

Negotiation skills

Negotiation keeps your business going. You use negotiation when:

- Applying for a bank loan.
- Arranging material from a supplier.
- Talking to your employees.
- Ensuring goods are delivered on time.
- Satisfying a disgruntled customer.

Confident, clear communication is the key.

Negotiating

Though there are many similarities, such as identifying the other party's needs and showing how your business can meet these needs, negotiating is not the same as closing a sale.

Negotiation hinges on clarity of communication. You must be able to draw out from the other party what their needs and interests are as well as make your own needs and interests clear. You should look for underlying issues to help you find creative compromises. It's much easier to find solutions this way than by battling with rigid positions.

You need to understand the following principles related to negotiation:

- Put yourself in the other person's shoes.
- Identify their needs and interests (not just their bargaining position).
- Identify the boundaries (what is and isn't negotiable).
- Clarify the authority to negotiate.
- Look for a solution that is valuable to them but costs you much less.

Negotiation techniques

You should know the basic negotiation and closing techniques. A basic process to follow is:

1. Separate people from the problem – you want to attack the problem, not the people.
2. Focus on the interests of both parties – note the position they choose and what their interests are and yours.
3. Invent options for mutual gain – brainstorm all possible options and then choose the most likely options.
4. Insist on using objective criteria – fair procedures, fair standard and use of best practice benchmarks.
5. Develop your best alternative to a negotiated agreement – this is not a bottom line result – it's not your desired outcome, but it does add your benefits to the agreement. For example, you may not get the lowest price on a product, but you can ask for extended credit or a discount if you buy more of the same product.
6. Remember there are many ways to solve a problem.



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Other useful negotiation tips

- Watch people in action.
- Try remembering a technique a day.
- Read books and take courses on sales, negotiation and closing techniques.

Further information

The following fact sheets provide further information on these issues:

- Alternative dispute resolution – client disputes
- Alternative dispute resolution – disputes between businesses
- Alternative dispute resolution – disputes within your business
- Alternative dispute resolution – external disputes
- Control your business problems
- Manage conflict
- Verbal communication - introduction

