Make Your Next Negotiation a ‘Win-Win.’ 3 Tips for How to Do That.

Recently, we were negotiating on a commercial lease with a person we know well and had always trusted. This person seemed desperate, however, for us to sign that week; so we suspected that we were lacking key pieces of data needed to make an informed decision.

Over the subsequent week, he made several more attempts to force our decision. He tried to pacify us, reminding us of other deals we had done together, and our long-term relationship. When that didn’t work, he switched to a sympathy play, telling us how much he needed the deal to go through.

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When we still wanted more time and information before signing, he actually resorted to bullying, threatening us, calling us names and impugning our characters. Yikes.

But, in the end, none of his tactics worked. We said no.

Ultimately, the problem with the deal was that it wasn’t favorable to us – it really benefited only the other party. Our long-term associate had missed the first rule of successful negotiations:A deal has to benefit both parties. It needs to be . . . *win-win.*

When crafting a deal, how do you increase the chance of a successful conclusion? After this incident we’ve described, this is a question we’ve pondered. Because, while not all deals will work, we believe there are things you can do to increase your odds of success. Here are three of them.

Understand what each party needs.

The first step in crafting a successful deal is to fully understand what each party really wants. Do you comprehend what is truly important to the other party? So often, we believe that everything revolves around price. However, that may not be the only item on the table. Does the other person have something else hingeing on the deal that is of equal or greater importance?

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For instance, we knew a person who was willing to take a deal and only break even in order to do yet another deal that would be very profitable.

In another case, someone we knew was willing to close a deal because the other person was going to employ his child. While this is hardly the best reason to do a deal, the point is that price may not be the only thing that matters.

To understand the wants of the other party, you need to listen. According to many negotiating experts, this is one of, if not the most important, factors for success. As negotiation instructor Ed Brodow wrote on his blog, “Negotiators are detectives. They ask probing questions and then shut up.

“The other negotiator will tell you everything you need to know,” Brodow continued. “All you have to do is listen.” You may find that what they really want is within your power to provide. When both parties feel that they are getting what they want, it is easy to close the deal.”

Work together to lower the total

cost.

When you can lower the cost of the deal, you create a bigger pie to be shared. We worked with a paper manufacturer that was negotiating with its chemical supplier. They were at an impasse until Doug made a unique suggestion. The paper company was spending money disposing of the empty plastic barrels and shipping pallets left after it used the chemicals the barrels contained.

Doug suggested that the paper company send the pallets and empty barrels back to the chemical company. The shipping cost would be lower than the disposal costs, saving the paper company money. The chemical company could reuse the barrels and pallets saving *it* money and allowing it to give the paper company a better price.

That's what we mean by a "win-win."

Broaden the scope of the deal.

We were negotiating with a business owner on what percentage of the new business we would own; we wanted 15 percent. The owner wanted us to have only 10 percent for the value we brought.

After a couple of rounds of negotiations, and intense listening, we hit on a unique solution. We had done our homework and knew that the owner was a bit cash-strapped. While it was outside the scope of the deal, we offered a low-cost loan in return for the 15 percent. The business owner agreed. Both parties received what they wanted.

A very wealthy and successful businessperson once told us that in a negotiation, you have to figure out "who has the screw." In other words, who has the upper hand or the power position in the negotiation? Whoever has the screw can then dictate the terms, this person insisted.

We didn’t, and don’t, agree. We believe that most people only get to play this kind of hardball a few times before others will avoid doing business with them. Instead, if you listen to understand what the other person needs; work together to create more value; and, when possible, broaden the scope of the deal, you create win-win opportunities.

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As we said, the first rule of business is that it has to be good for both parties.

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