

CONCESSION TRADING IN NEGOTIATION

10 surefire winning techniques

July 2017

Negotiation

A good negotiator needs not just a repertoire of strategies, tactics and techniques but also the experience to know when and how to deploy them.

One such strategy, the concession strategy, lies at the heart of every negotiation as it determines how we should manage the way the negotiation plays out. Yet the concept and reality of actually putting it into practice seems to be something that is difficult to grasp.

It is a moveable feast of what we can and cannot accept combined with how we manage what we need to negotiate and a planned means that helps us reach the end goal in a way that maximises our success.

In my experience, the concession strategy is the least planned-for and most avoided component of negotiation preparation.

Yet, an effective concession strategy is one that equips us to visualise all the moving parts of a negotiation, enabling us to manage our actions and interventions in a planned and considered way to achieve our goals.

Below are ten winning techniques to help you do just that. But, before we dive straight in, it's worth spending a bit of time on the first technique - 'something for something' - as this principle lies at the heart of giving concessions.

Ultimately, we have a choice as to whether we give a concession or not so when faced with a demand to give something, we can do one of four things. We can either:

- not concede;
- give the other party what they are asking for;
- give them something but give less of it; or
- give them something but only on the basis that we will receive something in return.

There is definitely a place for all four responses, subject to what is possible and appropriate. Within any concession there is an opportunity to leverage a benefit in return so concessions represent a source of power. Wherever possible, this should be realised by

attempting to negotiate 'something for something', a technique that children learn early on.

Here's a good example of this:

Mother: 'Madison, I want you to go and tidy your room this morning.'

Daughter: 'Arrgh! Mum! OK, if I tidy my room can I go to the park with Austin this afternoon?'

Applying the 'something for something' principle helps to strengthen and maintain our overall negotiation position. However, this doesn't always mean success. For example, mum could simply have said 'no' or maybe part conceded saying, 'You can't go to the park today but perhaps we will all go tomorrow.'

Let's not forget, of course, that there are also scenarios where something for something is inappropriate or where it just won't work. These include:

- value-creation negotiations where the objective shifts to finding ways for both sides to win something rather than give something;
- hard value-claiming negotiations where we have no power and use BATNAs instead;
- where we want to give a gift, perhaps when playing Trust (a game theory ploy to help determine who really has the power in any negotiation); and
- where the approach starts to have a detrimental effect, such as where repeated use might damage a relationship and give the wrong impression.

To help you secure something for something, trying using hypothetical questions such as 'It is possible that I could give X but, if I did, would you provide Y and also Z?'

See the full list of 10 techniques below:

I - SOMETHING FOR SOMETHING

If you give something, do it on the basis that you will get something in return. You may want to consider making your trade conditional on getting something back as this will increase the value of the concessions and ultimately improves your position.

2 - RULE OF HALVES

When giving concessions people often 'halve' the gap between the first stated position and their Least Desired Outcome (LDO), and will continue halving again and again towards their LDO but without reaching it. Their offer can help you understand where their LDO lies. Test it and, if correct, use this knowledge to negotiate to your advantage.

3 - MEET THEM

Find a concession where you can meet them easily and agree to something that they are asking. This seeks to demonstrate that you are willing to negotiate and want to trade concessions to make a deal.

4 - KEEP ASKING UNTIL THEY SAY NO

Keep asking for additional easy concessions until they say no. It is easy to feel we might cause offence and just not ask, but in most cases we have nothing to lose and may well end up with more than anticipated.

5 - QUANTIFY THEIR DEMANDS BY HOW MUCH?

When you make a demand ask them to quantify it. For example, if they say 'Your price is too high', respond by saying 'How high?' The likelihood is they will initially resist quantifying, but keep stating their demand. Just stick to your request until they respond and then negotiate from there.

6 - PUT A VALUE TO EVERY CONCESSION

When giving a concession, quantify and emphasise its value as this lets the other party feel they are receiving something significant while keeping score of all concessions. Use this to summarise how much has been given at key points in the negotiation as a means to resist further concessions.

7 - THANK AND BANK

Whenever a concession, gift, trade or offer is made by the other party, take it, thank them and 'bank it'. In other words, proceed from that point as if that concession has been made/taken away and revise your figures accordingly. Avoid ignoring a gift or leaving it until later unless there is an ethical reason to do so.

8 - WATCH YOUR SPEED

Make sure you don't give out concessions too quickly or too early in the negotiation. This makes you seen as being too eager which could raise the other party's expectations unnecessarily. Speed is one of the most powerful signals to the other party of how much you might need to cut a deal. Don't let the excitement get the better of you by making sure you keep your cool until the time is right.

9 - HOLD DOORS OPEN

Where possible, avoid making firm agreements when trading concessions but rather try to hold doors open. It is harder to undo points of agreement, so instead signal agreement in principle as if you are waiting to get everything on the table before finalising your commitment.

10 - BRING IT BACK

Building on point nine, bring back into contention previously settled issues or agreed concessions if you need negotiation room. Do this by finding a reason to bring it back – perhaps as a result of their new position or because 'something has changed'.

The next time you are preparing for a concession trade, just remember the above rules and you'll soon find yourself on the path to success.

This article has been adapted from Negotiation for Procurement Professionals by Jonathan O'Brien (published by Kogan Page). Jonathan O'Brien, CEO of Positive Purchasing, is a leading expert on negotiation and helped pioneer the Red Sheet® Negotiation methodology. This article first appeared as an invited contribution to the Procurement Leaders Blog.