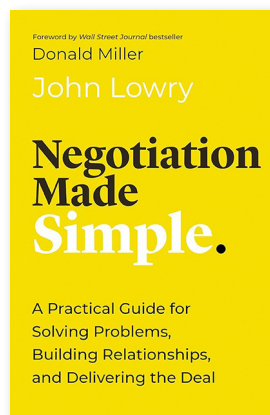


Negotiation Made Simple

A Practical Guide for Solving Problems,
Building Relationships, and Delivering the Deal

by **John Lowry**



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THE SUMMARY IN BRIEF

Great negotiators are willing to be bold. They see opportunities others don't see. They are irrationally confident that a deal can happen or a problem can get solved. They are ambitious. But they are also empathetic. They see the deeper desire behind the initial ask. And they find ways to bring parties together.

In your negotiations, you will have setbacks, surprises, disappointments from the deals that don't get done, but each setback is also a learning opportunity. In *Negotiation Made Simple: A Practical Guide for Solving Problems, Building Relationships, and Delivering the Deal*, author John Lowry provides five fundamental strategic skills that will enable you to see the bigger picture when you approach any negotiation so that you win the next deal, solve the next problem, maximize the next success, and overcome the people and circumstances that stand in the way of your dreams.

IN THIS SUMMARY, YOU WILL LEARN:

- How to manage yourself as a negotiator.
- The characteristics of competitive negotiation.
- How to use creativity in cooperative negotiation.
- Best practices to deliver the deal.

Part 1: Manage Yourself

You Are a Negotiator

When you hear the word *negotiation*, what comes to mind? Phrases like *bargain*, *give and take*, *win-win*, or *getting what you want* might come to mind. All of these associations make sense, but consider this working definition: negotiation is a strategic communication process to make a deal or solve a problem.

One of the biggest mistakes we can make is thinking that negotiation is an incidental aspect of our job description—something we do occasionally or something that other people use, not us. We think of ourselves as professionals, as experts in our field, as leaders, managers, and partners. *But not negotiators.*

When we start treating negotiation like an occasional responsibility instead of a daily tool, we neglect it. We don't try to get better at it, and when it comes time to negotiate, we just wing it. We give in when we should offer an alternative. We fight when we should cooperate. We miss out on a better outcome because we completely skip the step of strategic communication.

But if you start treating negotiation seriously, like a skill to practice and improve on, you will reap the benefits. Negotiation can make you a better leader, parent, spouse, and any other role you hold in life.

Strategy Wins

Feeling natural or comfortable drives much of our behavior, guiding our decisions and actions. This pursuit of comfort also informs how we negotiate. We don't like to do things that don't make sense or are uncomfortable. *Negotiation is a process we cannot master unless we are willing to do hard things that are uncomfortable.* Mastering the negotiation process will require us to ask for the things the other side doesn't want to give. It will compel us to say no to demands. It will create conflict as we pursue our interests and desires. All of these things are uncomfortable, but at times they are necessary to be successful.

As a negotiator, you must go beyond what is comfortable and begin doing what is strategic. This means using your targeted outcome and ultimate objective as the driving force behind every decision and move you make in a negotiation. Acting strategically will not always be comfortable and will likely require us to do hard things.

The first hard thing you will need to do is develop your knowledge of the negotiation process. Growing your skills will make you more confident in managing the difficult

moments of negotiation. As you become more confident, you will be better able to act in a strategic manner that leads to great success.

Once you have developed the courage to go beyond what is comfortable, you must learn to deal with the uncertainty that clouds this entire process. In negotiation, it's rarely the case that "all the cards" are on the table. Negotiation requires you to make decisions in the face of great uncertainty.

When there's a lot of uncertainty at play, the only thing you can do is control your actions. You can't control what other people are keeping from you, what they want out of the situation, or how they react to you. You can manage only yourself. You should have a sense of your instinct and assumptions in the face of uncertainty. Some people are naturally more trusting and willing to be cooperative. Others look out for themselves and tend to be more guarded and competitive in the face of uncertainty. Both approaches can be good, but both can also get you into trouble.

When you're negotiating a solution to a problem, ask yourself the following four questions, which are helpful to ask at any stage of a negotiation but especially in the beginning stages as parties are taking their positions. There will always be unknown factors, but self-awareness empowers us to make strategic choices.

1. What assumptions am I making to fill in the information I do not have?
2. What is the basis for these assumptions, and is the basis legitimate?
3. Are my assumptions based on what you hope to be the case or what is actually the case?
4. What information am I using to build a strategy, and can I rely on that information to be accurate?

The Lover Versus the Fighter: Two Strategies for Negotiation

Generally, there are two main approaches to negotiation: a cooperative one and a competitive one. These can be compared to the general archetypes of "lover" and "fighter."

The "lover" represents the cooperative approach. You see the solution as something that would be both beneficial and satisfying for both parties. You try to help the other side get what they want while at the same time pursuing what you want. You look to work together and create value for everyone involved. This approach is marked by accommodation

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and collaboration, trying to create value by working toward a solution that satisfies everyone.

A competitive approach sees the negotiation as a fight for value: there's a winner and a loser. With this approach, you are more ambitious and want to claim value. You tend to protect yourself and are not as trusting of others. You're looking to set yourself up to win as much as possible even if it means the other side will lose. This approach is marked by big asks and hard bargains.

You have a natural tendency for one or the other but it's important to not just lean on an approach that is natural or comfortable. There are times when it's devastating to *both* parties for one to lean on the cooperative approach. Other times being too competitive can kill any chance of a deal before a negotiation even starts. *A great negotiator knows how to use both of these approaches and employ them at different moments in a negotiation to get the best result.*

Part II: Ambitious Competition

The Characteristics of Competitive Negotiation

Competitive negotiation is a strategy used around the world to transact business and serves as the basis for market-driven economies. For example, fair market value is commonly defined as "what a willing buyer will pay a willing seller." This is often determined using competitive negotiation.

It's dramatic. Television shows and movies are based on it. We see competitive negotiations covered in the news from contract negotiations involving professional athletes to major company acquisitions to new laws passed by a legislative body. It's consequential.

This process can influence important life moments such as the purchase of your first house, the sale of your business, or securing a raise at work. The outcomes produced by competitive negotiation matter.

Finally, it's predictable. Once you understand the patterns of competitive negotiation, it becomes easier to manage toward a favorable resolution.

You need to know how to compete, even if you don't like it. Some people are offended by the win-lose paradigm of competitive negotiation. They see striving toward mutual gain through a win-win approach as a more wholesome process that serves humankind in a better way. But there are moments that *require* a competitive approach to negotiation and you will find yourself in competitive negotiations throughout your professional and personal life. Knowing that, let's get you ready to win!

Some people have the impression that a competitive approach requires lots of complicated moves or highly combative behavior designed to intimidate the other side. But fortunately, the approach is actually fairly straightforward and doesn't require you to bully anyone. The patterns are predictable. In just a few key moves, you can use their predictability to your own advantage.

There are four practical questions that will help you utilize the predictability of competitive negotiation.

1. How will you set up the process to close a gap between you and the other party in your favor? If you are responding to an opening offer, what is the gap you will create with your opening offer? if you're putting the first number on the table, what is the gap you anticipate will be created once the other side counters?
2. Is the midpoint of the anticipated gap a good place for you to do a deal?
3. As you are making concessions, does each concession hold the midpoint established by the first two reasonable offers? You may try to move the midpoint in your direction with a smaller concession, but at no point do you want to move it in the other side's direction with a larger move.
4. How will you manage the tone and communication of the negotiation knowing competitive negotiation tends to create tension between the parties?

These four questions will create a system for managing

every competitive negotiation. They will keep you from making mistakes and reveal opportunities to capture more value in a deal. The key to getting this system working for you is the opening offer. It's the most important move in all of competitive negotiation.

Master Your Most Important Move

The opening offer is critical in a competitive negotiation. The entire negotiation will proceed based on how you set up the process with your opening offer. Accordingly, this moment requires a carefully constructed strategy that sets the process up to end in your favor.

While most of the conversation around mistakes made in opening offers involves being too generous, one can also be too aggressive. If you are negotiating with a disciplined negotiator, this may result in the other party walking away from the negotiation or abandoning the pursuit of the deal altogether. It really is all about threading the needle between being generous and aggressive to get the best final outcome.

Nail the opening offer by answering three strategic questions:

1. Who is going to make the first offer? When you let the other person make the first move, you get *information* on where they stand and what they're hoping to get. But by making the first offer yourself, you have more *influence* over the result. Capture as much influence as possible by stating your position first.
2. Where are you going to start? You can either take an extreme position or a reasonable one. An extreme position gives you the flexibility to concede and manages the expectations of the other side. A reasonable opening may be the right option in a case when you don't have a lot of time to go back and forth.
3. How are you going to make the opening offer? You can be firm on your opening stance or soft about it. A soft offer pairs well with an extreme one. If you are too firm on an extreme price, people will despair and walk away. If your opening price is reasonable, then you'll have to be firm about it if you're going to end up with a fair deal.

The most important move in competitive negotiation is your first move. If you don't do it right, it will cost you. If you do it right, you can achieve more than you ever thought possible.

Concede with Purpose

Concessions are important in the negotiation process and

they play three important roles. First, the importance of how value is exchanged and the moves that are needed for the parties to reach an agreement cannot be understated. Second, they are communication devices that carry important signals to each party useful for managing expectations and determining how a deal might happen. Third, they are an important part of the psychological game that underlies the negotiation.

Knowing these roles will help you develop a strategy for managing concessions so you come out the winner. Carefully constructed concessions get a great deal for ourselves *and* make the other side feel good about it.

Part III: Creative Cooperation

Transition from Positions

A competitive approach is useful if we have power in the negotiation. But there are moments when we don't have a lot of power, and the other person has the upper hand. In these cases, we're not going to be successful by being competitive. The best approach is a creative, cooperative one.

Cooperative negotiation aims to understand and creatively meet the needs of everybody involved. It's a process of creating value. The need for a deal begins with a problem, complex or simple, that the parties are looking to solve. Positions are perspectives on how the issue should be resolved. If those positions align, then the negotiation is easy. But that is rarely the case.

When each party has different ideas about how the issue should be resolved they often spend a lot of time and energy trying to convince the other side their position is correct. This leads to an escalation, potentially no deal at all, damaged relationships, and wasted time, money, and resources. It's not very effective.

Understanding the collaborative approach will help you create new value where there wasn't value before. This tactic will transform who you are as a negotiator and exponentially increase your ability to close deals. It's three simple words: transition from positions. These are perhaps the most important words in all of negotiation!

When you transition from positions to interests you will find things like: egos, fears, motives, values, goals, relationships, and circumstances. These are what a person is truly interested in gaining, protecting, or developing.

People are not used to this type of negotiation and, as a result, will seek to avoid it.

Take time to build rapport with the other side before diving into the negotiation. Ask open-ended questions to get beyond the stated positions *and* to find the interests that you believe will affect the other side's decision making.

Then, brainstorm and develop creative solutions that satisfy your interests and the interests of the other side. This is the power of transitioning from positions. By responding to the other party's interests, you move closer to reaching a deal.

The Roadmap to Resolution

The transition from positions is difficult because people sense a loss of control. The negotiation often becomes messy as emotions and personal interests arise in the conversation. The use of positions requires compromise, but the use of interests requires creativity in the integration of new resources. People are not used to this type of negotiation and, as a result, will seek to avoid it. Therefore you need a road map you can give them to educate them on the process and give them back a sense of control.

1. Steer the conversation in a new direction.

In negotiation situations, it is not often that people willingly share their cards. They do not bring up their real interests. Instead they talk about positions. So your first move is to intentionally lead the conversation in the direction of interests.

2. Ask questions.

Cooperative negotiation is about working with the other side to explore ideas in search of a solution. This begins with asking powerful and inspirational questions. You're not looking for one word answers. What you really want is the answer to the question "why?"

3. Listen.

When people open up, listen. Listening is one of the most difficult parts of this whole process because our minds tend to wander. The solution is focus. Focus on people as they talk and pay careful attention to what they say.

4. Create options.

Now it's time to get creative. Build a list of everything you could do to make the deal come together based on the interests of both sides. Invite the other side into this process to show them how committed you are to protecting everyone's interests.

5. Develop options.

With lots of ideas on the table, you can now begin to think critically. Ask yourself, *Which of these ideas are doable?* It will become clear fairly quickly which ones are logistically unreasonable or out of reach. Your goal is to narrow the list to only the ideas that are actually feasible.

6. Evaluate options.

Last, ask yourself, *What doable options best meet my interests and the interests of the other side?* When you find the best option that meets both needs, not only will you have a deal, but you will have a durable agreement that truly solves the problem.

The Power of Empathy

One of the most powerful cooperative tools used by leaders today is empathy. Simply defined, empathy is the process of identifying, sharing, and experiencing the feelings of another person. In other words, putting yourself in another person's shoes for a moment.

Empathy is powerful because it often illuminates the path to a deal. As you better understand the needs of the people you are negotiating with, you will know what you need to accomplish in the negotiation to strike a deal.

Once that understanding has been established, you can creatively and collaboratively go to work on crafting a deal that is responsive to all the needs on the table. By using empathy strategically, you can drive negotiations to a mutually satisfactory outcome centered on meeting people's needs.

Part IV: Deliver the Deal

Prepare for the Process

As negotiators we all have visions of the great deal. We get

excited thinking about what it would mean for our career, the size of our bank account, or our quality of life. Having a vision of a great deal is absolutely necessary because it gives us the motivation to go after it. It is the vision that compels us to move beyond what is comfortable and ask for more.

But envisioning the great deal is the easy part. It is delivering it that is hard. Knowing how to build a plan and mastering the preparation process is absolutely essential to sustained success as a negotiator.

Preparing for a negotiation is about understanding and anticipation. It's like a business plan. You want to think through all the strategic issues. The value of working through the following checklist is not getting it all right but carefully thinking through the issues that will determine your success or failure in the negotiation.

1. Who are the parties to the negotiation?
2. What are the issues or questions that must be answered to strike the deal or solve the problem?
3. How important are the issues to you? How important is the relationship with the other party to you?
4. Is the other party likely to negotiate competitively or cooperatively?
5. How competitive or cooperative do you intend to be during the negotiation?
6. How well do you understand the substance of the negotiation? Is there anything you must learn about the subject matter being negotiated before starting the process?
7. What assumptions are you making going into the negotiation?
8. What alternatives are available to you and the other party if the negotiation is not successful?
9. What are the most realistic and likely alternatives for each party?
10. What can you do to improve your most likely alternative before the negotiation?
11. What is the most strategic sequencing of the issues in the negotiation?
12. What is your ideal outcome of this negotiation?
13. What is your bottom line?

14. Will you put the first offer on the table or let the other side make the first move?
15. What will be your opening offer?
16. What do your anticipated concessions look like?
17. What are the intangible, underlying interests of each party that may affect the negotiation? What is driving each party's decision making?
18. What creative options might be integrated into the negotiation?
19. What tactics do you anticipate from the other side and how will you deal with them?
20. What is the best setting and time for the negotiation?

Overcome the Obstacles

Tactics are strategies used in the midst of negotiations to try to get ahead. It would be a simpler world if no one used tactics, but you should expect them. Tactics are a usual part of negotiation, but they can become a major barrier to progress if you don't know how to manage them carefully. Some common ones include:

- Bait and switch
- Take it or leave it
- Making it personal
- Patronizing
- Creating time pressure
- Bogus demands

There are two intuitive ways to respond to a tactic, neither of which are very effective. The first is to simply ignore it and the second is to respond with a tactic of your own. In the end, neither of these approaches really help the end goal of getting a deal because you end up playing the game the other party has chosen.

This alternative approach keeps you from playing their game in three steps:

1. Identify the tactic. Notice that the other party is using them, stop and pay attention
2. Call out the tactic. Let the other side know that you are aware of the tactic being deployed. This diminishes the impact of it.

3. Negotiate the process. Simply stop the process and pursue a deal that eliminates the tactic before responding to any further offers.

The best of the best negotiators outperform their peers by doing two things. First, they have more ego drive, which causes them to be more ambitious. Second, they are more empathetic. These two qualities: ambition and empathy are equally important. They are the keys to using negotiation to provide a more satisfying, impactful, and successful life.

The whole basis of the *Negotiation Made Simple* approach is ambition and empathy. These are the two characteristics that, when developed, utilized, and balanced appropriately, will make a difference in your negotiations. Add to them the tactical advice presented here and you will become a great negotiator.



Dr. John Lowry is a recognized authority on negotiation through his experience as a lawyer, business consultant, entrepreneur, negotiation coach, and university administrator. His results-focused, systematic approach to negotiation has been successfully implemented by thousands of professionals across the United States. Dr. Lowry teaches negotiation at the top-ranked Straus Institute for Dispute Resolution at Pepperdine University School of Law and in Vanderbilt University's Master's in Management in Health Care program.

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