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## **Eight techniques for favorable negotiation outcomes**

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## Eight Techniques for Favorable Negotiation Outcomes

*Before entering into a negotiation, planning is essential. The person with the right mindset is more in control and will achieve the better outcome. These eight techniques will help you and your business achieve successful negotiations.*

**W**e negotiate daily with those around us. Many negotiations have to do with money: buying or selling business, a house, or even a sandwich at your local deli. Some negotiations are non-monetary such as employee performance reviews or what you are going to have for dinner.

Negotiation is the ability to reach an agreement in an approach that mutually satisfies all parties. Many times successful negotiations end in trade-offs, where each party gives up something of lesser value to them in return for something of greater value. We negotiate when we make choices with those around us each and every day. However, negotiation is a skill that takes practice and planning.

Favorable negotiations mean making the best decision to maximize your own interests. During negotiation it's not always about getting to "yes." Studies show that at times, it is better, to have no agreement than getting to an agreement or to "yes."

Many people believe they cannot negotiate, but everyone can and does negotiate on a daily basis. There are great negotiators in all walks of life, not just business people. In fact, some of the best negotiators are children and we can learn from their examples. They are great planners and spend hours planning to get what they want, often with the help of siblings. Children know what their parents do and don't want to hear, and will respond accordingly. Children will divide and conquer, playing one parent against another. For example, they will use third parties as anchors, "Kayla's mom let her see the movie, why can't I?"

I have taken what I've learned through the books and articles I have read over many years and have combined it with my experience as a business leader and parent to create a list of tips to use during negotiation. Below is a list of eight techniques to better organize a negotiation mindset. Whoever has the better mindset is in control and usually has the better outcome in negotiation.

### I. Planning

The first step to a favorable negotiation outcome is defining the optimal goal a person wishes to achieve in that negotiation. If negotiating for the price of a car, you need to walk in with a comparable price of a vehicle that another dealership is selling it for. Or you may want to plan for a certain price you are willing to spend so you have a baseline on how high of a price you are willing to pay during the transaction. Preparation is key to success in negotiation and it is important to give advanced thought to the objective factors involved such as: who are the parties involved? And, what are the issues?

### 2. BATNA (Best Alternative to Negotiated Agreement)

Best Alternative to Negotiated Agreement is a term coined by Roger Fisher and William Ury in their bestseller book, *Getting to Yes*. BATNA is used by negotiators to describe the best option available if their desired end goal is not reached. During negotiation, often times neither side gets what they want. The side that has the next best alternative

comes out feeling the most satisfied.

Negotiators that have a strong, well defined BATNA have an advantage because they have a clear benchmark to which they can compare any negotiated settlement. They think about all the alternatives available to both parties if the current negotiations ends.

What are no deal options or the course you should pursue if the current negotiation fails? You should also consider what will happen to the other party if there is no deal. When you consider how the other party will be affected if there is no deal, you shift the frame to the unique value you offer and it becomes easier to justify why you deserve a deal.

### 3. Walk Away

Determine your walk away point before the negotiation starts. This is not a decision to be considered later in the heat of negotiation. If you don't establish the walk away point before negotiation begins, you might convince yourself into accepting lousy terms just for the sake of making the deal.

It is acceptable to take a short-term break from the table, walk into another area and organize your thoughts. If you are in a group negotiation, it might be to your benefit to step away from the table, get organized, summarize your thoughts and then re-enter the negotiation space. Know your walk away point and stick with it.

### 4. Emotions

Negotiations can be, and usually are, packed with emotions. They often collapse when one party becomes angry with the other and attempts to maximize the opponent's displeasure rather than his own satisfaction. Emotions affect your perceptions of what is fair in a negotiation and influence your decision-making and following behavior.

It is vitally important to prepare your emotional strategy on stages of the negotiation. Because a shift from facts to emotions might happen:

- a) *Don't share or respond to the other party's emotional outburst. You won't appear weak when you do not respond to anger with anger, you appear more in control.*
- b) *Don't take an emotional outburst personally. Attributing an emotional outburst to something you did will only make you defensive and distract you from your strategy.*
- c) *Consider putting the party's behavior on the table.*

*Tell the other party that their emotion is interfering with the negotiation.*

- d) *Try apologizing for the other party's emotional state, "I am very sorry you are so upset."*
- e) *Take a break from the negotiation, it might be good for both parties.*

Building rapport before, during, and after negotiation can reduce the odds that the other party will become angry. If you seek to frame the negotiation cooperatively, you make it clear that you're seeking a win-win solution. Just as you prepare strategic moves before negotiation, you should invest effort in preparing your emotional approach.

### 5. Listen

Sometimes people can be very good at communicating what they want but completely ignore what is important to the other party in the negotiation. Typically, the best negotiators are also the best listeners. They apply what they hear to prepare for the next move.

Listening is much more than just hearing. Listening is not only done to the story, but how it is told, the use of language and voice, and how the other person uses his or her body.

Silence can be used to your advantage. It is important to not interrupt when your counterpart is speaking. Interrupting a speaker is not good business for two reasons. First it is very rude. Second, you may be cutting off valuable information that will help you at a later point in the negotiation. Even if they are saying something inaccurate let them finish, you could obtain valuable information to serve you later for the next question.

Lastly, it is important to be aware of non-verbal messages. Non-verbal messages allow people to reinforce what is said in words. For example, nodding your head vigorously when saying "yes" or "I agree," but a shrug of the shoulders or a sad expression when saying "I am fine," may imply that things are not good. Signs of an active listener that are non-verbal might include a smile, eye contact, posture and mirroring. However, these signs may not be appropriate in all situations across all cultures. Some research estimates that speech only makes up about 20% to 30% of communication, the rest being non-verbal communication.

### 6. Over Confidence

Failing to collect key factual information because you are so sure of your assumptions and opinions will not play out to your advantage. When the stakes are high, you must over-

come the common tendency to spend time looking in the mirror.

Negotiators get into trouble when they lack information about the other players in the game. Over confidence may come across as cocky or arrogant and some negotiators may choose a more expensive outcome rather than dealing with an overconfident negotiator.

To reduce over confidence, find a devil's advocate within your organization to question your approach and assumptions. If you're the boss, this technique may be awkward; your subordinates may feel intimidated telling you what you can improve on. If you want to pick the right negotiation strategy you will have to persuade other members of your organization to give you honest feedback, not the information they think you want to hear.

Finally, always do appropriate research and anticipate relevant questions and arguments from the opposing party.

## 7. Anchors

Anchoring is making an effort to establish a reference point, or an anchor, around which a negotiation will revolve. This anchor becomes the starting point which adjustments are made. In negotiation, potential anchors are everywhere. They can be as simple as a list price for a home, as complex as some algorithms, and even sometimes just random numbers.

To use anchoring to your advantage, you must decide what initial offer will attract the attention of the other party. The offer can't be so extreme that the other party doesn't even consider negotiating further with you. You want your offer to be attractive enough to your opponent to serve as an anchor for ensuing offers. Even when people know that a particular anchor should not influence their judgments, they are often incapable of resisting its influence. As a result, they insufficiently adjust their valuations away from the anchor.

When buying a car, don't automatically believe that the list price is close to the value you should pay. The best way to not be fooled by anchors, is to educate yourself.

## 8. Think of non-traditional solutions

Consider the riddle of the 17 camels:

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*A father left 17 camels as an asset for his three sons. When he passed away, his sons opened up the will which stated that the eldest should get 1/2 of the 17 camels, the middle son should be given 1/3, and the*

*youngest should receive 1/9 of the camels. As it is not possible to divide 17 into half, or 17 by 3, or 17 by 9, the sons began to fight with each other. How could they divide 17 camels among themselves?*

*They decided to enlist a wise man to solve the issue. The wise man listened patiently and after giving it some thought, brought one camel of his own and added it to the 17. This increased the total to 18 camels. Finally, he executed the deceased father's will:*

*1/2 of 18 = 9. So he gave 9 camels to the eldest son.  
1/3rd of 18 = 6. So he gave 6 camels to the middle son.  
1/9th of 18 = 2. So he gave 2 camels to the youngest son.*

*Now add this up 9 + 6 + 2 = 17 leaving one camel, which the wise man took back.*

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**MORAL:** The attitude of negotiation and problem solving is to find the 18th camel i.e., the common ground. Once a person is able to find the common ground, the issue is resolved. It is difficult at times. However, to reach a solution, the first step is to believe that there is a solution. If we think that there is no solution, we won't be able to reach any. (Riddle author unknown)

Whether we like it or not, negotiation is constantly around us. Businesses selling goods or services to the government will need to negotiate a contract. NBDC procurement technical assistance consultants can help you prepare for the negotiation and find "anchors" by identifying past contracts for similar goods or services.

We will be your sounding board, or "devil's advocate" as you prepare for the negotiation. Contact an NBDC consultant today to help you get into the negotiating mindset. Those who are most tactical and prepared for the negotiations are usually the ones who come out with the bigger smile, and hopefully both parties are smiling in the end.

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### About the author

Richard (Dick) Uhing is a government contracting specialist with the Nebraska Business Development Center at Wayne State College, providing procurement technical assistance in northeast Nebraska. With 30 years of leadership experience in the beverage distribution industry, Uhing was president and general manager of the Norfolk Beverage Co. until its sale in 2012. He is a graduate of Chadron State College and the University of Chicago Booth School of Business and Harvard Business School executive education programs. Uhing received an MBA from Wayne State College.

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