

ASPIRE FOR EXCELLENCE CONFERENCE

NEGOTIATION IN THE MARKET PLACE



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SCRIPTURES

Can two walk together, except they be agreed?

Amos 3:3 (KJV)

**“Come now, and let us reason together,”
Says the LORD, “Though your sins are like
scarlet, They shall be as white as snow;
Though they are red like crimson, They shall
be as wool.”**

Isa 1:18 (NKJV)



INTRODUCTION

- **There is no fixed price & there is no fixed term to anything in the marketplace (including that product you see with a price label on it), every price & every term is arbitrary (at the discretion of the one in charge) and subject to change on the platform of a good & reasonable negotiation.**



INTRODUCTION

- **Stop buying things you need at high prices! And start getting more by negotiation.**
- **The main purpose of negotiation is to bring at least two people, two parties, two factions etc. to the point of agreement so that they can either work together or do business together.**



INTRODUCTION

- **The parties can be dealer & client, distributor & customer, two companies merging into one, management & trade unions, two people entering into partnership.**
- **Negotiation is good and there is nothing wrong with negotiation - after all if any two people / businesses must work together, they must agree; and it is in the place of negotiation, that agreement and the decision to work together is established.**



Requirements for Negotiation

- **An open mind**
- **A willingness to learn**
- **Note:** People perceived to be **Fixated & Selfish** cannot do well in a negotiation.



Negotiation Rules/Tactics

1. Make sure the deal meets your needs

- **There is no point fighting to win any deal in the market if it doesn't align with your overall business strategy or objectives.**
- **Having confidence in your business approach because you have done your due diligence and understand your needs and financial capacity – means you are less likely to make a buying mistake that you might regret later.**
- **Anything you buy or deal should enhance your overall position and complement your business goals.**



Negotiation Rules ...

2. Understand the deal dynamics

- **Understanding the deal dynamics is crucial in any negotiation.**
- **So be prepared to determine the following:**
 - **Who has the leverage in the negotiation? Who wants the deal more?**
 - **What timing constraints is the other side under?**
 - **What alternatives does the other side have?**
 - **Is the other side going to be getting a significant payment from you? If so, the leverage will tend to be on your side.**



Negotiation Rules ...

3. Be prepared – Do some background checks of the other person or party

Being prepared entails doing a whole lot of things upfront like:

- **Reviewing & understanding thoroughly the business of the other party by reviewing their website, their press releases, articles written about their company etc. You can even do a thorough Google and LinkedIn search.**



- **Review the background of the person you are negotiating with - check any bio on the company's site, the person's LinkedIn profile, even do a Web search**
- **Review what similar deals have been completed by the other side, and the terms thereof. For public companies, some of their prior agreements may be filed with the SEC.**
- **Understand the offerings and pricings from competitors of the party you are negotiating with.**



Negotiation Rules ...

4. Negotiate with facts

- Gather verifiable data of comparable sales in the neighborhood (area)

5. Keep the negotiations professional and courteous

- Nobody really wants to do business with a difficult or abusive personality.

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- **After all, even after the negotiations are concluded, you may want to do business with this person again, or the transaction may require ongoing involvement with the representative of the other side.**
- **Establishing a good long-term relationship should be one of the goals in the negotiation.**
- **A collaborative, positive tone in negotiations is more likely to result in progress to a closing.**



Negotiation Rules ...

6. Listen and understand the other party's issues and point of view

- **Bad negotiators are the ones who do all the talking, seeming to want to control the conversation and expound endlessly on the merits of their position.**
- **The best negotiators tend to be the ones who truly listen to the other side, understand their key issues and hot buttons, and then formulate an appropriate response.**
- **Try to gain an understanding about what is important to the other side, what limitations they may have, and where they may have flexibility. Refrain from talking too much.**



Negotiation Rules ...

7. Ask the right questions

- **Don't be afraid to ask the other party many questions. The answers can be informative for the negotiations.**
- **Depending on the type of deal, you could ask questions like:**
 - **Is this the best pricing or offer you can give me?**
 - **What assurances do I get that your product or solution will actually work for me?**
 - **Who are your competitors? How do their products compare?**



- **What else can you throw in to the deal without cost to us? (A particularly useful question to ask car dealers.)**
- **What is your desired timing for the deal?**
- **How does our deal benefit you?**
- **We want to avoid unreasonable forms of contracts or unreasonable lawyers on your end. How do we ensure that?**



Negotiation Rules ...

8. Never accept the first offer

- **It's often a mistake to accept the first offer from the other side.**
- **For example, if you are selling your house & you receive an offer, consider countering at a higher price or better terms (even if there are no other offers).**
- **If you don't counter, the other party will be concerned that they offered too much and may attempt to get out of the deal.**



- **And buyers expect that there will be a counter as they expect that their first offer will likely be rejected.**
- **Most buyers will leave room in their first offer to go up by at least 5%-15% in price, depending on the situation.**
- **Counter-offers and some back-and-forth negotiation will most likely lead to the two parties being satisfied that they struck the best deal they could, and thus be more committed to closing the deal.**



Negotiation Rules ...

9. Don't be fixated on the deal in front of you and ignore alternatives

- In many situations you want to have competitive alternatives. This can enhance your negotiating position and allow you to make the best decision as to how to proceed.
- For example, if you are engaging in a process to sell your business, the best thing you can do is to have several potential bidders at the table. You want to avoid being locked up into exclusive negotiations with one bidder until you have reached a meeting of the minds as to the best price and terms available.



Similarly, if you are looking to buy a product, lease office space, or acquire a loan for your business, you will often be better off if you have alternative so that the other party knows it has viable competitors.

By negotiating simultaneously with two or more parties, you can often obtain better pricing or better contractual terms.



Negotiation Rules ...

10. Always draft the first version of the agreement

- **An absolutely fundamental principle of almost any negotiation is that you (or your lawyers) should prepare the first draft of the proposed contract.**
- **This lets you frame how the deal should be structured, implement key points that you want that haven't been discussed, and gets momentum on your side.**



- **The other party will be reluctant to make extensive changes to your document (unless it is just too one sided), and therefore you will have already won part of the battle by starting off with your preferred terms.**
- **Avoid starting the negotiations with an agreement that the other side will never agree to. Balance is key here.**



Negotiation Rules ...

11. Don't get hung up on the issue

- **You want to avoid getting stuck on a seemingly intractable issue.**
- **Sometimes it's best to suggest that an issue be set aside for the moment and both parties move on to make progress on other issues.**
- **A creative solution may come to you later outside the heat of the negotiation.**



Negotiation Rules ...

12. Listen closely to the other party's challenge

- **People transact in the market place for a reason - upgrading, downsizing, need to release equity or wrangle their way out of an undesirable financial or personal predicament. There will always be an underlying agenda.**
- **While I'm not suggesting you take advantage of someone's potential misfortune, if you can determine how motivated they are, you might be in a better position for negotiating a favorable deal.**



Negotiation Rules ...

13. Identify who the real decision maker is

- **You want to understand what kind of authority the other person that you are negotiating with has. Is he or she the ultimate decision-maker?**
- **Avoid going through a long and fruitless set of negotiations with a person who keeps telling you that he didn't have the authority to agree to a number of points you were negotiating.**
- **If the person could say “no” to your requests but didn't have the ability to tell you “yes” too, then your solution (especially when you have the leverage) is to end the conversation & say that for any progress to be made, you need to negotiate with the person who was authorized to make decisions & concessions.**



Negotiation Rules ...

14. Look for and establish a WIN-WIN situation

- **There are different forms / outcomes of negotiations but the best of them is the WIN - WIN negotiation.**
- **This will usually involve both parties shifting grounds to a common point that is mutually beneficial to each other.**
- **At this point, everyone feels like a winner since their concerns were also reasonably considered.**



Negotiation Rules ...

15. Know when to walk away

- **At some stage in negotiation, you might find that things stall and the negotiation process just isn't moving in your favour.**
- **If you find yourself in such a situation, sometimes the only option is to concede defeat and walk away.**
- **There is more regret in buying something that just doesn't make financial sense than in having to walk away from a negotiation that isn't just working.**



Negotiation Rules ...

16. Avoid the bad strategy of negotiating by continually conceding

- **Continually conceding points (while not getting anything in return) can lead to the exact opposite of what you are hoping for.**
- **Continually conceding point can also make you to appear weak in negotiation and the other party can both perceive & take advantage of this.**
- **If you are conceding a point, make sure to try and get something in return.**



CONCLUSION

- **In life nothing is cast on stone or concrete. With the right negotiation skills, you can upturn any decision (including sales price) to your favour.**
- **One truth must be told, while negotiating with the other parties, you cannot rule out the promptings and instructions of the HOLY GHOST. Embrace His leading in your life and you will get maximum returns in your life and business.**
- **Trust in the Lord with all your heart and lean not unto your own understanding. In all your ways acknowledge Him and He shall direct your path (Prov. 3:5-6)**

THANK YOU!