

ENTERPRISE

Look for ways to get past that deadlock



Negotiation strategies

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As we work with our clients to assess their corporate negotiation capability, we often observe them in real-time negotiations. A common occurrence that we see is one in which the parties present their offers as “take it or leave it” ultimatums quite early on which contributes to a stressful and adversarial situation. They then resort to threats and engage in other tactics in an attempt to win this battle of wills and before long reach an apparently intractable deadlock.

Let’s say you are negotiating with a vendor to supply your manufacturing company with materials and he quotes a sum of \$250,000 for the quantity that you currently require. Your first instinct will most likely be to express surprise at the amount and counter with your position. You may say, “That sounds like far too much, we were thinking \$180,000.”

After much haggling, it is possible that you may end up with a deal somewhere in between the two positions. You are also, however, on a path that could lead to a rapid deadlock as each of you dig your heels into your positions.

A skilled negotiator, rather than be party to an impasse, will know how to effectively overcome it as he guides the negotiation toward a successful outcome and an intact relationship.

Here are some techniques that highly effective negotiators use to break deadlock and overcome impasse.

Reframe

Rigid positions such as the \$250,000 and \$180,000 (in the example above) will create

defensiveness and resistance and will often lead to deadlock and impasse. A skilled negotiator will shift the discussions away from these rigid positions by reframing and translating them into more general and flexible interests.

The negotiator might say “So if I understand correctly, it is important to you that you fetch a fair price that includes acceptable margins for the material that you would supply to us, is that correct?” With this technique, he has effectively reframed a rigid position (\$250,000) into a more general flexible interest which is a fair price with acceptable profit margins.

Now he can respond with his equally general and flexible interest by saying “We would also like to pay a price that is fair to us, so let’s talk about ways to establish a price that is fair to both you and us.”

The skilled negotiator will then invite the other party to search jointly for standards and criteria that could assist in determining a fair price. Such standards might include fair market value; what competitors are asking; experts’ opinion; what are some best prices they have offered other customers etc. Once you have reached agreement as to a fair standard, it is easy then to apply the standard to arrive at a price acceptable to both.

In this way, the skilled negotiator has negotiated a fair price without haggling over raw and rigid numbers thereby salvaging the negotiation from a potential deadlock.

Questions

In any negotiation, the more information you obtain about the other party’s concerns and needs, the better equipped you are to offer more innovative solutions that are acceptable to the other party. It is often those innovative solutions that help to break through deadlock. To get that useful information, you need to be competent in questioning and probing skills.

When the other party presents his position to you, don’t counter with your position, but

rather pursue a line of questioning to gain better understanding of his needs.

You could ask him “If we were to purchase this material from you, besides the obvious revenue aspect, in what other ways would this help your business?”

He may say “It would help with our cash flow to be able to pay our vendors.”

Through effective questioning and probing, you have now discovered that his current concern is cash flow. This then opens a door of new possibilities for advance payment options to help him with cash flow at a discounted price to you thereby breaking through potential deadlock.

Strength and scope variations

Deadlock occurs when options for resolution are either not sufficiently explored or are exhausted. The better we are at generating new options the more effectively we will break through deadlock.

A useful technique to generate further options is to explore differing strengths and scopes of the agreement. You may discuss a dual source contract with the vendor as opposed to a multiple source contract or perhaps even a single source contract for a limited time at a better price. You could also explore the duration of the contract and suggest a two-year contract instead of a one-year. These ideas would provide value to the vendor for which he may be prepared to trade price.

When faced with a potential deadlock, don’t give up but try, try and try again using these techniques. Soon you will have broken through the deadlock and joined the ranks of highly effective negotiators.

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