



How well are you negotiating?

Huthwaite International's latest global negotiation research.





Our latest **global negotiation research**

In 2014 Huthwaite International launched its biggest ever global survey into the tactics and behaviours that people deem effective when at the negotiating table. We based the content of the global negotiation research survey on the findings of our original negotiation research conducted a number of years ago. The difference between the two projects is that the original research involved directly observing what happened, and used Huthwaite's unique verbal behavioural analysis technique to capture the behavioural differences between skilled negotiators and average negotiators. Skilled negotiators were those that were rated as effective by both parties in the negotiation, had a track record of success and, perhaps most importantly, low implementation failure. Average negotiators on the other hand were experienced negotiators with a moderate track record of success. By directly observing the negotiations we were able to capture and analyse the behavioural differences between these two groups, as well as differences in the strategies and tactics they used.

We wanted to find out whether people would easily recognise what effective negotiation tactics and behaviours looked like, so we put together a series of questions to which over 1300 people across the globe responded. Here we share the survey findings.

What do we mean by negotiation?

In Huthwaite we define negotiation as being the process by which sellers and buyers agree the terms and conditions on which they are going to do business once the buyer has agreed to buy. Many sellers make the mistake of discounting in order to persuade the buyer to buy, rather than building value for their product. There are three conditions that have to exist in order for negotiation to take place:

- **The resource is scarce;** if not, there is no point negotiating about it
- **Both sides are able to vary the terms;** if they cannot then the movement required in negotiation cannot take place
- **Agreement and conflict exist;** if there is no agreement then there is no point in negotiating, and if both sides are in total agreement then there is nothing to negotiate on.

Insights into **types of negotiation**

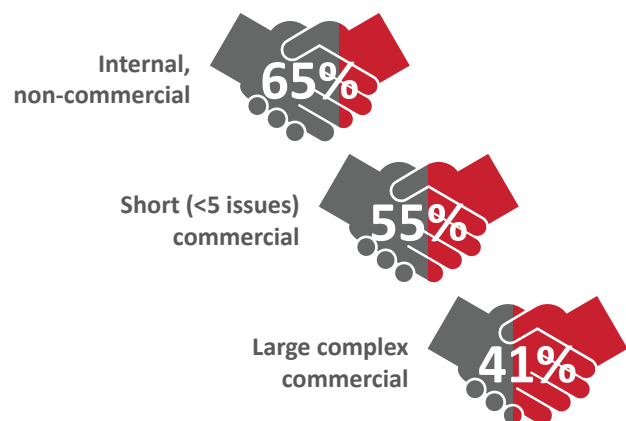
When people think of negotiation certain images may come to mind; haggling over trinkets in a market place, unions locking horns with management over pay and pensions. On a personal level the biggest negotiations we are likely to take part in will involve dancing around the price of a house, or perhaps a car. And when it comes to the workplace most people may regard negotiation as a task primarily undertaken by professional buyers and sales people.

Our 2014 global negotiation research survey revealed that the most common type of negotiation that happens in workplaces is, like the majority of the examples above, not commercial at all. 65% of our respondents indicated that they frequently took part in non-commercial negotiations, by which we mean negotiating with internal colleagues. And it's the internal role of HR that is most likely to regularly get involved in these types of negotiations, and least likely to get involved in commercial negotiations. Salespeople, in contrast, are least likely to get involved in non-commercial negotiations but, along with professional buyers and CEOs/directors are the job role most likely to take part in commercial negotiations.

In the survey we identified two types of commercial

negotiation; short negotiations that involve up to five negotiable issues and large, complex negotiations that involve many more issues. Overall we found that 55% of respondents frequently took part in short commercial negotiations and 41% frequently took part in large, complex negotiations.

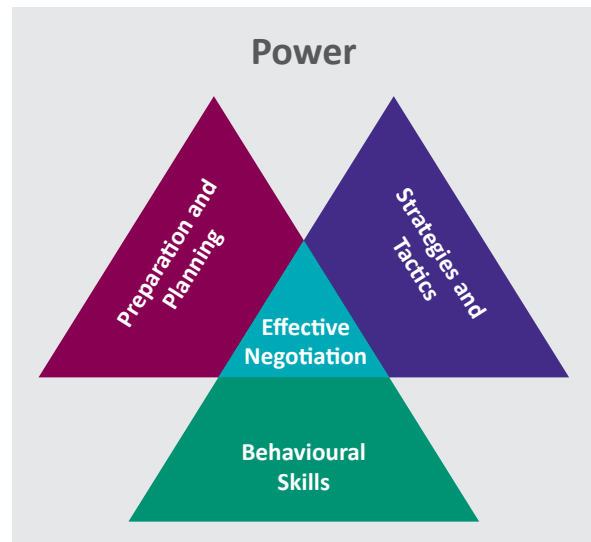
Most negotiation is internal between colleagues, rather than external with suppliers/customers



The essential ingredients **for any negotiation**

Whether negotiations are commercial or not they still require a set of knowledge and skills that can be applied in a range of circumstances. Our research has identified the following components as being necessary for effective negotiation to take place.

- **Power**
Power is in the head; how powerful you feel at the negotiation table will impact how powerfully you behave and what you ultimately achieve.
- **Strategies and Tactics**
What you want to get out of the negotiation and how you are going to achieve your objectives. This is the output of your preparation and planning, and can include behavioural tactics.
- **Preparation and Planning**
This is key to any effective negotiation. Huthwaite research found that skilled negotiators focused more on planning (deciding what to do with the data) rather than on preparation (the process of collecting data).
- **Behavioural Skills**
Our behavioural research underpins our negotiation skills model in exactly the same way as it underpins our sales and communication models.



Let's take a look at the Huthwaite research into each of these areas in turn, beginning with the impact of power in a negotiation.

Power

In Huthwaite, we have long recognised the importance of power in negotiations. We also recognise that power is an emotion - in that the more powerful you feel; the more powerfully you behave.

In our 2014 global negotiation survey we asked participants to rate how powerful they felt before their last negotiation. We divided the respondents into three separate groups as follows:

- Those who felt less powerful than the other side (the Less group)
- Those who felt they had the same level of power as the other side (the Same group)
- Those who felt more powerful than the other side (the More group).

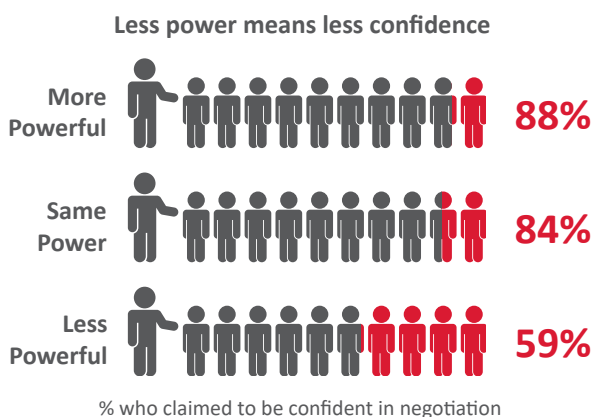
This enabled us to look for differences in responses between people who felt different levels of power. Before we do that, let's consider where power comes from, as there are various sources. The first determinant is how much you have riding on the outcome compared to the other side. A big part of feeling powerful comes from the strength of what Huthwaite calls a fallback and Harvard Business School refers to as a BATNA (Best Alternative to the Negotiated Agreement). Basically, no deal is always better than a bad deal. But if you are going to walk away from a negotiation with no deal, what are you going to do instead? Think of going into a job

interview where you have already secured another job offer that you are happy to take. How much harder would you push for the salary that you really want in that situation than if you had nothing else in the pipeline?

Secondly, power is gained by going into a negotiation having done a thorough job of your preparation and planning. Planning is especially vital. Have you thought through your strengths and weaknesses and how you are going to exploit one and minimise the impact of the other? Have you considered all the what-if options around the various moves you could make? Have you spent time really thinking through what the other side might be thinking, what strategies and tactics they might deploy and how you might respond to them?

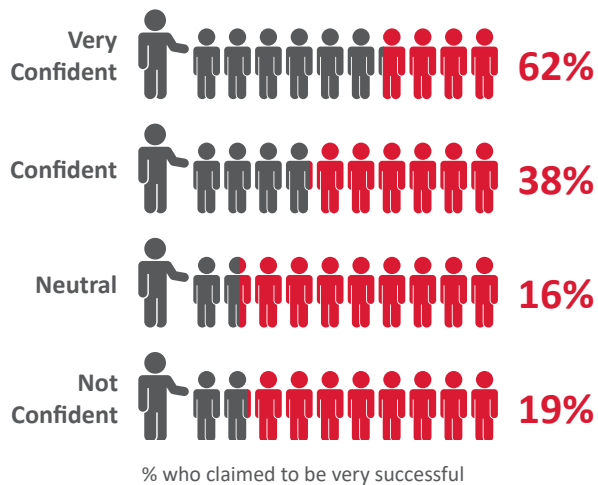
A third source of power is information. The more you know about the other side, especially in relation to their strengths and weaknesses, the more powerful you will be.

Finally, power also comes from having confidence in your own negotiating skills. The graph from our 2014 survey shows the percentage of respondents in our Less, Same and More Powerful groups who felt confident or very confident in their negotiation ability. As you can see, those who felt less powerful before a negotiation have a much lower level of confidence in their ability to negotiate than the other two groups.



The relationship between confidence, power and success

Confidence in negotiation breeds success



Let's now look at how levels of confidence and feelings of power related to success. In the 2014 survey we identified Successful negotiators as those who successfully implemented 75% or more of their negotiations without the need to renegotiate. Unsuccessful were negotiators who successfully implemented less than 50% of their negotiations. 62% of those who were very confident in their negotiation skills fell into our Successful category, but as the confidence level decreases, the percentage in our Successful category drops significantly, as the graphic shows.

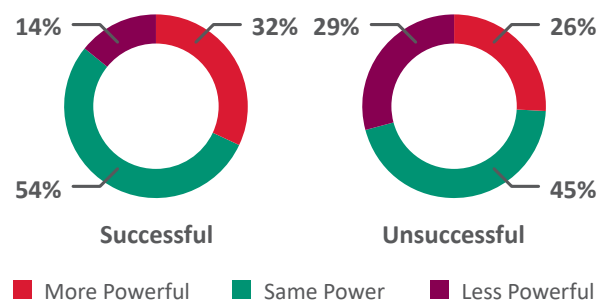
Given that powerful people feel more confident and more confident people are more successful, you might therefore expect that the more powerful you feel before a negotiation, the more successful you are likely to be. But our 2014 negotiation research indicates that this relationship is not as straightforward as we might expect it to be.

Overall when we looked at the amount of power felt by people in our Successful group, 32% of them felt More Powerful, and only 14% of them felt Less Powerful than the other side at the start of the negotiation.

In comparison, 29% of those in our Unsuccessful group felt Less Powerful and 26% felt More Powerful before the negotiation. So we see a big difference between the percentages of Successful and Unsuccessful who felt Less Powerful, but not a big difference in the percentages who felt More Powerful.

This suggests that to be successful in a negotiation you need to feel at least as powerful as the other side. Feeling more powerful does not however necessarily confer an advantage. We also found that cultural differences had an effect on this.

Underdogs lose out, but having power doesn't guarantee success. So use power, don't abuse it





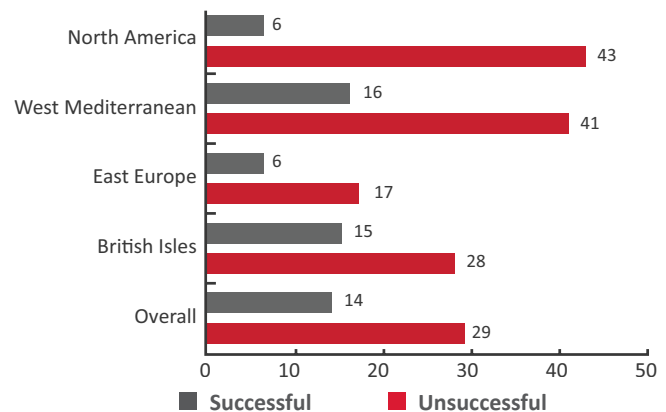
To analyse the impact of culture on the role of power we divided the respondents by region, a selection of which are shown in the graphs. North America includes the United States and Canada. West Mediterranean consists mainly of Italy and Spain, East Europe is mainly Russia and Bulgaria. The first graph shows the percentage of Less Powerful respondents in each region who fell into our Successful and Unsuccessful groups. The results show that across all the regions there is a difference of +10% between the Unsuccessful and Successful, but this difference is also much higher in the West Mediterranean and North America than in the other regions. So in some cultures feeling Less Powerful before a negotiation means you have practically no chance of achieving a successful outcome. This emphasises the importance of planning for power.

Our second graph shows the same data for the same regions but this time for respondents who claimed to feel More Powerful. Here we see a bigger variation between regions. Certain regions such as the British Isles and East Europe have a much higher percentage of More Powerful people claiming to be Successful than Unsuccessful. But there is little difference between the percentage of Successful and Unsuccessful in the West Mediterranean and North America.

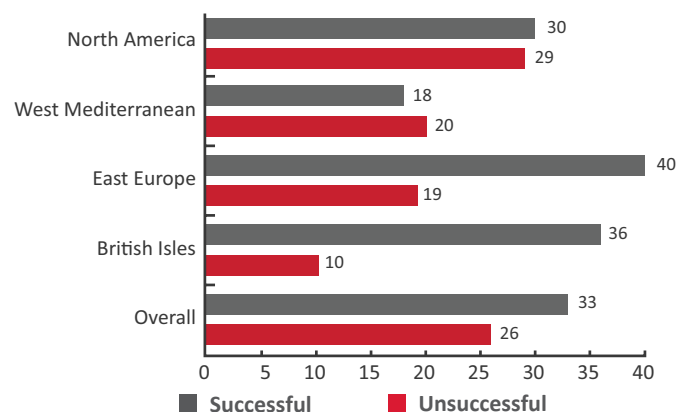
Combining these two sets of results together leads us to the following hypothesis. In regions like North America and West Mediterranean feeling Less Powerful before a negotiation means you are more likely to be Unsuccessful, but feeling More Powerful does not make any difference. In these cultures it would seem that having a balance of power is crucial, perhaps because having too much power leads to people using it to drive win-lose outcomes, which of course means a poor prognosis for those who feel Less Powerful.

In regions such as East Europe and the British Isles feeling More Powerful means you are more likely to be successful, and feeling Less Powerful means less successful. So having more power in these cultures is an ingredient for success.

% Less Powerful respondents classified as Successful or Unsuccessful



% More Powerful respondents classified as Successful or Unsuccessful



One piece of evidence from our global survey may explain why people who feel More Powerful may not always be Successful in terms of negotiating an implementable deal. When we asked respondents how they would start a negotiation the More Powerful group were far more likely than the Less Powerful group to start with an area of major disagreement. So we get a sense that feeling More Powerful may lead people to go into a negotiation all guns blazing with a focus on what they want to get out of it, rather than considering how they are going to work with the other side. The danger with a combative win-lose approach is that it does not always result in a negotiable outcome that is easily implementable.

So our message about power in negotiation is: make sure you have it, but then use it, don't abuse it. Nothing was ever gained in the long-term by beating up the other side.

Behavioural skills

In Huthwaite we specialise in understanding effective verbal behaviour. In this section we introduce our key research findings around behavioural skills, which includes:

- how to persuade in a negotiation
- behaviours that can potentially upset the other side
- the art of testing understanding
- giving Feelings
- making proposals.

How to persuade in a negotiation

There is often confusion when talking about negotiation. Do we actually mean negotiation or persuasion? Given that Huthwaite has defined negotiation as being a process which requires both parties to be able to vary the terms, the very nature of negotiation therefore requires both parties to move closer together to achieve a compromise. Persuasion or influencing on the other hand is the process of getting the other side to do what you want them to do. This is one-sided movement.

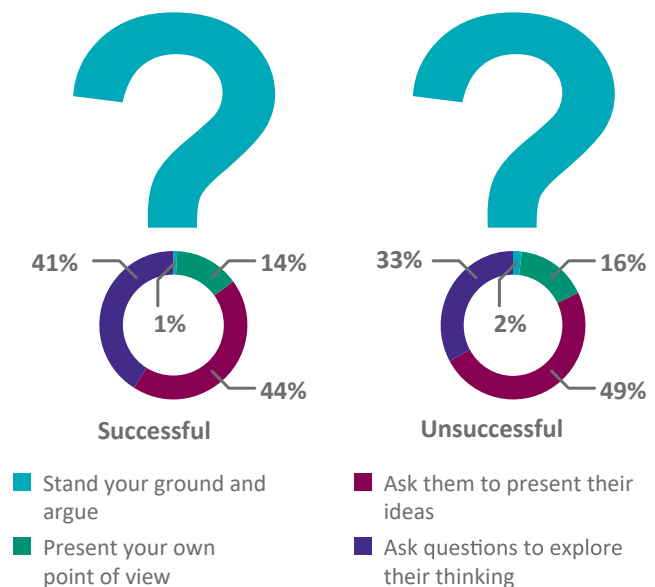
Often the art of persuasion is called negotiation. The hostage negotiator, Richard Mullender, makes this very point when he states that the process of what we term hostage negotiation for him was never a process of negotiation, because there was never any compromise. He was never in a situation where he could comply with the hostage taker's demands; his sole focus was to "get them off the roof or get them free".

To be an effective negotiator you need to recognise when and how you need to use persuasion skills. This is likely to happen at points in the negotiation where you do not seem able to agree. It is also important to understand **how** to persuade effectively in these situations.

In our 2014 global negotiation survey we asked respondents which persuasion strategy they would use in a negotiation situation. The overall responses to the four options on offer are shown on the graph opposite. The highest number voted for asking the other side to present their point of view; followed by asking questions. The positive here is the relatively low number who would just present their own point of view. This is because we know from our research into persuasion that presenting our own opinion will not necessarily change somebody else's. Logic is not persuasive!

Mullender substantiates this view from his experience by saying when he is negotiating he is not looking to change the other person's opinion. He is merely looking to understand their opinion so that he can use it against them to get the outcome he is looking for.

Although asking the other side to present is the most popular option overall, it is not the most popular for those respondents to our survey who fell into our Successful group. In comparison the Unsuccessful group were far more likely to ask the other side to present.



Questions are powerful because they get the other side talking. But the real art of questioning lies in listening to what is said. This does not mean hanging onto every word, instead it means listening out for the key words that you can use to your advantage. In selling situations the key words that a user of our SPIN® Selling model would be listening out for are Implied and Explicit Needs. An effective salesperson is somebody who can use those Explicit Needs to create powerful Benefit statements that resonate with the customer's view of the world. The more powerful the Benefit statements the less likely the seller is to need to negotiate.

In conclusion we can say that although negotiation can be viewed as a different part of the process and a different skill set to selling/persuasion, an effective negotiator still needs to be able to deploy appropriate persuasion strategies in a negotiation situation. This is why we advocate that negotiators should learn effective sales skills as well as negotiating skills to help them achieve win-win outcomes.

Behaviours that can potentially upset the other side

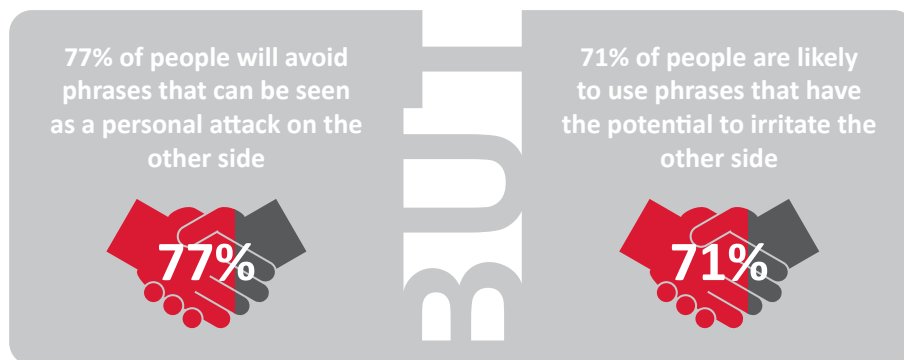
Having considered persuasion and power in negotiation we are now going to look at the use of specific verbal behaviours that the original Huthwaite International research identified as being ones that skilled negotiators either used or avoided. The first behaviours we are going to review are those that have the potential to upset the other side.

The first of these is a behaviour that in Huthwaite we call an Irritator. The Irritator is defined as: words or phrases which have the potential to irritate through self praise or condescension, lack any persuasive function and are used to describe a person's own position or proposal. Examples are words such as: "fair", "reasonable", "generous" etc. The key point about irritators is their **propensity** to irritate, unlike

the more obvious Defend/Attack behaviour, which was identified through Neil Rackham's earliest work on verbal behaviour. Defend/Attack is a behaviour that attacks another person either directly or by defensiveness, and is generally focused on the person, not the issue at stake. Defend/Attack behaviours may involve value judgements and often contain emotional overtones. So in the 2014 global survey we invited respondents to indicate whether they would use these two behaviours; the examples being:

"It's a reasonable offer" (referring to their own offer) – **the Irritator**

"You really need to sharpen your pencil" – **the Defend/Attack**



Now, most people when faced with these behaviours would probably regard the first one as rather innocuous and perfectly safe to use, whereas the second one appears more aggressive and challenging. The results of the global survey bore this out: 71% of our respondents said that they would **use** the Irritator but 77% would **avoid** the Defend/Attack.

What we found when observing negotiators in our original negotiation research was that skilled negotiators did indeed avoid Defend/Attack: it represented only 1.9% of skilled negotiator behaviour, compared to 6.3% of average negotiator behaviour. That is not to say that effective negotiators would never use this behaviour. Defend/Attack has its place in any behavioural repertoire but is effective when used minimally, but with real impact. The real danger with Defend/Attack is that it can quickly disintegrate into what we call a Defend/Attack spiral, where I attack you, and you respond either defensively or by attacking me back, which then results in another Defend/Attack from me, and so on. That does nothing to generate a win/win negotiation outcome.

Avoiding Defend/Attack may be obvious; but often what we see happening is that as the tension rises and negotiators try to avoid using Defend/Attack so the number of Irritators used increases. Our observational research found that skilled negotiators were the ones who could avoid this happening. In an hour of speaking time the average negotiator would use 10-11 Irritators, whereas the skilled negotiator would use two or three. This is because the skilled negotiator recognised (perhaps unconsciously as often happens with behaviour) that Irritators had the potential to create as difficult a climate in the negotiation as the Defend/Attack above. You might think that you are being fair and reasonable, or generous, but the other side might not think so, and this is what causes the climate to disintegrate.

Defend/Attack as a percentage of all negotiators' behaviour



Negotiators' use of Irritators per hour of face-to-face speaking time



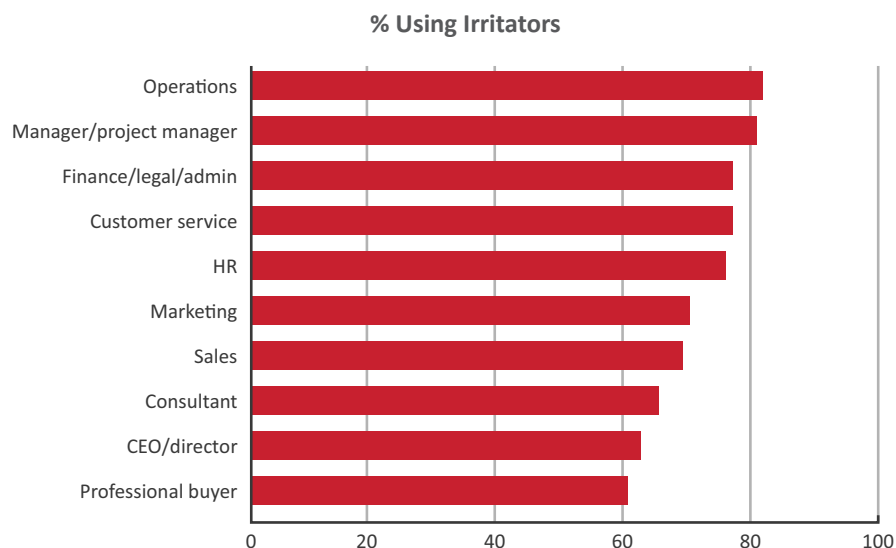


Irritators do not just cause offence in negotiation. A couple of years ago I was analysing a complaint call where the customer was clearly unhappy with the solution being offered by the customer service advisor. But when the advisor used the words “With all due respect” the customer changed from being clearly unhappy to being explosively angry, spent three minutes shouting and threatening the advisor and then slammed the phone down. Interestingly, amongst the job roles represented by our 1300+ respondents to the global survey, customer service are one group most likely to use Irritators, whilst those job roles that are more likely to take part in commercial negotiations (professional buyers, CEOs and salespeople) are amongst the least likely to use them. But taken in the round, the use of Irritators by

business people of all kinds is too high for comfort, given the harm they can cause in negotiation.

The job role data also reveals that the heaviest users of Irritators are operations and managers, which suggests that they could well be impacting on the quality of the relationships within companies which could consequently impact on performance.

The real problem with Irritators is that you are not always aware that you are using them. It is not the intention to upset the other side, but it can happen anyway. The 2014 survey revealed that people who rated themselves as successful in their negotiations were less likely to use Irritators and Defend/Attack than other respondents. So both are behaviours to be aware of and avoid when at the negotiation table.



The art of Testing Understanding

The acid test of an effective negotiation is the durability of the deal. In large, complex negotiations, deals that can stand the test of time are going to be those that have been well thought through and considered by both sides.

To arrive at a robust and implementable deal a key thing to strive for at the negotiation table is clarity. By this we mean clarity in terms of the proposal on the table and the implications of that proposal for both sides. Unsurprisingly therefore one of the key behavioural differences between skilled and average negotiators that emerged in our early negotiation research was their use of two behaviours we call Testing Understanding and Summarising. As the graph shows, skilled negotiators used twice as much of these behaviours as did average ones, especially in relation to Testing Understanding.

Just to clarify what we mean by these behaviours: in Huthwaite terms a summary is a behaviour that restates in a compact form the content of a discussion. Testing Understanding is a behaviour that seeks to establish whether or not an earlier contribution has been understood. Examples are: *"Are you saying that..."* or *"Can I take it that we are all now agreed on this?"* A summary can also become a Testing Understanding, simply by adding a question at the end such as: *"Have I got that right?"*

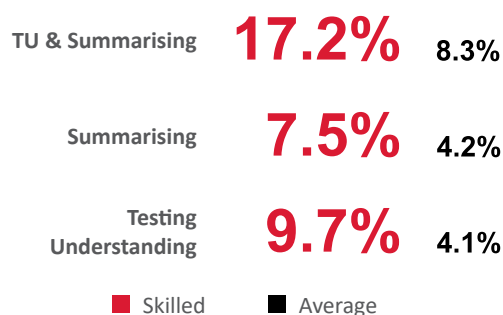
Huthwaite first uncovered the power of Testing Understanding and Summarising in our earliest research into effective meeting behaviours. Our meeting research discovered that if the level of Testing Understanding/Summarising fell below 10% of the overall behaviours used in the meeting, then the number of misconceptions between those present as to what had been discussed and agreed would rise sharply. Interestingly, if the percentage of Testing Understanding and Summarising rose above 10% then this did not reduce the number of misconceptions any further, so 10% appeared to be an optimum level. Indeed, as with anything, you can have too much of a good thing. Too much Testing Understanding and Summarising tends to slow meetings down and they can lose energy.

In negotiation however, the level of combined Testing Understanding and Summarising was even higher, which reflects its importance in this particular situation. Not only is it a tool for reducing misunderstanding, but it also enables negotiators to kick a proposal around between them, gets people to rethink proposals and really think through the implications of what is on the table.

We also found skilled negotiators using Testing Understanding as an alternative to disagreement. So if somebody puts a proposal on the table that they want to challenge, they might ask a question like: *"Are you saying that..."* Or *"Does that mean that..."*. However, there is a challenge in using this type of behaviour, and this is related to tone of voice.

Skilled negotiators use this behaviour with a puzzled tone of voice. The message that is then sent to the other side is one of *"I'm confused; please help me out."* It then is more likely to have the desired effect of getting the other person to rethink what they have just said, especially the implications of what they have just said that they may not have thought through for themselves.

Percentage of all negotiators' behaviour



Alternatively this behaviour can be delivered in a more incredulous-sounding or aggressive way. "Are you **really** saying that...?" In this case it may not always have the desired effect; instead it might just aggravate the other side. We have seen this happen many times when this behaviour is used, as people regard it as patronising rather than helpful. Used with real aggression the behaviour becomes a form of Defend/Attack rather than Testing Understanding.

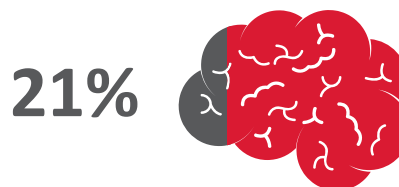
The potentially aggressive nature of Testing Understanding used in this way is probably why in our 2014 global survey only 21% were prepared to use the example provided, which was "Are you *seriously* saying that you want to treble the payment terms when you will not move on price?" However we did find that our Successful group were more inclined to use it than the Unsuccessful group (24% compared to 15%). This reinforces its importance as a behaviour that will help you achieve robust, implementable negotiation deals.

Giving Feelings

Read any scholarly article or book on the concept of emotional competence or emotional intelligence and you will come across the concept of "display rules". These are the beliefs about which expressions of emotions are socially desirable or appropriate. As children we learn to alter our external expression of our feelings to conform to these display rules. Generally, in Western societies, the expression of negative emotions such as anger and sadness is mitigated by these display rules, the expression of positive emotions less so. This suppression of emotion extends to people being reluctant to even make reference to how they are feeling. We saw this in our 2014 survey when we asked respondents if they would verbally express a negative feeling, ie "I'm disappointed in your reaction." This is a behaviour we call Giving Feelings, which we define as: "a behaviour that reveals information about the internal thoughts and feelings of the negotiator." As you can see from the graph only 20% of our respondents would use this behaviour. Yet one of the more surprising findings from Huthwaite's original observational research was the fact that skilled negotiators commented on their feelings more than the average negotiators. This is even more surprising given that we might expect negotiators more than anyone to behave like poker players and not reveal feelings at all.

In fact both average and skilled negotiators exhibited

Only 21% will challenge the other side's thinking by Testing Understanding



So next time you are in a negotiation, or indeed in any form of conversation with someone, consider how much you are using Testing Understanding or Summarising. A simple way to integrate it more into your conversations is to remember to take a break once in a while and just summarise back to the other person your understanding of the conversation to date. You just might find it has a dramatic effect on your conversation and on the outcome.

more feelings than we have seen in other contexts. In our observation of complaint handling for example, expressing feelings only constituted 3.5% of adviser behaviour and that included demonstrating understanding of the customer's feelings as well as their own.

Only 20% express feelings to get their point across





Whilst our definition of Giving Feelings did cover expressions of other internal information, such as thoughts and opinions, the expression of feelings was clearly important. In Huthwaite we attribute the importance of this behaviour to negotiators using it to avoid disagreement or clashing over factual ideas and proposals put forward. In a negotiation you and I may well disagree over a price point and you may feel inclined to tell me that my price suggestion is unacceptable and vice versa. But if you tell me how you feel about my price suggestion then it is far harder for me to disagree with that, because how we feel is something we can own for ourselves, and it is more difficult for the other side to raise objections.

One of the more pervasive gender stereotypes is that women are more likely to talk about how they are feeling than men. More specifically women are seen as more likely to express happiness, sadness and fear than men, but men are more likely to express anger. In our 2014 survey we did not find a significant difference due to gender. Age did have an impact; the older you are the more likely you are to use the Giving Feelings behaviour. Perhaps with age and maturity we discover that we can overcome the restrictions of childhood and learn that we can express feelings in a socially acceptable way. However it is also those in a position of power (namely CEOs and managers) who are most likely to express their feelings and see it as OK to do so. The job

role that is least likely to talk about their feelings is customer service, which given the observational data referenced above is not surprising. It may also reflect their working environment, as so much of their training is about how to control their own emotional responses, even when customers are behaving emotionally.

Culturally we also saw differences. Given that the British have the reputation for having a stiff upper lip and being more emotionally repressed than most, you might expect the British Isles to be the least likely to talk about their feelings. But that was not the case. In fact it was the Mediterranean countries (represented here primarily by Italy, Greece and Spain) who showed the most reluctance to describe their feelings and were more likely to feel that it was inappropriate to do so. The culture that was most comfortable with expressing their feelings was North America. In summary, Giving Feelings can be both positive and negative; for most of us we may feel more comfortable expressing the positive aspects, even though we may not do so as often as we might. Expressing negative feelings may be a way of discharging in an effective way any undercurrents of tension that may be damaging the interaction we are having, as long as we remember to own them for ourselves and not project them or pass the blame for them onto the other side.

Giving Feelings as a percentage of all negotiators' behaviour

12.1% 7.8%

■ Skilled ■ Average

Making Proposals

Negotiation occurs because there are points of difference between two parties; one party wants one outcome; the other party wants another outcome. How easy it is to come to an agreement depends on the relative difference between the two outcomes, how important they are to both parties and the relative power of each side.

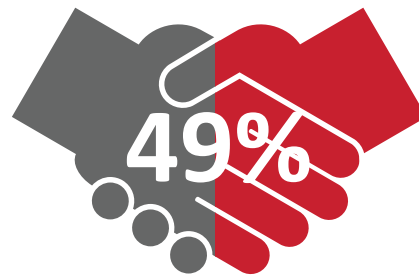
A key part of preparing and planning for any negotiation is understanding the issues that you have to negotiate about and how you are going to bargain with them. When the other side makes a Proposal there are various ways in which you can respond. If you watch the type of haggling that goes on in a street market or in an episode of the TV series *The Apprentice*, what you see typically happening is one side makes a proposal and the other side responds with a proposal of their own. In behavioural terms we call this response a Counter Proposal. One side may want to disagree with the other or express disappointment at what they are saying. In our global 2014 negotiation survey we presented respondents with a situation where the other side was requesting a 90 day payment period and refusing to move on price (which was a more important issue for them). For many organisations this would be a tough, if not impossible proposal to accept. One of the options people could choose as a response was a simple Counter Proposal of: “45 days is more reasonable.” What we found was that 49% of respondents were happy to use this behaviour.

Yet what we found in the original observational negotiation research was that skilled negotiators avoided Counter Proposals in comparison to average negotiators, as illustrated in the graph. What skilled negotiators tended to do in response to a Proposal from the other side was to explore the underlying interests in order to understand exactly what was driving the other side to make that Proposal, and also to try and work out what the Proposal was actually worth to both them and the other side. In large complex negotiations people are often not ready for a Proposal, and may need to call a time-out so that they can take the Proposal away, digest it and review it, before coming back with a response.

The time when you are most likely to hear a Counter Proposal from a skilled negotiator is towards the end of a negotiation, when the final aspects of the deal are being put together and agreement is close.

The other point to make about the example proposal above is that it is focused on the one issue. In negotiations where only one issue is at stake, then

all you can do is haggle. But in negotiations where there are more issues involved, effective negotiators are the ones who can link them together in ways that enhance the value of the deal for both sides. So if I decide that I can and will move on payments terms for you, what am I going to ask from you in return that is potentially worth more to me?



It was heartening in our 2014 global survey that respondents did seem to recognise the importance of trading issues. Another Proposal option of: “If we accept those payment terms, are you willing to look at a price increase of, say, 10%?” was voted for by 83% of respondents. In Huthwaite terminology we call this a Conditional Proposal. Conditional Proposals can also be Counter Proposals when they are used to immediately respond to a proposal made by the other side. What we would recommend is a Conditional Proposal that is not an immediate response, but follows some discussion about the first proposal put onto the table.

Frequency of Counter Proposals from negotiators per hour of face-to-face speaking time



The real value of a Conditional Proposal lies in the fact that you are not just conceding on one issue, but are getting something back in return. Hence, always trade, never concede is a Huthwaite motto.

So the next time you are inclined to just haggle about one negotiable issue, think about whether or not you can use another issue to get a better deal for you and, potentially, the other side.

Strategies and tactics

In this final section we will review some key strategies and tactics, focusing on trading in negotiation and messages sent and received.

Trading in negotiation

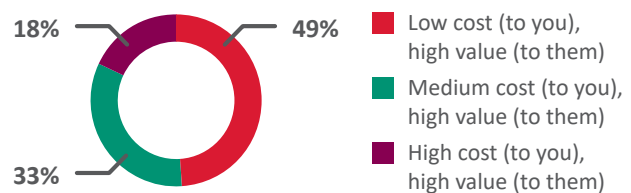
A key point about trading is that effective negotiators know at any point in a negotiation the value of what they have given away and the value of what they are getting in return.

One question in our global survey was aimed at getting an understanding of how well people thought through the cost of trading versus the value to the other side. We gave respondents a scenario of a

hotel seller who has the best car parking facilities and spa in the town and who is trying to secure a deal with a customer for a large group booking where most of the guests will be travelling by car and want to use the spa. The customer is putting the seller under pressure to reduce the room rate to match the competition. We offered respondents the following options that they could use to trade:

1. Keep the room rate as it is, but offer the car parking for free. This is high value to them as they need the car parking and it would be difficult to find an alternative, but low cost to you, as the car park is under-utilised and costs you nothing extra to provide
2. Keep the room rate as it is, but offer them car parking and a spa voucher for free, which again is high value to them (as they want to use both), and a medium cost to you. The car park is still relatively low cost but you have increased the costs by adding in the spa voucher which will cost you something to provide
3. Reduce the room rate, which is high value to them, but also high cost to you, both in terms of the cost of providing the service, and the opportunity cost in that you could sell those rooms at a higher rate to somebody else.

Only half our respondents go for a trade that costs them the least to give away



Of all these options the most appropriate one to offer for a trade is the car park, as this is what we call a “lever”. A lever is an issue that costs you little to give away but is of high value to the other side. Levers are important in negotiation because if both sides can trade with levers it means that they give away things that don’t really matter for things that they really value in return. This helps to build the feeling of it being a win-win negotiation.

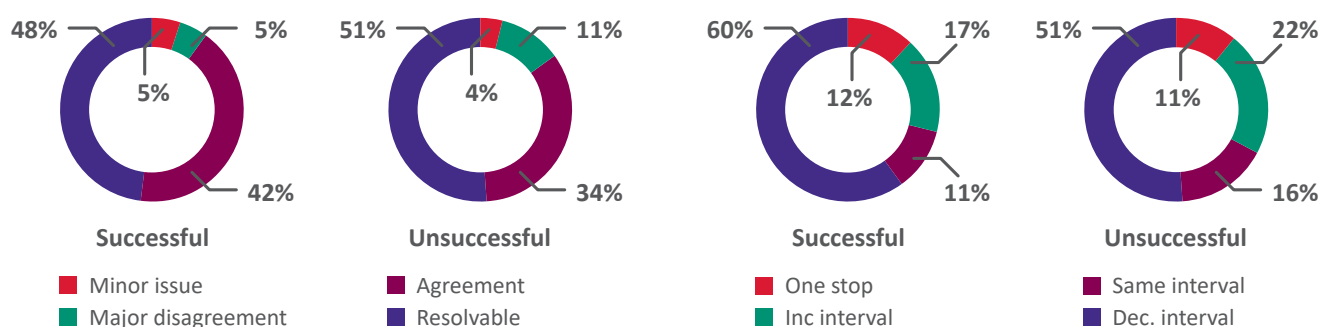
In our survey 49% of our respondents agreed with us and voted for the car park. The least popular option was reducing the room rate (18%), which is the most costly. This suggests that for the most part respondents recognised the importance of levers.

What is most interesting is the 33% who would offer the car park **and** a spa voucher. On the face of it this would seem an attractive offer to the customer, but the key consideration here is the **cost** to the seller of what they are giving away. When we analysed the responses by job role we found that sellers were the least likely to go for the car park and spa option, and most likely to go for the car park alone, suggesting that of all the job roles they had the best understanding of the costs involved. Buyers also liked the car park option, but more of them went for the car park and spa than did the sellers. This was somewhat surprising as we expected professional buyers to show a good understanding of the costs involved. Buyers may have made this choice because they were looking at the situation from a buy-side perspective, in which case the car park plus spa would be a more attractive option than the car park alone. If this is the case then the lesson for these buyers is to remember that understanding the other

party's point of view and interests is a key to being an effective negotiator.

Interestingly the job role that was most likely to go for the car park and spa and least likely to go for the car park alone was customer service. Perhaps customer service are accustomed to giving things away as part of their role without really understanding the costs involved, in which case this may be an important key training consideration for them.

To summarise, the key message about trading is being aware of the cost of every move you make, compared to what the other side is giving you in return, and how much they value your concessions. Achieving win-win outcomes in negotiation is easier if you can offer to the other side moves that cost you little but are of high value and importance to them, and vice versa. This means being able to spot both your levers and the potential levers for the other side.



Messages sent/messages received

A key part of communication in negotiation is understanding the difference between messages sent, ie what you think you are saying to the other side and messages received, ie how the other side perceives what you say. For example if you disagree with the other side and state your reasons clearly you might think that this shows that you are being firm and indicating your boundaries. The other side might regard you as being obstructive, unhelpful and not having really listened to what they have proposed.

Effective negotiators are those who consider carefully the messages they are sending during the negotiation and how they might be received by the other side. This starts right at the beginning with establishing a conducive climate for the negotiation to take place. For most this means not launching straight into a really contentious issue. Remember that our definition of negotiation states that both conflict and agreement have to exist. For many, starting with an area of agreement or common ground, helps to establish a climate where the mutual benefit of achieving a workable deal is recognised.

In our 2014 global negotiation survey we did find that Successful negotiators were more likely to start with an area of agreement than Unsuccessful negotiators, which suggests that they are more conscious of the need to establish a conducive climate up front and send the message that they want to achieve a deal that is of mutual benefit to both sides. Unsuccessful negotiators on the other hand are much more likely to start with an area of major disagreement, which is likely to have the opposite effect. We also found that More powerful negotiators were more likely to start with an area of major disagreement, which perhaps explains why they did not always achieve implementable deals.

The most popular area to start a negotiation was resolvable disagreement, where there is some work to do but it is not too difficult to reach agreement. This creates a climate where both sides feel that they can work together and resolve their differences, which also creates a conducive climate for the rest of the negotiation, especially when they move onto more challenging issues.



Getting the messages right does not, however, stop there; Effective negotiators keep this in mind throughout the negotiation, especially when it comes to making moves. Consider the following movement strategies. You open with a discount of 4%, then go to 7%, then 9% - what message is that sending to the other side? Answer – you are getting closer to your limit because the intervals between the discounts are getting smaller, so pushing you harder is going to create a deadlock. Contrast this with a negotiator who opens with 2%, then goes to 5%, then 9%. As the discounts are getting bigger, the message sent is that it is worth pushing harder and harder because there could be even more discount available. It's a similar message if the discount levels remain the same, ie you start at 3%, then go to 6%, then 9%. The other side is still likely to push hard.

This message is clearly understood by the respondents to our 2014 global survey, because when presented with these options, over half went for the decreasing intervals. The Successful negotiators were also more likely to vote for this option than the Unsuccessful, the latter being more likely to go for increasing intervals or the same interval. Experience also counts in this decision; Professional buyers were the job role most likely to go for decreasing interval (65% of them) followed by sales (58%), which suggests that those most likely to be involved in commercial negotiations are more likely to understand the impact of the commercial message sent.

Summary of conclusions

Key findings from the 2014 global negotiation research study are as follows:

- More people take part in non-commercial negotiation than commercial negotiation
- Feeling less powerful at the start means you are more likely to be Unsuccessful, but feeling more powerful does not necessarily mean you will be Successful; it depends on how you use your power
- Successful negotiators are still those who are more likely to ask questions to persuade or influence the other side
- The majority of people recognise that launching a personal attack on another person is not effective behaviour, but they also fail to recognise the potential negative impact of Irritators
- Testing Understanding is a behaviour that remains crucial in negotiation, whether used for clarification or in an incredulous way to challenge thinking
- The majority of people would not express feelings in a negotiation, even though confident and successful negotiators are likely to do so
- Half of our respondents would respond to a Proposal with a Counter-Proposal, which is likely to lead to haggling over one issue and potentially create stagnation and deadlock
- Only half selected the least cost option to themselves when it came to deciding which issue to trade, which suggests half of negotiators don't really think through the cost of their concessions
- At least half of our respondents appear to understand the need to create a conducive climate and send the right messages, through focusing on agreement and using an effective movement strategy.





Hoover House
Wentworth
South Yorkshire
S62 7SA
United Kingdom

Tel: +44 (0)1709 710 081
Email: info@huthwaiteinternational.com
www.huthwaiteinternational.com

 @Huthwaite_Intl
 huthwaite-international
 TheHuthwaiteGroup

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