



NEGOTIATION TRAINING
TableForce
Educating | Empowering | Executing

Negotiating for Success I

Company Information:

NegotiationTraining.com

+1.317.250.4196

Info@TableForce.com

Instructor: Bill Garcia

Bill@TableForce.com

Global Mobile: + 1.317.250.4196

[LinkedIn.com/in/NegotiatorBill](https://www.linkedin.com/in/NegotiatorBill)

Instructor: Mike Inman

Mike@TableForce.com

Global Mobile: +1.303.269.1619

[LinkedIn.com/in/NegotiatorMike](https://www.linkedin.com/in/NegotiatorMike)

Get the Most Out of This Program!

1. This program belongs to you and its success rests largely with you.
2. Enter the discussion enthusiastically.
3. Give freely of your experience.
4. Confine your discussion to the topic at hand.
5. Say what you think.
6. Only one person should talk at a time.
7. Listen attentively to the discussion.
8. Be patient with the trainer and other participants.
9. Appreciate other points of view.
10. Be prompt and regular in attendance.

NFSI Contents

MODULE A

Introduction

Defining Negotiating and Styles

The Bracket Tool

3 Foundational Principles

Short-Term Negotiations and Buyer's Powers

Pillar #1 – The Basics

MODULE B

Win-Win and The Power of No

Pillar #2 – The Risk of Experience

Long Term Negotiations and Seller's Powers

Trading Concessions: The 4-Step Process

Pillar #3 - The Trading Game (The Habit & Loop™)

MODULE C

The Concession Cadence™

Advanced Planning Tools

Price vs Cost; Building & Claiming Value

The Buying Game™

Wrap-Up and Closing

Note:

Breaks are provided within each Module

Executive Summary

What? TableForce specializes in at-the-table commercial negotiations and negotiation training workshops. All workshops are tailored for sellers and/or buyers depending on client needs. Workshops are interactive and include a significant amount of role-play activities. Participation is inescapable!

We speak from experience as at-the-table negotiators, not merely presenters or trainers.

Why? Sellers concede items during negotiations while attempting to close the deal and then continue conceding to keep the customer happy. Sellers often do not realize the impact on margins, overall cost, and how it teaches buyers to treat them over time. Buyers tend to focus too much on price without realizing the impact on total ownership costs and overall value. Our proven methodology quickly and significantly influences these areas.

How? Through a series of in-depth interviews with key executives and teammates, TableForce develops tailored workshops, often including customized role-plays, which effectively transfer client specific negotiation skills and behavior changes to attendees.

We first focus on negotiation fundamentals: Try, Plan, and Raise the Bar! From there, we provide a simple to use repeatable process that allows attendees to categorize and value (hard dollars) the items they intend to concede or give away (Yield) or protect and seek (Shield). We show attendees how to slow down on the concessions while getting items in return for any concession they make.

We teach Win-Win philosophies while strongly urging all participants to make sure they sell any strategies and tactics they plan to use internally to senior management first.

Who? All TableForce partners have years of at-the-table experience necessary to deliver the negotiation training workshops.

Where? TableForce has negotiated contracts and delivered customized negotiation training to dozens of Fortune 500 and FTSE 500 companies on 6 continents, in more than 40 countries, since 1997.

Learning Objectives

Participants will learn...

1. what negotiating means and the settings it applies to
2. the stages of negotiation and how to manage the overall process to produce favorable outcomes
3. how to negotiate effectively across the table with various levels and functions
4. various strategies and tactics to help produce a favorable negotiation outcome
5. the constant pillars of negotiation skills that apply across all negotiation scenarios
6. what is meant by Win-Win outcomes and its importance to the overall success of the business
7. how to perceive the other party's agenda and use the information effectively during negotiations
8. how to negotiate beyond price and apply big-picture thinking and total cost analysis into the negotiation process
9. how to think creatively and trade-off less important items for those that are most important
10. the importance of planning to the negotiation process and how to plan effectively
11. how to negotiate assertively, but fairly, in order to build and maintain positive long-term relationships that have maximum value for the business
12. the importance of trust to the long-term success of a negotiated agreement

***“Let us never negotiate out of fear,
but let us never fear to negotiate”***

John F. Kennedy

What does it mean to negotiate?

Remember, *Negotiating* is not the same as *Compromising*.

Negotiating is something you **do**, not something you simply **react to**.

Complex commercial negotiations often involve 3 distinct components as follows:

_____ is where logic, facts, and data are employed to convince the other side that our position is the correct one.

_____ is the most common recognized and fundamental negotiating approach. This is what most people think of when defining what it means to negotiate. It is frequently used in price only short-term negotiations as well as in complex negotiations.

_____ is the approach used by skillful negotiators in complex negotiations with many different variables. The focus of this program is the understanding and practicing of this critically important negotiation approach.

The Golden Rule of Negotiating:

The Bracket

As part of the planning process, skillful negotiators carefully prepare a Bracket that effectively outlines their negotiation goals and strategy.

The _____ is defined in terms of the value, the competition, supply & demand, etc.

The _____ is where you start in the negotiation. This position should be a significant but plausible stretch from your Target.

The _____ is your goal in the negotiation. Some negotiators feel that a goal can be limiting while in other cases the goal is defined by the organization. Do not let your Target (goal) limit the possibilities in the negotiation.

The _____ is the most you will agree to as a buyer and the least you will accept as a seller.

As part of the negotiation preparation process, it is very important that a well-planned negotiation Bracket be established not only for price, but also for many of the critical terms and conditions affecting the outcome of the negotiation.

Experienced negotiators confirm that establishing aggressive Bracket positions will help ensure that you do not move to the Bottom Line too quickly.

Like any building, good negotiation skills begin with a

_____.

***“You can be anything you want to be,
just put your mind to it.”***

Mothers and Fathers Worldwide

What our parents didn't realize is that this is also the foundation for any good negotiation – it even comes before planning.

***“Every accomplishment starts with
the decision to try.”***

Gail Devers

FOUNDATIONAL RULE #1 _____.

“You miss 100% of the shots you never take.”

Wayne Gretzky

Why should I be willing to try? _____

Jordan
Gandhi
Bono
Sinatra
Messi
Streisand
Mandela
Federer
Ali
Senna
Nicklaus

They all faced their _____.

Great negotiators face their fears head-on.

***“— our doubts are traitors, and make us lose the good
we oft might win by fearing to attempt”***

Shakespeare

What are we afraid of? We are afraid of _____.

FOUNDATIONAL RULE #2

Make a _____ and _____.

“Chance favors the prepared mind.”

Louis Pasteur

We will address detailed planning throughout the material, including the importance of _____ concessions.

Furthermore, while _____ is a key foundational principle of all negotiations, there also exist four (4) _____ that must also be integrated into every type of negotiations.

No matter how big, how small, short-term or long-term, as well as regardless of culture, the following items apply to _____ negotiation.

1. Do not _____ assumptions. _____ them.
2. Get on the other side's _____ of _____.
3. Pay attention to the _____. As the deadline approaches the pressure on both sides _____ and each will tend to make many more _____.
4. Be careful of the word _____. Each side will most certainly have a different _____.

The last foundational principle is also something that we've heard – in one form or another – our whole lives.

- Shoot for the Moon
- Don't Go for Second Best
- Go for the Gold
- Be the Best That You Can Be
- Grab the Brass Ring
- Don't Settle for Anything Less
- Only the Best Will Do

Set goals that have never been obtained.

Do world-champion high jumpers think about jumping over anything less than the world record? Of course not.

Why? In order to be the best, they must ***Raise the Bar!***

FOUNDATIONAL RULE #3 _____.

“Only those who will risk going too far can possibly find out how far one can go.”

T.S. Eliot

The Foundation

1. Try
2. Plan
3. Raise the Bar!

The Pillars

1. The Basics
2. The Risk of Experience
3. The Trading Game (The Habit & Loop™)

Buyer's Leverage

VS

Seller's Leverage

In a short-term negotiation (cars, homes, non-repeat deals) the buyer has more leverage due to the ability to use many tactics that are at their disposal.

That leverage shifts to the seller over time, as the seller's overall knowledge of the buyer and marketplace help to offset these advantages.

Both sides' leverage will be discussed in detail.

=====

In a one-off negotiation the _____ has more leverage.

Why? Besides having the money, the buyer has the following available tactics at their disposal.

The Car Salesman's Nightmare

I'm interested in buying a car, but I won't need it for 6 months (_____). I realize that it is the end of the month (_____), but because I spent all day yesterday at the other dealership across town (_____) I thought I should at least look here. Also, I am not sure exactly which vehicle is right for me so I would like to drive every configuration of this particular model (_____). If you can make my spouse happy, then perhaps we can do business, although they're pretty hard to please. They want some options that I understand you don't offer (_____). My friend who is a mechanic told me that I should NOT pay more than 80% of the sticker price (_____), although I'm willing to go to 85% if you will throw in the first year's oil changes for free (_____). I understand if you can't work within my limits, but I would like to speak with your manager if that is the case (_____).

You always have the right to negotiate; it's your money. If the seller won't negotiate, then you always have the right to _____.

Remember: *In negotiations, the customer's job is to create _____: _____, _____ and _____.*

Pillar #1 – The Basics

1. We never really know what the other party is _____ and true motives are sometimes very difficult to _____.

NOTE: Watch for _____.

2. Getting on their sheet of paper and being creative helps to enlarge the _____.

3. Whoever lacks _____ is at a disadvantage.

4. Where you _____ impacts where you finish.
The _____ frames our _____.

Pillar #1 – The Basics

Supplemental Information

While it is a very simple negotiation on face value, the Boat Case gives participants an opportunity to practice key negotiation skills while demonstrating the importance of the Foundation – Try, Plan, and Raise the Bar! Key outcomes are as follows:

Assumptions: In most negotiations, participants enter with a set of assumptions about how the other party will behave, or perhaps assumptions about value. In the Boat Case, the buyer assumes the boat for sale must be worth considerably more than the older boat for sale and makes offers accordingly. Buyers may also assume the seller has other competing buyers or that the seller has plenty of time to sell. Sellers assume the buyer also has time and other alternatives. Sellers further assume that they cannot sell the boat for much more than the prior offers. None of these assumptions are necessarily true, and therefore limit the possible results.

Motives: In many negotiations, the situation that a buyer or seller is facing may have a huge impact on the sense of urgency and what they ultimately will settle for. It often requires a lot of skillful detective work to uncover these true motives. In the Boat Case, sellers are facing the prospect of the bank seizing the boat quickly to pay off the lien. The buyer, on the other hand, cannot find any other boat that is acceptable, and is about to be consumed by a large project at work. Buyers and sellers need to prepare and ask many questions to try to uncover the true motives of the other side. However, buyers and sellers should try to protect their true motives, particularly when disclosing them will put them at a disadvantage in the negotiation.

Raise the Bar!: From the lecture, we know that first, we must Try to negotiate, and next, that we need to Raise the Bar! knowing that expectations impact outcomes. The Boat Case proves the axiom that buyers, who are willing to pay more, pay more. Sellers, who are willing to accept less, get less. As we saw in the workshop, there is a strong correlation between the Bottom Line and Opening Positions of buyers and sellers with the result of the negotiation. Buyers that Raise the Bar! and are determined to spend less money often do. On the other hand, sellers that are determined to get more often do.

Values: There is an old saying that something is only worth what someone is willing to pay for it. We also know that price is often an arbitrary figure and has nothing to do with real value to the buyer. In the Boat Case, there is no real data about the market value, and there is very little information provided that would tell us what the boat is worth. Therefore, it is up to the buyer and seller to make the best possible deal.

Sellers are influenced by the amount of money through foreclosure and by the prior failed offers. Therefore, many sellers set their Bottom Line at or near the bank's offer while they set their Target near the prior failed offers. None of these values really has anything to do with what this new buyer may be willing to pay!

Buyers are influenced by the fact that an older boat in poor shape is for sale, so this newest boat must be worth much more. Buyers often mentally add a fix-up value to the older boat and arrive at a competitive Target value. Buyers then set their Bottom Line somewhere near the amount of money they have to spend (the budget). Again, none of this information has anything to do with what the seller will sell the boat for, or the market price.

Creativity: In almost every negotiation, there is additional value that can be claimed that goes beyond the price. Terms & conditions are often part of this additional value and can greatly influence the total overall cost of the negotiated outcome. In addition, in many negotiations, there is additional value that can only be uncovered by a process of listening, sharing of interests, and creativity. In the Boat Case, the seller is in the kitchen and bath business. Since the buyer has just purchased a home in the area, perhaps the seller could offer the buyer a deal on kitchen or bathroom remodeling? Or, perhaps the kitchen and bathroom on the boat for sale could be upgraded. The seller can make additional money on selling kitchen and bath remodeling and the buyer can receive greater value than the boat by getting kitchen and bath remodeling at a negotiated discount. Both the buyer and seller have an opportunity to gain greater value outside of the simple boat buy-sell transaction.

Fairness: Certain cultures are generally known for the fairness in international or cross-cultural negotiations. Did you find yourself trying to be fair, when negotiating the boat? In an effort to be fair, buyers may not start with a low offer. Sellers, in an effort to be fair, do not expect to sell the boat for much more than the prior offers. A desire to be fair often means that the best possible deal may not be achieved. Trying to be fair may compromise your position and the opportunity. Remember, in a one-off short-term negotiation fairness may not be so important. Fairness is much more important in long-term Win-Win negotiations that will be discussed later.

Time: There is an axiom in the negotiation game that 90% of the concessions are negotiated in the last 10% of the time. Whether true or not, it is a well-known fact that a lack of time creates pressure leading to concessions in a last-ditch effort to get the deal done before time runs out. Participants in the Boat Case are not given much time, and have circumstances causing an urgency to make a deal. Participants get a chance to experience how time pressure results in concessions and they can relate this experience to their own types of time deadlines in the business world. Sellers are often faced with monthly, quarterly, or year-end goals for sales, revenues, profits, or commissions. Buyers often have time pressures involving customer requirements and launch dates.

Learning: Reflect on your own results from the Boat Case. How do feel you did? What could you improve upon next time? What were the personal lessons learned?

END OF MODULE A

START OF MODULE B

Win-Win and The Power of No

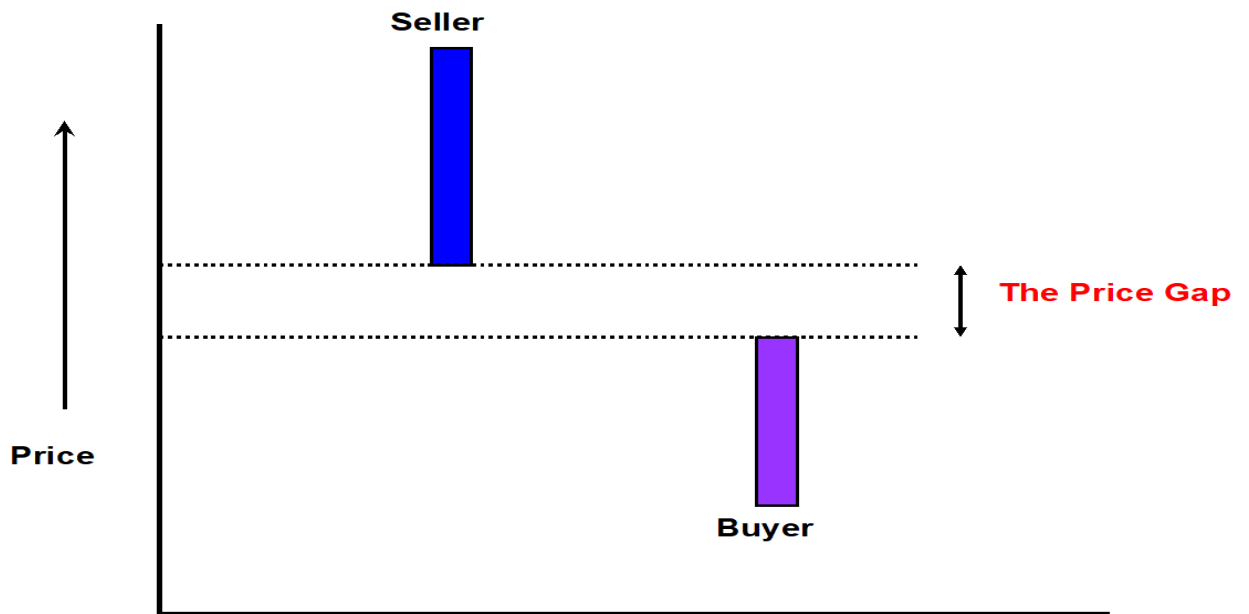
Pillar #2 – The Risk of Experience

Long Term Negotiations and Seller's Powers

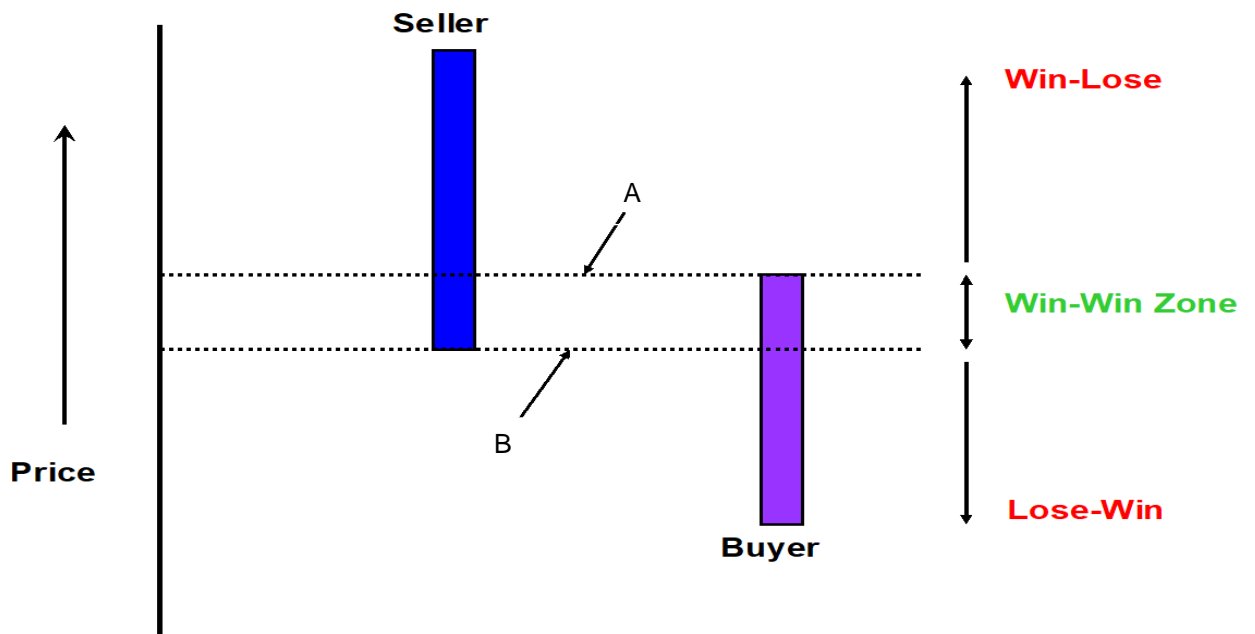
Trading Concessions: The 4-Step Process

Pillar #3 - The Trading Game (The Habit & Loop™)

Win-Win Negotiations



“Disconnected”



“Win-Win”

Win-Win Negotiations

To most negotiators, Win-Win implies:

- fairness
- a good deal for both sides
- 50/50 or sharing equally
- both sides are happy

1. To highly skilled negotiators, Win-Win is defined as:

_____.

2. On the second graph (above), this definition of Win-Win is represented by the line labeled as _____ for sellers and _____ for buyers.

3. To achieve this concept of Win-Win, negotiators must be very comfortable saying and hearing the word _____.

4. Strong negotiators hear the word No often, it is a sign that they are _____ and have _____.

5. Finally, avoid Win-Lose outcomes; in the long run, they always turn into _____.

Pillar #2 – The Risk of Experience

1. Employ _____ & _____ in addition to _____.
2. Bundle options to create a more attractive _____.

We can do even better if ...

3. We place a _____ on each item.
4. Sellers ask for things they _____ or _____ rather than simply offering concessions in exchange for the _____.

Pillar #2 – The Risk of Experience

Supplemental Information

The Experience Counts case represents a shift into long-term Win-Win commercial negotiations. This particular role-play calls on the experience of participants to negotiate on several variables in addition to price. It sets the stage for the negotiation concept of trading concessions. Key outcomes are as follows:

Getting the order: Once again, there is an old saying in the negotiating game that goes like this: Sellers give and buyers take. The Experience Counts case is reflective of this saying. In their desperation and zeal to get the order signed, the salesperson often gives away considerable value in the process. Things like shipping, upgrades, training, evaluation units, extended warranties, service plans, etc., are greatly reduced in price or given away as freebies in exchange for the order. This reflects a typical seller mindset that it is OK to give away value in exchange for simply getting the business or the order. Not only does this violate the Golden Rule of thou shall not give something without getting something in return, this narrow mindset limits the amount of value that sellers can achieve in any negotiation. As part of the planning process, sellers need to prepare a list of items they would like from the buyer on top of getting the order.

Surprisingly, buyers are just as much to blame here. The mindset of the buyer is often to get as many concessions as possible on top of the cheapest possible price. Buyers are simply used to taking whatever they can get. Telling a buyer they should think about things to give the seller seems counterintuitive. However, there are often many things of value that a buyer could offer a seller for an even a better deal! This exercise demonstrates to buyers that if they offered additional value to the seller such as an exclusive relationship, long-term contract, or the commitment for future orders, they may be able to get an even better deal than the one in which they are simply taking everything without giving in return.

Package deals: In complex commercial negotiations, there are often multiple things at stake beyond the obvious. Buyers and sellers, through experience, recognize that these various things can be bundled together to create a package that is far more attractive to both sides. In the Experience Counts case, the seller has the opportunity to sell more than just the original request – shipping, training, spare parts management, and extended warranty are a few examples. Not just give these things away. This increases the size and scope of the deal, growing both revenue and profits. Buyers recognize that purchasing more creates a greater revenue opportunity for the seller and that should result in a better price due to the increased volume of business.

Values: The opportunity to create package deals in the Experience Counts case is limited because both sides lack information about the value to assign to various items. While the market price is known to both sides, nobody knows for sure the value of any of the other terms and conditions. In any negotiation, knowing values is critically important. Without knowing values how does anyone know that the deal is fair and equitable, or what to trade for what? Determining values is a critical part of the planning process that takes place before the negotiation begins.

Lastly, participants see first-hand how these additional value items can influence the final price. However, in more complex commercial negotiations, a vast array of contractual terms and conditions come into play that greatly increase the size and types of package deals.

Time: Once again, participants get to experience how time pressure affects the negotiating process. As deadline time approaches, the pressure to settle and make a deal increases exponentially.

Learning: Reflect on your own results from the Experience Counts case. How do you feel you did? What could you improve upon next time? What were the personal lessons learned?

In a long-term relationship _____ increase their leverage. Why? _____.

The Purchasing Agents Dilemma

Great to see you, I heard your son scored the winning goal in the match last night, congratulations (_____). Did you see that we won the supplier of the year award and we were rated highest in almost every category? (_____). By the way, Mary in project management thanked us for always meeting our deadlines and I thanked Tim in finance for finally getting that old invoice paid (_____). And we really appreciate the renewal of our contract for 3 more years (_____). Finally, that conference call with your Director of Engineering last week went very well (_____).

Although it was a challenge, we were able to complete the install of that new service in the timeframe we promised (_____). Also, I checked with our Research & Development and your engineers and our new products can meet all the latest specifications and requirements (_____). Surprisingly, my boss also agreed to give you that discount you had been asking for (_____), if you can give us an introduction to a decision maker at your sister division.

Just one last thing to report, our annual financials are very strong, and our list of Fortune 500 customers continues to grow (_____).

Trading Concessions: The 4-Step Process

The Golden Rule of Negotiations

Step 1: Relevant Terms & Conditions

The first step is to identify all the relevant Terms & Conditions that may impact the negotiation. Where are these Terms & Conditions typically found?

1. _____
2. _____
3. _____
4. _____

Additional Terms & Conditions can be uncovered by asking the following questions:

1. _____?
2. _____?
3. _____?
4. _____?

Contractual Terms & Conditions

| | |
|--------------------------------|-------------------------------|
| Amortization | Non-Disclosure Agreement |
| Arbitration | Obsolescence |
| Automatic Extensions | Over-Runs |
| Bank Guarantees | Packaging |
| Beta Test | Payment Terms |
| Bonds | Payment Schedule |
| Bonuses | Penalties |
| Cancellation Clause | Performance Clause |
| Consequential Damages | Price |
| Cost | Price Escalation |
| Court of Law | Press Release |
| Currency | Private Label |
| Dedicated Contacts | Programming Services |
| Delivery Date | Quality |
| Delivery Timing | Raw Material Escalation |
| Depth | Rebates |
| Discounts | Reference |
| Do Not Hire Clause | Referral |
| Engineering Services | Renewal Rates |
| Exchange Rate | Response Time |
| Exclusivity | Restocking Charges |
| Expiration Date | Returns |
| Evaluation | Scope of Work |
| Final Acceptance Testing (FAT) | Services |
| Force Majeure | Set Up |
| Freight | Shipping Charges |
| Fuel Surcharge | Site Acceptance testing (SAT) |
| Guarantees | Spare Parts |
| INCO Terms | Start Date |
| Incentives | Stock |
| Indemnification | Storage |
| Inflation Clause | Substitutions |
| Installation Costs | Termination Clause |
| Insurance | Training |
| Intellectual Property | Transfer Point |
| Inventory | Tryout |
| Jurisdiction | Upgrades |
| Labeling | Volume |
| Lead Time | Warehousing |
| Length of Contract | Warranty |
| Limits of Liability | White Paper |
| Liquidated Damages | Pre-Payment |
| Maintenance | Termination Penalty |
| Multi-Year Contract | Web Site Promotion |
| Non-Compete | Transportation Method |
| | |

Step 2: Value the Terms & Conditions

More important than creating the list of available terms is learning to properly _____ them.

What is the economic **value** to your organization? If not quantifiable, then use _____, _____, or _____.

Determining **value** will allow you to effectively trade concessions that grow the pie and achieve the new Win-Win concept.

For Example: What is the value of...

“We would like this report customized.”

A question for the IT team

“I can pay you in 15 days for a 2% discount.”

A question for finance

“I can introduce you to our other division.”

A question for your sales management

“A different functional spec will save money.”

A question for engineering

“We will pay a 10% bonus for completion in 120 days.”

A question for the project management team

Step 3: Yields & Shields™

In any negotiation you will be asked to make concessions. What will you **Yield** and what will you **Shield**?

Yield = Lower value, I'll give, I'll concede, I'll let go.

Shield = Higher value, I must protect, I must have, I cannot give, I must keep.

Recall the Bracket:

Opening Positions are typically _____.

Targets are typically _____.

Bottom Lines are _____ **Shields**.

But remember to be _____.

Of the items you have chosen to Yield & Shield™ the degree of importance will _____ from item to item. Be willing to change your mind when assumptions are clarified, or new information is obtained.

As part of trying, we need to recognize that as sellers, we have more power than _____, and customers have more power than _____ the order.

Step 4: Get in the Habit and Create the Loop

How do I make concessions to my advantage?

Both YES and NO are very important in moving any negotiation forward.

The Habit: Say “YES” when possible and make a request in return (The Golden Rule).

Say “NO” when necessary yet provide a minor concession.

When saying _____, make a request in return.

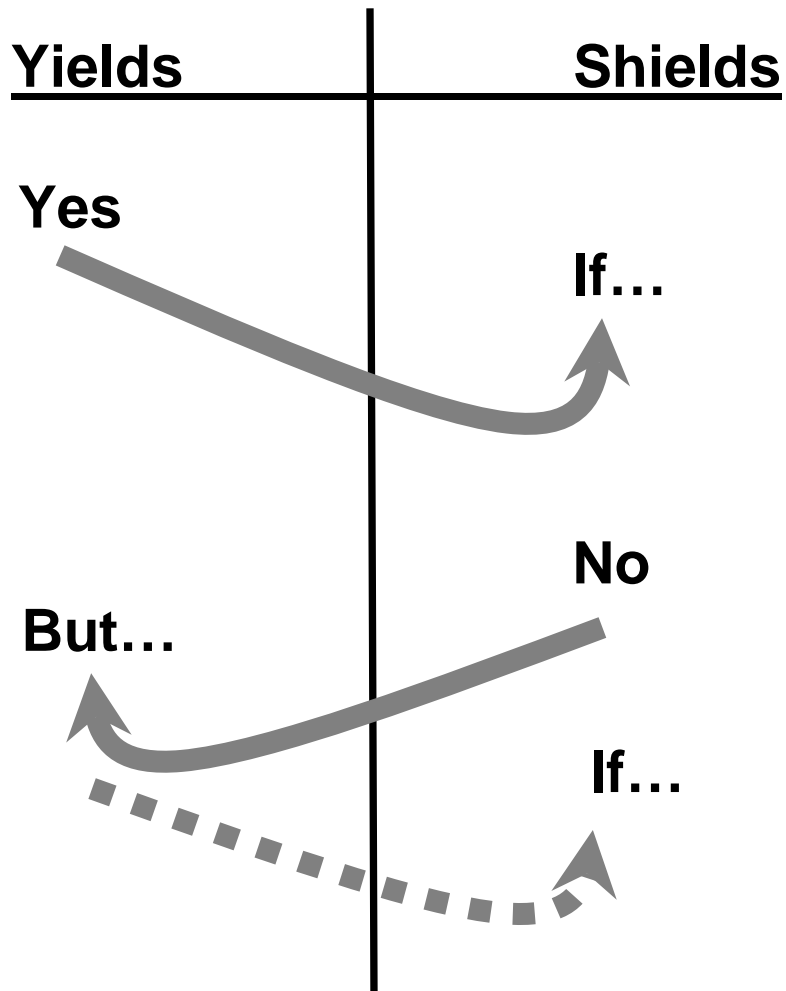
Ask for something you have listed as an item you are trying to Shield.

When saying _____, provide a minor concession.

Give something you have listed as an item you are willing to Yield.

Create the Loop: Every time you say “YES”, or “NO” and provide a concession, ask for something in return.

The Habit & Loop™ Diagram



Remember: What's your ____?

Trading Concessions: The 4-Step Process

Step 1:

Identify the relevant _____ & _____.

Step 2:

Properly _____ the terms & conditions.

Step 3:

Identify _____ and _____ positions.

Step 4:

Get in the _____ and create the _____.

Pillar #3 - The Trading Game

1. The list of items to Yield & Shield™ prepares us to _____.

2. The Habit shows us how to say _____ and _____ more effectively.

3. The Loop shows us how to get something of value in _____ for the concessions that we make.

Pillar #3 – The Trading Game

Supplemental Information

This negotiation role-play expands on the previous learning, while introducing some additional critical components found in most successful long-term negotiations. Specifically, long-term negotiations involve a complex matrix of concessions needed for trading, and a pre-plan on how to effectively trade. Key outcomes are as follows:

Planning: This case places a significant emphasis on the need for proper planning. As in many situations, the 80/20 applies here; 80% of the time should be spent on planning, while the remaining 20% of the time should be used to effectively negotiate the outcome.

Furthermore, planning involves several additional layers of complexity for both buyers and sellers:

- know the history, and how it may affect the negotiations
- list your available terms and conditions
- try to determine the costs (values) associated with your list
- consider what is on the other party's sheet of paper
- plan your actions (strategic and tactical)
- plan your Opening Position
- determine your walk away positions

The Opening Position: Recalling that in any negotiations an Opening Position, Target and Bottom Line (walk-away) positions should be planned for – the Bracket. The planning process directly leads to the Opening Position. Both sides should Raise the Bar! while recognizing the other side is most likely doing the same. Building on previous learning, a considerable amount of detective work should have been performed to this point in order to allow us to best understand our Opening Positions and how to defend them, while also allowing us to understand the other sides Opening Position and how to best defend against it.

Yields & Shields™: This role-play helps to confirm that often the low value concessions (Yields) made by one side, are more highly valued (Shields) by the other. Arriving at an effective list of Yields & Shields™ is a critical part of the planning process and requires that we look at the negotiation through the eyes of the other party as well as our own.

The Habit & Loop™: This process will help ensure that any negotiator, buyer or seller, is better prepared when saying “No” and/or “Yes”. The word No by itself can lead to frustration and a deadlock. While at times it may be necessary to emphasize No leading to a potential deadlock, most often a continuation of the negotiation is the preferred outcome. The Habit & Loop™ encourages us to say no when necessary yet provide a lower value alternative choice to the other party in order to continue the negotiation toward an acceptable outcome, and thus avoid deadlock around a single issue.

Likewise, the word “Yes” alone will cause us to give away value without gaining something in return. The Habit & Loop™ encourages us to ask for something in return while making any concessions – the Golden Rule of negotiating!

Sheets of paper: Through the outcome of this role-play, we see that often one side is prepared to concede items that the other side may have found valuable. Remember; try to probe deep into the other side’s position by asking many questions, often, and in various forms. Furthermore, specifically nibble for items of interest at the close, while suggesting they might be able to cement the decision. Lastly, recall that sometimes we need to specifically state what it is we are after.

Learning: Reflect on your own results from the Habit & Loop™ role-play case. Did you feel comfortable trading concessions – saying “Yes, if” and “No, but”? How do you feel you did? What could you improve upon next time? What were your personal lessons learned?

END OF MODULE B

END OF INTRODUCTORY MODULES

shukran
Mh'gōi
děkuji
tak
dank u
kiitos
merci

danke
ευχαριστώ
תודה .
dhanyavād
terima kasih
grazie
ありがとう

감사합니다
choukrane
Xièxiè
obrigado
спасибо
gracias
kop khun

THANK YOU!

START OF MODULE C

Concession Cadence™

Advanced Planning

Root Causes: Reasons People Don't Plan

Key Planning Elements

Integrating the Bracket with Yields & Shields™

Negotiation Planning Guide

Price vs Cost Discussion

VA/VE: Value Analysis / Value Engineering

The Buying Game™

Concession Cadence™

Imagine you are a purchasing buyer and during intense negotiations, the seller has conceded the price for the quoted offering as follows:

Un-planned Concession Cadence™

| | | |
|---------------|--------|------|
| O/P | 100000 | |
| | | 3000 |
| Concession #1 | 97000 | |
| | | 4000 |
| Concession #2 | 93000 | |
| | | 5000 |
| Concession #3 | 88000 | |

What conclusion do you draw from this pattern of concessions? _____.

What do you believe the next offer will be? _____.

Is the seller close to their Bottom Line? _____.

Concession Cadence™ Continued...

Now consider this alternative price Concession Cadence™:

Planned Concession Cadence™

| | | |
|---------------|--------|------|
| O/P | 100000 | |
| | | 4300 |
| Concession #1 | 95700 | |
| | | 2170 |
| Concession #2 | 93530 | |
| | | 792 |
| Concession #3 | 92738 | |

What conclusion do you draw from this pattern of concessions? _____.

What do you believe the next offer will be? _____.

Is the seller close to their Bottom Line? _____.

Lesson: A Concession Cadence™ can be applied to any negotiable item that has 2 or more variable concession values such as price, payment terms, lead times, etc.

Lesson: Zeros in numbers signal the other side as to the offers level of seriousness. We must be aware of it in our own Concession Cadence™ and carefully include it in any negotiation planning process.

Recall Foundational Rule #2: _____

“If you fail to plan, you are planning to fail”

Benjamin Franklin

Both confidence and courage are increased by effective planning. Before sitting down to negotiate, strengthen your position by planning effectively.

Studies prove those that plan better do better, regardless of their goal. Yet studies also show people spend less time planning than on any other activity related to reaching their objectives.

There are five typical reasons why people don't plan:

1. I don't have _____.
2. I don't _____ to plan.
3. The false _____ of experience.
“This isn't my first time.”
4. _____ of failing to meet a plan.
Accountability avoidance?
5. Planning processes are _____.

But quality planning is efficient AND effective!

Recall Foundational Rule #2: _____

Some key planning concepts:

1. _____.
2. _____.
3. _____.
4. _____.

Review and discussion of the Bracket Planning Worksheet and the Negotiation Planning Guide.

Bracket Planning Worksheet - SELLER

| Customer: | | Sample | | Project: | | Renewal | | Date: | | | | | | | | | | | |
|----------------------|----------------------------|------------------|--|-----------------------|--|-----------------------|--|------------|--|------------------|--|---|--|----------------------|--|------------------|--|---------------------|--|
| Pty | | Term / Condition | | Existing Agreement or | | Bkt | | Value | | Y/S | | Planning Notes: Items to trade, strategy, tactics | | Anticipated Response | | Counter Response | | Tentative Agreement | |
| Note: Pty = Priority | | BKT = Bracket | | M = Market | | OP = Opening Position | | T = Target | | BL = Bottom Line | | Y/S: Y = Yield | | S = Shield | | | | | |
| 1 | Price Increase | | | | | | | | | | | | | | | | | | |
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| | | | | | | | | | | | | | | | | | | | |
| 2 | Monthly revenue commitment | | | | | | | | | | | | | | | | | | |
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| | | | | | | | | | | | | | | | | | | | |
| 3 | Term | | | | | | | | | | | | | | | | | | |
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Negotiation Planning Guide

1. **Determine your strengths:** Are you in a short-term or long-term negotiation? If short-term, do you expect to negotiate with this party again in the future?

Stronger tactics, which sometimes damage relationships, can be used effectively in a short-term or one-time negotiation.

If the relationship is long-term, you have an obligation to create Win-Win outcomes. Make the other party feel good while doing the best you can for your company.

2. **Define your position carefully:** What are you trying to accomplish? How do you perceive your current position? What forces are influencing this position? Who do you believe has the advantage in this negotiation? Why?

Do any short-term action-items need to be addressed that will help shift the power towards your side (or protect the power you have)? If yes, what are they? (Fix a warranty, quality, or service problem, a shipping issue, a late payment...).

What about tactical items that can be used to gain the upper hand prior to commencing? Have you considered these types of actions? (Change location, change specs, change terms, limit authority....) Can someone get them done?

What are the sources of power the other side will attempt to leverage?

3. **Make your list:** Using the Bracket and Yield & Shield™ planning worksheet, carefully prioritize the issues that pertain to this negotiation and then Bracket the key items (see Sample Bracket Planning Worksheet).

Determine what positions you are willing to Yield and what items you are planning to Shield. Remember, there does not exist an absolute line between the two, but different degrees of willingness.

When creating a package, items will get shifted continuously – thus, know their value. Be prepared to switch items from a Yield position to a Shield position if a more valuable outcome can result. Also recall that this list will change as the negotiation unfolds and assumptions are clarified and verified.

4. **Their “sheet of paper”:** Make a list of items that you believe the other party values or will Shield. What is important to them? What are their low priority or Yield items? How do these match up with your priorities? What are the opportunities?

Do you recognize your own soft spots or areas of potential weakness that they may attack or exploit? Question yourself. Prepare to Shield these areas strongly.

What do you believe the other side's soft spots are? How can you use these to your advantage?

5. **Be creative:** Think outside the box and brainstorm. Are there any unusual terms and conditions that you feel the other side might be interested in obtaining or you may be able to offer?

Do you have any unusual requests? Ask for them.

Who would you ask to get these creative terms approved? Who would tell us the value of each one?

6. **Test assumptions:** Take careful note of any assumptions that you are making that pertain to this negotiation. Make a note of each assumption and then note the actions you will take to validate or verify each assumption.

What questions will you ask? What information will you request? Are there any other people you need to talk to in order to check your assumptions?

7. **Prepare for your initial meeting:** Did you try to get home field advantage? Can you?

Did you share an agenda with the other side? If they provided one, make it sure it is consistent with your plan and suggest changes if needed.

Have you allocated sufficient time for this negotiation? Avoid unnecessarily imposing deadlines on your side.

Do you know the list of negotiation attendees? Does your attendee list appropriately match up? Can you anticipate any questions or actions by any guests based upon your experience? Based on their title? Do you know the answers to these potential questions? Can you get them?

8. **Get in the Habit and create the Loop:** Remember the Golden Rule of negotiating... never give something without requesting something in return...this is one of the habits. Consider making a low-value concession when saying "No" to a request that impacts one of your Shield items.

Based on your prioritized list of items and what you believe is on the other side's sheet of paper, begin to anticipate a set of matchups that will enable effective trading of concessions.

And remember: When saying "No", create the Loop.

9. **Review strategies and tactics from your workbook:** Review the strategies and tactics used by both buyers and sellers. Which ones may apply here?

Remember the foundation; are you trying in every way possible? Are all the elements and steps of planning complete? Did you Raise the Bar!?

Price vs Cost

_____ is driven by several variables and market forces. On the other hand, Cost refers to the underlying components of Price such as _____ and _____.

A negotiation that focuses solely on price is often a contest about margin or profit levels between buyer and seller. Underlying costs are usually ignored.

In addition, suppliers often argue that _____ are fixed and they are entitled to a reasonable _____.

Good negotiators will uncover and negotiate costs as well as price. They recognize that costs are variable and must be continually reduced.

Traditional view of price:

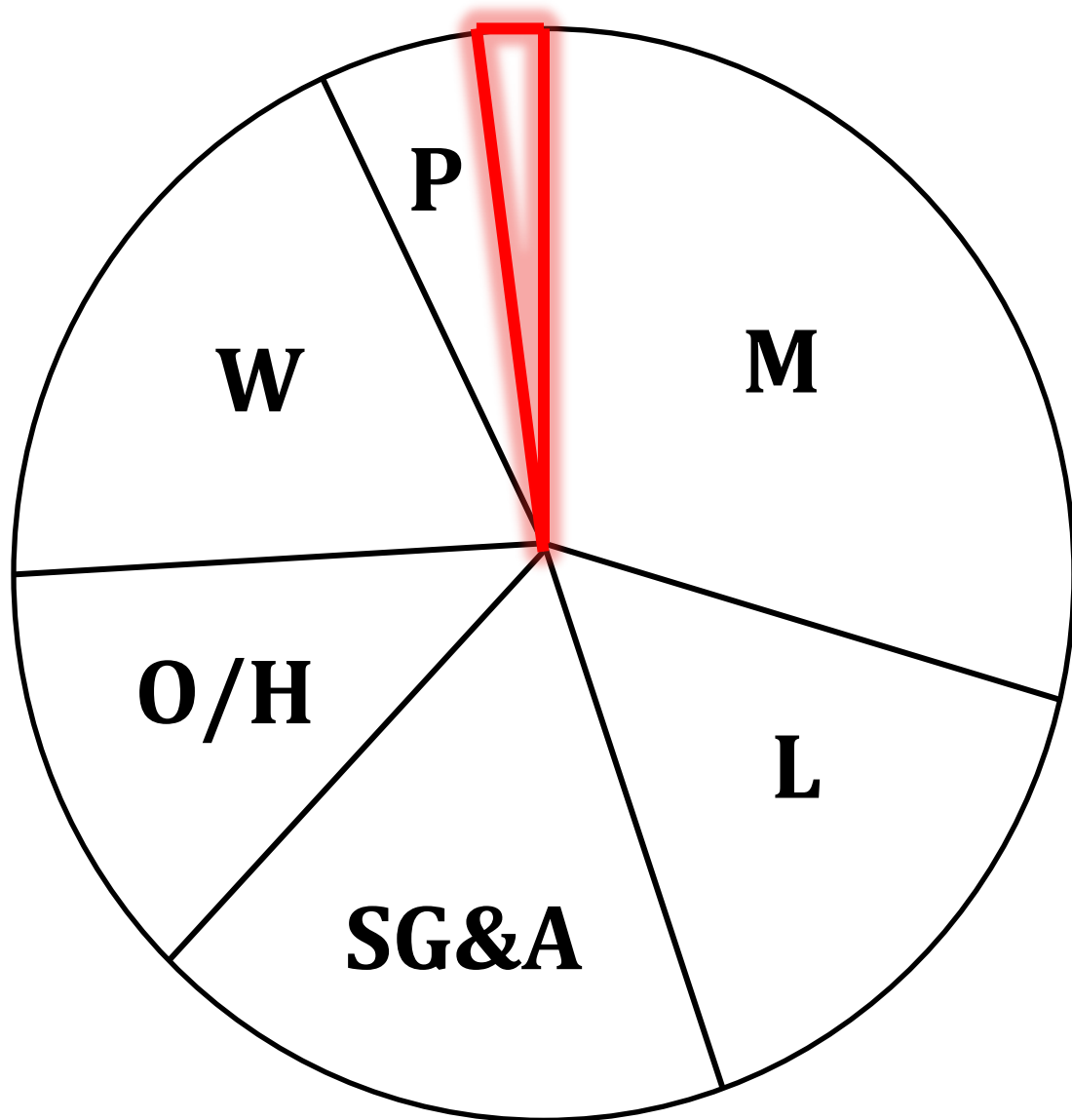
Price is the result of adding together costs and profit.

Lean view of price:

Price is market focused and profit results from reducing cost.

And remember, in the overall supply chain, much of the total cost is driven by the behavior and requirements of the buyer-customer, not the supplier!

Elements of Price



What's remaining? The smallest piece of the pie,

_____.

Don't forget ...

1. Make the Yield list _____.
2. _____ your Yields & Shields™.
3. Test and validate your _____.
4. Find out what's on their _____.
5. Never give without _____.

The Buying Game™

More and more, Corporate Purchasing is taking the lead when buying products or services from external suppliers. Purchasing follows a complex sourcing process that is designed to ensure that the company gets the best deal possible from the most capable supplier. Many variables are taken into consideration and two of the most important are price and risk.

When negotiating, carefully consider the motivations and positions of the other side, including answering these questions:

- **What are they trying to accomplish?**
- **What is their goal?**
- **Do they have other strategic objectives?**
- **Is purchasing working collaboratively with internal stakeholders?**
- **How important is price?**
- **How will the short-term impact the long-term?**

Remember, be careful of the assumptions you are making in the negotiation planning. Be sure to test and validate all assumptions!

The Buying Game™

Research has confirmed that...

1. Buyers use _____ in order to lower the expectations of the seller.
2. As suppliers move through the sourcing process, they are always in one of three possible states:
 - a) _____
 - b) _____
 - c) _____
3. As the product or service being sourced is further differentiated and increases in complexity, the importance of _____ diminishes.
4. In most complex sourcing decisions (up to 90%), the buyer has decided who to buy from _____ the final negotiation begins.
5. Sellers will gain additional leverage by determining if they have been _____, as part of the negotiation planning process.

The Buying Game Decoded - Clues Checklist

| | | | |
|---|--|--|--|
| Customer: Sample Premier Account | | Project: Co-location of backup datacenter | |
| Note: S/P = Selected/Preferred R = Rabbit | | | |

| Clue | S/P | R | Comments | Clue | S/P | R | Comments |
|-------------------------|-----|---|--|------------------------|-----|---|--|
| Incumbency | x | | Renewal of our 3-year deal | Site Visit | | | |
| Order of Negotiation | x | | They met with competition last week | Supplier Involvement | | | |
| Risk Mitigation | | | | Customer Interest | | | |
| Specification Change | | | | Credit Check | | | |
| Lawyers Involved | | | | Specific Tactics | | | |
| Formal Contract Drafted | x | | They marked up the current agreement | High-Level Involvement | | x | Competitor's EVP met with their CFO |
| Walk-Away | | | | Single/Sole Sourced | | | |
| Acceptance Time | | | | Relationship | x | | Strong, positive relationship |
| Back Door Selling | x | | IT says they prefer our cloud solution | Competitor's Specs | | x | They like competitor functionality - Tactic? |
| Spec'd In | | | | Involved Late | | | |
| Future Focused | x | | Discussing some add-ons for next year | Time Pressure | | | |
| Sourcing Milestones | | | | Price Focused | | | |
| Planning Started | | | | Technical Interest | | | |
| Key Activities Started | | | | Allows Walk Away | | | |
| Money Committed | | | | Information Sharing | | | |
| Reference Checks | | | | Tentative Deal | | | |
| | | | | | | | |
| | | | | | | | |

| Selected/Preferred | | Contender | |
|--------------------|-----------------------------|-----------|---------------|
| Date: | Feels like we are preferred | | Rabbit |
| Date: | | | |
| Date: | | | |

END OF MODULE C

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Negotiating for Success II

Advanced Planning



Be Intentional About ...

Team Roles

Creating Buying Game™ Clues

Effective Back Door Selling

Asking Questions & Body Language

Negotiating with Different Groups

CrissCross™ Box Planning Tool

Controlling and Setting the Agenda