

Synopsis of Brilliant Negotiations

There are but a few lucky people who have no fear of negotiations, and relish the chance to get a great deal. Knowledge is often the best way to counteract fear. Given that negotiations are best thought of as a game, if you try to play the game without understanding the rules, then you have every reason to be fearful.

Intrinsic to every negotiation are four elements. These are:

- your frame of mind
- the four distinct phases within every negotiation
- the five approaches to deal-making.

Let's look at these three elements in detail.

1 Your frame of mind

In almost all cases you should adopt the attitude that 'tough is good, tougher is better'. The truth is that, no matter how tough you negotiate, as long as you behave with integrity, you will not endanger any long-term relationship you have with the other party. There is plenty of research that supports the view that setting yourself very ambitious targets for a negotiation leads to the best results from that negotiation. You are not going to achieve those ambitious targets without being the toughest of negotiators.

To have a good long-term relationship you must keep the other side's respect. This means you must not humiliate the other party and you must always behave with integrity. Remember that most people respect tough negotiators and will be proud of achieving an acceptable deal against such a negotiator. If you win big and they win small then they will still feel like winners.

The main reason that negotiators fail to be tough enough is because by nature most people wish to avoid disputes. Just remember that it is not in the nature of many parents to discipline their children when they are naughty. Similarly, it is not in the nature of many managers to discipline staff who are guilty of misconduct. To be a good parent/manager, this is what you have to do. It's the same with negotiations: if you want to do the job well you have just got to be tough.

Financial benefits of the right state of mind

Frequently you will be negotiating on behalf of your employer. Many companies work on a profit margin as low as 10%. In many cases every extra pound/euro/dollar you negotiate goes straight onto the bottom line. To put this in perspective, if you squeeze an extra £10K out of a negotiation that may well be the equivalent of winning a £100K contract! Even if you are negotiating for yourself, then every extra pound/euro/dollar is disposable income, so you should view it as a percentage of the money left after you have paid your taxes, mortgage and the like. Hopefully this analysis will convince you that pushing all the way to get every last penny out of a negotiation is worthwhile... and I suspect in your heart you know that the tough negotiator gets a lot more than a few pennies extra.

2 The four phases of negotiation

All negotiations have four distinct phases. These phases are not strictly sequential because the second and third phases tend to overlap. However, all four phases tend to be present in all negotiations, from buying a washing machine, to negotiating a peace

deal in the Middle East. A phase might last minutes, hours, days, weeks... or even years, but seldom will any phase be completely missing.

The four phases of negotiation are *preparation, the sharing, bargaining/haggling and closure and commitment*.

Preparation: You need to establish what is called the frame for the negotiation. This is the context in which the negotiation takes place. In particular, you need to discover all the issues that all your stakeholders want to achieve from the negotiation. There are many other pieces of information you need to discover, such as standard industry practice; competitor prices; and everything you can find out about your opponent and their organisation.

The sharing: You are now face-to-face with your opponent. It is usually a mistake to leap straight into offers and counter offers. Your preparation, no matter how comprehensive, leaves you unsighted on many key issues. You understand your frame for the negotiation, but you do not know much about your opponent's frame. There is usually much to be gained by swapping information about your frames. It is also important in a major set piece negotiation to start to develop a respectful relationship.

Bargaining/haggling: This is the time for offers and counter offers. See *The five approaches to deal making*, below.

Closing and commitment: Concluding the deal and making it stick. You can either employ the simple close technique or put your opponent under pressure. If you are buying, your simple close will be along the lines of: 'IF you offer me one last compromise, THEN I will do the deal'; if you are selling, you will take the line: 'IF I offer you one last compromise, THEN will you do the deal?' Pressurised closing involves either reinforcing the scarcity of a commodity – such as time – or issuing a threat, either direct or indirect, but always politely and unemotionally (ie 'more in sorrow than in anger').

3 The five approaches to deal making

It's easy to be overwhelmed by the literally infinite number of negotiating situations you can find yourself in. Surely selling a company is going to be totally different from buying a car, which is going to be totally different from resolving a dispute with an aggrieved party? Of course every potential situation may throw up the need to be creative and flexible in order to successfully conclude a deal, but there are only five basic approaches to deal making. These are:

(i) *Auction* If appropriate, an auction can be the best way to get the top price when selling something. This approach avoids the need to enter into negotiations.

(ii) *The sticker price* This is a second way to avoid negotiating, and is an approach that says 'those are my terms – take them or leave them'. It's not that unusual: when you visit a supermarket you know you cannot haggle with the checkout operator over the price of your basket of goods. Parents sometimes adopt this approach with their children. In certain lines of business, for example when my own company sells consultancy services, it is unusual for the customer to try and negotiate the price down. If one side has overwhelming leverage, they may be well advised to adopt this simple approach... provided they do not annoy the other side so much that they walk away.

(iii) *The sticker price, plus/minus a bit* This approach is commonly used when an industry has well established standard practices; or when you are dealing with a long-term customer; or when one side has much greater leverage. The initial offer made will contain some small room for negotiation, but both sides will know that major renegotiation of the terms is unlikely to succeed. It can sometimes be used in a situation where the sticker price might seem to be acceptable, but some leeway is allowed in order to save your opponent's face. It can be helpful to think of this approach as a lightweight application of the fourth or fifth approaches described next.

(iv) *Haggling* There are two overlapping definitions of what I mean by haggling. The first is when you are not at all interested in having a long-term relationship with your opponent, so frankly you are more interested in your opponent's money or goods than their respect. The second is when you do not rely on logic: you just want more if you are selling, or want to offer less if you are buying.

(v) *Bargaining* Compared to haggling, you want to retain your opponent's respect because you expect to maintain a future relationship. As a consequence, you will be much more inclined to use arguments based on logic... but you can (and usually should) adopt a significant amount of the haggling mindset, and if done politely you are very unlikely to lose an opponent's respect.

There really is no need to fear negotiations. Negotiations are a game, and as your confidence and experience builds, the deals you strike will get better and better. Even if you are not someone who currently enjoys the great game of negotiations, there is absolutely no reason why you cannot end up having fun as you get the best deals for yourself and your employer. So set yourself a challenging target and go for it. There's nothing wrong with wanting to walk away with the biggest slice of cake that you can get away with; and there is no reason why you cannot have it whilst retaining the respect of your opponent. Remember – the world admires tough and skilful negotiators.

Synopsis of Brilliant Manager

Let's face it, the average standard of managing people is far from brilliant. However, I would like to start with an optimistic observation:

People in a work context are very forgiving. If your performance improves then your staff will very soon forget your past lapses.

This means that you can turn round the team's view of your management style very quickly indeed.

I will also restate the golden rule of management in an appropriate form:

The simplest way to get your staff to behave in a particular way is to behave that way yourself.

Fundamental principles of managing people

One of the problems that managers face when managing people is that they often have not accepted the fact that the principles of people management are very similar to the principles of being a good parent or a good teacher, namely:

- setting high expectations of people's performance and behaviour;
- setting clear boundaries of acceptable behaviour;
- imposing discipline and, where necessary, punishment when behaviour is unacceptable;
- setting clear boundaries of acceptable performance; working with underperforming staff to improve their performance; if performance cannot be improved in your team you must decide if they need to leave your team or, in extremis, whether they need to leave the organisation;
- providing clear, immediate feedback on performance and behaviour; praise good performance, and constructively criticise poor performance;
- personally setting an example of the performance and behaviour you expect;
- behaving in a way that wins the respect of your team.

Being a parent or teacher is a great responsibility. Brilliant managers have to accept that they are doing a job with similar levels of responsibility. You may find this uncomfortable as a manager, but your staff will have no trouble at all accepting that this is the way brilliant managers should behave.

Is management manipulation?

I would really like to believe that you can be a manager without being manipulative, but there will be times when a manager has got to be manipulative. The uncomfortable truth is that when resolving all the different pressures from existing customers, your own organisation, bids for new business and the like, you are inevitably going to have to persuade people to do things that are not entirely in their own interests. It is also an uncomfortable truth that you are not always going to be in a position where you can explain the bigger picture to all your staff. All that you can hope to achieve is that your manipulation is moral. My definition of moral manipulation would be:

If your team knew the whole picture, the majority would support your actions.

One of the reasons for mentioning the issue of manipulation is that many managers complain that their staff are suspicious of their motives. It basically comes down to whether your staff respect and trust you. Staff suspicion is quite natural and you can only create the necessary levels of trust and respect by your openness, honesty and integrity. This raises a key issue:

How open should you be?

A good starting point is to be as open and honest as possible. The problems lie in defining what that nasty get-out clause 'as possible' means in practice. I will tackle this issue by listing the circumstances in which I believe less than total openness is acceptable:

- When you have to respect confidentiality. You may be instructed by your organisation to keep certain information confidential, or you may not be able to release information that was told to you in confidence.
- When you have to support 'the corporate line'.
- When full openness would cause unnecessary pain. For example, you may be discussing how a member of your team can improve their performance. You may need to be selective about telling the staff member about their failings in order that they can handle – and respond positively to – your criticism.
- When full disclosure will unnecessarily depress your team. A good example might be the latest initiatives from head office. Many of these never actually get implemented in a way that is as threatening as they first appear. My approach to such issues is to openly answer any questions about them. I try to go occasionally to group gatherings, eg at coffee time, so that people can quiz me. In this way I make it clear that there is no secret about what is going on, but I also imply that I am relaxed about such things, and that when, or if, they impinge on the team I will immediately brief everyone.
- When the effort of communication is not worthwhile. You will never have enough time to communicate with your team as much as you would like. This means you have to prioritise your communication, and consequently some issues will drop off the bottom.

How to organise communications in your team

I will start with two slightly depressing observations. First, no matter how well you manage the communications within your team, it is likely that most of your team members will feel they are not kept properly informed. Second, under the pressures most managers face, the first thing to suffer is usually communications.

I wish I could lay out an easy plan for you to follow, but the best I can do is lay down a few useful guidelines.

- Ensure that matters that directly affect staff are discussed with them before irrevocable decisions are taken. It is a well-known psychological effect that people who feel that they have no control over their environment become anxious, stressed and demotivated. Consequently, the maximum irritation comes from staff finding out that decisions that affect them directly have been taken without any consultation with them. I suggest you make such matters your top communication priority.
- Make yourself available for informal questions. If your team see that you are not hiding away from their questions, they are much less likely to think you are deliberately keeping things from them.
- Keep formal communication meetings short, regular and separate from other routine meetings. Formal communication meetings are truly awful for all concerned – both you

and your team will probably despise them. However, such meetings have some invaluable features. You will put them in your diary so they will tend to happen regularly. They show that you are regularly available for complaints to be made directly to you, and as a result can release pressures that are building up in the team. A common mistake is to allow the agony to drag on and on. I suggest a rigid time limit of less than an hour be adhered to.

- If you have email in your team, use it to chat to them. It is a really efficient mechanism for short, chatty updates.
- Remember that communication should be a two-way process. When you make yourself available so that your team can ask you questions, you can ask them questions as well. In addition, you will probably have regular one-to-one meetings with your staff, which you can use to probe their views. If you are one of those lucky people who are naturally good listeners then this will be easy; if you are like the rest of us, keep practising those listening skills. If you organise your team to include someone who has a responsibility for staff development then that person will be a great source of feedback on the attitudes within the team, and will be able to alert you to serious concerns before they blow up into major issues.

Handling difficult staff issues

Some staff require much more management effort than others. There are two extremes which require particularly careful handling. At one end of the scale are staff who are underperforming; and at the other there are your key staff who you really do not want to lose. Here's some advice on the management techniques you can use in both cases:

Underperforming staff

You must tell your staff if they are underperforming. This may sound obvious, but you might be surprised how many managers do not face up to this task. There are, however, good ways to do this and bad ways:

When disciplining someone, do it 'by the book'.

Different organisations have different processes for handling underperforming staff. Find out exactly what your company processes are and follow them to the letter. If you have a good personnel department, they will probably be able to offer you support and advice. There are times to do things by the book, and this is one of them!

Identify the cause of the problem

There are two key issues to determine: first, is the staff member aware of the problem and, second, is there an underlying problem or is there a less excusable reason such as laziness or poor timekeeping? If the person is to blame then they need to be told firmly to behave. Otherwise, you need to ensure that you both understand the problem, decide how you can help, and then tell them how you expect them to address the problem.

When supplying constructive criticism you must not blame the person

The purpose of explaining a person's failings to them is to help them address the problems caused by those failings. If you blame them for their failings they are very unlikely to listen to any constructive criticism. Make sure you do not fall into the trap of creating a blame culture in your team. It is worth remembering that a blame culture happens by default – if you do not actively fight against a blame culture then that is what you will get.

Set achievable, measurable targets for improvement

It is important that underperforming staff know precisely what is expected of them. Targets must be sensibly challenging and the achievement of them easy to measure.

Do not bear a grudge

After disciplining a staff member or giving constructive criticism, both you and the person concerned may feel uncomfortable in dealing with each other. You must set the tone by dealing with them as if nothing had happened. If the person sulks then you need to decide whether it's best to ignore it, or whether they would respond to you having a quiet word with them to reinforce the fact that you are trying to help them to recognise a problem and to learn from it.

A person's failings are often the flip side of a strength

Someone who is impatient with others may have great personal drive. In such circumstances you should acknowledge the positive attribute and suggest that the negative aspects are recognised and managed by the individual, even though they are unlikely to ever totally overcome their failings.

Never undermine a person's self-respect

Respect is key to a healthy team – both respect for self and respect for each other. Just because someone is not thriving in their current job in your team. does not mean that they would not blossom if given a different job; or moved to a different team; or moved out of your organisation.

Have a consistent view of how patient you will be with underperformers, and beyond that act ruthlessly

Staff need to know that they have a reasonable amount of time to address problems. They also need to know you will properly analyse the reasons for underperformance and address those causes, even if it means a move of job, or a change of manager, or some other remedy. However, your team cannot carry passengers indefinitely – they are a potential threat to the survival of the team. In addition, it is not kind to leave a person struggling. Many managers worry how the team will react to firm management action against underperformers. Provided you allow a reasonable time for improvement, you may well be surprised that most team members would be more ruthless than you are – after all, they have to carry the passengers.

Make sure you use any probationary period to weed out underperformers

It is astonishing how many underperformers were spotted during a probationary period but managed to make it through on to the permanent staff. In many countries and many organisations it is vastly easier to fail a probationer than fire an underperformer.

Handling your key staff

Why should you handle your key staff any differently from the rest of your team? Your innate feelings of fairness will probably lead you in the direction of 'equal treatment for all'. An additional benefit of equality of treatment is that you will defuse internal tensions caused by accusations of favouritism. However, there are differences that you should acknowledge:

Key staff will often have superstar qualities and, as mentioned earlier, there is often a negative flip side to great qualities. It is only reasonable that you are willing to invest management time in helping with the negative aspects of genius. In my own world of

research scientists there is a common saying that the line between genius and insanity is often blurred – this is a total lie . . . line, what line?!

Key staff will usually know their value to you, and will often be tempted to use that power to their advantage. The key issue to decide is how far you are willing to go to keep your key staff happy. I offer the following suggestions.

Do not pretend that you are not dependent on your key staff

I have seen managers try to downplay the value of their most important people – do managers really think their top people are that stupid? It is certainly true that no one is indispensable, and that, *in extremis*, the team will survive, but do not try to minimise the value of your key staff.

Keep a dialogue going with your key staff

Most staff leave their jobs as the result of some small issue that becomes the straw that breaks the camel's back. Keeping close contact with your key staff will not only spot the 'straws', but will also allow you to keep the 'backs' from getting near to breaking point. Staff will usually drop hints about grievances, so you need to be on the lookout for problems. Sorting out such problems is much easier and cheaper if they are handled before the situation reaches crisis point.

A good team culture is the best protection

If your key staff value the respect of the other team members, they will not want to lose that respect by being overly demanding. A gentle 'I am worried how that will look to the rest of the team' can sometimes work wonders.

Do not yield to threats

You have to decide how far you are going to go to keep your key staff, and then be consistent in sticking to your line. Most organisations will not pay a salary that matches what a poacher will offer. In my view you cannot respond to a threat to leave by matching the poaching salary – it will cause such dissent among your other key staff that the situation will quickly get out of hand. Your best hope is to find that some other issue started the person looking outside in the first place, and that by addressing that initial grievance you can turn them around.

Do some 'succession planning'

I am not a great believer in planning for all contingencies, but particularly when a key staff member is putting pressure on you, it is worth working out how you would handle the situation if they left. Although I am recommending investing lots of effort in keeping your key staff happy, it is important to know when it is right to let them go. When you lose a key member of the team, do it with a good grace: it is surprising how often your paths are likely to cross again. There is almost no situation in which you benefit from someone leaving your team on bad terms with you.