

Getting the deal done – as easy as ABC?

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Whoever we are, high flying entrepreneur or high school student, we all spend at least some part of the day negotiating a 'deal.' Of course, what the deal itself is can vary enormously ranging from the trivial such as who gets to use the bathroom first and for how long through to much bigger issues such as salary packages, business acquisitions, distribution deals and, at the very extreme end of the spectrum, international treaties, and peace negotiations. In virtually all cases the type of deal that we end up with (assuming that there is one!) will in some measure be attributable to the way we have both approached and conducted the negotiation.

Negotiating Styles

Generalising there are three types of negotiators:

1. **Aggressive.** A person who sees the negotiation as a battle in which any 'gain' for him/her is a loss for you. They want something for nothing. They will not trust the other party and are likely to try to cut off any discussion and dominate proceedings. They are not interested in agreement – they want victory, and they will manipulate, grandstand, and use every trick in the book to get what they want. Think of Wall Street and Gordon Gecko! However, if this is your style, you had better make sure that you 'win' and that your 'opponent' never gets up off the deck again! It is certainly not an advisable way to deal with long term essential suppliers or customers or even ex-spouses!
2. **Trusting.** A person who sees a negotiation as the start of a long-term relationship. They will seek to obtain a deal by co-operation and will be willing to negotiate and trade concessions with the other party. There is a danger, however, that in seeking to be 'liked' they will give away more than is necessary or exhibit a higher level of trust in the other party than is justified. Was Theresa May wise to give such a prominent cabinet position to Boris Johnson? Nevertheless, somebody who leans toward this negotiation style can sometimes be an asset where the situation calls for establishing an ongoing mutually beneficial relationship such as with a key customer or with another country's ambassador.
3. **Pragmatic.** A person who walks the line combining the best of the previous two types. They are open to discussion and trading concessions, but they know how and when to stand firm. In an ideal world this is who we all want batting for our team – a person who knows when to give and when to take. They are also, in many respects, the easiest sort of negotiator to have across the table from you as they will tend to be both consistent and unsentimental. One suspects that it was these type of people behind the Wind Hellas and Vodaphone Greece deal which created VICTUS Networks.

If you want to negotiate any deal and achieve the optimal outcome it is important to recognise your own negotiation style and where possible in advance, the style of the other party to the negotiation.

You can then think ahead about what adjustments to your own style might be advisable (or even if another person within or outside your organisation is better suited to this specific task). You can also try to anticipate what the other party's likely reactions will be to any suggestions you make. This brings us to another crucial factor which tends to be present in successful negotiations, planning.

Plan for success

As with most things in life, whilst doing your homework may be 'boring' it will often pay off in the result. Typical things to consider ahead of time are:

1. What do you want to achieve – what would you regard as a success? This might, for example, be an exclusive purchase agreement that falls anywhere within a specific price range. You might not agree on the lowest price but if it is still within the given range, it is still a 'win.'
2. Stepping into the other party's shoes – what would they regard as success? If they are restricting their supplies to one purchaser, they may require not just a minimum price but also a guaranteed minimum volume purchase and a long-term contract.
3. What do you need to 'hold firm' on and what concessions are you prepared to trade? For example, as a producer you may wish to hold firm on price but may, for example, be able to negotiate on delivery dates, consignment sizes or guarantee length. Try to guess what elements the other party may be willing to move on.
4. What is the incentive for the other party to meet your objectives? How will it benefit them? What could be regarded as a win-win outcome rather than a lose-lose outcome?
5. Try to work out what the possible outcomes (good and bad) of each part of the negotiation are and consider how you might react to each and what the follow-on consequences are likely to be. This should help prevent you being 'blindsided' during the actual negotiation and help to stop you becoming side-tracked from the issues important to you.
6. How strong is your negotiating position to begin with? If, for example, you are one of many suppliers rather than the core supplier you may need to think about improving your position by offering, for example, quicker turnaround times, quality guarantees etc. If you are the core supplier perhaps you can push a little harder on price?

If that all sounds like arduous work that is because it is. Successful negotiators need to pay attention to detail and be able to quickly grasp the ramifications of any suggestions proposed and any concessions given or received. For this reason, it is hardly surprising that most high-powered business negotiations will involve a lawyer or an accountant – and often both. However, if the 'devil is in the detail' it is also well to recall, paraphrasing Robert Burns, that even the best laid plans of mice and men often go awry!

Negotiations are dynamic!

No matter how well you think that you have prepared, there is always a danger that something will emerge during a negotiation that has not been anticipated. Therefore, add to the negotiator's list of skill requirements the ability to both think on one's feet and to be creative! Some people are naturally gifted at this – others must work on it! Katherine Shonk has offered some useful suggestions here¹. Firstly, when you hit a problem, see if it can be broken down into smaller components. Threatened strikes, for example, may ostensibly be about a wage increase but closer examination may (as in various rail strikes in the UK) be broken down into smaller issues such as fears over safety, job security, shift patterns etc which it may be possible to find solutions for without increasing the wage. Secondly, she suggests thinking 'outside of the box' for solutions to seemingly insurmountable problems. In her real-life example a Formula 1 team wanted a new website but lacked the budget to pay the costs of their preferred design team. The situation was at an impasse until somebody had the bright idea of paying in F1 tickets – something the design team was more than happy to accept! Finally, if all else fails apparently 'mind games' have been known to bring success – particularly, according to mediator Christopher Honeyman who noted that when disputants are asked to 'flip' and consider the opposite of an idea or situation they feel free to offer ideas they partially or secretly support!

A deal is only a deal when it is wrapped up!

It is extremely important throughout the negotiation process to regularly stop and clarify what you have agreed on (including any contingencies attached) and what the issues are moving forward. This avoids honest (and dishonest) misunderstandings. Once the negotiation is at an end, and an agreement has hopefully been reached, make sure that it is documented and followed through in a timely manner! Do not give the other party an opportunity to deny that the agreement was reached or to dispute the content of the agreement.

The end?

So what happens when you have negotiated a deal and things are not going quite as you expected them to, and the deal is in reality not very good for you at all? The obvious answer is that you should try to renegotiate it but what incentive is there for the other party to agree to this? If they are obvious 'winners', the answer may be none! However, if you have engaged the help of professionals in drawing up the original agreement or contract, they will hopefully have advised you to build in clauses which create contract breaks and which provide for dispute resolution procedures. If you do decide to try to renegotiate a deal, remember that it is important to look at the long-term implications of what you have agreed rather than opting for what appears to be a quick fix! Above all, learn from your mistakes.

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¹ So, you want to reach a more creative agreement but how? First published March 2012 issue of Negotiation Briefings – Harvard Law School