

ARTICLES

PREPARE TO NEGOTIATE BY ASKING THE RIGHT QUESTIONS

by [Bob Gibson](#)

Powerful business negotiators do more than close deals and increase profits. They build solid, lasting, professional relationships by earning the respect of those with whom they negotiate.

Whatever the situation, when you learn to negotiate from a position of strength, and not desperation, anything is possible. You may need a long-term commitment on a new contract with a key account to meet your quarterly sales quota. Perhaps you're in danger of losing a top executive or salesperson because you can't match the salary he was offered at a competing firm. Or maybe rising costs in raw products are forcing you to establish a relationship with a new vendor. These can all be viewed as difficult challenges or as excellent opportunities to put your negotiating skills to work for your business.

To increase your chances of achieving the most favorable outcome, it's imperative that you plan ahead to negotiate. Business owners typically do a good job with the nuts-and-bolts, such as prices and quantities. However, the most successful negotiators focus on creativity and problem-solving rather than just number crunching. Most people are so absorbed by what could go wrong and try to protect against risk, they don't explore the creative side of deal making. This part of the negotiation process is what separates the amateurs from the pros.

The easiest way to bring creativity to the planning process is by asking surgical questions. Their incisive qualities can often cut through the fat and uncover a whole new approach. Notice how these questions shape our thought processes.

WHAT DO YOU BOTH WANT?

As nearly as you can ascertain, what are their parameters? In the case of a customer, look at their history. If you've done business before, are they receiving discounts for volume and long-term commitments? Have they had problems with other suppliers, such as poor quality or unbending delivery schedules? Consider their negotiating style. Are they competitive or accommodating? Evaluate their current situation. Are they gaining or losing share in their market? What do you think they perceive to be their best possible outcome? On the opposite end of the spectrum, what's their low end? What is the least they could live with without the deal falling through?

And what about you? If you could have it all, if the planets lined up and the angels sang, what would this deal look like? At this stage of planning, don't hold back. List things you know may be out of reach, even impossible. If they're far fetched, so what? Most people think far too small in negotiations. Good negotiators have high aspirations.

Several years ago, we developed a customized video project on negotiating that was designed to increase productivity in sales forces. It was perfect for a client in the service industry. When it came to bidding this first project, we were tempted to come in on the low side, both in price and the scope of the project. Instead, we chose to be very aggressive and presented the high-end program. The client recognized the value and went ahead with it. By "shooting for the moon" and not cutting any corners, it pushed us to do a more thorough job and everyone was pleased with the results. That piece of business elevated us to a new level and opened the doors to more projects for other clients.

In addition, aiming high allows you room to compromise, which is often an important element in negotiating because it lets the other party feel good about a deal. On the down side, where is your walk-away point? What is the least you could come out with?

A final note, don't confuse interests with wants. Get beneath the surface. Why do they want what they want? If they had what they want, what would it enable them to do? The next question opens the door to truly creative negotiating.

HOW ELSE CAN THEIR INTERESTS BE MET?

Think beyond the most common options presented and identify what would be considered a "personal win" for them. Determining a personal win is key because it often gives you an opportunity to create trading points worth a lot to the other party that have very minimal hard dollar cost to you.

That personal win might be related to ego or a hobby or a geographical location. If the top executive or salesperson values prestige, for example, offer to involve them in key strategic decisions or maybe even on the board. If they are interested in job security, you may offer a multi-year employment contract or a higher base salary with a lower commission structure. Perhaps a vendor will agree to that sizable product discount if you agree to make personal recommendations to three of your clients.

The owner of a fashion design company in Atlanta was planning to relocate to another part of town. He found the building he wanted to purchase but couldn't afford the price. He discovered the seller planned to retire in a few years and was interested in the most tax-favorable arrangement. By agreeing to defer the bulk of the payment until after the seller's retirement, my client was able to buy the building. This thought process works well. Remember to use it to define your own interests and options.

WHAT IS THE STATE OF THIS RELATIONSHIP?

This is a critical factor in any negotiation. Do we trust, respect and like one another? Is there anything in our background--in our history--that could solidify or undermine this negotiation? The chemistry between two parties can either grease the wheels or throw a monkey wrench in the gears. Remember, you can't negotiate with the ABC Company – there is no ABC Company, there are just people. People negotiate with people. I've seen deals -- good deals -- go sour at the eleventh hour because two strong egos simply couldn't work together. These questions will lead you toward a broader view of negotiation than most people take. Though they require time and effort, they are designed to create some of the biggest payoffs for your business.

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