Negotiating is Unavoidable

Regardless of What the Word Means to You, Negotiating is a Part of Life—So Settle Down and Learn to Do It Effectively

Ask most people what the word *negotiation* means and the definitions range from acrimonious bargaining, horse trading, to out and out wheeling and dealing.

In any event, the word has its problems . . . as anyone can testify who has been in a bargaining session whether it was for the price of an extra plaster coat, a change order, putting on extra men, or simply bargaining for higher pay, added responsibilities, improved job benefits, or changes in working conditions.

Today, though, increasing recognition is being given to negotiations in a broader—and fairer—contest. It’s a way of settling differences in attitudes, opinions, of resolving conflicts, and as a method of motivating owners, managers and employees alike.

Try if you want, but you simply can’t avoid negotiating. “The whole, real world is one giant negotiating table,” says one expert, “and like it or not, you are a negotiator.”

Dr. Bernard Ramundo, negotiation skills teacher at George Washington University, comments: “There is greater realization today that the negotiating process often can solve seemingly impossible problems.”

Furthermore, experts say, negotiating practices can be taught. “It’s a skill like anything else,” promises Dr. Israel Unterman, San Diego State University management skill professor. “You learn by doing.”

One of the first rules in successful negotiating comes from Gerard Nierenberg, founder of New York’s Negotiation Institute: “If the other side sees your tactics as nothing more than manipulation, then you’re only going to turn them off.”

Each side in a negotiating session will have different objectives—but mutual interests. Both want to arrive at a conclusion that fits their needs but not at a complete sacrifice of respective benefits, says Nierenberg. Keep that in mind; the other side wants something out of the deal and part of your job is to find a way to give it to the other side so they’ll work harder to find a way to give you what you want.

Says Charles Margerison, “At a negotiation meeting each side seeks to achieve the best terms, and decisions are made in relation to supply and demand factors. Decisions in such meetings are joint, and both sides are expected to support the implementation of the decision, if only to fulfill their own interests.”

Getting Your Money

The history of construction progress payments and retentions are well enough documented that no one questions the value of good negotiating skills in this area. Money somehow always brings out the best—and the worst—in both sides, the general contractor or architect who doesn’t want to pay, and the subcontractor who’s determined he’s going to be paid.

Paul Rappaport, management consultant and prime negotiator, recalls, “I had a client—a subcontractor— who had done every single item on the punch list. There wasn’t even a question that he had done it—but the damn architect wouldn’t issue final payment to the general.

‘Of course, the general fell back on the argument that he couldn’t—or wouldn’t—pay the sub until the architect released the money to him. ‘My client was going about it all wrong. He went over the punch list item by item, proving beyond the merest shadow of a doubt that he had done the work, had finished up properly, and therefore should be paid. The problem was, that architect wasn’t interested in facts. He was simply afraid to sign the job off, to issue the final payment—because he, unfairly, wanted the money leverage to get the general and the sub back.
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should something crop up that he didn’t know about.”

Once the subcontractor began to talk in terms of his long record of fairness to his customers, that he had never been known not to come back to a job with which he was involved, final payment or not, the architect started to perk up. That’s what he wanted: assurance. Neither the general nor the sub had been addressing themselves—negotiating—to the architect’s problems.

He came through very quickly—particularly after the sub told him that payment must be forthcoming or his lien would follow the negotiating session quickly.

Be Easy Approach

Here are some other tips on successful negotiating ploys:

• Be cautious about discussing personal needs; your opponent is suspicious of and made irritated by such appeals. Others care considerably less about your needs, they’re negotiating for their own needs. “I really need the money,” is a confession, not a reason for prompt payment.

• Don’t give in too quickly when the other side challenges your demands, such as a change order price. Be slow to make concessions, and perhaps you can keep a concession floating for a trade-off.

• Silence can have its value in pay negotiations. It gives time for evaluation. Also, when the other side names a figure, some good negotiators repeat the number slowly, look slightly dismayed, and cast eyes toward the floor—in silence.

Odds are the other fellow will either start talking to justify his number (your repeating it doesn’t sound quite so sweet to him if he knows the number was a ploy) or will come back with another offer.

• On silence, after you make an offer—SHUT UP. In negotiating or selling, once an offer is made the side that talks first is generally the loser. When you make an offer, wait (all day if you must) for the other side to respond; don’t you talk before you’ve been answered.

• If you know you’ll have to negotiate downward on a price, don’t set your first price too high. That’s a tip off to the other side to start negotiating downward. If your price is reasonable—maybe a wee bit high—the other side will have considerable difficulty in whacking it apart. You’re giving a subtle hint that there’s not a
Don’t set a deadline on when negotiations are finished. Be a bit laid back on this. If you’re pressed to get out of the session, or if you tip off the other side that you must have an agreement by a deadline, the other side just might string you out a bit. When the other side feels you’re prepared to sit and negotiate until the arrangements are appropriate, delaying tactics won’t do.

Don’t view the negotiating meeting as a confrontation. It should be a meeting of the minds on both sides—a review of the merits of each side—in a mutual striving for accommodation. Both parties, in the end, should feel they have gotten something of value. Confrontation takes place in a courtroom—and you have lawyers for that.

Back away from the invitation to drive a hard bargain. Use your negotiating skills in a positive way and conclude with dignity, tact, and skill. YOU can always chisel or cheat the other fellow once; you only need to get a little trust working for you—but you’ll not get a second chance unless the other fellow is a fool.

In the latter stages of negotiations—when you issue an ultimatum—you’ll be more successful if you issue softly and palatably with a maximum amount of documentation to build legitimacy and phrased carefully so it leaves the other side with very few alternatives except to accept or walk.

Many people have a negative reaction when the word “negotiation” is mentioned; they automatically conjure up a mental image of “a slick manipulator who attempts to win at the expense of some innocent victim.”

While there are certainly those individuals who operate this way—and the idea of “winning at all costs, Soviet style” may often be effective—the collaborative technique which says that “both of us can, and should, win” is generally more satisfying.

The emphasis in the latter strategy shifts then from the effort to “beat” or “defeat” toward the realization of a mutually accepted outcome.

Here everyone is working together to find a creative solution that will meet the needs of both sides.