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7 Tips to Victory in High-Stakes Negotiations

High-stakes negotiations are also often high-stress situations for those who stand to profit from the negotiation. A large portion of professionals and employees in the United States are not comfortable in negotiations and lack the confidence to negotiate effectively. This lack of confidence can impact negotiations as the participants may hold back or feel as though the conversations are getting away from them. Some people believe that negotiation is a skill that one is born with that it is difficult to better the skill; however, negotiation, like most other skills, can be learned and developed with time and practice. As a person negotiates, they hone their skills and adapt to the situation presented, but understanding how to excel at negotiations is also important to guide a newer, less confident negotiator.

Negotiation may feel intimidating and unwelcoming, but with practice and a few tips, it can become approachable and even enjoyable. It can be made less stressful, even when there are high stakes when the parties consider these seven tips that lead to victory. By following this simple guide to understanding what is at stake and



how to approach negotiating with victory in mind, negotiating parties will have success in completing a negotiation with the best possible outcome considering the actions of the other side as well. These seven steps, seen in the infographic, are (1) preparation, (2) analysis, (3) identify, (4) relationship, (5) creativity, (6) barriers, and (7) finalize. This article will discuss these tips and how they can be used to master the art of negotiation.

Tip 1: Prepare for Negotiation

The first tip is to prepare for the negotiation. Good negotiators are hard to come by, but the best negotiators are always incredibly prepared before negotiations begin. Understanding the issues, knowing what the goal is, and feeling comfortable along the process will help a negotiator feel like they are set up to win even before the negotiations begin. Preparation takes place in two areas. First, a negotiator must understand

the basic layout of the negotiation. Second, a negotiator must prepare their strategy for the negotiation.

Type of Negotiation:

There are several types of negotiations that the participants may take part in as they move toward their goal. Each type requires a slightly different type of preparation. These types include:

- **Formal:** Formal negotiations often take place when

parties are already interested in creating an agreement but need to iron out the details before an agreement is signed. These usually take place during a time set aside specifically for the parties to discuss the terms. This can also include a neutral who helps guide the discussion or can involve only the parties. Here, preparation may look like research and studying the strategy, possibly even having different scenarios written out and considered.

▪ **Informal:** On the flip side, informal negotiations will usually happen organically as the parties decide if they are willing to agree or if they need to move to a more formal approach or split their differences. Here, preparation is typically less formal as well, and the parties are just as likely to find out about negotiations while in a meeting with the other side.

▪ **Integrative:** This is a negotiation that focuses on multiple issues and has the highest chance for success because there is more room to work with and find wins for all the parties on certain issues. Here, parties can prepare by identifying where they can let up on issues to ensure they can win on issues that they need.

▪ **Distributive:** Distributive negotiations are negotiations that have one fixed issue on which everything turns and the negotiations are focused on distributing the value of that issue between the parties. In these negotiations, everything gained by one party is directly lost by another. Here, the parties will need to determine just what they are willing to give up to achieve the most value.

▪ **One-Shot:** One-shot negotiations are negotiations where the parties have very little interest in working together once the negotiations wrap up. These are often risky and can blur ethical boundaries, so they are not typically recommended.

Strategy for Negotiation:

Once the type of negotiation has been identified, a negotiator can begin to develop their

strategy. This involves several considerations to be made when negotiating. These include:

▪ **Goals:** The negotiator must understand what the goals are for the negotiation and how they are supposed to arrive at these goals. This includes identifying the larger end goal and the smaller goals along the way. If a negotiator is acting on behalf of their company, they will need to set goals with the company's strategy in mind.

▪ **Style:** There are several styles of negotiation that can be employed based on the goals and needs of the parties. Some negotiators treat it like a competition, while others will accommodate. It is important to choose a style that will work with the type of negotiation and the situation.

▪ **Options:** Another important consideration is to generate a large variety of options that would be acceptable and identifying the best and worst thing that could happen if the parties walk away without an agreement. It includes identifying what would cause a party to walk away, what the party can trade to gain value, and being creative with options.

Tip 2: Analyze Business Relationships

An important consideration that a negotiator will need to make before beginning negotiations and during negotiations is the relationship that the parties will have at the end. Without this consideration, an overactive negotiator may burn bridges between parties that may need to work together in the future. Understanding what kind of professional relationship the parties will need to have after the negotiations can shift and influence how the negotiators act toward each other. If the parties need to work together, the negotiators should act to preserve the relationship. This may mean compromising on certain issues to preserve the relationship. If the parties do not need to do business again, negotiators may be more lively and less accommodating

7 TIPS TO VICTORY IN HIGH-STAKES NEGOTIATIONS



PREPARE FOR NEGOTIATIONS



Professionals are surprisingly bad at negotiating. Studies show that only 4% of professionals are good negotiators.



In addition, around 40 percent of U.S. employees don't feel confident in their negotiation skills.



ANALYZE BUSINESS RELATIONSHIPS



Businesses should have an idea of the type of professional relationship they want to enter with other companies.



IDENTIFY EACH PARTY'S COMMITMENTS



Only about 7% of negotiators ask diagnostic questions to learn more about the other party's goals and preferences.



BUILD A HEALTHY RELATIONSHIP OF TRUST AND GOOD FAITH



Only around 50% of negotiators actually remember what other parties have said.

It's vital to pay attention so that you can build a great first impression, express good faith, and set the tone for the rest of your negotiations.

because the negotiations will not have lasting effects on the parties.

Tip 3: Identify Each Party's Commitments

The parties also need to identify the opposing party's position and needs. Very few negotiators ask clarifying and diagnostic questions, but doing so can help the parties understand the goals and preferences of the other party. Once a negotiator has this understanding, they will be able to use this knowledge to shape strategy. Knowing that a party values one portion of the negotiation can mean that the other party may give in on that portion easier because they know to save their negotiations for a separate point that does not draw such emotions. It can be a strategy that many negotiators do not consider and knowing the needs and desires of the other party at the same level as a negotiator knows their own can only lead to smart and winning negotiation.

Tip 4: Build a Healthy Relationship of Trust and Faith

No one wants to bargain with someone that does not listen to their options and is only thinking about what they will say next. The best negotiators practice honoring and respecting the other party's time. This includes a skill called active listening, which encourages certain behaviors to help the parties understand and respect each other. These behaviors include:

- **Nonverbal feedback:** This can be nodding along with the speaker, making eye contact, or leaning in. These small changes can make the other party feel like they are being heard.

- **Questions:** Another characteristic of active listening is that the listening party asks questions to show interest in what the other person is saying or to clarify. This signals listening and comprehending the statements.

- **Paraphrasing:** Another behavior that indicates active listening is paraphrasing, or

repeating back what was said in the listener's own words of understanding. The listener then has the chance to see what the negotiator focused on and to ensure that they were heard correctly.

- **Patience:** One of the most important aspects of active listening is patience. This means that silence is allowed to sit and does not need to be filled. It allows the parties to continue speaking until they feel that they have spoken fully.

Tip 5: Look for Creative Solutions Together

This tip requires that the parties understand the other side's position and what they need. Many negotiators end up losing more value or walking away from negotiations because they did not correctly identify how to create value with the other party's interests. When the parties are listening to each other and identifying needs, they will quickly find ways to give value to the other party without losing on their own. The parties can also work together to identify what will be needed for the parties to agree. The more people that work together, the more creative the solutions will be.

Tip 6: Avoid Any Barriers to Settlement

Several barriers can block even the best negotiations from being completed. Parties that are aware of the barriers may stop them before they start, or the parties may be able to identify barriers brought by the other side and develop a strategy to overcome those barriers. These barriers include:

- **Positional Bargaining:** Positional bargaining sees the other party as an adversary and only sees victory as completely ignoring the needs and value of the other party. This often results in high or low offers with little movement. It is difficult to overcome this barrier, so it can be helpful to discuss the need for openness and collaboration before the mediation starts.

- **Psychological Traps:** This encompasses a few different

The infographic is divided into three sections by dashed lines. The top section features a large number '5' and an illustration of people working together with puzzle pieces. Below it is the tip: 'LOOK FOR CREATIVE SOLUTIONS TOGETHER'. The middle section features a large number '6' and an illustration of a person jumping over a barrier. Below it is the tip: 'AVOID ANY BARRIERS TO SETTLEMENT'. The bottom section features a large number '7' and an illustration of two hands shaking. Below it is the tip: 'FINALIZE AN AGREEMENT THAT ALL PARTIES CAN ACCEPT'. The ADR Times logo and website information are on the right side.

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LOOK FOR CREATIVE SOLUTIONS TOGETHER

20% of negotiators reach lose-lose outcomes because they fail to identify every party's interests and are unable to create value.

Identify all parties' interests by listening carefully and coming up with creative solutions

6

AVOID ANY BARRIERS TO SETTLEMENT

Whether it's positional bargaining, psychological traps or false perceptions, try to avoid creating any barriers to settlement

7

FINALIZE AN AGREEMENT THAT ALL PARTIES CAN ACCEPT

Take the time to draft, review, and finally execute an agreement that is fully ratified by all parties.

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traps, including anchoring—throwing in statistics to attach more value to statements—and comfort zones—where the parties are only negotiating to keep things the way they are. These can usually be overcome within the other's mind as they detach the value to the statistics or encourage creative thinking.

- **False Perceptions:** False perceptions happen when one party sees the negotiation as going much better or worse for them than it actually is. This can be overcome by adding supporting evidence to illustrate why an offer is fair or to call out unrealistic perceptions.

Tip 7: Finalize an Agreement that All Parties can Accept

When the parties have reached an agreement that

works for them, they still need to write out and sign an agreement solidifying their agreement. The best tip for ensuring that an agreement is honored and includes the most important parts is to help with the draft and review of the agreement and then to execute an agreement that is fully ratified by the parties' signatures. By helping shape the actual agreement on paper and the words used ensures that the agreement is what the parties have reached. And when the other tips have been followed and the parties have added a lot of value to each position, the agreement will be beneficial for everyone. Following these tips will lead to an agreement that honors the goals of the parties as they move forward.