



# Influencing & Negotiation Skills



What specifically would you like to take away from this training ?

- Your name
- Your position in the organization or job title
- Something about your life at work
- Something about your life outside work
- Your key objectives for the course

# AGENDA

## Day 1

- Influencing Skills
- Persuasion vs Negotiation
- Features, Types & Stages of Negotiation
- Negotiation Styles

## Day 2

- Principles & Strategies for Effective Negotiation
- Prioritization, Planning & Time Management
- Ethics in Negotiation
- Emotional Intelligence
- Negotiation Psychology



# Influencing Skills

# Why Influencing Skills?

In your group discuss:

A situation you took a decision because someone influenced you

1. What was the outcome?
2. How did you feel?

How does “Influencing” help in Negotiations?

# What's your influencing style?



	Style	What is it	When to use
<b>PUSH</b>	<b>Rationalizing</b>	Power: Expert Based on Logic Doesn't involve personal factors	In the role of a "specialist" Requires credibility Fails if there is a conflict of interest
	<b>Asserting</b>	Power: Authority Based on Compliance Does't allow emotional commitment	In crisis situations When a decision has to be made Fails when there is no authority/power
<b>PULL</b>	<b>Bridging</b>	Power: Personal Based in Connections Involves support of others	When exploring is needed In consulting situations For relationship building
	<b>Inspiring</b>	Power: Personal, Moral, Social Based on Trust, Charisma, Motivation Dependent on the person	When sharing a vision When creating direction/the "WHY" Risk of being perceived as "illusion"
	<b>Negotiating</b>	Power: Personal, Understanding Based on Outcome Finding mutual agreement	To achieve WIN-WIN outcomes Fails when there is no preparation Fails where there is no trust

The Era of Negotiation Authority is Out -  
Influence is in

**Use efficiency and  
commitment  
Instead of position  
and status**

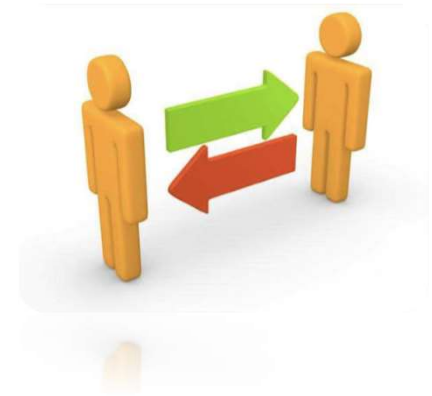




# Tactics of Persuasion and Influence

## Reciprocation

- The rule of reciprocal negotiation suggests that if you deliver something of value to another party, they will feel obliged to return the favor back with something unique and unexpected.
- Reciprocation is based around empathy and gives either party a deeper sense of their role in the negotiation process.



## Commitment and Consistency

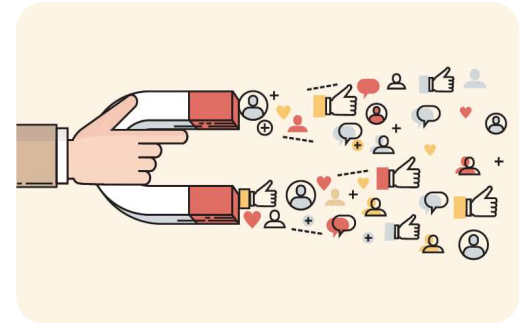
In any sort of negotiation deal, being consistent with your promises can go a long way. It shows a sign of commitment among all others parties involved and helps promote a healthy negotiation.



# Tactics of Persuasion and Influence

## Social Proof

The theory of social proof in persuasion suggests that people are more likely to perform a certain task if there is proof that someone that they relate to has previously performed the same task.



## Liking

- This principle of persuasion goes hand in hand with commitment and consistency as people are more likely to negotiate with someone that is cooperative and are diligent with their promises.
- They develop a liking and are more likely to get into a healthy negotiation deal.



# Tactics of Persuasion and Influence

## Authority

- Authority is similar to social proof in that people are more likely to follow someone they can relate to. The only difference here is that the individual being looked up to is considered to be credible in a certain field.
- In such cases, the authoritative person often displays signs of influence which provokes other parties to meet up to their promises and commitments.



## Scarcity

This is a common tactic used to persuade people to work towards a goal that they either have a lot of worth attached to or is generally scarce. This puts involved parties into a bit of a conundrum as they have diligently make decisions in order to avoid missing that specific goal.



# Negotiation vs Persuasion

The outcome of both may tend to be similar there are some differences to both negotiation and persuasion.

## Persuasion

The act of convincing someone to engage in a particular activity through continued reasoning.

## Negotiation

A negotiation takes place when two separate parties come into an agreement to meet a certain goal, task or responsibility.

Although they are not mutually exclusive, in a persuasion one party tries to convince another party to engage in an activity that they might not necessarily not be active in themselves.

Whereas, in a negotiation both parties have to listen carefully to each other's needs before convincing each other to take a position on a specific goal or task that both parties have an equal interest in.

# Persuasion vs Negotiation





# Should I Negotiate?

## Study done at the University of Michigan

The participants have to walk into a retail establishment and try and negotiate a lower price.



What percentage are successful?

# Results

Over 90% predicted they would **not** be successful

**Results:** 69% successful

**Range:** 6% - 100% discount

**Average:** 40%

**Total Savings:** \$1,580



**Our ability to negotiate  
has been embeded**

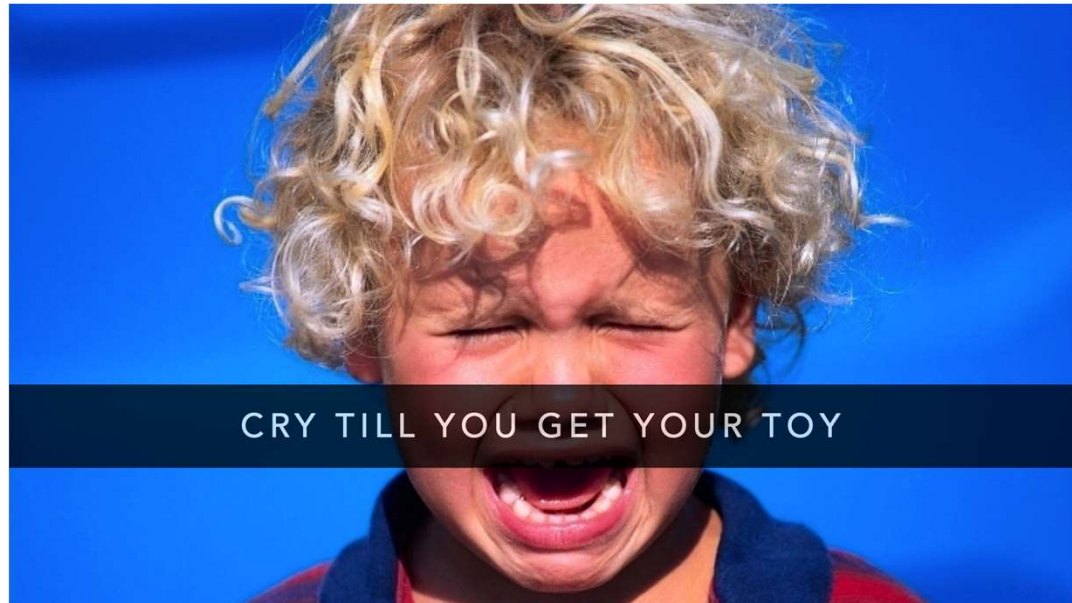
**Since we were born**





remember when you want to buy toys  
But your mom said NO

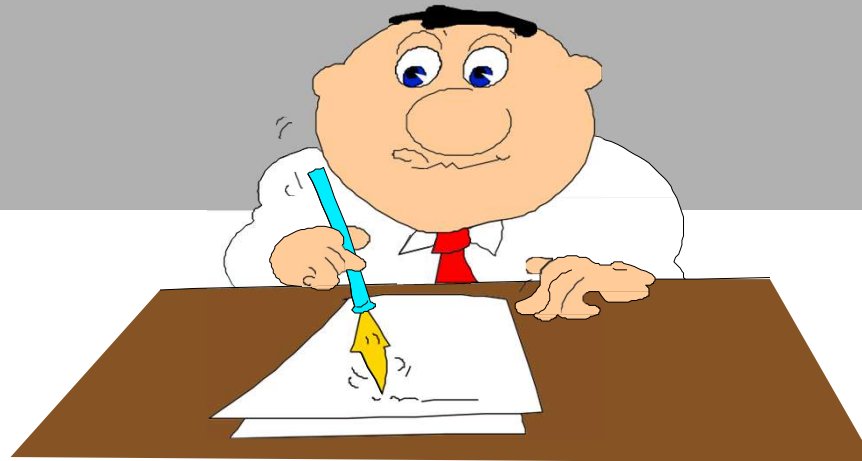






Or use influencing skills?

Please Write a One Sentence  
Definition of  
NEGOTIATION.



Negotiation is a process where two or more parties with different needs, interests, or goals come together to discuss and reach a mutually satisfactory agreement or compromise.

It involves communication, problem-solving, and decision-making skills, and often requires participants to find common ground, make concessions, and create value for all parties involved.

A process through which conflicting interests and positions are transformed into an outcome that benefits all parties

Negotiations can occur in various contexts, such as business deals, political agreements, conflict resolution or interpersonal relationships.

About the product

About price

With our colleagues

With our boss

With our children

About sales

About a task

With a team

Our life is filled  
with  
Negotiations

With our  
spouses

About purchases

About decisions

With government entities

About agreements

With the customer



# Should I Negotiate?

Consider the Risks and Benefits:

A multinational corporation is seeking a loan to expand its operations into a new regional market.

Loan Request = \$250 million, Interest Rate Offer: LIBOR + 2.5%, Term: 5 years, Covenants: Standard for the industry

The corporation has a strong credit rating and a history of stable earnings. They have approached your bank given the long-standing relationship and your bank's expertise in international finance. However, they have also indicated that they are in discussions with other banks for potentially better terms.

They require the funds within the next 2 months to initiate their expansion plans on schedule. Your bank is interested in maintaining the relationship and participating in the corporation's growth.

Should you negotiate?

# Features of Negotiation

- Minimum two parties
- Predetermined goals
- Expecting an outcome
- Resolution and Consensus
- Parties willing to modify their positions
- Parties should understand the purpose of negotiation



# Two types of negotiation

## Integrative & Distributive



# Distributive negotiations

Distributive negotiations involve a fixed pie.

each party wants as big of a slice as possible.

An example of a distributive negotiation is haggling over the price of a car with a car salesman. In this type of negotiation, the parties are less interested in forming a relationship or creating a positive impression. Distributive relationships involve:

Keeping information confidential.



# Integrative negotiations

Integrative negotiations are based on cooperation.

Both parties believe they can walk away with something they want without giving up something important.

The dominant approach in integrative negotiations is problem solving.

Integrative negotiations involve:

Information sharing and Bridge building.



# Position Based or Interest Based

**Position based** – One asks for a high price, one asks for a low price

**Interest based** – Ask why are we interested?

**Pizza analogy:**

Divide the “Pizza”	Enlarge the “Pizza”
Distributive	Integrative
Competitive	Cooperative
Win / Lose	Win / Win
Zero Sum	Non Zero Sum
Adversarial	Problem solving
<b>Position Based</b>	<b>Interest based</b>
Claiming Value	Creating Value

*Which one is it for you?*

## The 4 Fundamentals of Principled Negotiations



### PEOPLE

*Separate People  
from Problems*



### INTERESTS

*Focus on Interests,  
Not Positions*



### OPTIONS

*Generate Options  
For Mutual Benefit*



### CRITERIA

*Use Objective  
Criteria*

# Stages of Negotiation



# The five stages of negotiation



1. Preparation and Planning
2. Definition of ground rules
3. Clarification and justification
4. Bargaining and problem solving
5. Closure and implementation

# Preparation and Planning



## Activity: "Yacht"

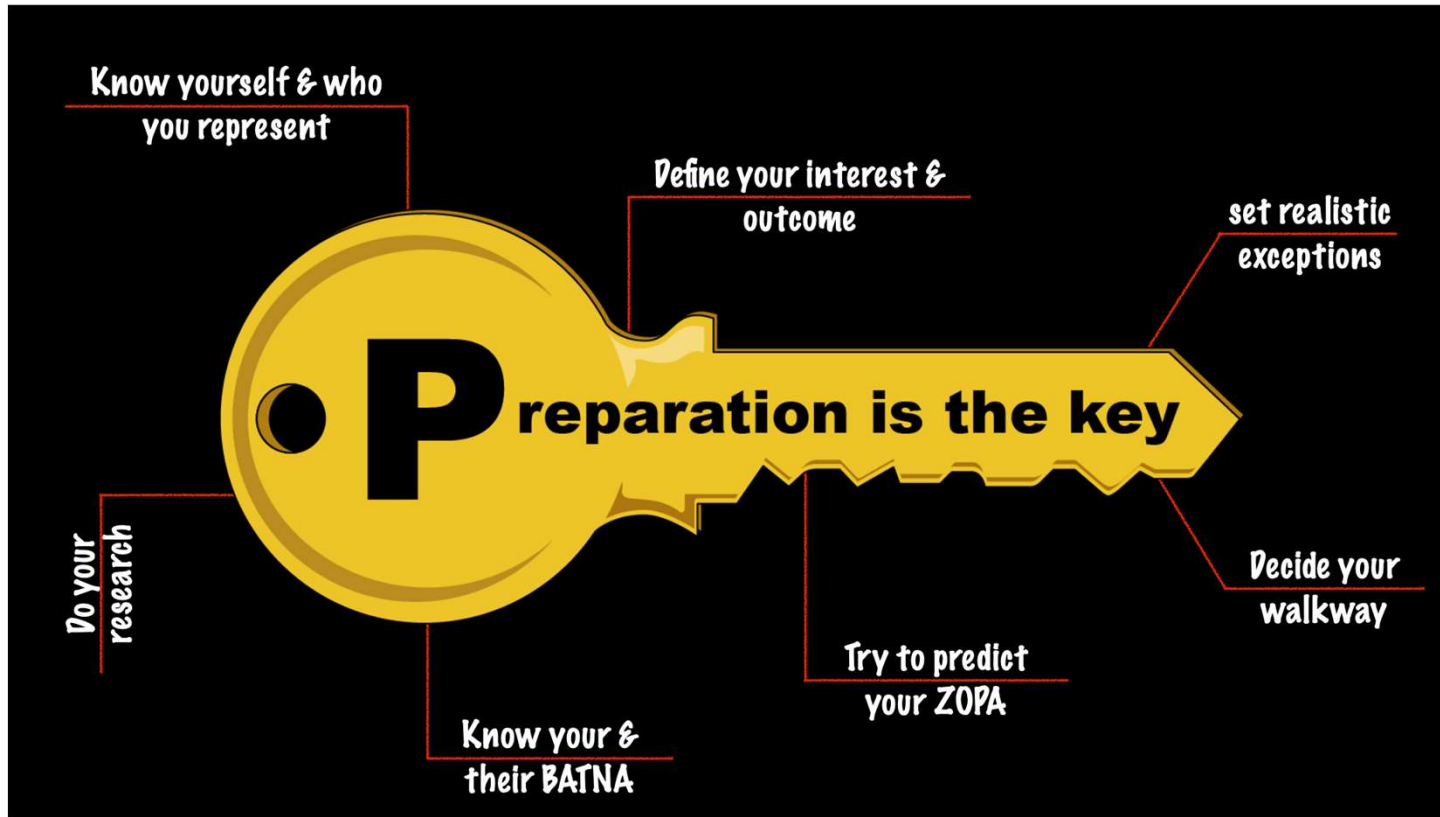


- There are 15 people on a yacht.
- The yacht has a leak and is now sinking rapidly.
- There is only one lifeboat which can only accommodate nine people.
- No one else can get on it and there are no more lifeboats or life jackets.
- You must reach an agreement on which of the nine people will get into the lifeboat and be rescued.
- List people in order of importance - because if they run out of food and water, they will have to get rid of the "less important people" by throwing them into the sea.
- **First**, rank the items **individually**, then create **your team's ranking**.

## The fifteen people on board the yacht:

1. A distinguished sheikh
2. A child
3. Wael Kfoury
4. A pregnant woman
5. Ex-criminal
6. An important figure from the Kingdom
7. A male doctor
8. A female doctor
9. Donald Trump
10. One of the wealthiest clients of SNB
11. A client of SNB with whom you have a good relationship
12. One of the influential figures on social media in the Kingdom
13. Your Senior Manager at SNB
14. Your friend
15. Trainer Mona





## 1. Preparation and Planning

*Information is a negotiator's greatest weapon.*



***Victor Kiam***

Your success in negotiations depends on knowing what to say, when to say it, and when to be silent.

- Relationships:  
What is the relationship history?
- Can or should this history influence the negotiations or vice versa?

- Power: Who has the authority to make decisions (Who is M.A.N?)

- Objectives and expected results

# Expected Outcomes:

What outcome do people expect from negotiations?  
What was the result in the past?  
What precedents have been set?





## Results:

- What are the consequences of winning or losing these negotiations by you?
- What are the consequences of winning or losing by the other person?



## Determine

- Who is M.A.N who has money, power and needs?
- BATNA (Best Alternative to Negotiated Agreement)
- WATNA (worst alternative to a negotiated agreement)
- (WAP Away Price)
- ZOPA (Zone of Potential Agreement)

## MAN:

Who has the power in the relationship?

Who controls the resources?

Who has the most to lose if an agreement is not reached?

What power does the other person have that you hope for?



## BATNA and WATNA

- If you do not have a clear idea of (BATNA is the best alternative to a negotiated agreement) and (WATNA is the worst alternative to a negotiated agreement)
- You will negotiate poorly based on misconceptions about what you can expect without an agreement



A strategy that helps you determine how much you need this deal. It also puts you in a strong position to know when to withdraw, in the worst-case scenario. If you have set a strong BATNA, you will not be desperate and will not have to accept a weak offer.

**B**est **A**lternative **T**o **N**egotiated **A**greement

**BATNA** tells you **when** to **accept** and  
when to **reject** an agreement

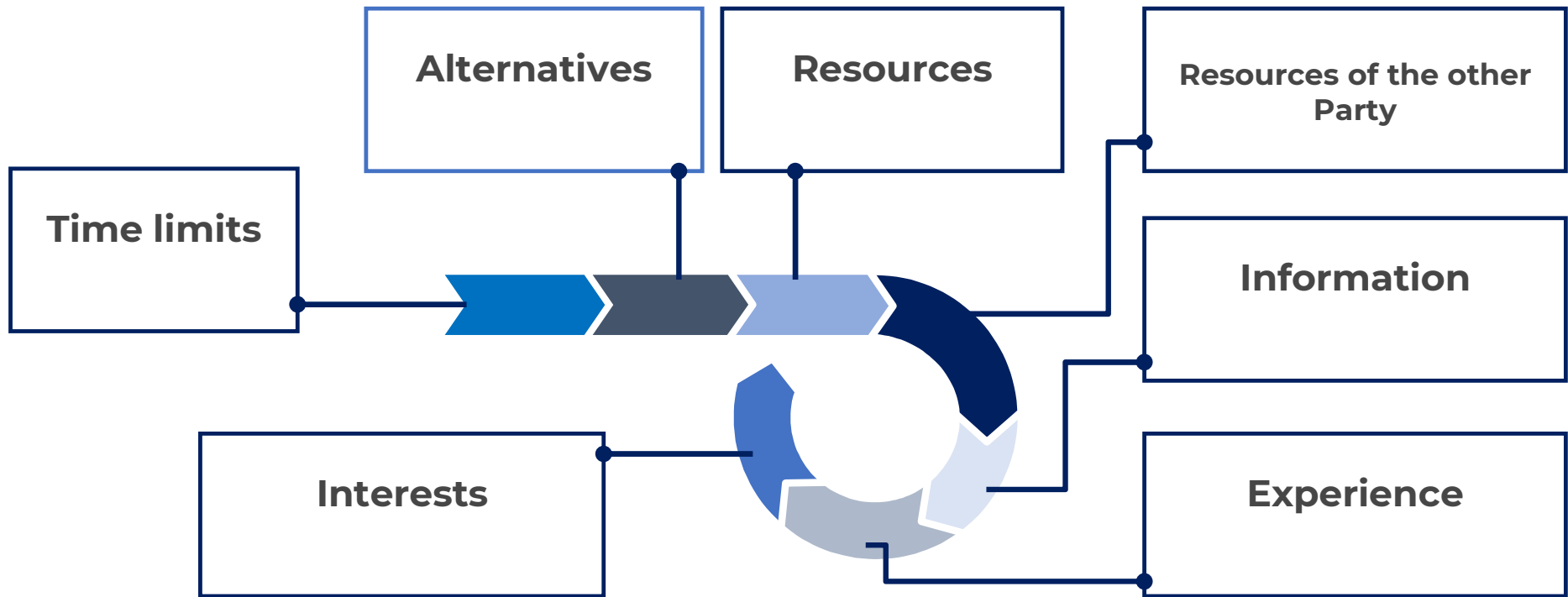
When a proposal is **better** than your  
**BATNA**..... **accept** it



When a proposal is **worse** than your  
**BATNA**..... **reject** it



# Elements of BATNA



## Determine your BATNA

Fisher and Ury explain a simple process for determining your BATNA:

1. Make a list of actions you could take if an agreement is not reached;
2. Improving some promising ideas and turning them into practical options;
3. Select, initially, the one option that seems best.





WATNA describes the worst outcome that either party can achieve if the negotiation process fails.

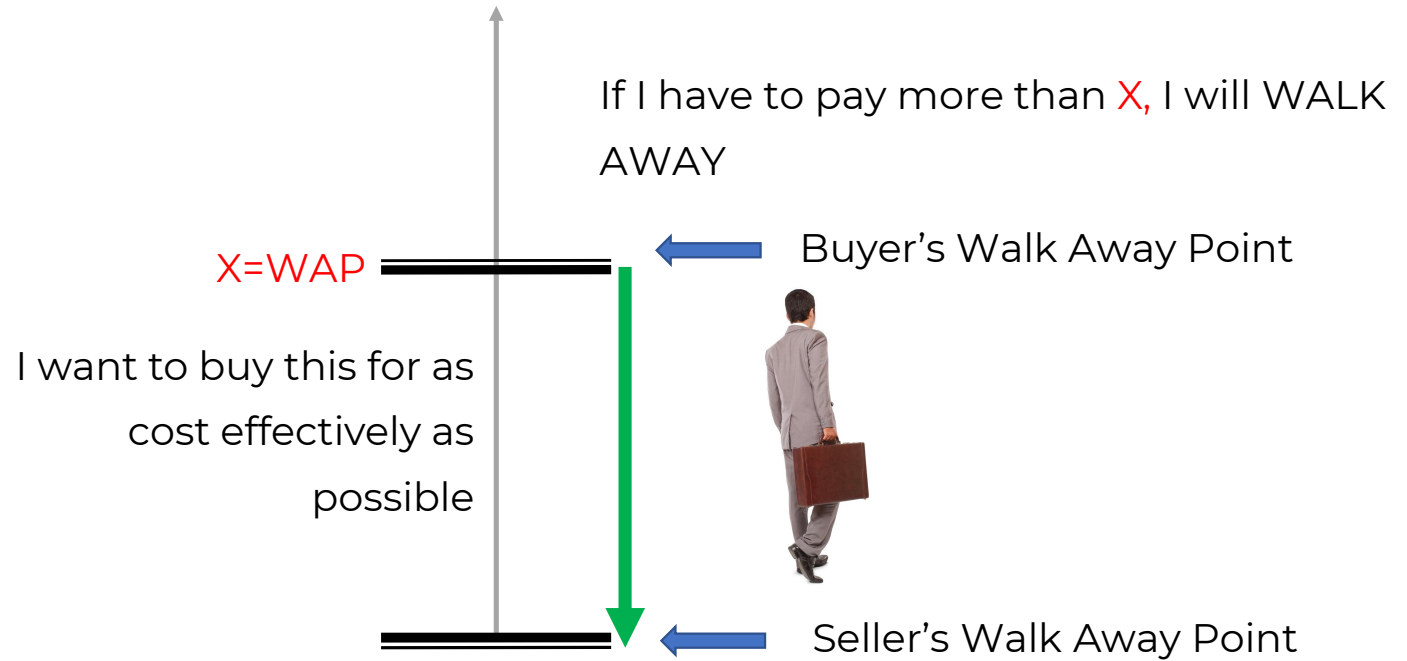
Sometimes, you may go with the deal offered because it is "less bad" than your WATNA or in other words whatever your opponent offers is still better than the worst case you were willing to accept.

In other words, you are minimizing a loss or taking advantage of a bad situation. Example: The hungry pianist

# WAP

- In any negotiation involving money, it is important to keep the WAP walk-up price for yourself, especially if it is significantly lower than your initial offer.
- If the other party knows that you will be willing to take less than you are offering, then you are negotiating from a position of weakness. If the other party knows or has an idea about your WAP, it ceases to be your WAP and simply becomes your price.

# WAP



# Identifying Your ZOPA – Your Zone of Possible Agreement



**Z O P A**

WAP of Buyer

"I won't pay more"



WAP of Seller



"I will not sell/accept for less"

Possible solutions:

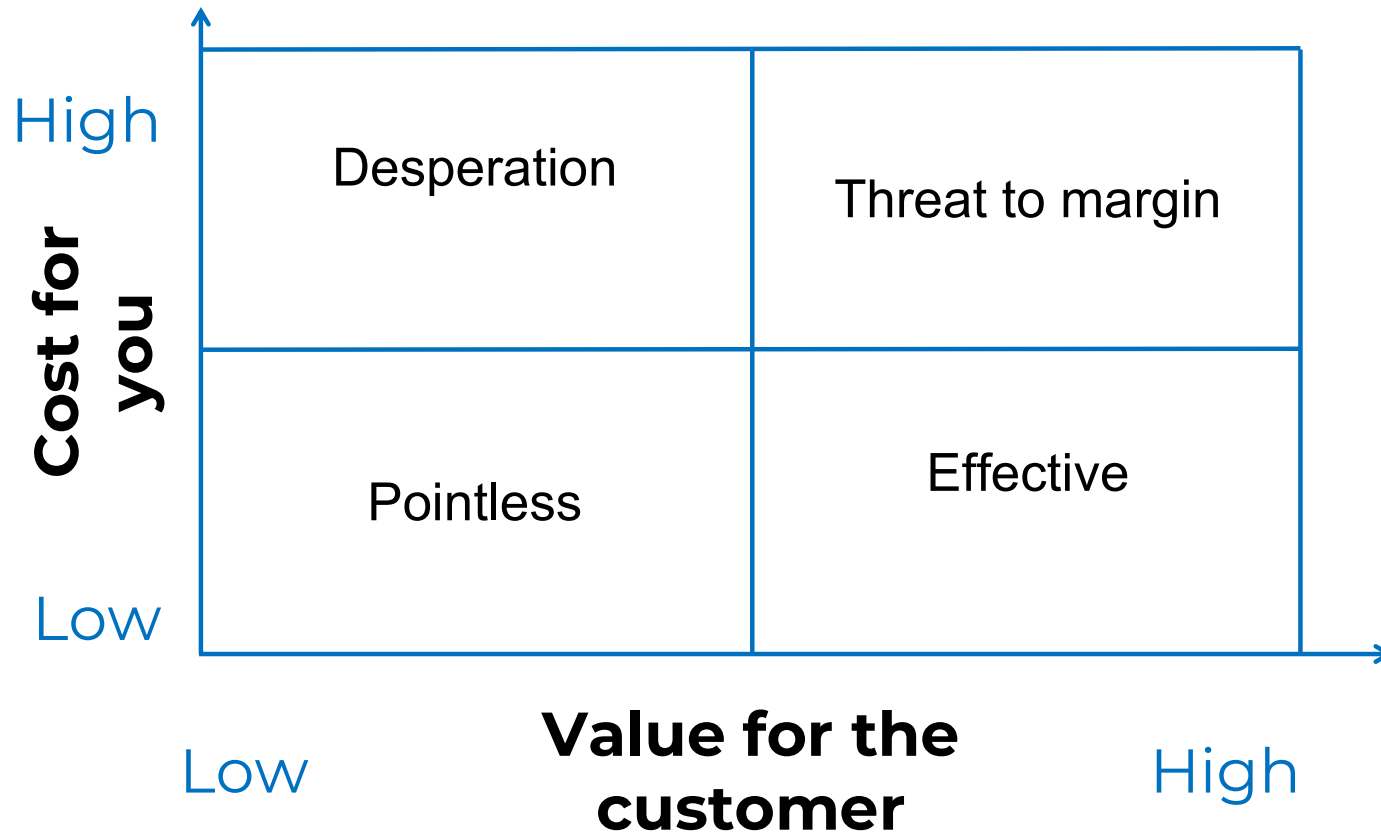
Given all the considerations,  
what potential trade-offs might  
there be?



## Trade-Offs

- As well as negotiating on price, it is always useful to identify what trade offs you can offer or accept.
- These are things that add value to the deal at low cost.
- You find car companies offer extended warranty, one year's free insurance, free service for a year and etc...

## Cost/Value Matrix – Concessions





# Analysing the Negotiation

Prepare to negotiate the sale of your share of a JV on a commercial real estate project in Paris to a potential buyer, a family office based in the United States.

You need at least EUR 110m after all costs to enter into another European opportunity. The fund is not able to take any further exposure to European real estate and the new opportunity is very attractive.

The market value of your share of the JV based on the average of 3 recent valuations is EUR 150m

If you don't find a buyer your current partner will buy your share at EUR 95m



## Key Questions in your Analysis

Here are some questions to think about in your analysis:

- What is your overall goal?
- What issues are important to you in reaching this goal? Why are these important?
- What is your **Best Alternative to a Negotiated Agreement (BATNA)**?
- What's your reservation (lowest) price?
- What is your most likely price?
- What is your **stretch goal**?
- Try and answer these questions for the buyer



## Definition of ground rules





This is the part of negotiations when the two parties exchange their initial positions.

Each side should be allowed to share their core interests, including what they aim to receive at the end of the negotiations.

## “The 5 Ws and 1H”

- **WHY** are we involved in this negotiation?
- **WHO** speaks for each party, who is authorized to make/reject offers?
- **WHERE** will negotiations take place?
- **WHEN** will negotiations begin, and how long will sessions last?
- **WHAT form** of final agreement is acceptable (handshake, verbal, written)?
- **HOW** will offers be made?



# Clarification and justification



## Clarification and Justification

During the clarification stage, both sides continue the discussion that they began when exchanging information by justifying and bolstering their claims. If one side disagrees with something the other side is saying, they should discuss that disagreement in calm terms to reach a point of understanding.



1

Start right; help to create a good atmosphere!

3

Summarize often

5

Read between the lines to understand the real meaning

7

Watch your facial expressions

2

Specify strategic goals and exchange privileges

4

Use silence at the right time.

6

Command on the steps achieved and what has been agreed upon thus far

8

Leave difficult issues until you can create a suitable atmosphere



- Must Have 1-----
- Should Have 2-----
- Nice to Have 3-----

Address:

- **Goals and Expected outcomes**
- **Power:** who has power in the decision-making (who's the M.A.N?)
- **Relationships:** what is the history of the relationship? Could or should this history impact the negotiation or vice versa?

- It is essential to agree on which issues are non-negotiable.



**NON-NEGOTIABLE**

## Bargaining and problem solving



# Bargaining and Problem Solving

This step is the main step of the process of negotiation.

After the initial first offer, each negotiating party should propose different counter-offers for the problem, all the while making and managing their concessions.

The best negotiators use strong verbal communication skills (active listening and calm feedback; in face-to-face negotiation, this also includes body language).

**The goal of this step is to emerge with a win-win outcome—a positive course of action.**

**Your success in negotiations depends on knowing what to say, when to say it, and when to be silent**

# Assess Your Negotiation Style

To assess your negotiation style while preparing for negotiations, the following three steps must first be met:

- ✓ Complete the assessment to understand your negotiating style
- ✓ Use the assessment to analyze the style of the other side. This is especially important in cross-cultural negotiations
- ✓ Do a gap analysis. Locate the major gaps between your style and the other side's style. Focus on these gaps when preparing for the negotiation



**Additional tip:** After completing the gap analysis, try a role reversal exercise. Use the other side's style as you practice the negotiation with a friend who will use your style. This will enable you to better understand the other side's style.

# Assess Your Negotiation Style

Personal Style	Response
<b>Goal:</b> What is your goal in business negotiations: a binding contract or the creation of a relationship?	Contract <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Relationship
<b>Attitudes:</b> What is your attitude toward negotiation: win/lose or win/win?	Win/Lose <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Win/Win
<b>Personal Styles:</b> During negotiations, is your personal style informal or formal?	Informal <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Formal
<b>Communications:</b> Is your communication style in negotiation direct (for instance, clear and definite proposals and answers) or indirect (for instance, vague, evasive answers)?	Direct <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Indirect
<b>Time Sensitivity:</b> In the negotiation process, is your sensitivity to time high (for instance, you want to make a deal quickly) or low (you negotiate slowly)?	High <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Low

# Assess Your Negotiation Style

Personal Style	Response
<p><b>Emotionalism:</b> During negotiations, is your emotionalism high (that is, you have a tendency to display your emotions) or low (you hide your feelings)?</p>	<p>High <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Low</p>
<p><b>Agreement Form:</b> Do you prefer agreements that are specific (that is, detailed) or general?</p>	<p>Specific <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> General</p>
<p><b>Agreement Building:</b> Do you view negotiation as bottom up (reach agreement on details first) or top down (begin with agreement on general principle)?</p>	<p>Bottom Up <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Top Down</p>
<p><b>Team Organization:</b> As a member of a negotiating team, do you prefer having one leader who has authority to make a decision or decision making by consensus?</p>	<p>One Leader <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Consensus</p>
<p><b>Risk Taking:</b> Is your tendency to take risk during negotiations high (for instance, your opening offer to sell is extremely high) or low?</p>	<p>High <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Low</p>



# Negotiation Techniques

- There are essentially four common methods of negotiation. These four types are derived from varying social styles and interaction with others:

Individualist

Competitives

Cooperators

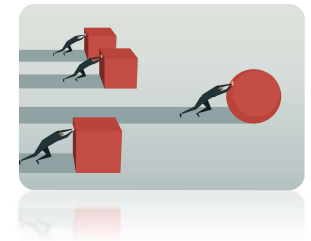
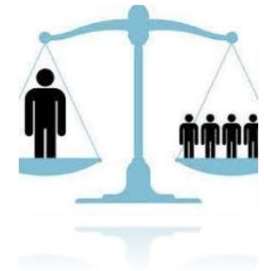
Altruists

- These four negotiation techniques are unique in their own way and are used in different circumstances. None of these techniques are more effective than the other. In some cases, one single party may use a combination of two or more techniques to enhance their negotiation ability.

We will look at each method in the following slide.

# Negotiation Techniques

- **Individualists** tend to continually state their personal stance on a topic without considering altering views or opinions from other parties. This technique is deemed to be dominant and lacks flexibility and creativity.
- **Competitives**, as the name suggests, compete with each other to get a better deal from another party. This technique is typically used in sales rather than in the finance industry.
- **Cooperators** seek to achieve a balance by striving to meet both their and the other party's needs. It is one of the most common methods of negotiation
- **Altruists** are considered to be the more rarest type of negotiators as they tend to put other party's opinions and views over their own

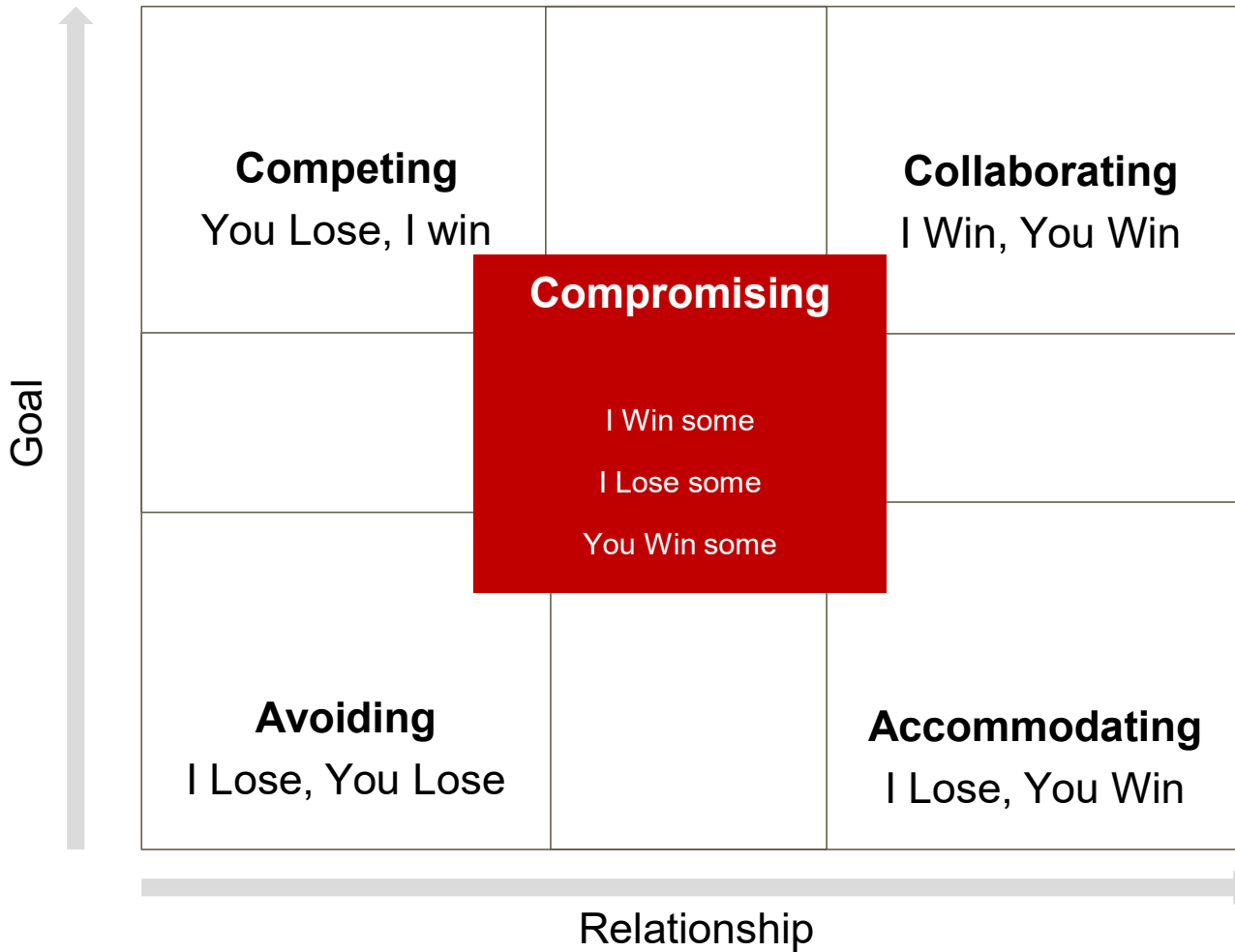


Source: <https://www.pon.harvard.edu/daily/negotiation-skills-daily/understanding-different-negotiation-styles/>

# The primary goal of a negotiation



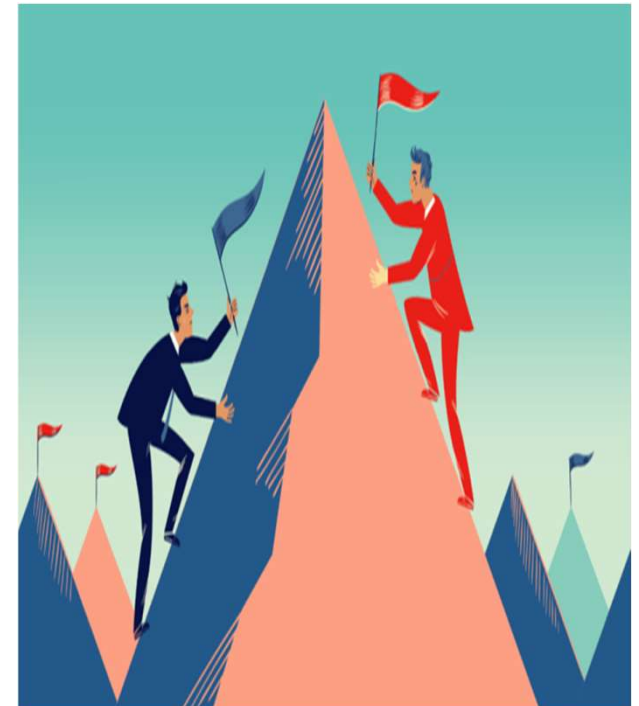
### Different Negotiating Styles



# The Competing Style

Using this style indicates that the focus is on the outcome of the negotiation and very little focus the relationship.

People who use this style want to win no matter what



## The Avoiding Style

Using this style indicates little or no concern for the outcome or for the relationship.



## The Accommodating Style

This style indicates that not much effort is given to obtaining the best deal.

The person using this approach will avoid confrontation at any cost and often quickly agrees to what the other person is offering.



## The Compromising Style

Let's meet halfway and split the difference.

This can obtain reasonable results but usually does not achieve an optimum agreement.





## The Collaborating Style

The Collaborating Style is when the concern is to satisfy both sides. It is highly assertive and highly cooperative; the goal is to find a “win/win” solution.



When should you use which style?

Discuss one per group

## Use...competition



- When quick and decisive action is needed (in emergency situations); On important issues.
- Where unpopular actions need to be implemented (in cutting costs, enforcing unpopular rules, and discipline).
- On issues necessary for the well-being of the organization.
- Against people who take advantage of anti-competitive behavior.

## Use.....collaboration



- Find an integrated solution when both concerns are too important to compromise.
- When your goal is to learn.
- To integrate insights from people with different viewpoints.
- To gain commitment by integrating concerns into consensus.
- To work through the feelings that have interfered with the relationship.

## Use....avoid



- When the problem is trivial, or when there are more important issues pressing.
- When you see no opportunity to satisfy your fears.
- When the potential disruption outweighs the benefits of the solution.
- To allow people to calm down and regain perspective.
- When gathering information replaces immediate decision.
- When others can resolve conflict effectively.

## Use...accommodating

- When you find that you are wrong and for the opportunity to be heard better.
- To learn
- When issues are more important to others than to yourself and to please others and maintain cooperation.
- To build social credits for subsequent cases.
- To reduce loss when excelling and losing.
- When harmony and stability are especially important.
- To allow employees to develop by learning from mistakes.



## Use...compromise



- When goals are important but not worth the potential disruption effort of a more assertive approach.
- When opponents of equal power are committed to mutually exclusive goals.
- To achieve temporary settlements of complex issues.
- To reach appropriate solutions under time pressure.
- As a backup when cooperation or competition doesn't work out.

## Closure and implementation





Once an acceptable solution has been agreed upon, both sides should thank each other for the discussion, no matter the outcome of the negotiation.

Successful negotiations are all about creating and maintaining good long-term relationships.

## So when closing a deal keep this in mind

- Do you have what you want?
- Do they have what they want?
- Can you demonstrate to your opponent that if certain conditions are met, the deal can be completed?
- Do you both understand the possibility of not reaching an agreement by not making or reaching an agreement?
- Quickly document the agreement, share it with your opponent, and get agreement on deal details.
- Don't make any more concessions!
- Approval of the procedures that will be applied to record the execution of the transaction.

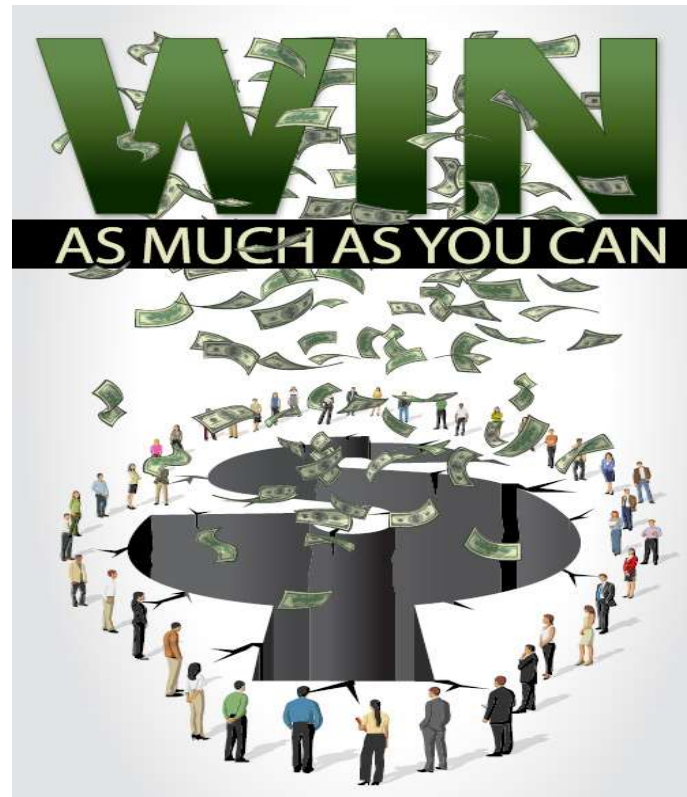
# The 3 Criteria for a Successful Negotiation

It should produce a **wise agreement**

It should be **efficient**

It should **improve** or at least not damage the **relationship** between the parties

# Let's Play



4 X's	Lose \$1.00 each
3 X's	Win \$1.00 each
1 Y	Lose \$3.00
2 X's	Win \$2.00 each
2 Y's	Lose \$2.00 each
1 X	Win \$3.00
3 Y's	Lose \$1.00 each
4 Y's	Win \$1.00 each



# Self-Assessment

# Principles for an Effective Negotiation

The 7 principles for an effective negotiation are as follows:

1. Understand what you're trying to accomplish
2. Build an effective plan before the negotiation is initiated
3. Understand the needs and views of other parties involved
4. Aim for a win-win outcome
5. Avoid negotiating with yourself
6. React professionally to any potential conflicts
7. Remember that it takes two parties to initiate a deal



# Principles for an Effective Negotiation

## 1. Understanding what you're trying to accomplish

Prior to initiating a negotiation, it is vital to understand what your minimal requirements are and the desirable outcome that you aim to achieve when and if a deal falls through.

Any arguments or discussion related to your standpoint will seem less effective if you haven't fully understood the overall outcome of the negotiation.

## 2. Build an effective plan before the negotiation is initiated

This goes hand in hand with the first principle as it allows either party to list down all the factors that may or may not impact the negotiation.

This allows them to assess any potential conflicts that will allow them to constructively build their pain points and engage in a much more effective discussion.



# Principles for an Effective Negotiation

## 3. Understand the needs and views of other parties involved

When negotiating with another party, it is generally important to carefully listen to their conflicting views and thoughts. This helps to promote a healthy discussion and also allows you to point out any weaknesses in the the opposing party's proposition, enabling you to effectively counteract and add some support to your own point of view.

Additionally, it is also vital to assess the other party's credibility. Some questions to ask yourself is whether the other party is trustworthy and/or whether they have had a successful track record in negotiating similar deals.

## 4. Aim for a win-win outcome

It is recommended to close off the negotiation in a way that the result of doing so benefits either party. This helps in preserving trust between both parties as well as allows them to possibly engage in a similar deal in the future.

# Principles for an Effective Negotiation

## 5. Avoid negotiating with yourself

During the negotiation process, it is important that you allow the opposing party to make a counter offer instead of putting another offer out immediately. This shows a sign of weakness and may be used as an advantage by the opposing party.

Additionally, it is also important that the statements you make to support your stand point are credible enough or else the opposing party might lose interest and simply exit the negotiation deal.

## 6. React professionally to any potential conflicts

In typical negotiation deals, conflicts may arise due to misunderstandings or misinformation. In order to ensure that all involved parties fully comprehend the outcome of this negotiation, along with your stand point on the matter.

In doing so, it is often advised to not take conflicts too personally and instead react to them in a professional manner allowing for a much more controlled and composed discussion.

# Principles for an Effective Negotiation

## 7. Remember that it takes two parties to initiate a deal

The final principle holds the most importance as it captures some important elements from the previous 6 principles.

In order for a deal to take place, both parties need to benefit from it (or in other words, there needs to be a win-win situation).

If you aren't able to put out some credible thoughts and opinions about a certain goal and task that you are trying to achieve, the opposing party is likely to lose interest and simply back out from the negotiation deal.

Therefore, not only is it important that you add some credibility to your discussion points but you need to also allow the opposing party enough time to express their own opinions or thoughts or else the deal is very less likely to fall through.

# Strategies for an Effective Negotiation

## Collaborate

The optimal outcome of any negotiation should be to land a deal that results in a win-win outcome for all involved parties.

However such outcomes are only possible if all involved parties are able to collaborate and find a common ground.

## Trade off

In order to understand the other party's requirements, asking them open-ended questions allows you to build even stronger agreements.

At this point you can possibly change negotiation terms in order to have a better chance of winning a deal

# Strategies for an Effective Negotiation

## Responding to “What-ifs?”

Replying back to “What-ifs” with another question allows you to better understand the motives of the other party.

Avoid answering quickly to such open-ended questions as this may limit your chances of landing a perfect deal

## One More “No”

Before coming to a close on an agreement that may seem appealing, it is recommended to say no in order to avoid getting into any suspicious deals, or to even get a better offer.

# Strategies for an Effective Negotiation

## Finding Pressure Points

Try to figure what the other party's pressure points are in order to comprehend their motives and needs.

Doing so will put you in a better position to make a deal that benefits all parties involved.

## Expectations and Achievements

It is important to state your expectations and achievements early on in the negotiation process so that all involved parties are aware of your motives behind entering the deal.

# Strategies for an Effective Negotiation

## Deadlines Work

Setting deadlines pressures all involved parties to meet specific tasks or responsibilities within a given period of time.

## Deadlock

Some negotiators use deadlocks to avoid negotiations however they should be used sparingly as they can be disruptive

# Strategies for an Effective Negotiation

## Last and Final Offer

Before signing off on a final offer it is advised to look at a few factors before making any serious decisions. Some of these factors include:

1. Commitment
2. Consequences
3. Time frame

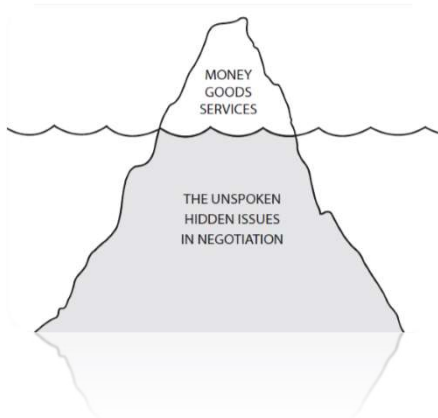
## Tough Negotiation Spot

Also known as the 'Take or Leave It' tactic. This is often used when one party tries to avoid any further negotiations especially when the other party cannot afford to leave the deal.



# Strategies for an Effective Negotiation

## Power Motivators



There are some needs that are often left unspoken and kept below the surface. These needs tend to hold more value and can be used a motivator to persuade someone to act in a certain way.

However, these needs are not easily identifiable and require careful questioning and listening

## Putting together a team of successful negotiators

Unless you plan to negotiation alone, grouping a team of successful negotiators can prove to be effective in reaching your desired outcome.

This works well especially if each member possesses a unique skill that may add value to your stand point.

# Strategies for an Effective Negotiation

## Escalation in Negotiations

This is often a strategy used to wear out other parties involved in the negotiation.

Additional requirements are placed on the table to stimulate interest. The other party tries their best to meet the extra requirements as long as it is feasible to do.

At a point, these requirements begin to escalate to the extent where one party is willing to deliver for much less than they initially agreed on putting other involved parties at a benefit.

## Partnering is Long Term

Negotiations are often considered to be short term agreements between two or more parties. However, it is recommended to treat negotiations as long term contracts.

Doing so builds a sense of commitment and trust, and allows for better negotiations in the future.



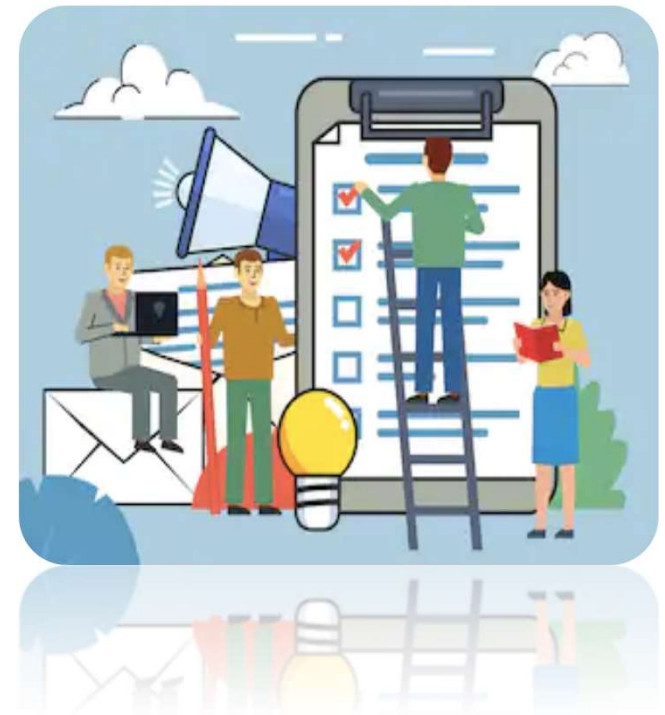
# Prioritization; Planning and Time Management

In a typical negotiation process, there might be several issues that you may want to discuss.

It is imperative that you prioritize these issues based on their level of significance and importance. Not only will this allow you to construct your discussion points more efficiently but it will also help avoid information overflow.

Issues are usually **prioritized** based on the following two factors:

1. Importance of issue
2. Relationship between issues



# Prioritization; Planning and Time Management

## Importance of issue

Issues should be categorized according to their level of significance. This allows all involved parties to get a broader understanding of the overall issue early on.

## Relationship of Issues

Some issues are often interlinked and this allows a single party to collectively group their ideas allowing them to add more volume to their argument or discussion.

- Prioritizing issues in such a manner allows you to carefully plan your reasoning and arguments in the negotiation. Without a proper **plan** in place, your negotiation techniques tend to look flawed and less convincing.
- It is also essential that you do not spend a lot of **time** on one single issue as you may end up avoiding any other issues that may have an equal importance to your discussion. Therefore, aim to manage your time effectively in order to get all your points across as this will only prove to be more effective towards your discussion.

# Buyer Negotiation Tactics

## 1. Going, Going, Gone

*"I'm talking to Fund XYZ later. I think they'll go for what I am asking. If they do, I'll surely go with them."*

**What it means:** This is a form of time pressure where the buyer brings your competition into the scene. Essentially, they're saying, "If you don't accept the agreement, somebody else will."

**How to respond:** Whether this is true or not, you should not fall for this tactic.

Go back to emphasizing the value of your offer. If you find you're talking in circles with a prospective buyer, consider making a Best and Final Offer, which may include a concession.

But always "be willing to walk." It's better to leave a deal on the table than to agree to one that'll hurt you.



# Buyer Negotiation Tactics

## 2. Pencil Sharpening

*"You're going to have to do better than this. We'll need to sharpen the pencils at some point."*

**What it means:** This is a common strategy to intimidate sellers into dropping the price.

**How to respond:** Ask them "Why?"

Focus on your "differentiation" (what makes your solution the best choice)

It's often better to add more than to drop the price.



# Buyer Negotiation Tactics

## 3. "We're Done."

*"We can't move forward with what you're proposing..."*

**What it means:** This is often a scare tactic. The buyer is attempting to get you to cave and give into their "threat" of walking away from the deal.

**How to respond:** Ask them their reasoning for being unhappy with the proposed solution.

Focus on opportunities and possibilities you can bring to them from listening to their explanation.

WE'RE DONE,

## Watch out for a Bogey

**A bogey is a particular issue that one side in negotiation pretends is vitally important to the deal, though in reality it is unimportant.**

Example: A customer signing up for one of your credit card offers hints that they are considering another bank's offer since they offer a "frequent flyer program" with your preferred airlines. They would indicate that the other bank is therefore their preference, and they would only sign up with your offer if the annual fee on your offer is reduced. In reality, the "frequent flyer program" isn't their concern at all to start with.



## How To Overcome Impasse

As reach an impasse -- often not due to overt conflict, but rather negotiations proceed, Parties sometimes due to resistance to workable solutions or simply exhaustion of creativity. While the impasse might signal that the dispute is unresolvable in mediation, the mediator may believe that a workable agreement is still possible.

1. Take a break. Often, things have a way of looking different when you return.
2. Ask the Parties to explain their perspectives on why they appear to be at an impasse. .
3. Ask each Party to describe his/her fears





# Ethics in Negotiation

# Ethics in Negotiation

Would you ever deliberately lie in a negotiation?

Let's take an example...

You want to sell a house for \$3m, you will accept \$2.75m for the house. A potential buyer comes to see the house (first buyer) and asks would you be willing to sell for 2.75m?

What would you say?

# Ethics

**Fraud:** False representation of a material fact that is relied on by the other side

**Fiduciary Duty:** Duty of trust and loyalty

## General Ethical Standards

- Newspaper test
- Family test
- Golden rule: Do on to others as you want to be treated

Someone gives me \$1,000 and say I have to split it with you...



# What Skills does a good negotiator need?

## Group 1:

A negotiation with a good outcome:

1. What was the outcome?
2. How did you feel?
3. What were behaviors / characteristics you observed

## Group 2:

A negotiation with a negative outcome:

1. What was the outcome?
2. How did you feel?
3. What were behaviors / characteristics you observed

# Skills of a Good Negotiator

1

Possesses personal presence and an attractive personality

2

Is diplomatic, speaks less and listens more, yet assertive

3

Is an expert in his/her field

4

Possesses emotional maturity; well tempered

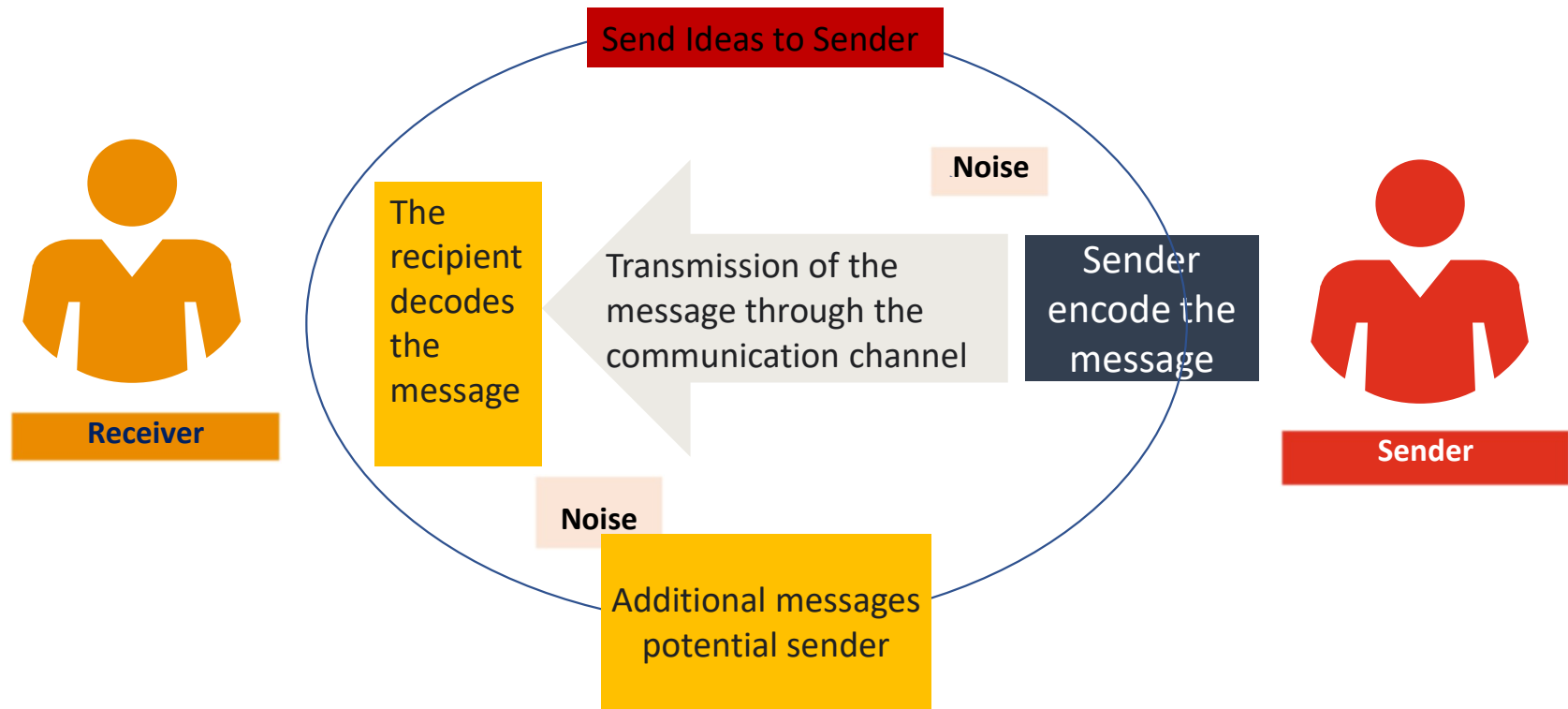
5

Can negotiate with the right arguments, at the right time

6

Is capable of building successful relationships

# Importance of Communication Process



# Getting to Know the Other Side



## Cross cultural negotiations

- Which cultures spend more time getting to know the other side?



## Ask a lot of Questions

- How do you get to know who the decision maker is?



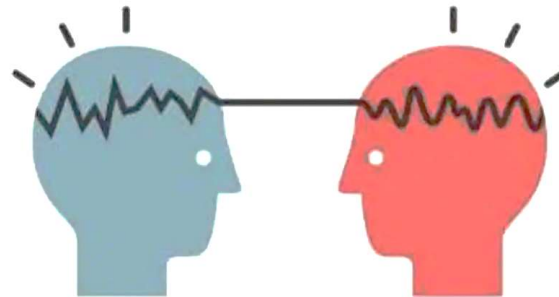
## Listening Skills



# Creating Rapport

Rapport is one of the most important features or characteristics of **subconscious communication**. It is commonality of perspective: being "in sync" with, or being "on the same wavelength" as the person with whom you are talking.

- **Listening**
- **Body language**
- **Tone of Voice**
- **Language**



# The Listening Dilemma

We speak at a rate of about 150 words per minute (wpm).

But we can hear at a rate of about 1,000 wpm.

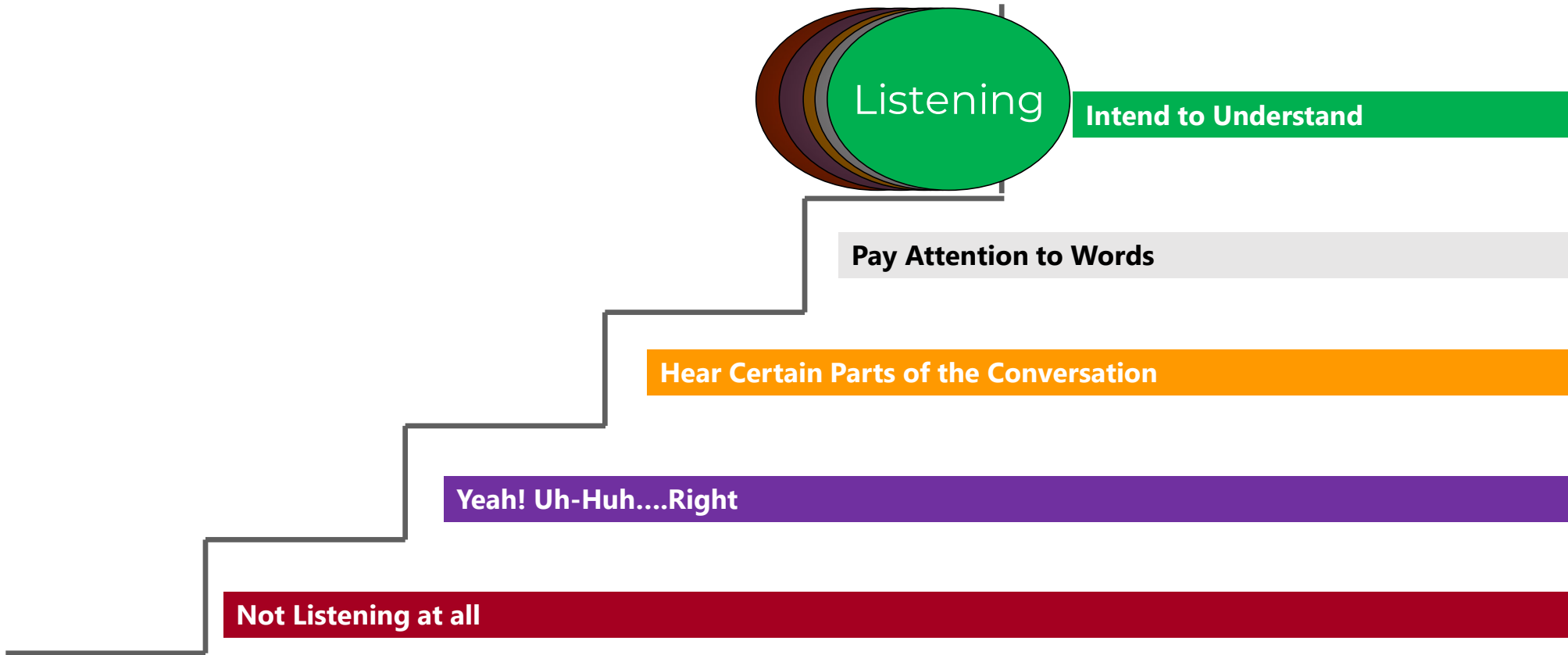
This gives us a lot of extra time!

What do we do with this time?



We filter out what we are not interested in, we get distracted easily, and we fill in our assumptions

# Listening Levels



## Traits of an Ineffective Listener

- Easily provoked to disagree
- Listens only for the facts
- Pretends to listen
- Avoids listening to difficult material

# Active Listening

Active listening involves listening with all senses. As well as giving full attention to the speaker, it is important that the 'active listener' is also 'seen' to be listening - otherwise the speaker may conclude that what they are talking about is uninteresting to the listener.

Interest can be conveyed to the speaker by using both verbal and non-verbal messages such as maintaining eye contact, nodding your head and smiling, agreeing by saying 'Yes' or simply 'Mmm hmm' to encourage them to continue. By providing this 'feedback' the person speaking will usually feel more at ease and therefore communicate more easily, openly and honestly.

# Active Listening

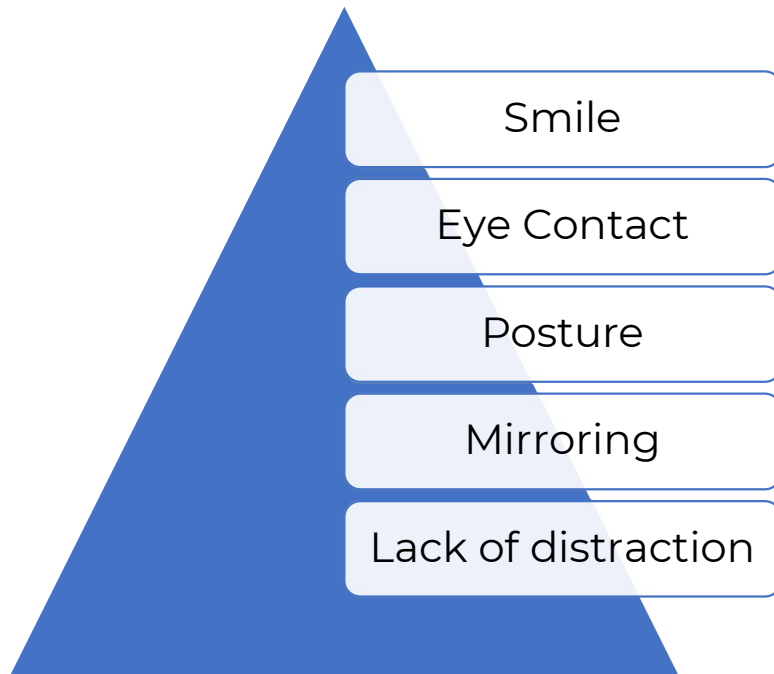
Active listening is a skill that can be acquired and developed with practice. However, active listening can be difficult to master and will, therefore, take time and [patience](#) to develop.

'*Active listening*' means, as its name suggests, actively listening. That is fully concentrating on what is being said rather than just passively 'hearing' the message of the speaker.

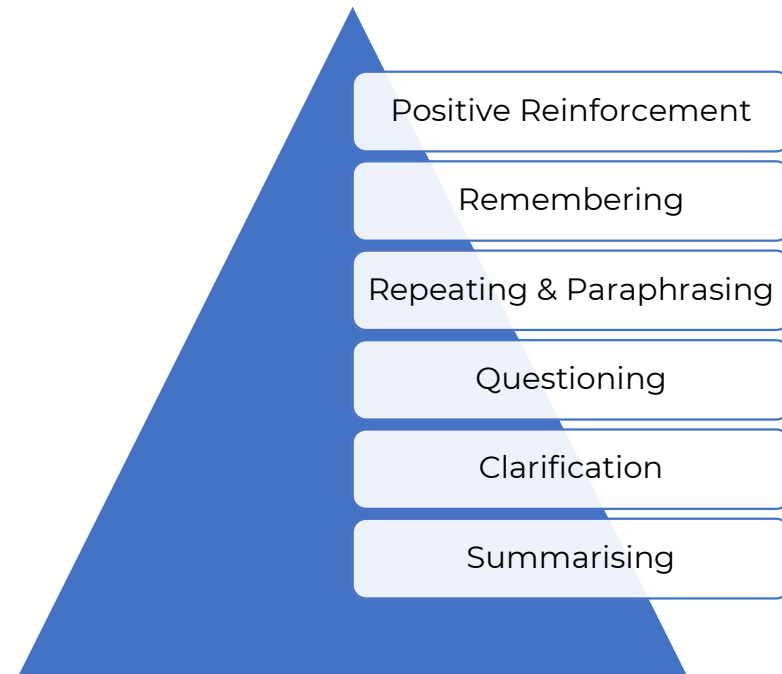


# Signs of Active Listening

## Non Verbal Signs



## Verbal Signs



# Exercise

Practice active listening using one of the following per round:

You are pitching your services as a third party consultant for your asset class. Demonstrate your knowledge and experience as well as your understanding of the requirements of a Sovereign Wealth Fund

You feel the US markets are inflated and hence persuading the team for a further allocation towards a more defensive fund with a focus on well capitalised large cap stocks

You have read that Emerging Market funds are facing significant withdrawals and are concerned that current fund allocations are with funds who will likely face challenges in the near future





# Lessons Learnt

List the lessons learnt when taking the other stance



# Developing Power in a Negotiation

BATNA = Power

What is my  
BATNA?

Should I  
disclose my  
BATNA?

Do I know the  
other sides  
BATNA? How  
can I find their  
BATNA? What  
questions can  
you ask?

How can you  
weaken their  
BATNA?

How can I  
strengthen my  
BATNA?

# Ask Questions

As a team brainstorm some questions to ask a fund manager  
(assume it is your first time dealing with them)

Come back with 5 key questions that will help your  
position in a negotiation



# Dealing with different types of people

Who is the most difficult client you have dealt with?



# Dealing with Difficult People

In a typical negotiation scenario, it is common to come across different people who may have different expectations than you do. Quite often some of these people can be difficult to handle making negotiating quite a strenuous task.

Some characteristics of such difficult people include:

1. The Suspicious
2. The Challenger
3. The Hostile
3. The Rejector

Instead of letting a few bad apples have control over the tempo of any discussions, try to deal with them in a way that prevents any sort of disruptions in the negotiations.



# Dealing with Difficult People

## The Suspicious

During the negotiation, some parties may feel suspicious about certain terms within an agreement. This may lead to them losing confidence and perhaps even exiting from the negotiation deal.

In such cases, it is advised to address any such concerns and provide reasoning as to how those concerns can be resolved.

## The Challenger

Such people try to treat negotiations as a competition rather than a mutual agreement. Their focus is mainly to use their power and superiority to influence others decisions and responsibilities. They are considered to be one of the most difficult people to deal with.

Avoid using any negative tone or response with such people. Instead, try putting the ball in their court by asking how they would go about addressing certain aspects of the negotiation.



# Dealing with Difficult People

## The Hostile

Hostile negotiators often try to control others in a negotiation through intimidation. They do so to either avoid the negotiation completely or to nullify another party's expectations from entering the deal.

In order to deal with such people, avoid showing signs of anger and frustration. Instead try to understand their reason behind being hostile and try to propose an action that may help resolve it.

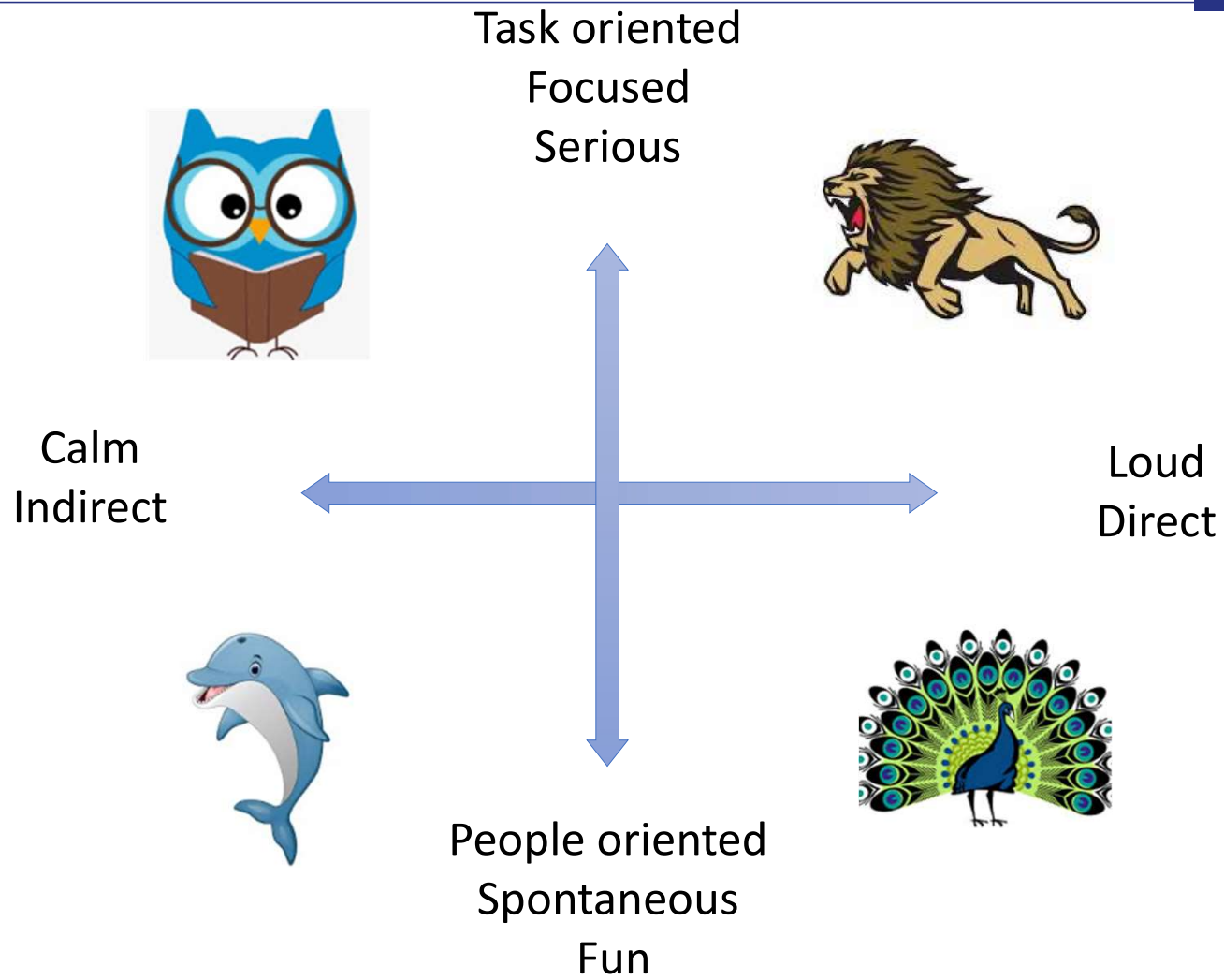


## The Rejector

Rejectors are often considered to question various aspects of the negotiation and act as 'speed bumps' to landing a perfect deal.

The best course of action would be to address their concerns individually in order for everyone to come into a consensus.









In negotiations, Lions become street fighters. They are in negotiations to get what they want. They are sure that there must be winners and losers, and they want to be winners. They fight hard and see little reason for concessions. Their main weakness is the tendency to stubbornly occupy a fixed position.



The Peacock becomes so enthusiastic in negotiations about his project, he loses sight of the fact that others are not as enthusiastic. Their weakness is that they tend to ignore other people's feelings in negotiation.



The dolphin is the opposite of the lion in negotiations - the dolphin becomes a pacifier.

Their goal is not to win negotiations, but to make everyone happy. They fear high-pressure encounters and look for a solution, even if it does not meet their requirements. The dolphin sways easily.



Analytical Owls are executive by nature - very strict in approaching negotiation.

The owl is reluctant to be flexible.

While peacocks are loose on details, owls are meticulous, they are interested in the principle behind any issue.

Their weakness is inflexibility

# Dealing with Difficult Situations

As simple as structuring a negotiation dialogue may sound, it is in fact made quite difficult when dealing in tough negotiation situations.

This is mainly due to the following two reasons:

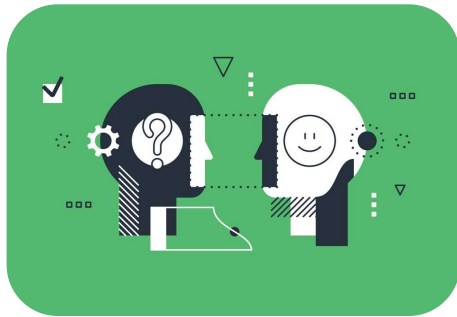
Everyone uses a different approach to negotiate

People have different expectations and responsibilities

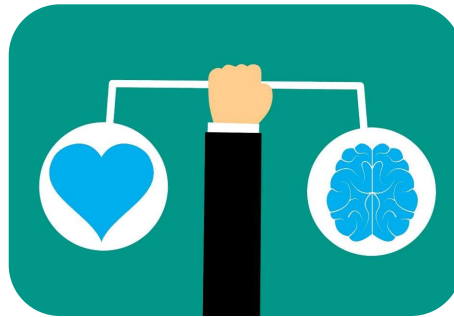
However, there are a couple of ways of dealing with different types of situations and people. We will cover these in the following slides.

# Dealing with Difficult Situations

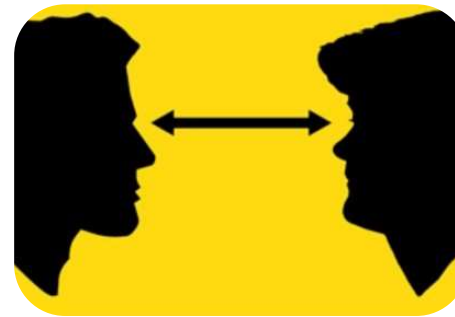
Some tactics that effective negotiators used to deal with difficult people in negotiation situations are as follows:



Emotional Control



Empathy



Eye Contact



Body Language

# Dealing with Difficult Situations

## Emotional Control

When dealing with difficult people in difficult situations we often tend to lose control of our emotions when in fact what we should try doing is to confine them.

The way we display our emotions in a negotiation scenario can trigger unnecessary conflicts and promote an unhealthy discussion.

Some ways of preventing these emotions are as follows:

1. **Validate your emotions:** Sometimes your emotions may not be real and instead might be contrived from something unrelated to the negotiation.
2. **Mentally prepare yourself** for anything that might negatively trigger your or the other party's emotions.
3. **Display the right emotions:** Any emotions that you show during the negotiation must be aligned with your personal outcome from the negotiation itself.

# Dealing with Difficult Situations

## Empathy

- To be empathetic in a negotiation scenario entails giving each involved party enough time and attention to demonstrate their own views and personal stand point.
- Empathy allows for relationship building and having each party express their opinions allowing you to understand what their needs and wants are.
- Practicing empathy in a negotiation scenario can help prevent negative conflicts and promote a non-hostile environment.

## Eye contact

- Maintaining eye contact during a negotiation is imperative as it conveys a lot about your confidence, trust and sincerity.
- People that fail to maintain eye contact with other involved parties during a discussion are considered to be dishonest and evasive
- Too much eye contact, on the other hand, may seem aggressive therefore it's important to maintain a balance



# Dealing with Difficult Situations

## Body language

- Maintaining a professional body language can play a key role in the way other parties comprehend your needs and wants from the negotiation.
- In a typical negotiation scenario, your body language will depict how engaged and confident you are with achieving your personal outcome.

Along with maintaining sufficient eye contact, it is also important that you:

1. **Notice your gestures** – Avoid making unnecessary movements with your hands
2. **Nod your head when appropriate** – This shows assertiveness and attention towards others' views and opinions
3. **Maintain an open posture** – Instead of staying still, try to engage with the audience and keep an open stance.

# Deadlocks, Standstills and Concessions

**Deadlocks** exist when there is no progress being made by both parties in a typical negotiation. This might occur as a result of either party losing interest in meeting their outcome from the negotiation.



**Standstill** agreement refers to negotiations which various parties take part in order to delay any sort of action which would've otherwise taken place.



**Concessions** are also sometimes referred to as 'trade-offs'. These are typically negotiations where one or more parties engage in compromising on issues under negotiations. These compromises are done either willingly or unwillingly.





# Emotional Intelligence

# 5 Components of Emotional Intelligence



# Emotional Intelligence

- In addition to being practically prepared, it is equally important to be psychologically prepared.
- Emotional intelligence is the ability to perceive, value and control emotional responses

## Consider the following

How does it feel when a fund manager claims investment from larger SWFs?

How does it feel when a fund manager insists on speaking to the CIO?

How does it feel when meetings are rescheduled when you have more time pressure?

How does it feel when you have to speak to different individuals, re-explaining your position each time?

# Being Present

Harnessing your attention, and focusing it on where you are and what you are currently doing.

Reducing or removing distractions will help you stay present and engaged.

One way to keep yourself present is to make a note of any distracting thoughts on a piece of paper.



# Being Mindful

Mindfulness is the intentional practice of maintaining constant and consistent awareness of your thoughts and feelings in a situation.

It includes the observation and moderation of your body language.

During a negotiation, being mindful also requires an awareness of your counterpart's verbal and nonverbal cues, as well as your own.

Your counterpart may communicate through words, tone, body language, gestures, or other nonverbal signals.

You should observe and experience these cues without judgment, so that they inform a comprehensive and unbiased understanding of your counterpart.

This will help you to identify overlapping interests, and promote agreement.

# Managing Emotion while Negotiating

The Passive Person	The Aggressive Person	The Assertive Person
Is afraid to speak up	Interrupts and 'talks over' others	Speaks openly
Speaks softly	Speaks loudly	Uses a conversational tone
Avoids looking at people	Glares and stares at others	Makes good eye contact
Shows little or no expression	Intimidates by using expressions	Shows expression which matches the message
Slouches and withdraws	Stands rigidly crosses arms, invades the personal space of others	Relaxes and adopts an open stance and expressions
Isolates self from groups	Controls groups	Participates in Groups
Agrees with others despite personal feelings	Only considers own feelings and/or makes demands of others	Keeps to the point
Values self less than others	Values self more than others	Values self equal to others
Hurts self to avoid hurting others	Hurts others to avoid being hurt	Tries to hurt no one [including self]
Does not reach goals and may not even know goals	Reaches goals but hurts others in the process	Usually reaches goals without hurting others
You're okay, I'm not	I'm okay, you're not	I'm okay, you're okay



# Negotiation Psychology

# Who gives the first price?

Example: Negotiating a cap on expenses allowed to be charged under the agreement

Conventional wisdom says let them provide the first price

Anchoring suggest you should give the first price

Who's right?



# Framing

The way that options are framed cause us to be risk averse (if positive) or risk seeking (if negative frame)



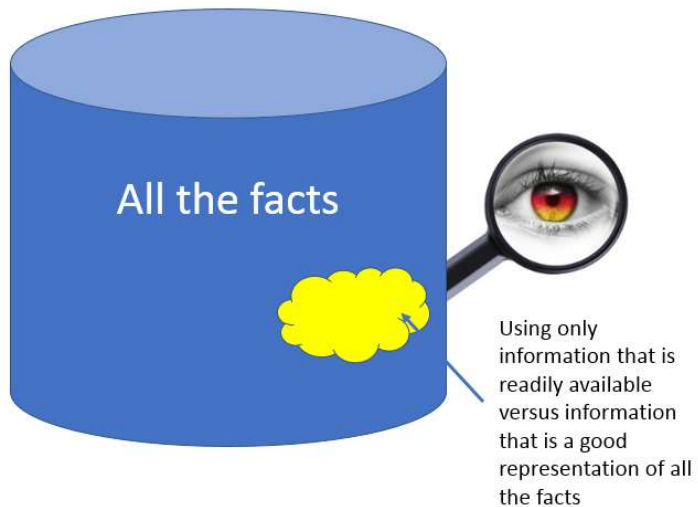
## Experiment

- Either I give you \$250 or  $\frac{1}{4}$  chance of \$1000 or  $\frac{3}{4}$  chance of \$0
- Now let's consider risk seeking frame

Let's apply framing to negotiating terms in a fund investment

# Availability Bias

## Availability Bias



- We are influenced by the most easily available information
- Are there more deaths in the US each year from car accidents or lung cancer?
- How does this impact our negotiation?

## Example

You are considering making an offer for a target company. Value under current management between \$0-\$100m (all values equally likely due to uncertainty over mining exploration)

Under your management, target company will be worth 50% more than the true current value. Target company knows the exact worth

How much would you bid (only one take it or leave it offer)?

Answer = 0, all offers have a negative expected value

Example:

- You offer \$50m
- Target company will accept if it is worth 0 – 50m
- On average worth 25m (37.5 after acquisition)
- Loss of 12.5m

# Role Play



# Feedback

Influencing & Negotiation Skills -  
Cohort 1

