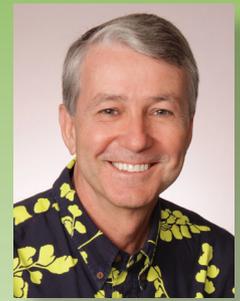


# Don't Give Away the Store: Vital Steps to Negotiation



BY GARRETT J. SULLIVAN

**H**ave you ever walked away from a negotiation feeling you gave away too much? If so, it's time to step up your game. One of my favorite quotes is by Chester L. Karrass: "In business, you don't get what you deserve, you get what you negotiate." We can all name companies that have locked themselves into bad contracts and paid dearly – some even with bankruptcy.

Contractors who don't negotiate well are being taken advantage of in some way, either knowingly or unknowingly. If you sign an unfavorable contract, subcontract, change order, cost proposal, time extension, etc., you're stuck. This overlooked skill has a significant impact on your bottom line.

As tough as contractors tend to be, I often see them backing away from sharpening their negotiation skills, not because they're not capable but because they believe they're too busy. This is a mistake. They tend to underestimate its significance until they're in the heat of negotiations and then are backed into a corner.

Don't make this mistake. Negotiation requires practice and good mentorship. Listed below are some concepts to consider in any negotiation, but if you truly want to become an expert, I recommend special training.

Successful negotiation requires a platform of trust. If this is lacking, you are in for a bumpy ride. If people don't trust that you will deliver your end of the deal, they won't negotiate with you in good faith. Building trust takes time – and unfortunately, you may not have this luxury. In this case, do whatever you can to build trust prior to a negotiation. You will have a head

start before the first word is spoken.

Once you have an acceptable level of trust, establish your bottom line. Give serious thought about what you really want out of the negotiation. Write down and rank every negotiable item. Then, one-by-one, cross out the items you can live without. When you reach a point where you cannot give anything else, you've reached your bottom line.

This doesn't mean that you won't strongly negotiate for the items on your "nice to have" list but, it does sharply define your "need to have" list and clarifies what you can exchange for other considerations. Your two lists comprise your "Zone of Possible Agreement" or ZOPA – starting at the bare bones minimum you'll accept and ending on your ideal agreement.

### PREPARATION

**Plan:** Determine how to best approach the person or group – and consider what kind of response your approach will likely elicit.

**Rehearse:** This is an important and often-overlooked step. Ideally, role play with a trusted advisor or mentor. Consider various scenarios and appropriate responses.

**Implement:** During negotiations, pick your battles and adjust requirements within your ZOPA. Don't enter into an agreement outside of your ZOPA.

**Close:** State your agreement on all items and immediately follow it up in writing.

**Learn:** Debrief with your associates afterwards. Discuss how you might improve next time.

### TACTICAL TIPS

**Let them make the first offer:** Attempt to let the other side establish the ballpark in which you are playing.

**Don't immediately accept the first offer:** Why? When you jump at the first offer, the other side will think they offered too much and look to back pedal.

**When appropriate, show emotion:** If their offer is insulting, don't be afraid to show it. Body language is more important in negotiations than spoken words. This is a totally separate area of study but one that is extremely important.

**Don't fear silence:** Understand the power of silence. It is usually to your advantage to let the other parties speak. In some situations, the other party may become so uncomfortable with the silence that they will feel the need to fill the void and inadvertently give away more than they had planned.

**Postpone tough decisions:** Don't be afraid to put the stickiest issues aside and come back to them later. Agreeing on easy issues first will develop momentum to tackle the bigger issues.

**Create a red herring:** Based on your ZOPA, you've already identified items that you're willing to trade away. If the other party feels they have made concessions and wants you to do the same, exchange one of these items, but don't give the impression that you were always willing to give it away.

In closing, strong negotiation skills do pay big dividends. They'll far exceed your investment of time and earn you respect, success and favorable business arrangements. **BI**

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