourself

- **If you don't ask you don't know**
 - ❖ What spares are included
- **Assume everything is negotiable**
- **Ignore pre-printed policies, street-talk, previous actions**
- **We are ready to place an order today if we can reach an agreement**

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Leading Questions

- **Shape the answer you want with the question you ask**
 - ❖ *When did you stop taking bribes?*
- **Get a real answer, not misdirection**
 - ❖ *Why can't we do it that way?*
 - ❖ *Why are you saying that?*
- **Focus on issues not people**
 - ❖ *Why did you try to cheat me?*

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Ask Better Questions

- **How much is the price break?**
 - ❖ *Do I get a price break?*
- **How long is the maintenance coverage?**
 - ❖ *Do we get maintenance service?*
- **What is the warranty period?**
 - ❖ *Can I buy an extended warranty?*
- **What do other customers get that I might find useful?**
- **What parts of the deal can we improve?**

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Don't Forget The Hard Questions?

- **Why did you fail to perform last time?**
- **Why should I believe you this time?**
- **How did you resolve the problem?**
- **What contingency is there...?**
- **Where is the approved repair station?**
- **If it doesn't work, then what?**
- **What recourse are you offering?**

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Serve The Ball

- **Problems belong to the party who can best solve them**
 - ❖ Price is too high, doesn't meet specs, none in stock
 - ❖ Can't deliver on time
- **Don't waste energy fretting**
 - ❖ I'd buy today if the deal was right
- **Make the other party support the deal**
 - ❖ Are you saying we can't agree?
 - ❖ You mean we have to start all over?
- **Don't accept commitments from someone who doesn't have the authority to make it happen**

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Break A Deadlock

- **Change the terms**
 - ❖ Agree to a 2-year purchase to make a deal
- **Change the people**
 - ❖ Find someone who has the authority
- **Leave a face-saving solution**
 - ❖ A typo, a misunderstanding, poor spec
- **Find a better reason to close the deal**
 - ❖ A great opportunity for long term business

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Is That A Personal Question?

- **Does the salesman have to sell to you?**
- **Does he want to?**
- **What could make the salesman more interested in closing the deal?**
- **Would another buyer have other options?**
- **Would someone else understand the issues differently?**

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Don't Be Intimidated!

- **The people you are negotiating with do this more often that you do. It's their job and they are trained**
- **However**
..... The buyer does hold a few good cards

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Buyer's Cards:

- **It's our money**
- **Until a contract is signed, there is no sale**
- **Even if the field already has a back-door-deal, buyer controls the payment process**
- **The buyer decides when to seek competition**
- **Sellers who don't cultivate the market force the market to find an alternate sources**
 - ❖ OPEC
 - ❖ Phone service

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Close The Agreement

- **A reason to agree**
 - ❖ If we agree today, I can sign the order now
- **Why to agree**
 - ❖ It was a difficult negotiation, but I think we can both be happy with the outcome
 - ❖ This is a great deal because
- **I will document the agreement**
- **I won't gloat or brag**
 - ❖ It will come back around



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Review The Agreement

- **Have you really agreed**
 - ❖ Does it do everything that you need it to do
 - ❖ Are you at the bottom line or is there still more work to do
 - ❖ Do we have a contract
- **Is the agreement fair? If not, fix it now**
- **The final outcome must satisfy the organization not just satisfy you**
- **Anticipate the impossible. What could happen, will. Negotiate alternatives now**

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Evaluate Your Experience

- **Learn from mistakes**
- **Start planning for next time**



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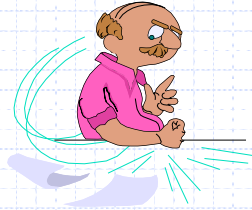
Personal Strategy

- **Develop a checklist of issues to discuss and information to locate**
- **Post a cheat sheet of common questions**
- **Build the framework as you go**
 - ❖ Document and confirm every critical fact
 - ❖ Don't wait until the end
- **Use the net as a research tool**
 - ❖ Practice being an investigator before you need it

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BE A NEGOTIATOR

*not just
an order
giver*



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References & Resources

- **MLTWweb negotiation articles and links**
 - ❖ www.mltweb.com/prof/tools.htm#NEGOTIATION
- **Negotiation checklist**
 - ❖ www.mltweb.com/tools/what.htm
- **Ross Reck's web site**
 - ❖ www.rossreck.com/index.asp
- **Machiavelli's workshop**
 - ❖ www.machiavellisworkshop.com
- **S.A.B. Negotiation training**
 - ❖ www.sabonline.com

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Discussion

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Examples

- **Do I get a price break?**
 - ❖ How much is the price break?
- **Do we get maintenance service?**
 - ❖ How long is the maintenance coverage?
- **Can I buy a warranty?**
 - ❖ What warranty?

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Examples

- **Does it come with a spare tire?**
- **Does the pump and motor include a coupling**
- **Is mounting hardware included**
- **Has it been approved by this city building inspector before? Where? When? Who?**
- **Who is approved repair station?**
- **What are you going to do if it doesn't work?**

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