




The Art of Negotiation

How to be Effective & Successful



peacock

**Never accept their
first offer.**

THE OFFICE

What is a Negotiation?

“a discussion between two or more people to reach an agreement that works for everyone, often involving compromise, where each side gives a little to get something they want”

Life is all About Negotiation

- **Negotiation skills can be applied to almost every aspect of your life**
 - ✓ Buying a car, shopping
 - ✓ Work (need it to be effective in your job)
 - ✓ Personal relationships (family)
- **Negotiation does not equal an adversarial relationship**
 - ✓ Don't look at it as a win-lose proposition...view it as a win-win opportunity
 - ✓ Don't need to be confrontational
- **Negotiation requires practice**



Negotiating Commandments

- 1. Prepare ahead of time**
- 2. Don't ask, don't get**
- 3. Use your team & have a common position**
- 4. Don't feel pressured to respond on the spot**
- 5. Be flexible, negotiation is not a one-way street**
- 6. Be patient, don't give up or take the easy way out**
- 7. Analysis is not negotiation**
8. Don't let personality(ies) drive the discussions
9. Keep focused, don't "lose" control & keep the process moving forward
10. Resolve differences fairly & efficiently

When Should You Negotiate?

1. When you can enhance the deal and or create a better agreement / outcome
2. When an objective is to establish a longer-term relationship (future benefits)
3. When you can come to an agreement that will last over time

When Not to Negotiate

1. If you are not prepared
2. When you can't enhance the deal or don't have leverage
3. When costs & risks outweigh potential benefits
 - ✓ It will take longer & cost more to negotiate than the value you receive ultimately
4. When the relationship is more important or valuable than a deal
5. When you are not willing to walk away

When Not to Negotiate



6. When the other side acts in bad faith or is unethical & wants you to compromise your integrity

Common Errors in Negotiating



Not being prepared



Bringing in the “right” team members too late



Not listening actively



Letting the other side know what you MUST have & CAN NOT lose



Getting caught up in your emotions

What Makes a Good Negotiator

Preparation is the single most important factor! Plus...

Integrity

- Reputation & honoring your word
- Not providing false or misleading information
- The “cry wolf” problem

Active Listening

- Hearing is effortless, listening is intentional & focused
- Seek to truly understand what the needs are

Sense of Humor

- Ability to laugh at yourself & keep things light
- People tend to want to work with you again

What Makes a Good Negotiator

Preparation is the single most important factor! Plus...

Analytical Thinking

- Understand ramifications of what you are (or not) agreeing to

Questioning Personality

- Get to real answers

Patience

- Negotiations can be time consuming & emotionally draining

Courage

- Ask for what you want
- Don't be afraid to question or ask "why"

Getting Started

Preparation

Putting the
team together

Creating deal
points

Pre-negotiation
meetings

Negotiating is
about people

The
importance of
communication

The upper
hand

Preparation: Essential to Success

**Why it is
SO
important**

- Establishes predetermined goals & strategies that you don't deviate from
- Lets you learn as much as possible about needs & goals of the other side
- Enables you to make strategy decisions quickly, but correctly
- Increases your probability to reach goals
- Way to measure your success

Preparation: Essential to Success

**Negotiation
framework puts
you at an
advantage**

- For majority of all negotiations, the other side is waiting to see what you will do before they decide what to do

**Being prepared
helps prevent you
from being duped**

- You recognize it & are prepared to deal with it

Preparation...Essential to Success

Brainstorm to prepare for your negotiation

- Involve Key staff
- City Council & Commission viewpoints
- Identify likely positions of the other side
- Identify common ground/objectives or outcomes

Tell person you are negotiating with what the process is up front

- Clearly communicate what you need to review to begin the process
- Many people end up in a negotiation & don't realize it until it is too late

Putting the Team Together

1. Why you need a team

- ✓ **Two or four heads are better than one**
- ✓ Emotional & logistic support
- ✓ Different perspectives
 - Openers & closers
- ✓ Different personalities deal differently in situations
- ✓ You can negotiate better for someone else than yourself
 - Third party involvement
- ✓ Know who is on the other side

Putting the Team Together

2. Who should be on the Team

- ✓ Who is critical to be on the team to ensure desired outcome
(Analyze what each member brings)

- Decision maker
- Resource people
- Negotiators

- Big picture thinkers/process
- Good Cop/Bad Cop
- Detail people
- Mediator

- ✓ Not everyone should be a negotiator

Deal Points

Deal Points

What are they & what do they achieve?

- Simplistic list of what you would like to achieve from the negotiations/deal
- ✓ List of potential areas of disagreement and identification of issues
- ✓ Issue identification and separation (don't sing to the choir)

Rationale behind them

- What you want is just as important as what you don't want
- Cost benefit...direct (\$) & indirect (Not doing something)
 - ✓ Community needs, priorities, political capital, short / long term goals, ROI & risk of moving ahead vs. not doing anything

Understanding Your Bottom Line

- This is your worst case (*what will make you walk away*)...but keep it positive
- What is it that might makes this exercise worthwhile?
- Don't work from your bottom line

Pre-Negotiation Meetings

What are they?

- Sessions with the team to determine:
 - ✓ What do we want to achieve today?
 - ✓ Who plays what role
 - ✓ What will we give on & what won't we give on
 - ✓ Analysis of players on the other side

When do you have them?

- Before each negotiating session

Why are they important?

- Ensure team is on the same page and has a unified position
- Everyone understands desired outcomes

Negotiating is About People



People & their different personalities are the biggest variable in a negotiation



Recognize differences to address them effectively & use to your advantage

Negotiating is About People



Knowing & understanding the “other side”



Don't need to sacrifice relationships to get desired outcome

Negotiating is About People



Helping the other side achieve goals

Working to benefit someone else will make them more likely to trust you & work with you

Work to resolve differences fairly

The deal can be too good



Conflict is unavoidable & that's OK

Conflict happens when goals and/or interests are not in line

Makes for a better agreement if you look at differences

Don't go away mad

The Importance of Communication



The Importance of Communication



Learning to Listen

Miscommunication is time consuming



Learning to Speak

How you present or couch things will determine how they are received



The Art of Persuasion

Help them understand your position by providing reasons

The Upper Hand...or Power

- What is it?
 - ✓ “The ability or official capacity to exercise control; authority.”
 - Person with the most options
 - Person who cares the least about the outcome
- Develop an early sense of leverages
- Real or perceived?...doesn't matter!
 - ✓ If someone believes you have it, you do
 - Use to your advantage
 - ✓ Be careful not to exert power/authority you don't have

The Upper Hand....or Power

How you get it

- Believe in your position
- Explore options that are more beneficial to you
- Research & knowledge
 - ✓Credibility

When & how to use it

- Use it throughout
 - ✓Becomes evident where the teeter totter leans
- Don't be an ogre

How to react to it

- Question it
- May have to give a little more than you want to

Negotiating the Deal

- Different personalities
- How to recognize the brink and deal with it
- Negotiating tips
- How to deal with common negotiation issues

Recognizing & Navigating Negotiator Personalities

1. Intimidator

- ✓ The most feared
- ✓ Neutralizing hard ball tactics
 - Keep calm & continue to question (soft touch)
 - Laugh/giggle (disarming)
 - Play hard ball back (not so soft touch)
- ✓ Keeping difficult negotiators at bay
 - Influence before negotiation starts by selecting who sits at the table

Recognizing & Navigating Negotiator Personalities



2. Not So Smart

- ✓ In your interest to help them
- ✓ Do issues formation for them
- ✓ Offer some education
 - Don't just take advantage

Recognizing & Navigating Negotiator Personalities

3. Dumb Like a Fox

- ✓ Distinguish them from the “not so smart person”
 - Research up front
 - Be aware of the signs
 - “Aw shucks” or poor me
 - “Just trying to make a living”

Recognizing & Navigating Negotiator Personalities

4. Not Authorized

- ✓ Bring the decision maker to the table
- ✓ Ask individual to lead more with their position
 - “Tell us what you can do!”

Recognizing & Navigating Negotiator Personalities

5. Entitled Savior

- ✓ Often uses tactics similar to the Intimidator
 - Refocus on the real issues (deal points)
 - Ask why or show why not
 - Walk away

Recognizing & Navigating Negotiator Personalities

6. Whiner

- ✓ Give them information/ammunition that they can use to be more positive and get the deal done
- ✓ Prioritize issues
- ✓ Call them on their issues

Recognizing & Navigating Negotiator Personalities

7. Nice

- ✓ Two (2) types
 - Nice person who can take advantage of you
 - Nice person that agrees to things others won't
- ✓ Be careful
 - Don't get sucked in
- ✓ Make sure they are not leading you down a dead end to something that is not feasible
 - Question things/people who make the decision
 - Seek outside information

Recognizing & Navigating Negotiator Personalities

8. Brinksman

- ✓ Ask why – make them articulate reasons
- ✓ Provide alternatives
- ✓ Walk away

Recognizing & Navigating Negotiator Personalities

9. The Prepared

- ✓ Substance should drive the deal, not the personalities
- ✓ The person you want, recognize them & bring appropriate back up
- ✓ Be prepared yourself



Recognizing & Navigating “The Brink”

What is the brink?

- A point beyond which you will not go
- Truly an art form

What to do when you’re really there?

- Distinguish the brink from brinkmanship
- Fresh blood & new perspective
- Continue to seek alternative solutions around it
- Recognize when you can’t reach an agreement

Negotiating Tips

? Never be afraid to ask

✘ Don't give away everything up front

🗨️ Use silence as a negotiating tool

👑 Use "The Manager"

⚛️ Don't sweat the small stuff

Negotiating Tips



Be flexible



Don't let them know what will make you walk away



Believe in your convictions & gut feelings



Help the other side minimize their costs



React to offers wisely

How to React to a Great Offer



Negotiating Tips

How to react to the “great” offer

- Be a poker player
- Say you have to “think about it” – or just take it

What do you do when the other side won’t negotiate

- They say....only their terms are acceptable
- Don’t be afraid to get up and walk away from the table

Don’t give up or take the easy way out

- There are ways to resolve conflict/differences
- Take a break
- Brainstorming possibilities
- Review of risks/needs

Negotiating Commandments

1. **Prepare ahead of time**
2. **Don't ask, don't get**
3. **Use your team & have a common position**
4. **Don't feel pressured to respond on the spot**
5. **Be flexible, negotiation is not a one-way street**
6. **Be patient, don't give up or take the easy way out**
7. **Analysis is not negotiation**
8. Don't let personality(ies) drive the discussions
9. Keep focused, don't "lose" control & keep the process moving forward
10. Resolve differences fairly & efficiently

Download the Presentation



How to Deal with Constraints

Fear of competition...they say you will lose the deal if you don't do X

- Ask to see verification of the competition

Higher risk deal

- Understand cost benefit of doing the negotiation
- Know probability of success

You have more limitations in the negotiations

- Have them make the starting offer and don't let them know your bottom line

You gave this much or that to X person

- Precedent
- Question how this deal relates to the precedent

Lack of time

- Patience and persistence wins
- Person who has more time may win
- Renegotiate your time constraints

How to Deal with Constraints

The other side is very persuasive

- Separate logic from emotion
- Question the reality of what they are offering

The other side has more expertise

- Use their expertise to your advantage
- Question them till you are satisfied
- Find your own experts to “run” information by

Perceived Power

- Question every assumption
- Don't react to their use of power

Top 10 Reasons to Better Your Negotiation Skills

Enhance or get
desired outcomes

Build confidence

Build
organizational,
leadership &
people skills

Increase
knowledge base &
understanding

Avoid being taken
advantage of

Improve
relationships

Learn how not to
give too much
away

Minimize/avoid risk

Maximize financial
returns

Learn to
counteract/defuse
difficult negotiators

Your Presenters



Stacie Kvilvang
Senior Municipal Advisor

651.697.8506

skvilvang@ehlers-inc.com



Jason Aarsvold
Senior Municipal Advisor

651.697.8512

jaarsvold@ehlers-inc.com

Important Disclosures

Ehlers is the joint marketing name of the following affiliated businesses (collectively, the “Affiliates”): Ehlers & Associates, Inc. (“EA”), a municipal advisor registered with the Municipal Securities Rulemaking Board (“MSRB”) and the Securities and Exchange Commission (“SEC”); Ehlers Investment Partners, LLC (“EIP”), an SEC registered investment adviser; and Bond Trust Services Corporation (“BTS”), a holder of a limited banking charter issued by the State of Minnesota.

Where an activity requires registration as a municipal advisor pursuant to Section 15B of the Exchange Act of 1934 (Financial Management Planning and Debt Issuance & Management), such activity is or will be performed by EA; where an activity requires registration as an investment adviser pursuant to the Investment Advisers Act of 1940 (Investments and Treasury Management), such activity is or will be performed by EIP; and where an activity requires licensing as a bank pursuant to applicable state law (paying agent services shown under Debt Issuance & Management), such activity is or will be performed by BTS. Activities not requiring registration may be performed by any Affiliate.

This communication does not constitute an offer or solicitation for the purchase or sale of any investment (including without limitation, any municipal financial product, municipal security, or other security) or agreement with respect to any investment strategy or program. This communication is offered without charge to clients, friends, and prospective clients of the Affiliates as a source of general information about the services Ehlers provides. This communication is neither advice nor a recommendation by any Affiliate to any person with respect to any municipal financial product, municipal security, or other security, as such terms are defined pursuant to Section 15B of the Exchange Act of 1934 and rules of the MSRB. This communication does not constitute investment advice by any Affiliate that purports to meet the objectives or needs of any person pursuant to the Investment Advisers Act of 1940 or applicable state law.