

NEGOTIATE TO YOUR ADVANTAGE

Pullquote: The hardest and most important part of any negotiation is knowing when to walk away.

Few things are sweeter than a successful negotiation session where both parties leave the table with a winning solution. That's because the stakes are high: Negotiate too hard and you lose the deal; be too timid and you may not get what you want.

The three most important concerns in any negotiation are the relationship, the risk, and the value--the real decision criteria underlying any future business transactions. So whether you're negotiating a salary increase with your board or a contract with a vendor, before beginning the process it's critical for you to cross three essential mental bridges:

1. Clarify the relationship. "What is the current real and perceived business and personal relationship, and what is its true value to my credit union's future?" Far too often people hold on to the past not realizing that they need to let go to be free to reach out for something better.

Carefully consider what could be lost in this negotiation, but also what new doors may open should there be successful negotiation. Too many business leaders continue with existing relationships beyond their prime simply because it's easier and more comfortable than striking out to develop a new relationship that better suits their organization's future.

2. Clearly structure the outcome both parties desire. Very often, people enter a negotiation with the drive to win, but they never commit to paper beforehand precisely what that means. Yes, they have a general idea (to place the contract at the best price or cost); however, they haven't defined the optimal combination of price/cost and all other terms that reflect both parties' best long-term interests.

Identify what it will take for all parties to believe they've been treated fairly. Outlining what each party should view as a "great deal" often leads to the optimum win-win agreement. After all, negotiating is merely a more formalized variation of common marketplace bartering. It's all about give and take and each party's perceptions of value. You offer. They counter. You respond. And so it goes.

3. Determine your walk-away point. The hardest and most important part of any negotiation is knowing when to walk away. Decide when you'll walk away from the deal before the negotiation process, because it's difficult to identify it in the heat of the negotiation.

It's important to approach your walk away point calmly, as negotiators truly need to understand what each side requires to make it a "great win-win" agreement. Then, if the other side becomes unreasonable and prevents your desired outcome from happening, weigh the predetermined value you placed on the relationship as well as ask the question, "Do we really have a mutual relationship or merely one party taking undue advantage of the other?"

Once you've laid out the previous three steps you can begin negotiation, realizing that at times the process requires the patience and confidence to be still. For example, if the other party precipitates a long silence then wait, say nothing, and let the other party break the silence.

While it's important to hold out firmly for your high priority/risk issues, holding out for a lost cause isn't in your best interest. Know when to give in on a point. If it's not a walk away issue, then concede and negotiate onward. Most important, realize when you're approaching the walk away point. That will help you try and steer the negotiations away from falling unnecessarily into a downward spiral, where relationships deteriorate and from which it's often impossible to recover.



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