Shall We Negotiate?

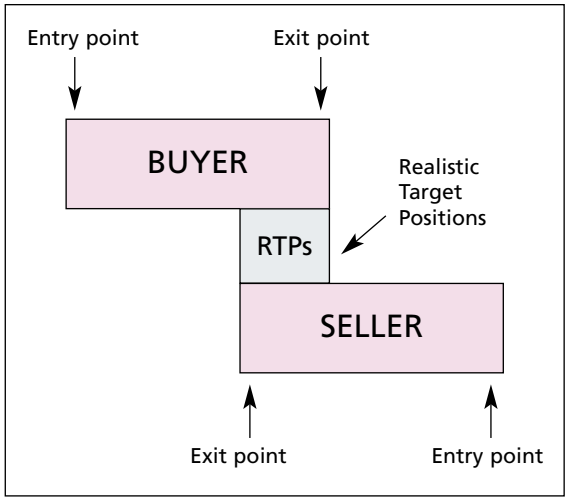
Phil Yates explains how ...

YOUR SUCCESS IN SELLING pharmaceuticals is really dependent on three factors. You need to acquire and demonstrate a high level of disease area and product knowledge, you must be able to communicate effectively with others both within and outside of your organisation and you need to be determined and motivated to succeed. Negotiation, or the ability to get others to co-operate with you, forms a major part of the communication element; indeed your skills within this area may make the difference between mediocrity and excellence. The ability to negotiate is a core skill which is becoming increasingly important as we develop relationships with newly emerging NHS customers.

Successful negotiators are assertive. They collaborate to achieve a win : win outcome. They recognise the needs of the other party as well as their own, thereby developing strong business relationships leading to long-term solutions.

Most negotiations occur between a seller of products or services and a buyer. Each party establishes a most-favoured position (Entry Point) and a walk-away position (Exit Point). Each party also has a Realistic Target Position (RTP). These positions are referred to as the Negotiating Range.

Negotiations are about movement, where both parties move towards each other to a position of mutual agreement. Both the buyer and the seller have a clearly identified exit point – the point at which they can move no further and will walk away. Negotiation occurs within the area of overlap of the Realistic Target Positions (the grey area).



Generally, the buyer's most favoured position (Entry Point) would be to pay the lowest price for the product and his Exit Point would be the highest price that he is prepared to pay. The seller will generally take the opposite position.

Negotiations will break down when the area of overlap of RTPs is very small or where there is no overlap at all.

"It is unwise to pay too much but it is worse to pay too little. When you pay too much, you lose money – that is all. When you pay too little, you sometimes lose everything because what you bought was incapable of doing what it was bought to do.

The common law of business balance prohibits paying a little and getting a lot - it can't be done. If you deal with the lowest bidder, it is well to add something for the risk you run, and if you do that, you will have enough to pay for something better".

John Ruskin (1819 – 1900)

Roger Fisher and William Ury at the Harvard Negotiation Project noticed that traditional bargaining focuses on defending positions rather than addressing underlying concerns. This leads to a contest of wills, often resulting in a win : lose, lose : win or indeed lose : lose result. Fisher and Ury went on to develop a very successful method of Principled Negotiation which is all about negotiating on merit rather than defending and attacking positions. Principled Negotiation requires the negotiator to be soft or co-operative with the people and hard on the issues, and has the following prerequisites:

1. **People:**	Separate the people from the problem
2. **Interests:**	Focus on interests not positions
3. **Options:**	Generate a variety before making decisions
4. **Criteria:**	Insist the result is based on objective criteria

1. Separate the people from the problem

Negotiators are people first and foremost. Never confuse the substantive issues with the people issues. Remember to ask yourself

- "Am I getting emotional?" and "What emotions are affecting them?"
- "Are my perceptions correct?" and "What are their perceptions of the situation and me?"
- "Am I communicating clearly?" and "What is preventing clearer communication?"

Put yourself in the other person's shoes and try and see the situation as they do. Understanding the other position is not the same as agreeing with it.

Where differences exist, discuss them rationally and

involve the other party in the problem-solving process rather than trying to convince them that your solution is right.

2. Focus on interests not positions

Positions are what you have decided you want. Interests are why you have decided upon them. Interests underline positions.

To identify interests you need to have addressed the people problems that may exist first! Once a level of trust is established, then you can ask the more probing questions that might reveal their interests such as: "What is so important about this figure?" or "What do you need this result for?" or "What does this mean for you personally?"

You can also put yourself in the other person's shoes and ask yourself why you would or would not accept the other person's offer. The most powerful interests are basic human needs e.g. respect, self worth, security etc. Does what you are suggesting undermine the basic human needs of the other party?

There is a classic story where two sisters were arguing over who should have the last orange in the fruit bowl. Neither would concede and so they eventually cut the orange in half. It later transpired that one wanted the peel to bake a cake and the other wanted the juice to make a drink! Both could have won had they uncovered the other person's interests and adopted a Principled Negotiation approach.

3. Invent options for mutual gain

Be creative in identifying several solutions which could benefit both parties; do not assume that there is only one answer.

4. Insist on objective criteria

Introduce third party objectivity to reduce the conflict of wills. Objective criteria must be legitimate, practical and independent and might include:

- Precedent
- Market values
- Scientific evidence

And so how do we approach a negotiation in terms of a process? Effectively, negotiation comprises four stages:

1. Planning and preparation

- Define your objectives
- Collect all necessary information

2. Discussion

- Test your assumptions
- Explore and exchange information

3. Review and propose

- Make suggestions assertively to advance the negotiation and invite a response
- Wait for a response – silence!

4. Bargain and settle

- Respond to proposals
- Make counter proposals
- Reach agreement and move to settlement

In order to negotiate a successful win : win outcome, the planning and preparation stage is really important. Ask yourself:

- How much do you need them and how much do they need you?
- What exactly do they want and what time pressures might they be under?
- What perceptions do they have of you?
- What is the history of our relationship?
- What alternatives do they have and how much do they know about those alternatives?
- What would I like to get, what must I get and what do I intend to get?
- How much do I know about the other personality and what influences are acting on him/her?
- What objections are likely to be raised and how will I handle them?
- What might I have to concede and what will I ask in return?
- What is of little value to me but of great value to them?
- What BATNA do I have?

What is a BATNA? Well not every negotiation results in an agreement. Success can be measured both by achieving a win : win outcome and by knowing when to say no to an unsatisfactory deal. There are times when it is best to walk away because the costs of the proposed agreement exceed its benefits or because someone else is in a position to offer you a better deal. A good negotiator will consider during the preparation phase, what alternatives they have should an agreement not be reached and from these, identify the Best Alternative To a Negotiated Agreement, or BATNA.

For example, in a house sale negotiation, the seller's BATNA may be that they can rent out the property if they cannot achieve an asking price within their negotiation range. On the other hand, the potential buyer knows that they can move in with relatives for six months if they are unable to find a house within their bargaining range.

And as for the bargaining stage – some advice …

1. Never give anything away free - everything is conditional. Use the 'if … then' principle to ensure that the other party knows what you want in return for your concession. Being generous when negotiating will not necessarily result in reciprocal generosity from the other side, indeed, giving things away will probably harden the other side's position.
2. Keep the issues linked. Linking together issues under discussion usually offers more flexibility in trading; you can trade off a move in one area for a concession somewhere else.

The ability to negotiate effectively is an enormously powerful skill which helps you to get what you want from others, whilst enabling them to benefit too. Every negotiation is different; however, the principles and process are common. This article will better prepare you for negotiation opportunities that present themselves to you every day, both at work and in life. Remember – win : win!

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Further reading

Getting to Yes
Roger Fisher & William Ury
Random House Business Books.

The Negotiator's Pocketbook
Patrick Forsythe
Melrose.