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- I don't like big cities. I live on a small village outside Arlon, in Belgium, near by the Luxembourg border, surrounded by forests.
- My passions are my wife, my family and my friends.
- I love cooking, bonsais, physics, working with my hands and trekking, alpinism and skiing (I don't like disrespectful snowboarders)
- I expect to leave this business sector soon and run my own rural B&B, with a little farm and a little restaurant



Basic principals of negotiation

Introduction to main concepts and principals of the Harvard Methodology

What is this about?

- The negotiation is a process to influence the other party
- Negotiating is something we do with people with whom we have a interdependency relation
- We want the other party to take and specific decision which is beneficial for us
- We must analyze the situations which help the other to take the decision we want and the situations which can be an obstacle for him to do it
- We should take into account the win-win and the long term

Negociación por intereses vs Negociaciones duras y blandas

<u>CRITERIO</u>	<u>SUAVE</u>	<u>DURA</u>	<u>INTERESES</u>
Participantes	amigos	adversarios	solucionadores
Meta	acuerdo	victoria	buen acuerdo
Concesiones	hacen	demandan	hacen/demandan
Relación	cultivan	condicionan	cultivan
Con el problema	suaves	duros	duros
Con la gente	suaves	duros	suaves
Con los otros	confían	desconfían	neutrales
Posición	muy flexible	muy rígida	intereses
Avance	hacen ofertas	hacen amenazas	exploran intereses
Límites	los muestran	los esconden	evitan tenerlos
Unilateralidad	aceptan pérdidas	demandan ganancias	mutua ganancia
Insistencia	acuerdo	posición	criterios
Lucha de voluntad	la evita	la promueven	neutrales
Presión	ceden	aplican	no aceptan

Always a good idea to negotiate?

- There is a negotiation if:
 - The result is uncertain
 - There is a shared interest to negotiate
 - There is motivation among the parties to reach an agreement
 - Both parties are entitled to negotiate on behalf of the company

First exercise

- You have just designed the best ever app for the Iphone. You know it is going to be a huge success.
 - It makes use of an special feature which is only available on Iphone
 - You have made a market research and you know the expected market for this app is between 4 and 5 Million downloads at a price level of 5 Euros/Dollars
 - There are possible enhancements and product extensions you might be able to market to the 50% of the initial downloads for 2 extra Euros/Dollars
 - You have an appointment with a big fish from Apple to negotiate a deal to place your app in the Apple Store. You are sure that he will want a part of the revenues that your app generates.
 - Ready?
 - Get the best deal you can
-
- 2 minutes exercise.

Second exercise

- You have a production company. To produce, you need a component. You get that component from China which serves you regularly at a very low cost. You wish you could get all from them...
 - This component can not be in stock.
 - Your customers have unpredictable demand that you have to serve. If you don't you loose the deal.
 - When those peaks come, you need to get the component from a local provider who is the only one in the area who can serve you on time to deliver.
 - The cost of this provider is very high.
 - You have an appointment with the CEO of your supplier to discuss the pricing levels for next Fiscal Year.
 - Get the best deal you can
-
- 2 minutes exercise.

Third exercise

- Your boss tells you: “I need to negotiate a deal with Company A for the price book of their equipment. My wife is about to deliver a baby and I cannot attend the negotiation”
 - You have never done a negotiation before and you know nothing about Company A, their products and benchmark of pricing levels for them.
 - Ready to negotiate?
-
- 1 minutes exercise.

Always a good idea to negotiate?

- When you should NOT negotiate
 - When one of the parties has a extremely dominant position and is going to use it
 - When your current status is better than what you can get out of a negotiation
 - When you do not have the knowledge or experience to negotiate from the best position
- KNOWLEDGE IS POWER WITHIN A NEGOTIATION. USE IT CAREFULLY

Getting started

- What is the first thing we do to start a negotiation?
- PREPARATION, PREPARATION AND PREPARATION
- A good negotiated results starts with a super preparation. Not preparing properly a negotiation is the best you can do to achieve a terrible result
- Example. My best ever negotiation!!!

Parts of a negotiation. Classical scheme

- The starting point -> Contact with the other party. Find who is who, on behalf of who is acting and what is he/she entitled to agree (decision levels). A mistake on this can reveal your strategy to a non qualified person and ruin your negotiation.
- The development of the negotiation:
 - Establish the facts
 - Dig and find out interests of both parties
 - Explore possible options
 - Make proposals
- Finalize -> Final negotiated agreement

Harvard Negotiation Methodology

- The word Method or Methodology is not the best term in my opinion to describe it
- The Harvard “Method” does not describe a strategy to negotiate step by step, but rather an approach to the negotiation
- It is about attitudes (how to remove the 0 attitude from your competence to negotiate)
- About soft skills
- An smarter way to face the need to negotiate, to resolve disputes or conflicts, which runs away from the traditional approach “For me to win, you have to lose”

Harvard Negotiation Methodology. PRINCIPALS

- Ethics. Hard with the target achievement but soft with the people
- 4 main principals to negotiate better:
 - Split the problem and the people -> Relation
 - Distinguish between positions and interests -> Interests
 - Generate creative alternatives. Always make the pie bigger -> Options
 - Take factual decisions. Use of objective criteria -> legitimacy

If you follow those 4 principals, you will always be better positioned to achieve a win-win agreement.

These 4 principals are the origin of the first 4 elements of the Harvard model

Harvard Negotiation Methodology. ELEMENTS

- The Harvard Negotiation methodology works with 7 elements or basic aspects that you should always keep in mind. They are inter-related and provide an analytic and conceptual framework to achieve win-win agreements.
- This framework is to be used during the preparation, the start, the development and the finish. All stages. This defines the style and attitude.
- The elements are:
 - Alternatives (Best Alternative To a Negotiated Agreement, BATNA)
 - Interests
 - Options
 - Legitimacy
 - Compromises
 - Communication
 - Relation

BATNA. First things first

- BATNA (Best Alternative To a Negotiated Agreement) Is the recommended course of action if the negotiation fails.
 - Different conditions can trigger different BATNA
 - The BATNA can be variable and be function of something
 - A BATNA should be defined as a set of:
 - Criteria to be met
 - Recommended course of action if BATNA is triggered
- You need to know your BATNA
- But you also should try to identify your counterpart BATNA (pay attention to what your counterpart says...)
- Alternative agreements constitute a benchmark for our negotiation (part of the preparation stage)
- The more alternatives you have, the more capable you will be to achieve a good result overall

Distinguish between positions and INTERESTS

- This is what makes the great difference with other methods, it is the most important and key for the preparation and development of a negotiation
- Position is what we say we want
- Interest, which is the most fundamental thing on a negotiation is why we want something.
- Often, those two things are not the same, and what we have to satisfy on a negotiation is the interest, not the position.
- Negotiation on positions gets hard and personal very easy, ending in the best case with a win-lose or no agreement, if not lose-lose.
- Examples:
 - The challenge of the orange and the two sisters
 - More realistic example:
 - Position: The price I am willing to pay for this material is 5€ and not a single cent more
 - Interest: I need to be able to cut cost by 5% on my production or I won't be able to meet my profitability target with my main customer

Generate creative alternatives. OPTIONS

- If you know the interests, it is time to search for agreement options
- Break down the problem. Divide and conquest
- Even if you have the solutions... make sure the options are commonly generated. No adoption if no feeling of belonging.
- Brainstorming is an appropriate technique to address this type of problems
- Search for advice from:
 - Other professionals
 - Experts
 - People from outside
- Insisting on one unique solution is not an option. If you are stuck on one issue, think always about the “Double Creation Principle”. Most of the times, when something fails, it is not because of the execution, but because of the design, the conceptual model.
- Always, always, always... make the pie bigger
 - Example of the Wholesale market of Roaming (Minutes, MB, SMS and VAS and SOT and...)

Use of objective criteria. LEGITIMACY

- Feelings, passions, opinions... are not good advisors.
- Factual decisions normally allow to achieve:
 - Better results (in terms of metrics achievement)
 - Better feelings of satisfaction upon the closure of a deal
- It is all about rationales and persuasion as oppose to coercion and dirty games. Is about convincing and making the other to take an easy decision, NOT TO WIN A BATTLE
- Define metrics, standards to evaluate, anything needed to take factual agreed decisions.
- Never give away under coercion or allow dirty games to continue. Acknowledge the situation, make it explicit and get back requesting the rational to hold that position or even better, the rational under such interest.

The final agreement. Compromises

- Final stage of a negotiation is an agreement, a compromise
- Creating a binding, viable and achievable compromise is a fundamental part of the negotiation.
- Avoid any surprise. Never leave the table without a firm commitment. If there is no other option than leaving, never consider the negotiation finish until you have the required commitment.

IT IS NOT DONE TILL DONE

Communication

- There cannot be good negotiation without good communication
- There cannot be good communication without understanding
- A sends a message to B. B tells back what understood and A confirms it is right. No misunderstandings.
(Bob Kennedy with the USSR ambassador. 13 days)
- Do not underestimate this point. If needed, negotiate the meaning of words. On a daily basis, negotiating the meaning of words is fundamental to achieve proper understanding
- Cultural awareness!!! International or inter-business situations might lead to severe misunderstandings

Split the problem and the people. RELATION

- LONG TERM THINKING. Achieving short term targets might not be the most beneficial result always.
- People are not isolated. They have circumstances, emotions, feelings... around them
(Example of the Hotel/Kennedy and Khrushchev on the Cuba crisis. 13 days)
- Being trustful as oppose to trusting
- Empathy is the key to establish a fluid communication and understand the other needs. Understanding and acknowledge of a circumstance does not mean accepting it
- Be polite and correct. People is more open when feels treated well. Never make personal attacks
- An agreement is always bad if the relation between the parties is jeopardized. You will need to do business tomorrow again!!!

Additions to the method

- History (background and achievements of the other negotiator)
- Correct problem definition
- Create the environment for negotiation
- Deliverability on the promises made
- And many more depending on the author...

Decalogue on practical negotiation

- Never give away for free. Change whatever you are giving for something of a higher or equal value according to your interests
- Let always the other party think that it is a great deal for him
- Pay your highest attention to dangerous phrases. Identify BATNA
- Once you step backwards it is very difficult to step forward
- Always be neutral at the first stages of the negotiation
- If you attack (legitimacy of an interest or position) , do not look at the face, take notes. If it is done over the telephone or email, watch your expressions and tone. Never accept pressure. Acknowledge it, but ask always for a rationale
- If you need time to think, invent a credible excuse to get it
- Never make an offer before you have all the elements that the other party has the intention to bring into the table
- Limit dates, in normal circumstances, are ALWAYS subject to negotiation
- Anything the other party accepts as a constant, can most of the times become a variable
- My personal 11th: Make always the pie bigger. There is always a way to make it bigger

One last thing

- The most critical factor is to keep calm down at any moment in time.
- Listen more than you talk. Be as vague as you can on proposals but explicit on interests. Never show off
- Rush is the most common point of failure for a negotiator. Always take your time and forget pressure
- You will never get 100% of your goals. That does not mean a failure. Afterwards, think of it and try to be happy.



QUESTIONS

THANKS FOR YOUR ATTENTION

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