



## **NEGOTIATION STRATEGIES & TACTICS FOR BUSINESS SUCCESS**

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### **Synopsis**

*Negotiation is one of the key elements for the success of a business. A business enterprise uses an elaborate process of negotiation to source its raw materials and also to sell its products to its dealers or customers. Negotiation has therefore become an important tool for all business dealings and a highly planned negotiation always bestows numerable benefits to the company or enterprise. Further, there will be no post-negotiation dissatisfaction for the parties involved in the process of negotiation and may lead to long lasting business cooperation and relationships.*

*Most of the times, the executives of a company are aware of the stages of negotiation— Planning Stage, Preparatory stage, Introduction stage, Opening Stage, Discussion Stage, Exploration Stage, Signalling Stage, Closing Stage and Post -Negotiation Stage-- and also the things to do in each stage of negotiation but many a time they are not aware of the “actual tactic or tactics” to be employed to strike a successful business deal. Similarly, the executives of the company may be aware of the negotiation styles—Aggressive, Collaborative, Passive, Compromise and Ignoring styles—but may not be aware of the different tactics to be followed while negotiating a deal or arriving at a successful negotiated settlement.*

*The present article titled “Negotiation Strategies & Tactics for Business Success” discusses in detail the various tactics involved in the process of negotiation and how to use or execute the tactic in a specific stage of negotiation and while using a particular style of negotiation.*

**Key words:** Negotiation, negotiation approach, negotiation tactics, negotiation stages, brinkmanship, bogey, flinch, high ball and low ball negotiation tactic, the nibble and snow-job

## **Introduction**

Negotiation process involves an array of tactics used by the negotiating parties to strike a successful business deal. Tactics could be considered as definite strategies adopted by the individuals involved in the process of negotiation to meet their business goals and also to meet their definite objectives. Most individuals involved in the process of negotiation plan a deliberate strategy or tactic to be used in the negotiation based on a thorough research and understanding of the parties involved in their negotiation and the overall business of the company.

“Negotiation is a dialogue between two or more persons or parties intended to reach a beneficial outcome”. The first step in a negotiation is to win the psychological war against negative thinking & self deprecating thoughts and overcome all anxieties and fears. The desired outcome should be well thought out and the objective should be of achieving the outcomes through a set of negotiation strategies and tactics. The negotiator should always consider the other party as a ‘partner’ rather than a competitor or an opponent. At the same time the negotiator should be well aware of the requirements of the other party and should never display a sense of urgency to close the deal. Sometimes, small concessions could be offered to strike a rapport with the other party and conclude a bigger deal. Some people are willing to extend a small concession to other party and accept a ‘compromise’ in order to ensure that an agreement is reached to save time and cost associated with procrastinated and protracted settlement. The negotiation tactics are to be used in a very judicious way with a positive perspective in order to reach harmonious settlement without having to pressurize or force someone to accept a proposal. Further, the use of tactics should not induce a sense of fear and dissatisfaction in the parties trying to negotiate a deal. But the process should enhance the communication space by treating the other party as a ‘partner’ rather as an ‘opponent’. Hence, it is strategic decision to choose a particular tactic or tactics to reach a satisfied settlement. The bottom-line of all negotiation is to know the expectations of the other party and also anticipate the concerns thereon, and be able to decide in advance the ‘give and take’ of the product/business issues.

## Negotiation Tactics

These are the methods adopted by the negotiators to realize their objectives or goals during a negotiation process. For some negotiators the tactics are natural to their personality and for some very professional negotiators, the tactics are chosen after a lot of thinking and deliberation. Negotiators often use one or a combination of ‘tactics’ listed to accomplish their goals.

1. **Auction:** It is a process followed by some companies or firms with an intention to avoid any sort of discussion or negotiation but at the same time ensuring that there is tremendous competition among the buyers. In this process, there are multiple parties each one eager to purchase the product offered for sale. When the auction is executed in the presence of intended purchasers, it stimulates the ego of the people and may increase the bid or price of the product beyond rational limits. This kind of a situation is witnessed when close competitors take part in an auction.
2. **Brinkmanship:** A party which enjoys the positional or power advantage may resort to brinkmanship. The person or party is very aggressive and sets all the norms, rules & regulations, terms and conditions. He tries to influence, coax, pressurize and bulldoze his way. Most of the times, a positional based negotiator wields this tactic. For him it is ‘my way or high way’. It is a hardnut approach and does not care for the other party. Personal benefit is the only concern for the persons resorting to brinkmanship. No acceptable alternatives or solutions are offered to the other party which is influenced to accept the terms and conditions.
3. **Bogey:** In the planning and preparation stage of the negotiation, the persons identify certain trivia and very unimportant things which may not be of any significance to the them. The person portrays it as very important during the negotiation and pretends it is the most concerning issue to him and his company. In the later part of the negotiation, the person trades it with the other party and tries to extract maximum concessions for foregoing the same. Ofcourse, sometimes, it may backfire if it is used with very intelligent negotiators.
4. **Chicken:** In this tactic, the negotiator paints a bad picture of the situation by highlighting the dangers or problems that could be encountered by the other party if they do not solve or decide it immediately. The person is forced to ‘chicken out’ and accept the proposals

of the first party under coercion, pressure, bluffing and by creating a false sense of fear. This tactic can also backfire with strong willed and experienced negotiators.

5. **High Ball-Low Ball:** It is the most common tactic employed by the people when buying or selling a product. In a high ball situation, the seller intentionally quotes a very high price for his product which is beyond the reasonable limits. It is very much unreasonable and instantly it creates a sense of diffidence in the mind of the purchaser. Sometimes, the buyer even feels inferior to bargain with the seller beyond a certain limit. The seller might get away with a price or value higher than the normal price. In a typical low ball situation, a buyer might quote a price which is ridiculously low or much lower than the normal price in the market. Sometimes, a reasonable price might be worked out by the parties involved. However, there is enough scope for the deal to be aborted midway.
6. **Good Boy-Bad Boy:** In the planning and preparation stage of the negotiation, the team of negotiators decides the roles to be essayed during the course of negotiation. One person, the Good Boy, projects a reasonable and cooperative attitude and tries to convince the other person. He is soft spoken and looks cultured and tries to reason with the other party. It is like laying a trap to the other person and cajoling him to accept the good boy's views or ideas. There is another person, the Bad Boy, who is more aggressive & unreasonable and to say the least, he adopts a highly confrontationist attitude. However, these tactics do not work with an experienced negotiator.
7. **Flinch:** It is a tactic used by some unprofessionanl, aggressive and hardnut negotiators to shatter the confidence of the other person who offers a proposal. It is usually a 'physical response' where the 'body language' is used to confuse and intimidate the proposer. It is also done to project him as unreasonable, uncanny and unwise.

The person showcases a strong and negative body reaction to project his displeasure and unpleasantness. Some of the common examples of flinch used by the negotiators -- pounding the chest and saying "Oh my God...such a high price", express surprise with eyes wide open or some times mouth fully open and gasping for breath, hitting the table, banging a book or some object, an exasperated expression to show that a proposal is unreasonable--- make the other person subdued and accept the proposal made by the person who uses flinch.

8. **Defence in Depth:** People at different levels of hierarchy are involved in the negotiation process. Sometimes, the decision making authority is not vested in the person who is

negotiating. When the negotiation is taking place with people at different levels of hierarchy, new concessions are made at each and every level of the organizational hierarchy. It takes a lot of time to convince the members and also exerts some pressure on the person to complete the entire process of negotiation. In their enthusiasm to complete, they may tend to offer extra concessions to the people using this tactic.

9. **Deadlines:** The negotiator uses the deadline as the tactic to exert pressure on other party. He sets date and time as the deadline by which the decision has to be made and see that the negotiation is completed. The dead line may not be actual and is only to put pressure on the person to complete or hasten the process of negotiation.
10. **Snow Job:** In this case, the negotiator uses excessive vocabulary or technical jargon to confuse the listener. Sometimes, too much information is reeled out which is not relevant and is only meant to sidetrack the main point and confuse the listener. The listener is confused and will not be able to understand the same. He gets into a subdued stage and will be willing to accept the proposal as it is without initiating any changes.
11. **The Nibble:** This is a tactic employed deliberately by some negotiators before signing the actual MOU or Minutes of meeting. They raise small and trivial issues and bargain for concessions on points which were not discussed during the process of negotiation. The other person who is eager to sign and complete the deal formally, may sometimes accede the concessions put forth.

## **Types of Negotiators**

Basically there are three types of negotiators:

1. **Principled Bargainer:** The person is very reasonable, focussed and committed to get a mutually benefitting settlement. He always follows the integrative negotiation process and looks for long term relations. He maintains high moral and ethical standards in accomplishing the goals and objectives.
2. **Soft Bargainer:** The person is very amiable and amicable and feels that the person is more important than the problem. He is not self-centered and always gives in to the genuine requests of the other party.
3. **Hard Bargainer:** He is very repugnant and aggressive negotiator who tries all methods to bully and bulldoze the other party to accept his suggestions. He follows the distributive

negotiation and seeks to derive maximum advantage. He is not bothered about the relationships and long term perspective.

Therefore, negotiation is a very complex process which involves extraordinary preparation and talent to come out with mutually satisfying outcomes and enduring relationships. The approach and style is selected based on the urgency of a situation, the strength of the relationship, the commitment of the parties to each other, the mutual interest, the pros and cons of negotiation or avoidance and above all, as a matter of choice. Accommodation is by far the most gratifying approach to any negotiation.

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