

## **Negotiation: Organizational Alignment of Strategy and Execution Process**

If you've been involved in sales long enough, you may remember a time when selling was considered by most of its practitioners to be more of an art than a science. True salespeople, it was thought, were born, not made. You either "had it," or you didn't. Curiously, despite this widespread belief in a genetic predisposition toward sales success, it was still believed that, since selling was ultimately a matter of behaviors, anyone could become a successful salesperson by learning those behaviors. Training methods emphasizing "people skills" were accordingly devised to achieve that end. But all that changed in the early 1980s. Following the publication of a now-classic Harvard Business Review article by Thomas V. Bonoma and the book *Strategic Selling* by Bob Miller and Stephen Heiman, among others, many consultants, salespeople, and individuals in sales management began looking at selling—particularly business-to-business selling—in a different way. They stopped thinking of it as a series of behaviors and started thinking about it as a process.

They recognized that devising a repeatable, measurable—and, therefore, improvable—sales process would enable them to increase revenues in a way that relying on the human relationship skills of individual salespeople could not. Rather than simply attributing a drop in sales in the previous year to its being a "bad year," for example, having a process would make it possible for them to determine exactly what happened that made it a bad year. It would, in other words, allow them to determine what was causing problems and to do something about it. At the same time, it would enable them to understand their successes and, accordingly, be able to repeat them.

### **What a Strategic Negotiation Process Can Do For You**

Despite the creation and implementation of these sales processes, there was still one area of sales that was considered, and is *still* considered, a tactical, reactive, and behavioral art—the area of negotiating. Because of the way business was conducted in the past, the fact that there were no established processes for sales negotiating didn't present any particular problems. However, the same market forces that twenty years ago drove sales to shift from a behavioral model to a more process-oriented and analytical one are now driving the need for a new approach to negotiating. In fact, the enormous changes that have taken place, both in business in general and in the negotiating environment in particular, have made a Strategic Negotiation Process essential.

To get a better understanding of exactly what those changes are, we recently conducted a survey among salespeople. Although we were of course already aware of some of the changes, we discovered, somewhat to our surprise, that they are even more dramatic than we had thought. Among those surveyed:

- 85% say negotiations have become increasingly more complex
- 74% report having to face more professional buyers in the marketplace

- 67% say they're seeing increased irrational behavior among their competitors
- 63% report that customers are more interested in long- than short-term relationships
- 85% say that more internal negotiation are now taking place than in the past
- 58% report seeing major consolidations on both the buyers' and sellers' sides

Amazingly, despite the fact that, as our survey showed, so many people are aware of the need for a more professional approach to negotiation, corporate America continues to think of negotiation as an “elective” rather than a “required” course in sales training. And despite the numerous benefits of looking at negotiation as a process, most negotiation texts and training still focus on long lists of tactics, counter-tactics, effective questions, effective responses, personality-type analyses, and the like. As a result, most individuals and organizations are essentially still operating under the “old” rules. In fact, among the salespeople we surveyed:

- 85% report that they still use a “reactive” approach to negotiation
- 85% say they have no pre-determined strategy for irrational competitor behavior
- 71% report poor internal alignment on negotiation goals or processes
- 81% say they have no formal negotiation process

Some of the reason for this is, no doubt, simply because people have an apparently natural reluctance to do anything differently than they have in the past. As Machiavelli wrote in *The Prince*, “It must be considered that there is nothing more difficult to carry out, nor more doubtful of success, nor dangerous to handle, than to initiate a new order of things.”

We recently had a taste of that kind of incredulity in a recent conversation with an editor at one of the premier sales magazines in the world. We were talking with her about the advantages of a repeatable, process-oriented approach to effective business negotiation when she said, “How can you have a consistent process? Aren't negotiators like drunks?” When we probed further to find out exactly what she meant by this, she told us that, like a drunk, you can never tell what a negotiator is going to do from one minute to the next, not even in a single negotiation, much less from one negotiation to another. Unfortunately, a great many people share this misconception. And it's because they do that so much of today's negotiation training still concentrates on developing long lists meant to cover every possible scenario that might ever come up in a negotiation.

In fact, process works because, on a certain level, all negotiations are the same, regardless of where they're taking place or who's conducting them. As a result, in broad terms, regardless of whether you're selling tires in Ohio or computer hardware in Nepal, there is a blueprint that can be applied to any—and every—negotiation. The details vary from one deal to another, of course, but that's where the process comes in. It's the process that enables you to fill in those details.

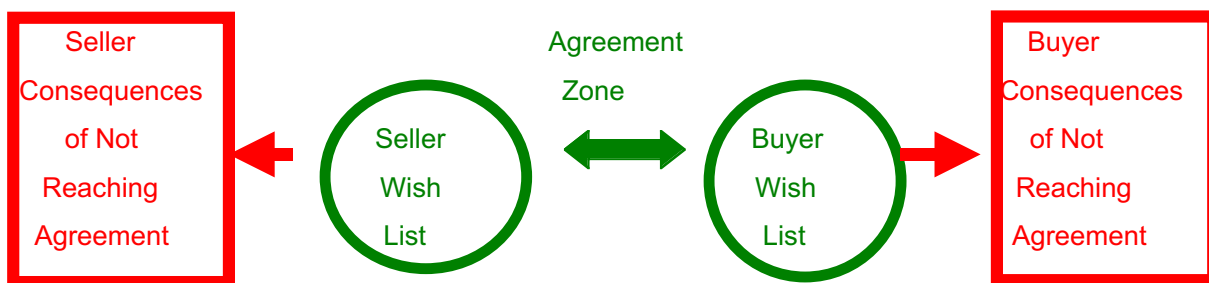
In previous paragraphs I discussed the fact that there is a blueprint that can be applied to literally any negotiation, that by using the Strategic Negotiation Process you can fill in the details of that blueprint, and that by the time you've done that, you'll have all you need to close any deal. The obvious questions then are, exactly what is this blueprint, what is the process, and how does it work?

## The Blueprint

Our research and global field work have shown that virtually every negotiation, regardless of who's conducting it or where it takes place, can be blueprinted in exactly the same way. This is extremely important, because we also found that everything that takes place in the course of a negotiation—the planning, the research, as well as all the tactics used in the final face-to-face meeting—is ultimately driven by that blueprint. But what is it? It's essentially a picture of the entire negotiation, a picture that can be determined by answering two questions for those on both sides of any deal:

- What are the consequences if we do not reach agreement?
- What items are likely to be included if we do reach agreement?

That blueprint looks like this.



In the middle of the blueprint are the two wish lists, and, between them, the Agreement Zone, that is, the place where the two sides meet if they come to an agreement. However, there is always, for both sides, an alternative to reaching agreement with the other side, which we refer to as the Consequences of No Agreement, and which are shown on either side of the blueprint.

## The Consequences of No Agreement

You may never have used the expression “Consequences of No Agreement,” but the chances are that you’ve thought about them. After all, you know that *something* is going to happen if you don’t make a deal. As the seller, your Consequences of No Agreement, your alternative to making a deal, is most likely going to be losing the sale. The buyer, on the other hand, generally has three possible alternatives to reaching agreement with you. He or she can (1) go to a competitor, (2) build the solution themselves, or (3) do nothing. It’s only when negotiators obtain something that’s at least marginally better than their alternative that they prefer agreement to impasse.

## **Items to Be Included in the Event of Agreement**

Obviously, some negotiations—probably even most—end in agreement rather than impasse. But in order to reach such agreement, in order to fill in the rest of the blueprint, it's necessary to answer the second question we posed: What items are likely to be included if we do reach agreement? In the course of our consulting we see people involved in very complicated negotiations that include a variety of different items, such as price, length of agreement, service, payment terms, legal terms, volume, etc. Even so, when we ask them to tell us what the negotiation is about they often just say, "Price."

## **A Strategic Negotiation Process**

At its most basic level, a Strategic Negotiation Process is a step-by-step system that enables you to fill in the blueprint by making it possible for you to see and understand a negotiation from your own perspective as well as that of your negotiating partner.

The Strategic Negotiation Process essentially consists of four steps:

- (1) Estimating the CNA & Trades of the Negotiation
- (2) Validating the CNA & Trades Estimation
- (3) Using Steps 1-2 to create value
- (4) Presenting the offer and dividing value

Finally, are clearly benefits to the process, we must also admit that, although using the process isn't hard; it does take a little getting used to. But in that respect it's no different from learning to ride a bike or drive a car. If you think back to the first few times you tried to do either of those things you'll remember that it took you a little while before you felt proficient at it. On the other hand, of course, you're not exactly a neophyte when it comes to negotiating. In fact, whether you realize it or not, at one time or another you've probably done just about all the things that are done in the process. The difference is that you didn't see them as part of a process, and you didn't put them all together. Putting them all together, learning and using the process, is what will take you to the level of a world-class negotiator.

This article summarizes the findings of a white paper of the same name by Brian J. Dietmeyer and Samuel R. Tepper in conjunction with Strategic Account Management Association (SAMA) and Society for Sales and Marketing Training Professionals (SMT)

Think! Inc. is a global negotiation consultancy founded by Dr. Max Bazerman, a professor at the Harvard Business School and Co-Author of *Negotiating Rationally*.

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