

NEGOTIATING SUCCESSFULLY

Preparing for a Negotiation

Negotiation occurs when someone has what the other party wants and both parties are prepared to bargain for it. Negotiations take place every day between family members, with shopkeepers and almost continuously in the workplace.

To negotiate successfully you need a game plan – your ultimate aim and a strategy for success. Prepare thoroughly before a negotiation to facilitate the success of your game plan.

Understanding the Principles

Successful negotiation should not result in a winner and a loser. Two people should attempt to achieve a mutually acceptable solution. It is a process that ends with a satisfying conclusion for both sides (win/win), or with failure for both sides (lose/lose).

The art of negotiation is based on attempting to reconcile what constitutes a good result for you with what constitutes a good result for the other party. To achieve a situation where both sides win something for themselves, you need to be well prepared, alert and flexible.

Recognising the Skills

Negotiation is a skill that anyone can learn and there are plenty of opportunities to practice it once learned.

The core skills required for successful negotiations include the ability to:

- Define a range of objectives, yet be flexible about some of them
- Explore the possibilities of a wide range of options
- Prepare well
- Interact competently, that is being able to listen to and question other parties
- Prioritise clearly

These skills are useful in everyday life as well as in negotiations. By taking the time to learn them, you will be able to enhance more than just your bargaining abilities.

Categorising Types

Different negotiation types require different skills. In business and commerce, each instance of negotiation displays certain characteristics. It may be formal or informal, ongoing or a one-off depending on who is negotiating for what. The parties involved in a business such as employees, managers, stakeholders, clients and customers all have different interests and individual points of view.

Whichever group you belong to, you need to reconcile such differences through negotiation. For example, clients negotiate to buy a car at a better price, employees negotiate to get a better salary and employers negotiate with suppliers and staff.

President John F. Kennedy once said, "Let us never negotiate out of fear; but let us never fear to negotiate". Mastering negotiation will give you the lead when you are bargaining for a deal, therefore being proficient at it in your workplace enables you to close deals more efficiently.

Understanding the Principle of Exchange

With a proper understanding of all the processes involved (preparation, proposal, debate, bargaining and closing), negotiating can create a successful outcome for all parties. Central to this is the principle of exchange: you must give in order to receive.

Winning on Each Side

The key to negotiation is to realise that all parties need to gain something of value in exchange for any concessions they make. Only then can they all come away feeling successful. Try to achieve this by understanding what is valued by your party may not be valued by the other.

When you are selling a car to your client, you have to sell them their needs and not the product itself. Target their requirements and present the solution the product has to offer. Be sure to make them feel they have won out of doing business with you. This way, they will tell their friends about you and the business will grow.

Being Flexible

Flexibility is a vital characteristic around any negotiating table. The balance of power between the parties fluctuates as negotiations progress. For example, if you are bargaining in a market over a souvenir, you may become less enthusiastic when you discover that the vendor is not able to deliver to your home. The vendor should be alert to such a loss of interest and, in this case, you can expect them to lower their price in order to compensate and to keep you interested.

If a customer wants to buy a car and is upset they can't get a built-in Bluetooth® system, offer them a Bluetooth® kit as an accessory. Be alert and try to satisfy the customer's demands.

Identifying Objectives

The first step in planning any form of negotiation is to identify all your objectives. What do you want to get out of the negotiation? When the objective of the negotiation is clear, you can begin to formulate a game plan that will enable you to achieve these goals.

There is rarely just one objective to a negotiation. You may be buying a car in a foreign country, but you also want to take it back to your home without paying duty, and you want to pay for it by financing the deal. Therefore, buying the car is not the only objective.

Before entering a negotiation, make a list of all your objectives, then put them in order of your priorities and identify those that you can live without. When it comes to compromise, you will be aware of which objectives to yield first.

Divide your priorities into three groups:

1. Those that are your ideal
2. Those that represent a realistic target
3. Those that are the minimum you must fulfil to ensure that the negotiation has not been a failure

Preparing Yourself

Preparing yourself for negotiation involves thorough research. You will need to seek out useful information to support your objectives and also find information that will help you to undermine the other party's case.

In the case of an automotive Sales Consultant, preparation should be on enhancing your knowledge of product, finance and insurance schemes.

Allowing for preparation time before you start any negotiation is vital, as is the constructive use of that time to gather any information you may require.

One valuable use of your preparation time is to acquire in-depth information about the people you will be dealing with and their business and families. This will be available from the first encounter with the customer in the showroom. Ask them open questions to identify their needs, requirements and passion about the product, any likes/dislikes or problems they have experienced with their existing car.

Listen and note problems that you know you have the solution for. For example, a customer needs a car that is excellent on-road but needs to take it off-road. He also doesn't have a lot of passengers to transport. Offer him then the option of having an XC70 rather than a 7-seat XC90.

Having compiled plenty of data, begin to develop a logical argument. You will need to follow through your logic in one of two basic ways:

- Deductively – a conclusion follows from a set of premises
- Intuitively – a conclusion is drawn from examples based on experience

Conducting a Negotiation

Plan your opening negotiating moves carefully to establish a positive tone. Negotiating is as much about listening and observing as it is about talking. You need to be very alert to the mood of the negotiations, since this can change quickly. Being alert involves using all your senses to pick up signals given off by others.

Anticipating the Tone

Your preparation should help you to anticipate how the opposition will approach the negotiation. Once in the negotiation, try to judge whether you anticipated correctly by noticing signals such as gestures. If you are expecting an aggressive start, try to confirm this by reading signals from the other team – if they appear tense, your suspicions may be correct.

Non-verbal signals include body language, gestures, facial expressions and eye movements. Learning to read the body language of customers will help you to compile a true picture of their case. Their signals will reinforce or contradict what they are saying. Clear-cut body language includes crossing of arms and legs, which portrays defensiveness and leaning back on a chair, which expresses boredom.

Small gestures and movements such as hesitating or fidgeting may indicate lack of conviction; raised eyebrows are a clear sign of purpose. Eye contact is another good source of information: couples may glance at each other when an important point in the negotiation has been reached.

Shaking hands may mean “Goodbye” to one party and “we’ve struck a deal” for another. Make sure you understand the cultural differences before offering a handshake.

Making a Proposal

Making a proposal is fundamental to all negotiation. It is vital to decide early on in the planning process, whether you wish to speak first or to respond to the proposal from your client. This decision is a crucial part of a negotiation strategy.

Leave yourself plenty of room to manoeuvre when presenting your case. Do not make brash statements that suggest that your position is immovable – make your proposals hypothetical to leave scope for both sides to make concessions at any time. Likewise, do not try to pin down the other party to a fixed position too soon – they need time to manoeuvre as well.

The outcome of all negotiations depends on the presenting and discussing of proposals made by all concerned parties. These will be expanded and compromised upon until an agreement is reached. There are advantages in letting the other party make the opening proposal since you may find that there is less distance between their demands and yours than you suspected. If this is the case, adjust your own strategy accordingly.

If you decide to make the opening proposal, it should have initial demands greater than you expect to receive, and offer less than you expect to give. If you open with an offer that you think is genuinely fair, there is danger that the other party will interpret it as being very different from your actual requirements.

It is important that you present your initial proposal fluently and with confidence so your clients take you seriously. While speaking, emphasise the need to reach agreement saying, for example, “I know that everybody here is eager to see this deal move towards completion as quickly as possible”. When making your proposal, explain the conditions attached before making your initial offer. Summarise your offer briefly and then keep quiet to show that you have finished and to allow the other party time to digest your words.

Points to Remember

- Speaking slowly and deliberately indicates that a person feels confident and at ease
- Smiling unnecessarily and speaking quickly indicates nervousness
- People who want to leave tend to look and turn their lower bodies towards the exit
- Listen carefully to your customer, their wishes may be closer to yours than you expect
- Be willing to adjust your strategy if you can see a compromise early on in the proceedings
- Make your initial offer attractive and leave room to compromise from that point onwards
- Take notes of all the offers made, trying to record them verbatim

Understanding Body Language

A lot can be learned about the attitude of the other side in a negotiation from their body language. Watch the eyes, which are the most expressive part of the body, but also pay attention to the rest of the face and the postures of members of the other team.

Reading Basic Signs

Eye contact with another person indicates a desire to transmit and receive information. When talking, most people make eye contact with each other that lasts for a few seconds at regular intervals. Recognise that eye contact is one of the most important aspects of body language, but also take into account what your opponents are thinking by 'reading' the signs given off by their gestures and their overall postures.

- Leaning back on a chair and crossing the arms indicates opposition and disbelief
- Leaning forward, putting the hands together and nodding responsively shows interest
- Direct eye contact and hand on chin shows thoughtfulness and decision-making
- Inattentive gaze and fiddling with a pen indicates lack of interest
- Wide eyes and warm expression indicate willingness to be persuaded, open arms implying indecision (neutral)

Dealing with Duplicity

Skilled negotiators can use body language to mislead the other party in a debate. Do not take all body language at face value – it is easy to add a smile to an expression that is otherwise hostile. A person who fulfils the criteria for showing interest may in fact be preparing for a scathing attack.

It is essential to stay alert, even if you think that the negotiations are proceeding smoothly.

Closing a Negotiation

A negotiation can be brought to a conclusion only when the two parties have made concessions that enable a mutually reached agreement.

When you are forced to make concessions, it is important that you take a long-term view. Try to retain some control of the situation by ensuring that you are gaining some reciprocal commitment:

- Judge how much ground you need to yield – put a value on what you are prepared to give so that it can be matched with concessions from the other side
- Compromising without losing face is vital in closing deals:
 - For example, "Will you give me a deposit on the car if we fit the Bluetooth® kit?"
 - "Will you confirm the order for me today if I could lower the price by x?"
 - "Will you be interested in buying the car if I can lower your monthly payments to x?"

As you near the end of a negotiation, you need to discuss the terms of your agreement. Use your hypothetical proposals to work out a basic deal. The terms of the deal will involve the method of payment, the timescale of payment, how long the agreement should stand for before being revised and what to do if any problems arise over implementation of the deal.

Having chosen your closing technique, you can now move to execute it. Indicate to your customer that you are making the final offer by choosing the right words, the right tone of voice and the appropriate body language.

Create an atmosphere of decisiveness and give the customer time to think about the offer you've given them.

Use phrases such as "I really can't do more than this", to confirm your position.

At every stage of the negotiation, try to create a culture of compromise. By the time you are closing the deal, the other party knows that you are not dogmatic about any issues. There is always extra sensitivity on both sides of a negotiation when the deal looks near to a conclusion. The time between reaching a verbal agreement and signing on the dotted line is particularly delicate.

Sympathise with your client if he/she is hesitant at this stage and remind them that the product and offer that you're presenting to them meets their financial and social requirements.

Once the deal has been reached, take time to clarify what you have agreed to avoid any later misunderstandings.

FINALISING THE PURCHASE

Record the customer's order details onto a Vehicle Order Form, these should include:

- Customer's name, address, email and telephone/mobile/fax numbers
- Details of vehicle being purchased, including specification and factory fitted options (new cars only)
- Details of trade-in vehicle if applicable
- Pricing details including trade-in
- Estimated delivery date
- Accessories
- Any additional work required
- Finance details if applicable
- Insurance details if applicable
- Service and warranty details

Where the vehicle is a factory order, inform the customer of the facility to change certain elements of the specification of the car after the order has been placed. Stress the benefit of this facility as part of the last minute tailoring service available when building to order, but ensure they understand the cut-off date for any factory changes.

Ask the Customer for a Deposit

The customer must then sign the order form:

1. One signature to confirm the deal
2. One signature for the trade-in, if applicable, to confirm that the details are correct and the mandatory questions have been answered accurately

Before the customer signs the order form it is important that the figures are explained in full.

To complete the deal the order form must then be signed by the Sales Manager or an authorised signatory (authorised by the Sales Manager).

The Sales Consultant does not have the authority to sign the contract on behalf of the company.

Once signed, give a copy to the customer.

Agree a mutual delivery date and time with the customer. Tell the customer that you will ring them 24 hours before delivery to confirm that all the paperwork is completed and the vehicle is ready for collection.

The customer will also need to be reminded to bring with them on delivery:

- Money to settle the balance on the new car
- All documentation of their old vehicle including its service history, owner's manual, etc.
- Spare keys of their vehicle

Send a Confirmation of Order Letter

A confirmation of order letter should list order details as appropriate, details of ownership products and any other relevant information. The letter should also contain updated delivery information if known.

Ensure that you give the customer regular updates on the estimated time of arrival of the vehicle, especially if it is a factory order. If the vehicle has a long lead time, it is a nice gesture to make a gift of a model of the car to the customer as this will heighten their anticipation and may well lead to referrals to family, friends and work colleagues.