

The Real Deal

Words of *wisdom* from the
Scotwork Negotiation Blog.

Compiled by Alan Smith, Stephen White and Robin Copland.



Defining negotiation

Scotwork (n) negotiation

About the Real Deal

The Real Deal. Words of wisdom from the Scotwork Negotiation Blog.

- Why you should lose some business?
- What surprises and street parties teach us about negotiating?
- When is a negotiation not a negotiation?
- What drinking guidance and bad proposals have in common?
- Is \$1.76 million a good price for a fish?
- Why are we persuaded to do stupid things?

Scotwork, the world's number one negotiation consultancy, takes a creative look at what the real world teaches us about the skill of negotiation.

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Introduction

Black and white.

Life rarely is. We seem to live in a constant murk of greyness.

A philosopher once said we do not see life as it is but through our prism of experience, priorities and mistakes. So does everyone else. That means that we are continually trying to navigate our path through conflicting needs and desires. The everyday conflicts of life.

This is true not only of our personal lives but also our business, political and social experiences.

For the last 38 years Scotwork have been examining one method by which we steer our way through these inevitable conflicts, the art and skill of negotiation. Negotiation can help oil the wheels of life by recognizing these differences and find a path by which we can get more of what we want.

Since 2010 we have been Blogging our musings on the issues of the day, the ones that have captured our imaginations and the ones that we feel could benefit from that art of negotiation. If you like we have taken real situations and thought through the options that may make a deal possible, or even just more likely. We have put these situations under the negotiators microscope.

They are accessible to all, but make more sense to the trained mind. Talk to us if you would like to become more aware of and better at doing this stuff yourself.

This book provides a collection of some of our favourites. Hope you like them too.

Dramatic Negotiations

I was intrigued by a report on the front page of the Times on Thursday 24 June under the heading “Obama takes command”. The report reads, “a dramatic morning of negotiations at the White House culminated in an address to the nation in which Mr Obama insisted that the change (the replacement of General McChrystal by General Petraeus) was one of ‘personnel, not policy’ but warned: ‘I welcome debate among my team, but I won’t tolerate division’”.

Now, negotiation is a means of resolving conflict by a process of give and take – in other words, it is a trading process. I am wondering just exactly what the “dramatic negotiations” were in the meeting between McChrystal and his Commander-in-Chief? I imagine that the meeting went something along the following lines:

General McChrystal: “Sorry Chief.”

President Obama: “Thank you. I accept your apology. You’re sacked.”

Obviously, I’m simplifying things here slightly, but in a nutshell, that is what is reported to have happened.

Perhaps the negotiations were between Obama and Petraeus? Not according to the good General who is reported as saying that he accepted the post without preconditions. He is reported to have opined that you don’t present ultimatums to your Commander-in-Chief.

Maybe, the President was discussing McChrystal’s pension arrangements with him. He needn’t worry. If Tony Blair can earn hundreds of thousands of dollars on the US lecture circuit, General McChrystal’s future would seem to be secure for the time being at least.

The morals of the tale are these:

- You can only negotiate if you have power.
- And if you have absolute power, you don’t need to.

Robin Copland, 24th June 2010

When to Go “Public” in a Negotiation

The BBC, it seems, has entered a new age of realism when it comes to the rewards that it offers “talent”. It was only relatively recently that Jonathan Ross’s agent was able to secure an annual remuneration package rumoured to be in excess of £6m. How times have changed! Christine Bleakley, one of the presenters on the popular tea-time magazine programme, The One Show, has had her offer of £450,000 summarily withdrawn by the Corporation. It was felt that she had dragged out negotiations to push up their offer.

Was the BBC right in announcing the withdrawal so publicly? The answer, I suppose, is that it depends what their objective had become at the time of the withdrawal. Two possible scenarios to ponder:

- The Corporation wanted to force Bleakley’s hand and have her accept their offer. I cannot believe that this was the case, but the risk in so doing becomes immediately evident. She has accepted a much higher bid (rumoured to be £1.5m per year) and has flown to the opposition, in this case, ITV, where she will become a presenter on breakfast time TV with her erstwhile One Show co-presenter, Adrian Chiles.
- The Corporation had genuinely gone as far as it was prepared to go with Bleakley and was anxious to send out a message to other presenters that there was no bottomless pit and that, if necessary, it was prepared to lose talent rather than be held to ransom. I believe this second option to be the truth of the matter.

There are a couple of lessons from this that negotiators might like to ponder.

- Know your limits and do not be scared to walk from a potential deal if these have been breached. If you have identified something as a point of principle or a point beyond which you will not go (but be careful to test that position first), then make it clear to the other side that you will not move – and don’t move!
- Only go public in a negotiation if you feel that by so doing you will help structure people’s expectations – either the other side’s or, as in this case, people or organisations with whom you may need to negotiate in the future.

One other point worth making: note that the BBC got its retaliation in first and was responsible for making the story public. They were able to put their side of the story, to control the release of the news and show themselves in a good light.

Robin Copland, 24th June 2010

Consider Your Opening Statement in a Negotiation

You will not find me complimenting politicians on their negotiating skills very often, but the recent negotiations between the Conservative party and the Liberal Democrats were interesting and I propose coming back to them from time to time during the next month. For now, I want to consider the “opening salvo” on 7 May 2010, the day after the UK General Election.

For those who do not follow politics in the UK, the country woke up to the first “hung” or balanced parliament (it depends on your political persuasion which adjective you will want to use!) for thirty years and, for a short while, there was relative silence from our politicians. There were those who argued that this was a blessed relief after four weeks of relentless campaigning, but in truth, moves needed to be made in order to form as stable a government as was possible under the circumstances.

Nick Clegg, the leader of the Liberal Democrats, had made it clear that, in the first instance, his party would have talks with the party that had won most seats in the General Election and, for the first time since 1997, the Conservatives were in that position.

David Cameron, the leader of the Conservative party, moved to seize the political and negotiating initiative by holding a press conference—a conference at which, significantly, he took no questions. He wanted his message to stand as delivered; he wanted there to be no possibility of a muffled sound bite in answer to a throwaway question; he wanted to appear in control and statesmanlike. His statement was therefore prepared in advance, rehearsed and delivered without falter.

Whether you agree or not with the Conservative party’s policies is not the issue here. I believe that there are lessons for the commercial or indeed HR negotiator to be learned by studying his speech. Yes, it was delivered to the British people live on national television, but in reality, it was aimed at the leadership of the Liberal Democrats and them alone. It was, in effect, an opening statement in which he did a number of things very effectively.

He set out and described the background to the negotiations.

He outlined clearly what his objective was—“Britain needs strong decisive government...”

He set an agenda for the talks and, in so doing structured the Liberal Democrats expectations with this key phrase—“it is reasonable to expect that the bulk of the policies in our (the Conservatives) manifesto should be implemented...”

He made it clear what the Conservatives “must achieves” were, but also offered olive branches to the Liberal Democrats on their important issues

He kept his own constituents on message by outlining to them exactly where there would be no negotiation on principle

He set the tone for future meetings in the style of his presentation.

Negotiators should think about how they open their meetings. It is a critical time in any negotiation and a rehearsed opening statement can set the tone and background to the negotiating process. Your rehearsed statement should not just be tried out on the mirror—try it out on your colleagues first. They will soon tell you how good or bad it is!

Robin Copland, 30th June 2010

My Wife Already Knew It!

F. Scott Fitzgerald once said ‘The test of a first-rate mind is the ability to hold two opposing ideas in the mind at the same time, and still retain the ability to function’.

Well either he was wrong or there are no first-rate minds as neuroscience revealed the impossibility of the task.

Comes as no surprise to my wife, but neuroscientists yesterday revealed that it is impossible for a human being to hold two thoughts at the same time—let alone opposing ones. What my wife would perhaps not have been so pleased about is the fact that it is the same for either gender—women finding it just as impossible as men.

Early humans had one mind. It was what psychologists call a “reactive” mind. It only exhibited what we would consider higher thought processes when it was presented with a problem. It didn’t plan for the future or imagine how to improve things like a dwelling, a tool or escaping a predator. It only reacted to situations that happened in the “here and now.” But, according to neuroscience, a sudden improvement happened when the human brain decided to double its efforts in thought processing. Now, although you and I have one brain, each half of it has the ability to act independently at the same time.

Our conscious mind can only focus on data from one side of the brain at a time. We can switch from one side to the other very quickly (with our corpus collosum which acts rather like a biological Ethernet cable) but that’s not always the most efficient way to act and eventually ultimate authority to enter consciousness is delegated to one brain or the other. In our modern world, this battle is almost always won by the left brain. This left brain is seen as the logic centre, the right being more engaged in creative or emotional reaction.

The next time you find yourself entering a business critical negotiation think how impossible it is for you to handle and think about many of the tasks essential to a successful conclusion. Since negotiation inevitably involves conflict, being able to see how the other side see the potential outcomes involves an essential switch between ideas. At Scotwork we have identified at least 28 different tasks which need to be managed by your negotiation team. We don’t think you need a team of 28, a good team of 3 will work to tag switch between tasks. Tactically a good team can make all the difference, particularly when the team is clearly briefed and on message.

Good teamwork can buy valuable thinking time in the apparent chaos of the to and fro, can focus and clarify the task, give your brain the time to switch between thoughts and control the potentially

dangerous right hand brain from emotionally over-heating, on both sides.

Top tips:

- In crucial negotiations go in with a team.
- Have clear and distinct roles.
- Stay on message and within role.
- Use team work to buy thinking time.
- Use a summariser to keep the meeting on track.

Good luck.

Alan Smith, 2nd July 2010

The Times They Are a Changing

Which business sector employs the most negotiators but does the least negotiating? Answer: Real estate agents. Everyone from the Principal Partner to the 18 year old spotty youth employed to make the tea and erect the 'For Sale' signs revel in the title, but our perception is that most of them might do a bit of soft-shoe haggling when selling a house and that's about it.

But times are changing. Property prices in the recession haven't fallen as much as was anticipated, and that is because of a dearth of property on the market – scarce supply keeping prices buoyant. As a result, agents are resorting to some interesting negotiating tactics to get prospective vendors to commit to selling through their offices. Foxtons have offered a 0% commission rate from time to time before, usually limited to the first few who applied. They are doing it again, from several offices in North London. So other agents in these areas have had to up their game to compete with this; you can't do cheaper than free.

How do they do it? The tricks include subterfuge – for example over-valuing the property to 'flatter' the owners, and 'blozzing' – talking up the state of business and their agency's successes. This latter is endemic in the industry – in the last 2 years I have not seen a single property supplement in a newspaper with a headline that reflected the current state of the market.

There are also some negotiating techniques which solve the problem with integrity as well as success. Agents, who recognise that the prospective vendor is buying them, and their expertise, do well, as do those who know that the commission is only one of the considerations vendors take into account. An estate agent's contract has lots of variables, all of which can become negotiating chips useful for trading. The more expensive the house, the lower the fee. The shorter the contract length, the higher the fee. The dodgier the language in the contract, the lower the fee will be, but the more likely the vendor will have to pay even when the agent doesn't make the sale. Skilled agents use these variables to help vendors get decent deals, and get good deals for themselves.

Stephen White, 6th July 2010

Buying a Car? Maybe You Need to Walk Away?

A friend of mine asked me about buying cars and, after your house, I suppose that the most significant purchase that most people will make will be their car. For some reason, buying a car sends a shiver of apprehension up a lot of people's spines – I suppose because most folk are embarrassed by the whole “haggling” thing. They have seen the TV programmes where you are advised to go in tough and beat the poor salesperson into the ground, but somehow they know that that approach is not one with which they feel comfortable. So they meekly accept the first offer that is put on the table and they buy the salesman's patter that the deal they have secured is “as good as you will get this weekend, sir”.

Car buyers should, first and foremost, recognise that they have one significant advantage over the salesperson – their ability to walk away. Knowing that you can walk should give you confidence in your dealings with the garage. Even if the deal on offer is beyond your wildest dreams, you should make to walk away.

Make sure that you have a set budget in mind and are absolutely clear about what you need in the car. If you do not need leather, for example, and the salesman is trying to sell you a car off the forecourt with leather, make it absolutely clear that you do not need or want leather and that they will need to remove the cost of the extra from the car before you would think about buying.

There is no substitute for doing your research. The information on what a car is worth is out there on the internet or in the popular car magazines. Become a car nerd for a month or two before you actually go in and have a look around at the cars. Take a drive to another garage and have a practice negotiation with them (see note above about walking away!).

Never accept the “sticker price” or first offer. Apart from anything else, the salesperson will be insulted and unable to sleep for many a night as he rues the fact that he pitched too low!

Have a “wish list”. Sometimes it is easier for the salesman to add things to the package than take money off, so think about asking for free services, guaranteed discounts on the price of replacement parts for the life of the car, a free tank of petrol, free carpets or mats for the car – those kinds of things.

There is one key thing to remember here: there are lots of great deals out there at the moment – car makers are desperate to move cars to market as quickly as possible. Look out for special offers and pre-registered cars. Often, they are as near new as makes no odds, but are sold at big discounts. It is worth having a shop around.

Robin Copland, 14th July 2010

The Blackmailer's Paradox

Two men, let us call them Alex and Brian, are put in a small room containing a suitcase filled with bills totalling £100,000. The owner of the suitcase tells them:

“I will give you this money under one condition...you have to negotiate an agreement on how to divide it. That is the only way I will agree to give you the money.”

Alex is a rational person and realises the golden opportunity that has fallen his way. He turns to Brian with the obvious suggestion: “You take half and I'll take half, that way each of us will have £50,000.”

To his surprise, Brian frowns at him and says, in a tone that leaves no room for doubt: “Look here, I don't know what your plans are for the money, but I don't intend to leave this room with less than £90,000. If you accept that, fine. If not, we can both go home without any of the money.”

Alex can hardly believe his ears. “What has happened to Brian” he asks himself. “Why should he get 90% of the money and I just 10%?” He decides to try to convince Brian to accept his view. “Let's be logical,” he urges him, “We are in the same situation, we both want the money. Let's divide the money equally and both of us will profit.”

Brian, however, doesn't seem interested in his friend's logic. He listens attentively, but when Alex is finished he says, even more emphatically than before: “90-10 or nothing. That is my last offer.”

Alex's face turns red with anger. He is about to punch Brian in the nose, but he steps back. He realizes that Brian is not going to relent, and that the only way he can leave the room with any money is to give in to him. He straightens his clothes, takes £10,000 from the suitcase, shakes Brian's hand and leaves the room humiliated.

This case is called ‘The Blackmailer's Paradox’ in game theory. The paradox is that Alex the rational is forced to behave irrationally by definition, in order to achieve maximum results in the face of the situation that has evolved. What brings about this bizarre outcome is the fact Brian is sure of himself and doesn't flinch when making his exorbitant demand. This convinces Alex that he must give in so as to make the best of the situation.

A good story? Maybe, but in the world of retailing it is happening all the time. That is why the milk producers, the fruit and vegetable growers, and many other fast moving consumer goods manufacturers complain that their share of the margin is pitiful in comparison with the share demanded, and taken, by the giant retailers.

At each stage of negotiation, supermarket buyers present impossible, unacceptable starting positions. They act sure of themselves and as if they totally believe in what they are asking for, and make it clear to the supplier that there is no chance of their backing down. Invariably, the supplier agrees to their demands because otherwise they will leave the room empty handed.

Here are some ideas to beat the ‘blackmailers’:

Be willing to forego a deal.

The Supplier’s stand is based on the principle that agreements must be reached at any price, that the lack of agreement is untenable. In this Paradox, Alex’s behaviour is the result of his feeling that he must leave the room with some money, no matter how little. He cannot imagine himself leaving the room with empty hands, he is easy prey for Brian, and ends up leaving with a certain amount of money, but in the role of the humiliated loser.

Take repetition into account.

Game theory relates to onetime situations differently than to situations that repeat themselves. A situation that repeats itself over any length of time, creates, paradoxically, strategic parity that leads to cooperation between the opposing sides. This cooperation occurs when both sides realise that the game is going to repeat itself, and that since they must weigh the influence present moves will have on future games, there is a balancing factor at play. Alex saw his problem as a onetime event, and behaved accordingly. Had he told Brian instead that he would not forego the amount he deserves even if he sustains a total loss, he would have changed the game results for an indefinite period. It is probably true that he would still have left the game empty handed, but at the next meeting with Brian, the latter would remember Alex’s original suggestion and would try to reach a compromise. Buyers remember previous encounters; better deals for Suppliers come out of consistent long term behaviour which educates the Buyer, informs the Buyer’s opinions, and erodes the confidence which initially makes the Buyer a formidable foe.

Believe in your opinions.

Another element that gives Brian power is the unwavering belief of one side in its opinion. This faith gives a contender inner confidence in his cause at the start and eventually convinces his rival as well. The result is that the opposing side wants to reach an agreement, even at the expense of irrational surrender that is considerably distanced from his opening position. The Supplier needs to believe in the right of their own position in order to present that case confidently and competently.

Set Guiding Principles for the Negotiations.

Failure to establish a moral dimension in a negotiation allows any outcome to be perceived as fair. 'Fairness' itself is not a moral dimension for many protagonists. So Suppliers need to find better and more compelling principles on which the negotiation is conducted. Examples include the potential acceptability of an outcome to bosses, stakeholders or shareholders, or the necessity of the outcome to meet legal or regulatory requirements.

Look for Small Advantages.

In situations where there is a compulsion to do a deal, and the other party is unbending, small advantages still make a difference. If Alex has to settle for a 90:10 split, then giving Brian £90,000 and keeping £10,000 and the suitcase is still a better outcome than just keeping £10,000.

Adapted from an article The Blackmailer's Paradox: Arab-Israel Negotiations are a Game by Prof. Yisrael Aumann.

Stephen White, 19th July 2010

The “Just Suppose” Negotiating Tactic Is a Useful Way to Get More Information

During a negotiation, there often arise cases where we’d really like to get the other side to give us information that they really don’t want to give to us. If only there was some way to test the other side’s willingness to settle with us.

Such a tactic does exist – it’s called the “just suppose” tactic.

Imagine you were on the buying side of a negotiation looking to buy multiple items of a particular product or service.

You might ask the seller to give you a quote for 1, 10 or 20 of the item or service (or a contract for 1, 6 or 12 months). Once you have a response to the request for price, you’ll have lots of information about their costing scheme, any setup charges, economies and production/service costs.

The “just suppose” tactic is very powerful when used appropriately. To help you get the most out of this tactic, here are several suggestions that can help you get information during a negotiation:

- Just suppose we change the specifications?
- Just suppose we change when the work is actually done?
- Just suppose we buy more items than just the ones being negotiated?
- Just suppose we provide the required materials?
- Just suppose we increase the quantity?
- Just suppose we agree to a longer contract?

Now, all of these suggestions are great news if you are trying to buy something, but what if you are the one doing the selling? In negotiations, everything is an opportunity.

Once you hear the buyer starting to ask “just suppose” type questions, you should start to be on alert to what might be coming next. Here are several ways that the seller can react to the tactic:

Don’t come up with new prices “off the cuff”. Take time to plan your prices carefully.

Not every “just suppose” question actually needs to be answered. You can avoid answering these types of questions by using responses such as “they won’t”, “we can’t”, or “that will be very expensive”. Think about how your answer will structure the other side’s expectations before you make a response. Sometimes parking or postponing your response may be the right solution.

If you do offer a concession, then make it contingent on you receiving their order immediately.

Closing concessions should be conditional upon agreement.

The selling party has a counter tactic called “would you consider” which can be used in response to “just suppose” questions. “Would you consider increasing the length of the contract beyond that period?”

Both of these tactics can open new negotiating possibilities that may help both parties move towards a successful solution.

Remember negotiation should be seen as an enabling process, not a blocking one.

Alan Smith, 2nd August 2010

5 Days That Changed Britain

Last week's documentary 'Five Days That Changed Britain' on BBC TV described the negotiations between the Tories and the Lib-Dems, and the Labour Party with the Lib-Dems during the 5 days immediately following the General Election in May, to cobble together a workable coalition. Amazingly, the talking heads who described their part in the proceedings (all the main players with the exception of Gordon Brown himself) revealed how monumentally bad their negotiating was; some might say they revelled in their ineptitude.

Ed Balls admitted that the Labour team had no strategic plan, no understanding of objectives, no bottom line, and no outline proposal to make at their first face-to-face with the Lib-Dems. As a result, the meeting was an unsurprising shambles, from which the Labour side never recovered. David Cameron admitted that he was misled by reports that Labour had offered the Lib-Dems electoral reform without a referendum, which was not true. Nick Clegg didn't disabuse his new found friend of this mistake. As a result the Tories made concessions on electoral reform which were unnecessarily generous. We all watched these events unfold on TV – this was hardly the most secure or secretive negotiation! What were their researchers and informers doing to allow this misinformation to take hold and influence the outcome of the negotiation so fundamentally?

The timeframe played a big part in their discomfort. Greece was in meltdown, and Spain, Portugal, Ireland and Italy looked like they might follow. The money markets needed a speedy resolution of the electoral impasse in the UK to prevent the jitters crossing the English Channel. So the skill deficit of the politicians who made up the negotiating teams of the three political parties was exaggerated by their haste to 'do a deal' – one might think, almost any deal...

Politicians traditionally see themselves above 'training' – once elected to the House MPs believe they become perfect creatures with no need of further skills development. If only they had come to Scotwork.....!!

Stephen White, 4th August 2010

The Big Bang (or When an Airline's Reputation Flies South!)

Astronomers still hear the echoes of the “Big Bang” when they point their radio telescopes to the furthest reaches of the galaxy. Students of negotiation have their own equivalent here in the UK – it’s a kind of a low burbling noise that, every so often, geysers into life with some new announcement, tweet, public utterance or strike. It is, of course, the ongoing dispute between British Airways and the members of its cabin crew represented by the trade union UNITE, a damaging dispute that (so far):

- has cost BA millions of pounds in lost revenue
- has lost shareholders millions of pounds in share value
- has caused the travelling public towering inconvenience
- has driven a wedge between colleagues
- has moved the airline’s reputation south quicker than Amundsen got to the pole ahead of Scott.

Furthermore, it is a strike that has turned rather nasty in recent months with threat and counter-threat seemingly being traded more effectively than the variables were traded in the actual negotiation itself. Finally though, I think that its dénouement is in sight.

I say that because of the recent ballot result which, on the face of it, gave the union a mandate for further strikes – roughly 2-1 in favour of further action – but which, in reality, spoke of an increasing level of frustration amongst UNITE’s members and, critically, a major schism amongst the cabin crew. In the Guardian of 20 July, it is noted that less than half the eligible 11000 workforce actually bothered to register their opinion. Put that another way: 3419 voted for further strike action; 1686 voted against strike action and 5905 didn’t bother voting at all—hardly a mandate for a further punishing round of strikes, I should have thought.

Interesting stuff, but here’s something else: the latest offer from BA appeared to give the cabin crew most of what they had been demanding, but for one critical omission – the reinstatement of travel “perks” for all of the cabin crew that had gone on strike. The union wanted this reinstated, but BA has stuck to its guns and appears now to be threatening that if there is further strike action, the salaries and basic terms of strikers will also be hit.

What lessons can negotiators draw from these latest developments?

- Use of an irritant can be useful when the power balance is in your favour. The truth of the matter is that the cabin crew’s cause has not been helped by the perception that they are extremely well rewarded for the job that they do and that they are easily-replaceable.
- Competitive negotiating stances breed competitive stances on the other side. This dispute has escalated enormously, the more extreme the stance has appeared from the other side. It has become a power struggle that UNITE must have thought they could win. They have backed off

recently.

- Ensure that you take your constituents with you. Tellingly, UNITE left it to the membership in the final ballot. They must have suspected that the stomach for further battle was not there.
- Continually review your objectives and focus on them. Try not to be sidetracked by emotional stresses – often these are introduced by the other side to raise the temperature and get you to take your eye off the ball.

So – a victory for BA? I don't actually think so – not in the 7-0 category that some people seem to think, in any case. Their reputation for reliability is damaged; there is a brewing sense of trouble in the ranks; colleagues are not speaking with colleagues; the share price will take months to recover; the city will be sceptical that the current board of management is the correct team to drive the business forward; customers will already have looked at the alternatives and may have liked what they saw.

So – no. Not a victory for BA and certainly not a victory for UNITE, a union that thought it could apply 1970's negotiating tactics to a 21st century dispute. No one comes out of this one smelling of roses, I would say, except perhaps for BA's various competitors.

Robin Copland, 11th August 2010

Reading Standards Fall for Pupils in Primary Schools. Are We Surprised?

Scanning through the Times on Wednesday, I noted that the reading standards of our children have fallen for the 2nd year in a row. Whilst question marks are inevitably being asked about the robustness of the figures and the finger pointed as usual at the teaching profession, don't we as parents have a lot to answer for in how we bring up and negotiate with our children?

Since one of the key indicators of a child's performance in education is whether they read for pleasure, as parents we should be doing all we can to encourage reading at home. If we can't inspire, support and develop literacy skills for the future in our children what else can we do?

Kids, like the rest of us it seems, are inherently lazy and will take the path of least resistance in terms of how they fill their time. The epidemic of TV watching (3 hours per day for many 5 year olds) and obesity (one third of under 12's are classed as overweight) are testament to that.

Many people see negotiation as a business discipline focused on commercial conflicts or maximising revenues. That is indeed one of the clear benefits of a clear understanding of the negotiation process and the skills involved.

We can also use negotiation to solve softer and even domestic issues, though. You want the kids to read more? Negotiate. You want them to clean out their rooms or take care of their rabbit? Negotiate.

But make sure you are tooled up and prepared to follow through. These guys are good!

Alan Smith, 13th August 2010

Constructive Ambiguity

Henry Kissinger is widely regarded as being the best negotiator of the 20th Century. Not in my book. Here's one reason – he devised the practice of Constructive Ambiguity as a negotiating tactic. Constructive Ambiguity has a prosaic name – ‘Fudging’. Maybe ‘Lying’ would better fit the bill.

CA is the technique of making a statement which uses words which mean different things to the parties at the negotiating table, thus enabling them to claim victory, or at least concessions, that keep their respective constituencies on side. This can be very useful in allowing negotiations to continue even though there are fundamental differences between the parties, differences which might otherwise scupper further talks.

Classically, Kissinger used CA in 1972 to normalise the relationship between the US and China, when the US acknowledged that “all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a province of China.” This enabled Beijing to believe that the US recognized its sovereignty over Taiwan, and allowed the Taiwanese to claim that Washington was siding with their view that Taiwan was the real and only China. But in reality, all that the statement said was that the US acknowledged a position; that is not the same as accepting it, or agreeing with it.

CA is like the Open Door technique. ‘Just suppose we could agree to that.....’, or ‘If, hypothetically we could do that.....’ are certainly constructive statements that might enable other elements of a deal to be agreed, which then changes the mood between the parties and subsequently allows a deal breaker issue to become negotiable. But if the deal breaking issue is genuinely irresolvable, suggesting that it might be resolved will not change the reality.

It's easy to confuse CA with more conventional win:win negotiations based on differential value. Recently, a negotiation between a Scotwork office and a client produced a good deal for both parties when the client was offered a small concession (a discounted place on an open course) in return for moving the date of a one company course from a week which included a public holiday to a regular week. The client was able to claim to their management that they had been able to get a better date (more popular with participants than a holiday week), and a discount. The Scotwork team had received a better offer from another client for the holiday week, so were pleased to move the original booking. Everyone won, but this was not CA.

Another example which looks like CA but isn't, was this week's announcement that Tony Blair is donating the royalties from his forthcoming book to the Royal British Legion. Superficially, everyone wins. The RBL gets a windfall £5 million +. Tony Blair redeems his reputation. The publishers get some welcome pre-release publicity. But this isn't CA either.

Another thing which isn't CA is 'misspeaking'. President Obama made a speech last weekend at a gathering of Muslims where he endorsed the building of a mosque and a community centre two blocks from Ground Zero. 'Muslims have the same right to practice their religion as everyone else in this country. That includes the right to build a place of worship and a community centre on private property in Lower Manhattan, in accordance with local laws and ordinances'. After a day of public outcry, The White House corrected his stance: 'President Obama insisted that he was not commenting on the "wisdom" of locating it so close to the site of America's worst terrorist attack, carried out by militant Islamists.'

So what would be a better example of CA? Certainly ambiguous, but not necessarily helping the negotiations, are the statements last week from Liverpool FC that they have several bids on the table other than the one from the Chinese syndicate led by Kenny Huang. Maybe they have, and maybe they haven't, but the point of the statement from Liverpool's point of view was to try to lever the price up by implying competition. The Chinese, having seen no evidence of any other bids, reacted predictably by threatening to withdraw altogether. So we could call this Destructive Ambiguity; rather than helping the deal along, the Liverpool statement makes it more precarious because it is based on unsustainable fudge.

And maybe that is the point. Even if the ambiguity might help parties move forward in the short term, and is therefore said to be constructive, ultimately the negotiations are doomed because they are based on an untruth.

And that's why I don't rate Henry Kissinger.

Stephen White, 19th August 2010

What the Cambridge Dictionary Tells Us about Negotiating

According to the Cambridge dictionary, the word “negotiate” is defined thus: “to have formal discussions with someone in order to reach an agreement with them.”

Not to put too fine a point on it, but I disagree on at least three counts.

- Since when were negotiations limited to “formal discussions”? I try to negotiate with my children – “you tidy your room, then you can go out and play”, a fair enough opening proposal in the upcoming negotiation, but hardly a “formal discussion”. In other words, negotiations can take place in informal as well as formal settings and the Cambridge Dictionary compilers ought to know better than to restrict themselves so in their definition.
- Where in that definition is there a description of the actual process of negotiation? It is far more than a “discussion”; in fact, I would argue that negotiation is a process whereby, in order to achieve objectives, you make concessions. I can just see the negotiators in the recent BA union management dispute sitting down and having a “formal discussion”. Did they stuff! They sat down and thrashed things out. They made proposals and counter-proposals. They traded and, when none of that worked – they went out on strike (the unions, that is). “Formal discussions” indeed! Tesco buyers having “formal discussions” with the various company representatives that they meet on a regular basis? Stuff and nonsense!
- Finally, I take issue with “in order to reach an agreement”. What – any agreement?

And yet – maybe all the compilers are doing is reflecting the reality of the situation. I am constantly amazed by so-called negotiators who tell me that their job when they are negotiating is to bring the business in and “strike a deal”. One of the most common mistakes that I see negotiators make is that they genuinely believe that any deal is better than no deal. What – any deal?

The best way to avoid falling into this trap is to have a clearly identifiable “bottom line” – the point below / above which you will not move. What is more, the bottom line should be agreed within the business before the actual negotiation takes place. It should be the subject of a robust internal debate and should be cleared all the way up the line to prevent embarrassing concessions being made later. You know the kind of thing: they press for a concession and you hold the line. The meeting breaks up and a phone call comes into your boss later in the day – they cave in and make the concession. Bad news all round! Your credibility is shot to bits and the other side know that, whenever you take a tough line, all they have to do is make the call later. Bad news for the bosses as well, mind you; they end up doing your job for you as well as their own.

So what am I saying?

- Negotiation is a trading process whereby in order to achieve your objectives, you need to trade concessions.

- Prioritise your objectives – know what you want, but also know what you have to avoid. Of course, the more things that you have to avoid, the less flexible you can be in your negotiations, so always ask yourself if your defined bottom line really is your bottom line.
- Get internal agreement to your walk-away point.
- Have the guts to walk away if the only deal available lies beyond your bottom line.

Robin Copland, 26th August 2010

What Are You Worth?

Radio 4 is currently running a survey to ask the general public what they think various professions/jobs are paid and what they think are worth. This is then measured against real world salaries for the jobs in question.

What is interesting is that in many cases the two are remarkably different, both above and below. The Prime Minister earns about the same as a Secondary School Head, does that make sense? Take a look at the quiz and take part yourself [here](#)

When you are negotiating your salary deals it is important to do your homework, make sure you know the ballpark to work within. Don't just think about cash, think about things that can add value to your package that may be high value to you but cost your employer less to give. Plan the negotiation early. Asking what factors will influence my salary increase at the start of the year will allow you to influence the outcome rather than waiting until the night before when the outcome has already been budgeted.

You should never perceive your salary review as an isolated event. It is part of a comprehensive process to assess your contribution and performance within the review period. Keep notes on your performance throughout the period and ensure your manager is aware of the wins you have had. See the review as your opportunity to highlight significant contributions you have made and address your future development needs. Evidence of your contributions gives you the basis to negotiate and make your case for a better deal.

Getting what you are worth really depends on being able to get what you can negotiate.

Alan Smith, 1st September 2010

Tis the Season to Be Strikeful – One, Two, Three...

First, it was the BA cabin crew flexing their UNITE muscles and taking strike action; then there was a similar, but as yet unfulfilled threat of strike action by BAA workers backed by the same union; now, and much more damaging in terms of the sheer numbers of people inconvenienced, the rail unions are flexing their industrial muscles by claiming that the compulsory redundancies of some 800 tube workers will result in inevitable safety concerns and calling the first of many such strike days last week.

In so doing – and in arguably a damaging PR gaffe, choosing the 70th anniversary of the start of the wartime “Blitz” campaign on London for their first strike day (didn’t the right-wing British press love that one?) – the RMT union and its leader Bob Crow have taken the fight to the heart of Britain’s capital city, London. In so doing, they are taking a calculated risk and are asking Transport for London – but more importantly perhaps, the newly-elected Conservative / Liberal Democrat coalition – to consider their options:

- Carry on striking, chaps, for as long as you want. We will call on the traditional resilience of Londoners to weather whatever storms are a-coming. The more you strike, the more you will be reviled. We will literally starve you into submission and win the day. The problem with this management approach is simple: it is not an all-out strike, so the strikers can continue to pay their mortgages and feed their families without much cost to themselves. The cost to the country though, is huge. How deep is the country’s pocket before they come back to the negotiating table?
- Alternatively, management invite the unions back around the negotiating table and make further concessions. The problem with this approach will be the precedent set. Other unionised workforces may be tempted out of the long grass if they see that strike action successfully extracts more concessions from management. At the start of some of the most radical cuts in public spending ever introduced by a newly-elected government, the last thing they need is to have unfortunate precedents set – albeit in the private sector.

So, it is a high-stakes game from both sides’ perspectives. Management claim that they are trying to modernise the tube system with inevitable job cuts, though they are selling the idea on the premise of “no compulsory redundancies”. The unions (the RMT and its sister transport union, the TSSA) claim that safety will be compromised if some ticket offices are closed.

Who’s right? You decide – and your decision will probably be informed by your political leanings. Scotwork is a broad church, though, so your blogger will remain impartial!

Robin Copland, 10th September 2010

Positive Tension–It’s All the Rage!

A friend of mine works as a buyer for a nationwide retail organisation – no names, no pack drill. Over dinner one night, we were discussing the press from which large retail organisations suffer – typically, their suppliers complain that their margins are constantly threatened by buyers exerting buying “muscle”. The feeling is that they dictate terms; ask for discounts to help them with price promotions, but take the credit for the promotion themselves; ask for retrospective discounts; ask for marketing support; fine suppliers for “lost profit” in out of stock situations; unilaterally impose new payment terms; threaten de-listings – the list goes on.

He told me something interesting; it’s not all one-way. Some suppliers, it seems, are far more sassy and confident in their brands than to continually give in to the demands of buyers who, on the face of it, control a large chunk of their “route to market”. He told me of one supplier – broadly let’s place them in the “one-off, pretty big purchase, household appliance” sector – again, no names, and no pack drill – who continually seems to trade on any change in terms demanded by the retailer, and who always takes time before making any decisions that may affect his bottom line. Occasionally and despite the threats of de-listing etc. that comes his way, he takes a considered view to reject the demand.

Doubtless, this is annoying to the purchaser in this relationship of equals, but I think that there should be a bit of a frisson between client and supplier – I would describe it as “positive tension”. Positive tension is a good thing. Long-term problems can occur in a situation where, for example, one side or the other always seem to be giving in and on the back foot; where the relationship ceases to be one of “equals in positive tension” and becomes instead “one party dominant”.

Remember this and remember it well. Size alone does not give you power; having something that the other side wants, or wants to avoid – that’s what gives you power. Make sure that you consider the long-term implications of a concession before making it; ask yourself what you would trade into the deal in return for making the concession and – perhaps this is the most important advice of all – it is healthy every so often to utter the seemingly unutterable; the word that should, we are told, never escape a salesperson’s lips: the word “no”.

Robin Copland, 14th September 2010

Certainty Is a Rare Commodity

Seems that the world of science is not quite so clear as scientists may have us think. The search for a universal theory has been thrown into chaos by the findings from a European telescope based in Chile, which has discovered that one of the fundamental laws of physics, the Alpha Constant, may not be constant after all.

For negotiators certainty may similarly be difficult to identify. It could also create problems for the negotiator looking to develop a solution that both parties can work with. Clearly the negotiator must understand what limits there are to any movement they may be prepared to make, and develop a process by which that movement will be managed.

But they should also check that certainty is indeed certain.

Ask yourself “What are the circumstances under which I may be flexible on my limit position?” If you can find any, don’t be afraid to introduce them into the mix.

If you can’t, get the other side to recognise issues upon which you are not going to move on under any terms, but signal areas that might be open to discussion provided that the other side show flexibility too.

Negotiation is an enabling process not a blocking one. Of that I am certain.

Alan Smith, 14th September 2010

One from the Heart

A friend of mine called me last week to tell me that his wife of 28 years had left him. Obviously distraught and full of grief he could not understand how a woman he had “done everything for” could have upped and left without, it seems, a care in the world.

Bob (not his real name) had indeed been the perfect husband. Finished work early to help cook meals and put the kids to bed, refused golf trips to ensure he did his bit, in fact avoided any potential conflict by simply not allowing it to happen or giving in before it became problematic.

In many instances Bob’s behaviour might at some stage have created a backlash in Bob. When one party in a relationship, be it business or marital, makes all the concessions the victim-like behaviour can create so much animosity as to sour any ongoing desire to continue. Every worm will eventually turn.

In this instance the respect due to Bob was somehow lost. His partner seemed to think it was ok to fool around and that Bob (as always) would be there to pick up any pieces. She had seen him do it every time before, maybe not in an infidelity situation (everyone has a limit) but certainly in every other conflict that had happened before.

What can we learn from this as negotiators?

One-sided relationships eventually are doomed to failure. If you are being treated badly by a client/supplier/spouse you need to analyse why, and either recalibrate the relationship or change your value to the other party so they do it for you.

If you are on the power side beating up the other party only works for so long before you change your tack, or your partners.

The respect we show to who we work and live with however, should never be lost.

Alan Smith, 19th September 2010

The Apprentice

Watching the first episode of the UK's favourite business show the Apprentice last night provided an interesting insight into the way that time and new information can create a change in the balance of power in negotiations.

Lord Sugar's first show had two teams in a pitched battle to develop, produce and sell a range of sausages within 18 hours. The boy's team decided on a range of cheap British Bangers and set off for London's World famous Smithfield meat market to buy their raw materials.

Opening at 3 A.M. the market has literally 100's of suppliers plying their trade. The team approached one trader and asked for his "best price" on 15 kilos of pork. He originally said £60 a kilo but eventually agreed on a price of £55, to secure the deal, there and then.

Unsatisfied the boys refused in the hope that they could get a better price elsewhere. Un-phased the dealer reminded the team that once they left the deal was gone.

15 minutes later the boy's team returned to accept the £55 deal. The trader reminded them that the offer was one time only and the price now was £60.

In some buying/selling situations, particularly in the service, sector buyers will use an RFP to generate the first offer, intending to come back for another bite once the first offer has been received.

Recognise that if the RFP has been successful in getting to the next step, maybe the terms are not quite so far from where the deal may be done as the other side may have you believe.

Alan Smith, 8th October 2010

Spinning in Their Graves

A recent statistic caught my eye and made me smile. 23% of fatal motor accidents in one US State were found to be alcohol related. This means, said the newspaper report, that 77% of fatal motoring accidents were caused by idiots who drink coffee, fizzy drinks, fruit juice, and stuff like that. SO KEEP OUT OF THEIR WAY!!

We all know that politicians spend too much of their time ‘spinning’ information; putting a gloss on bad news and talking up good news to help their message. Consumer TV programmes bring Customer Services Managers to face the music after demonstrating individual cases of how they have let down customers, but rather than addressing these problem cases we hear them give an assurance that ‘99.5% of our customers are happy’. Irritating, isn’t it?

Negotiators are in danger of the same mistake. Blatant perversion of the facts, or presentation of the facts, is transparent and counterproductive. The more you spin, the less you are believed, the less you are trusted, and the more unlikely is a deal. But good negotiators do look for a positive angle to the information they disclose, to minimise the areas of difficulty and difference between the parties, and present information which will lead resolution rather than an increase in the conflict.

An example from my 5 year old niece, on holiday with the family and me during the summer. Trying to persuade me to stay and play in the (very bracing) sea longer than I wished, she offered to tell her Mum and Dad that I was her favourite Uncle, if I just stayed for another 5 minutes.

I am her only Uncle.

Stephen White, 18th October 2010

Wedding Vows

It might surprise some romantics that for many couples about to get married one of the items on the 'To Do' list is going to a lawyer to get a Prenuptial Agreement, intended to govern the financial share-out between them in the event that they divorce. After all, the statistics indicate divorce is a likely scenario. In the words of Nessa (in BBC's Gavin and Stacey) to her fiancé Dave 'How many times in your life do you get married? Two?.....Three?'

But the Prenuptial Agreement (PA) is not an agreement, at least in England. Until now, English law allowed it only to be persuasive in a divorce dispute, but not binding, and over the years many cases have been heard where one party seeks to overturn the PA on the grounds that it no longer represents an equitable outcome for them, or that they didn't know what they were signing at the time! The ruling this week in the case of Granatino and Radmacher has gone some way to change that. She is a wealthy heiress, he was an investment banker who decided to return to his studies. They married, are now separated, and he wants a share of her fortune, which their PA specifically ruled out. The judges' decision yesterday was that the PA was 'decisive', and they ruled against the husband. But they did not declare a PA to be legally binding so the lack of clarity continues.

The negotiator's problem is that an agreement which from the beginning is only persuasive, but not enforceable, isn't worth much. Once the deal is done, the 'Agree' Step should be a formality which simply summarises what the parties have already concluded. Of course we know that often it is not a formality, but a continuation of the negotiation, maybe because there are issues which have been ignored, forgotten or deliberately left alone during the negotiation which will subsequently undermine the agreement unless they are resolved.

Better to resolve these issues as soon as possible. In a PA, the question which needs to be addressed in the Agree Step is 'What if we end up hating each other but you've got all the money – will the terms in this agreement still apply?' Build the answer to that question into the PA, and it will be as good as binding.

Job done.

Stephen White, 21st October 2010

Mr Cameron Takes on Europe!

According to The Times of 25 October, David Cameron, the British Prime Minister, faces his first test in Europe this week when Germany and France attempt to reopen the Treaty of Lisbon to shore up the embattled euro. He is attending a summit meeting in Brussels on 28 October and will oppose a 6% rise in the EU's budget as well as arguing against new rules on maternity leave. France and Germany have proposed new rules on the regulation of derivatives, the long and the short of which will mean that control will shift from the City of London to Frankfurt – a move that will hurt the City.

And thus the battle lines are drawn and don't you just love politicians?

France and Germany – and this is paradoxical, is it not, given that Great Britain lies outside the euro zone – desperately need Britain's support to alter the Treaty of Lisbon's provisions to enable them to put a plan in place to rescue the economies of Greece especially, but of Ireland and Portugal as well. From their perspective this might be regarded as priority number one.

Priority number two might be the 6% rise in the EU budget. I wonder if there is not a signal in the number. Is 6% a sighting shot? Would the EU commissioners accept a lower percentage increase? It will be very difficult for a British Prime Minister NOT to oppose an increase in the EU budget given the stringent budget cuts that have been announced in the United Kingdom this past week.

Maternity leave provisions and the control of derivatives – are these threats that have been brought to the table by the EU (and France and Germany in particular) that they might be prepared to concede in return for the other two? But are they enough of a sop?

Some thoughts and questions:

- Cameron and his team have to identify whether they are prepared to sanction an increase – any increase – in the EU's budget for next year. Will they feel strongly enough about the issue to put it out of bounds? If they are prepared to negotiate, is the postponement of new maternity leave provisions and the retention of control of the derivatives market in London enough of a trade-off? In other words, Cameron has to weigh up the costs of negotiation and the costs of deadlock to help him make a decision.
- How badly do the French and Germans want the alteration in the Treaty of Lisbon? What else could the UK ask for in return for flexibility? Are there other areas that the UK might want to explore in addition to the two mentioned?
- Cameron should go into the negotiations with a “wish list” of concessions that he wants from the EU. Given the enormity of the request from France and Germany, he might start thinking about issues like the Common Agricultural Policy and the Common Fisheries Policy – both of which have been sources of irritation to the UK for many years. Maternity leave, important issue though it is, doesn't cut it!

Robin Copland, 26th October 2010

Integrity, Is It Over Rated?

One of our colleagues recently raised an interesting point. He suggested that we teach to “Negotiate with integrity” as a key part of our Advancing Negotiation Skills programme.

I agree 100% that we in Scotwork should negotiate with integrity, but if we proclaim that as a message we are at risk of trying to change the world to that philosophy, instead of giving our participants the skills to handle both those with and without integrity.

Integrity to me means; being honest with what you can and can't do, following up with promises you make, apologising for mistakes that you make, taking responsibility for your actions, acting upon issues in a timely manner. But I do recognise that others may have differing views.

In the 1900s many in the British navy thought that submarines were morally indefensible; battles should be fought man to man by battleships. In the age of chivalry armies lined up and started the battle at a pre-arranged time. The Geneva Convention wrote the “rules” the conduct of warfare. “Getting to Yes” has a philosophical message. Yet when we look around the world we see advantages gained by those who don't play by the “rules”.

The Israelis occupy land taken by force of arms in the face of UN resolutions; North Korea sells nuclear weapons to rogue states; Iran and Syria arm the Hezbollah in defiance of world opinion; the Russians are planting flags at the North Pole contrary to international treaties; the Faroese are catching 10 times the agreed sustainable fishing quota; the Pakistanis are cheating at cricket to allow betting fraud; the Zimbabweans are seizing farms and giving them to government cronies; the US imprisons “foreign combatants” in Guantanamo Bay without any rights under US law or the Geneva convention; Greek workers riot on the streets until they get what they want; the French Government refuses to pay EU fines for breaking the rules they themselves set; terrorists blow up innocent civilians and end up in the government of Northern Ireland; the Australians criticise the Japanese for killing whales “for scientific research”, because they are “sentient beings”, but shoot kangaroos as pests.

And so it goes on, the world is not always fair. What I see as right may not agree with what you feel is right. There are few, if any, absolutes in this world.

Integrity is an excellent philosophy, but it is not always how it goes in the real world. We have to understand that for many people their customers and their competitors often don't give a monkey's about integrity; what they care about is profit, success and survival. Our skill set can be used to suit that “law of the jungle” world, but as negotiating trainers and consultants we should avoid trying to

adapt the world to any rose-tinted view of how it should look, and deal with it as it is.

We have always said that to apply the skills and manage the process you do not have to meet another “8 Step” trained negotiator. In order to negotiate with integrity it requires the other party to have the same philosophy for the approach to work. When their approach is to cheat, lie, connive, plot, stab you in the back, deal creep, be two-faced; then you may have to adopt the same approach to survive.

In Scotwork we will continue to act with integrity and try to demonstrate that for long term relationships it is the best approach

John McMillan, 1st November 2010

The Big Picture

On the BBC website on 1 November, an interesting [story](#) was posted telling the tale of Serco's attempt to have their suppliers rebate them 2.5% on their bills for the previous year. This request was based on the government's target of a 2.5% reduction on future spend. The tactic is known as "deal creep".

Andrew Jenner, the company's finance director, wrote a letter which included the following:

"I am asking you to offer us a rebate of 2.5% (exclusive of VAT) on Serco's full-year spend with you for the 2010 calendar year in the form of a credit note. Like the government, we are looking to determine who our real partners are that we can rely upon. Your response will no doubt indicate your commitment to our partnership, but will also be something I will seriously consider in our working relationship as Serco continues to grow."

Note the implicit threat – if you do not give us a retrospective 2.5% discount, we don't think you are committed to our partnership and therefore reserve the right to end it. Sceptics might want to put this another way – you only won the contract through a competitive tendering process in which you presumably cut your margins to the bone; we fancy another transfer of 2.5% from your bottom line in the general direction of ours!

Lest we think that Serco are alone in their use of this tactic, they are not. It is a well-used gambit by large retailers in FMCG, for example. Many suppliers will have received similar letters threatening dire consequences if a retrospective rebate is not made.

Why do people do this? The contract has been signed, after all; the deal has been done. The answer is – because it works! There are businesses who would look at this kind of tactic as a genuine threat to their ongoing partnership and who therefore pay up without further question.

So what do you think that teaches the likes of Serco to do? Why – if it's worked once, we'll try it again! All I have to do is send a vaguely threatening letter and the cheques roll in. It can't be bad.

Except – it can. In this instance, a whistleblower has brought the letter to the attention of the press, who released the story; when it was made public, the share price dropped by 4.6% in one afternoon. Serco has immediately distanced itself and, in a separate press release, announced that "as a company that values our relationships with all our supply chain partners, large and small, we deeply regret this action and apologise unreservedly to them for the concern that this has caused."

Some thoughts:

- If you are faced with this kind of request, ask yourself if there are any circumstances in which you could agree. Identify the circumstances, then make a counter-proposal offering them what they want on your terms.
- If you feel that you cannot agree, then refer them to your previously-agreed contract and be prepared to take the consequences.
- If you cannot stomach the potential consequences, refer to the first bullet point!
- If you are tempted to use the tactic yourself, check the power balance, be prepared to face the long-term consequences and beware the press!

Robin Copland, 8th November 2010

Cultural Diversity

Clients regularly ask Scotwork consultants if we can help their negotiators understand differences in negotiating culture and style in societies other than their own. Our presence in 35 countries helps. Negotiators working ‘abroad’ often feel disadvantaged because they don’t know the subtleties of negotiating behaviour.

Often the negotiating differences are a reflection of more common societal differences. Here is one example of What To Do or What Not to Do in business context, from each of the Scotwork offices around the world.

Australia: Don’t hype your job title, or yourself, when doing introductions. Australians will be unimpressed, and it will be counterproductive.

Benelux: Be straightforward. We prefer ‘What you See is What you Get’.

Brazil: When arranging a follow-on meeting, always be specific (‘Lets meet again next Tuesday at 10.00’). Being unspecific, for example by offering to telephone or email and ‘set something up’ is interpreted as a sign of disinterest.

China: In a formal meeting on the other side’s territory, don’t sit on the right hand side of the meeting room; that is reserved for the host.

Czech Republic/Slovakia: Avoid implying that either state has ‘small country’ syndrome. Both Czech Republic and Slovakia are proud of their ability to punch above their weight.

Denmark: Your view of the Danish cultural stereotype is almost certainly wrong. Don’t rely on it to make jokes or lighten tension in a meeting. It will backfire.

France: French business people are generally quite direct and don’t feel the need for ‘small talk’. When they do engage in it, it often means the deal is on.

Germany: Don’t be late for meetings, it is considered very rude.

Greece: Greeks are very hospitable, and when you are in Greece your business contacts will entertain generously. They expect the same from you in return when they visit you; failure to do so is seen by them as a snub.

Hungary: Remember that names are written Surname:First Name. So don’t address Papp Zoltan as Papp!

Ireland: Making light of, or even worse, making fun of the current economic crisis is not seen as endearing. Example: When the cash machine refuses to dispense money with the sign ‘Insufficient Funds’ and you don’t know if they mean you or the bank.

Lithuania: Positive talk about Lithuania’s time under domination of Poland or Russia will irritate almost all Lithuanians.

Mexico: Formal dress code is very important for Mexican business meetings; suits, shirts and ties for men and business equivalent for women. Even a short sleeved shirt implies a ‘casual’ attitude.

Middle East: In a number of Middle Eastern countries, business ethics are rooted in Islamic religion, and follow Islamic customs. For example, business men should be circumspect about shaking hands with the spouses of Muslim businessmen.

New Zealand: In Maori culture, sticking your tongue out is not an offensive gesture, although it might be an aggressive one!

Poland: Although Poland is a multicultural society, the Catholic church claims pre-eminence in terms of numbers. Beware of religious jokes as ice-breakers.

Russia: Don’t initiate a handshake with a woman.

Singapore: Direct eye-to-eye contact with your negotiating partner is seen as disrespectful, especially if they are older or more senior than you.

South Africa: If you are negotiating with Zulu or Xhosa partners, don’t get straight to the business point – spend a little time on small talk first.

Spain: Life is relatively unhurried and relaxed (compared with the US for example). So don’t be surprised if it takes much longer to complete a deal than you might expect.

Sweden: Don’t boast about your success or wealth. Swedes like success to be understated.

Turkey: Business is very hierarchical. This means that initial contact may be with more junior members of their team, who cannot say yes to a deal; be patient and build relationships. You will get to see the decision makers in good time.

UK: Don’t go to initial meetings unprepared about the people you are going to meet. There will be lots of information about them on Facebook, LinkedIn and similar sites. They will probably have done some homework about you.

USA: Political correctness is very important in most US business circles, so be extra careful not to offend in terms of race, country of origin, gender, sexual orientation, age, disability, religious affiliation, veterans status etc.

For help negotiating with cultural strangers, or for more information, contact your local Scotwork office.

Stephen White, 29th November 2010

Never Say Never!

Nick Clegg, the Deputy Prime Minister and joint leader of the coalition government in the UK, must be rueing the day he implied “never” to an increase in fees for students.

Clegg accepted that, before the election, he had pledged to get rid of tuition fees over two parliaments, but insisted “to govern is to choose”. He looks like a man with the world on his shoulders rather than the fresh-faced youngster skipping into office not that many months ago.

There are of course some things we should never agree to. I would not go so far as Sir Malcolm Sergeant who declared “you should make a point of trying everything once, except incest and Morris dancing”, but from a negotiator’s perspective be very careful about saying never, or in golfing terms putting an area out of bounds.

At Scotwork we believe that negotiation is the art of the possible. If you do have to remove an area of negotiation from the table, ensure that you surround that blocking position with things that you can negotiate on to give the negotiation somewhere to go.

Almost more importantly before going into a negotiation test yourself on possible areas of contention. Ask yourself the very simple yet highly effective question, “under what circumstances would I be able to show flexibility in that area?”

At Scotwork we do not believe negotiation is a process by which we find hundreds of ways of saying no; rather, it is a way of thinking about how to say yes whilst trading for a better deal.

Can’t always do it, but explore it very carefully.

Alan Smith, 9th December 2010

Not Prepared to Negotiate? Perhaps This Will Change Your Mind

It seems that rescued lender Allied Irish Banks has dramatically bowed to pressure from the Irish taxpayer and government, and have confirmed it will not now award big bonuses to staff.

Allied Irish Banks has already received £3bn in bailout funds, as a consequence of its, some may say strange, lending practices, and is set to receive billions more under the terms of the rescue agreement in place from the IMF and EU.

Over 2,500 workers were due to collect bonus relating to their performance in 2008, before the financial crisis gripped the banking sector, sharing a pot of almost £34m. But the country's finance minister, Brian Lenihan, wrote to the bank on Monday threatening to withdraw state financial support if the bonuses were honoured. AIB released a statement last night detailing the pressure it was under and announced a climbdown.

From a negotiating standpoint the Government was in a perfect position to force this change of heart by virtue of their ability to both sanction and incentivise AIB. In this instance the sanction of withdrawing support (which they clearly meant, unlike the UK banks when put in similar circumstances recently) or incentive by carrying on with the plan and save hundreds of jobs.

Power in negotiation comes from this combination of incentive and threat, and crucially the intention to follow through.

But perhaps the most interesting part of the tale came from AIB's own executive chairman, David Hodgkinson, who said: "The Board of AIB very much welcomes the actions of the Minister and is relieved to be in a position not to pay these bonuses."

The opportunity to save face should never be underestimated or undervalued. Particularly when so much is still at stake.

Alan Smith, 15th December 2010

Flogging a Dead Horse

There comes a time in some negotiations when you know that a deal is not going to happen. The parties have no common ground, there is no Bargaining Arena on the principal issues, there are too few other variables to make difference, the chemistry isn't right, or whatever.

Dakota Indians have a wise saying: When you discover that you are riding a dead horse, the best strategy is to dismount.

Many public sector negotiators don't see it that way. They have alternative ways of dealing with the dead horse syndrome. Here are some of them:

- Change riders.
- Buy a stronger whip.
- Do nothing: "This is the way we have always ridden dead horses".
- Visit other countries to see how they ride dead horses.
- Perform a productivity study to see if lighter riders improve the dead horse's performance.
- Hire a contractor to ride the dead horse.
- Harness several dead horses together in an attempt to increase the speed.
- Provide additional funding and/or training to increase dead horse's performance.
- Appoint a committee to study the horse and assess how dead it actually is.
- Re-classify the dead horse as "living-impaired".
- Develop a Strategic Plan for the management of dead horses.
- Rewrite the expected performance requirements for all horses.
- Modify existing standards to include dead horses.
- Declare that, as the dead horse does not have to be fed, it is less costly, carries lower overheads, and therefore contributes substantially more to the bottom line than many other horses
- Hold a review or assign a taskforce to enact any or all of the above action plans.

We wish Bernard Grey, appointed last week to the position of MOD's Chief of Defence Materiel the best of luck in the New Year. Our tip for him is not to try to resuscitate any horses he comes across – instead move into the age of the Mondeo. It may not be the most exotic vehicle, but it does the job, you can usually get a deal, and if it all goes wrong you can call out the AA.

Stephen White, 21st December 2010

Snow Joke for BAA

Virgin Atlantic Airways have said they withhold a portion of landing and parking fees from BAA because of the airport operator's handling of the snow fall at London Heathrow in the run up to Christmas.

The charges due will be placed in a separate account until the results of an external independent inquiry are published. The amount withheld represents "less than half of our estimated costs and losses," according to the airline.

In a letter to BAA, Virgin argued that the "handling of the snow event fell well short of what is expected of an international airport operator." It said BAA failed to have "proper contingency arrangements in place, including insufficient capacity of equipment, staff and quantity of available materials," failed to "communicate adequate information to the airlines" and failed to "have adequate assets to open up the second runway without delay."

BAA CEO Colin Matthews on the 11th January responded in a public comment in The Times newspaper, saying that Virgin withholding airport charges is "disappointing" and "without legal basis."

Both parties now have gone temporarily quiet presumably to plan their next move.

The problem of course for BAA is apparent. If they are to give in to the claim they set not only the precedent that they will pay this claim, but open themselves up to future claims (they gave in before) and also the other airlines will come knocking, adding to the £21 million they lost in any case due to the inclement weather.

For Virgin they have painted themselves into a difficult position to come back from. Something they have done before in the Virgin Media fall out with BSkyB some 2 years ago (interestingly, they lost that battle).

For Virgin to go so public with the demand may create an environment that makes a negotiated settlement more, not less, difficult to achieve. Escalation and how public you go needs to be carefully considered. How it will play out in the end time will tell.

So what are the guidelines for going public? Our advice – if public sentiment is on your side, go for it – it adds to the pressure on the other side. Cover off your acknowledged weaknesses in your public pronouncements so the other side can't use them to batter you. Then enter into private negotiations to do the deal.

Alan Smith, 12th January 2011

Quite a Coincidence

A few years ago I made two consecutive sales calls on businesses which were inextricably linked; in fact one wanted negotiating skills training for buyers who dealt with the sellers of the other! At the end of the day I had learnt an interesting lesson.

The first call was to Virgin Our Price, now no longer existing but at that time, before internet shopping and downloading had become popular, a major force in music retailing. ‘We want you to teach our buyers how to get better deals from the record labels’ the Training Manager told me. ‘Our problem is that we buy from monopolies, who realise their position of power and screw us as a result. Of course there are lots of music labels, but there is only one which records Michael Jackson, or Rod Stewart, or Guns N Roses. In each case they have a monopoly, and we are at their mercy because we have to have the big name artistes on the shelves.’

My second meeting was with Sony Music Entertainment. ‘We find it very difficult to deal with high street music retailers’ they told me. ‘There are very few big chains, and some of them are interconnected (WH Smith owned Virgin Our Price at the time). Each therefore commands a significant share of total distribution, and they know it. If one of them blanked us we would find a major route to market cut off. We can’t afford to do that. So we pay their price.’

So, both companies in thrall of the other because of the power they perceived was being wielded. In reality, the relationship was symbiotic. Both needed the other. Neither could do without the other. Negotiating style needed to be re-tuned to this reality; they were partners in a process to get music to the consumer, and they needed to negotiate accordingly.

So it was unsurprising to read this morning in the business press that the CEOs of a number of record labels had sent a letter to The Times pledging their support for HMV, now the biggest UK high street music retailer. HMV share price has plummeted over the last few weeks. It appears to have broken its borrowing covenants and the banks are refusing to give its suppliers credit insurance, which is often the kiss of death for a business. But the record labels have seen the light. They understand the interconnectivity. They can’t afford for HMV to go under. So their negotiating stance reflects this reality.

Stephen White, 21st January 2011

127 Hours and the Importance of a “Walk Away Position”

Very few of us plan to cut our own arm off, eat a friend or walk away from our largest customer, but for negotiators defining their Must Achieve or Must Avoid position is critical.

The movie “127 Hours” is based upon the true story of Aron Ralston a hiker whose arm becomes trapped under a boulder while canyoneering alone in Utah. It comes down to a choice of cutting off his arm to escape or starving to death.

In 1972 a flight carrying the Old Christians Rugby Team bound for Santiago crashed into Andes at 12,000 feet. The survivors were not found for over 2 months and resorted to cannibalism to stay alive.

If you feel that you cannot afford to lose your largest client then you are risk of becoming a victim; every time they demand a concession you agree, rather than risk losing them. If the hiker or the rugby survivors had delayed a decision on the extreme action they eventually took, they would have been too weak to have taken any action, and so perished.

In business you have to contemplate and define the action you would take in extremis.

You hope never to find yourself in that situation, but simply thinking it through reduces the fear factor. Understanding your walk away point affects your negotiating behaviour in a positive way. You will be sending signals to the other party that you are not prepared to be a victim and, if they continue to demand concessions, you are prepared to walk away. This in turn reduces the chances that you will end up at your limit position.

You should never fear walking away when you have reached your carefully considered limit. On the contrary, it can make you feel really good when you finally tell your biggest client to “go take a running jump”. Sadly few of you will have that opportunity because, if you have sent a clear signal beforehand, the other party will have drawn back from the brink.

Aron Ralston lived to achieve his true “walk away position”.

John McMillan, 24th January 2011

The Power Balance in Negotiations

People weigh the costs of negotiating against the alternatives. Negotiation involves compromise and so most prefer the status quo. Those who wish to change the status quo do so by raising the costs of doing nothing. Of course rarely do the costs fall solely on the other party.

These may be financial costs; as I write we see the EU planning to ban landings of mackerel from Iceland and the Faroes in protest against those countries' unilateral increase in the amount of fish they allow their fishermen to land. The loss to one Faroese skipper was put at £400,000 when his boat was turned away from a Scottish port; however the fish processing plant in the town was left with nothing to process.

They could be social or political costs; in Egypt the people are protesting on the streets demanding the overthrow of President Mubarak; so far all he has done is to fire his cabinet. In the UK the trade unions are threatening strike action in protest against the government's austerity measures in the (vain?) hope of getting them to do a U turn. Strikes cause the strikers to lose wages.

They could involve time as a means of pressuring the other party. "Talks between Aer Lingus and its cabin crew ended in deadlock last night. The industrial dispute escalated this week with 288 cabin crew being taken off the payroll. A number of flights have been cancelled every day, with staff refusing to work what they called 'anti-family' rosters. It is said that a deep gulf still remains between the two parties and it may be some time before the issues are resolved." Cancelled flights mean loss of revenue to the airline.

Strikes, lockouts, blockades, demonstrations and riots are all attempts to increase the cost of doing nothing and are usually a response to lack of flexibility in the other party. It used to be said that management get the unions they deserve; inflexible management = militant unions.

It is interesting to compare those countries, which we think of as having experienced a revolutionary change of government, with the UK, which we think of as avoiding revolution. In fact the UK has experienced many revolutions, more than France has. These multiple revolutions have acted as a pressure valve. Many have been bloody and violent like the English Civil War which led to the overthrow of Charles I. However most others have been almost peaceful: The reinstatement of Charles II with limited powers; the removal of Catholic James II and his replacement with Protestant William and Mary, the granting of the right to vote to women and so on.

The message is that timely compromise is better than a revolutionary change. Minor earth tremors relieve the pressure and avoid a major earthquake.

So what is the advice to negotiators? By timely compromise I don't mean appeasement, which only leads to further demands. I mean negotiated adjustment which involves concessions on both sides.

One of the problems in Egypt is that it is impossible to negotiate with a mob. It needs leaders with whom to negotiate, who can agree the concessions and deliver on the deal. It is for this reason that many companies find that an effective trade union give them the channel they need to negotiate, agree and help police the deal.

It is a tragedy that in the UK trade unions, which once stood for advancing the rights of the workers, are now the reactionary defenders of the status quo. As a consequence their role in the private sector is diminishing.

John McMillan, 31st January 2011

Make Someone You Love Happy This Valentine Week, Negotiate with Them

Often I meet people who make that old joke about counting fingers after they have shaken hands with me. Before they join a Scotwork course people often feel that negotiation is somehow a process of taking a one-sided advantage of the other party. It's no surprise that almost unanimously the uninitiated say they would never negotiate with their loved ones. On the contrary, negotiation is a process which cultures relationships; we recommend negotiating with people to whom you are closest... if you care about someone I would go as far as to say that it's the conflict resolution approach that is most beneficial to your relationship.

Disputes large or small occur more often with those very few people that are closest to you for the simple reason that in close relationships there is an abundant opportunity for dispute. Co-existent relationships that are friction-free may be relationships that are stagnant, that are not progressing, conversely conflict is bound to occur on occasions as a bi-product of healthy growth and positive change.

At any level of conflict, irrespective of whether the people with whom you are in dispute are those who you love the most, or those people with whom you dread dealing (you know who they are), the truth is that for a successfully concluded negotiation certain elements are far simpler in intimate relationships than in estranged commercial dealings. In any dispute the irrefutable fact is that if you need to preserve a relationship (in commercial dealings that is not always the case), unless both parties get something from the imminent dialogue, which is an improvement for both of you greater than the status quo, then some rather unhappy baggage is likely to accrue.

In a commercial relationship there are many "possible" means of resolving conflict, but I don't see most of these as applicable in an intimate personal relationship. Take a look what do you think?

- You can persuade your partner (it often works but not always)
- you can give in (try it once, the cost will be that you will be expected to do it again and again (relationship destroyer)),
- you can say "screw you ,I'll do what I like" (good luck this only works in one-off encounters),
- you can split the difference (haggle, by which you give up on a win-win possibility),
- you can postpone the issue, (it almost never goes away)
- you can create a solution (great if the other party are really sharing their objections with you, otherwise the solution would probably be found naturally),
- you can even go to an arbitrator (mother-in-law?),

...but all these options aside, only a successful negotiation will improve the perceived positions of

both parties to the discussion.

Before every course we ask our participants to attempt to define negotiation... it's a risky generalisation I am making but the majority of sales people will use the word "persuade" (that's not negotiation), purchasing experts very often split the difference and use the middle road definition (haggle), and this week an entire group of HR people very interestingly almost unanimously referred to "sharing opinions".

Unfortunately, very few people recognise negotiation as a trading process, a process which depends upon Party A responding to the needs, wishes, desires and fears of Party B, on their terms and vice versa. The secret is in proposing items to trade that create the clichéd and little understood "win-win" outcome, it hinges on very simple principles...

- What shall you ask for..? something that they perceive is easy to give but of a high perceived value to you.
- What shall you give in return..? something that you perceive as low cost which they perceive as high value.

i.e. listen to what they want and try to find a way to give it to them on your terms but try to choose your terms according to the principle above

In a successful negotiation what we are actually trading is perceptions; your understanding of how the traded elements are valued by the other party in cost and benefit terms (crudely put) is your key to success. If you can propose an exchange that benefits both parties thus, unless you have really misunderstood your life partner, or unless they conceal a hidden agenda, who in their right mind is going to refuse your proposal? For commercial negotiations the negotiator's dilemma is to understand the other party and encourage them to share their issues. However, the closer you are to somebody the greater ought to be your understanding, and the less the likelihood of a hidden agenda. So why on earth should anybody be unwilling to negotiate with the people to whom they are closest?

Make someone you love happy,...

negotiate with them.

Mike Freedman, 15th February 2011

Greedy or Stupid?

A few years ago a friend of mine found himself with an interesting negotiating conundrum. What would you have done?

He spent some of his spare time as the volunteer manager of a charity which raised money for the local hospital. The charity owned a large and dilapidated office block in the wrong part of town. They decided to sell the building for redevelopment, and with the proceeds move to smaller premises and use the balance to further the charity's aims, in particular to fund the purchase of an expensive piece of medical equipment for the hospital.

Surveyors valued the building at about £1 million. So it was almost miraculous that a few days later a local property developer made an offer to buy the building for £1.9m. No strings attached.

My friend called a meeting of the trustees and committee. They were overwhelmed and delighted with the offer. But some of the committee felt there was an opportunity for some negotiating game playing. They thought that the offer should be rejected on the basis that it was too low. After all, they said, £1.9m was his opening offer – he will be expecting us to haggle the price up a bit.

But on the other hand, why was his opening offer so much higher than the market valuation? Was this secret support of the charity? Did he have a sick relative who would benefit from the new equipment? Or was he simply ignorant of local property values – a very unlikely option?

In the end, the trustees accepted the £1.9m offer, and the deal was completed.

Two years later my friend met the property developer at a drinks party. He had to ask the question which had been bugging him – why did you offer so much?

I had an innovative idea for the office block, said the property developer. At a purchase price of £1m, the return would have been spectacular. Even at £1.9m the return was above average. So I really wanted to buy. But I knew that at £1m, or even £1.5m, the charity would not be able to achieve its aims, so they wouldn't sell. I reckoned that £1.9m was the minimum that would compel the sale, and enable me to buy and do the development. Was I right?

Yes, said my friend. We couldn't resist your offer. But we did think about trying to haggle your offer up a bit. Would you have paid more?

If you had rejected my offer as being too low, he said, I would have withdrawn from the sale because the price I offered was way above market price and playing games with me would have been stupid

and greedy. But if you had come and talked to me, and put your case, I would have gone another £100,000.

Moral of the story (there are probably many): negotiating is not a game, it is about resolving peoples' needs. Tricks and ploys have their place from time to time, but being open and clear about what you want to achieve, and asking curious questions to find out what the other side needs, is much more effective.

Stephen White, 26th February 2011

Why Mr Nice Guy Is a Deal-Breaker

I recently ran a course in a hotel where the coffee break was served in the main meeting room whilst some of the participants prepared for their negotiating exercise in a room at the very end of the corridor. Because they were missing all the food, to be fair to them I assembled a big plate of sandwiches, cakes and biscuits and took it to them. The three young ladies looked at the plate and looked at me, and in one voice said “Where’s the coffee?”

I should have known better than to expect any other reaction. The fact is on every course, particularly on the earlier live exercises, we watch some participants demonstrate good will by giving unconditionally to the other party. When asked why they do this they reply that they believe that a good will gesture/gift/flexibility sets up a co-operative atmosphere as a first step to a “win-win” deal. However whenever I see demonstrations of good will, I find myself saying “oops!” under my breath.

We can predict with certainty what happens as a response to good will and this to most people is shocking. Perhaps to be convinced by what I am saying you have to attend one of our courses but whether you believe it or not, without exception, and I mean “without exception” the rewarded party having received something for nothing as if by reflex asks for more. The fact is when one party unilaterally gives something without placing any condition upon the concession this creates greed in the receiving party, we have witnessed this many hundreds of times, irrefutable evidence, this is a basic human condition, we simply cannot stop ourselves.

Most people would say that the side who simply take without returning the “favour” are the party that cause the process to fall apart. A negotiating consultant however will tell you that goodwill is a catalyst of negotiation breakdown. Of course without concessions there can be no negotiation, negotiation is about giving to get, this trading process is essential to any negotiation, and this despite the favoured battle cries of politicians and union leaders alike... “No concessions”. However, unless you ensure that you are receiving something balanced in return for your concession... (balance will be the perception of the other as opposed to fact) you may find yourself on a very long, very slippery, slope.

Even worse than the triggering of this human reflex, unconditional concessions, gestures and goodwill send the signal that you have much more to give. This creates expectations in the receiving party that further tilt the balance against you, and thereafter the sudden cessation of your demonstrated good will may (against the background of the precedent of your earlier generosity) even be viewed as inflexibility and unreasonableness on your part, the very opposite of that which was intended. Further, if the other party receives a concession from you without cost, they generally place very little value

upon it.

Often we see that Party A having given concessions to the point from which they have no more to give, their limit position, then say to Party B... “we have shown our good will, now it’s your turn”. Again “oops!” maybe even “ouch!”. So far I have not come across anybody who in response says “you are right” and returns the favour.. it is simply not in our nature. Worse, because Party A have reached their limit position, the negotiation process being a process of concession and corresponding condition grinds to halt for the simple reason that Party A have nothing more to give, and cannot trade any more. They cannot move Party B in their direction and their positions remain too far apart for agreement.

If you ever have the feeling that the other party has been unreasonable, please undertake a negotiation health check and ask yourself whether or not this is the result of your having given without getting in return with the intent to demonstrate good intent, flexibility, “reasonableness”. If that’s the feeling you are left with, at the risk of being “in your face” the breakdown of the deal is probably your fault. Let’s face it, trying it our way will definitely NOT cost you more, you will certainly get more from the deal, you will even see that the other party will value your concessions more highly and you will create a sense of balance in the deal which suggests well for future meetings.

Good will is a long, slippery slope... create conditions before you give things away and level the playing field.

Mike Freedman, 16th March 2011

Lease Said, Soonest Mended

Last week, on a trip to Athens, I drove through Kifissia, an affluent neighbourhood of upmarket houses and shops, to get to my hotel. As we drove my Greek colleague pointed out one of the bigger stores on a shopping mall. It was rented until recently to an international fashion chain at a monthly rent of €90,000.

When Greece went into economic turmoil the tenant wrote to the landlord to advise that, at the current level of rent, the store was unprofitable and that they were intending to close down at the next lease break point, which was upcoming.

The landlord, sensing that there might be an increasing number of empty shops, contacted the store group and unilaterally offered to reduce the rent to €40,000 per month. The store group counter offered €20,000. The landlord, offended with the offer, and sure his property was worth more, refused.

The fashion chain pulled out, and the premises lay empty for 12 months. They were finally rented to another fashion house – at a rent of only €12,000 per month.

It is very easy to be wise after the event. For the landlord, the €20,000 rent offered by his first tenant would have been a good result compared with the €12,000 he ended up with from his second tenant.

But a better negotiating solution might have been a linkage between store revenue and rent. If sales from the store fall because of lower business activity, rent could fall in line. Similarly, when times get better, the rents can increase to reflect this.

Revolutionary idea? – of course not. But most leases don't allow for this flexibility because they are drawn up by uncreative lawyers acting for uncreative landlords. That's because as negotiators they haven't realized how many variables can be brought to bear. Time is always a variable that can be used. A month is a month in most rental agreements, but I recently was told of a lease for a shop which allowed for a lower rent for the months of January to September, and a higher rent for October to December (the busier pre-Christmas period), to reflect sales revenue.

It just needs a bit of creativity.

Stephen White, 22nd March 2011

Always Ask, Never Assume

This story caught my eye recently. A photographer on a local newspaper was despatched to take some aerial photographs of a forest fire raging in the area. He was told a twin-engine plane would be waiting for him at the airport.

Arriving at the airfield, he spotted the plane warming up outside a hanger, pilot completing the pre-flight check. He jumped in with his bag, slammed the door shut, and shouted, 'Let's go.' The pilot taxied out, swung the plane into the wind and took off.

Once in the air, the photographer instructed the pilot, 'Fly over the valley and make a low pass so I can take pictures of the fires on the hillsides.'

'Why?' asked the pilot. 'Because I'm a newspaper photographer', he responded, 'and I need to get some close up shots.'

The pilot was strangely silent for a moment. 'So..... you're not my flight instructor?'

The point of the story is clear, but the implication for negotiators maybe less so. We are educated from the start of life to process 'causes' into most likely 'effects'. As a baby, 'sudden loud noise' equals 'danger'. As a toddler 'green vegetable' equals 'yuk'. As a teenager 'advice from a parent' equals 'you just don't understand'.

So as a negotiator, 'we cannot do this deal on these terms' from the other party equals 'the price is wrong'. Why? There are a number of factors. Maybe it is what we were expecting to hear. Maybe we planned for a pricing problem. Maybe our experience tells us that price is the most likely reason why people reject our proposals.

Instead of jumping to conclusions, good negotiators ask questions. The questions often come from the statement they made. 'We cannot do this deal on these terms' prompts the following questions:

- Who is 'we'? Is this a problem of authority. Might someone else in the organisation be able to agree this deal on these terms?
- If you cannot do 'this deal', is there another deal that you could do on these terms?
- If 'these terms' are not acceptable, what terms would be acceptable?

All self evident. But when we don't ask the right questions, when instead we make assumptions which prove to be wrong, the error will have complex results. In my example, if we start talking about price, the other party will encourage the discussion, even when price was not the problematic issue. That will cost you. Secondly, failure to ask the right questions will lead to a lower evaluation of your

intellect and your emotional intelligence. In addition, not resolving the real issues (because you didn't find out what they are) will lead to a deal which is inherently unstable, or probably no deal at all.

So, next time you stare the obvious in the face – stop – think – ask. Saves a lot of crashing and burning.

Stephen White, 4th April 2011

How Much?

I heard a story the other day that illustrated an important negotiation point, one that I think we often miss to our cost.

A middle-aged lady bought a second hand Rolls Royce. It was her pride and joy. She loved it and drove around happily for a number of years before it developed a very annoying squeak.

Every journey that she had taken that used to be pure pleasure became an exercise in pain. Not being particularly practical by nature she none the less spent a couple of hours tinkering under the bonnet to try to resolve the problem. Nothing seemed to work. It persisted and became an unhappy accompaniment to every journey she made. She even seemed to hear the squeak in her dreams.

Eventually she decided to take the car to the Rolls Royce dealer, who quoted £1050 to fix the problem. Ridiculous she thought. She politely declined their quote and took the Roller into her local garage that said they could do the job for £200.

Having collected the car. The squeak had quietened but not disappeared so she took the car back the next week to the garage for them to have another go. At another £200. (The garage owner explained that they charged by the hour, 2 hours £100 an hour, work it out).

Same thing happened. And again for a third time.

£600 out of pocket and a squeak still in her ear the lady decided that enough was enough. She pulled into the Rolls Royce dealership and watched the wry smile on the engineers face as she repeated the source of her concern and the failed attempts of her local grease monkey to solve the squeak despite £600 and 3 goes.

The engineer listened to the squeak, asked one of the mechanics to accompany them to the car, lifted the bonnet and pointed to a nut, which the mechanic duly tightened with his trusty spanner.

The silence was deafening.

Squeak gone, the lady's delight turned to concern. "Are you telling me" she enquired, "that you are going to charge me £1050 for tightening one bolt?"

The engineer replied, "Of course not madam. I am charging you £50 for tightening the bolt. £1000 is for knowing which bolt to tighten".

If you are selling your expertise/brand recognise that it has a value. If you are selling your time only,

find a way of valuing it in terms of it's worth. Otherwise I am afraid you are probably in a race to the bottom.

Alan Smith, 14th April 2011

“Global Warming Is a Hoax”

That is what the presidential hopeful for the Republicans Michele Bachman says. Bachman is the new darling of the Tea Party Movement in the US and is a headline-grabbing brunette in the Sarah Palin mould.

My knee jerk reaction was great, now they are deliberately misleading us. Surely the evidence is overwhelming that man's activity on the planet is affecting our weather systems.

My more thoughtful next step was to think well she has no idea what she is talking about. A very good friend of mine, who is a Cambridge Graduate with a First in Science, says Global warming is real – and he does know what he is talking about.

But the thing that really hit me was to marvel at how little reason played in both Bachman's opinion and my own.

The idea that humans are deeply rational beings that are reflective and reasonable is deeply embedded in the culture of the psyche. The concept of the rational voter or the logical buyer may not be quite as true as we think.

Have you ever, ever been in an argument in an attempt to persuade someone of your point of view and the other side says, “Stop right there. You are absolutely right. The logic of your argument is undisputable”? Me neither.

The reality is that most people start with a point of view and then collate the arguments to back it rather than the other way round. Our brains act as filing cabinets and filter out anything that doesn't fit in the right box.

The negotiator knows this of course. If the logic of the argument is lost as often it is, the negotiator moves into another form of discussion and uses dialogue to understand the other person's point of view and priorities. Only by doing this is he or she able to create a solution that allows both sides to ‘win’.

The skill is recognizing when to do this and how to use the information you gather to create proposals that move the process forward.

My mother used to say, “Don't confuse me with the facts. I've already made up my mind”. Continuing on that path actually made it harder not easier to move her from her position. A well-constructed proposal accepting her opinion but creating a mutually acceptable new position was always much

more effective.

Who said, “man is a rational animal”? Aristotle I think.

Wonder if he ever met one?

Alan Smith, 15th April 2011

Surprises and Street Parties

There is an old joke about a woman who goes to the doctor. After a simple examination, the doctor tells her that she is pregnant. She screams in dismay and runs back to the waiting room, where she is comforted by the medical receptionist. The receptionist then rushes into the doctor's office. 'How could you make such a bad diagnosis? She can't be pregnant. She has children and grandchildren and she is 72 years old'. 'I know' replies the doctor, 'but does she still have hiccups?'

Using surprise as a cure is also a negotiating technique which is employed too often. Negotiators are frequently faced with surprise situations deliberately engineered by the other side in order to shock. Buyers who are ultra-aggressive in their negotiating style. Unions which call ballots for strike action just when the issues seem close to resolution. The addition of new demands which look to destroy an almost completed deal. Why? Because faced with these 'shocks' the other side often back off or modify their aspirations and a deal is struck.

Thousands of street parties are scheduled for today (April 29th) to celebrate the Royal Wedding in the UK. But in a few cases negotiations to hold a party ran into trouble because local officials demanded that ridiculous and expensive petty rules were obeyed. They hoped that their mumbo jumbo demands would put off the organisers (street parties are expensive for local councils, who have to organise traffic rerouting, signage for diversions and so on). But the thwarted organisers went to central government, and Prime Minister David Cameron contemptuously and very publicly attacked the petty bureaucrats, and gave the thumbs up for organisers to go ahead with their plans.

It is reported that on the morning of the Coronation of Elizabeth II in 1953, one local authority resorted to law and applied for an injunction to force a persistent organiser to dismantle a street party, already set up and just waiting to go, which it considered to be illegal. The magistrate accepted that the local authority were right in law, and granted the injunction, but gave the street party organiser 24 hours to comply.

Victory for the common man.

And good guidance for negotiators faced with shock treatment to 'cure' their reluctance to comply. If you find yourself in this situation you should look to see how you can change the power balance back again. Don't give the shock tacticians an opportunity to benefit from their plans. Because if you do, they'll shock you again and again.

Stephen White, 28th April 2011

Comparison

It is part of the human condition to evaluate by comparison. We are tall or short, fat or thin, young or old, rich or poor, only in comparison with others. Absolute analysis of these descriptors doesn't work. The tallest man in the world is not tall compared to the Empire State Building, only in comparison with his fellow human beings. And, comfortingly, I am not the oldest, fattest, or most unfit person I know, so there is hope for me yet.

Negotiators think the same way. Deals and settlements are evaluated by comparison with others; there is no absolute measurement. One useful technique for negotiators is 'Russian Front' proposal making. This describes the delivery of a set piece comparison, where one of the options offered is horrendous compared to the other; as a result the more benign proposal looks much more attractive than maybe it would if it was offered in isolation. The name comes from World War 2; German soldiers were so afraid of being sent to the Russian Front that deployment instead to be shot at by the Allies on the Normandy Beaches in 1944 looked positively attractive.

We evaluate our negotiating partners in the same way. A 'difficult' customer is only judged so by comparison with others, and seems to become much less troublesome if an even more difficult customer comes on the scene.

For some considerable time, under the radar, Israeli and Palestinian West Bank Fattah politicians (the Fattah political grouping has the majority support in the West Bank) have made great strides to improve economic conditions there, much to the particular credit of Palestinian Prime Minister Fayyad. The West Bank is enjoying GDP growth of about 12% per annum, Ramallah has become a town of coffee bars and restaurants, and the first West Bank Shopping Mall opened in Jenin in 2010. Manufacturing and agricultural output is improving. And in tandem, the incidence of violence has diminished.

However, the political leaders in Israel and on the West Bank have been deadlocked. Prime Minister Netanyahu and President Abbas have thrown belligerent words at each other and at the world's press, each claiming that the other cannot be viewed as a reasonable partner with whom they could negotiate.

The 'historic' unity deal on May 4th between Fattah and Hamas, which is the political force in Palestinian Gaza, changes the dynamic. Now, in comparison with the Hamas leadership, President Abbas looks like a much more worthwhile and reasonable bedfellow for Israeli political negotiators to deal with. And peculiarly, notwithstanding the unity agreement, Prime Minister Netanyahu now looks like a more reasonable negotiator to President Abbas than the Hamas hardliners he has linked

up with, who will not contemplate the existence of Israel as a matter of principle, and who are unlikely to toe any compromise line he proposes.

The pundit's view is that the unity deal will not last long. But its potential effect in changing the perception of the parties about the viability of dealing with each other gives us a ray of hope.

Stephen White, 6th May 2011

Tell Them What You Want...

Normally it starts with the weather. Thank heavens we have weather here in Britain – so much more exhilarating and interesting than a climate, I always think. A climate is too predictable.

“What’s it like outside today?” That’s a question of genuine interest to us Brits. Not a question to ask in equatorial Africa or southern France though. You can while away a pleasant five or even ten minutes talking about our weather before you have to move on at a cocktail party to the next big topic of conversation, namely your job.

It all goes a bit catatonic when I tell people what I do; somehow, “negotiating skills consultant” does not trip off the tongue as does “astronaut”, “pilot”, “explorer”, “doctor” or “heir to the throne” – not that I have met many of them. Nor is it simple to explain either, I have to say.

“Oh, that sounds interesting,” they exclaim politely, furiously looking for an exit and cursing themselves for standing beside me at that precise moment in time. “What does that involve?”

So I tell them.

Their eyes politely glaze over. Excuses are given and they move on. “What did he say he did?” is a question I hear a lot at cocktail parties, let me tell you. That and backs; I see a lot of backs disappearing in the general direction of anywhere but next to me.

Such is life.

But then – every so often – you meet someone whose eyes light up as soon as you tell them what you do.

“Really!” they say. “A negotiating skills consultant, eh? Let me tell you the secret of good negotiating.”

And I just know what’s going to happen next. I am going to be told some lengthy story about some negotiation that happened in the past wherein the storyteller scores a magnificent negotiating triumph. This is a bit like telling the doctor you meet at a party about your ailments. He’s off-duty – give him peace! Would you want to go to a party, only to have to talk about your work? Didn’t think so.

Anyhow, there I was, listening to the secret of good negotiating. He looked at me conspiratorially and said, “never let on what you really want. Never tell them; golden rule of all great negotiators.”

So I asked him if he got what he wanted.

“No,” he replied.

I rest my case.

Robin Copland, 13th May 2011

To Walk or Not to Walk—That Is the Question...

I have met a number of people recently who have struggled with the concept of the “bottom line”. Negotiators do not really like the idea of the bottom line: some are tempted not to think about it at all; others identify a walk away position which, in the cold light of day, is not really a walk away position at all – a deal could still be done; still more are told what the walk away position is by their boss.

In truth it is a difficult nettle to grasp but it is one that, if grasped can actually be quite empowering.

My first thought is that your walk away position on any given issue should genuinely be the position beyond which you, or indeed anyone else in your organisation, will not move. In other words, if it were a choice between doing the deal beyond that level – or walking away, the negotiator would walk away. There is a level of honesty required here and, if necessary, the negotiator should get clearance with the final decision makers before committing themselves.

In complex negotiations, there may be a couple of bottom line items. Ask yourself the “either – or” question about them. If I could only have one of these, which one would I choose? Got an answer to that? If you have just said “yes”, then the other one is not a bottom line item!

Of course, the more bottom lines you have, the less flexible a negotiator you can be. Here’s another killer question to ask yourself about your bottom line: are there any circumstances in which I could agree to go beyond that point? Got an answer to that one that isn’t “no”? You know what’s coming next!

Sometimes, the other side will phone your boss to complain about your lack of flexibility in the negotiation. Your boss may decide that the issue is not quite so important after all, and will, as a gesture of goodwill and general bonhomie, give in. This makes the boss look a prat – actually, let me restate that – he is a prat! Just think about the process for a moment. You deliver the bad news which the boss changes. From now on, the boss’s phone never stops ringing every time you say “no” and, in addition, your position as the negotiator is compromised; in fact you are no longer the negotiator – you are now the bag carrier.

But then think of the positives in all of this. There you are in the middle of a fraught negotiation getting roundly abused and shouted at; your parentage is being called into question and all kinds of dire threats are coming your way. You look down at your objectives and realise that what they are asking for is way off the charts of reasonableness and reality. You close your books and politely decline their request. You offer a more reasonable alternative for them to ponder before taking your quiet and

dignified leave of the carnage.

A better option all round, I would say. Especially when you know that your company will back you up.

Robin Copland, 20th May 2011

The Times They Are a Changing

He's still the Tambourine Man, endlessly touring and defiantly unpredictable. Bob Dylan, one of music's geniuses, is 70 this week but for many he's forever young. Released in 1964, *The Times They Are a-Changin'*, became an anthem for the disaffected, and many felt that it captured the spirit of social and political upheaval that characterized the 1960s.

In many respects not much has changed, Dylan still has the ability to anger the establishment, even if these days he does have to travel to Beijing to do it.

Time is in many respects our rarest of resources. Despite the promises of economists in the 70's and 80's that technology would create a glut of time, (worrying what to do with all this free time for the masses, was a constant concern for the thinking classes), it seems to me that technology has given us less and less of the thing we treasure most.

A friend of mine was greeted by his Chinese hosts on a business trip to Nanjing, their first question being, "When is your flight back?". Having told them of the deadline and its impending arrival, he was surprised by their reluctance to engage in anything but the most trivial.

In fact it only became apparent that they wanted to negotiate at all when his flight back loomed. This created an urgency that was unwarranted, had they been more accommodating earlier in the week. It transpired on my further questioning that his time pressure required a start on the project, which the inscrutable Chinese had recognised and used to their advantage.

If they could not agree the terms prior to his departure, a very expensive and potentially embarrassing situation would occur. Being aware of this timeframe had created the upper hand in the negotiation.

"What could I do?" he asked. "I was in the right place, but at the wrong time"

"Buy an open ticket next time" I suggested. "And remember, it's always the right time, and this is the only place we have."

Alan Smith, 27th May 2011

Happy Ever After

The secret to newly-wed bliss? Irrational optimism about your partner.

If marriage, like relationships with clients or suppliers, is about compromise, then happy marriage is about self-delusion. So say researchers at the University of Buffalo. They followed 222 married couples through the first 3 years together and found that the ones who went into the relationship idealising their partners ended up happier together than those who went in with a clearer picture of their other half's limitations.

Why would it be better to look at your spouse as Fabio rather than a flabby hubby?

Researchers attribute this to the vast power of the heart to overrule the head. The power of the id above that of the ego. People really can convince themselves that their spouse is better looking, kinder or even more virtuous than they actually are – at least for a few years. The problem may come in when the reality begins to hit home.

Think of this as the new business relationship. The client seems to be offering the perfect brief, the major opportunity for growth and profitability. The supplier promises promotional support and first pass at new brand extensions. The rose coloured spectacles come out of the closet.

Of course optimism is not in itself a bad thing, just temper it with the cold commercial light of day. Take time with your team to plan the future. Preparation is the most consistent guide to negotiating performance. What you do or do not do in the run up to the negotiation will show up when you start the courtship.

For negotiators, too often time spent in planning is in rehearsing the arguments to defend a position and attack the other side. The negotiator needs to think about their objectives, what they are and where they have flexibility. How they manage that flexibility will define their success at the table and set the relationship on a sound commercial footing.

Unrealistic optimism about your partner may help in keeping your marriage going. It will not help develop strong relationships in your business.

Alan Smith, 3rd June 2011

Inattention Blindness

In December 1972, Eastern Airlines flight 401 is heading to Florida full of New Yorkers looking forward to a Christmas break in the sun. One hundred and sixty three passengers are on board and the mood is seasonal.

The flight is smooth and without incident and just before midnight the plane adjusts its position for the final approach. The captain comes over the intercom to tell passengers about the local temperature and thanking them for choosing Eastern.

But then the co-pilot notices something. The landing light has failed to come on. He quickly tells the pilot who decides to abort the landing. Two things could have happened. Either the light is faulty or the landing gear has failed to deploy.

What happens next causes one of the biggest civil aviation disasters in history.

The three-crew members get to work on the problem. They take out the bulb, blow on it to remove any dust. They try to reset the bulb but it gets stuck. They fiddle and faff and generally pull and push the bulb to refit it on the massive instrument panel.

In the process of doing this they miss something far more important. The autopilot has been accidentally disengaged. The plane is losing altitude at an alarming rate. Even as the altitude warning alarm beeps in the background the cockpit crew remain focused on solving the bulb issue.

Their attention is so wrapped up with the light that nothing else gets through.

20 seconds later eventually the pilot realizes that something else is wrong and vainly tries to pull back on the lever, too late. The plane crashes with many lives lost, for what was later discovered to be a faulty \$12 bulb.

A key learning from the tragedy was the new focus on crew training. There became a clear process of delineation between tasks when problems occur. This allows the pilot to fly the plane whilst others focus on resolving any other concerns.

Think about the value of the teams you use when you negotiate. Think of deploying and focusing your team on tasks.

Fortunately in your negotiations it is unlikely to be a matter of life and death.

Alan Smith, 17th June 2011

Long Term Negotiations

Cast your mind back to May 2010. Think of the negotiations between Labour and the Liberal Democrats following the UK General Election. Things appeared to be moving along reasonably and many commentators felt that a coalition between them was likely to be on the cards. The Conservatives appeared to be the dark horse. Then Nick Clegg delivered his ultimatum that he could not accept Gordon Brown as the leader of the government. The rest is history.

For many negotiators putting a list of demands on the table at the last minute is seen as a powerful negotiating strategy. Getting closer to the deal it seems that it's at the last minute that people become deal focused, that the stakes are higher and that you're the most likely to extract concessions.

There are problems with late demands as a tactic, and you need to think about using it for a number of reasons.

The first is that the whole deal may fall around your ears if the trust and mutuality you have been developing simply disintegrates. Trust, which takes years to build, can disappear in the blink of a negotiator's eye.

Also if you are dealing with a skilled and trained negotiator on the other side who knows what they are doing, they will have recognised you may use this as a tactic, and will have prepared their own list in advance to block the strategy so it's hard to use it productively.

More important, though, is the idea that maybe, just maybe, both sides are in it for the long haul. If the relationship is to persist, if you are in this for more than this one go round, it's essential to recognize that brinkmanship costs both sides. It makes the pie smaller and it makes it more difficult for you to build something going forward.

Professional, long-term negotiations by grownups should avoid the last minute out of principle. It's foolishly selfish, because it hurts both sides, thus requiring you to take even more off the table in order to benefit.

Either you negotiate to make the whole bigger, to have both sides benefit, or you negotiate to have the other side lose. Winning by punishing the other side isn't a particularly long lasting or satisfying strategy.

I wonder if Nick Clegg rues the day?

Alan Smith, 27th June 2011

Family, Friends and the Strange Case of the Viral Email

The big news today in the UK was not the one day strike which forced most schools to close and produced a depleted service at airport immigration desks. It was the furore and amusement caused by the email from a mother to her son's fiancée about a lack of good manners. The fiancée, Heidi Withers, forwarded the email to some of her friends, and it went viral. No-one is sure who is more bruised; the mother with her reactionary views or the fiancée who seems to demonstrate a considerable lack of grace.

But this is no news at all. We all know just how difficult it is to deal with family conflicts. It seems to me that writing a snotty email is a recipe for disaster, topped only by the decision to make it public by circulating it to friends.

Here are the main issues raised by mother-in-law to be Carolyn Bourne about Heidi's lack of manners, with the responses we like to think Heidi might have used had she been on a Scotwork negotiating skills course:

“When you are a guest in another's house, you do not declare what you will and will not eat – unless you are positively allergic to something.”

“If you ask me in advance what kind of food I like, I'll eat whatever you put in front of me.”

“Do not remark that you do not have enough food.

“Are there any circumstances I could have a second helping?”

“Do not start (eating) before everyone else.”

“Perhaps you could explain your reason for serving dinner when everyone except me seems to be busy doing something else.”

“Do not take additional helpings without being invited to by your host.”

“Can you explain the basis of your decision to put only 3 peas on my plate?”

“When a guest in another's house, you do not lie in bed until late morning in households that rise early”.

“Which aspects of my lying in bed until late morning are you unhappy with?”

“No one gets married in a castle unless they own it. It is brash, celebrity style behaviour. If your parents are unable to contribute very much towards the cost of your wedding, it would be most ladylike and gracious to lower your sights and have a modest wedding as befits both your incomes.”

“Let me understand your priorities. Are you mad with me because I want to be a celebrity, or because it’s going to be an expensive wedding? If we choose a small castle will that be OK?”

And the moral of this story is that there is always a better way. Don’t get mad, get some skills training.

Stephen White, 1st July 2011

Publish and Be Dammed

I am sure I am not alone in my lack of sadness over the demise of the News of the World. It is a paper I last bought in the 1970's and somehow it seems to have stuck there in my mind as a relic of an age gone by. No longer relevant to the times in which we live.

Not so for many of its readers I am sure. Indeed it managed to remain the UK's best-selling Sunday paper. Maybe I am the weird one.

More interesting for me is the way in which the Murdoch Empire has been prepared to walk away from the publication and its 400 employees in an attempt to distance the group from the deplorable behaviour of the journalists who appeared to be prepared to do anything to get the story.

The agony created by the underhand way the vultures (anyone who watched Spitting Images will find it hard to hear "journalist" without thinking of pigs or birds of prey) treated many politicians, celebrities, and most hideously the Dowling family, had to create shock waves across the entire Global communications industry.

Strategically this concussion has created a much bigger problem for Murdoch, particularly with his now defunct but much-publicized attempt to take over BSkyB, which was already under great scrutiny within the political and business fraternity.

His tactical walk away from the News of the World was in my opinion an attempt to protect his more important objective of the seat at the top table in world-wide broadcast media. It clearly was not enough.

As the revelations continue to unfold it will be interesting to see how far Murdoch is prepared to go. His claimed, and highly emotional, priority of protecting Rebekah Brooks will be sorely tested in the upcoming weeks. Maybe Mrs Brooks will be the next concession Murdoch trades to restore his reputation.

Timing in this case is everything. Certainly Mr Murdoch's daughter who said that Brooks had ruined the paper's reputation (her words were more colourful than mine), would play the Brooks card sooner rather than later.

Alan Smith, 15th July 2011

Practice Makes Perfect–Not!

During a conversation with a client this week we discussed whether good negotiators were born, or made. His theory was that in any group of negotiators there would be some who were innately more talented than others, and that it was more effective to spend training money on the less well-endowed.

That argument cuts both ways, I said. Maybe the innately talented, with appropriate training, get to be proportionately better and their improvement in negotiating will produce a bigger return than that achievable by bringing the rookies up to a higher level.

Neither of us questioned the premise that people are born with different levels of innate talent. Both of us accepted that good training will improve effectiveness at all levels of talent. In my real world I recognise that there are people who were obviously born to excel at their chosen vocation; sport, theatre, music; and that however much I practice I could never be a fraction as good as they are. The example sadly at the top of my mind as I write is Amy Winehouse.

When I was a kid I wanted to play tennis like Pancho Gonzales. Not only was he the world number 1 tennis player in the late 1950s and early 1960, but he also had a great personality, and a wicked sense of humour. And, most importantly, he was self-taught. If he could do it, so could I. So I spent hour after hour hitting a tennis ball against the wall of our house, to the great annoyance of my mother and the neighbours. In terms of number of hours spent practicing, I should have been a ranking player. Needless to say I was not.

So I was sceptical when the theory about practice and hard work being more important determinants of success than talent began to gain a higher profile in the last 2 years (cf ‘Bounce’ by Matthew Syed, and ‘The Outliers’ by Malcolm Gladwell). Because we all know plenty of people who put in the graft but never rise above the level of mediocrity.

But there is a supporting fact for this theory; there are little pockets of the world which produce an unbelievable number of stars in a particular field – one street in Reading, England which produced more UK table-tennis champions than the rest of the country, a small town in Hungary famous for its chess champions, and a cycling club on the Isle of Man which has produced many champions, including most recently Mark Cavendish, winner of the Tour de France Green Jersey last weekend.

The likelihood of several great players in a particular sport turning up in a small area as a result of unrelated genetic talent is low. So their successes must be down to hard work, helped by an excellent training infrastructure – in all these cases there was a sports club in the locality which the stars belonged to in their formative years, led by a charismatic coach. That is the key – it is not just

practice which produces the star qualities, it is coached practice. The bad golfer who plays every day, but with no professional coaching, will continue to be a bad golfer. His 'practicing' simply embeds the mistakes.

So it is with negotiators. Managers who negotiate frequently – so get lots of practice at it – are not necessarily good negotiators. Because they are blind to their strengths and weaknesses, and the options available, they make the same mistakes again and again. Scotwork negotiating training offers three days of coached practice to reveal the errors and correct them. Well worth the time, in our opinion.

Now, where can I get some coached practice at writing blogs?

Stephen White, 29th July 2011

Green with Anger!

The August silly season is upon us. Despite the glut of incredible stories from around the world, the newspapers have begun to sneak in tales about Mike Tindals's wedding suit (shock horror he kept it on for 2 days) and Real Ale's image problems (socks and sandals, and Morris dancing).

This column is no different and I would like to share with our good readers the negotiating story of the beach hut.

3 years ago I was bequeathed a beach hut on the beautiful peaceful south coast. I'd tell you where but am afraid it would go the way of my favourite bar on the Isle of Wight following Beyonce's Tweet from its lounge. Can no longer get within 100 feet of the place now.

Anyway the local council insists on the beach huts in this area being well maintained, and employ a Beach Patrol officer as part of the planning department to ensure compliance. Now that is a job.

Always keen to hold up my end, I repaint the hut every couple of years, and salute when the officer passes in a vaguely, but not obvious, ironic way.

This year in spring I got ready my paintbrush and dashed off to B&Q (other DIY stores exist) to buy the white paint, which is de rigueur and insisted upon. No fancy paints allowed. And a can of green paint with which the apex must be painted. To be certain I called the planning office to check on the shade of green allowed.

"Any dark green, no neon. Stick to that and you'll be fine" the cheery American declared. How and why Brad found himself in the council offices of a small provincial county I did not dwell on.

Hut painted. Job done. Summer eagerly anticipated.

Then it all went off. I received a letter from the planners to say that my hut had contravened regulations and I needed to redo the green in a Regent Green no other option allowed.

Spitting feathers I called Brad.

Needless to say Brad could not remember the phone call. That said he did seem to agree it was possible we had conversed on the matter. We spent a fruitless 20 minutes dancing around the subject, before agreeing to disagree. Problem remained. I asked the still smiling Brad if there were any circumstances under which my green would be ok until the whole hut needed repainting in 2013.

"I am afraid not Mr Smith, rules are rules. Huts that do not comply will possibly be removed".

“Would the council be prepared to do the work for me?” Certainly not.

“Would the council be prepared to pay me to have the work done?”

“I am afraid I do not have a budget Mr Smith” Replied Brad with a slight edge of frustration to his Californian tan.

“If you are prepared to give me a £100 off my beach hut license fee for this year then I am prepared to repaint the green”, I proposed.

Deal struck. Email confirmation sent.

For the negotiator, test the no you receive and try to find creative ways of getting the other side to say yes. If you have a complaint give the other side a solution. Providing it is reasonable and within their gift, you might even get a yes.

Now where did I leave my Speedo's.

Alan Smith, 5th August 2011

The Silly Season!

This is a silly season blog, but after the riots in the UK and troubles on the international stock markets this week, we need a bit of silliness for the weekend.

Two engineering students were biking across a university campus. One said, “Where did you get such a great bike?” The second engineer replied, “Well, I was walking along yesterday, minding my own business, when a beautiful woman rode up on this bike, threw it to the ground, took off all her clothes and said, “Take what you want.” The first engineer nodded approvingly and said, “Good choice: The clothes probably wouldn’t have fitted you anyway.”

Creative negotiators are like creative engineers. They have a mindset which sees things differently from ‘normal’ people. As a result they are able to exploit opportunities others would not notice.

An explorer decides to pit his wits against the elements by crossing the Sahara desert with no back-up. He gets lost and after a day of being lost runs out of water. Just when he had given up hope, he sees in the distance a tiny oasis, consisting of a few palm trees and one building. When he arrives, he sees on the building a sign that says ‘TIE WAREHOUSE’. He goes in and begs the proprietor for some water.

‘Sorry,’ says the store owner, ‘I don’t do water, I do ties. Do you want a tie?’ The explorer is appalled at this attitude. He asks for water again, again he is offered a tie instead. But the store owner tells him that his brother runs a restaurant about 30 minutes’ walk away, and he will have plenty of food and water for sale. He points out the direction to take; the explorer leaves in disgust.

An hour later the explorer returns to the Tie Warehouse on his hands and knees. He is now severely dehydrated. The store owner asks ‘So what happened? Didn’t you find my brother’s restaurant?’”

‘Oh, I found it alright,’ gasped the explorer, ‘but they wouldn’t let me in without a tie.’

Stephen White, 12th August 2011

Should I Stay or Should I Go?

This week David Cameron did not seem to mind quite so much being dragged off his holiday in Cornwall. After the first holiday attempt when he had to cut down his family holiday to Tuscany following the riots in London which seemed to spread like a summer crush across the major cities in England, this time he was called back to share in the limelight over what appears at the time of writing to be the final curtain for the Gaddafi regime in Libya.

Elbowing his way into the diplomatic race to gain the credit (fighting off Sarkozy and, bizarrely, Berlusconi), Cameron is hoping to improve his status both home and away.

For us mere mortals hugging ourselves to keep warm behind the wind breakers on the British beaches in what has again been something of an August wash out, almost mesmerized by the terrible red blink of the Blackberry, the question of “do I need to be there?” is a little more prosaic.

There are of course occasions when being there is essential. David Brooks in his book “The Social Animal”, tells the story of an academic study at Stamford University when 3 separate teams of randomly chosen students were selected to solve a complex math’s problem, that required group interaction.

One of the groups met face to face, one group communicated by telephone and the other group could only communicate via email. The group that met face to face solved the problem in 3 hours. The group that communicated by phone solved the problem in 2 days, and, you’ve probably guessed, the group that communicated via mail did not solve the problem at all.

I am often asked by negotiators who do much of their negotiation on the phone is the negotiation process the same. The short answer is yes. But sometimes the process is much easier to read and resolve when you can see the whites of the other sides’ eyes.

Alan Smith, 26th August 2011

A Can (or in This Case Jar) of Worms.

I heard a story the other day.

A doctor was talking to a group of rather elderly patients about health issues and he decided to create a visual impression to give his case more meaning and pizzazz.

He collected 4 worms from his garden and placed them in 4 glass jars.

He then in front of the group filled each of the 4 jars. The first jar he filled with alcohol. The second jar he filled with cigarette smoke. The third jar he filled with chocolate and in the final fourth jar he added fresh soil.

He then continued with his talk about the problems associated with drinking, smoking and eating an unhealthy diet.

At the end of the talk he tipped out the contents of the 4 jars.

It was only in the jar that had been filled with soil that the worm survived. All 3 of the other worms had sadly perished.

“What does that tell you?” he asked his hushed audience.

Quick as a flash one old lady said ‘As long as you drink, smoke and eat chocolate, you won’t have worms!’

Sometimes no matter how persuasive our argument or how many visual aids or powerful analogies we use, the other side will see things in a very different way. Our challenge as negotiators is to recognise when to move on from persuasion, try to understand how the other side see as the issues and what success for them looks like.

Then try something else.

Alan Smith, 2nd September 2011

What Did You Expect?

It will come as no surprise for many of you that your well-being depends to a very large effect on the relationships you have. Married people are on average far happier than unmarried ones. Interestingly this is the case for men even if the marriage is not particularly successful. For women an unsuccessful marriage is worse than being single. Any port in a storm will not work for 50% of the population!

I am sure this is true in all aspects of our personal and business lives and negotiating the right relationships creates fulfilling and profitable lives.

I was reminded of this whilst speaking to an old mate of mine the other week.

He has been looking for a special friend for a considerable period of time, and has tried all the old, and many of the new, ways of meeting someone with the same (or at least sympathetic) aspirations. He saw a guy he liked on a dating web site and started a dialogue.

Things went well and eventually the pair, having scrutinized each other's photos and descriptions, and following a number of emails and telephone conversations, agreed to meet. The day arrives and filled with trepidation my friend makes his way to the pub in the hope that this could turn into something fulfilling.

Imagine the surprise when my friend, expecting to meet a 6 foot 2 guy, is confronted by what my friend described in scathing detail as Ronnie Corbett in Cubans.

His new potential friend, was to put it mildly, vertically challenged. My friend asked the guy if he didn't think he would realise that he was 5 foot 2. Did he think he could sneak it by him?

This got me thinking. If I have potentially difficult news to deliver, should I flag it in advance and risk at worst no further opportunity to discuss other aspects of the business in hand.

Or am I upfront and at least get all the issues on the table—if they are prepared to meet then we are starting from a position of honesty which we can build from.

Trying to build a head of steam before introducing difficult elements into a conversation may help narrow a negotiating gap or conflict in some instances, but it could just as easily destroy trust and waste time if that difference was never going to be bridged.

Tough call.

Alan Smith, 9th September 2011

Get It Right First Time!

Basildon Council in Essex has today sent notices to each of the 51 illegally occupied plots at the travellers' site at Dale Farm in Essex, following the injunction until Friday preventing bailiffs entering the site to clear the unauthorised plots.

The council said the eviction could take place on Friday if their intended legal challenge to the injunction succeeds. Many of the traveller residents who had left the site are on their way back. Buoyed by the events of the last 24 hours, it seems that the precedent set by the extremely high profile legal kicking the council has taken may have caused a seismic shift in the power balance. Only time will tell.

Basildon Council leader Tony Ball says he is “disappointed and frustrated”

I am sure he is. Not unlike the 1,000's of Essex residents who can imagine the £ signs spin as they count the costs for the court action and policing involved. Obviously they will pick up the tab in some shape or form.

Ball said the injunction was granted because the judge at the Royal Courts of Justice wanted more information.

I don't know enough about the legalities of the case to know who is right and who is wrong, or indeed if it is that clear-cut. But I do know that before I entered into the bear pit of a very public and acrimonious dispute I would have all the information at my fingertips.

Negotiators who find themselves in a situation where there are too many unknowns, or where assumptions they have made have not been tested may find that the inevitable becomes the predictable. Trained negotiators value the argue step to avoid disasters and keep talking until threats, an inevitable play, do not end up empty.

Alan Smith, 23rd September 2011

What Position for Carlos Tevez?

I watched Manchester City's manager Roberto Mancini's outburst straight after the Champions' League game in which Carlos Tevez reportedly refused to go on to the pitch. Mancini clearly said that Carlo Tevez would not play for him again. In fact at one point prior to this outburst he had claimed that it wasn't his decision. It just seems that later as he appeared to gain encouragement from the supportive comments of the BBC's man holding the microphone, he went the whole way and declared his position on his Argentinean ex-captain.

There are a few points of interest in the events both within and surrounding that interview.

If at all possible, no matter how emotional the situation becomes, we should try not to declare a position. Positions do not generally benefit us, they so often become obstacles later particularly if situations and conditions become clearer, alter to our advantage or pressure is applied upon us or the situation. Any or all of these things could be happening to Mancini at this moment. Our advice generally is avoid taking positions particularly when under pressure. Instead take a break, or if you cannot then speak generally, avoid commitments let the emotions evaporate.

In the German military a commander will only accept a complaint from an officer about a fellow officer if in writing and no complaint will be accepted within 24 hours of the event. I had a very similar condition imposed upon me only last year by my new mobile telephone. I found to my dismay that my "all singing and dancing" mobile phone whilst receiving mails via the group server in Glasgow, would not allow me to send mails due to some temporary incompatibility between the phone and the Glasgow server. It took weeks to resolve the technical problem but in that few weeks there were several occasions when I received a mail in the morning that I would normally have acted upon immediately with a positional statement, something like "Not possible", "Never" "No". These are words that we want to avoid, we know them to be representative of poor negotiating behaviour but in the heat of the moment this is sometimes all that comes to mind. The fact was however, because my ability to respond immediately was taken away from me, by the time I had gone back home I had avoided taking a position and very often found a way to give the other party what they wanted but on my terms. I lost nothing by delaying a response.

The phone is working great now.

One more observation. Tevez claims to be very upset that Mancini went public. I can see what he means; by going public he made it far less likely that his position can be changed. Next time you have to send a contentious mail, or a message that you suspect may stir up emotions, avoid doing what so many people do which is stacking the c.c. box with the name of everybody who may have a passing

interest. In fact do the opposite and strip the message's c.c. recipients to the bare minimum. This makes it far less of a probability that the other party will take a position. If you put her/him on stage, as Mancini effectively was the outcome is likely to be much more positional.

As for Tevez, well, being a red myself, anyone that leaves Manchester United has this coming to him. But that's just my position.

Mike Freedman, 30th September 2011

The Cat Is Not Well!

An elderly couple, grumpily married for over 30 years, decide to have a week apart for the first time in their long suffering marriage. The wife travels to see her sister, leaving her curmudgeonly (great word, look it up) husband in charge of the house and much loved cat.

Having arrived at her sister's home, the wife calls her husband to let him know that she has arrived and to check that everything is OK back home.

"Everything OK?" she asks.

"Fine," is the response, "but the cat is dead."

The wife, obviously distraught, is nonetheless furious.

"You handled that really badly," she yells. "I loved that cat. You could have told me that the cat looks a bit poorly. Then when I called to check tomorrow you could have said that she looks a bit worse and you are thinking of calling the vet. The next night you could have told me that the vet had been and the news is bad, but that he had given her medicine to make her comfortable. Then finally you could have delivered the bad news that she had died peacefully."

The husband takes the advice stoically and hangs up.

The next night the wife calls home again.

"Everything OK?" She says.

"Fine" comes the response. "But your mother looks a bit poorly..."

I was reminded of this old joke when the IMF cut its growth forecast for Britain for the third time in nine months and warned George Osborne that further under-performance would warrant a policy U-turn.

For the negotiator the use of, and revealing of, information during the negotiation can structure the other side's expectations powerfully. Would a drip-feed of bad news work better than the up front reveal? Think about how you would feel if you were in the other side's shoes.

If you don't, your negotiations may themselves end up unwell!

Hot Air

Moses. Lad! Hill walker; leader of men; stone carrier and, when it came to water, he surpassed even his own ambitious targets. Had he been born in Scotland in the twentieth century, he would have been a natural hydro-electric engineer. He would have found the twenty-first century quite interesting as well as we Scots have an eleventh commandment to add to his original ten. 31% of our energy needs will be supplied by renewable resources in 2011 and 100% is the target by 2020. This has led to a huge wind turbine building programme all around the country.

I recently drove past the biggest wind farm in Europe. As far as the eye can see, 140 giant wind turbines face west to pick up the wind from the Atlantic Ocean and turn it into electricity. A further 75 of these turbines are being built so that the farm will be able to supply a city of 150,000. There the turbines stood – motionless; remarkable. There was plenty of wind – those of you who have visited Scotland will know that we have plenty of wind – but none of the turbines was moving. I did some research.

It turns out that there is a scheme in Scotland whereby landowners can apply for a grant to build wind turbines on their land. Once the turbines are built, there is a guarantee in place that the electricity distribution companies will buy their electricity. In the event of strong winds the wind farms can produce more power than the distribution grid can handle. In this situation the turbine owners receive compensation for switching them off.

I wondered what would happen if the distributors needed the electricity but, due to calm weather, the wind farm failed to produce any. I know that it might surprise you that, in what is officially Europe's windiest country, Scotland enjoys many sunny, windless and bitterly cold days in the depth of winter when we most need the power for heating.

Good negotiators have a tactic that can help. It is called "Over and Under". Basically, if the company does not need the supplier's electricity, then it pays a fine. If the company, on the other hand, needs the electricity and the supplier cannot supply, then the supplier pays exactly the same fine.

This is a government-led scheme however and its rules were drawn up by the government. In this case it was driven by its determination to meet self-imposed targets and not by the need to negotiate a commercially sensible agreement. Perhaps the real lesson is that politicians should leave negotiating to the experts. Next month's topic "Edinburgh TIEs itself in noughts"

Robin Copland, 14th October 2011

Win Ugly!

If, like me, you have been following the rugby world cup finals, you will have spent the last few weekends glued to the TV at an ungodly hour watching the world's best teams knock the hell out of each other in an attempt to lift the greatest prize in rugby, the Webb Ellis trophy.

If, also like me, you are a supporter of the England team you will also be familiar with the phrase 'win ugly'. The phrase comes from Brad Gilbert, previously a mediocre tennis professional, who won ugly by disrupting his opponents using a variety of techniques from gamesmanship to relentless targeting the opponents weaknesses. Gilbert famously became the coach of Agassi and Sampras and helped them gain the psychological advantage in their game.

Martin Johnson, the England coach, had said in the build-up he wouldn't mind winning ugly as long as his side got the win – sadly Johnson has created the sort of England game even a mother would struggle to love.

You may or may not agree with this philosophy in sport. I have to admit a bias here. If you play with style (look at the Welsh glory in defeat with 14 men against a woeful and boring French side) I think you appeal to a very British sense of triumph despite defeat. Look at the relative success of Scott to Shackleton, a glorious ultimate defeat against an ugly tale of survival, and how that played in the British press during World War 1.

For the negotiator to win ugly may very well create problems further down the line. Beat your opponent to a pulp, lie, cheat, misrepresent, have several bites at the cherry, and don't be surprised if you win the battle but lose the war.

There are surprisingly few negotiations in a business context where the outcome is purely transactional. Even the car purchase has repercussions in servicing and trade-in values.

Moreover winning ugly suggests a deal that means one of the parties is unhappy, unlikely to be creative in helping the relationship live and build value for the whole life of the contract or deal.

Win brutally if you must, but winning with style just might be a better long-term option.

Alan Smith, 21st October 2011

Don't Flog a Live Horse

I have to declare a lack of interest here.

The last time I placed a bet on a horse race was 1977 when I picked Red Rum to win the Grand National, which it did for a record 3rd time. I have no idea about racing and have no intention of finding a passion for it. But I was intrigued by the row between the Jockey Club, the British Horseracing Authority and the World Horse Welfare group that seems to have settled to a simmer last week when new rules were introduced that allowed all sides to walk away with their heads held high.

A number of jockeys have found themselves having to hand back winnings from races and suffering riding bans for what the British Horseracing Authority (BHA) deem to be excessive use of the whip. The World Horse Welfare charity felt that use of the whip should be completely banned and that the BHA had not gone far enough. The jockeys felt that the whip (a new version of which has just been introduced, the so called air whip, which makes more noise and less impact) is an essential tool for controlling and steering a couple of tons of muscle travelling at speeds in excess of 40 mph.

Temperatures have been steadily rising and a threatened strike by jockeys was on the cards at the meeting planned for last Monday, if some form of agreement could not be reached. It did not look good.

Each side had both vested and visible interest in getting their way.

The eventual deal agreed (even though with some degree of reluctance) appears to give all sides the opportunity to save face.

New rules state that the use of the whip should be limited to 7 times on the flat, a maximum of 5 times in the last furlong of the race, that excessive use of the whip on a number of occasions will result in punitive measures for the riders involved, and that time to both introduce the measures and review the use of the whip at all will be agreed. In short, all sides can claim to have had influence in the end agreement.

Face saving whilst resolving conflict allows all sides to maintain a good self-image. Often when we are involved in a negotiation we continue the conflict, just to avoid the embarrassment of looking bad by being seen to give in.

To avoid this problem, it is also important to allow one's opponents to make concessions gracefully, without having to admit that they made a mistake or backed down. Often a simple change in wording, or an exchange of concessions will help negotiators maintain a positive image, even when they are

actually giving in. Also ensure that there is no gloating or bragging when one has won a victory. Gloating makes the other side look bad and feel bad, which might encourage them to withdraw their cooperation.

And that's a tip we can all benefit from.

Alan Smith, 4th November 2011

Sodom and Gomorrah

Genesis Chapter 18 might be an unusual source to derive some interesting negotiating techniques, but as they say in showbiz ‘the old ones are the best’.

Chapter 18 tells the story of the downfall of Sodom and Gomorrah, on the shore of the Dead Sea, which were centres of evil. The Almighty decides to liquidate the twin towns, and tells Abraham of his intentions.

Abraham is appalled by this merciless divine plan. When your mission is to found a new religion, good PR is vital, and this idea looked like madness – the collateral damage resulting from the obliteration of Sodom and Gomorrah was bound to be enormous and the resulting publicity possibly catastrophic. He had to do something.

But he must have been somewhat awed at the prospect of telling an all-encompassing power which seemed very resolute that this was a big mistake. So he decided to use the Argue step (part of the Eight Step® process of negotiating). He asks God a series of questions. Do you really want to destroy the righteous who live in the area along with the wicked? Even if there are only 50 righteous? Can you see how people will call this sacrilegious? Are you not supposed to be the ultimate purveyor of justice? Do you call this justice?

Had we been advising Abraham (on a consultancy basis, reasonable rates available by the hour) we would have suggested that he should draw breath and pause between each question to allow an answer. Long established as Scotwork is, however, we weren’t around at the time.

Abraham’s questions are rhetorical, and designed to be persuasive. But in amongst the questions is an implied proposal – What if we can find 50 righteous – will you agree not to do it? The Lord agrees. Abraham decides to go for a bit of dealcreep. What if there are only 45 righteous? Or 40? Or 30? Or 20? Or even only 10? Each time God concedes.

The ‘What if...’ technique is effective because it draws attention away from the main issue (the destruction of the twin towns) and refocuses on one variable in the mix. Getting agreement on movement on one variable is more likely than movement on the whole; it works like a facesaver.

A bigger dose of ‘What if...’ would be appropriate this week within the Eurozone countries, trying to deal with the crises in the twin towns of Athens and Rome. So far, we have had ‘What if we get the Prime Ministers to resign?’ At the time of writing, it hasn’t made a difference. Ditto ‘What if we accelerated the austerity measures?’ Ditto ‘What if we allowed a limited default on the indebtedness?’ I suspect these variables are all too marginal to make a difference. Maybe ‘What if we

split the Mediterranean countries off from the others and allow a two-speed Eurozone?’ would be more useful. It still maintains the Eurozone principle, allows a face saver, and might get the world economy back on track.

Well, I’m sure you know the outcome of the biblical story. We’re not told how many righteous there actually were (obviously less than 10!), but Sodom and Gomorrah are no more. Let’s hope that Athens and Rome do better.

Stephen White, 11th November 2011

Life Is So Unpredictable

No matter how interesting and varied the job might be, most workers will tell you that after a time life becomes routine. For those who are office-bound the glamour of the international traveller looks enticing, but the traveller will tell you of the interminable boredom they experience during the process of flying. When I was a child someone told me that people who work in a sweetie factory could eat as many sweets as they wanted – every child’s dream; years later when I started work I spent a lot of time at the Cadbury factory in Bournville with people who were so bored with chocolate they never ate it; the availability of chocolate for them had become routine (although it never was for me!).

The predictability of routine can unfortunately lead negotiators astray. Doing similar deals over and over again leads to a blasé approach to Preparation. So there is a likelihood that the negotiator will only have one plan – to ‘wing it’ because there is unlikely to be anything surprising in the next deal to be done.

And a second problem which often trips the lazy negotiator is an expectation that answers to any questions they might ask are predictable, so it is a waste of time asking them. Similarly, questions the other side ask are also predictable, so the lazy negotiator doesn’t need to prepare, and doesn’t listen carefully when these questions are asked. The result is an answer which turns out to be inappropriate, and sometimes very damaging.

Many years ago, during a sales pitch for a sizable amount of training courses, a client asked me a series of questions about the training we were offering. I had been asked these same questions many times before, and the answers needed no thought or preparation on my part. Finally the client said, ‘One more thing. We are asking you to deliver 10 courses. This is a big piece of business. Will you.....’

I interrupted because what was coming next was predictable – a request for a discount. ‘I need to tell you that we consider our fees to be fair and reasonable. Certainly we are competitively priced in the market. So we don’t discount the course fee,’ I said, trying to structure his expectations.

There was a pause. ‘That’s not what I was going to ask. I was going to ask, ‘Will you have enough resource to teach these courses in a 3 month period?’’

We didn’t win the business.

Spell It Out!

Many of us will have heard of, and indeed donated regularly to the “swear box”. Indeed any attempt to keep swearing in public under control should be applauded.

Peculiar then that a judge this week upheld an appeal overturning Denzel Cassius Harvey’s conviction for repeatedly using the F word at police officers, Mr Justice Bean said officers were so regularly on the receiving end of the “rather commonplace” expletive that it was unlikely to cause them “harassment, alarm or distress”.

Even stranger then that this flew in the face of a conviction in the previous week of a farmer in Wigton, Cumbria. Keith Culthard was fined £200 for erecting a sign that attempted to dissuade ramblers from crossing his field. Rather than the normal “Keep out!” Culthard added a more direct message. His “Do not enter. F@&* off!” was regarded as vulgar and blunt. On balance I think that is a fair summation.

Forget for a second the ridiculous nature of the legal profession which can suggest that aggressively swearing at a policeman is not as bad as erecting a sign in a remote field. Two lessons glare out to me as a negotiating training specialist.

The first is that we should never react to aggressive or bad behaviour by rewarding it. Removing the conviction can be seen as a carte blanche to swear with impunity at the Police as they go about their jobs. Adding concessions during a negotiation when put under pressure can be seen in a similar light. Never respond to deliberately confrontational behaviour, or guess what. They will do it again.

The second is a little more oblique. As trained negotiators we see a lack of clarity as a real issue, which can engender confusion and dramatically reduce time efficiency. A request for a specific proposal to be addressed at the very least gives the other side the chance to think about how it could be met, and under which terms they could live with it.

Surrounding your information however with inflammatory language or behaviour will be self-defeating. Much as Mr Culthard literally found out to his cost.

Alan Smith, 25th November 2011

The Art of Persuasion. A Negotiating Skills Perspective

On a flight from Glasgow on a cold November night I came across an article in the in-flight magazine about how to make more effective use of persuasion to get what we want out of life, business and family relationships.

Warming advice indeed. The basic premise is that it is much more powerful to surround our persuasion with strong rationale in order to get people to do what we want them to do.

The article was based on research performed by Harvard psychologists in the 1970s which sought to answer the basic question on what would be the best way to persuade someone to allow us to queue-jump?

The studies revealed some interesting insight. Just pushing in was understandably disastrous. Asking the person in front of you for permission was much more successful. In 60% of situations a simple request was effective. Adding a rationale to the request was yet more successful, in fact it was 50% more effective than a request alone.

Moreover in this study it did not seem to matter what the rationale was.

Ellen Langer, the psychologist responsible for the study, made the somewhat startling revelation that the reason behind the rationale was almost irrelevant in improving the efficacy of simply adding a reason. It appeared that the brain of the person being asked to give up their place switched off once the 'because' was heard.

Simple and pragmatic advice for the negotiator. Adding a rationale to the reason why we may need something during a negotiation may indeed generate improved success. It may also allow the other side to find more advantageous ways of giving us what we want or need. For the professional negotiating specialist, understanding clearly what the other side is looking for is a crucial part of the process.

However, it will not always work.

The strike by UK public sector workers on Wednesday of this week was not caused by a lack of understanding of what either side needed to achieve. The government wants to reduce the massive budget deficit; the union wants to protect their members in retirement. The rationale for both sides is utterly clear.

The failure of agreement is not based on rationale, it is based on conflict. Resolving conflict is when

negotiation comes into its own.

Alan Smith, 2nd December 2011

Events, Dear Boy, Events

In the late 1950s, a journalist asked incumbent British Prime Minister Harold Macmillan what he considered was most likely to blow his government off course. In an answer that has gone down in history – perhaps as much for its Edwardian construction as its content – Macmillan replied, “Events, dear boy, events.” This response hits at a fundamental truth. Things do change rapidly, and when one is least expecting them to do so.

George Osborne in his address to the House of Commons in London last week, must be keeping a very close eye on the weather vane as the problems in the European Union, and the debt storm that rages around his ears, threaten to put his Government’s long term plans at severe risk.

It seemed that the plan was very much to spend the first years of the new Liberal Conservative administration in austerity mode, cutting spending dramatically, reducing debt and getting the pain in early. This would lead to a reversal in bad fortune (hopefully), creating the opportunity for a feel good budget in 2014 prior to the planned general election in 2015 and a landslide win for the Conservatives or Lib Dems (or a combination of the above).

Trouble is, things do not appear to have gone that way.

There appears to be a supreme lack of confidence in consumer spending. In turn this has caused a reluctance to invest by UK companies exacerbated by the poor performance of exports due to the crisis in Europe. The cuts in spending further reducing demand may be necessary, but may be throwing water on a fire that is already going out.

I am not suggesting that borrowing more to get out of debt is any cleverer. Anyone with a Barclaycard who borrows from her MasterCard to make the payments can see the flaw in that.

What I am saying is that the government, like all good negotiators, should have alternative strategies for achieving their core objectives.

Having a flexible strategy is a key tenet to developing negotiation skills. Plan D just might be more palatable.

Alan Smith, 9th December 2011

How to Treat a Loved One

As the invective from senior French politicians as a result of the UK's negotiating position at the European summit last week becomes harsher, we should maybe ponder the wisdom that long term relationships benefit from Win-Win negotiating style.

The French certainly have taken a very aggressive attitude, now suggesting that the UK's economic position is worse than theirs, so it is the Brits who should be considered for a credit-rating downgrade. This in contrast with Germany, which has, as convention dictates, made soothing noises about the EU maintaining close ties with Great Britain. Do we put the French attitude down to the historic Gallic irritation with 'Les Ros-bifs'.

I detect something else. The deal done last week is coming under increasing pressure from the financial markets because it was unfocussed and vague on numbers. If it fails to do the trick, there will have to be another Summit – they are already talking about one taking place in January – and that the UK will be invited to participate. The French are simply looking for someone to blame.

So how much damage did David Cameron do by saying 'No' last week? Not much, I think, because the nature of a long term relationship is that you can say No without termination. We all know that from our domestic situations, with spouses and children (and sometimes with parents as well). Disagreement doesn't mean divorce, or being put up for adoption.

But we don't see this understanding transferring to our commercial negotiations with clients, especially long-standing ones. In these situations we can't see past 'the relationship'. Saying No might destroy the relationship, so appeasement, dissembling, and postponement appear to be better.

How wrong. Partners like robustness and honesty in their dealings with each other. Disagreement by others with my viewpoint makes me reconsider, and re-examine my facts and my opinions. I might or might not change my mind; indeed I might take a more entrenched position, but I'm better for the internal review and anyway unlikely to terminate the relationship altogether. Good client-facing people know that pushback, always tactfully, on demands which are unreasonable or inappropriate, is seen by clients as positive behaviour and respected.

However, remember that disagreement in a long term relationship can have unexpected consequences. There is an old joke about a wife who rings her mother. 'We had a big bust-up.' she says 'I asked him to iron his own shirts and he said No. So I'm moving out and coming to live with you.' 'On the contrary' says the mother. 'He must be made to suffer. I'm coming to live with you.'

Anyone fancy M. Sarkozy joining Cameron and Clegg in the coalition?

Stephen White, 16th December 2011

The Long Game

The Christmas tree is hardly dethroned, the last mince pie still to be eaten and the coffee creams the only sweets left when the whole world seems to have shifted on its slightly larger and wobblier access.

Pre-Christmas it is all cookery programmes on TV, focusing on sweets, cakes and bakery. January the 1st arrives and FatBusters, The Biggest Loser and Get Healthy with Gino all hit the screen to fuel our disappointment with ourselves for the gluttony and monumental weakness of our seasonal selves.

It seems that humans are very poor at delaying gratification. I want it all and I want it now.

In the late-1960's, psychologists at Stanford University ran a series of experiments with young children at Bing Nursery. They left small children in a room with a delicious sweet. If they left the sweet alone for 5 minutes when the researcher returned they would be given 2 sweets.

Footage of these experiments, which were conducted over several years, is poignant, as the kids struggle to delay gratification. Some cover their eyes with their hands or turn around so that they can't see the tray. Others start kicking the desk, or tug on their pigtails, or stroke the sweet as if it were a tiny stuffed animal.

Many of the kids could not wait. Some wolfed the sweet down as soon as the researcher left the room. Others struggled but then gave in. A proportion waited patiently and got their reward. Interestingly this last group when monitored over their lives seemed to have greater success in their career and higher SAT scores. It seems that patience is indeed a virtue.

For those of us who negotiate (and that is all of us) this is interesting and self-evident news. Building time and control into our lives generally and business specifically to think of the long-term impact of the deals that we do, the choices that we make has to be good news.

My daughter's patience was rewarded yesterday when her offer on a house was accepted despite being rejected just before Christmas. Time on this occasion was on her side. Her instant reaction was to up her offer (which frankly she could not afford) because of her emotional attachment to the house.

Picking the bones out of the bad stuff we do on impulse is like that first long run after Christmas. Painful.

Alan Smith, 6th January 2012

Which Is It?

Everybody should be advised to take at least two drink-free days a week, say MPs, who urge in a report that safe drinking guidelines should be revised because they are confusing. Even more confusing after a couple of beers!

The House of Commons science and technology committee says awareness of the existence of the guidelines is high, but public understanding of what they mean is poor. More help is needed so that drinkers understand what a unit of alcohol actually looks like, so they can have an idea of how many units they are drinking in a pint of beer, glass of wine or shot of vodka.

In 1987, when alcohol guidance was published, it was set out as a maximum advised number of units per week, which was 21 for men and 14 for women.

However, studies published in the early 1990s suggested some alcohol might be good for the heart. This, says the committee, led to a reframing of the guidance as a daily intake: no more than three to four units a day for men and two to three for women. Those who drink the maximum every day are therefore well above the earlier limits.

Well which is it? Who knows? To an extent it depends on who you ask and where in the world you happen to be. (Interestingly the recommended allowances differ in different countries. I am thinking of moving to Australia, I will be a moderate drinking health nut there).

The problem with being vague is that it allows us to pick out the bits that work best for us, and at worst the information or proposals are completely ignored.

When negotiators make a proposal the best advice we can give is to be very clear and specific about what your proposal is. Getting the structure of your proposals right is one of the most effective lessons you can learn, and gives the proposer both power and control.

Getting what you want takes preparation and thought. Decide exactly what you want before you go about finding the means of getting it.

Alan Smith, 13th January 2012

That's Not Cricket

Hard to believe but cricket just isn't cricket anymore.

The game that seemed for many years to define the concept of fairness and honourable play has slipped into terrible disrepute.

The problems with match rigging and spot betting seem rife. It seemed to begin in Pakistan when three former Pakistan players—Salman Butt, Mohammad Asif and Mohammed Aamir—were jailed over spot-fixing in the Lord's Test in England in 2010.

There were reports last week suggesting that English County cricket has a similar problem when Mervyn Westfield pleaded guilty of match fixing while playing for Essex. He now potentially faces a 7-year jail term after accepting a £6000 bung in a betting scam.

So bad has the whole sorry tale become that the ECB (English Cricket Board) has offered an amnesty to players and officials. The ploy, similar to the classic prisoner's dilemma, has been designed to flush out any further issues. In essence for those involved a number of choices appear possible—keep quiet and hope everyone else does too; keep quiet with the risk that others don't, and you suffer the consequences; or come clean regardless and take the under estimated punishment of loss of face.

Thinking through the options and planning the release of the information that you have is a common dilemma for those who negotiate for a living. The negotiator must prepare what and how she is going to reveal information as well as the timing of its release. It is lack of information that creates the need to negotiate at all. If you know everything then you propose at the opponents limit position and refuse to move.

Now that doesn't seem much fun. And it certainly isn't cricket.

Alan Smith, 20th January 2012

Competitive Stances Breed Competitive Stances

The two biggest world aircraft producers are Boeing and Airbus. These companies have enjoyed a duopoly for the past twenty years, according to Ryanair's chief executive, Michael O'Leary. Ryanair currently operate 275 Boeing aircraft. The airline is the largest low cost airline in Europe. O'Leary changed Ryanair's traditional business model to a low-cost model based on Southwest Airlines. He has since refined that model and famously trails what seem at the time to be outrageous ideas before implementing them and seeing them become part of the traditional way of doing business (scratch cards, paying for drinks and food on board the aircraft, credit card charges and the like).

He is a notorious "hard ball" negotiator. In December 2009, he pulled out of negotiations with Boeing for a new contract, starting in 2013 for the supply of new 737 aircraft. He fired some bait in the direction of Airbus but its chief executive, John Leahy, was dismissive saying, "I would have no problem selling aircraft to O'Leary at reasonable prices, but I have not seen anything reasonable from him" (CAPA 15 December 2009).

Both Airbus and Boeing have been slow to introduce new, more economic models in the single-aisle 200-seater market, preferring instead to milk profits from the Boeing 737/Airbus A320 variants currently on sale. To be fair, both companies have had their fingers burned recently with new product launches, the Boeing 787 and the Airbus A380. Neither company is willing to bet its future on a new product when both have tried and tested products already in the marketplace. Ryanair, as well as other airlines – most famously perhaps EasyJet, has been frustrated by this lack of product development.

What was initially seen as a negotiator's ploy – threatening an existing supplier with their competition – has turned into a real negotiating opportunity for O'Leary with his announcement on 21 June 2011 at the Paris Air Show that he is cooperating with a Chinese aircraft manufacturer, Comac to help them develop a 200-seater version of their new plane, the C919.

That said, he was quick to point out that Ryanair "remain in continuing discussions with both Boeing and now Comac for a replacement aircraft order of at least 200 aircraft". In other words, he is trying to set up a competition between Boeing and Comac. Also interesting is the fact that the Comac C919 will cost roughly US\$32m per plane – a lot of money, but still 10% less than the offerings from either Boeing or Airbus. This suggests that though price will undoubtedly be an issue for Ryanair, O'Leary does not want to burn his boats with Boeing just yet. It remains to be seen how willing the market is to fly on an untried plane made by a country and company whose products have yet to develop a reputation in Europe. He needs to be very careful indeed before foisting a Chinese plane on a sceptical European market.

These are interesting times for all concerned and this is one of the few commercial negotiations that is being played out in the full glare of press publicity.

Ryanair's "previous" may count against it in its negotiations with Boeing and the increasingly distant Airbus. When negotiators decide to adopt an adversarial stance with the other side, they need to make sure that the power balance is well and truly in their favour. They also need to recognise that in a long-term relationship aggravating the other side may not work in your favour in the long run.

Robin Copland, 27th January 2012

Are You Ready?

Appropriately in 2012 I was talking to a director of a communications agency who had been heavily involved in developing the messaging and communication platform for London's successful bid to hold the Olympics back in 2005

All was looking good but still the actual presentations had to be made to the selection committee when the final decision would be announced.

She explained that nothing had been left to chance. The presentations were rehearsed and slick, the concept well tested and thorough. The objective clear and the strategy in place.

Half an hour before the actual pitch, she was looking for the star of the show Seb Coe to talk through any last minute issues or worries. Lord Coe was nowhere to be seen. She searched the hotel. Called his room. Ran outside to see if he was taking in air. All to no avail. A slight panic set in.

10 minutes to go still no principal for the staged show. Eventually worried he may have fallen whilst taking a shower she went to his room with the hotel manager and his passkey.

There was Lord Coe perfectly relaxed lying on the bed with headphones on listening to jazz. This was apparently his habit prior to all big events and races getting himself into what athletes call the zone. The rest is of course history.

I was reminded of this last week when I heard that a job centre in Dublin had banned the wearing of pyjamas by applicants coming in for interview. What signal were these job seekers giving about their ability or aptitude for work? You have to get into the mind set of what you are doing that day. So if you want to get a job, go dressed prepared to get a job. Get into the correct state of mind and body.

Preparation is probably the simplest thing we can do more of to improve the outcome of our negotiations. Getting ready to negotiate requires prioritising objectives and planning a strategic methodology to achieve the best possible outcome. It is about the art of the possible. Of course any pre prepared strategy we adopt may need to change.

Back to Lord Coe again. When racing he would approach each race with an objective and strategy, but sometimes the strategy would require adaptation. If he intended to run the race from the front but found an opponent blasted off with no chance of staying that pace he would rethink the plan. All plans made to solve conflict rarely last beyond first contact with the opposition. Dealing with that is what negotiating is about.

Otherwise you might get caught napping.

Alan Smith, 3rd February 2012

Out to Lunch

Two accounts clerks and their manager are walking to lunch when they find an antique oil lamp. They rub it and a Genie comes out. The Genie offers each of them one wish.

‘Me first! Me first!’ says one of the clerks. ‘I want to be in the Bahamas , driving a speedboat, without a care in the world.’ Puff! He disappears.

‘Me next! Me next!’ says the second clerk. ‘I want to be in Hawaii , relaxing on the beach with my personal masseur, an endless supply of Pina Coladas and the love of my life.’ Puff! She’s gone.

‘OK, your turn,’ the Genie says to the manager.

The manager says, ‘I want those two back in the office straight after lunch.’

The moral of this story is that going first is sometimes the wrong strategy.

The received wisdom in many of the negotiating academic circles is that allowing the other party to make the first proposal is good strategy, because it might reveal that their proposal is more generous than you would have expected, which will shift the point of agreement (the deal) in your direction.

But Scotworkers have long been exponents of the principle that making the first proposal is good negotiating behaviour. It sets the agenda. It identifies the geography of the subsequent conversation. It incorporates variables you want to have in the deal. And most importantly it puts the benchmark at your end of the negotiating spectrum, leaving the other party the task of pushing you up or pulling you down towards where they would prefer to be.

So when is it the wrong strategy? There are two measures. The first is probability. If their behaviour indicates that they are uninformed about the facts – the market, the competition, market prices, and so on—and as a result there is a significant probability that they might make an overgenerous first proposal, let them do it. The second is the need for progress. Negotiations move forward when proposals hit the table. If the investigative phase of the negotiating process (the Argue step) fails to reveal their priorities and needs, and as a result you can’t work out what would be an appropriate proposal, inviting them to go first might just produce that information. Although their proposal might be unpalatable, at least you will have found out their issues.

Remember that most of the time letting the other side go first is poor strategy. We can all tell stories about stunningly good outcomes because the other side made a first proposal which was much more generous than we had expected. But those stories are worth telling because they are the exceptions.

Most of the time when the other side go first their proposals do us no favours at all.

Stephen White, 10th February 2012

What Do You Care!

A sales director was playing a game of golf with the procurement director from his largest and most prestigious client. During the round the course ran adjacent to a small road. As the pair drove off on the 8th a hearse started to slowly make its way along the lane and would eventually pass the men.

The procurement director realised this and despite the fact that he was about to play a shot he put down his club, removed his hat, bowed his head and stood silent and to attention as the car passed.

The sales director was amazed and choked to see this open display of respect and empathy from a man who hitherto had seemed distant, aggressive and hard-nosed.

Empathy is an area that can be critical during the process of negotiation, how can you effectively express empathy in a negotiation, step into your counterpart's shoes and use this to help gain a better deal?

A couple of thoughts.

Ask lots of questions. Try to understand their issues and concerns. Gain an understanding of their priorities and KPI's. Toggle the switch to receive. Get them to describe and explain the issues they face.

Listen carefully to the answers you get. So many times people are so keen to start speaking again that they do not listen attentively to the answers. Look out for signals of flexibility and reward them.

Understand the detail by digging deep into the issues. Don't just scratch the surface or assume you get it. Check and double check, summarise what they have said.

Make it clear in a non-threatening way that you have issues to resolve too, remember negotiation is another word for trading. If you are to help them there needs to be a degree of reciprocity. State that early and openly.

Fully appreciating how difficult it is for your counterpart to make a serious concession and maybe trading some value into the mix helps them make that move.

Back to the story.

The sales director, touched, put his hand on the procurement director's shoulder and said how impressed he was that he showed such respect.

“Well we had been married for 30 years” came the reply.

Alan Smith, 17th February 2012

Sick as a Parrot!

Back in the day and before agents rose to prominence, a footballer, having just made his debut for England, decided to ask his club manager for a pay rise. After all his stock was on the rise; surely other clubs, for example, would be interested in him?

The unnamed manager's response was unexpected.

“Well done son. You've just achieved a miracle and played two games in one.”

“What do you mean,” replied the player?

“You've just played your first game for England and last game for me.”

Undeterred, the player continued to try and persuade his boss of the merits of a pay rise.

Eventually, the manager picked up a piece of paper, dramatically wrote “£450 per week” on it and passed to the player. The player looked disappointed and suggested that he was looking for a little more, explaining that he'd just made his debut for England etc., etc.

A new piece of paper was produced and this time the manager had written “£400 per week”.

“But that's less,” spluttered the player.

“Aye, that it is and every time you repeat that England rubbish, I'll knock it down another £50. If, on the other hand, you sign here and now, I'll put you back to £450 per week.”

The moral of this tale?

Well, if you're a footballer get yourself an agent. Emotional attachment to the outcome may compromise your ability to read the situation. Anyone who has ever fallen in love with a house and bought it on impulse knows that.

For the negotiator though there is another valuable lesson, namely when to stop “persuading” and start “trading”. Recognise that however well-constructed, elegant and rational the argument sounds in your head, its impact may not be so powerful in practice—especially if you have misjudged the power balance.

The value of making a proposal is something that Scotwork believes is fundamental to the negotiating process. The best proposals are ones that have a chance of being accepted; you can only make those

kinds of proposals after time has been spent testing assumptions and probing the other side's needs

Back to the story; the by now panicking player, seemingly under the spell of the manager, leaned across the table and signed on the dotted line!

Tom Feinson, 24th February 2011

What Price? Deadlock May Be the Best Option

A recurring theme when you read about Ryanair's negotiations – be they with aircraft manufacturers or airport operators – are the words “breakdown of negotiations”. The confrontational style that the airline seems to employ should not necessarily be knocked. It continues to buck the trend and return excellent operating results, but, as it is discovering, its negotiating partners seem less keen than hitherto to bow down and accept the tough proposals that the airline puts forward.

The latest example of this is contained in a press story on Tuesday 21 February, in which Ryanair announced cutbacks in summer services from Edinburgh. The airline warned that there will be cuts in flights from the Scottish capital from 140 to 110 per week and that there will be up to 300 job losses.

The Herald newspaper reported that Michael O'Leary, Ryanair chief executive, said: “Ryanair regrets BAA Edinburgh Airport's rejection of our proposals for a competitive cost base which would allow Ryanair to further grow our traffic and routes for summer 2012. Sadly, BAA Edinburgh seems to prefer higher costs, even if it means fewer passengers and jobs at Edinburgh.

“While Ryanair remains committed to Edinburgh Airport, and with 1.5 million passengers and 35 routes, we continue to be one of the largest airlines operating to-from Edinburgh, BAA Edinburgh cannot continue to ignore the competitive marketplace where airports all over the UK and Europe have been reducing costs and lowering charges in return for traffic growth. We hope even at this late stage that BAA Edinburgh will realise that the way to grow traffic and jobs is by working with Ryanair to lower passengers fares, not raise them.”

I suspect that Edinburgh airport's problem was one of precedent. Had they acceded to Ryanair's ambitious proposals, other airlines – some much bigger players at Edinburgh than Ryanair – would have been beating a path to the airport's door demanding a better deal for themselves as well.

Negotiators need to know their bottom line. Often, this will be easily identified by having a look at the market and working out what the next best alternative is to a negotiated settlement. Always though, negotiators need to look at the wider picture. It must have been tempting for the airport to cave in, but if by so doing, it opened up other deals to scrutiny, deadlocking was probably the cheapest option in the long term.

Robin Copland, 2nd March 2012

What is the Long Term Outlook?

I recently read an article written by the legendary copywriter Drayton Bird.

He writes an amusing—and instructive—story about the time he was sent to a seminar in the US by his chairman.

On his return, the chairman asked what he had learned.

He thought for a moment, and then replied, “We must stop short term thinking and plan for long-term profits”.

“Quite so, dear boy,” replied the chairman. “And the best long-term profits are made up of a succession of short-term profits”.

There is a lot of loose talk nowadays about strategy, mostly applied to something terribly simple and actually tactical, and equally often added to somebody’s title to make them feel important. My view is that the minute you start to feel important you are in big trouble, but that is another subject.

That the long term is made up of a series of short term decisions is almost trite to say and obvious in the extreme, but without an eye on the long term maybe the short term can create a blindness to the potential problems our instinctive reactions to situations can create.

For the procurement director to beat down the supplier to a point where there is no interest by the latter to bring new ideas, ways of working, structural developments or creative concepts to the table could be short sighted. For the supplier to price their new revolutionary products and services at such a level that the buyer is inclined to invest in alternatives, find a way to work around and feel generally unhappy may not foster good long term “partnership” relationships.

Not all negotiations have long-term strategic ramifications. Many do

Have a plan.

Alan Smith, 9th March 2012

What is the Basis of That?

Terribly difficult question.

If you don't know the answer that is.

PC Stout was completely flummoxed when a cyclist he had stopped for (allegedly) running a red light in London turned on him and asked on what basis he was being challenged.

Forget the fact that running red lights is in itself a dangerous act. You can even forget the fact that the policeman did not caution the cyclist (which apparently you have to do if a suspected criminal act has been observed). But what really did it was that PC Stout forgot the law that was contravened by said act.

When asked the pretty obvious question by the cyclist, which law have I broken, or on what basis are you stopping me, the officer could not accurately give a response.

All captured on the cyclist's camera fixed to his helmet and broadcast on YouTube, the event has become both an embarrassment and reminder to us all to make sure, if put on the spot, we are able to explain or justify the basis of our actions and proposals.

For the negotiator you must expect the question of how you have arrived at your proposal. If you forget, haven't even got one, busk it on the spot, or be outrageously unrealistic expect the other side to ride off into the sunset.

Rather like the cyclist in the story.

Alan Smith, 16th March 2012

It's a Negotiation Jim, But Not as We Know It

Many of us can recall with fondness the original television series of 'Star Trek'.

Captain James T Kirk of the 'Enterprise' navigated his ship and all aboard her through many episodes threatened by belligerent aliens and inhospitable far-off worlds. To boldly go. Not a bad ambition for those of us sent out to get better deals.

Kirk always had by his side his two close confidants and advisers: Commander Spock, a Vulcan committed to a philosophy of logic, and Dr. Leonard McCoy, a human driven by compassion and scientific curiosity. Both Spock and McCoy are frequently at odds with each other, recommending different courses of action and bringing very different types of arguments to bear in defence of those points of view. Kirk sometimes goes with one, or the other, and sometimes takes their advice as a springboard to developing an entirely different course of action.

However, the very fact that Kirk has advisers who have a different worldview not only from each other, but also from himself, is a clear demonstration of Kirk's self-confidence. So it is with negotiators – less effective negotiators are prone to surrounding themselves with 'yes men' who are afraid to argue. That fosters an organisational culture that stifles creativity and innovation, especially when we are preparing for the negotiation, and leaves members of the organisation afraid to speak up. That can leave the organisation with insufficient reserves when a change in course of action may be needed and certainly means that it will never consider in full all the options which may be available both to itself and the other party due to the narrowness of its world view.

Organisations that allow for differences of opinion are better at developing innovation, better at solving problems, and better at avoiding groupthink – they are inherently better at fostering positive negotiating behaviour.

We all need a McCoy and a Spock in our lives and organisations. I wouldn't mind a transporter too!

David Bannister, 23rd March 2012

Digging Underground Towards London 2012

London 2012 has negotiators flexing their muscles all over the capital as we approach the final run-up to the Games.

In The Times of Friday 23 March, I read that the head of the RMT union, Bob Crow, has broken off talks with the London Underground management team at the UK conciliation service ACAS. The RMT is the union that represents tube workers' interests. The union is threatening strike action as a result of the latest proposals from the management team.

His complaint is that the current offer, which gives tube drivers a one-off payment of £1000 and other tube workers £850 if they agree to work during the three week period of the Games comes with other strings attached. Crow's complaint is that these new conditions mean that staff will have to be prepared "to work any time, any place, anywhere at the drop of a hat".

Ominously, he continues, "We don't know if there has been political interference from behind the scenes but attempting to impose a whole raft of new conditions on a Tube Olympics agreement at this stage, smacks of an attempt from somewhere to sabotage these talks." Another union official added later that strike action was definitely an option, though he was not specific as to when or where – presumably not during the Olympics, which would be an unpopular move amongst their members.

Meanwhile Howard Collins, London Underground's chief operating officer said, "the RMT's leadership demanded payments to all grades of staff regardless of whether they will be asked to work flexibly during the Games and rejected temporary changes to working arrangements which would enable us to achieve a flexible workforce."

Some observations from a negotiating standpoint.

- Crow has a limited timeframe to use the extra power he has and is trying not only to extract short-term concessions, but at the same time avoid giving long-term concessions to management.
- Management is trying to exploit the short-term payments concession to get their ultimate goal – a more flexible workforce. It has attempted to give the union what it wants, but on its terms. This is good negotiating behaviour, as the union well knows.
- In order to distract attention from management's use of negotiating leverage, Crow has resorted to complaining about "political interference".
- Finally, I worry that both the leaders of their respective organisations have taken such a public stance in these negotiations. This has happened before, most recently in the very public fall-out between BA and the UNITE union – what happened there? It took a change in senior personnel before a deal was finally put through that satisfied both parties.

Is there time, I wonder to change personnel before the Games? I think not. These chaps need to tread

with care.

Robin Copland, 29th March 2012

Damned if You Do, Damned if You Don't

The recently released movie Margin Call tells the story of a seminal moment in the general financial collapse of 2008. A fictional investment bank, probably a thinly disguised Lehman Brothers, discovers that its huge holdings of subprime mortgage bonds are worthless. If they are liquidated, even at virtually any price, the damage caused to the bank's reputation by doing so will be irreparable. If the bank do nothing they will be bankrupt in days. The Board of the bank convene, in the dead of night, to decide a course of action for the following trading day.

The dilemma is simple. If they offload the junk bonds, every buyer they sell to, in many cases contacts with whom they have done business and developed long term relationships over the years, will unknowingly be buying worthless poo, and the effect will be a catastrophic end of these relationships and a fatal blow to the reputation of the bank. If they hold off, they will drown in their own worthless assets anyway.

The decision is made and the young team of brokers in the bank are instructed to sell, sell, sell the bank's holding of junk bonds during that trading day, which they successfully achieve. In the film, the longer term outcome is unreported. In real life, Lehman Brothers is no more.

Similar instances of 'damned if you do, damned if you don't' are common in business. For example, Bernie Madoff must have been as aware as the rest of us that no Ponzi scheme has ever proved to be viable in the long term. When he continued to accept investment money from his friends and family, amongst others, even after the writing was clearly on the wall that the pyramid was collapsing, the ethical option still escaped him.

Recently some grocery suppliers have been placed in a similar position by their retailer customers who use their buying power misanthropically. The current vogue for 'preconditioning' is a case in point. Letters go out from the retailer to their suppliers 'requesting' a retrospective discount, not previously negotiated, to 'encourage greater volume' or 'offset marketing costs'. No threat is made, but the implication is that failure by the supplier to comply will have a damaging effect on the relationship. From the supplier's perspective, acceding to the demand for more discount might turn a barely profitable contract into a loss making one, but refusing might mean the loss of the contract altogether. As a result the ensuing negotiation, with the supplier on the back foot because of the pressure created by the preconditioning letter, has been manipulated in favour of the retailer.

Far be it from me to call 'foul' in terms of the retailers' behaviour – all is fair in love, war and business. My advice is for the supplier. Don't allow yourself to be a victim. If you believe your business will not survive the loss of the contract, and as a result you give in to the demand, you will

just be taken for more and more. Readjust your view. Think about how you might survive and prosper, even without them and their contract. Negotiate resolutely with your bottom line position clearly set and in mind. Be prepared to walk away.

Stephen White, 6th April 2012

Racing to Disaster

Bernie Ecclestone's views promoting the Bahrain Formula One Grand Prix are quietly spoken, articulate, and morally reprehensible. There will always be a suspicion that his attitude is driven by money. Although the £25 million fee for the right to stage the race has already been paid by Bahrain to F1 and would be forfeit anyway if the race could not take place, the possibility of interminable and expensive legal action following a cancellation, together with the loss of all the ancillary revenue, must somehow be a factor.

But the central plank of his current pronouncement focuses on other issues. On the one hand that F1 is a sport and should have nothing to do with politics, but at the same time that different countries have different standards (in terms of China's and Bahrain's human rights standards, for example,) and visitors must modify their own standards as a result.

This is a view he should be ashamed of. Imagine that the venue was Damascus, rather than Manama. Imagine even that there was a secure compound inside which the race track lay, and that safety was not an issue. Would the Ecclestone philosophy still hold?

In 1936 the Austrian National Women's Swimming Team mainly comprised members of the Vienna Maccabi Swimming Club, a Jewish sports club (formed because the Jewish members were blacklisted from belonging to gentile swimming clubs). Several refused to swim for their country at the Olympic Games in Berlin because they objected to the way Jews were being treated in Germany. They were stripped of their status and their national medals by the Austrian authorities, who did not apologise for this appalling behaviour until 1995.

Of course there are matters of relativity, and there has to be a pragmatic acceptance that we cannot protest every infraction everywhere, but the sustainable moral line is that we are true to our own beliefs, and that we do not allow our beliefs to be manipulated by the behaviour of others.

So we should be with our negotiating partners. There is a school of negotiating thought which suggests that negotiators whose stance is based on concepts like fairness and Win/Win end up with poor deals in the face of an amoral manipulative negotiating opponent. Their behaviour is 'soft' and needs toughening up. The solution, according to this school of thought, is that to behave responsively (aggressively) in ways which are unnatural, and which would be judged reprehensible in others; fight fire with fire. The theory is that this teaches the counterparty that their manipulation isn't working, and moves them to take a more cooperative stance.

The real world suggests a different outcome. Has the Syrian government become more amenable in

the face of 'fire with fire' tactics from the opposition? Have Tesco's aggressive procurement practices been modified by the increasingly aggressive responsive behaviour by their suppliers? On the contrary; their response is either more of the same, or to look for even more devious, cleverer, opportunities to manipulate. This is ultimately disastrous and counter-productive; regime change in Syria is only a matter of time, and Tesco's stalled performance in recent months, compared for example with Waitrose, is in part a reflection of the store wars that have been raging for several years between some retailers and their suppliers.

The best negotiators universally display two traits. Firstly, they learn and practice the skills which will give them self-control and power in negotiating situations. Secondly, they never behave in a way contrary to their moral values. Being true to one's beliefs is not a matter of naivety; it gives strength to persuasion, encourages creativity in trading, and conviction when implementing a walk-away stance.

Stephen White, 13th April 2012

Smells a Bit Fishy to Me

The actress Goldie Hawn declared this week that her long-term relationship (they have so far not married) to Kurt Russell is based on the fact that they love the smell of each other. She claims it is the basis of their desire to be together.

I know, I know, but before you dismiss it as another freakie deakie Hollywood attempt to create a bit of noise about nothing, think about it.

A famous so called T-shirt study conducted in the 90's asked a group of volunteers to continuously wear a bland white T-shirt for 3 days to capture as much of their natural odour as possible. Another group were then given the shirts to smell and asked to rank (deliberate choice of word) the attractiveness of the owner of the garment. Note for clarity the tests were totally blind.

Conclusive evidence highlighted that the attractiveness of the scent was utterly dependent on the two individuals' MHC (major histocompatibility locus) genes. The evidence suggests that people preferred the smell of others with diametrically opposed genes. Evolution has somehow provided humans with a transmitter and receiver for genetic information that has influence over mate choice.

And all this even before the first date!

And your point is?

Glad you asked. I guess that for me as a negotiating skills developer I am fascinated by what it is that makes some people more effective as a negotiator. At the core the 'good' negotiator has an appropriate understanding of what is going on in the apparently chaotic negotiation process and has a broad skill portfolio to navigate that process.

Clearly this is one major part of the picture. What the above mentioned 'smell' experiment and lots of other consciousness and behavioural theories show is that we are often influenced by factors beyond the obvious. Recognise that you are, and that is a start to being in greater control of your behaviour.

The Thomas Kilman measure of conflict mode is one of many models that helps individuals recognise how they tend to react when put under pressure in stressful situations. Some tend to get competitive, others may capitulate, and some will run away. Reading yourself and your co-negotiators can help you to direct your skills in a way that most effectively reaches your organisation's objectives.

I am not suggesting that the other side can smell your fear or state of mind, but I am certain that if you are ill-prepared or unsure there may be 'tells' that the other side pick up and may use against you.

Negotiations at their source are conducted with what psychologists call ‘messy variables’, you and me.

The good thing is that messy doesn’t have to be smelly.

Alan Smith, 20th April 2012

Home or Away?

Manchester City play Manchester United next Monday (30th April) in a match that should identify the team that will win the Championship. Both teams come to the end of a gruelling and competitive season and both teams have 3 games left to play. Whichever team wins on Monday will be in pole position to bring the league home to Manchester. Manchester being the winner in both cases.

United are predicted to squeeze it by many commentators. They are just in front going in to the match. They know how to win tough games. Stress will play a factor and United have faced down their demons year after year, whilst City are in relatively uncharted territory.

But the match will take place at City and the home team does usually get an advantage. In sport your team often plays better when on home turf. In practically every sport, other things being equal, the home team tends to have the edge over visitors.

If that is true of sport, what about business?

In a study recently published in the journal *Organizational Behaviour and Human Decision Process*, researchers set out to discover if location had a bearing on the outcome of negotiations. To do this the researchers Graham Brown and Markus Baer recruited businesspeople to take part in a classic buyer/seller negotiation.

Teams were selected to be buyers or sellers and the conflict was set up. Buyers and sellers both wanted to maximize their profitability.

One of the teams was ascribed 'home' status. They could personalize the meeting room, control the layout, set up the whiteboard etc., etc. The visitor had to wait to be invited into their opponent's office.

Consistent to the sports analogy the home team consistently outperformed regardless of whether they were buyers or sellers.

But why? The researchers were careful to be utterly random and to select equally skilled negotiators. No screaming fans could influence the referee.

The research suggests that the setting of the negotiation will influence the negotiations outcome. Relative to a neutral location negotiating in a familiar place will boost confidence and in an opponent's territory reduce it.

So next time you are invited to negotiate in an opponent's location, it could make sense to suggest a neutral location. Even better, ask them to come to you. If they do it might just be that there is a better chance of the home team going wild.

Come on Manchester.

Alan Smith, 27th April 2012

RFPing in the Wind

Last week two RFPs arrived from international companies looking for our proposals and prices for training courses. Both made me mad as hell. If I had my way there would have been an Act of Parliament banning RFPs for anything more complicated than the purchase of paperclips. Corporations looking for the best creative ideas, because they have a negotiating problem or a need which requires the development of training or coaching, do themselves no favours by making potential suppliers go through the mechanical hoops demanded by an RFP. It is undoubtedly *not* best practice.

Rather than moan, I thought it might be more useful to offer those readers in procurement who are users of RFPs some advice based on the mistakes I have seen committed over the years. Here are my Top Eight Improvements for RFPs.

1. **Tell us more about the problem or the need, and less about how you want us to solve it.** We want to know what your objectives are, and what are the outputs you expect if our solution succeeds. In detail. We don't want to know that (for example) you want a blended solution involving e-learning and face to face training in groups of 14, or for not more than 16 hours delivered by 1 trainer. We are the subject-matter experts; that's why you ask us for our ideas. Please don't limit our creativity.
2. **Meet us face to face much earlier in the process.** We have lots of ideas which you will find interesting, and a meeting will give us the opportunity to identify your corporate style and personality, so that we can direct our attention to those ideas most useful for you.
3. **Set realistic deadlines.** You send us the brief on Day 1, you expect our proposal by Day 10. Not long enough. If you want us to do some serious thinking we need at least 3 weeks.
4. **If you ask us how we will approach the research process to ensure that our solution meets your need, don't ask us how much the solution will cost.** Because we won't know how much it will cost until we have done the research, analysed the information, and developed the solution. If you insist on asking, expect a rubbish answer.
5. **Don't use spreadsheet answer papers.** They may make it easier for you to compare responses, but that is just laziness on your part. They kill our ability to show you our style and personality, surely very important when you are buying a product so reliant on the quality of its people. One RFP recently asked us to describe the qualities we would bring to the project 'in 300 characters (including spaces) or less'. Almost every RFP spreadsheet we see is riddled with formatting mistakes, drop-down boxes with no choices allowed, and so on. You will get a better view of us if you let us choose the way we present.
6. **Don't turn the RFP into an obstacle course.** If you ask us to agree complex and highly contentious Ts and Cs as a precondition before submitting our proposal, don't be surprised if we decide not to submit. An RFP team recently refused to answer our questions because we submitted them on the wrong page in an electronic system, although we told them as soon as we recognised the mistake.
7. **Be reasonable in your enquiry about our corporate background.** Of course you need to know our track record and if we are financially sound. But I don't think you need to see our accounts

for the last 5 years, broken down by region. Nor do you need a hierarchy plan of the management of the company, or who we think our top 3 competitors are.

8. **Stick to your own time frame.** If we miss the deadline for submission, we are disqualified. The next deadline is yours. You are invariably late. Get a grip.

We assume you ask us to respond to your RFP because you value our input and you think we might be able to help your organisation do better. We are delighted to have the opportunity to respond and demonstrate our wares. Let's at least make it an efficient process, not the nightmare it usually is now.

Stephen White, 4th May 2012

Ode to Joy

Can't imagine there is much singing and dancing in the hallowed halls of the EU head office in Brussels at the moment. (Beethoven's Ode to Joy is the theme tune, if that is the right phrase, for the European Union).

The recent elections in France and Greece have thrown the Euro again into a crisis that may cause joy in many UK households as they plan their escape from rainy Britain, but seems to have riled the German nation, and particularly their sour-faced leader Angela Merkel.

The stunning victory of the French Socialists and wipe-out of mainstream parties in Greece has sent shock waves crashing throughout the continent of Europe. The economic doctrine of austerity, to cut the burden of state spending to free up the economy, has ruled supreme with the support of all of the past leaders. But many old and new political leaders were on Sunday night conceding the previous deal may have been shattered beyond repair.

I am not in this blog going to argue the case for or against austerity as a way out of the mess Europe is in. For one, I have always spent a bit more than I receive. Like most baby boomers. I thought I was doing my bit to keep the economy moving.

Nor am I going to get too hung up on the integrity of either party trying to change a deal they clearly agreed to. I am not a fan of people who say one thing and do another. Trust is the most valuable of all things in my view.

However I am interested to watch how this plays out. Often we agree to things (and there is no doubt that both France and Greece did agree to the plan) and then change our mind, or find that the other side change their mind, or that circumstances change, what do we do next?

Conditionality is good news. Ensuring that any proposal you make or adjust is conditional on getting something in return is a key definer in negotiation. Many times however even though the link is clear—the EU agreement was agreed with a stipulation that no changes in government would impact on the deal—they, or you, may have no choice but to break it.

The powerful negotiator recognises the chance to make new proposals that repackage what has been previously accepted or trade new variables (Scotworkers will recognise the concept of wish lists and concession lists) to ensure the eventual outcome can work for all sides.

Fortunately for most of us our negotiations have less complexity than the ones the EU are contemplating, and have fewer players at the table. The principle remains however the same. The

majority of conflicts arise because stuff happens. If your agreement is based on set conditions make sure they are met, or that you trade for new conditions if something prevents that from happening.

Otherwise, and more like Meatloaf than Beethoven, you could be praying for the end of time.

“Paradise by Dashboard Light”, could be a more fitting anthem if that is the case.

Alan Smith, 11th May 2012

Jaw, Jaw Not War, War

There are interesting changes afoot in the relationship between France and the USA now that President Sarkozy – more of a Bush man than an Obama fan – has been replaced by President Hollande. He and Obama have much in common, including their centre-left persuasion and their shared background as university teachers. That said, one is American and the other is French so culturally there is much that separates them.

Hollande was elected on a left-wing agenda that included an earlier than planned withdrawal from Afghanistan and some new thinking on “growing” France out of the Euro-crisis. This has put him in direct conflict with his right-wing allies, David Cameron in the UK and Angela Merkel in Germany. It was informative that he made an immediate bee-line for Merkel in an attempt to shore up the Franco-German Euro axis – the Germans have it clear that they are unhappy with some of the policies that Hollande espoused during his campaign and it was right that he tried to make his peace. There was no hiding the awkward pauses and stilted body language between the two leaders. It is never easy to have your every word translated – that doesn’t help things – but nonetheless what you saw were two leaders dancing around each other, desperately trying to “spin” each other’s words for the benefit of their own constituents.

What is clear is that all of the rhetoric in the world will stand for nought if they attempt to persuade each other of the “rightness” of their individual policies. Hollande may eventually have to give way; the French signed a binding agreement when they agreed to the austerity measures and a change in leadership counts for nought in a treaty. If the French persist though, the Germans may use a negotiating ploy called putting a price on demands. It is designed as a blocking tactic and if it becomes clear that the French are adamant, the Germans may put a very high price indeed on their demands. I imagine that a new trade treaty may be negotiated, for example, tying France into purchasing German products over a long period of time. Any loans between the two countries – France’s economy is struggling – will come with higher than average interest rates attached.

They need to tread with care, mind you. The Allies applied the technique after the First World War – it was called the Treaty of Versailles. It was so penal that it led to a resumption of hostilities 19 years later.

Already too, the language of negotiation is being used when it comes to the Franco-American spat over the early French troop withdrawals from Afghanistan. I read in the Guardian today (17 May 2012) that “it would be wrong to think that the social-democrat, consensus-style pragmatist Hollande marks a return of cheese eating surrender monkeys out to make trouble for Washington”. The article continues, “there could be a compromise on the wording, substance and staggered timings of a

withdrawal, not as a capitulation to pressure from the US and other unhappy NATO partners but to deal with the tricky logistics of a fast exit”.

Let’s put that another way. Hollande’s original proposal caused a bit of a problem for the USA. All it needed was a bit of tweaking – some word-changes here and re-timing there. USA inhibitions have been addressed and the subtle re-packaging of the original proposal ensued. Hollande’s constituents are happy that he has brought the withdrawal forward and the USA can quietly accept that its issues have been met as well.

If Monsieur Hollande had only thought to pick up the phone to my French colleague, Xavier Debril, he could have saved himself some time, some trouble and maybe even a mid-air lightning strike!

Robin Copland, 18th May 2011

Get Inside the Other Side's Head

The psychological profile has been a weapon of war, espionage, diplomacy and negotiation since time began. Can we get inside the other side's head and use that information to defeat him. Sun Tzu, the Chinese military strategist, believed that a firm understanding of the other side's mental make-up was a prerequisite for victory: "If you know your enemies and know yourself, you will not be imperilled in a hundred battles".

Modern intelligence services have used "psycho-biographies" to understand hostile leaders in an attempt to gain insight on which direction they might jump in response to internal and/or external pressures they may face.

These at-a-distance profiles, in the main, come from speeches, writings and media interviews, revealed secrets and of course observed behaviour.

Sometimes these profiles are hideously wrong or are exaggerated to absurdity. A psychological profile of Hitler commissioned in the 2nd World War suggested Hitler had "oedipal tendencies", hysteria, fear of women, impotence, masochism and infinite self-abasement. Indeed it seemed there was little he did not suffer from. This helped to heap even more distain on the Nazi Leader, but had no real value in the war effort.

For the negotiator a clear understanding of the other party – trying to figure out what is driving their needs, priorities, concerns and how they see success – can be a crucial tool to help create a solution that both parties can live with. Some of the work to understand this can be done by talking to others who have had relationships with these people before, from reading about the company they work for and listening to the way they ask for or deliver information.

Many years ago a client refused to pay our contractually agreed cancellation fee when a training event was cancelled by them. "If you send me a cancellation charge then we will never do business again" was the aggressive threat.

After several conversations, including with various members of the buyer's team, it became apparent that previous cancellations for other types of work had been very badly viewed by the internal management. By rewording the cancellation charge into a consultancy and assessment invoice the bill was paid and the client relatively happy.

An understanding of the true picture behind an issue may need a greater degree of understanding as to the motivations of the other party. Take time to see how they see things and it very much could work in your favour.

Alan Smith, 25th May 2012

Stair Lift to Heaven

My 93 year old mum-in-law came to live with us recently, and this meant that we needed to install a stair lift to get her to and from her bedroom on the upper floor of our home. It is now installed and working, much to her satisfaction. Doing the deal gave me food for thought.

I did my research online – it looked like we were going to be in for about £2000 given the specification and size of the staircase. We selected three companies to come and quote; one which advertises nationally and is a household name, one selected from the internet, and one recommended by our local mobility store.

Wayne, the salesman from the household name, came first, and quoted £2500. He asked if we were talking to anyone else. We told him. ‘Oh’ he said, ‘we’ll be much more expensive than both of them’.

I recognised that Wayne was structuring my expectations and good for him for doing so. But I also realised that Wayne was a conflicted man. Not only was he in a potential negotiation with me, but in his head he was also negotiating with his competitors.

He started to explain why the others would be cheaper. Less good build quality, less comprehensive warranty, inferior materials. He failed to mention the huge amount of money the others must be saving by not advertising as much as his employer did.

I told him that I expected there would be a negotiation once I had quotes from the others. ‘No point.’ He said. ‘My bosses don’t discount ever – even for their own family!’

‘So if the other prices are much lower than yours, as you suggest they will be, shall I just drop you an email saying you lost the business?’ I asked. Wayne winced. ‘No. Call me.’ he said.

In the following two days the other two companies came. Both quoted about £1800. Wayne was probably right about comparative quality. But the really important issue for us was that if all stair lifts are ugly, and believe me they are, the other two were even uglier than Wayne’s. A very important issue for my house-proud and style conscious wife. So we wanted Wayne to win.

I called Wayne, and told him what the gap was. He said he was not surprised. I suggested that the real gap was actually even bigger, since the other two had indicated that they would be prepared to negotiate downwards from £1800. He agreed. I proposed a figure close to the original online research price, with some other requirements about speedy delivery and payment terms. He agreed to go and speak to his boss. He emailed later to accept the deal.

So the first question is – did I get the best possible deal? Probably not, but like all negotiators I had to estimate Wayne's bottom line because I couldn't know it for certain. My view was that he would never be able to match the competitors price, because his cost base was significantly higher than theirs (better quality, more advertising spend), so trying that would be counter-productive. So I guessed a bottom line figure (£2000), and then pitched somewhere near it. Would he have agreed to £1900, or £1800, or even less? Maybe – I'll never know.

The second question is more interesting for me. Which was the bigger demon for Wayne – me or his competitors? Did he agree my price because of anything I said or did about my needs or situation? No – he decided it on the basis of what he thought his competitors were doing, which he then worried about, taking him to a dark place in his head. The only way out was to agree a big discount.

Wayne should have recognised that if either of the other offers would have worked for me, I wouldn't have been talking to him anyway. When I called him back, that was a big buying signal. We would have paid up to £200 more, but he will never know that.

Such are the ups and downs of negotiating life. Sorry, no pun intended.

Stephen White, 1st June 2012

And All Who Sail with Her

Makes you proud to be British. If there is one thing that we do well as a nation it is the pomp and circumstance that surrounds a royal event. This weekend just past was a perfect example of that.

The Queen's Diamond Jubilee was an out and out success – all this despite the inclement British weather (well what did you expect in June, sun?), the Consort's illness, the lack of a Dimbleby on the BBC's suggested dumbed down TV coverage and Paul McCartney playing “Ob-La-Di, Ob-La-Da” as his final number at the Jubilee concert (surely the worst Beatles track ever).

It was not always like this. It seemed to me that following the death of Diana, Princess of Wales some 15 years ago, the Royal Family had potentially lost its way. Out of touch with the public and seemingly drifting on a sea of general discontent, they needed to change tack and create a monarchy that was pulling in the same, and hopefully right, direction.

Creating an organisation that has focus, vision and a destination whilst desirable is not always easy. In many businesses and families, the conflicts that face the successful achievement of a goal are not confined to its relationships with the outside world. Internal conflicts and vested interests abound, and can destabilise those who have not thought through the challenges, or do not have the skills or nomenclature to handle the journey.

Over a number of years we have measured the benefits of developing the negotiation skills of individuals and publish the results regularly. Participants often report tenfold ROI benefits after attending a Scotwork programme (other skills programmes are available).

For those lucky enough to work in organisations with a negotiating culture, in which there are clearly-defined reward schemes and where there are properly planned and thought-through strategies for developing, creating and sharing value with business partners, for example, there is evidence that they seem to perform even better.

Not easy to do. But certainly do-able.

And the rewards for doing so shine through. Royally!

Alan Smith, 8th June 2012

Tweetie Pie – a Dish Best Served Cold

Paul Simon's '50 Ways to Leave Your Lover' predated social media, so the lyrics don't refer to exiting a relationship via SMS, iMessage, BBM, Twitter, Facebook, LinkedIn, or any of the myriad others. Something like 'It's not you, it's me. Hope we can still be friends', which so conveniently comes in at under Twitter's 140 character limit.

This thought struck me when I was reading about the stormy Twitter row between Ben and Kate Goldsmith. They both come from aristocratic backgrounds (she is heiress to a Rothschild fortune, he is the son of a billionaire financier), and have been married since 2003. Recently he accused her of having an affair with a New Orleans rapper called Jay Electronica (whose real name disappointingly is Timothy Thedford) after an alleged domestic row, using Twitter as the medium. She responded in kind and the invective became increasingly shrill. Eventually it looked like calming down when they communicated the thought, via friends, that "Twitter is not the best forum to be near when you are feeling emotional", and tweeting themselves that there would be no further comment. But Mrs Goldsmith couldn't resist one more twist of the knife by changing her Twitter name to her maiden name KateRothschild, and lambasting critics over the weekend. I see no early reconciliation for this marriage, to the detriment of the parties concerned and their children.

Playing out conflict in a public forum has become increasingly easy because of the new media, but this does not reduce the toxicity to a relationship of spinning, leaking, name calling and so on. For example, only two weeks ago the Germans leaked information that Eurogroup executives had agreed that each member state should draw up a national plan to cope with a Greek exit from the Eurozone. This was subsequently denied, but not before it made the headlines across Europe as the first indication that a Greek exit was being officially considered by other Eurozone countries, and it considerably raised the political tension in Athens as a result.

And earlier this week journalist Valerie Trierweiler, current partner of the new French President Francois Hollande, tweeted support for an election rival candidate after her husband indicated support for Segolene Royal, his former partner and father of his four children. She has subsequently been told by the Prime Minister amongst others to keep her nose out of it.

Maybe parties to a dispute do it because they feel the need to be put their case, to defend themselves, to be vindicated, to vent their frustration, and maybe to try to alter the balance of power. What they actually achieve is mainly negative, and in many cases leads to a permanent breakdown in communication, let alone negotiation, and more often than not the end of the relationship.

And doing it as a joke doesn't make it better. Two years ago UK citizen Paul Chambers heard that his

flight might be delayed by bad weather and tweeted “Crap. Robin Hood airport is closed. You’ve got a week and a bit to get your sh*t together, otherwise I’m blowing the airport sky high!!” Airport officials picked up the tweet, and he was arrested, charged and fined £1000; as a result he lost his job. A few days ago he failed to win an appeal to get his conviction overturned, although there is to be a fresh trial because the two judges disagreed with each other on some of the points of law.

Maybe the judges should have tweeted their differing views before announcing their decision. The new trial will have three judges, so that there will definitely be a majority opinion.

LOL.

Stephen White, 15th June 2012

A Break with Tradition?

This week's blog is provided by one of the many Scotwork Alumni, Noel Penrose. If you would like to submit a blog for consideration please send it to info@scotwork.com.

Thanks Noel.

I bought a house a while ago. It involved the usual mix of practical and emotional decision-making, hand-wringing, uncertainty and hope that major purchases like this bring on. It took three months from start to finish, which seems like a reasonable timeframe. What made it a very interesting experience was the way the negotiation was conducted.

We had decided on area and registered with several agents, received lots of potential property details, fixed a date to go see selected houses hoping to find our new home. The terms used here are relevant. We began looking at properties, refined to houses we liked and settled on a home.

On the appointed day, we had filled the diary with six viewings, but we arrived into the area early and so we strolled in the town, looking into estate agents windows as we had time to spare. We were surprised to see a property in the window of an agent we had registered with that was not on our list, but seemed to fit our criteria exactly, so we walked in and asked about it.

“This cottage only came onto the market yesterday, so details will be in the post to you” said the agent. “Can we see it today?” I asked. “It's been very popular already”, was the response, “but there is a slot at 4pm. The owners aren't at home for viewings, so Charles, our main agent, will be conducting all visits today.”

So we booked the 4pm slot, juggled our other viewings around to fit it in, and so began our day looking at stranger's houses.

We arrived at the cottage just before 4pm and witnessed the man we would be introduced to as Charles saying goodbye to another interested couple as they got into their expensive car. We loved the place. The location, the style, the room sizes, the compact garden. We felt like the third baby bear, it was just right. “Has there been much interest?”, I asked Charles innocently.

“Oh yes”, he replied, “very popular indeed. Everyone seems to really like it.” “What do you suggest we do if we are keen?” I asked. “Make an early strong offer” he suggested.

Which is not what I did.

Instead, I decided to find out a bit more information, and tried to tilt the playing field in my favour a little in the face of seemingly overwhelming competition.

Now, my wife hates this part of the story. She feels uncomfortable not following process and protocol, but I needed to make a connection with the owners if we were to stand a chance of winning here. So we went into the town, had dinner and then we came back to the cottage.

As I had hoped, lights were on with a small car parked in the driveway. So I took my youngest by the hand, rang the bell and when a kind old lady answered the door I explained that we had been one of the many couples who had viewed today. I told her that we loved her home, that we were very excited about making it our home and that my daughter, Olivia, had picked out her room and was already deciding which colour to paint the walls. Olivia smiled sweetly and the lady asked her a question. The old lady's husband joined her and I then apologized for disturbing them, but had wanted to make a personal thank you for allowing us to see their home. I ended the conversation by confirming that we would be making an offer on Monday and left my business card.

I waited until 2pm on Monday to call the agent. "What is the status on the cottage?" I asked. "We have had several offers", he replied, "two at the asking price". "I would also like to make an offer" I said and gave him a number that was £5,000 below the asking price. "You don't understand" he said, flustered. "You have to at least match the asking price". But I didn't have to follow the protocol, so I reminded him that he was the agent and his job was to submit my offer to the owners.

A short while later, Charles called back. "You went to see them, didn't you" he said, almost accusingly. I agreed that I had done, and he told me that the owners liked us and that they would agree to sell to us 'if you can get closer to the asking price'.

With those magic words, we were moving forward. Charles used the signalling word 'if', making a conditional acceptance and a second signal in the word 'closer' told me I didn't have to match the asking price, only reduce the gap.

With a little haggling, we fixed a price that was £2,000 below asking price, agreed timing and a few other conditions and paid the deposit. Charles was not looking forward to telling the higher bidders that they were unsuccessful.

My wife sent a nice card to the couple thanking them and telling them how much we were looking forward to our move. We found out from them during the completion and exchange process that they had been keen to sell their home to someone who would respect it as a home. Our visit, with Olivia, had connected at an emotional level much stronger than the entirely practical determinants of exactly meeting the asking price. They didn't need the money, they were moving to a cheaper location to be

nearer to their grandchildren, but they wanted to feel their home was in safe hands.

There were many lessons I learned from this process; don't be bound by the protocol or the process, think and act creatively, use soft methods of influence to develop empathy and endear yourself to people, have confidence in your position, don't take disintermediation at face value, read the signals in communication – and find a way to tilt the playing field in your favour.

And be lucky! I certainly was.

Noel Penrose, 22nd June 2012

The Sound of One Hand Clapping

“**Negotiating** is a trading process whereby two parties can reach agreement by trading concessions”. So said a wise man many years ago and he was right. The great thing about negotiating is that it can enable two people in conflict to strike a deal despite their differences – be they commercial, cultural or even political.

At the recent G20 summit in Los Cabos, Mexico, it was interesting to see how quickly David Cameron distanced himself from the Argentine president Cristina Fernandez de Kirchner when the subject of the Falkland Islands came up in their now famous chance meeting. A negotiated settlement looks a long way off on that particular issue. Presidents Obama and Putin treated each other frostily at the same summit when they met to discuss Syria’s woes. Putin believes that President Assad should be allowed to carry on without outside interference while Obama takes a different view. Carolyn Kaster’s AP photograph shows two men about to shake hands, but not in a good way!

In a similar vein, local politicians in Scotland have been criticised this week for suddenly finding convenient excuses not to meet and fete the visiting Dalai Lama. This peaceful man is not going to win any popularity competitions with Chinese leaders and the suggestion is that Dundee lord provost Bob Duncan has found a convenient funeral he has to attend which will result in his absence from a lecture that the Dalai Lama will give in the Caird Hall. Alex Salmond, Scotland’s first minister, has similarly been criticised for not clearing some time in his diary to meet the Tibetan leader.

The suggestion is that the Chinese have “nobbled” the two politicians and threatened commercial sanctions against Scottish businesses with interests in China. Negotiated settlements in one field would seem to have a bearing on whom you can and cannot meet in other fields if you are a Scottish Nationalist politician.

Perhaps the two Scottish politicians are mindful of where things can go wrong, because sometimes negotiated settlements between two parties from different cultural and political backgrounds can result in meetings that later backfire from a PR perspective. Who can forget, for example, the famous 1983 handshake between a smiling Donald Rumsfeld and Saddam Hussein, when the US offered Iraq support in their war with Iran; or Tony Blair and Muammar Gaddafi warmly embracing in the Libyan leader’s tent near Sirte in Libya in 2007? Even successful negotiations in their time can provide future generations with embarrassing photographs of politicians – yet another good reason to encourage politicians to negotiate!

The point here is that negotiation is not about winning arguments or persuading people to see it from your perspective. Negotiating is about resolving differences with some give and take. Sometimes, this

means you end up with bedfellows you would rather ignore and – just occasionally, it means that you have to ignore people that you would rather not.

Robin Copland, 29th June 2012

Trust Me. I'm a Banker

I know I am getting on but it used to be that along with the doctor and the local bobby, the bank manager was one of the few people in whom you could put your faith that he would do the right thing.

He would sign your passport photos, offer sage words of solid advice about the mortgage and generally be seen to be one of the go-to guys when you really needed it.

Not anymore.

It seemed bad enough when the last banking crisis required the public to bail out many of the high street operations. Following that, in a poll carried out by Ipsos MORI for the BBC, the public was asked whether the fact that the banks were now back in profit had restored trust in bankers. Of those polled, 70% said it hadn't. I suspect if done tomorrow, after this week's revelations, that figure would be even higher.

Barclays is only one of a number of global banks being investigated for further tainting the credibility of Libor, the benchmark figure that largely determines the adjustable lending rates for credit cards, student loans and many mortgages.

The emerging scandal has touched off a firestorm engulfing the London financial world, with Prime Minister David Cameron this week announcing a broader inquiry into banking standards that is set to haul some of the globe's most powerful financiers before a parliamentary committee.

Trust comes from being seen to do the right thing despite the impact it may have on you as an individual. In the reality of the tough commercial world that we live in that is a hard call to make.

When I set up my business in 1991 we invited three advisors in to talk to us about cover for our workforce (all 3 of us). Two of them tried to sell us key man insurance, expensive permanent health cover and a pension scheme.

The third said we would be much better off calling him in a couple of years and to take all the spare cash we had and invest it in the business.

That is precisely what we did. In the long term his 'trusted advice' was the best advice for him as well as us.

Nietzsche said "I'm not upset that you lied to me, I'm upset that from now on I can't believe you"

If you want to create an environment that develops creativity in thinking and value development in

your negotiations you would do well to do whatever you can to foster trust.

And you can take that to the bank.

Alan Smith, 6th July 2012

Lesser of Two Evils

A mother passing by her son's bedroom was astonished to see the bed was nicely made, and the room clean and tidy.

Looking more closely she saw an envelope propped up on the pillow. It was addressed, 'Mum'. With trepidation, she opened the envelope and read the enclosed note with trembling hands.

Dear Mum,

It is with great regret and sorrow that I'm writing to you. I have had to elope with my new girlfriend because I wanted to avoid a row with you and Dad. □

I am crazy in love with Stacy, and she is so nice, but I knew you would not approve of her, because of all her piercings, tattoos, her tight Motorcycle clothes and because she is so much older than I am.

But it's not only the passion, Mum. She's pregnant. She owns a trailer in the woods, and has a stack of firewood for the whole winter. We share a dream of having many more children. Stacy has really opened my eyes to the fact that marijuana doesn't really hurt anyone. In fact we'll be growing it for ourselves, and trading it with the other people in the commune for all the cocaine and ecstasy we want. In the meantime, we'll pray that science will find a cure for AIDS, so that Stacy can get better. She sure deserves it!! Don't worry Mum, I'm 15 now and I know how to take care of myself. Someday, I'm sure we'll be back to visit so you can get to know your many grandchildren.

Love,

Your son.

P.S. Mum, none of the above is true. I'm over at a friend's house. I just wanted to remind you that there are worse things in life than the school report that's on my desk. Call when it is safe for me to come home.

Sometimes the negotiator needs to paint a picture of how bad things could be to point out the value of a deal. Angela Merkel may have been unhappy with the U-turn she made over the weekend. Her big concession was to allow direct aid from the Eurozone's permanent bailout fund to banks in difficulty. Something she promised she would not do.

The even worse picture of her being the instigator of a complete meltdown of the Euro threatened by the French and Italians helped her to cleverly compromise and move the process forward.

Even deals you don't like may be better than the alternative in some situations.

Alan Smith, 13th July 2012

Don't Mess with Old Men

There is a sweet story about an elderly man who is woken at 3.00am by his wife, who can hear strange noises outside the house. He opens the bedroom curtains and sees robbers stealing some of his stuff from the shed at the bottom of the garden. He calls the emergency line, explains what he can see, and asks for police assistance immediately. 'Are they actually in your house?' asks the operator. 'No', he says, 'I've told you. They are in the shed at the bottom of the garden'. 'We don't have anyone available at the moment,' says the operator 'but we will send someone along within 2 hours'.

The man puts the phone down, waits thirty seconds, and calls back to the police. 'I called you a minute ago about the robbers at the bottom of my garden' he says. 'I'm calling you again to tell you that I just shot them'. He hangs up.

Within 2 minutes there is a squad car, 3 policemen, and a detective sergeant at the door. They arrest the robbers, and then interrogate the elderly man. 'You said you shot the robbers. You are in serious trouble. You lied'. Says the detective.

'So did you. You said you had no-one available for 2 hours' says the man.

Case closed. Moral of the story – don't mess with old men.

The story has a deeper lesson too, in a simple phrase summarised as 'fighting fire with fire can be very effective'. Conflict often brings the worst out in people. If they think they can big-up their position with a little exaggerating, bullshitting or out-and-out lying, they will. Buyers claiming that an alternative supplier has offered a much better deal. Suppliers claiming they are almost out of stock. Statements made not to convey truth, but to try to change perceptions.

To counter this, good negotiators do their homework; a bit of research revealing the truth, either before the bogus statement is made, or investigating its veracity after. Another defensive activity is to ask questions, to try to get under the skin of the claim to see if the underlying detail stands up to scrutiny. On the popular UK television panel game show, 'Would I Lie to You' one celebrity makes a personal statement which might be true or false, the others then ask questions to try to determine whether the statement is true or a lie. They make the right call only about half the time, which demonstrates the ability of a seasoned actor (or liar) to hoodwink the questioner.

So to the point of story; there is another alternative which is to change the balance of power by introducing a twist on a situation which neutralises the power claimed by the other side. In 2009 Delhaize, a Belgian supermarket group accounting for about 25% of all food sales, and Unilever, a major consumer goods manufacturer, fell out big time over pricing and in-store promotional deals.

Delhaize decided to clear its shelves of Unilever products. This power play, based on blocking a major distribution channel for Unilever, was countered by a major advertising campaign by Unilever advising Delhaize customers where they could buy Unilever products, and reminding Delhaize that when consumers went to the other supermarkets they were likely to end up doing their full weekly shop. And so it proved; after 2 weeks Delhaize's sales declined by 31% and a truce broke out very quickly.

Finding the spin which changes a power balance is not always easy, but looking for it is intellectually challenging, and always fun.

Stephen White, 20th July 2012

Battle Scars and the Negotiator

There is no doubt that much of what we learn is from experience. In fact the university of life, with all of its hard knocks, creates valuable lessons. The key is do we adjust our behaviour on the back of what is thrown at us.

This week I have been running a couple of training courses in Bangkok. My first trip to the area, and I heartily recommend it. Great food, wonderful weather (at least the rain here is warm) and the people are friendly and generous hosts.

For the westerner in this part of the world another attraction is the markets.

The Sunday market in Bangkok is probably the largest and most vibrant market I have ever come across. With a long list of items requested from friends and family I duly made the trip on the Sky Train to Chatuchak. Its sheer size and diverse collections of merchandise will bring even the seasoned shoppers to their knees – this is where you can literally shop ‘till you drop’.

Searching for a pair of sunglasses for myself, having ticked most of the other boxes, I was drawn to a fetching pair and asked the stall owner for the price.

“800 Baht”, came the reply. Around £23 in sterling.

Knowing the tradition in the area, I recognised the aim high tactic of the professional haggler and made my offer of 200 Baht, expecting the dance to begin.

To my surprise the stallholder said fine and held out his hand for the crisp 200 note.

There are occasions when the proposal that is offered to you is entirely acceptable, as clearly was the case here. Before you reach across to snatch the deal, stop. If you accept too readily, two things are apparent. The first is that you make the other side feel foolish and psychologically scar them. In a long term relationship that may bite you back. The second is you miss the chance of a better deal.

Adding even a small turn on the deal will make the other side feel better and give you a little more value.

As it is, cool as I may look (not that cool since you ask) I still feel that I have overpaid—even though it was my offer.

I did get the cleaning cloth and case thrown in for the price, mind you!

Alan Smith, 27th July 2012

Trust Me. I Am a Negotiator

Some years ago, I was teaching a management course in the Far East. My words were to be consecutively interpreted to the class so I had to send all my material for translation in advance. One of the exercises I used was a version of the ‘Prisoner’s Dilemma’, a game where the participants’ integrity is challenged and where they can be tempted to try to gain advantage over other participants by saying one thing and then doing something else to ‘win’ the game. The teaching point is that, once someone acts without integrity, trust is prejudiced and for the rest of the game no-one else will trust them, whatever their assurances might be. One of my interpreters said to me that she thought this game couldn’t work because it was ‘not logical’. A day later, as she watched the fury of the participants at the first person who had ‘cheated’: one venerable lady was standing on her chair and pointing accusingly at the perpetrator saying I know not what, but doing so with great Vietnamese venom, my interpreter said, ‘It does work’.

‘Yes’, I said, ‘that’s because we humans are not necessarily always logical, especially when we trust someone and their actions make us think it has been misplaced.’

I was reminded of this a week or so ago when a friend telephoned me to ask some advice. He had resigned from his job to join a competitor of his company for a substantial increase in salary and the potential of much greater career prospects. He told me that his boss had greeted the news frostily and had made frequent references to ensure that he should “tidy those projects up before you go”. He had served all but two weeks of his three-month notice period when, to his surprise, his boss had called him and told him that his present employer would match the competitor’s salary offer and put my friend forward for promotion at the next review date. This perplexed my friend who had been told at his last performance review that he could not expect promotion in the short term – there was no space at the next grade up. In calling me, he simply wanted a friendly and independent person with whom to discuss his options. I told him that I considered him to be in a powerful position: his present and his prospective employer both wanted his services and we knew that he had unique experience and abilities valued by both of them. He could, in a sense, take a risk and go to the competitor or play safe and stay with the employer he had known for some years; his income and prospects appeared to be guaranteed whichever choice he made. He spent some time talking to me about the options available to him and concluded by saying that he felt inclined to take the competitor’s job offer. When we explored this, his reason was that his present employer had not behaved consistently and that this inconsistency, despite the substantial counter offer which had been made to him, caused him to suspect the motives and not trust his present employer to deliver on the offer in full. He will leave. His experience and considerable expertise will be lost to someone who could have retained them if only he had retained my friend’s trust by some simple, consistent actions.

I was left thinking that there may be a lesson in all of this for negotiators: when you are in a long-term relationship with the party with whom you negotiate, it may not simply be the quantum of the offer that you make which will allow you to win the deal because this may be influenced by your behaviour during the relationship as a whole. As I always used to say at the end of the 'Prisoner's Dilemma' exercise, "the lesson here is that trust is really hard to establish, very easy to lose and significantly more difficult, if not sometimes impossible, to re-establish once lost".

Those of us who are in long-term business relationships would do well to remember the fact that the overall integrity which we exhibit during the relationship may be an important factor in determining how favourably others will treat our offers when we come to negotiate. People seem prepared to take a risk to get away from relationships they don't trust and to give themselves the opportunity to establish a new one which they do trust.

David Bannister, 10th August 2012

Going for Gold

Over the last couple of months I have watched probably more sport than at any other occasion in my life. Much of it to be honest was sport I would not normally watch. Not necessarily because I don't enjoy it, but because it does not get the coverage that makes it accessible.

(Note to self, find out more about how to access women's beach volleyball).

One such sport was hockey. When younger I used to play quite a bit of rugby, quite a physical game in itself, but nothing in comparison to hockey. The ball seemingly made of concrete flies around at ridiculous speeds whilst opponents try to take your head off with a stick. Or so it appeared to the uninitiated.

The GB women's hockey team had one goal in mind. To win the Gold medal. Their utter focus and determination honed over four years (if not more) of preparation was in coming away from the Olympics on top.

Sadly it was not to be, and having lost in the semi-final to the eventual winners, the tears streaming down their faces created a lump in my otherwise manly throat.

Heartbroken I am sure, the captain Kate Walsh, decided to revise their objective (a wise thing to do if the objective is no longer possible) and create a new must achieve position, which was to win Bronze. They subsequently did with all the gusto that their new stretch goal required.

For those of us this week who have 18 year olds as children, relations or friends we should keep this lesson in mind. A-Level results create elation and disappointment across the country as these young adults come to terms with the next steps in their lives.

Those unfortunates, who did not quite make the grades that allow their first choice, now need to take a step back, recalibrate and revise their objectives to make the very best of the change in circumstance.

Churchill defined success as the ability to go from failure to failure without any loss of enthusiasm.

Commercially sometimes we are unable to achieve our intended goals. That is not to say that we shouldn't have them, or that we should not strive for them with ambition. But if we realize for whatever reason they are unattainable we have to be able to refocus our efforts on the best possible outcome.

What Time Is It?

When my kids were much younger we had a standard gag. I would ask them what time is it when an elephant sits on your fence?

The answer was clearly time to get a new fence.

Timing is indeed everything.

A similar question could be asked right now with the World's biggest sporting event still receiving plaudits from around the Globe (except of course the French), as perhaps the best ever Olympic games.

One of the key reasons that London won the games back in Singapore, beating Paris, (wonder if that played a part in the above) was because of the legacy that London promised would be left beyond the games.

Prime Minister David Cameron has already responded to Britain's success by stating that there will be no cuts to funding for Olympic sports before the 2016 Games in Rio. UK Sport will receive £125million annually for the next four years to maintain funding at same level as the run-up to London.

With participation levels in a range of sports expected to spike in the coming months, pressure is apparent to ensure the next generation of stars are given every opportunity to reach their potential.

For the negotiator, picking the right time to maximise the power that they have is crucial. When the stars align in your favour you should seize the initiative and attempt to manage the process by making credible, realistic proposals that are possibly even time-sensitive.

In the Times this week it was reported that boxing clubs across Britain are facing serious financial challenges that will hamper their ability to recreate the winning performance of London in Rio. Many clubs scored the availability of funding as a 4 out of 10.

If I were advising the clubs right now I would suggest that any sitting on the fence stops right now and the bell should ring on the way they can help bring Gold back to Britain in four years.

Alan Smith, 24th August 2012

How Much!!!!

Virgin Trains aimed to shake up the railway business when it took over the West Coast mainline. Now, having lost the franchise to FirstGroup, are they tasting sour grapes or being genuine in their belief that FirstGroup are unable to deliver on their pitch?

In his blog Sir Richard voiced fears that the amount FirstGroup paid will make the contract unprofitable, which will force the Government to take back ownership of the line. This will make the deal a very poor one indeed for the country in the long run. This is what happened with the East Coast Main line, when first GNER (in 2007) and then National Express (in 2009) were stripped of the contract after they could not afford to pay the Government £1.3bn for the right to run the service.

Branson claims the Government are being duped again. He says, “Insanity is doing the same thing over and over again and expecting different results. When will the Department for Transport learn?”

Branson, never a man to back down from a fight, has launched an on-line petition to get the government to reconsider its position.

For the buyer, beware.

I was recently working with a procurement director who pitched out a major multi-million pound project to 3 potential partners/suppliers. Two prices came in which were similar. One of the prices was significantly cheaper, in the order of 35% cheaper to be specific.

Price was an issue. But the procurement director needed reassurance that the cheaper price was deliverable. She met with the supplier and asked to ‘deep dive’ into the cost proposal. It soon became apparent that the quality and quantity of work required would be impossible at the lower rate.

Discussion over.

She did not want to work with a company that either under-priced in order to strategically come back for a 2nd bite, or just didn’t understand their own business. Either a set of crooks or idiots in her view.

If Branson is right the risk of failure is great. Fool me once, shame on you. Fool me twice, shame on me. Fool me three times and I get what I deserve.

For the sales negotiator expect the buyer to ask the detail behind your offer and be prepared to substantiate it with logic, reason and credibility. For the buyer if an offer looks too good to be true, it

probably is.

Alan Smith, 31st August 2012

Out of This World

It was expected that NASA, and by extension the U.S., would be the envy of the world after they successfully landed the Curiosity Mars Rover on the red planet this month. That envy could arguably be driven by the recognition that only a country of the size and wealth of the US could even contemplate the massive investment required to conduct such an effort.

However India had joined the race and has announced a plan to send a rocket to Mars next year. The plan calls for a launch in November 2013 which would see the rocket reaching Mars at some point in 2014.

India's Prime Minister, Manmohan Singh, said that the "spaceship to Mars will be a huge step for us in the area of science and technology." That spaceship will cost the nation an estimated \$82 million. The Indian Space Research Organization is reportedly developing it.

But India's entry into the space race has been described as an utter folly by many, particularly as they currently receive over £280 million a year in aid from the UK alone.

Jean Drèze, a development economist, said this week. "I don't understand the importance of India sending a space mission to Mars when half of its children are undernourished and half of all Indian families have no access to sanitation," he said. "It seems to be part of the Indian elite's delusional quest for superpower status."

I am persuaded by his argument, sadly it appears the India government are not.

Options exist of course for all the countries paying into the aid pot. They could simply stop doing so (unilateral action) or they could only give money towards named specific projects (add conditionality to future proposals).

I would in this instance be tempted to offer the Indian government an either or proposal.

Either continue with your race to Mars and accept that no more aid will be forthcoming from the UK, or invest the money you were going to spend on the space race on improving the lives of your citizens and we will continue to support you with our financial assistance. You choose.

When persuasion falls on deaf ears we need to try something else. Threats may be unpleasant, but they are also the source of much power in the negotiators armoury.

Alan Smith, 7th September 2012

In My Shoes

“**Put yourself in my shoes!**” said trade union official who was role-playing to help some course participants practise their skills. I was reminded of this when, recently on holiday, I was reading a very enjoyable book called “The Bank of Dave”.

The book tells the story of a Lancastrian entrepreneur and millionaire called David Fishwick who decided that banks had all got rather too big for their boots and so he chose to open a bank of his own to service deposits and loans in his home town of Burnley (if you haven't read it, it's really good!). One of the many challenges that the would-be banker had to face was to put a safe for cash into his newly acquired bank premises. The book tells how he spoke to the local supplier of security systems and safes. He identified a safe which would meet his requirements. The safe, however, cost over £7000. As the whole idea of the new bank was that it would spend little money on premises, fixtures and fittings, £7000 was a big obstacle.

Not daunted by this, David Fishwick identified, in his discussion with the safe supplier, that the supplier's own premises were not big enough to display this large safe – the biggest in the range which he sold. Fishwick came up with a creative solution: the supplier provides the safe at a relatively nominal monthly rental and potential customers can make an appointment with Fishwick's bank and view the safe to assess if it is suitable for their requirements. Win-win! Fishwick gets his safe and the supplier gets the display model just down the road from his own small showroom.

The story of the Bank of Dave reminded me of the situation on a course a few months before. To help them to practise wage negotiations, the participants had arranged with a former trade union official to role-play the situation with them. They prepared very carefully and had all their arguments marshalled intricately. They were very persuasive, their reasoning was faultless. But, as the trade union official pointed out to them they had not endeavoured to see the situation from his point of view: he had to reach an agreement which he would feel able to recommend to his members. That's why, when we stopped and reviewed the role-play so far, he said to them: “Put yourself in my shoes!” He was trying to teach them to understand that a negotiation must address the interests of both parties if a suitable agreement is to be reached. David Fishwick understood this really well: he needed a safe, the supplier needed display space so both could help each other out.

The simple lesson is: it's important to know what you want but it's every bit as important to understand what the other party wants. By establishing a meaningful and open dialogue and by listening it should be possible to move towards a deal where the needs of both parties can be satisfied. Don't forget what's in the other guys shoes!

David Bannister, 14th September 2012

Red Lines

Within the last few days the Obama administration have made it clear that they consider the use of chemical weapons by the Syrian Assad regime on their own civilians to be a red line. What they mean is that if the Syrian government uses chemical weapons, they will have crossed the red line, diplomacy will have come to an end, and military action will follow. Similarly, in neighbouring Israel, Benjamin Netanyahu has chided the US administration for not setting a red line on the subject of the Iranian development of nuclear weapons; implying that as a result there is no real threat which might curb Iran's ambitions. Peculiarly, Hilary Clinton said last week that the US does not have a red line diplomatic policy; shortly after that the red line statement about Syria and chemical weapons was issued. Doh!

Red lines are nothing new. In August 1939 the UK government signed a pact with the Polish government and made it clear to the German government that their invasion of Poland would be a red line and would trigger a state of war; the German invasion of Poland on September 1st 1939 signalled the start of World War 2.

In these examples red lines relate to the boundary of diplomacy and sanction behaviour. But they are also a useful feature of negotiating strategy. Don't confuse them with 'bottom lines', or 'must avoid' positions, which describe walk away positions. Normally a negotiator will not reveal his bottom line position to the counterparty because revelation can change the perception of the balance of power. If buyers know that the bottom line for a seller is a discount of x%, and no more, then their power to get that discount is increased. Similarly, if they know that the seller 'must avoid' losing the order, their position is strengthened.

But there are advantages to revealing red lines. Negotiating red lines relate to future actions by one or other party which will destroy the basis of a negotiated settlement. In Merger and Acquisition negotiations, due diligence work is necessary before a deal is completed to ensure that claims made by either party are substantiated; during the deal-making the parties agree which issues will be examined and where the red lines are, beyond which the deal is off. In the popular TV programme Dragons Den where budding entrepreneurs pitch their business ideas to millionaires willing to invest their own cash, many of the deals shown on screen never happen because the claims made by the entrepreneur in their pitch are found to be defective when due diligence is conducted. The most common failures are claims of sales orders which turn out to be only letters of interest, and rock-solid patents which actually don't exist.

I recently advertised a car online – a 7 year old Kia with an exceptionally low mileage. A dealer enquired, and naturally wanted to know lots of details, including the exterior condition. I told him the

car had the 'normal marks and scuffs' a 7 year old car would have. He made me an offer, subject to seeing the car. But he was 100 miles away, and neither of us could face a potential argument about the definition of 'normal' after a 100 mile journey. 'OK' he said, 'my red line is this. If it needs the paint shop, the price stands. If it needs the body shop, the deal is off'.

As it happens, the car had plenty of lines (none of them red) but no dents, so the deal was done.

Stephen White, 21st September 2012

Double Up, Sir

There is more and more emphasis on the bottom line. Negotiators are getting ever more ruthless in their search for a “better deal” and sometimes the old “win-win” mantra is lost in the stampede.

One of the tactics we see most often used by – and sometimes against – clients is the late introduction of a procurement specialist to a negotiation. In many cases, this person is introduced rather shamefacedly by the regular negotiator; the excuse is given that they are just there to cast a paternal eye over proceedings and check that the deal is watertight.

I should perhaps explain at this point that this is not necessarily why they are there! More often than not, they are there to extract the last percentile point of discount from the deal. They are there, in other words, to expose the seller on probably the last issue that they want to be exposed on at that point – namely the price.

I recently heard a lovely story on this very topic. A hotel manager had been in negotiation with a client about a conference and the deal had been done. Two or three weeks before the conference was due to start, somebody from the client’s procurement department phoned the hotel and suggested that there were a couple of points in the contract that needed tidied up and one of them (it turned out that it was the only one!) was the price. He demanded a further five per cent discount so that the conference could be brought in “on budget”.

The hotelier went back to the buyer with an “either – or” proposal.

“I wasn’t aware of the budget issue,” he said, “when we discussed your conference. If it is an issue for you, I can address it by having twenty of your more junior personnel double up in shared bedrooms. Alternatively,” he continued, “we can accommodate your delegates in single rooms, but that would have to be at the price I agreed with your colleague. Which would you prefer?”

Needless to report that the original deal went through.

You can see how clever the hotelkeeper was. Rather than haggle with the buyer and “split the difference”, he gave alternatives, one of which exactly matched the buyer’s stated need; the alternative, of course, was just the original deal, as previously agreed. It was all about appearing to give the other side what they wanted – but very much on his terms.

Robin Copland, 28th September 2012

RFPeed OFF

One of the commented upon blogs we have posted this year is the one we published on the frustration many suppliers feel when they are in receipt of client RFPs (see page 187). Comments came from suppliers in agreement of the sentiment and many buyers about the bias in the writing

Bit of a Marmite blog to be fair.

That said, it certainly created debate. Frankly that is what the blog is about.

Below is the second part of this blog. Batten down the hatches.

One of the irritants for suppliers in most RFPs is how the process inherently gives the client control of the process; the choice of online portal, the preconditions suppliers must agree to in order to take part, the timelines, and so on.

Here is some text a supplier might consider using to redress the balance, to be sent to the client at the point in the process they ask the supplier if they intend to participate in the RFP. Suppliers might want to modify some of the language!

(CLIENT NAME)/ (SUPPLIER NAME) RFP RESPONSE AGREEMENT

Client has issued an RFP to a number of Suppliers. Before giving access to the Brief, Client requires Suppliers to advise if they will be responding. This Supplier advises that they will respond if Client agrees to the following terms:

BRIEF

Client agrees to focus the Brief on the following issues:

- The problem
- The need
- The audience
- The timeline
- The mechanics of Response

Supplier will ignore any suggestions in the brief about duration or methodology, on the basis that Client has asked for Supplier's expertise on this subject, which is the point of the exercise.

PREDISPOSITION

Client agrees to identify any RFP where they have already decided which Supplier they intend to use. Suppliers may then decide whether to respond on one or more of the following grounds:

1. They are the Supplier already selected by the Client
2. Mental Instability
3. Not much else going on in the office that day.

TIMELINE

Client agrees to define the deadlines for each stage of the RFP. Supplier agrees to meet reasonable deadlines set by client for submission of work, and understands that failure to meet these deadlines will result in exclusion of the Supplier from the RFP process. Failure by Client to meet their own deadlines for Client activity (holding face to face meetings, notification to the successful party, implementation, etc.) without notification will result in a penalty payment to the Supplier (see Penalties) for failing to meet acceptable standards of behaviour.

INTERFACE

If Client wishes a Supplier interface as part of the process, for example a Q&A session or a pitch, they will consult the Supplier on a range of alternative dates. If Client offers only a single date, which the Supplier cannot make, the Client will pay a Penalty for inflexibility.

QUESTIONS

If Suppliers are offered the opportunity to ask questions to clarify the brief and the process, Client agrees not to copy the answers to the other Suppliers. They can think of their own questions.

INTELLECTUAL PROPERTY

Client acknowledges that proposals made by Suppliers will involve creative thought. Client will have no rights to this creativity, and cannot pinch a good idea from here and a clever thought from there to put together into a solution, probably with the intention of internal delivery by people who have no creativity at all.

AUDIENCE

Client agrees to state the size of the project accurately, and not fabricate big numbers in the hope of getting a low quote.

Client will advise any situation where they have no hope of controlling the size of the project centrally, for example because local buyers will continue to be the decision makers.

IMPLEMENTATION

Client warrants that the project to which this RFP refers has already been granted a budget, and senior management approval. It is not some lame-brained pot-shot designed for internal purposes to demonstrate to management how busy the procurement team are.

WEB PORTAL

Client agrees to use a web RFP engine which is user friendly. There will be independent verification of this using a test whereby the Client procurement department send an RFP to their own sales team. If the sales team get confused in responding to the RFP, the existing engine will be dumped and replaced by a better one paid for out of the salaries of the procurement and IT personnel.

If Excel spread sheets are used for Supplier response, Client warrants that they have checked the formatting of the spreadsheet so that answers can be inserted correctly. Client agrees to make financial restitution to Suppliers for their time wasted trying to use drop-down boxes with no content, currency boxes formatted for a date, etc.

PRICING

Client acknowledges that all prices quoted by Supplier will be at the top end of high. Supplier acknowledges that whatever price they quote, Client will attempt further negotiation to get it lowered.

TERMS AND CONDITIONS

Client accepts that any Supplier agreeing to Client Ts and Cs as part of the pre-qualification process without a discussion isn't intelligent enough to be worth dealing with. In particular, all Ts and Cs which relate to commercial conditions, such as Payment and Cancellation Terms are voided until agreed separately after the contract is awarded.

Client agrees to Supplier deleting all references to issues which are redundant to the specific contract from the 'Standard' Client Ts and Cs.

IMPERTINENCE

Client acknowledges that Supplier will refuse to answer impertinent questions such as 'What is Your Profit Margin?' and 'Which of Your Competitors Should We Also Send This RFP To?'

PENALTIES PAYABLE BY CLIENTS

Incorrectly formatted spread sheets—£100 per mistake.

All other Client mistakes—£1000, which is the typical Supplier cost of preparing a proposal.

Signed _____ Signed _____

Stephen White, 3rd October 2012

The Negotiators Paradox

I read a fascinating report that suggested that for many consumers adding more features to products actually has the opposite effect that the producer intended. It actually devalues the product.

A piece of research published in the Journal Of Consumer Research, suggests that consumers adopt an averaging approach when validating the value of a product or service.

The research asked consumers how much they would be prepared to pay for an iPod touch. They were subsequently asked how much they would be prepared to pay for an iPod touch when bundled with a series of apps. They appeared to be prepared to pay less for the product with more features.

A similar survey asked customers how much they would be prepared to pay to stay in a five star hotel, and then again asked how much for the same hotel bundled with a three star pool complex. The same results occurred.

The research concluded that adding lower value items to the core product actually meant that the consumer averages out the value thereby cheapening the proposition rather than improving it.

This comes as no real surprise to the negotiator.

There is usually a very good reason why we want to do, or indeed not do something. We tell the other party what that reason is. We are tempted however to add more reasons, usually weaker ones, to substantiate our original powerful thought.

In the classic western way of thinking, more is always better. The paradox is often it is not.

The issue is two-fold.

First our backing up with weaker arguments tends to devalue the original good one thus having the exact opposite effect we intended. Much worse we allow ourselves to be picked off on the weaker feeble reasons. If the other side are able to answer or rebuke the less good reason we may find ourselves on the back foot.

Stick to your guns. State your best reason clearly and appreciate the value of silence.

Alan Smith, 12th October 2012

You Better Be Ready!

On Sunday last week an Austrian skydiver, Felix Baumgartner, jumped from space. He set a world record for the highest jump, at 39km, and the fastest human free-fall, at 1,342km/h. Just to give some context, a Boeing 747 travels at about 917km/h. Pretty quick.

The man broke the sound barrier.

You can watch it on YouTube [here](#)

The planning and preparation that went into the event was staggering. As well as the man himself a team of dedicated engineers, ground crew, meteorologists, suit designers and interestingly the previous holder of the world's highest jump as the man in Baumgartner's ear talking to him throughout the entire process.

After a salute to the millions watching around the world, Baumgartner said: "I'm going over" before jumping. Infrared cameras captured him as he began his startling descent.

And that is when my heart almost stopped.

After falling in what appeared to be a controlled manner he began to lose control, turning over and over in what seemed to be a deadly, chaotic spin. If this spin was not controlled quickly, the centrifugal force would push blood to his body's extremities and Baumgartner would pass out. He needed to be conscious to open his chute; if his chute remained unopened, he would plummet to certain death.

Baumgartner had to call on all of his skill and experience to halt the spin and regain control of the situation. Thankfully he was able to do that and landed safely a few minutes later, to massive relief and applause.

The ability to read a situation and keep a cool head – despite things going off track – is the result of clear pre-event scenario-planning, but crucially also the ability to react appropriately to real-time happenings.

In difficult negotiations we can find ourselves spinning out of control despite the most rigorous planning. Getting that control back is only possible if

- we plan ahead and have clear goals and a strategy to help us achieve those goals
- we learn to control our emotions during the event itself
- we have a clear strategy to buy time if things go wrong during the event

- our strategy is adaptable and flexible enough to cope when things wrong.

You can only play what is in front of you. Recognising what that is and how to react is a big part of the game.

Alan Smith, 26th October 2012

Union Indeed!

Years ago I got a call from a client with whom we had a long-term project-based relationship.

We had submitted some creative work for a project along with a fee proposal. Our fee was in line with previous work, and we knew from our benchmarking alongside other creative agencies that whilst we were not the cheapest, we certainly offered great value. We had always scored highly against the client's quality scorecards.

My client contact told me that his procurement director had been reviewing marketing costs and was all over him like a cheap suit; he was pushing for procurement to get involved in our negotiations and claiming that he could leverage a 15% reduction in our prices. My contact said that he thought not, but he then said to me, "Alan, you need to give me a 5% reduction in the fee otherwise procurement will take over. Believe me you don't want to mess with them!"

I remembered this conversation last night when I heard the news that David Cameron had been embarrassingly defeated in the House of Commons in a vote on his position in forthcoming European negotiations. The coalition government's recommendation was to hold firm on the "real terms" amount that the UK hands over to Brussels; allowing for inflation that would amount to a 2% increase.

This fairly ambitious position was rejected however, with many MPs on the "euro-sceptic" wing of the tory party demanding a reduction in the UK's contribution and further suggesting that Europe gets its house in order on spending.

The vote is not binding on the government, but No. 10 sources made it clear that the prime minister would lay down a "red line" at the EU summit, which opens on 22 November, to reject a planned 5% increase in the budget to ensure that it rises only in line with inflation.

Political humiliation notwithstanding (if that indeed is what it was), in many respects the vote may have strengthened Cameron's hand in the upcoming talks with Angela Merkel. Whilst Merkel may have lots of other issues to resolve, including the survival and future health of the Euro, the majority position in the House of Commons clarifies that any increase will be tough to get, and will certainly require major concessions to achieve.

Structuring expectations for negotiations happens throughout the entire process. You are certainly able to control much if not all of how the other side see your position. Take advantage of circumstances when you can.

Incidentally I gave the client the 5%. But in return, I got an improved payment schedule, guarantees

that we would be given the next 3 projects without pitch and a meeting with procurement to discuss KPIs so that we could better understand their role and requirements.

The complexity of the politics in play may make Cameron's job more difficult.

He needs to generate value for Britain for any movement he agrees to make to have a fighting chance of creating union within his own party with him. Let alone the rest of the country.

Alan Smith, 2nd November 2012

Cross-purposes

My friend's wife found out that her dog (a Schnauzer) could hardly hear, so she took it to the veterinarian. The vet found that the problem was excessive hair in the dog's ears. He cleaned both ears, and the dog could then hear fine.

The vet then proceeded to tell the lady that, if she wanted to keep this from recurring, she should go to the store and get some "Nair" hair remover and rub it in the dog's ears once a month.

She went to the store and selected some "Nair" hair remover.

At the register, the pharmacist told her, "If you're going to use this under your arms, don't use deodorant for a few days." She said, "I'm not using it under my arms."

The pharmacist said, "If you're using it on your legs, don't use body lotion for a couple of days." She replied, "I'm not using it on my legs either. If you must know, I'm using it on my Schnauzer."

The pharmacist says, "Well, stay off your bicycle for about a week."

A report in today's news suggests that ministers and scientists should swap roles so that scientists understand the way that politics operates, and politicians understand how scientists work. This is so that they can be both more effective when negotiating and developing new initiatives. Politicians are fearful that scientists operate in a bubble, scientists sneer at the politicians lack of rigour.

Speaking the same language or at least being able to understand the other side is crucial for the negotiator who is looking to find a solution that works. That means one that both sides can live with.

If you are a seller you need to understand how the buyer works, what defines success for them, how that will be measured and what makes them look good in their organisation. The same is clearly true the other way round.

Too many of us walk into our dealings with others without recognising that whilst we live in the same world our perspective on it may be very different indeed. Confusion, frustration and deeper conflict will be the result.

Understanding that difference is time very well spent.

Alan Smith, 8th November 2012

(Not) Going Home

Abu Qatada is a Jordanian cleric. He is also an alleged terrorist. He was found guilty in a Jordanian court, in his absence, of committing terrorist crimes. He has lived in the UK since 1993, and until yesterday he was in custody in the UK. The British government have been attempting to deport him to stand trial in Jordan, but he claims that his human rights would be breached if he was sent home because some of the evidence against him has been obtained from witnesses who were tortured. UK and European law prevents a suspected criminal being tried in these circumstances. So deportation has been refused by the courts. On Tuesday he was released from prison, although he will be closely monitored, and protected. The UK government are hopping mad and have pledged to continue to fight to send him home to Jordan.

Torture is now constitutionally illegal in Jordan; the Jordanian government amended their constitution to make this so in 2011. It is however still regarded as being widespread by Amnesty International. You can find their latest report [here](#). The concern of the UK court which released him this week was that if he is deported to face a new trial in Jordan the evidence of the tortured witnesses might still be used, although the Jordanian government has promised not to do this.

Prince Saud bin Abdulaziz is a convicted murderer. He is also the grandson of King Abdullah of Saudi Arabia. In 2010 he was found guilty by a British jury of killing his manservant in a sexually motivated attack in a London hotel and sentenced to 20 years in prison.

Last week UK Prime Minister David Cameron was in Saudi on a trade mission. This week it was reported that the Prince will almost certainly be sent home to Saudi in a 'prisoner transfer deal' following ratification of a protocol between the two countries last August. This notwithstanding the concern is (maybe expectation) that once the transfer has been made and the Prince has been returned to Saudi he will be quietly released from the Saudi prison and will not serve his sentence.

Can we identify the difference between the two situations? Maybe in terms of moral inequivalence, although I for one am certainly not qualified to nominate a terrorist act as less or more 'evil' than murder. Nor is this about whether they want to go home – Abu Qatada certainly doesn't and the Prince probably does (although being an outed homosexual in Saudi will not be a pleasant experience), but anyway it isn't their decision. Seems to me that the fundamental difference is that the Abu Qatada decision was made by the judiciary, whereas the Abdulaziz decision was made by politicians. And that may be because the Prince has friends in high places, and the cleric doesn't. Nor does the UK government in his situation; their ability to influence the UK and European judiciary on human rights legislation appears to be non-existent.

Politicians can negotiate. Saudi spends enormous amounts with the UK on defence contracts. The likelihood that that expenditure will continue in the future will have been one of the variables in the trade discussions last week. So might the fate of the Prince. Lots of opportunity for a deal.

Although we talk about 'plea bargaining' as a negotiation in a legal framework, judges don't negotiate. They implement the law. Their flexibility is therefore limited to the subtlety of interpretation.

So please ponder this thought. If you have a problem, with a customer or supplier or trade union or employer, which has become intractable and needs either better negotiation or judicial interpretation, in which direction would you prefer to go?

Stephen White, 14th November 2012

Time. Friend or Foe

On July 20th 1969, the late Neil Armstrong was the first man to step onto the surface of the moon. As commander of Apollo 11 his legend was secured by this act of endeavour, courage and ambition.

His words as he left the Eagle have been recorded for posterity. ‘That’s one small step for man, one giant leap for mankind’. These words were beamed to the millions of global viewers making it one of the most watched televised events in history.

Fewer people heard the few words he said prior to these. Just before leaving the craft he said, “Good luck Mr Gorsky”. For years many assumed this referred to Armstrong’s respect for a Russian astronaut. But Armstrong refused to be drawn on the question, and would not discuss his enigmatic remark. When asked he would simply smile and change the subject.

That was until July 5th 1995, 26 years after making the statement when a reporter in Tampa Bay Florida asked him the question again.

This time according to legend, Armstrong replied.

In 1938 when he was a young boy he had been playing baseball in his garden. The ball had accidentally been hit into his neighbour’s yard. The neighbours were the Gorsky’s.

As Armstrong bent to pick up the ball, he heard through the open upstairs window Mrs Gorsky shout to her husband, “Sex, you want sex! You can have sex when the kid next door walks on the moon”

Recording and capturing signals of flexibility from the other side, particularly in long term relationships is always good news.

If I can understand the circumstances under which a better deal, or a deal at all may be possible I can work towards achieving that goal, or at least as in Mr Gorsky’s case watch out for the change in circumstances.

It may be even worth the wait. I hope so for Mr Gorsky’s sake.

Alan Smith, 29th November 2012

Who Is on Your Side?

A man on his Harley was riding along a California beach when suddenly the sky clouded above his head and, in a booming voice, God said, “Because you have tried to be faithful to me in all ways, I will grant you one wish.”

The biker pulled over and said, “Build a bridge to Hawaii so I can ride over anytime I want.”

God replied, “Your request is materialistic; think of the enormous challenges for that kind of undertaking; the supports required reaching the bottom of the Pacific and the concrete and steel it would take! I can do it, but it is hard for me to justify your desire for worldly things. Take a little more time and think of something that could possibly help mankind.”

The biker thought about it for a long time. Finally, he said, “God, I wish that I, and all men, could understand women; I want to know how she feels inside, what she’s thinking when she gives me the silent treatment, why she cries, what she means when she says nothing’s wrong, why she snaps and complains when I try to help, and how I can make a woman truly happy.”

God replied: “You want two lanes or four on that bridge...?”

In November 2012, the Church of England’s national decision-making body, General Synod, failed to pass legislation which would have allowed women to be ordained as bishops.

The proposal won the necessary two-thirds majority in the House of Bishops and House of Clergy. It was in the House of Laity that it was lost, by a handful of votes. The result has left many in the church feeling hurt and demoralised, and damaged its ability to act in the wider society.

Imagine that a surgeon had started working at a hospital when all the medical staff were men and, even as the workforce changed, did not hide his belief that only men could be proper doctors. It would be remarkable if, instead of disciplining him, hospital managers agreed that he should work only with male medical students and doctors and even that the new head of surgery, a woman, should delegate his supervision to a male colleague.

The good news for those in favour of women Bishops is that the House of Commons took on the Church of England on Thursday. If the church didn’t allow female bishops, MPs said, they would force them.

The whole discussion was wonderfully old-fashioned. There was a whiff of Parliament versus the Crown. You half expected the Queen to march in, seize the ceremonial mace and have the Speaker

arrested.

And therein lies the rub.

The idea that parliament should grab the church by the dog collar and give it, in David Cameron's words, "a prod" was deeply appealing to MPs and indeed many of the rest of us.

It may not be quite so appealing in the long run to either side in the debate. I can't help feeling that anything other than a consensual solution to which both sides can finally agree will be a disaster for the church. With dwindling congregations and a real concern over the value of the church in a secular society, anything that drives further wedges and splits must be a problem.

Both sides would presumably claim that God is on their side. Let us hope for their sakes that God in this instance can help build the bridge, 2 or 4 lanes.

Anything else would be a load of old cassocks.

Alan Smith, 6th December 2012

RMT–ScotRail Talks Derailed

When is a negotiation not a negotiation? When both parties involved admit that on the one substantive issue involved, there is no movement. Here's the story.

In March this year, a ticket inspector working for ScotRail, the main provider of train services in Scotland (I suppose you might argue that the clue is in the name!) reduced a passenger to tears. This was a first on Britain's railways; normally it is late-running trains and cancellations that reduce passengers to tears, but on this occasion, sadly for Scott Lewis, the ticket inspector involved, he had got the whole thing completely wrong.

According to a "ScotRail spokesman", Mr Lewis "was dismissed on grounds of intimidating and aggressive behaviour towards a passenger, who was reduced to tears during the incident. Grounds also included having a complete disregard of the correct ticket procedures. The dismissal followed the ticket examiner refusing to accept that the customer was allowed free travel under a special ScotRail deal to promote a new route out of an airport. It is a longstanding, well-known arrangement".

The RMT stepped in on Lewis's behalf demanding his reinstatement and put the matter to ballot. According to ScotRail, the results were as follows: of the 2,200 RMT members employed by ScotRail and in response to the question, "Are you prepared to take strike action?" the number of votes cast was 819. Yes–548; No–264; Spoiled papers–7. 65% of the members did not vote. Of those who did, the 'yes' vote is 24% of the overall membership.

The Morning Star, a newspaper that describes itself as "socialist", claimed that this result was "an overwhelming strike vote in support of Scott Lewis, who RMT claims had been unfairly dismissed for trying to help a passenger buy the correct ticket." I would venture that the use of the word "overwhelming" in this case might be a little adventurous, but there we are.

Members of RMT in ScotRail were scheduled to hold 24-hour strikes on December 22 and 24, and on sleeper services on December 21 and 23.

The summary might be as follows.

- Opinionated ticket inspector gets his facts wrong
- He then pursues his case with a customer to the extent that he reduces said customer to tears
- Which is caught on CCTV
- Customer complains
- RMT jump to their member's defence when, after due process, he is dismissed
- RMT call a ballot, as a result of which a strike is called just before Christmas, thus maximising

the effects of their action.

There are various negotiating ploys and dilemmas at work here.

- First of all, the dispute has escalated to senior level on both sides. Steve Montgomery, the managing director of First ScotRail has now made a statement, effectively saying that there will be no reinstatement of the sacked employee, whilst, on the other side, Bob Crow, the general secretary of the RMT has also waded in with his side of things. This is often provocative and sometimes dangerous. It is best to try to resolve things at a lower level of authority, only bringing in the top boys in extreme circumstances or to sign a deal that has already been negotiated.
- Sanctions have been deployed on both sides. Much will depend on the strike take-up on the one side, and just how disrupted the train service in Scotland will be on the days in question on the other.
- Both sides have effectively signalled that, on the substantive issue, there will be no negotiation.
- The “line in the sand” talk on both sides reduces the chances of a “win-win” solution—perhaps a re-packaging of the sacking into punishment, then re-instatement after a period of re-training—that kind of thing.
- Both parties will be aware of the importance of “precedent” in this dispute. The RMT will want to make the strike stick and ScotRail will want to avoid concessions on substantive issues.
- It seems to me that there will be no winners in this. Customers—knackered; Unions—picking a fight on an issue that might well have been best left alone; Management—being seen by a proportion of their employees as bully-boys.

I shall watch with interest and am planning no train travel on the days in question!

STOP PRESS

It was announced on 19 December that, after significant talks between ScotRail and the RMT, the strikes were being called off. There are no details available yet on what the new offer contains and, significantly, there was no announcement made about Mr Lewis’s future within the business.

Robin Copland, 20th December 2012

I'll Tell My Brother

When I was younger, so much younger than today—I would occasionally find myself in situations which I really struggled to handle.

Let me give you an example. There was this particular chap, whom we will call Ian Sharples for the purpose of the story; he was 2 years older than me, considerably bigger, and to be honest, a bit rough-looking. Even his mother struggled to love him.

He lived a couple of streets away from me on an unfashionable council estate in Rochdale. For some reason he had taken a real dislike to me. I never really got to the bottom of it, but he took great delight in being unpleasant and physically intimidating.

It's not as if I stole his girlfriend or anything (I was only 11!); I wasn't particularly good looking (probably still true, to be fair); I wasn't even a snappy dresser. But every day on my way to school, I had to walk the gauntlet of his front gate in fear and dread, worrying about the insults and harm that might come my way.

On one occasion he threatened to meet me on the way home and give me a “sound thrashing” (although not maybe in that language; this was Rochdale in the 70s not *Tom Brown's Schooldays*). Unsure of what to do to prevent this I threatened to escalate the conflict and include my brother. He was 3 years older than me, much bigger than me (and Sharples, for that matter) and I felt that his involvement might get me off the hook.

Of course there are situations in conflict when such an escalation may be both necessary and valuable. We may want to divorce the day-to-day relationship from the problem at hand. If we can protect the relationship, for example, by leaving the numbers and details to the respective finance departments to sort out, then all well and good. If we can get our managing director or CEO to meet up with theirs, again maybe that is a good thing.

There can, of course, be problems with this course of action.

In the end game and having resolved all the major issues, we may decide to roll in the big guns for the final meeting. Perhaps the negotiation is over and all they have left to worry about is the price. That creates at best a haggle or at worst a slow surrender by one side or the other.

Sometimes though, there is no getting away from the fact that we have to fight our own battles. Protecting the relationship by avoiding conflict can actually lead to a relationship without strength.

My brother saw that aspect all too clearly. He would never get involved in my battles saying I had to sort them out myself. Mind you, and were you to ask me, I think he was just scared of Ian Sharples's big brother – think “Tyson meets Klitchko” and you are beginning to get the picture.

Alan Smith, 3rd January 2013

The Right Price

The most frequent request asked of Scotwork consultants is ‘Teach me how to know I have paid the right price’. It comes from a lifetime of self-doubt; that although the negotiated deal looks like a good one, satisfies the need, resolves the conflict, addresses the issues and falls within the levels of affordability, there is a demon nagging at the back of the brain. ‘Sucker!’ says the demon, ‘you could have done much better than that’.

It begs the question. What is the right price? For a commercial procurement manager you might think the answer is easy – one that will enable the firm to make a profit. Buyers want to pay no more than the market price, preferably less, and their performance indicators may well articulate this expectation by requiring them to pay lower and lower prices year on year.

So it was refreshing to read a report by Bloomberg that the Japanese sushi chain Kiyomura paid a little more than market price to acquire the first tuna fish sold at auction at the Tokyo fish market in 2013. Well, perhaps that’s an understatement. They paid US\$1.76 million dollars for a single fish weighing 222kgs. About \$8,000 per kilo. Now good quality tuna at my local supermarket fish counter is expensive, but that’s just ridiculous.

So why pay so much over the odds? Is it because there is good luck attached to buying the first catch of the year? If so, you would suppose that this tuna would have an extra cachet and could therefore be sold in the restaurants at a premium. But it won’t be. Kiyomura restaurant owners reckon that this fish will cut up into about 10,000 sushi pieces which they will sell at their regular price of 128 yen each (\$1.47). Leaving them with a loss of \$174.50 per piece.

Or maybe it was worth it as a PR stunt to get the restaurant brand name into the media in Japan and around the world. Which is fine, except that most customers hearing about the outrageous price will be probably be wondering just how much over-priced the rest of the restaurant menu must be to enable the owners to cope with such a big loss on tuna.

Actually, the main reason turns out to be pride. You might have read about the continuing conflict over a small group of uninhabited islands in the East China Sea, claimed as sovereign territory by both Japan and China. The competing bidder for the tuna was another Japanese sushi restaurant chain, but one which is an affiliate of a Chinese owned, Hong Kong based company. Kiyomura couldn’t allow the Chinese to win. They were defending the pride of Japan in the face of Chinese (culinary) aggression. Commercially nonsensical, but it happened nevertheless.

The lucky fisherman who caught this fish will no doubt have expected it to sell at a premium; after all

the first catch of the year is auspicious. But I suspect he would never have dreamt that a burst of Japanese pride about five deserted islands would turn him into a dollar millionaire.

So did the Kiyomura buyer pay ‘the right price’? I don’t know, but I would have loved to have been a fly on the wall after the auction was over when he put the call in to his boss.

Stephen White, 10th January 2013

Practice Makes Almost Perfect

Practice pays off.

Rory McIlroy's ride to immortality publicly entered a new phase this week with the official announcement of his sponsorship deal with Nike, reportedly worth over £20 million, whose equipment and apparel he will exhibit beside Tiger Woods, Nike's first golfing icon.

To get as good as he clearly is, McIlroy's commitment to the game began as a toddler. He was supported by his father and mother who took on a third job as a cleaner to enable her son to get the training as a junior which has now fabulously paid off. Applied practice has made perfect, or at least close to it.

Practicing anything skill based, like golf, without training is naïve. The fact that so many commercial managers are practicing the skill of negotiation without training is alarming, and potentially costly.

Here are three reasons why.

Practicing without training ingrains bad habits. My children learned to ski at early ages. I had no formal lessons till I was 48. They learned the fundamentals early and well. I did not. They didn't pick up any bad habits. I did. Instructors pushed them to move to more difficult slopes while maintaining good form. I took my bad form from slope to slope. As you would suppose, they are much better skiers than I am. While they were taught correctly, I learned my skills willy-nilly. Worse, I practiced my questionable skills over and over, ingraining them deeply.

Practice makes perfect only if done correctly. Practicing for hours doesn't automatically create skills. Say, for example, that, as a golfer, you go to the driving range and practice by hitting hundreds of balls. You may leave feeling you've done something to help you improve, but possibly you will only have practiced whatever swing you came with – good or bad. How about when you go to the range you take a more deliberate approach. You draw a circle 20 feet in diameter, move back a bit, and proceed to hit balls until 80% land in the circle. Then you move farther back, take a different club, and do the same thing. That is deliberate, focused, and productive practice. Perfect practice makes perfect performance.

Practice with an expert who can inform best procedure. All your staff are of course, negotiating from the first day on the job. And from that day habits are being formed.

Attitudes are being created. Management practices begin to coalesce. Would it not be in the organisation's and the individuals' best interests to begin that process the moment they're selected for

a position? Who in your company can provide that best practice?

Put the building blocks in play early, and they can certainly pay in the long run.

Alan Smith, 17th January 2013

Triple F

Following the Christmas break, you could be forgiven for thinking this stands for Fat, Flatulent and Fund-less. It is however the classic human response to stress, flight, fight or freeze as described by Dr Steve Peters in his excellent book, *The Chimp Paradox*.

Reading in recent news the report into why our fingers and toes wrinkle when we spend too long in the bath, made me realize yet again what primitive creatures we really are.

For a long time, it was assumed that the wrinkles were simply the result of the skin swelling in water, but recent investigations have actually shown the furrows to be caused by the blood vessels constricting in reaction to the water, which in turn is a response controlled by the body's sympathetic nervous system.

That an active system of regulation is at work led scientists into thinking there must be some deeper evolutionary justification for the ridges. Turns out that the wrinkles improve our ability to grip items when our hands are wet which was the small evolutionary advantage to one set of our ancestors when searching for food along river banks. Not much use now of course.

Much of which is also true of the classic human response to stress, which made our forebears more likely to survive literally millions of years ago.

Consider primitive man walking across the savannah. A sudden sound, or a flash in the corner of his eye, would create a stress response. Should I run, stand and fight, or freeze and hope to remain unseen. Making the right choice quickly and instinctively could be the difference between life and death.

Rather like the finger wrinkle response, many of our stress filled situations today are hugely different yet our brain triggers similar synapses when we face them.

Imagine the difficult or competitive negotiation. Should I fight, take control, 'win'. Should I run away, avoid the conflict altogether so I can fight again another day. Or should I freeze, try to become invisible by switching sides or agreeing with their different point of view.

Or of course I could use my higher-level brain to over-ride the Chimp response and find more advanced consensus solutions.

That of course requires self-knowledge, skill and almost as importantly, practice.

Make 2013 a year of evolutionary thinking.

Alan Smith, 24th January 2013

Negotiating With Bullies

When facing a bully in negotiation, should you behave the same way?

Each of us has encountered this type of negotiator: A customer who threatens to give your business to a competitor if you don't give in to what he or she wants. A family member or close friend who behaves as a victim, playing the guilt card. Or an angry boss when the outcome is not what he or she expected.

If we had the choice, we'd like to avoid this type of interaction. But in most cases, we don't have that luxury.

When we're under pressure, competitiveness and aggressiveness sometimes take over. Our brain works as a tunnel and we go back to our natural style. Because emotions and tensions rise, we tend to defend our point of view, persuade and argue, making it very difficult to negotiate a solution that works for both parties.

If you face a bully negotiator, be prepared. Understand your needs and limits so you can resist the temptation to accept a bad deal under pressure. Find out why those on the other party behave like that by acknowledging and understanding the issues to which they're emotionally involved. Once these clear up, ask good questions to uncover their true concerns. Try to act as a consultant to understand their reality.

When it's time to package and re-package the proposal, be creative to suit the needs of those on the other side on your terms. They might throw irritant factors in the equation, but don't get emotional. They're suspicious by nature.

So next time you face a bully negotiator, don't forget that competitive stances breed competitive stances, making it less likely that you'll get access to their needs, interests and inhibitions.

Remember people negotiate because they have an interest – even bullies.

Gaëtan Pellerin, 31st January 2013

It Takes Two

The UK press this week has been obsessed with the story of Liberal Democrat MP and ex Cabinet Minister Chris Huhne who resigned his position after pleading guilty to a charge of Perverting the Course of Justice. For our international readers (UK readers can skip to the next paragraph) Huhne was caught by a speed camera in 2003, but his wife agreed to say that she was driving the car, and the speeding penalty points were allocated to her instead of him. As a result he didn't lose his driving licence, although ironically just a few weeks later he did after being caught driving whilst talking on his mobile phone. In 2010, after press revelations that he was having an affair, his wife left him and in a fit of pique she told the police of the events seven years earlier. He was arrested, but strenuously denied the charge and used every legal device available to get the case dropped. He failed, and when the case came to court last Monday he finally admitted his guilt. The judge has indicated that he can expect a prison sentence.

More interesting for me is the continuing trial of his wife Vicky Pryce, also charged with Perverting the Course of Justice—it takes two to agree to lie about who was driving the car. Her defence is 'marital coercion'; that her husband unreasonably forced her to agree to commit the crime, that she did it under duress (although the legal defence of duress is differently defined).

The question which screams out for me is 'Which bit of any relationship does not involve coercion???' Coercion is just another form of persuasion, and most of us experience persuasive tactics from our partners, at work and at home, from our friends, our spouses, our children, our bosses, our suppliers and our customers all the time. If Vicky Pryce was claiming that her husband used or threatened physical violence, or blackmail, or some other such extreme behaviour then our sympathy for her might be stronger. But this is a woman of high intellect and forceful personality, and I suspect that her coercability factor is very low.

We will probably never know the details of the conversation that occurred over the breakfast table the day the speeding fine notice from Essex police came through their letter box in 2003. But if they had been typical negotiators I'd like to imagine it as follows:

Huhne: 'Oh sh*t. They're doing me for speeding. Bloody police. That'll be my licence gone for a few months.' Pause. 'Unless.....'

Pryce: 'Unless what?'

Huhne: 'Three more penalty points for me puts me over the limit and I get disqualified. But if you could say that you were driving, and you get the points, you still won't be over the limit. Problem

solved.'

Pryce: 'Drop dead Chris. Why would I possibly agree to that?'

Huhne: 'I could make it worth your while. How about I take you for a very expensive dinner?'

Pryce: 'And?'

Huhne: 'You choose where we go on holiday this year?'

Pryce: 'And?'

Huhne: 'We'll spend Christmas with your family?'

Pryce: 'Look Chris. All this doesn't add up to a bundle of sticks. If you seriously want to negotiate a deal involving an illegal activity, conspiracy, and perverting the course of justice, then I want something realistic back in return. Like your scrotum on a plate'

Huhne (sighs): 'Oh well, it was worth a try. I'll just have change tactics and go for a spot of marital coercion'.

And so on.....

If only Chris Huhne had been a better negotiator!!

Stephen White, 7th February 2013

What's the Beef?

Perhaps a better question might be, where's the beef?

The continuing furore about what actually is in our food took another turn when Findus had to withdraw all of their Frozen Beef Lasagne after it was discovered that the beef was actually horse. Neigh, I hear you cry.

This follows on from previous scares that major retail stores in the UK such as Tesco, Iceland and Aldi had similarly found horsemeat in their own label burgers. All of which had to be removed from sale, at massive cost and a PR nightmare.

Giles Coren in The Times put it best when he wrote about the lack of understanding about cheap food. "What on earth did you think they put in them? Prime cuts of delicious free-range, organic, rare breed, heritage beef, grass-fed, Eton-educated, humanely slaughtered, dry-aged and hand-ground by fairies...? At a pound for 12?"

We do indeed get what we pay for.

It does highlight the difficulties faced when price and cost seem to be the only driver in any business relationship.

If we continually demand better prices, the race to the bottom may involve compromises that we in the end come to regret.

My favourite quote in this arena is attributed variously to one of the US astronaut's John Glenn or Alan Shepard. Both were pilots immortalised in the movie The Right Stuff.

When asked how it felt to be sitting on top of the rocket about to launch, it is claimed one of them said "it's a very sobering feeling to be up in space and realise that one's safety factor was determined by the lowest bidder on a government contract."

Difficult to bolt the stable door on this story now I suspect.

Alan Smith, 14th February 2013

I'm Not Telling!

Imagine you are very late home. And I mean late.

You creep up the stairs at 3 am, placing your feet carefully at the extreme edge of each step, missing that third creaky step. You push the bedroom door open and pad gently across the floor.

Forget brushing your teeth, way too noisy. You can flush in the morning.

As you remove your trousers, too late you remember the coins in the back pocket. As they crash to the wooden floor your other half springs into action.

“What the hell time do you call this?” and “Where on earth have you been?”

“Very good questions dear, I’ll tell you in the morning” is your reply.

Information is sent by us to the other party regardless of whether we actually answer the questions they pose or not. Sometimes clarity even with bad news may be better than leaving the other side to imagine their own scenario.

The furore surrounding the British NHS last week was exacerbated around the apparent hypocrisy in how and if information should be shared. On one hand the government minister responsible, Jeremy Hunt, called for an environment of openness and trust.

On the other, NHS senior officials claim they had been forced from their positions and made to sign ‘gagging orders’ preventing them from exposing the lack of care, overly stringent targets and budget restrictions that have been imposed in many of Britain’s hospitals.

The previous pride of Britain, deified by Danny Boyle at the start of the Olympics last year, it seems the NHS has hit very bad times indeed.

Being open about it may just help to sort it out.

Creating a culture of secrecy and confusion may send a very dangerous message indeed.

Alan Smith, 21st February 2013

We Don't Know Where to Start!

The British Prime Minister David Cameron said that the talks with John Kerry, the new US Secretary of State, would be so far reaching that it would be difficult to know where to start.

I am sure he was joking. At least I hope he was.

Whilst I am sure there are a mass of things on their agenda, Afghanistan, Syria, climate change, printing money to get out of austerity even the Falklands, it always makes sense to enter any form of meeting or negotiation with a clear idea of the most important issues.

Many years ago I was working with a guy who said he often started negotiations with low value, easy to resolve issues in an attempt to build up a level of rapport that made the bigger issues easier to resolve later on in the discussion.

Indeed he would, he said, often give in on the smaller issues so that later in the negotiation he could say to the other side that he had already made a number of concessions, and it was their turn now.

Whilst I understood the principal it worried me that the concept of capitulation (even capitulation in an attempt to build goodwill) may just as well create a feeling from the other side that the negotiation had not even begun yet. Variables had been removed from the game without any trading (negotiating) even taking place.

Almost as worrying was the concept that leaving the big issues or priorities to later in the meeting may actually be an utter waste of time.

Imagine that the big issues can never be resolved, all that effort resolving the smaller issues may eventually get you no-where.

Time is a commodity in very limited supply. I want to use what I have as effectively as possible, which means for me sorting out the big stuff first.

Alan Smith, 28th February 2013

The Critical Mass

Shortly after taking office for his second term, President Obama announced that he would visit the Middle East to kick-start a peace process. That visit is scheduled for later this month, but there was speculation last week that it might be cancelled if the Israeli Prime Minister Benjamin Netanyahu, also recently re-elected, has not been able to form a coalition government before the Obama visit.

The reason is obvious – if there is no coalition agreed then there are no policies agreed, so there isn't a government for President Obama to persuade, or negotiate with, to get the peace ball rolling.

Those of us selling to and negotiating with the big multinationals know the feeling all too well. The received wisdom is that there is little point in putting in a great deal of effort if the top banana is not available and engaged, and many books have been written giving advice about how to get to and influence the decision makers in an organisation.

The Obama dilemma is slightly different. He can get to the top man (Netanyahu) but that man does not carry a consensus. In our rather more mundane commercial world, this is very common. Recently I was told that a decision on a major project had been postponed because the sponsor, the COO, had moved to another position within the organisation. Her successor was apparently positive about the scheme we were promoting, but couldn't be sure that his colleagues on the Board would buy into it. So they had decided to ask suppliers to re-pitch against a modified brief 'which met the concerns of some Board members'. Hours of work done previously now down the toilet.

Getting to the boss is not therefore the end of the matter. To make a proposal work it has to be presented to a constituency of decision makers, in a form which enables our contact to sell it internally to them, because most of the time we can't get to them all ourselves. That might mean making the 'deal' attractive to a broader group than just the project sponsor, maybe by offering alternatives, or by including suggestions you know will go down well with certain departments or individuals. We recently included an ROI guarantee in a written proposal even though our contact didn't ask for it and wasn't interested in it, because we felt it would go down well with those other managers in the client organisation whom we had not been given access to, but who would be reading our documentation.

Yesterday a Washington official clarified the matter. President Obama will go to Israel whether or not a coalition has been formed, because his intended audience is neither the top man, nor the government. It is the Israeli people, whom he wants to win over to his cause; in other words, the whole constituency. If he can get a grass roots groundswell of pressure going, it will influence whatever government is eventually formed in Israel.

Maybe there is some hope for his second term.

Stephen White, 7th March 2013

Dutch Courage at the UN

Dutch courage doesn't improve negotiated outcomes.

Nervous negotiators may often be tempted to partake in a drop of “Dutch Courage” before entering what they anticipate will be difficult negotiations. Our advice is DON'T and it seems the United Nations now agree with us.

Joseph Torsella, the US representative to the United Nations for Management and Reform has recently called for a ban on drunken diplomats at the world body's budgetary negotiations, lamenting that the already laborious process of getting 193 countries to agree to anything is being further hindered by officials consuming alcohol. Torsella has proposed “...that the negotiating rooms should be in future an inebriation free zone” and suggested that the negotiators “...save the champagne for toasting the successful end of the session”. By that we presume he means having reached agreement and done a deal rather than having all got hammered!

Negotiators need all their mental faculties when negotiating. These are clouded by alcohol. Even mildly inebriated people can change in a number of ways. They may become more bullish, assuming or trying to give the impression of being more powerful or they can become even more nervous and paranoid believing others have all the power. Neither is a good basis on which to negotiate. We need to prepare well, ask good questions, listen, make good realistic conditional proposals and be able to repackage and trade creatively using our wish lists. We also need to ensure everyone has the same interpretation and understanding of what's been agreed when we think we've done a deal.

Don't do this and inevitably you'll be left crying in your beer!

Mark Simpson, 14th March 2013

An Inconvenient Series of Truths

The current financial crisis in one of the EU's outposts, Cyprus, clearly exemplifies and demonstrates some undeniable negotiating truths.

- Make sure that the deal on offer is one that can be sold within your counterpart's organisation

The problem with the offer of the 10bn euro EU and IMF bailout of Cyprus was that it came with the condition that Cyprus had to raise 5.8bn euros from a raid on Cypriot savings accounts. This had to be approved by the Cypriot parliament; they overwhelmingly rejected the package with 36 MPs voting against it, 19 abstaining and none in favour.

- Try to ensure that you get as close to the decision-maker(s) as you can.

See above.

- Beware interested third parties hovering in the background

Commercial negotiators need to temper their ambition in the knowledge that there may very well be competitors in the marketplace. In the Cypriot example, it turns out that Cyprus has attracted money through its lower taxes and wealthy Russians hold between a third and half of all Cypriot deposits. Russian private and corporate deposits are believed to total about \$30bn and the Russian president, Vladimir Putin is on record as calling the bailout deal "unfair, unprofessional and dangerous". From a political standpoint, EU leaders will want to avoid further Russian influence in one of their country's affairs – especially one so strategically important, geographically placed as it is in the eastern Mediterranean.

- Understand the consequences and costs of "no deal"

The EU has promised to stand by their Cypriot allies, but there is a real risk that the country will to all intents and purposes go bust and that there will be no money to distribute through the banking system. Already, cash machines are running out with no explanation and the banks have ceased normal trading. The German Finance Minister, Wolfgang Schaeuble warned Cyprus that its crisis-stricken banks might never be able to reopen if it rejected the bailout. From the Cypriot perspective, dropping out of the Eurozone, reverting back to the Cypriot pound and not reforming its banking structure is akin to financial suicide. From the EU's perspective – see point above!

In the meantime, talks continue. Cyprus's finance minister is in Moscow to seek help from Russia. Michalis Sarris, Cyprus's finance minister said after talks with Russian finance minister Anton Siluanov, "there were no offers, nothing concrete," but he added, "we are happy with a good

beginning.”

Cypriot President Nicos Anastasiades is holding the emergency meeting of party leaders and the central bank governor in Nicosia to “examine alternative plans to address the situation that may arise following... the parliamentary vote”, his office said. Mr Anastasiades, who was elected to the presidency on 24 February, will also hold a cabinet meeting and talks with the European Union, European Central Bank and International Monetary Fund (IMF). Bank mergers, a bond issue, and more Russian funding are possible other options.

The good news, from a negotiating perspective is that people are still talking and still looking for negotiated solutions. The bad news is that negotiating involves concessions which, in turn, involve costs. Who pays and how much – these would seem to be the burning questions! The alternative – no deal at all – does not bear thinking about.

Robin Copland, 21st March 2013

Bad Behaviour?

Over the weekend there were reports in the UK media that the multinational retailer Laura Ashley had written to its suppliers requesting an immediate 10% cost price reduction on all orders already agreed and contracted. The demand was accompanied by a statement that this would save Laura Ashley the need to review its supplier base – in other words, failure to agree would prompt such a review, and some suppliers would inevitably be delisted as a result.

This behaviour, far from novel, is however becoming more and more common. Debenhams, a UK department store group, wrote to some suppliers earlier this month demanding a retrospective discount, and to other suppliers unilaterally increasing payment terms from 90 to 120 days.

John Lewis, a UK department store group, has demanded rebates of up to 5.25% from the majority of its 3,000 suppliers despite announcing record profits. According to The Guardian, John Lewis wrote to one supplier stating that a rebate would be automatically applied to their previously agreed pricing. When accused by the press of “greed and bullying”, they claimed that the rebate requested was fair because it was linked to increased turnover. Seems to me that this is disingenuous; if the buyers haven’t already factored volume rebates in to the original pricing, they aren’t doing their job properly; if they have and this is simply an additional demand, then greed and the associated power-play would seem to be the only motive.

Sceptical readers will come to the obvious conclusion about who wins as a result of this retailers’ tactic because the rebate, or a goodly portion of it, almost certainly ends up on the bottom line of the retailers’ P&L. As consumers we should be demanding that these rebates are passed on to us when we are at the checkout. But another winner is the procurement function. Every time they try this ploy some weaker suppliers will succumb and agree the new terms. This leaves the future negotiating power of these suppliers significantly weakened, and encourages a repeat of the bullying behaviour by the buyers.

Retailers trying for unilateral price increases or other changes to terms on existing contracts might ponder the following questions:

Is your behaviour tactical or strategic? Are you looking for an easy short term boost to the profit line for this month/quarter/year, or is there a medium or long term plan. Your behaviour will certainly have repercussions – poor trade publicity, irritated suppliers, significant pushback. In extreme situations maybe even the demise of the supplier. You can also expect the public not to be on your side; what with horsemeat, difficult warranty claims, product recalls, pricing consistently higher than the internet, and so on, they don’t like you to begin with.

Is a letter or email the best communication method? However you phrase it will read as an impersonal demand. How about a meeting?

Is the money worth the effort? A few %age points discount may be a significant sum if the turnover is significant, but not compared with what suppliers might be prepared to trade if you take a more creative approach.

Does this behaviour reflect your corporate culture? If your business model is that you don't care about brands, are only interested in price, have no desire for long term relationships with your suppliers, then unilateral action is right for you. Other cultures should beware.

Is this part of your 'keep them guessing what comes next' buying style? Because if it is, you need to get real about the capability and competence of your suppliers. They absolutely get it, and even if they succumb to your demands in the short term they will look for opportunities to get their own back – imperceptible lowering of quality, delays in delivering, more stringent views on returns and so on.

For suppliers on the receiving end, some different questions:

Is your indignation a little misplaced? Wouldn't you increase prices to your retailers if an appropriate opportunity presented itself, for example a surge in demand for a product you had stock of which pushes the price you can command in the market upwards? Pot-kettle-black springs to mind.

Can you get away with doing nothing? These ploys are as embarrassing to some buyers as they are irritating to you. Ignore it and it may just go away!

Can you cite a principle? If you have demonstrated in your past relationship with the retailer that your business behaviour is determined by principles (you always pay on time, and expect others to do the same, you always use Fairtrade ingredients, you never pay third-world wages and so on) then you might advise the retailer that you *never* renegotiate existing contracts, as a matter of principle. However you might have flexibility elsewhere.....

Is your response tactical or strategic? Just agreeing to pay will significantly weaken your power; the buyers will just take you as a soft touch for evermore. Telling the retailer to **** off maybe give you a warm feeling, but might also leave you with gaping holes in your production schedule if you get delisted. Look closely at who-needs-who more, and react accordingly.

Will persuasion work? By all means ask for a meeting with the procurement people and argue your case, but recognise the limited chance of success. It is the stuff of every barrister-in-waiting that an impassioned speech and closely reasoned argument will produce a Damascene conversion by the

judge and jury. So it is with buyers. Maybe better to have some wish list items available to trade the price reduction against, or alternatively the draft of a solicitor's letter citing breach of contract if the facts support it.

Can you mirror their behaviour? If their expectation of increased turnover merits a price reduction from you, will they agree that there will be a price penalty if turnover is lower than forecast?

We hope this provides some food for thought. As they say at the end of some TV documentaries, if you have been affected by any of the issues raised in this blog, please call the helpline at +44 141 357 3989 for advice.

The Scotwork Team, 28th March 2013

Listen Up!

A recent article in the [New York Times](#) draws a comparison between the physiological aspects of hearing and listening. In brief, the author, neuroscientist Professor Seth Horowitz, says that the process of hearing works from our ears to an area in the brain which is automatically able to register and then tune out background noise. Listening, he says, is different; when our attention is grabbed the electrical impulses from our ears take a pathway to a different area of the brain, associated with computation. At a basic level this allows our defence mechanisms to fire up. We describe this as being startled – and this overrides the background noise and allows us to focus on what we are hearing and process it accordingly. That's listening!

We find it more and more difficult to actively listen because of the overload of background noise which we hear (just stop reading and describe to yourself what you can hear right now – your computer humming maybe? Distant traffic? The TV in the next room?) The hearing pathway is so active at tuning out the yada yada of everyday life that the skill of listening is in danger of being lost.

His interesting conclusion is that we need to improve our listening skills, and we can do that with some simple activities which train our brain to use the listening pathway more effectively. Playing new music on the MP3 player when out for a jog or at the gym, rather than listening to the old favourites; becoming more aware of changes in the timbre and emotional undercurrent of the words of your partner or children or colleagues, being curious when sounds from a familiar source (the dog?, the washing machine?) are different from those we expect.

It's obvious that listening skills are important to negotiators. For example in recognising words which are indicators of flexibility – 'We would *like*.....', 'somewhere in the region of.....', and so on. The skilled negotiator goes further. Why was a particular form of words used? What was the relevance of the unusual inflection in the voice of the speaker? Why a hesitation when the response should have been easy and instant? One great technique which good negotiators use is to ask the speaker to repeat a statement which is recognisable as being significant in the negotiation; for example a proposal or counter-proposal. Listening to the original and the repeat very carefully, spotting any differences in language or inflection, and then being curious about these differences will reveal information about priorities, motives and power which can be game-changers.

So listen up!

Stephen White, 4th April 2013

Thatcher, Power and the Lessons of Confrontation

Many words have been written in the past few days since the death of former Prime Minister Margaret Thatcher, some reflect her perceived greatness and others portray her as a class enemy. I cannot hope to emulate the lyrical heights to which some have soared in the press. I can, however, look back and reflect on the way she dealt with trade unions and specifically the National Union of Mineworkers in the 1980s. During that time I was an Industrial Relations Officer in a manufacturing factory situated in the middle of the South Yorkshire coalfield. Friends and neighbours were involved both practically and emotionally in all of the events of that memorable year from March 1984 to March 1985.

I can remember the time when trade unions waged a seemingly continuous guerrilla war with the elected government of the country. In the early 1970s, the miners came out on strike for the first time in almost 50 years. They were led at that time by the avuncular Joe Gormley – later to gain respectability in the ermine of the House of Lords. However, the name on everyone’s lips at the time was that of Arthur Scargill. It was Scargill who devised the strike-winning strategy of the “Flying Picket”. Highly organised groups of NUM members were bussed from power station to power station preventing the delivery of coal and occasionally other fuels. This precipitated a governmental panic and the national sharing of misery brought about by power cuts arranged by the government to save precious electricity for industry. In 1974, the governing Conservative Party lost the election in humiliating fashion. The party changed its leader and elected one Margaret Hilda Thatcher. Recent TV reminiscences have highlighted some of her personal qualities of which determination and clarity of will were both evident. However, coupled to both of these, Thatcher was a pragmatist: she rarely entered a fight without a reasonable prospect of victory. Her first fight with the miners was in 1981. Arthur Scargill, now the President of the NUM, roused his members with talk of pit closures and job losses. The government postponed the closures and many perceived a government climbdown and NUM victory.

With the benefit of hindsight however, this was a clever tactical decision – never enter a fight without a reasonable prospect of victory. It seemed that Margaret Thatcher, hurt as she remained by the humiliation of the first miner’s strike, considered it to be only one battle in the war. It seems that she reviewed the strategy of the NUM – the flying pickets had won the last battle for them and, having backed down on pit closures in 1981, she had allowed them to perceive that they would have an ongoing tactical advantage over the government. Wrong. Between 1981 and 1984 huge strategic stockpiles of coal were built up in power stations – enough to weather a long, long strike. The strike came in March 1984 (probably tactically not a good time as Winter was over and the need for power generation lessens with the Spring). This time, however, there were differences. The NUM did not

ballot its members leading to an eventual breakaway of the Democratic Union of Mineworkers whose members continued to work in the Nottinghamshire coalfields serving the government with the tactical advantage afforded by division. The power of ‘right on their side’ claimed by the NUM was a matter of doubt from the start for many observers of tactics. The strategy of the flying pickets which had worked so well in the 70s had little effect when they gathered outside power stations behind the walls of which were thousands and thousands of tons of stockpiled coal. The answer of the NUM and its leadership when faced with a strategy that didn’t work was not to find one that did but rather it was to throw more and more manpower and anger at the picket lines which grew bigger and more aggressive but no more effective.

The epic confrontation lasted a year. What many do not remember is that part way through the year the Association of Deputies – a supervisory union in the coalfields – threatened to join the strike. The government had not anticipated this move and made an offer of negotiation and settlement with the NUM. The NUM refused and persisted with its obstinate but ineffective strategy of picketing. Its opportunity to change an approach which was not working was lost and along with it so was the strike even though it took a further six months before the miners went back to work.

I understand that one of Margaret Thatcher’s favourite poets was Longfellow and one of her favourite poems is this one:

*“The heights by great men reached and kept
Were not attained by sudden flight
But they while their companions slept
Were toiling upward in the night.”*

During the 10 years between the loss of the election in 1974 and the second miners’ strike in 1984, Margaret Thatcher was toiling upward in the night, considering and consolidating her power, ready for the time when there would be a reasonable prospect of victory. It seems, looking back over those years, that the NUM fell into the trap of believing that if the strategy works once it works always. They refused the opportunity to take a different strategic direction and negotiate and found their power ebbing away as the strike lengthened without any apparent prospect of victory for the union’s members.

Whatever we may think of her as an individual, it seems that Margaret Thatcher understood strategy and how to use it to counteract the actions of others. She also understood power and in the dispute with the unions used it pragmatically as the records show she did in other disputes she had elsewhere, notably the EU. I was left pondering on a quote attributed to her: “Being powerful is like being a lady – if you have to tell people you are, you aren’t.”

'Think on' as we say in Yorkshire.

David Bannister, 11th April 2013

Creativity Should Be Embraced Not Quashed

When the painter James McNeill Whistler was a cadet at West Point, he was assigned to draw a bridge in an engineering class. Whistler drew a spectacular bridge and included two boys fishing from it. His deliberate inclusion displeased the instructor, who ordered him to draw it again without the young fishermen on the bridge.

Whistler did as he was instructed, but unwilling to completely stifle his vision; he drew the bridge again with the boys fishing from the riverbank.

Told he would still not receive a passing grade if the two boys were included anywhere, Whistler handed in the drawing one more time, without the boys in the picture. But on the riverbank, as monuments to the death of creativity, stood two little headstones with the two boys' names.

We understand that companies need procedures, rules and guidelines but your leadership approach must allow and develop your people's creativity. Is there a command and control culture in your company that expects people to follow rigid instructions or are they allowed to be flexible, as long as the correct – or even better – an improved outcome is achieved?

And what defines a “great” negotiation outcome? This might sound simple, but often organisations create narrow definitions (e.g., save money) without specifying their importance relative to other goals like preserving reputations, long-term value creation, relationship building or not taking on added risk.

Goals, budgets, commission, bonus schemes, knowledge and information sharing are often based on “numbers” and data that rarely meet the criteria of “great negotiating outcomes” and discourage creativity.

Good negotiators think creatively.

Organisations need to empower their people to develop their creative thinking skills, enabling them to think outside the usual boxes, avoid blockages in strategy and give the other party a choice.

As James McNeill Whistler drew in his picture, after you pass away, there will be so much time to stay inside a box. So why climb in when you are still alive?

Claudio Cubito, 18th April 2013

Collapsing Worlds

As the death toll from the collapse of the Rana Plaza garment manufacturing building in Dhaka, Bangladesh approaches 400, the attention of the world's press is focussing on the Western companies who buy merchandise from the manufacturers located in this and other similar buildings. Reports over many years have highlighted issues of sweated labour, pitiful wages, and the employment of young children. These are disgraceful abuses of human rights which buyers claim they were unaware of at the time, and appropriate noises about improving conditions for workers are made, only for the same allegations to crop up again a few months later.

But these abuses are not in the same league as the tragic loss of life in an illegally built building which had known structural faults. British retailers Primark and Matalan, as well as Benetton (Italy), Mango (Spain) and Loblaws (Canada) have all admitted that they are or were customers of companies based in the building; Primark have already agreed financial support for victims of the disaster; others may follow suit.

The abandonment of care, attention and responsibility displayed by the landlords, factory owners and regulatory authorities is a recurring theme in garment-trade tragedies like this. But so is the murky footprint of the Western buyers, and their pernicious demand for cheap goods. Ultimately this is fuelled by consumers, who are rarely known to turn down a 'bargain'. But the old saying 'you get what you pay for' is a universal truth. We should have been alerted when UK supermarkets began to sell children's school uniforms for as little as £5 (\$8). The quality was often very good, so cutting corners wasn't happening there. As we now know, it was in the appalling labour rates and workplace conditions.

Which leads me to this question: given the drive for ever lower prices, acceptable margins, and the personal pressure to achieve their KPIs, what negotiating responsibility should the Western buyers take in preventing or at least improving these situations?

In my view it is not enough during the negotiating process to specify minimum standards in Service Level Agreements or other contractual documents. In practical terms this transfers responsibility to the counterparty – in these cases the manufacturer – who cannot comply either because there isn't enough profit in the deal, or because they think they can get away with it. Relying on well signposted and infrequent factory visits to check compliance isn't good enough.

The larger retailers have recruited Ethical Trading Managers and Directors in recent years, whose remit is to monitor conditions and prevent abuses in the factories they buy from. The evidence suggests that they are not doing a great job. This is probably a structural problem – in terms of

management hierarchy and precedent, who has the bigger voice at Board level – the Ethical Trading Manager or the Procurement Manager?

Western buyers negotiating with garment factory owners have the moral responsibility to ask themselves if the numbers they are shown by manufacturers to justify and explain pricing actually add up; to check the costing information they are given by the manufacturer (can they really source raw materials that cheaply?) to estimate realistic piece-work rates (can a person really assemble a garment that quickly?) and to assess realistic overhead costs (can they really run a factory safely for that money?). And where the answers don't check out to do a kind of negative-negotiation; taking responsibility for improving conditions by becoming actively engaged in the contracting of labour, supply of material, and negotiation with landlords.

In other words, they should become the owners of these sweat shops, running the businesses themselves to standards they will be prepared to defend. The use of third party manufacturers is a very convenient opportunity to say 'not my fault' when things go wrong.

And where this is not practical we in the developed world should pass or enforce legislation which makes Western companies co-liable with the owners for the damage to human life when disaster strikes.

Stephen White, 2nd May 2013

Concessions Must Be Earned

The UK Government announced last week, a string of reforms designed to change the way that prisons operate. One of the key areas is the way that prisoners earn privileges.

Justice Secretary Chris Grayling said: “In the past, we’ve sent the wrong message. “From November, inmates must “actively earn privileges” and are being warned a simple absence of bad behaviour will “not be enough”.

Well Duhhhhh!

Is it just me or is the problem with common sense is that it is simply not common enough.

I don’t want to enter the debate about prison being a kind of holiday camp, or even the philosophical discourse about rehabilitation or punishment. The reality is that if we give things at no cost then they appear to have no value.

A client of mine complained that he was under pressure to reduce his price. “Don’t they understand that I am significantly over servicing this piece of business already?”

Well not if you don’t at least tell them, and at best trade the services that are outside normal scope for a longer deal, better terms, or a named space in their car park. (The longer and more creative your wish list is the better).

When we trade we give explicit to the value to the moves we make.

If you are tempted to give more than the other side asks for think carefully about how that impacts on their behaviour.

And your profitability.

Alan Smith, 10th May 2013

There Is Such a Thing as a Stupid Question

Asking good questions that are tough, direct and specific is one of the key things we can do to improve the quality of our negotiation behaviour and resulting outcomes.

A study in the US tried to identify the best kind of questions to ask in a classic buyer seller relationship.

In the study participants acted as a seller in a role-play negotiation to buy a second hand iPad. They were briefed and understood everything there was to know about the iPad. It was 4 months old, had a protective cover and an impressive collection of films and songs already loaded on it. It had also frozen up twice in the past, creating a loss of information and making a re-boot necessary.

The researchers wanted to know the best questions to ask that would disclose the freezing behaviour from the sellers.

The researcher acting as a buyer said ‘what can you tell me about it?’ Only 8% of the sellers revealed the problem.

When the question was “It doesn’t have any problems does it?”, 61% of the sellers came clean.

Best of all was “What problems does it have?” which got an 89% hit of truthful answers.

It seems that we have to ask direct and well thought through questions when we need to pry information from people in whose interest it might be to spin the truth.

Whilst it seems so obvious often in our external consultancy and classroom exercises we see people reluctant to be direct. They seem to hope that just asking for a discount or inviting the other side to justify their position is good negotiating behaviour.

The bad news is it may only works 8% of the time.

Active and persistent curiosity is a real virtue for the good negotiator.

Alan Smith, 16th May 2013

Why We Can Be Persuaded to Do Stupid Things?

There is no doubt that people are strange. You and especially me!

A number of studies into social psychology in the 1960's sought to look at how this strangeness affects the way we live our lives and conduct our affairs.

In 1966 experimenters went door to door in a suburban neighbourhood asking residents if they would agree to a huge advertisement reading, "Drive safely" being erected in their garden. They were shown a picture of how it would look. Just so you know the photo showed a lovely home almost totally obscured by the billboard.

Astoundingly 17% of those asked said yes.

Why? Who knows? More interestingly was the subset of the group who 2 weeks earlier had been asked to display a small 3-inch square notice saying, "drive safely" in their car windscreen. 76% of this sub group had agreed to the massive billboard.

It seems that they had bought into the concept, and that having done so they were far, far more likely to go with the obliteration of their front garden.

I like to think I am public spirited and would likely have bought into the 3 inch sticker, but what I find disconcerting is the fact that might have persuaded me to carry on to the less rationale decision. Am I an oddball? Not looking for an answer, by the way.

The phenomenon at play is the trick known as 'incremental commitment'. Deep down we value consistency almost above anything else. Once we have committed ourselves to a cause, relationship or deal it takes a lot to move to a contradictory view.

Sometimes, it seems we act contrary to our best interests in order to be consistent to others or ourselves.

Knowing this will maybe help us put distance between what we have done in the past and how it influences our activity in the future.

Business relationships based on what we did last year, or those that rely on us narrowly focusing only on the trajectory we have so far followed, may miss opportunities and make us behave in irrational ways.

By all means invest in the relationships you have, but check on their performance from time to time,

with an objective mind.

When we are not acting in our own best interests, the first person we need to negotiate with is ourselves.

Alan Smith, 23rd May 2013

No Means No!

I have been struck last week by the resolute nature by which an elderly lady in Wales has stood firm in the face of massive pressure from some of the UK's largest companies, and just how difficult it is to engage when the other side are simply not interested.

Bit of background.

Aberystwyth is a small(ish) seaside town in Wales and the local council have approved the development of a shopping centre, which will include a Tesco and a Marks and Spencer store. The problem is that 12 residential houses are in the way.

Now most of the houses have agreed and have already been sold (I suspect at a premium) but at least one lady has said no. And it seems that she really means it.

She has been offered a 60% premium on the price. She has been offered a new property close to the development.

She has agreed that they can build the shops up to her back wall (she is no Nimby*), but she is not moving.

It seems that whilst Tesco/Marks and Spencer's have been both generous and creative about the deal, they simply so far have been unable to generate the interest required for a negotiation to take place. Now either they have to get even more generous, or more creative. I wonder if the lines of communication are open enough for the latter to happen.

Or of course they could appeal to a higher authority. In this case that is precisely what they have done. A compulsory purchase order is being considered by the council on the basis that this development will create both jobs and investment in the local area.

The lady in question of course has joined the game and is fighting the council on their ability to impose such an order.

No as far as she is concerned means no.

I wonder if there are any circumstances under which she would be prepared to sell. And I wonder if the developers have asked that question.

This looks like it could go on for quite some time.

Alan Smith, 30th May 2013

* **NIMBY** (an acronym for the phrase “**Not In My Back Yard**”), or **Nimby**, is a pejorative characterization of opposition by residents to a proposal for a new development because it is close to them, often with the connotation that such residents believe that the developments are needed in society but should be further away. Opposing residents themselves are sometimes called **Nimbies**.

Golden Nightmare

After being the centre of attention for several months late last year, Greece has been mostly out of the international news. Indeed, some commentators have suggested that the economy might be showing signs of turning the corner; not exactly light at the end of the tunnel, but at least the tunnel has now come into view.

Until last week. A row raging between the three governing coalition parties about new anti-racism legislation has put Greece back in the international spotlight. Newspapers around the world (and of course in Greece itself) focus on the two smaller political parties in the coalition, Pasok and Democratic Left, which have tabled draft legislation designed to make life much tougher for members of the Neo-Nazi Golden Dawn party. The majority coalition member, New Democracy rejected these drafts, influenced by the voices of those who believe that such a move might accelerate the migration of voters to the extreme right.

There are some less well publicised issues which might throw light on the conflict between the parties, and point up some general negotiating lessons.

Firstly. A high ranking member of the Democratic Left party is currently the Minister of Justice. He felt Greece ought to have new anti-racist legislation (note: Greece already has anti-racist laws, but they are outdated, for example because they don't cover racist activity on the web, social media etc.). Instead of consulting with the government coalition parties at a lower level, he decided to bring the bill directly to a meeting between the three party leaders. The conservative New Democracy party objected to parts of the content of the bill. The leader of the Democratic Left would not back down on the points causing contention.

First Conclusion: Never start a negotiation with the most senior people because there is no higher authority to go to if it all goes wrong.

Secondly. New Democracy are about to have their "once every 4 years" large convention in June. As there are plenty of hot issues on the agenda they wanted to avoid the anti-racist bill becoming an additional one. They would probably have been happy to vote for it sometime in July or September. The Minister of Justice did not consider this factor.

Second Conclusion: Timing is always key. What looks to you as best timing might be poor timing for others.

Thirdly. Public opinion is divided regarding the necessity of this bill. This does not mean that those who are against it support racism, just that it is not a priority, given there is current law on these

issues anyway. More urgently, Greece needs to address the following: a criminal case in this country may take up to 10 years (!!!) to reach a hearing at court. Jails are overpopulated, creating valid questions about human rights for those incarcerated. Judges lack modern technology to support their work. So there are so many other areas where the Minister of Justice could make a real difference.

Third Conclusion: Always prioritize and fight the most important battles first.

Fourthly. How did the coalition partners react to the deadlock they had created? The two minority parties decided to submit the Bill to Parliament anyway. New Democracy drafted another version. The opposition decided to join the circus and drafted its own version. None of these drafts stands a chance as there is no majority behind any one of them. The only party that did not submit a bill are the Nazis (Golden Dawn). Guess who looks like being the most composed and serious party here!! So the way this was handled has led to a deadlock with all 3 members in the coalition losing face. Further and most sadly, the country's image has taken yet one more hammering.

Fourth Conclusion: Before losing credibility completely when trying to get out of a deadlock, consider taking an adjournment to rethink options. Negotiations more often resemble marathons (the strategically run race) than 100 meter dashes (the simple need for speed).

In the meantime we all hope that the violence against immigrants in Greece subsides, and that those who commit it are more frequently brought to justice under legislation which currently exists but is not implemented.

Yannis Dimarakis, 6th June 2013

Britvic-Barr Destined to Go Flat

Britvic plc is a big company. Last year, it sold 1.9bn litres of soft drinks and it employs approximately 3500 people. Brands include Tango, J2O, Robinsons as well as its eponymous mixer drinks. It has a Scottish-based rival called A G Barr plc, makers of the iconic Scottish drink, Irn Bru (made from girders!), as well as Tizer and other well-known brands. A G Barr is also a big player in the soft drinks market with a turnover last year of £237m.

Last year, there was heady talk of a merger between the two businesses. In September, a planned all-share merger between the two companies was announced, the plan being that the merger would take place in November. The deal would have seen Britvic's shareholders emerge with 63 per cent of the enlarged company but Roger White of Barr become chief executive. That deal lapsed in February when the Office of Fair Trading referred it to the Competition Commission. And there, it seemed, the matter was closed – until, that is, the Competition Commission gave its provisional approval for the deal this month.

Meanwhile, in February 2013, Britvic appointed a new chief executive, Simon Litherland, and he immediately embarked on a rationalisation plan for the business, including the closure of two factories and expansion of the business in the emerging market of India. This plan, as far as Litherland and the Britvic board were concerned, “reduced the synergies from a merger with Barr from £40 million to £25 million” (the Times, 12 June 2013).

In the light of this, Britvic has let it be known that Mr Litherland would now take the top job in the event of the merger going ahead and that furthermore Britvic's investors should receive a bigger slice of the pie as the price for agreeing a new merger deal.

In negotiating terms, this is one of two tactics

- either Britvic is structuring expectations away from the original deal in the light of changed circumstances
- or (and I wonder if this is not more likely) putting any merger “out of bounds” by attaching a condition that they know the other side will find unacceptable.

Although A G Barr issued a short statement welcoming the statement from the Competition Commission, it is widely believed that the founding Barr family, which speaks for almost 30 per cent of the shares, would not countenance handing the reins to Mr Litherland – making the prospect of a merger highly unlikely.

Watch this space.

For a Few Dollars More

In a sign of unabated consumer demand at the luxury end of the market \$29 million was paid yesterday at auction for a 1982 painting entitled ‘Untitled’ (that must have taken some deep thinking) by Jean-Michel Basquiat (who he?). The estimated price before the auction was \$25 million. You can see the painting [here](#). I must say that it reminded me of much of the recent oeuvre of Millie, my 3 year old granddaughter, in what the family have come to describe as her Nursery Period. I don’t claim to know much about art, but I can think of better ways to spend \$29m.

On the same theme I was intrigued to read that Harrods, the flagship London department store, is continuing a successful policy of pushing up the price boundaries of its stock. Transaction value per customer is 85% higher than it was 5 years ago, and the proportion and price of the luxury goods stocked continues to increase, whilst their range of mid-market goods decreases. Harrods revenues and profit line improved in 2012 and is expected to do so again in 2013.

Stuart Snow, Head of Procurement at Harrods, defines the role of his team as ‘to identify & procure goods & services at the best value for the business, maintaining the quality of products & ensuring that alternative sources of supply are available.’ That is not so easy to do. There are no alternative sources of supply for Louis Vuitton, or Rolex, or Gucci. So he has to find the balance between getting the best price, and keeping the supplier on board. If he demands a few dollars more discount, and doesn’t succeed, and famous brands pull out, Harrods becomes a less interesting store and its customers will go elsewhere.

On the average High Street or strip mall however, in the supermarkets and clothing stores, there is a price war waging which shows no sign of abating. We have blogged elsewhere about how UK mass market retailers are squeezing their suppliers, using techniques which are very aggressive – to the point where the negative publicity they are getting is forcing regulatory authorities to take action.

In Australia the Competition and Consumer Commission is investigating the two biggest supermarket groups following claims by a large number of their suppliers that the supermarkets misuse their market dominance. There is speculation that the negative publicity surrounding this investigation has led the regulatory authorities to shine their spotlight on other matters, for example a current spat about whether par-baked bread which is finished in the supermarket’s in-store ovens can be described as ‘freshly baked in store’.

To avoid the problem of empty shelves if the big-brand suppliers pull out rather than further succumb to retailer pressure, and to increase their leverage, supermarkets give over more and more of their shelf space to own-label products. Retailers defend their tactics claiming that they are in the interest

of the consumer and reflect the public's insatiable demand for lower prices, all the more important in times of economic struggle.

We get the point, but it is noticeable that large-supermarket profit margins continue to increase, suggesting that much of the benefit that comes from the pressure on suppliers is not passed on. And with fewer brands on show shopping in these stores becomes a less interesting experience for the consumer.

So balancing effective buying, consumer value and availability of supply is increasingly difficult. Our mission at Scotwork is to help managers to do it better. Can we help you?

Stephen White, 27th June 2013

North Goes East then Quickly West!

George North is a big man. Currently on tour in Australia with the British and Irish Lions, North stands at 6 feet 4 inches and weighs in at 240 lbs. That is over 17 stones in old money, as my mother would say.

He is also only 21 years old and a prodigious rugby talent. In the first test he scored a phenomenal individual try and in the second a thunderous tackle that sent the Wallaby Israel Folau back several meters.

North plays on the wing and to add to his size and speed he also has a serious sidestep. You can see it in action for yourself [here](#).

What is amazing is that North only learned his sidestep recently. Under tutelage from the Dutchman Frans Bosch, who is better known for working with high jumpers, North was taught the basic 5 moves that make the sidestep work.

Then hours and hours of practice allowed North to leave the Australian full back, Berrick Barnes for dead.

Developing any skill requires practice. But practice itself is useless unless it is properly directed. The negotiator who recognises the process they are engaged in and has the appropriate skill toolbox to call on at the right moment will often change the game in their favour.

There are times when you may need to surprise the other side into thinking and acting differently. Develop flexibility into your thinking and interrupt the other side of the table.

Alan Smith, 4th July 2013

Careless Talk, Costs Margin

Whilst I love the sight of a Chinese lantern drifting off aimlessly into a moonlit night on a lovely summers evening, I am not sure I will ever light one again.

The apocalyptic blaze caused by one of these burning lanterns landing on the Jayplus recycling unit in Smethwick near Birmingham was captured live on CCTV. The resulting wall of flames could be seen from 80 miles away and the damage cost a reported £6 million. Not to mention the risk to life and limb bourn by the heroic fire service trying to manage the disaster.

Of course the butterfly effect suggests that we may not always be able to predict or foresee the outcomes of our actions, but that does not mean we should not even try.

An advertising client of mine was negotiating a major global contract with one of his organization's biggest clients. The numbers were large and the contract was lucrative but margins were below that of other clients and my client was keen to get a small fee increase to enable his company to continue to deliver exceptional service and high quality work.

In his first meeting with the buying director he was told to cut the crap.

One of the agency's client service people had allegedly told one of his regional procurement guys both how lucrative the clients business was and how important it was to the agency going forward. In fact they had even been told the margin the business had been making from supplying this client, which the client did not share.

As you can imagine this really put the cat amongst the pigeons. Immediately on the back foot, my client managed to manfully regain his composure, but his expectations had been firmly set that the price was not open to any changes other than down!

My client asked me what I would have done.

I do not want to appear smug, but my first question would be to manage my own beliefs. I know for example within my business that as a guiding principal we do not share such information with our clients. That puts me in the powerful position of knowing that such a ploy would have been just that. Utter faith in your colleagues across the organization.

We would walk away from business before breaking that principal.

What principals do you have in your organization? How are they shared? What stories do you tell

new people to ensure they are part of your corporate culture?

Without these things we have to be constantly on our guard for Chinese lanterns potentially going off all over the place.

Alan Smith, 18th July 2013

Do Negotiators Have a Personality?

‘Of course!’ I hear you say, ‘lover of Mozart, GSOH, NS and follower of Yorkshire County cricket!’

That’s not what I meant, actually. I am wondering if there is a particular personality type who might make a more natural negotiator than other types do. I have to tell you that if you are compelled to read further, please do, but I am not going to give the answer to the question, because I don’t know it. I intend to try to find out, though.

Where to start? A friend of mine who was doing his PhD in the psychology of personality was being supervised by no less an authority than the great Hans Eysenck. Eysenck told my friend that if you locked two psychologists in a room and told them they could not come out until they had an agreed definition of personality, you would never see either of them again. Not a good start point, I hear you say. So, let me begin by saying that my favoured approach to the study of personality is what is called trait theory which, simply put, means that personality is defined by a number of features or ‘traits’ – one of the most enduring of which is the 16 ‘factors’ of personality proposed by Raymond Cattell more than 70 years ago. The idea is that we all have these traits and the difference between our personalities is the extent or intensity with which we exhibit them – the best example is the omnipresent extrovert-introvert continuum.

As someone with training as an occupational psychologist, I use tests of personality a lot. One of the tests I use frequently has over a hundred of these ‘traits’ each with three subdivisions of its own – so, yes, it’s thorough. I find myself wondering which of these in a negotiator’s personality might help effectiveness or might make someone psychologically predisposed to being a good negotiator who would respond well to training and become very good. I have looked at the things which we in Scotwork say make for effective negotiating – things like thorough preparation, clear proposal making and the willingness to bargain – and I have speculated on what type of personality has traits which would lend themselves to this effectiveness. Would someone who is good at preparation be analytical of information, ask probing questions and seek solutions to problems? Would someone good at argument be persuasive, challenge others’ ideas and explain things well? All of these things are potentially measurable in self-report questionnaires available to qualified people to administer. I have started with a view – largely conditioned by my work with Scotwork – that there are things which make negotiators effective. The question I want to answer is whether we can identify good negotiators by assessing their personalities and preferences before we even see them negotiate. I am not aware that anyone has done a properly evidenced study of this yet. I think that, within certain parameters, we could determine the personality of a potentially effective negotiator. Just think how powerful that could be if you were selecting people to work in certain roles or identifying people to

develop as negotiators.

The work on this hasn't started yet, but if you are interested let us know – we will start by needing to gather data and then – watch this space!!

David Bannister, 25th July 2013

Tragedy

Do the Middle East negotiators have the skills to succeed?

As talks begin in Washington between Israeli and Palestinian representatives – talks which both sides have described as negotiations – it is worthwhile considering their chances of success over the next nine months which is the timeframe they have given themselves. Past experience gives us little hope. The Oslo Accords and the Camp David Summit were both trumpeted as great opportunities, and both ultimately failed. There has been little talk between the parties since, at least in public. Is this because the Middle East problem is inherently insoluble, or because the capabilities of the parties are inadequate?

Hegel defined ‘tragedy’ as the collision of mutually exclusive but equally legitimate causes. I cannot think of a better description of this conflict. From a Palestinian perspective, the land they call Palestine is theirs because it belonged to their forebears. From an Israeli perspective the land they call Israel is theirs, voted to them by the United Nations in 1947. Unfortunately, both are referring to the same land. Dissemblers on both sides can find a thousand reasons why their claim is more just, or the other side’s claim is fundamentally flawed. They waste their time. Their arguments are self-neutralising and don’t move the search for a solution forward, because the causes on both sides are genuinely mutually exclusive but equally legitimate. As Hegel says, a tragedy.

So the only two possible outcomes of these upcoming talks are either failure or compromise. Compromise means a two state solution, in which both sides get only part of the territory they see as rightfully theirs, and have to accept that they cede part of it to the other side. This can only happen if both sides are prepared to accept a deal which falls short of their ideal position. Boundaries will not be perfect, security concerns will not be failsafe, and Jerusalem will have to be shared. Whatever the specific shape of any compromise which is put on the table, it will be difficult for the negotiating parties to agree, and even more difficult for them to subsequently sell the deal to their constituencies. It will require great leaders on both sides, who have the ability to take the long view necessary to achieve peace, and the charisma to sell their dream to the electorate and get a mandate from them to implement it.

I am sure that there will be no shortage of intellectual ability on either side of the negotiating table, and that there will be no shortage of political and strategic advisors, and negotiating theoreticians, who are there to help drive the process. Indeed, the meetings between the two sides over the first few weeks will focus on these issues – the dates and frequency of the meeting to come, the escalation of representation, the shape of the table, the order of the agenda, and so on.

But I am less sure when the real negotiating begins in a few weeks' time that the civil servants and political negotiators will have the skills necessary to push the process forward creatively. My doubt comes from reading political autobiographies and watching TV programmes where the major players in a political dispute give a blow by blow account of the negotiations. For example Kissinger in Vietnam, Milosevic in the Bosnia Herzegovina talks at Dayton, Alastair Darling in the general financial meltdown of 2008; and of course all the US, Palestinian and Israeli negotiators in the disintegration of the Oslo Accords and the Camp David Summit. They explain what happened, meeting by meeting, and how events played out. Unsurprisingly each account suggests that the author/speaker took exactly the right line and displayed outstanding negotiating cunning and capability, compared with the other players who weren't listening, or were behaving irrationally or just generally weren't up to the job! The recurring theme is of negotiating leaders lacking basic skills, surprised at the attitudes and behaviour of their counter parties, failing to recognise their real needs, going to meetings either unprepared, or prepared only for a single course of action which removed any flexibility of approach, seizing haphazardly on ideas plucked out of mid-air which somehow become mesmerizingly attractive but which ultimately fail. These people are undoubtedly intelligent, but they display a lack of the street skills of the commercial world which would make their theoretical intelligence more effective. And since most of them are career politicians and diplomats who have never been on 'the street', why would we be surprised?

Readers wishing to volunteer to provide insight to the Middle East peace politicians about these street skills—preferably to both sides, so that they become equally talented and capable—please stand in line behind me!

Stephen White, 1st August 2013

With thanks to Amoz Oz for the original thought.

Whistle for It!

Moscow's Sheremetyevo airport has, for the past month, played host to a pawn in the international diplomacy game, one Edward Snowden. Mr Snowden is a “whistle-blower” who, depending on your point of view, has courageously defended the rights of downtrodden untermensch the world over, or on the other hand has committed a treasonous offence so heinous as to be punishable by a lengthy spell behind bars – a spell so long that all kinds of keys may just as well be thrown down various drains.

In short, whilst employed as an infrastructure analyst at National Security Agency contractor Booz Allen Hamilton, he leaked details of internet and phone surveillance by American and British Intelligence agencies. Knowing that the fan was about to become clogged, he fled the USA, initially for Hong Kong; when things became uncomfortable there, he left Hong Kong and flew to Moscow, from where he sought asylum in a number of countries. The countries willing to offer asylum were few and far between, but just as his options seemed to be running out, Vladimir Putin offered a temporary one-year asylum in Russia. There, in an unknown location, Snowden lives and presumably plots his next move.

It is well-known that Snowden is perceived by the American political elite as public enemy number one. He did the unthinkable as far as they are concerned. They want nothing more than to have him back in the USA to stand trial. It is also well-known that presidents Putin and Obama are not necessarily the best of friends, so when Snowden landed in transit on Russian soil, it must have seemed like manna from Putin's heaven. To keep him in limbo for a month just stoked the fires; the two men talked about the situation about three weeks into the stay, but nothing came of the talks. Having wrung all that he could out of the enforced airport stay, Putin then rubbed salt in American wounds.

So why did Putin make the offer? Why did he do so after a month for Snowden in limbo? I wonder if it has anything to do with creating an irritant that may help in future negotiations. I wonder if the move is designed to draw attention away from some other issue on which Russia feels exposed. Perhaps, all that he is trying to do is create a bargaining chip for use in later negotiations.

In general, irritants can be used to create bargaining capital. It does not cost Russia too much to give Snowden asylum, but it is certainly worth a lot to the Americans to have him returned. If it is worth a lot, then, so the reasoning goes, the Americans may be prepared to pay a lot – if not financially then perhaps in other concessions.

But beware! If they become too irritated and overplay it, then they may, in turn, raise the stakes and be

asked to whistle for concessions that have already been made. The response may far outweigh the benefits and there is no doubt that too much irritation can damage relationships.

STOP PRESS

Since writing this blog, I read that president Obama has cancelled a planned summit meeting with president Putin after the G20 conference in St Petersburg, citing amongst other reasons, the Snowden situation and accusing Russia of a “cold war mentality”. The Russian response is best summed up by Nationalist Duma deputy Vladimir Zhirinovsky, perhaps the most rabid of the many critics of the United States in parliament, who said the decision shows “disrespect” towards Russia.

“If you postpone or completely cancel meetings between heads of state under the pretext of the refusal to hand over one person, then relations between countries will quickly reach zero,” Zhirinovsky said.

The irony, perhaps, in all of this is that Snowden was trying to promote the release and sharing of information; instead, he seems, if only temporarily, to have brought communications between the political elite of Russia and the USA to a shuddering halt!

Robin Copland, 8th August 2013

The Curse of Knowledge

I want you to try a little experiment.

Think of a simple tune. Something like Happy Birthday to You. (The most performed song in the English language, incidentally).

Now find a colleague, friend or partner and tap out the song for them without telling them the name of the song.

Do it once. Then do it again. And now once more for luck.

Ask them to name the song. Chances are they will have not got a clue. (If they have, check that you didn't mouth out the song by accident).

You have just witnessed for yourself the concept of the curse of knowledge.

Because you know what you are doing and tapping you find it almost incomprehensible that the person you are tapping it out for doesn't get it. I first came across this phenomenon in the fantastic book by Chip and Dan Heath called Made to Stick. I have referenced this book a number of times in previous Blogs and if you haven't read it yet, you should.

But when I read it I recognized it straight away from my observations of negotiators.

Often in the real world negotiators enter into dialogue assuming that the other side knows what they want, that they understand their motives and KPI's, what will float their or their organization's boat.

Maybe they will, often they won't.

Being very clear about what you want and what is important to you gives you a much greater chance of getting it.

Might be better to tell them rather than tap it out.

Alan Smith, 15th August 2013

All at Sea

It is said that the two happiest times in a sailor's life are the day they buy a boat and the day they sell their boat. I have a third occasion which beats even these.

It is also said there are two types of sailors: those who like painting and those who like sailing. I fall into the latter category; maintenance is boring; sailing is fun.

Having owned my 21 foot daysailer from new for 12 years I reluctantly put in on the market. I say reluctantly because I loved my little boat, but I had moved house and was getting less use of it.

After doing some research I established what was a "fair market price" and I put up a For Sale advert in the local harbour where the boat sat on a pontoon mooring. Within 24 hours the phone rang and a man, let's call him Larry, said he was interested and proceeded to try to haggle the price down.

Now the difference between Larry and me was not that I am a professional negotiator and he is not; it was because there was asymmetric information. I knew more than he did.

First I pointed out to him the comparable prices of identical boats just 150 miles away in the English Lake District, but more importantly I told him that although I was selling the boat, the pontoon mooring was not mine to sell. The harbour is owned by a local Trust, and only the 65 Trustees have berthing rights. I am a trustee. Furthermore there is an extensive waiting list for moorings as there are no other all-tides harbours with pontoon within 30 miles.

So I made him a proposal: He could buy a partnership in the boat from me at the asking price less £1; he would pay all the running costs and do all the maintenance; and allow me to sail the boat any time I wanted. In return I would continue my membership of the Harbour Trust and so keep my mooring rights. An agreement was made on those terms.

He is happy because he has a good boat at a fair price – and the pontoon mooring. I am happy because I get to sail whenever I want without having to do the "painting".

The negotiating lessons are: do your homework; make realistic proposals; and value your concessions in the other party's terms.

John McMillan, 22nd August 2013

If You Feel the Need to Say You “Are”... You “Are Not”

When we ask people to define negotiation on the Scotwork pre-course paperwork, purchasing people very often refer to “finding a middle road” or “common ground”. They deal every day with variables about which they and the people across the table feel differently and what they really mean is “let’s split the difference”. Sales people however refer to “persuasion” often as their all-encompassing definition of negotiation. This persuasion they see as a unilateral process of changing the view of the other party in order to have them accept their offer or opinion. Salespeople often consider this to be an essential fundamental skill of their trade.

Persuasion is an instinctive approach to conflict in an attempt to change the view of the other party(ies) towards our own. The reason we resort to this is very simply because if we indeed reach agreement solely through persuasion the cost to us is NOTHING. Persuasion is clearly an attractive option, but in our minds persuasion takes on an importance that far outweighs its prospects of success. Just as more people buy a lottery ticket than can expect to win, it seems that we invest a considerable amount of time in persuasion because it is spectacularly cost-free if successful and the persuasive party feels an enormous personal sense of achievement if the outcome is successful. Conversely, as is most often the case, when persuasion fails it feels personal; there is a sense of loss of honour or pride.

The newspapers report significant disputes every day where often the only attempt made to resolve differences has been persuasion. Our politicians proudly announce “No concessions” to the electorate and immediately they reduce their options. We too see that week by week even the most experienced negotiators resort to persuasion like a reflex action at the beginning of the course. The amount of time they spend on attempting to change the other party’s view is hugely disproportionate to their odds of succeeding to that aim. They often repeat themselves over and over, incredulous that the other party is unpersuaded.

During negotiations we see that a large number of experienced negotiators believe that by expressing approval of their own proposals they expect to add weight to the proposal itself. They say things like “you won’t get a better offer than that” or “If I was in your position I would accept that immediately”. Whenever I hear such attempts at persuasion, Margaret Thatcher comes to mind. She famously said, “Being right is like being a lady”. If you feel the need to say that you ARE... then you are NOT”.

Proposals should speak for themselves; they do not need the “persuasion” of the proposing party. No-one ever accepted a marriage proposal of their free will because of anything that was said after “Will you marry me?” The only opinion that counts after a proposal is that of the receiving party.

Stand back from persuasion and realise that any attempt to persuade that involves your opinion as the persuading party as opposed to plain facts is doomed to failure. Your opinion, when added to the argument actually devalues your attempt to change the other party's point of view. Taking this a step further and to view persuasion as simply exceptionally good information sharing.

Distilled even further I am these days beginning to question whether or not persuasion even deserves to be a noun. Persuasion can comfortably be viewed as an outcome as opposed to an action.

Try to think of persuasion as the successful result of timely, accurate, opinion free and relevant information sharing. These disclosures should manage/shape the expectations of the other party to your benefit. If opinion free then I think it's worth a try, but if it doesn't work (the odds suggest you should not be surprised) and you can't improve the quality of the disclosure then you should try something else.

A Scotwork trained professional possesses a whole arsenal of skills aimed at dealing with conflict. If you still think that persuasion is your best option in a sales, purchasing or conflict situation, talking to Scotwork will greatly increase your options.

Mike Freedman, 29th August 2013

Off Their Trolley

In the week when the UK Government failed to secure the agreement of Parliament to take military action against the use of chemical weapons in Syria, I read about an interesting phenomenon which might help explain this failure, and which should worry President Obama who remarkably has gone for the same high-risk strategy, in his case asking Congress before taking military action.

The phenomenon is called ‘Omission Bias’, and was quoted by Daniel Finklestein in an op-ed piece he wrote for the London Times on August 28th. He illustrated it with the following example: imagine there is an epidemic of a children’s disease. The disease causes fatalities—10 children die out of each 10,000 who catch it. Then someone comes up with a vaccine against this disease. But the vaccine has a known side effect which leads to the death of 5 children of each 10,000 who are vaccinated. Would you vaccinate your child?

Omission Bias suggests that many people will refuse to vaccinate their child, because they feel that not doing something (even though they are guaranteeing that there will be a tragedy as a result) is better than doing something and feeling that they have actively participated in a tragedy, albeit on a smaller scale.

So, amongst the abundance of explanations politicians gave as their reason for not wanting the UK to get militarily involved in Syria, it is probable that Omission Bias played its part. Not doing anything might produce a disaster scenario, they said, but at least our hands are clean, whereas if we participate and then there is a disaster, we might be perceived, or perceive ourselves, as culpable.

In fact, Omission Bias is a subset of an ethical dilemma called the ‘Trolley Problem’. In this scenario there is a trolley on a railway line hurtling towards 5 people who are tied to the tracks. If the trolley gets to them, they will die. But you are standing next to a lever which, if you pull it, will divert the trolley onto another track. Unfortunately, there is one person tied to that track, who will die if you divert the train. Do you pull the lever?

Again the issue is perceived culpability. Inaction leads to 5 deaths, but they are not of your making – they were predestined. Your action pulling the lever leads to only one death, but you were involved. Will you be able to live with the guilt?

Many negotiators suffer from Omission Bias. It might happen at the end of a tough negotiation, where every concession has been fought over, and every move made reluctantly. But eventually the parties close the gaps between them, and an agreement is made. Then one of the parties recognises that their back office people have made a terrible mistake in their calculations, the result of which is that their

margin is decimated. The obvious thing to do? Admit the mistake, and restart the negotiation. But they don't! They walk away with the rubbish deal, very miserable. Why their reticence to speak up? Probably at least in part it is Omission Bias. Taking action and reopening the negotiation might produce a disaster – the whole deal could fall apart. So they keep quiet and live with what is probably a much bigger disaster – a profitless deal – but one that was not their fault. Crazy!

Maybe this is where the expression 'off your trolley' originates.

Stephen White, 5th September 2013

Tread Softly

Gordon Brown's, (the Labour party's former leader and British Prime Minister), former spin doctor has revealed how he regularly attempted to discredit the aspiring PM's rivals by leaking stories about them to the media.

In extracts of a memoir published in the Daily Mail last week, Damian McBride claims he smeared Labour ministers including Charles Clarke and John Reid during Mr Brown's bid to succeed Tony Blair.

Seems like the constant ding-dong between number 10 and 11 was downright nasty and does nothing to endear politicians to an already distrusting British public.

It does not help the current leadership of the Labour party either. Both Ed Miliband and Ed Balls were senior players in Browns team. Whilst they have not been directly implicated it seems they will have questions to answer.

I guess the learning here is to be careful what you and your organisation do today as it may come back to bite you in the future.

Steve Jobs left Apple in 1985 after a fall out with his directors and founded NeXt computers. The computers were targeted at the educational market and failed quite spectacularly. Reuters published a piece which publicly slated both NeXt and Jobs, in an overtly personal way.

Wind the clock forward to 1996 and Jobs is now back running Apple and launching new products and services that change the world. One of which was the now ubiquitous Application (App).

When Reuters approached the Apple store with their App, Jobs refused to list it point blank. No discussion.

Being nasty has no place in my view in life or business, not only because it is wrong, it also makes bad sense.

Treading gently does not mean being soft, but it does mean having integrity.

A good measure is if you told your mum what you were about to do, would she approve.

If not have another think.

Alan Smith, 26th September 2013

The Battle of the Underdog

Big business has been on the losing side of a number of small skirmishes recently. Two recent examples. Two days ago Tesco lost a planning application to open a supermarket in the town of Hadleigh, Suffolk after local businesses raised £80,000 to pay for top advisors to present their case ([here](#)). And yesterday the village of Tecoma 20 miles outside Melbourne Australia, hit the international news ([here](#)) in their fight to stop McDonald's opening a local branch.

We particularly relate to the little man or the small community winning, always against the odds, in a fight with a corporate giant. Look at the popularity of movies like Erin Brockovich, Philadelphia, and Local Hero. The arguments rehearsed in the movies and in the publicity which the real events attract are almost always emotional – the wickedness of globalisation, the erosion of rights of the individual, the imbalance of availability of money to fight the fight.

But these battles are actually always won and lost on the facts. The professional team in Hadleigh advised that up to 14 businesses in the town would close if Tesco were to be successful, and the local traffic infrastructure would collapse. The local planning committee agreed. And in Tecoma they collected 97000 signatures to demonstrate the strength of feeling against the opening of the McDonald's branch (impressive for a village with a population of 2000) and presented them in a petition to McDonalds HQ in Chicago. The local planning council had been convinced and had already rejected McDonald's application but the State Planning Tribunal overturned this decision and the fight goes on.

It is not only the facts which make the difference; it is also the presentation of the facts. Many other campaigns against big business, with arguments just as strong as those in Hadleigh and Tecoma have not succeeded. The facts were with them, but they failed to make them count. It is often assumed that it is publicity which makes the difference, but beyond local exposure these battles only hit the headlines *after* the locals had won, or at least were very much in the ascendancy.

Many battles result from different priorities held by the warring parties. The big supermarket offers longer opening hours, more choice, lower prices. The local protesters understand this, but place higher value on the survival of local businesses, selling produce which is locally supplied, in traditional shops with a history, imbued with a community spirit.

And so it is that many buyers and sellers, admiring the way which the local community activists win, spend their preparation time before a negotiation rehearsing the facts, and their presentation of them; reviewing the priorities and the priorities of the other side, looking for advantage or common ground. So that they can change the mind of the counterparty they will be negotiating with. So that they can

‘win’. And so they should.

But they will ‘win’ very infrequently. The difference is that the job of the local campaigner is not to change the mind of their big business opponent, who is just as aware of the arguments for and against as they are. Instead they have to convince a third party, an arbitrator—the local planning authority, or other similar institution. These people don’t know many of the facts until they are presented by the two sides, and as a result they often are genuinely changed in their opinions.

So the idea that you might be able to sit with your counterparty in a non-confrontational meeting, expose the facts to them and see the scales lift from their eyes in their realisation that you were right all along is, I’m afraid, a fiction. It’s always worth trying, but where there is no third party arbitrator involved it is always better to rely on your negotiating skill rather than your power of persuasion to win an agreement.

Stephen White, 3rd October 2013

Dumb and Dumber

This week's government shutdown makes both sides of politics look dreadful. A poll this week had Congress less popular than head lice and root-canal surgery. But, channelling Rahm Emmanuel, (“never let a serious crisis go to waste”), here are a few negotiating lessons to take from Washington's latest home-cooked fiasco:

1. Open realistically, move modestly.

Last weekend, the Republican-controlled House proposed legislation that made the ongoing funding of government subject to a defunding of “Obama Care”, piled on top of a grab-bag of GOP wish-list items including the approval of the Keystone pipeline, a commitment to future business-friendly tax reform, repealing a tax on medical devices and more.

Rather than forming the starting point for a negotiation, it was dead on arrival—the Democratic Senate immediately rejected the bill outright. The House Republicans have subsequently had to back-pedal and drop their list of demands back to a 12-month delay in the new health plan, with more unilateral concessions likely in the days ahead as the pressure builds.

Lesson:

Unrealistic proposals encourage the other side to refuse to even enter negotiations, and can cost you credibility when future movements in your position need to be drastic and unilateral. Over time, they become self-defeating, as the other side recognizes that your opening proposals are always “padded.”

More progress is likely with optimistic, defensible proposals, which allow any future movement to be modest and able to be traded for other variables.

2. Don't put things out of bounds unless you really mean it.

Both sides have been guilty of claiming too many “non-negotiables,” adopting an all-or-nothing approach. The result so far: they've got nothing.

Democrats have said they'll only approve a spending bill if it's free of any policy prescriptions (“a clean resolution”). That's unnecessarily inflexible – and will, no doubt, extend the shutdown. And at some point they'll need to negotiate on what they insist was not negotiable – and there goes their credibility.

Lesson:

If you're genuinely interested in negotiating a good outcome, rather than grandstanding to your base, (admittedly, that's a big "if"), try to minimize the variables that you claim are non-negotiable. Even better, when you explain what's truly not negotiable, indicate the areas where you are prepared to negotiate, to move the discussion to more productive areas rather than toward deadlock.

3. Relationships matter.

Apart from one awkward game of golf in 2011, President Obama and House Speaker John Boehner have spent almost no time together.

Back in the "good old days," Republican President Ronald Reagan and Democratic House speaker Tip O'Neil managed to work together despite having fundamentally different views on policy and the role of government. They even socialized together after hours. When the big deals came, they both fought hard but ultimately traded concessions with each other to get the best deal they could.

Lesson:

Negotiations don't happen in a vacuum. Time invested in a relationship, prior to major negotiations, allows both sides to build the trust needed so they can disclose areas of potential flexibility and trade concessions.

Time will tell how long this government shutdown will last. But the good news is that, in the meantime, at least Congressional salaries continue unabated. Phew, that's a relief!

Simon Letchford, 4th October 2013

Are You Losing Enough Business?

Before working with a powerful FMCG company in Europe I asked of the thousands of points of sale they have how many client relationships they lose every year to competing companies. The company proudly announced that last year they lost less than 1% annually to competition.

I dared to suggest that 1% is probably not enough and that they need to lose more business. This did not deter them from working with us and here's why...

Large companies with lots of employees often apply across-the-board campaigns, discount policies and permit their staff to offer certain concessions when facing customers. Prior to putting their staff through Scotwork training these concessions are unfortunately more often than not gifted unconditionally and therefore counter-productive. Their sales staff finds themselves in a destructive race between their company and the competition as to which side will concede the most to the client. In order to maintain losses at less than 1%, they are often giving away a great deal more than they need do, to more than 99% of their clients.

If they don't trade and they just show "good will" the company gets no return other than an extended commitment for the business they already had, and often with some erosion of profit. Even worse, a precedent has been set whereby the client is encouraged to try the same "game" next time around and the seller's relationship is not in any way improved at the time of the following round of discussions, e.g. the annual agreements.

It's probable that if they gave away less and lost say 2% of their relationships they would probably make a great deal more profit overall this year from the 98% than they made last year from the 99% plus. Further, if they do not merely give concessions but develop a "Scotwork-based" negotiating culture, those negotiated commercial relationships would be richer, and a lot more difficult to break on price alone.

The fundamental problem here is that we don't have properly prepared limit positions, or if we do, staff and even businesses don't have the courage to test them. A potential or existing client suggests that the competitor's offer is better and the temptation is to try and beat it every time, but in doing so the truth is rarely tested, perhaps even never.

If you are strong in your market make it a policy to establish limit positions subject to constant review and test them until you lose a little.

It is an iterative process. It is important to lose *some* business and to understand *why* it was lost because that enables you to establish the market conditions and reassess those limit / walkaway

positions. If you are not losing very much at all or suffering resource shortages (in small business read “overworked”), you should probably think about improving your profitability until you start to miss out on a few less profitable “opportunities”.

If you are under pressure in your market it is perhaps even more important as a company to establish how far you should go in pursuit of business. We know this is not easy to do, but to continue without a walk-away position and pursue business at *all costs* will ultimately result in loss of profits, and misdirected resources in situations that perhaps should never have been negotiated in the first place, where walking away in the short or even long term will have been better than winning at a loss. Having a limit position helps you to understand that, and considered and monitored limit positions allow management to establish some remote control over negotiations and spend less time in damage limitation.

It may seem a counter-intuitive suggestion but ask yourself “Are you losing enough business?”, if you aren’t, then maybe we should be talking to you.

Mike Freedman, 10th October 2013

Charm Offensive

The Oxford English Dictionary defines charm as ‘the power or quality of delighting, attracting, or fascinating others’. It is a word which has been much used recently about the newly elected Iranian President Hassan Rouhani, in particular in connection with the speech he made to the United Nations General Assembly on September 24th. It is difficult to know how much the world’s perception of his charm is actually a reflection on the lack of this same quality in his predecessor Mahmoud Ahmadinejad. But whatever the cause, the result is that Western politicians who have for so long been sceptical about the official Iranian line that their nuclear development programme is entirely peaceable, and who firmly believe that Iranian support of the Assad regime is the pivotal reason that the regime survives, now appear to be prepared to take more seriously President Rouhani’s platitudes on these issues (you can read a transcript of his speech [here](#)). As a result, negotiations on both issues which were stalled for years have now restarted, with the Iranian influence significantly upgraded as a result of Mr Rouhani’s charm offensive.

My point is neither to condemn nor condone President Rouhani, but to ask a more general question about charm – do ‘charming’ people have more success as negotiators? In commercial circles the arguments appear polarised – sales people believe that their ability to form relationships with their customers is a major factor in winning business, growing business and preventing business being lost to competitors. On the other side many buyers adopt tactics to deter these relationships from evolving, so enabling commerce to be conducted in an environment devoid of personality. The ultimate expression of this dilemma is the increasing use of RFPs, e-auctions, and other similar mechanical buying methods, which remove almost every chance that humanity, might impinge on the commercial process.

But all of us respond to charisma. That is why even the most analytical of buyers for whom the facts are king and emotion is poisonous use methods to try to eliminate their exposure to charm, because they know that deep down they are just as susceptible to it as everyone else. And it is why within good sales organisations you can always find charming people adept at forming relationships and displaying characteristics which make people want to listen to them and respond positively to them.

Fairly obvious so far. What is less obvious from the way which most companies do business is that salespeople are just as susceptible to charm as procurement people. So organisations which employ charming buyers at the top of their procurement tree find that much of the time the deals they get are at least as good as those obtained by their charmless (and often aggressive) colleagues, and that these deals are considerably more sustainable. It’s not rocket science – suppliers are far more likely to look after their charming client contacts than their nightmare customers. They do so because a bi-

product of charm is the generation of trust. In general, parties which trust each other get better deals than those who don't because they are more open and more creative with the variables at play.

Don't confuse this syndrome with the old saying that 'nice guys finish last'. We're not talking about inconsequential people here. On the contrary, charismatic people on both sides of the table have to be competent to merit the accolade.

Of course there are always exceptions. By all accounts Bernie Madoff was a charming guy, and he conned thousands of seriously intelligent people who thought they could trust him. Similarly Frank Abagnale Jnr, played by Leonardo di Caprio in the 2003 movie Catch Me If You Can did the same thing.

And President Rouhani.....?

Stephen White, 17th October 2013

Inspired by Judy Montagu

The Two Faces of Grangemouth

You have probably never heard of Grangemouth. Even its mother would be hard pressed to call it a pretty town, festooned as it is with tall steel chimneys belching fire into the night sky on the Firth of Forth about 15 miles west of Edinburgh on Scotland's east coast. It is home to an oil refinery that accounts for about 10% of Scotland's GDP and it is owned by a company called Ineos. You have probably never heard of it either, though it is Britain's largest private company.

Nor will you have heard of Stephen Deans, convener of the Unite union and an employee of the plant at Grangemouth these past 24 years. Regular readers of the blog will remember the story of the Unite union and its alleged (and unproven) attempts to infiltrate the Falkirk labour party, supposedly to ensure that its favoured candidate was elected in the upcoming 2015 election. Well, Stephen Deans, and here the plot thickens, is the leader of the Falkirk Labour party, the very man behind the signing of dozens of new Labour members in Falkirk. It was alleged that Unite would pay their membership fees – on the understanding that they would back the union's choice of candidate. According to an article by James Cook, the BBC's Scotland correspondent, "crucially it was alleged that some of the members were signed up in the refinery, i.e. on the property of INEOS, Mr Deans' employer". This offends against Ineos policy, so Mr Deans was suspended.

Ineos management has been carrying out its own enquiry and results were due to be announced on 18th October. The union has been pressing for Mr Deans immediate reinstatement and when the company failed to cooperate, it threatened a strike by the workforce.

Talks took place at ACAS but to no avail. Despite this, the union called off the strike. Management claim that the plant was already in the process of being shut down, so they closed the plant anyway and, since then, it's all gone a bit pear-shaped. The company claim to be losing money; the unions claim that management are doctoring the figures. Management want all kinds of new working practices put in place to ensure the site's future. The union is dragging its feet in agreeing to any changes. Management is now speaking directly to the workforce, effectively bypassing the normal routes of communication.

Let's put this into perspective. Here is a plant that refines about 13% of the UK's oil and provides 70% of Scotland's fuel. Management claim that the site is losing about £10m per month and could shut down in 2017 if changes are not implemented. The sound bites from leading lights on both sides of the dispute get tetchier by the minute. Pat Rafferty, Unite's Scotland secretary, is quoted in the Times of 17 October, "Ineos' decision to keep Grangemouth shut is an act of economic vandalism. There is absolutely no reason for the site to remain shut – the company is holding Scotland to ransom."

One is reminded of past union management disputes that spiralled out of control when personalities got involved. The only way out of this impasse may be for a change in team on both sides; a reflection on key objectives; a negotiating process of give and take and – difficult this, when tempers run high – the giving of “face” to the other side.

And when it comes to objectives – the one at the back of my mind that keeps popping to the front? Keep the factory open!

Negotiators on both sides would do well to reflect on that.

STOP PRESS! (Noon, 24th October)

In the shock development on 23rd of October Ineos announced their intention to close the petrochemical plant at Grangemouth. This threat has brought the Unite representatives back to the negotiating table with the offer of more concessions to the management. As a result of the meeting held this morning Unite has embraced all of the changes that management has proposed. The ball is now back in Ineos’s court.

These dramatic breaking developments will doubtless bring senior politicians to the dispute. Grangemouth, as stated in the main article is far too important an industrial asset to be closed unilaterally by the current owners.

Robin Copland, 24th October 2013

About Scotwork

Scotwork is the largest independent specialist negotiation skills development company in the world with an established and experienced licensed network of 36 offices across the globe, delivering over 1,000 courses per year in 24 languages.

Since 1975 we have led the field with our ground breaking methods, helping transform the performance of novice and veteran alike.

Scotwork teaches people how to become fearless negotiators. Creative and agile. Able to find a viable solution despite the odds. Empowered to craft great deals for today while strengthening their long term business relationships.

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