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10 ULTIMATE NEGOTIATION SECRETS

CONFIDENTIAL

What Great Negotiators know,
and you probably don't

ULTIMATE NEGOTIATION SECRETS

- 1. All prices are fictitious**
- 2. Take ownership, don't blame the environment**
- 3. Emotions, control yours and read others'**
- 4. Plan B**
- 5. Shoot for the moon**
- 6. Collaborate when you have to**
- 7. Be aggressive when you must**
- 8. Be rational when it makes sense**
- 9. Actions speak louder than words**
- 10. Understand cultural differences**



Why this eBook?



“In business as in life, you don’t get what you deserve, you get what you negotiate”.

- Chester L. Karrass

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We all kind of know this is true, but refuse to admit it. We tell ourselves that our bosses will realize how hard we work on their own, and reward us with a promotion or a big raise. Or that salespeople will charge us a fair price just because they look kind, and they seem to like us.

Unfortunately, by assuming these things – we lose out.

Then, we look back at the deals we negotiated and tell ourselves again that, even though we feel kind of ripped off, “they must have been good deals...they just must have.”

Why do we do this to ourselves? Why do we leave money on the table?

It’s pretty simple really: **Most people think that they are better negotiators than they really are.**

How come? They simply do not know what they do not know.

This is why I wrote this eBook. To share 10 of the ultimate secrets of negotiation. I have seen the impact of these 10 secrets on the largest companies, on executives, on my friends/family and on myself. I am convinced that they have tremendous impact and that they will help you to win negotiations in business, and in life.

Why are they secrets? Because the people ‘in the know’ make sure that they are. Unfortunately for them, I know these secrets as well, and I’m here to make sure that by reading this book, you will too.

How do I know these 10 secrets? I spent the last 16 years helping the largest companies in the world to get the best commercial deals.

- I have negotiated ~\$4 Billion. Everything from natural resources to cattle, large software and employment contracts
- I have trained/coached ~5000 senior executives and business analysts to step up their negotiation skills.
- I have trained myself. Reading everything I could about negotiations and attending training sessions and seminars for the last 20 years.

I hope you enjoy reading this eBook as much as I enjoyed writing it.

THE NEGOTIATION ROOM



All prices are fictitious



1. All Prices are fictitious

Situation

People see price tags everywhere, in stores on the internet. Somehow price tags make us feel comfortable. When we have one we feel like we are paying the right price. The same price as everyone else. When we do not see price tags we get nervous, we immediately feel like we will pay more than we should.

Problem

What makes the number on the price tag the right price? If you think it is because someone carefully thought of a fair price, you may need to think again. If a smart person set the price, they set it to the maximum amount they think you will pay for it. Even if a merchant buys a product for \$50, they will sell it to you for \$200 if this is the price people are ready to pay. Why wouldn't they?

How to win

Think about the sticker price as a number the seller would like you to pay. And now reverse the situation, think about what's the minimum price the seller is willing to accept. My favorite example is booking a house on Airbnb. Because the minimum owners may accept is virtually anything above \$0. Why? Because having a renter paying anything is better than no income.

Try offering anything below the sticker price and let yourself be surprised.

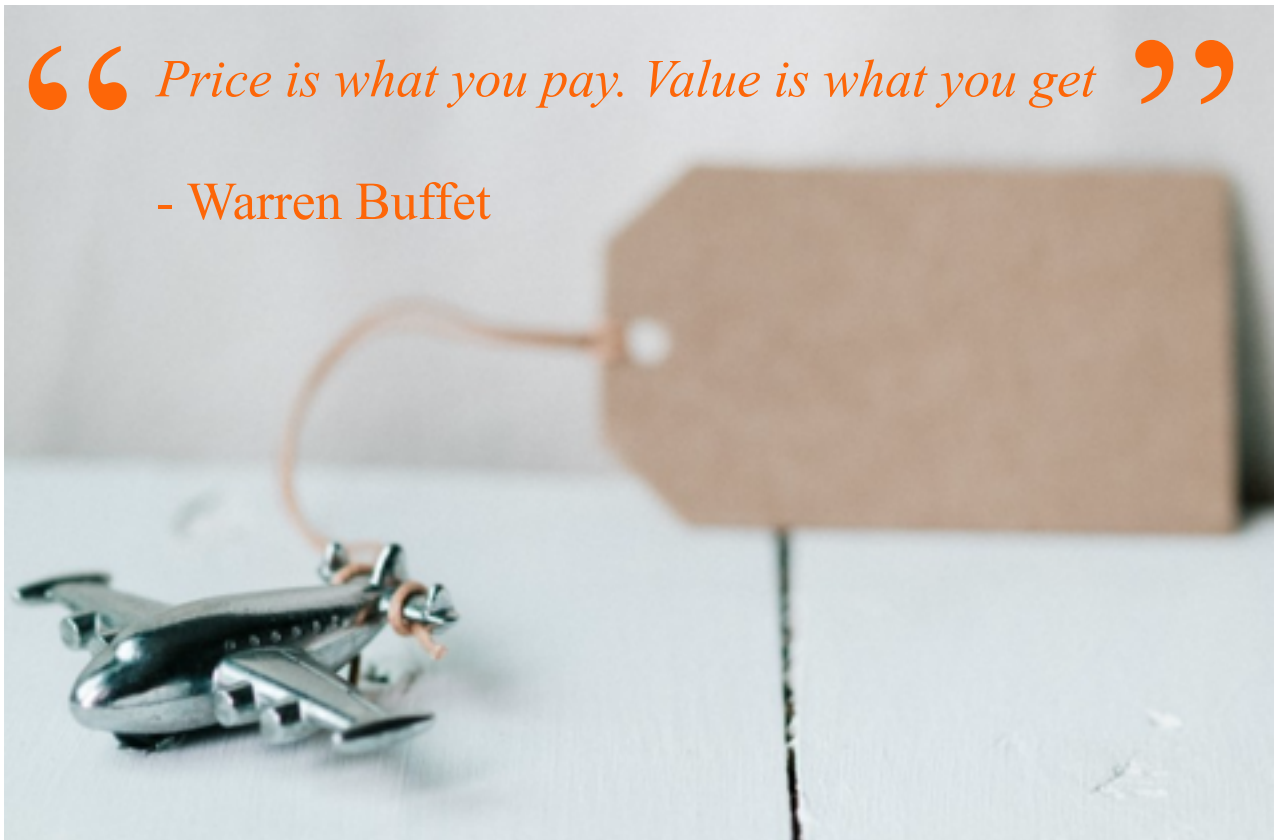
1. All Prices are fictitious

So what

1. **A price tag is an anchor.** Think of it as a suggestion. And because it is the seller making the suggestion, it is very likely to be a highly priced one. If sellers had a choice, they would make you pay a diamond price for a zircon.
2. **Price should equal value.** Never pay more than the value you get for a product or a service. Value is subjective. A product may not have the same value to you than someone else. Therefore, why should you pay the same price?
3. **Flip the script.** The more you can show that you are getting little value from a product or service, the better you can explain why you should pay less.

“ Price is what you pay. Value is what you get ”

- Warren Buffet





Take ownership, don't
blame the environment



2. Take ownership, don't blame the environment



Situation

When people think about negotiation and success a topic that often comes to mind is "**power**". We look back at negotiations and think, "If only I had the power, then I would have had the upper hand and negotiated a great deal".

Problem

The common mistake is to think that power is something that you have or do not have. This is a mistake, and unfortunately it affects the way most people show up in a negotiation.

How to win

What great negotiators know is that **you create you own power**. One of the most interesting books that I have read about power is "The 48 Laws of Power". This book taught me that the majority of the world's most powerful people started with very little, and yet managed to outmaneuver the most influential people and rise to the top. An extreme but interesting example is Ivan the Terrible. His Dad died when he was 3, his Mom was murdered when he was 8, and he was then tormented and beaten by the same family that murdered his Mom. Unable to do anything about his terrible situation, he fell back and made himself practically invisible. The world thought he was done for, but in fact he was patiently waiting for his opportunity to avenge his family. Through his unfailing determination, Ivan managed to turn himself from a tortured orphan, into the almighty "Tsar of All of the Russias".


The key is patience. Discover what makes your counterpart tick; their real needs; why they're pushing back. Listen actively. At the same time explore levers that would increase your power. It could be partnering with a third party, it could be influencing someone who can influence your counterpart. There is always a way. A great negotiator finds it or create it.

2. Take ownership, don't blame the environment



So what

1. **You have more power than you think.** You are the source of power; you can create it when you need it, rather than waiting for it to come your way or depending on someone else to get it
2. **Power is dynamic and shifts overtime.** Nobody stays powerful for ever. If you are negotiating against someone who has more power, be patient, buy time - if possible by delaying the negotiation until you have created enough power to win.
3. **Do not overuse your power.** When you overuse your power you create resentment. Remember, power is dynamic; tomorrow it may have shifted back to them. Be generous when you have power, and create ties that will make you more powerful in the future.



“ *You have power over your mind - not outside events. Realize this, and you will find strength.*

- Marcus Aurelius ”



Emotions: Control yours
and read others'



3. Emotions: Control yours and read others'



Situation

There are 6 basic emotions: Anger, disgust, fear, joy, sadness and surprise. There are easy to spot.

Problem

Emotions can be your worst enemy in negotiations. Why? They send strong signals that you may want to hide. Think of emotions as an elephant and reason as the elephant's rider: The elephant will always go for what it wants, and the rider can slow the process but not stop it. Therefore, emotions will always eventually show. Planning for this is crucial.

How to win

So how do you make emotions your best ally? Chris Voss, an ex FBI hostage negotiator, explains in his book "Never split the difference" why focusing on emotions is key. He explains that emotions bring people to your side, which is when you can start collaborating not fighting.

Become emotionally intelligent. Identify your own and others' emotions, assess how they can be used to your advantage, and crank up or turn down emotions based on your desired outcome.

A practical example is leveraging people's 'loss aversion' emotion: Pinpoint their fears at the beginning of a negotiation and leverage their loss aversion, so that they spend the negotiation doing all they can to avoid losing out.

3. Emotions: Control yours and read others'

So what

1. **Emotions can also can be your most powerful ally.** If you control them, you will have the edge. Its like playing poker and keeping your cards to yourself, while you can see the cards of your opponent.
2. **Let's take it one level higher.** Now imagine, not only you can see the cards of your opponent, but you're only letting them see what you want them to see. By doing this, you can truly control the conversation.
3. **Plan your emotions.** How do you want to feel before, during and after the negotiation and why? What can you do to be in the ideal emotional state? What may throw you off, and how are you planning to regain your composure?

“ Feeling is a form of thinking ”

- Chris Voss





Plan B



4. Plan B

Situation

People get into a negotiation and they visualize success. Most of us negotiate for what we believe is reasonable. So of course we are convinced that our rightful ask will be met with deep understanding and eventually accepted, after some bargaining.

Problem

So what happens when you make your reasonable ask, but it is flat out rejected? And then even worse, the counter offer seems crazy to you. What do you do? Do you start doubting the validity of your ask? Maybe you missed something in your preparation. Bottom line is, when you face unexpected events, you rely entirely on your level of preparation.

How to win

The one thing you need to nail down is your Plan B. This is the fall back position, that you will only activate if the outcome of the negotiation is not acceptable for you. It's important to think beyond what you may consider unacceptable. Stopping there usually gives a vague value that your emotions can easily trick you to change during the negotiation. We are talking about articulating the impact of not having a deal, and what else would you be ready to live with. There is always an alternative, it may be very unpleasant, but there is always one. Identify it, and you will know what the is that least you would accept in things go South. If you don't like your Plan B; improve it. The stronger it is, the more leverage you will have. If it's really terrible, your best option may be to buy time and delay the negotiations until you are in a stronger position. Finally, always consider the option of not reaching a deal. Sometimes it is not as terrible as we'd think.

4. Plan B

So what

1. **Your Plan B is the strongest tool in your negotiation arsenal.** Always have one, regardless of how unpleasant it may be. Having options gives your confidence, power and ultimately increases your chances of success.
2. **A Plan B helps you refine your thinking** about the worst case scenario and the impact it may have on you. Preparing for it ahead of time reduces the powerful feeling of loss aversion.
3. **When you have a Plan B, use it in the negotiations.** Communicate it to your counterpart at the right time and in the right way. It will show your level of preparation and that you are not scared of walking away if the deal is not fair.

“ *No deal is better than a bad deal.* ”

- Chris Voss





Negotiation styles



5 - 8: Negotiation styles

Why are we combining 5 to 8?

Time to switch it up! These 4 ultimate secrets belong together. You have to explore them all at once. They will only be effective if you understand all 4. Fail to master one, and the impact will be greatly diminished.

Situation

Everybody has a natural negotiation style. Some enjoy confrontations and throwing down the hammer. Others like to be rational and ask for the “right” thing. Some prefer finding common ground.

Problem

What happens when your natural negotiation style does not work anymore? What should you do? Should you even have used it in the first place?

How to win

First, forget about your natural negotiation style. This is the style you will revert to when you are not prepared. So be prepared and know when and how to use the different styles. There are no silver bullets. Each situation justifies a different approach. The better the match, the more likely you are to succeed. Let's review each style in detail, and how to choose the right one.

5. *Shoot for the moon*

A moonshot approach is when the negotiator makes bold asks. We're talking big hairy ambitious goals. This is the art part of the negotiations; it relies on your ability to read people, be flexible and creative. A moonshot is the type of ask when people wonder if you're serious, and you probably can't explain how you came up with your offer. It works best when you're in a strong position with little at stake, and you have several alternatives. It's useful for situations where the other party really wants to work with you, and you know that they'll work hard to find a path to a deal. In these situations, the onus is now on the other side to get creative and generate options.

“ Shoot for the moon and if you miss you will still be among the stars. ”

- Les Brown



6. Collaborate *when you have to*

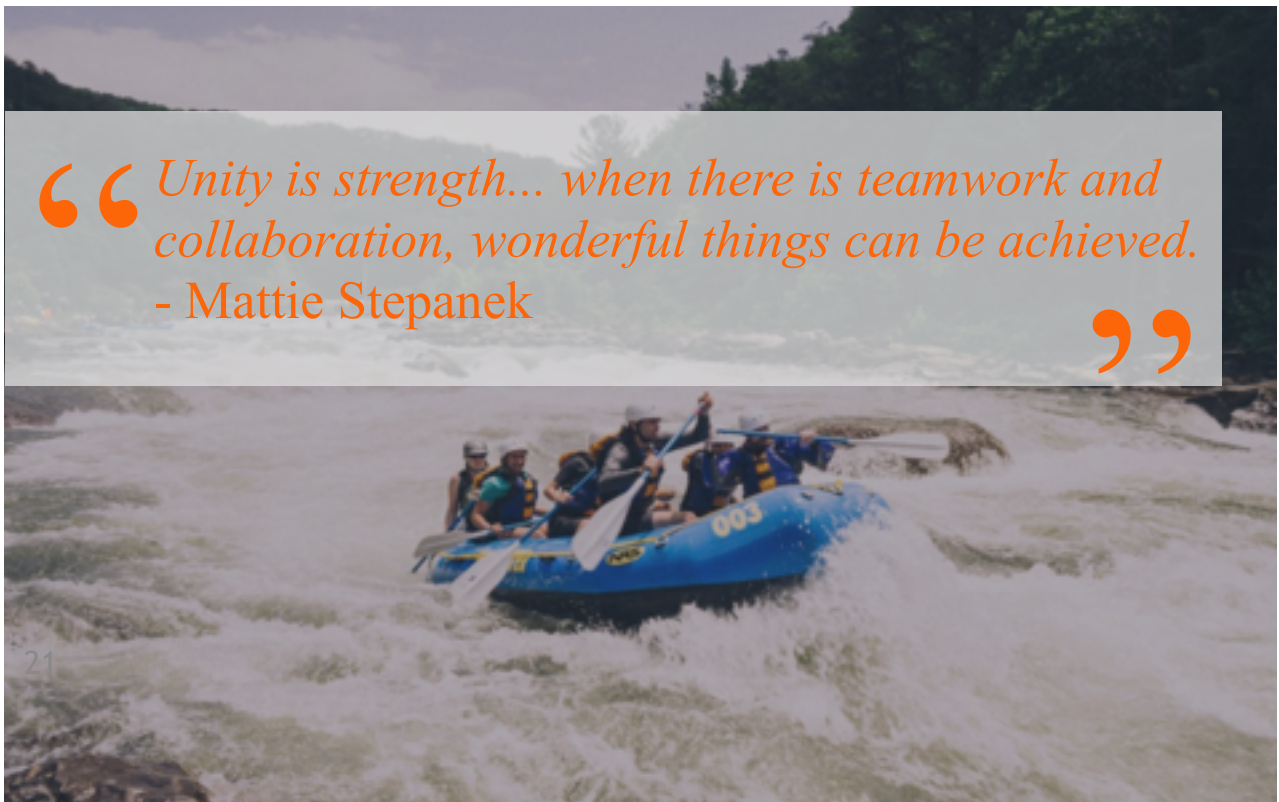
Collaboration is the action of working with someone to produce or create something. It means caring about the intent of other parties involved in the negotiation and understanding their objectives. It works best when there is an opportunity to grow the pie.

Is there a risk of the other party trying to take advantage of you? Absolutely, but when you are trying to grow the pie it doesn't matter too much as long as you get what you want. Your job in this type of situation is to get to a win/win, with as much for yourself as possible.

Negotiators tend to build on common ground when collaborating, rather than discussing at length points on which they have different opinions. You will also notice negotiators being agreeable and trying to avoid irritating their counterparts.

“ *Unity is strength... when there is teamwork and collaboration, wonderful things can be achieved.*
- Mattie Stepanek

”



7. Be aggressive *when you must*

Aggression is an unpleasant behavior, and used in negotiations when your outcome takes priority over everything else. That means that your opponent's experience of the interaction with you is no longer a focus, and other factors are left by the wayside. It's a zero sum game; anything you gain, the other side loses. The style is rarely needed, because in most cases you can find some way to grow the pie. However, sometimes it's not possible, so having this style in your back pocket is worthwhile.



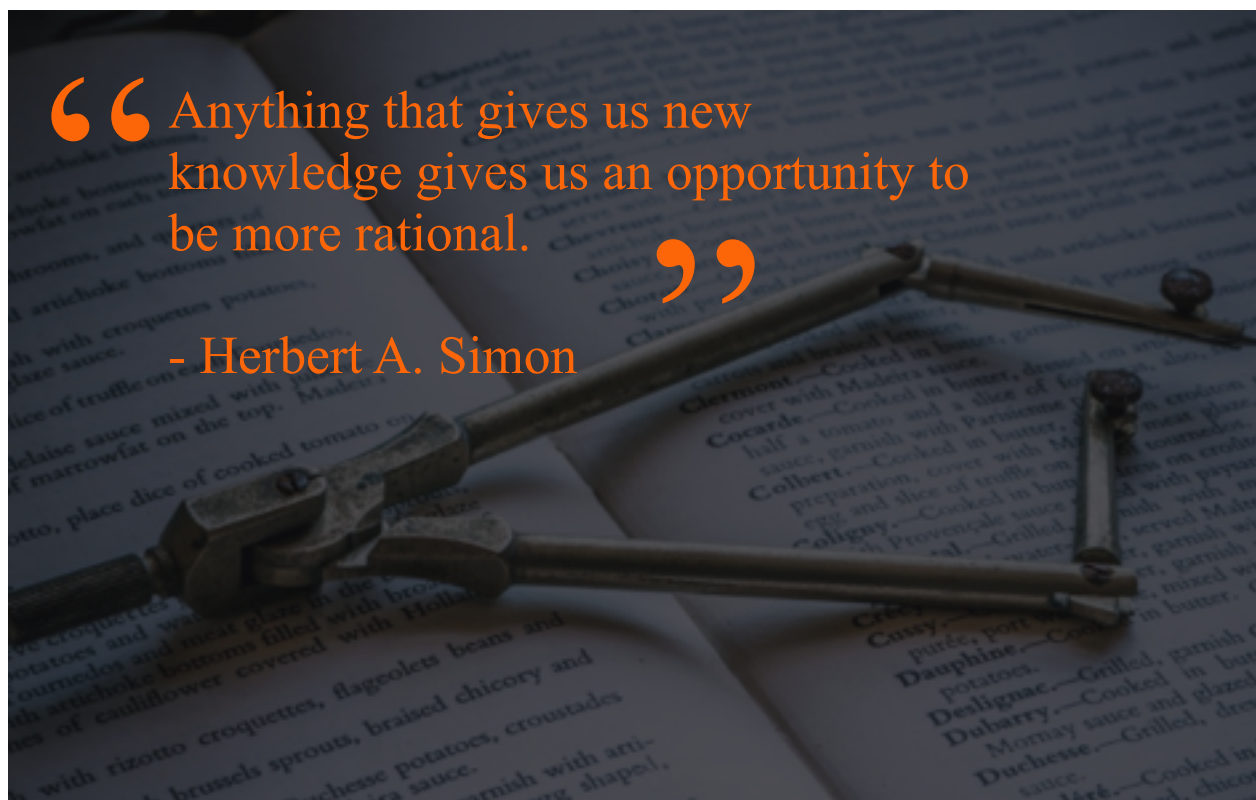
“ We have got to be a hell of a lot more aggressive. ”

- Richard Shelby

8. Be rational *when it makes sense*

A rational approach implies that any offer is supported by a logical argument. It doesn't mean that it's the right price; just that there are reasons behind it. This draws on the scientific side of negotiations; calculations, analysis - things that are rooted in facts. It works best when you have a lot of data, there is limited room to maneuver around the initial price, and you are in a weaker position. For example; if you know the price range of a product you are negotiating, you know the minimum they can sell it for, and you don't have many other options of where to buy it.

A rational approach creates a specific dynamic during the negotiations: Everybody will be more focused on the facts (or alt facts) and how they are brought together in the arguments. In these situations, we are talking a lot of preparation, a lot of back and forth, and a ton of analysis.



5 - 8: Negotiation styles

So what

1. **Spend time understanding the situation you are in.** Can you grow the pie for everybody? Can you rationalize your ask or can you just shoot for the moon?
2. **Make time work for you.** If you understand the situation, and can tell that chances to get a good deal are slim, then test the water to see if the other negotiator is collaborative. Also, gather more facts to make a rational ask or wait for the right context to make a big ask.
3. **Call out the other party.** If the other negotiator is aggressive and making bold asks, tell them that you noticed and help them realize that they are not in a position to take this approach.
4. **Most interactions are negotiations.** You can't have a rational style all the time and spend the necessary time to prepare. Likewise, you can't be aggressive in every single negotiation - you'll make yourself feel miserable. Pace yourself, use the right style and figure out how much effort each negotiation requires based on the potential upsides.



“

Be like water. If nothing within you stays rigid, outward things will disclose themselves

- Bruce Lee

”



Actions speak louder than
words



9. Actions speak louder than words



Situation

When connecting with others, we rely a lot on words. In negotiations we listen for what people say, and use their expressions to try and influence them towards our goals.

Problem

However, it has been proven again and again that this approach falls short. According to Dr. Albert Mehrabian of UCLA, words account for only 7% of communication, with non verbal elements make up the other 93%.

Imagine missing out on 93% of some one's message in a negotiation - the chances are that you're going to walk away losing out.

How to win

The key is to **pay attention to the non verbal:**

- **Tone** - You can tell a lot about people's emotions just by listening to the tone of their voice; does it line up with what they're saying? If not, it's indicating that there is more you need to uncover about their situation.
- **Facial expressions** - Unless you are at the Poker World Series, it tends to be pretty easy to tell when someone looks happy, sad etc. Again - does this line up with what they're saying?
- **Posture** - The position in which someone holds their body can tell you a lot. People cannot control every single inch of their body at all times. Even if someone walks in with a particular posture, you may be able to tell how they're really feeling by looking at their posture as the negotiation progresses.
- **Appearance** - You probably heard of the saying "don't judge a book by its cover". In negotiations, a lot of the time you should. If someone is messy and disheveled, the chances are that they are unprepared and stressed. Use that to your advantage.
- **Eye-contact** - Keeping eye contact indicates that you are focused, paying attention and listening. Its essential to build rapport quickly, and show that you're in control.

9. Actions speak louder than words

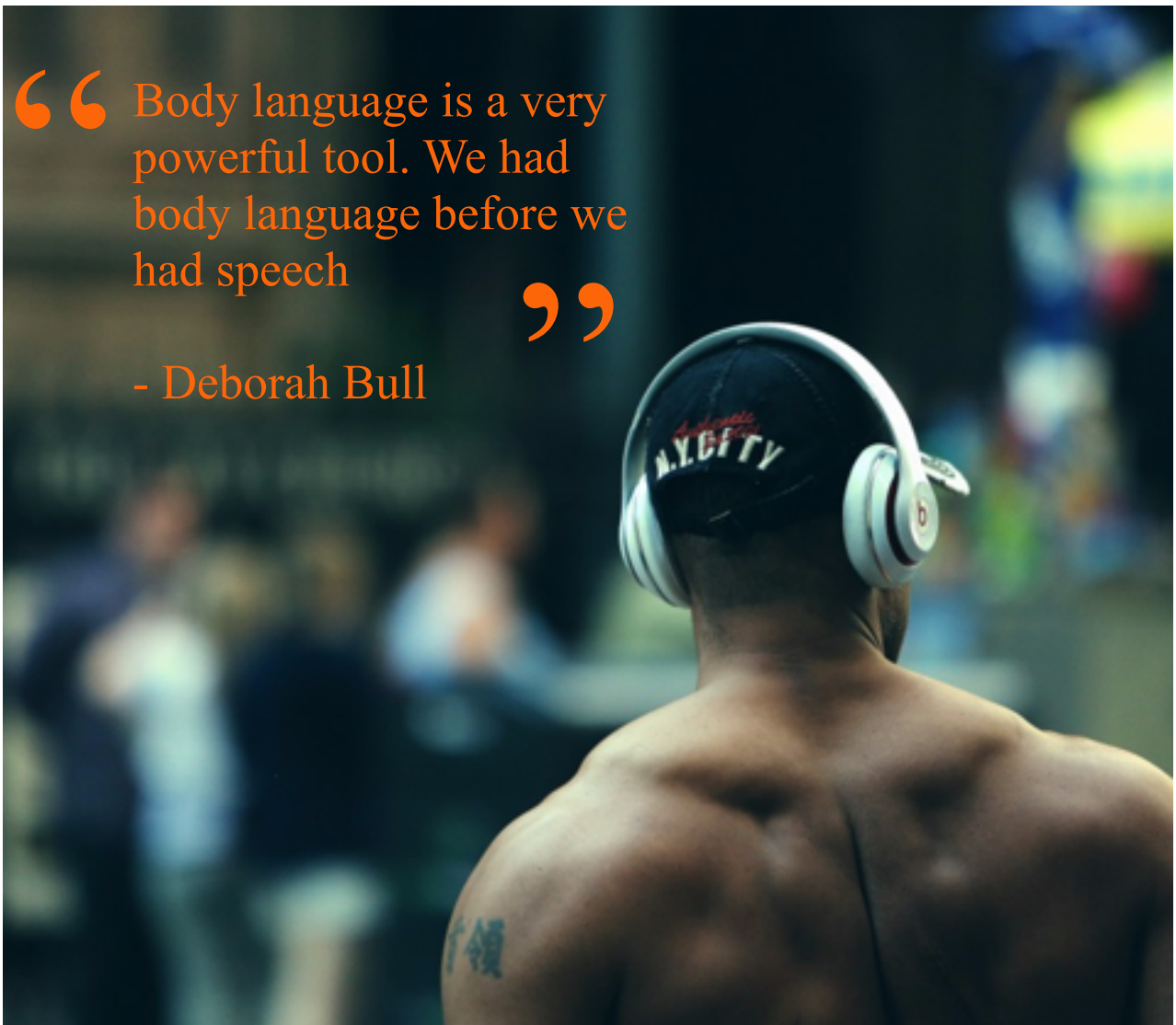
So what

1. Make sure your spoken words, voice, tone and body language **convey the same message**.
2. **Accentuate body language** when you want to emphasize a message. Don't just rely on words.
3. Look out for **discrepancies** between spoken words and non-verbal elements **to detect lies**.

“ Body language is a very powerful tool. We had body language before we had speech

”

- Deborah Bull





Understand cultural differences



10. Understand cultural differences



Situation

You visit a foreign country, you are excited about everything being so different from home and what you're used to. It's so great to experience a new way to live.

Problem

That is, until you're faced with your first cultural challenge. Gert Hofstede said that "Cultural differences are at best a nuisance and most of the time a disaster". When you disrupt a deep belief of a culture, things can go south quickly. For example, if you criticize the morals of eating foie gras in certain areas of France you may be disrespecting a widely celebrated tradition, without even knowing it. Although many people challenge the cruelty behind the way foie gras is created, for others it is a fundamental element of their special occasions, traditions and a legal activity. Although it may seem superficial, without cultural context on both sides this clash of beliefs can quickly turn into a disaster.

How to win

A big part of negotiating is about connecting with people and communicating information. So how do you do this when you don't speak the same language, and/or have a different set of references for virtually everything? The answer is: Respect, respect, respect. You will never get it right 100% of the time, and that's not even the point. The point is to show that you are interested and want to learn. It starts with actively listening to **understand the worldview of your counterpart**, and position your "ask" within the worldview he or she uses to make decisions. That shows them your respect, get their attention and produces results. This is how you bridge the gaps and move beyond those 'lost in translation' situations.

10. Understand cultural differences



So what

1. **Be cognizant of both old and new cultures.** Culture is more than your country, religion or ethnic background. There are more and more sub-cultures popping up (often thanks to the internet). For example, enthusiasts who regularly attend 'cross-fit' classes; sometimes their communication sounds like a different language to the non initiated. They have become so focused on their sport, that they have created sub cultures with nuances that outsiders would not intuitively understand.
2. **Respect other cultures.** Some people thrive regardless of the cultural setting. They listen, observe and respectfully engage. Even if they make a mistake, their genuine interest and respect is the prevailing impression and they are quickly forgiven. Be one of these people.
3. **Leverage cultures.** Make culture an asset in your negotiation arsenal. For example, Americans have a linear approach to problem solving. They solve one after the other and rarely come back to the former. The Chinese have a more circular approach. If one thing changes, the whole problem solving can start again from the beginning. Using a Chinese approach may disrupt people with a linear approach to give you a edge.

“ *Cultural differences are at best a nuisance and most of the time a disaster* ”

- Gert Hofstede



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