

## Negotiating with your clients – Part 1

Professionals need to negotiate with each client about pricing, timing, scope, and other commercial matters – in the context of their ongoing professional relationship and commitment to the client’s best interest. This delicate balancing act requires having good negotiating skills and knowing when and how to use them. Too many professionals lack courage in negotiating and offer unilateral and unnecessary concessions. This edition is the first of a series that can help you negotiate more skillfully.

### **Negotiation is everywhere**

You (like some professionals) may find negotiation to be troubling and somehow unprofessional. It’s good to realize that people negotiate all the time – over, for example, where to go on vacation, the price of a house or car, or what time their teen-age daughter is expected to come home. You already do it!! You might as well be more conscious of what’s going on.

### **Negotiation is valuable to you and to the other side**

One approach to negotiation is “integrative” or win-win. In this approach, the negotiator tries to figure out how to increase the total value available to both parties before worrying much about who will get how much value. The goal is to “grow the pie” together and then “divide the pie”. Often the pie can be grown by creatively bringing in aspects of the situation other than price and scope. Some examples:

- Will the client identify now three specific referrals they'll provide at the end of the project when they are highly satisfied with the work? Or,
- Can your compensation be based in part on performance? Or,
- Can you have some flexibility in timing or staffing that enables you do some other work for other clients at the same time?

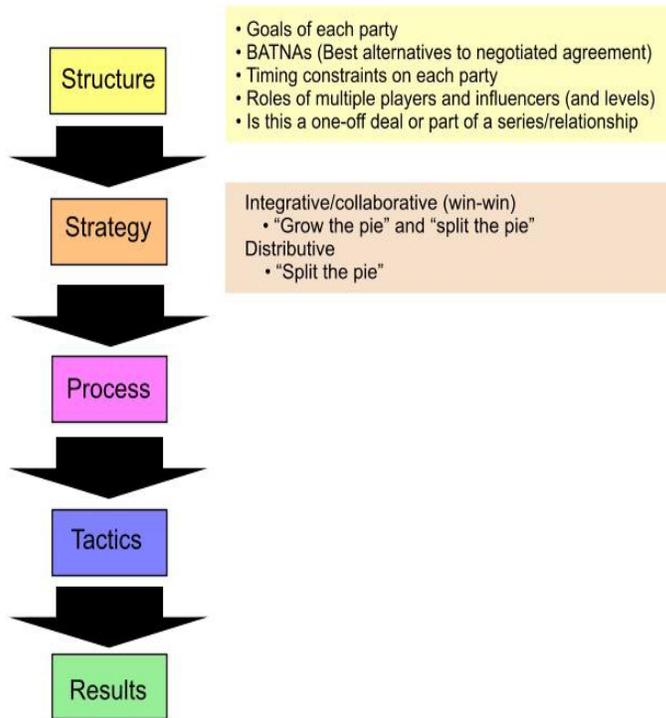
A joint hunt for value often allows both parties to get more than what they need and much more than what they expected

At the same time, in the hours or minutes you spend negotiating, you are setting the terms for how you will work, perhaps for months, for a client, and determining your financial and other compensation. Doing a great job at negotiating can mean significantly more benefits for you without necessarily adversely affecting your client.

## Negotiation is much more than tactics

It's easy to get caught up in the tactics of negotiating – e.g., how to deal with someone who storms out of the room or rejects your offer out of hand, or how to storm out of a room at the right moment or when to reject someone's offer out of hand. But tactics, while important, are only a small piece of the puzzle. Before you get to tactics you need to understand the structure of the situation, the strategy that the structure suggests, and the larger process of a negotiation. Tactics are just tools to be used in the right moments in the process, and their use is shaped by the larger forces.

### How negotiations lead to results (good or bad!!)



The structure of a negotiation includes critical variables such as:

- The goals of each of the parties in the negotiation and more broadly – what they must get and what they want.
- Each party's alternatives – what they will do if they cannot reach an agreement. Having a strong "plan B" is not essential for negotiating success but often brings courage. Having a weak BATNA (Best Alternative to a Negotiated Agreement) means that you have to be clever about finding ways of creating value together. Knowing the other side's BATNA is vital.
- The timing issues each party faces. If the other side needs to get started right away and you have time to delay reaching

agreement, you gain some negotiating advantage.

- The role of other players – do you have to talk with someone else, e.g., procurement, after your client agrees? Then you need to save some concessions for the next level.
- Are you trying to keep the relationship alive or is this more of a one-time transaction? If you are a professional you probably need a relationship, if only to be able to successfully execute the work you agree to do.

Depending on the answers to questions like these, you decide if you are going to approach the negotiation with a win-win approach, or with a more adversarial approach based mostly on "splitting the pie". You also try to guess what the other party will do. And you begin to plan for what you'll do if your guess about them turns out to be wrong.

More about the process of negotiating, including (1) the very critical planning stage of negotiating and (2) the negotiating process and tactics, will be in future editions.

## What to do this week

Keep your eyes open for when you are negotiating (and times when someone starts negotiating with you – even if you didn't expect it!).

Look at one of your current business development opportunities. How do the parties stand on some of the critical structural issues? What is your BATNA? What is the other party's BATNA? If your BATNA is poor, then start thinking hard about how you might jointly create value with the other party in ways they'll find attractive so you both can be better off.

## What are these tips?

These monthly tips help professionals create more business and enjoy their work more. We focus on how to start relationships, how to build relationships, and how to convert those relationships into sales. Visit our [archives](#) to learn more