

Ultimate Negotiation Guide

NEGOTIATION FOUNDATIONS

Oftentimes, learning about negotiation and persuasion can feel daunting because there seems to be an infinite amount of strategies one can use to become a better negotiator. However, it's important to remember that all of these techniques are built upon a common foundation. In this free guide, you will learn the three most important characteristics of effective negotiators and you will get access to our most popular negotiation guides.

The best negotiators take the time to prepare systematically for these conversations. These guides will give you a step-by-step process that you can use to win your everyday negotiations.

3 Characteristics of Great Negotiators

Curiosity

Curiosity is the genuine interest in learning more about the needs, wants, and perspectives of your negotiation counterpart.

Rationale

In order to effectively produce solutions, we first need to have a clear understanding of the problem. Initially, we enter these conversations with a limited perspective. We demonstrate our curiosity by asking open-ended questions to broaden our understanding of the problem. While asking these questions and fulfilling our curiosity, we not only get a better understanding of the facts but how the other person interprets and perceives the facts.

Don't only focus on what people need, but also what they want and why they want it. Knowledge is power and by taking the time to ask questions and learn more, you are gaining more power in the negotiation.

Exercise: Pass the Ball

In your next conversation, see how long you can go without talking. In order to do this effectively, you need to ask open-ended questions. When they are done talking, ask another open-ended question. Put the ball back in their side of the court. Your goal should be to keep them talking at least 70% of the time.

Creativity

Creativity is the ability and willingness to solve problems and take advantage of opportunities that consider both your and your counterpart's interests.

Rationale

Creativity is at its best when you are able to turn your negotiation counterpart into an active participant in an impromptu brainstorming session. Coming into these discussions, we tend to have a rigid perspective on what can and cannot be achieved. These perspectives often limit our creativity because we fail to consider other viable options.

Sometimes, despite our best efforts, our counterpart may resist our efforts to be creative. In order to overcome this, ask the magic question: if you could wave a magic wand and solve this problem, what would the solution look like? What would need to happen?

Exercise: 10 Solutions

In your next negotiation, try to come up with about 10 possible solutions. You do not need to share this with the other side, but it will force your brain to think outside of the box. The closer you get to 10, the more you are challenging yourself to widen the scope of possible solutions. As a result, you will be able to generate more creative ideas.

During your negotiation, as you learn more information from your counterpart, you will be able to form hybrid solutions from your list.

Confidence

Confidence is the willingness to engage in courageous conversations in order to achieve your goals. It is not the ability to operate fearlessly; it is the ability to operate in spite of fear.

Rationale

People can sense confidence. If you lack confidence in yourself, your product, your solution, or your abilities, people will undervalue you and struggle to take you seriously. You develop confidence through learning and practice. The more you know, the more confident you will be. But simply knowing is not good enough. You actually need to practice the skills.

For example, let's say you have never played tennis before and then you read several books on tennis technique and strategy. How confident would you feel in your tennis abilities if you had to play a tournament after reading those books? Probably not very confident. Why? Book knowledge can only take you so far and needs to be coupled with rigorous practice.

This is why hands-on training is so important. It gives you the opportunity to hone your skills and build confidence.

One of the biggest fears that hold us back is the fear of rejection. We don't want to lose. We don't want to hear the word "no". This fear comes from the fact that we conflate a rejection of the substance with a rejection of the person. Since we cannot avoid rejection forever, its best to practice facing the fear - this will lessen its impact.

Exercise: Rejection Therapy

There are opportunities to negotiate all around us every day and most of them come in very low-pressure situations. Recognize these opportunities to negotiate and ask for what you want. For example, the next time you go to the coffee shop ask for a free pastry. They will probably say no but hearing that rejection in a social situation that really doesn't matter will help desensitize you from future rejection.

Working to develop these characteristics will lead to tremendous gains in your ability to negotiate. It will take time but the payoffs in your personal and professional life will be invaluable.

In order to truly maximize the efficacy of these characteristics, they need to be coupled with careful preparation. In the following pages, you will see how to prepare for the most common negotiation and dispute resolution situations.

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NEGOTIATION PREP GUIDE

The preparation stage of negotiation is, without a doubt, the most important step in the process. Why? Negotiation can be incredibly stressful. When you are stressed, your body produces the stress hormone called cortisol. Cortisol makes it difficult to think clearly. Because of this, in negotiations, when we need to be incredibly sharp, we are poisoned by a stress hormone that prevents us from thinking clearly. This is why it is important to think and prepare as much as possibly prior to coming to the table.

Competence breeds confidence. Go into every negotiation with the legitimate confidence that you know as much as possible on the subject and the requisite humility to learn more from the other side through listening. You are able to perform at a much higher level when you have a thorough understanding of all of the relevant information. When preparing for a negotiation, one should always strive to gather more information than necessary. During the conversation, you may only use 30% of the information you collected, but the remaining 70% will be available if needed. The more information you have, the better positioned you are to make competent statements and ask relevant questions.

This guide will give you a step-by-step approach to preparation. Remember, competence leads to confidence. The more you prepare, the more confident you will be during the conversation.

Be Curious

Knowledge is power. The first step in any negotiation is to gather as much information as you can - on your counterpart as an individual and on the situation as a whole.

Ask the following questions as you prepare before the negotiation:

With whom am I negotiating?	What don't they like?
What are their goals?	What motivates them?
What are my goals?	What is their background (professional, educational, religious, ethnic, familial, etc.)?
How can I solve their problems?	Why are we having this conversation?
How can they solve my problems?	What are the relevant numbers?
What is valuable to them?	What is my goal in this negotiation?
What is valuable to me?	
What do they like?	

Your goal is to know as much as possible before the negotiation begins. However, it is impossible to know everything. This is why it's important to create an exhaustive list of open ended questions that can help fill any gaps in information.

Exercise: Open-Ended Questions

Write a list of open-ended questions that you will use during the negotiation.

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

Write significantly more questions than you think you will have the opportunity to ask. Remember, your goal is to get them to talk as much as possible. The more they talk, the more you learn.

Understanding Your Options

It is important for you to know what you will do if you don't get a deal; this is known as your best alternative to a negotiated agreement (BATNA). In most scenarios, there is life beyond this specific deal. Having a firm understanding of your options will alleviate pressure.

Write down your top three backup options if you are unable to reach an agreement in this negotiation:

- 1.
- 2.
- 3.

There are often a number of potentially acceptable deal structures in each negotiation. For example, if you are a consultant, you could create a number of packages with different price points before the negotiation. Then, during the negotiation as you ask more questions and get a better understanding of the situation, you can offer packages that fit their needs and their budget.

Write down as many acceptable agreements as you can come up with.

First Option:

Second Option:

Third Option:

Fourth Option:

Fifth Option:

Order them in terms of preference from most preferable to least preferable. For entrepreneurs, this would most likely be a list of packages starting with the most expensive package down to the least expensive package.

Practice Your “No”

People often forget that “no deal” is an acceptable outcome in negotiation. Not all deals are meant to be made. Negotiation is the art of deal discovery, not the art of the deal creation. Remembering this should alleviate pressure - as you will no longer feel forced to make a deal.

Write down your bottom line. What is the lowest or highest you’re willing to go in this negotiation?

One important thing to keep in mind with your bottom line is that you should be aware of the bottom line throughout the negotiation but you should not focus on it. Think of the bottom line like the out of bounds line in sports. A coach will make a play with the goal of scoring, not the goal of avoiding the out of bounds line. However, the coach will always keep those boundaries in mind as she draws up the play.

Why is this important? You will naturally start to drift toward your focus. If you focus on the bottom line throughout your negotiation, you will start to notice that your questions and statements will start to lead the conversation closer to your bottom line instead of toward your goal.

If the negotiation gets to a point where you do not believe the deal is realistic, you need to say no. Although it is only two letters, sometimes it is the hardest thing to say.

Write out how you will say no if the time comes:

If saying no is difficult for you, read [“How to Say No While Strengthening Relationships”](#).

CONFLICT RESOLUTION GUIDE

Where there are people, there is conflict. The closer you are with someone, the more likely there is to be conflict. Conflict shouldn't be looked at as something to be avoided. Instead it should be viewed as an opportunity to increase understanding and strengthen the relationship. This guide will help you as you seek to resolve conflict in your personal and professional life.

Common Ground

Before addressing a conflict, it is important to understand the foundation of the relationship. If you are working in a partnership or on a team, you can start the conversation from some common ground. Answer the following questions to uncover the foundation for the relationship:

Why are you working together?
What positives do you bring to the table?
What positives do they bring to the table?
What are the team's goals?
What are your shared values?

Start the conversation by reiterating these shared goals and values. Get your partner to agree to these shared goals and values before you begin the conversation. This helps to generate positive momentum for the rest of the conversation before tackling bigger issues.

Emotions

Emotions, like conflicts, are inevitable and shouldn't be overlooked. Before jumping into the conversation, try and identify the emotions at play beneath the surface, both for you and your partner/teammate. If you don't know which emotions are at play for your partner, ask the following questions:

How are you feeling?
What triggered this feeling?
How are they feeling?
What triggered this feeling in them?

If you don't know the answer to these questions, come up with three open-ended questions that you can ask during the conversation to get this information.

- 1.
- 2.
- 3.

Problem Behavior

It's important to separate the problem behaviors from the subsequent interpretations of the behaviors. Equally important is addressing the objective effect of the actions that issue. Answer the following questions to determine the problem:

What action(s) did you take to cause the negative emotion in your teammate or partner?

What action(s) did your teammate or partner take to cause the negative emotion in you?

What were the results of the action(s) at issue and what effect did it have on the business?

Contribution

Instead of focusing on blame, consider your contribution to the issue and their contribution to the issue. Answer the following questions to address contribution:

What actions did you take that contributed to this issue?

What did you say that contributed to this issue?

What actions did your partner or teammate take that contributed to this issue?

What did your partner or teammate say that contributed to this issue?

Understanding

We can never completely understand what's going on in the minds of the person on the other side of the conflict. However, it is important for us to do our best to try and figure it out. Ask yourself the following questions to help you determine which questions you need to ask during the negotiation:

What don't you know?

What do you need to know in order to understand your partner or teammate's position?

Why do you want to know?

The answers should frame any introductory remarks you make prior to asking questions. For example, "I want to know about how you are feeling about the situation because, as colleagues, it's important for us to be open and honest with each other in order for the business to succeed."

Now create a list of at least five open-ended questions that will help you to understand your partner or teammate.

- 1.
- 2.
- 3.
- 4.
- 5.

After your partner or teammate responds, demonstrate your understanding by repeating what you've heard in their words. The process is simple: ask a question, demonstrate your understanding, and then ask if you understood correctly. If the person says that you didn't understand correctly, repeat the process until they confirm that you understand.

Solutions

It is important to note that solutions are the last thing we talk about. Why? You need to set a firm foundation for the conversation and seek understanding before you can present solutions. If you present solutions too early, they will be shot down because the other party (not yet believing you understand their perspective) won't believe you came up with a viable option. Go into the conversation with a list of five potential solutions. Once at the table, work with your counterpart to come up with hybrid solutions that meet both of your needs.

- 1.
- 2.
- 3.
- 4.
- 5.

SALARY NEGOTIATION GUIDE

This document will help you to prepare for your next salary negotiation and potentially add thousands of dollars per year to your next salary. At ANI, the our goal is to systematize the negotiation process as much as possible so you can have a practical, step-by-step guide. The last section is by far the most important to keep in mind.

How to use this guide

Go through this document and answer all of the questions. Your goal should be to answer these questions so thoroughly that nothing else could possibly be added to your responses. Done correctly, this document should be at least 10 pages long.

Goals

Always begin with the end goals in mind. What are your goals in this negotiation? It's important at this point not to get fixated on salary alone. Consider the overall package. Ask yourself the following questions to get a better understanding of your goals in this negotiation:

What kind of value can I get out of this negotiation? This is an opportunity for you to think outside of the box. Don't just focus on salary; consider benefits, vacation time (paid/unpaid), sick days, bonuses, incentives, commission, travel reimbursement, educational opportunities, title, meetings with your supervisor, office location, health insurance, etc.

What kind of relationship do I hope to establish and maintain? Remember, growing and maintaining relationships is one of the three goals of negotiation.

How do I want to position myself for future growth in the company? Think of your career like a game of chess. In order to advance, you need to make sure you are in the right position for growth. When thinking about positioning, consider your roles, responsibilities, and contacts within the organization.

Research

Knowledge is power. Gather as much information as you can on the company, the potential position, the person with whom you are negotiating, and the market. Ask yourself the following questions:

With whom am I negotiating? Simply knowing the name is not enough. Research them like you're trying to date them. What are their interests, their passions, their goals, their likes and dislikes, where did they go to school, what do they do on the weekends, etc.? Knowing this information will help you to establish rapport faster. It will also help you to avoid pitfalls in the negotiation because you know what makes them tick.

What are the company goals? Here, you want to make sure you have a thorough understanding of the company's goals for the future and the role you will play in achieving those goals.

What is your market price? Do research using websites like www.glassdoor.com to see what a fair salary is for somebody of your experience in your position. You want to find the market price by utilizing an unbiased, third-party that has a strong reputation. Utilizing this information as you attempt to persuade the company will be crucial to your success.

Your Competitive Advantage

People often underestimate their unique value proposition. This is going to be one of your biggest selling points during this negotiation. It is important to understand who you are and what you can offer before you get into this negotiation.

What do your managers and colleagues say about you and your skills? This is a great place to start because it helps you see yourself from other people's perspectives. Sometimes it is hard for us to see what we bring to the table because our skills come so naturally. Doing an unofficial survey of colleagues, family, and friends will help you to get a better understanding of your unique value proposition.

Why do people come to you for help? Similar to the previous question, this will help you to see your strengths from an outside perspective.

Alternatives

Your negotiation position is only as strong as you are alternatives. Coming into the negotiation with options is one of the best ways to increase your leverage in the negotiation.

What happens if the negotiation doesn't work out? Do you have other offers? Are there other potential employers you can court? Could you move to another division? If you are coming to the table with a few options, the person with whom you are negotiating may have a little reason to be flexible with their initial offer. It's important to note here that this information should be shared delicately. Sometimes, if you work in an intimate environment and you are very close to your manager/boss, this could come off as a lack of company loyalty. That is why research is so important.

How can you increase your options? It may be helpful to try and get other offers before coming to the negotiation table. Have conversations with people from different organizations or different divisions within the company to get a better understanding of the market and your options.

Avoid Common Pitfalls

A negotiation is a delicate dance. If you take a wrong step, your partner might not want to dance with you anymore. In this section, we will review the top five mistakes that can irreparably damage the negotiation.

Don't accept an offer if there is a chance you may negotiate in the future. In our salary negotiation episode, Vanessa Gaboleiro talked about how this could do serious damage to your relationship with the company and can reflect poorly on you as a professional.

Don't respond to their offer with an overly aggressive counter. How do you know if your offer is overly aggressive? This depends entirely on the research that you do ahead of time. You can avoid this pitfall simply by preparing and doing adequate research beforehand. If your counter offer is too high, you run the risk of offending the company and it makes you look like you don't have a good understanding of your worth in the market. Both of which can, again, reflect poorly on you as a professional.

Don't leave value on the table. After you have reached the salary that you are comfortable with, find other ways to get value. For example, after I reached a number that I was comfortable with in my last salary negotiation, I asked to be mentored by the CEO and get introductions to people in her network. This is something that doesn't cost her anything so she was willing to agree without issue. Although it didn't cost anything, it would have given me a significant professional advantage in my career.

Don't over-negotiate. This is one of the few times where over-negotiating is a legitimate risk. Most human resources professionals would tell you that you only get one counter offer. When you move to the second and third counter, the company is going to get offended and you look ungrateful. Again, this is where it is important to do your research and know the company culture and familiarize yourself with the person with whom you were negotiating.

Don't forget to get the offer in writing. Creating a paper trail keeps everybody on the same page. ANI CEO Kwame Christian weighs in on his own experience:

“In one of my last salary negotiations, my start date was several months in the future. The hiring manager followed up with me closer to the start date and said that the salary was going to be \$2000 less than what we had agreed upon. I was able to go into my email and show her the agreed-upon number. You always want to leave a paper trail in case there are any questions. In my scenario, she wasn't trying to do anything nefarious, she honestly just forgot.”

Practice

This is the most important part of the process. Find a friend, colleague, or coach with whom you can practice.

ANI clients often share that this is the most beneficial part of the process. All of the strategy and preparation in the world can't help you if you're unable to perform when the heat is on.

At the American Negotiation Institute, we believe the best things are on the other side of difficult conversations. If your company is interested in corporate training or deal coaching, please visit www.americannegotiationinstitute.com.

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