

Chapter 1

Negotiating for Life

In This Chapter

- ▶ Applying the six basic skills of negotiating
 - ▶ Handling unique negotiations
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Negotiating is not a skill to take out once in a while when you have to make a deal. Negotiating is a way to get what you want out of life. You negotiate all day long, whether it's with your co-workers, your spouse, or your kids.

No matter how large or small, how important or minor, how near or far, a negotiation involves six basic skills. I explain these six skills in the first three parts of this book. After you understand how you can use these skills in a negotiation, you will use them every time you sit down at the negotiating table.

If you think of negotiating as a sport, you can use this book as a manual to improve your game. I briefly explain the necessary skills in this chapter and then give you detailed instructions on how to improve each one of these skills in subsequent chapters. So when you come across a skill you need to or want to work on, just skip to the corresponding chapter or chapters.

For example, if you are a good listener, but need help in setting limits, read Chapter 6. Maybe you want to be able to keep your emotional distance in a negotiation. Chapter 12 can give you some pointers. Of course, you can always read the book from cover to cover. Some people do that. But most people read this chapter for an overview and then skip around the book.

As you read these chapters, you will see that you can take several steps, large and small, to help you improve at these six skills. As your skills grow, you will take charge of *all* the negotiations you face in your life. Even if your dreams or your paycheck seem to hinge on forces beyond your control, you can create a master plan for your life and achieve your dreams — one negotiation at a time.

When Am I Negotiating?

Any time you ask someone to say yes or to do something for you or to get out of the way so you can do it, you are negotiating. You negotiate all day long, whether you realize it or not. You are negotiating when you

- ✓ Ask your boss for a salary increase
- ✓ Ask the cable guy for a more-specific time to show up at your house
- ✓ Try to hurry up the cable guy when he is late
- ✓ Decide to marry (This is a lifelong negotiation.)
- ✓ Try to enforce a curfew with your kids

Negotiating occurs in all aspects of life. It happens in your personal life (marriage, divorce, and parenting), in business, in government, and among nations. For example, at the time of this writing, the United States is in heated negotiations with the United Nations council to revise a U.N. resolution on North Korea for conducting a nuclear test. The resolution may result in strict sanctions against the North Koreans. So a negotiation can be on a global scale or on a personal scale, such as “Honey, please put the seat down.”

If you’re attempting to resolve a dispute, agree on a course of action, or bargain for individual advantage, you are in a negotiation, like it or not. The goal is to reach a resolution that is acceptable to you and that will work for both parties. If that’s not possible, try to find such an agreement elsewhere.

The Six Basic Skills of Negotiating

The skills you need to be a successful negotiator in your everyday life are the same skills powerful businesspeople use during major international and industrial negotiations. Sure, you can refine these skills with additional techniques and strategies, and you enhance them with your own style and personality. But only these six skills are essential:

- ✓ Thorough preparation
- ✓ The ability to set limits and goals
- ✓ Good listening skills
- ✓ Clarity of communication
- ✓ Knowing how and when to push your pause button
- ✓ Knowing how to close a deal

These six skills are so important that everyone should have them on a chart on their walls, just as every chemistry lab has the Periodic Table of the Elements hanging on the wall. In fact, the six skills are listed on the tear-out Cheat Sheet in the front of this book, so you can grab some tape and begin the trend right now.

The six basic negotiating skills apply to all areas of life. They can empower you to be happier and more successful in your life by helping you gain more respect, reach better agreements with your business partners and family, and maintain more control in your negotiations.

Prepare

Preparation is the bedrock of negotiation success. You cannot be overprepared for a negotiation. Whether you are involved in a business or personal negotiation, you must be thoroughly prepared to achieve your goals. Heck, you have to be well prepared just to know what your goals are.

In any negotiation, you must prepare in three areas:

- ✓ Yourself
- ✓ The other person
- ✓ The market

Each one of these aspects deserves your attention. Pay special attention to the first point because you are the most important person in the room. The second item will change as your negotiations change. The third point deserves your lifelong attention.

Prepare yourself

Preparing yourself for a negotiation means knowing yourself and what you want out of life. This step takes some reflection and some planning. With adequate preparation, you boost your confidence and your performance during a negotiation. Know your strengths and weaknesses. For example, are you a good listener, or do you ignore what other people have to say?

What is your life plan? In a perfect world, what will you be doing in three years? This long-range thinking about your own life provides a context for every negotiation you have. After you create a vision of your future, create a plan that includes specific steps to turn your vision into reality. Your negotiations are likely to go astray if you don't prepare your personal, long-range game plan *before* entering the negotiating room. Chapter 2 helps you figure out your vision and develop steps to achieve what you want in life.

You also have to prepare yourself for specific negotiating situations. The better you know your own needs, the more easily you can do this. For example, if you're not a morning person, don't let someone schedule a conference call for 7:30 in the morning. For more strategies on making the most of time and places in a negotiation, check out Chapter 2.

Prepare for the other person

When you find out who you'll be sitting across from at the negotiating table, research that person. Knowing about the other person can help you build rapport, and you can walk into a room with the comfort and knowledge of having some background on your opponent. One of the most common instances where you should do some research on other person is before a job interview. Perhaps, you and your interviewer share a similar past experience. When you show that you know a fact or two about the other person from having done your research, you usually score points with the interviewer. In a negotiation, showing that you've prepared for the other person also serves as an ice-breaker before getting down to the nitty-gritty.

Besides these obvious social benefits, knowledge about the other person lets you know what you're up against. Is this person reasonable? Is this person a bottom-line person, or is quality more important to him or her? Knowing what the other person values helps you emphasize that aspect of your proposal.

It is also important to determine the person's level of authority. If the person is going to have to get approval from folks several rungs up the organizational ladder, you know you'd better provide some written materials or your proposal probably won't be repeated accurately. You can get more insights on figuring out your opposition in Chapter 3.

Prepare about the marketplace

Research your industry. It's as simple as that. A car dealer knows best about cars. A chemist knows best about chemistry. An art dealer knows best about art. If you're going to negotiate in a world that isn't familiar to you, research it. Know the players, know whom to talk to, study the terminology. Do whatever it takes to be the smartest guy or gal in the room.

You should definitely have your personal evaluation of everything being negotiated. You should also have a good idea of how the other party values whatever is being negotiated. Don't be afraid to ask questions. You can even ask such questions of the person you are negotiating with. Asking questions shows the other party that you're interested and willing to learn.

Be a constant student of the industry or business in which you work. People who have a spent a lifetime with a company bring added value to the company simply because of all the information they have stored in their heads. The more you know about the business environment in general and your company in particular, the better off you are. In Chapter 3, I offer some

suggestions on where to look for information about the marketplace and give you some direction on handling things that can influence a negotiation.

Set goals and limits

The only way to achieve anything is to set goals. Sometimes your goal setting can be quite subconscious. This triggers the impulse purchase. You see something you want, you set your goal to acquire it, your hand goes out, you grab it, and it's yours. That is a familiar retail scenario. In the business situation, setting goals is a more-serious, labor-intensive process.

When setting goals, you need to have a brainstorming session where all the possibilities are explored for any given negotiation. Then you have to pare back your list so you have a manageable number of goals to work on. You don't want to overload any single negotiation with all your hopes and dreams for all times. Go into a negotiation with an appropriate list of things to achieve. Chapter 5 walks you through this process.

The easiest and fastest way to keep your goals in mind is to write them down. This helps you visualize them and makes them real. Place them somewhere where you will see them on a daily basis. After you've written down your goals, ask yourself why your goals mean so much to you. Goals are led by your inner desires. Let your intuition guide you toward achieving them.

Before starting your next negotiation, ask yourself this simple question: "What do I want out of this negotiation?" Don't be afraid to answer it. Talk it out. Write it down.

After you've nailed down your goals, you need to set limits. Setting your limits simply means to determine the point at which you are willing to walk away from this deal and close the deal elsewhere. For instance, you set limits when you interview for a job by establishing the lowest salary you'll accept.

Setting limits is a scary thing. It takes practice for some people, but if you don't do it, others will take and take and take as long as you keep giving. At some point, you realize that you have given too much — a line has been crossed — all because you did not set your limits ahead of time. If you find this happening to you, read Chapter 6 for five steps to setting limits.

Listen

The vast majority of people think they are good listeners. Instead of gratifying your ego with self-indulgent reassurance, take a survey to figure out if you're a good listener. Find out the true state of your listening skills from objective evidence or those who will be brutally honest with you.

Learning to listen is one of the most important skills to develop when negotiating. Before a negotiation, know the specific areas where you want to gather information. Listen attentively during the meeting. Get the most information you can, and you will have a successful negotiation.

Check your bad listening habits at the door. Always expect to find *something* of value from the other person. The rewards of good listening skills are amazing. I cover ways to improve your listening skills and give you a few tips to be sure that nothing stands in the way of you and good listening in Chapter 7.

Stated affirmatively, here are some tips for becoming a good listener: Clear away the clutter in your office. Count to three before responding to a question so that the question (or comment) can sink in. Keep notes. Be sure that you are fully awake and present.



If you experience communication problems during a negotiation, it's probably because you or the other party wasn't listening.

Part of the listening process involves interaction between the two parties. Don't be afraid to ask questions as you gather your information. When you ask questions, you refine the information you have received from the other party. Questions are a real power tool, and I cover them in Chapter 8 in detail. If you don't get the information you want to receive, ask a follow-up question. And never, ever interrupt someone who is trying to answer a question you have asked.

Whatever you do, don't accept any substitutes for the information you are seeking. Some folks will try to dodge a question or make a strong general statement instead of answering your specific question. If someone responds to your question without answering it, ask it a little differently. But don't let them off the hook.

Be clear

When I say be clear, I mean be clear in what you say and what you do. This sounds easier than it is. You must be sure that your actions, your body language, your tone of voice, and your words all send the same message.

Are you as clear as you can be in your communications? You can rate yourself or ask those you love and trust. A good negotiator is an excellent communicator and understands how others think, feel, and function. But first, you must start by analyzing yourself.

Here are some tips for being clear: Know your purpose in speaking and cut the mumbo-jumbo. Keep all your commitments. If you say that you are going to get back to someone at 10 a.m., be sure that you get back to them at 10 a.m.

In the rush of the workday, we often shortchange ourselves and others on clarity. When you say one thing and do another, you may confuse people. Good communicators are consistent communicators.



The six negotiating skills in one film

Dog Day Afternoon is probably the best single film on negotiating that you can watch. Millions have seen a very young Al Pacino and Charles Durning turn in virtuoso performances as captor and cop in this classic film. Based on the true story of a bank robbery that turned into a hostage situation, the film shows the local police team trying hard to resolve the situation but fumbling a bit. Then the FBI team moves quickly into action and negotiates with skill and training. The events were re-created with incredible accuracy.

Each of the six basic principles of negotiating is clearly demonstrated in this film. Here is a friendly guide through the negotiation without ruining the film.

- ✓ **Prepare:** You'll notice right away that the robbers are unprepared for the hostage situation. They came to rob a bank, not to take hostages. In fact, one of the team members bails out immediately in a comic lesson about the importance of building a solid team that is fully prepared. Note how the police immediately and throughout the film try to gather information about the man holding the hostages. They use all the resources of the state to find out who they are negotiating against. Within hours, the cops find out things that shocked the man's mother and his wife.
- ✓ **Set goals and limits:** The police set limits before they ever start talking. Their goal is to get the hostages out safely. When a hostage is hurt, they find out how the injury happened. If it was an accident, they continue the negotiation. If it was an execution, they make a frontal assault on the site. Through
- it all, they never forget their goal, even though they appear willing to do so as far as the captors know.
- ✓ **Listen and clarify communications:** This is a constant. Note in the barber shop that someone is always in the background wearing headphones. That officer is monitoring all the communications both ways to be sure that they are clear. He does not speak, but he is an integral member of the negotiating team. Most audience members would not notice. Also, note the body language of the FBI agent when he first meets Pacino's character. The agent conveys authority and confidence, unlike the local policemen.
- ✓ **Push the pause button:** The police have a firm hold on the pause button. One officer's sole job is to observe everyone's emotional state. This officer keeps a check on emotions and removes officers before the strain of the situation overcomes them.
- ✓ **Close:** The authorities keep the goal constantly in mind. Notice how many times the police try to close this negotiation.

You can watch this film more than once. Each time, you will notice something new about the way the skills in this book apply to this type of high-stakes negotiation. It is fun to note something new with each viewing.

You will notice that films are used throughout the book to make a point. *Dog Day Afternoon* is so instructive that it is shown at the FBI training school for hostage negotiators in Quantico, Virginia. I also screen it frequently in my three-day, intensive negotiating courses for corporations.

When you become sensitive to being clear, you can start helping others. You can tactfully bring the tangent people back to the point of the conversation and subtly curb the interrupters. When you meet people who are unprepared, you can educate them and bring them up to speed. You can get some pointers on improving your clarity, as well as other's clarity, in Chapter 11. (You'll also find some tongue-in-cheek methods to really foul up communications.) As you master the six skills, you model them for others on your team and often to those on the other side of the table. And the negotiation goes all the better for it.

Building a career in negotiation

I have always been interested in the elements of successful persuasion, even before I thought of organizing all the information under the umbrella of negotiating. In college, I went to hear every notable speaker who came to campus, from the conservative Reverend Billy Graham to socialist speakers trying to lean the campus to the left. As editor of the school's literary magazine, I interviewed most of those individuals.

Right after graduation, I became a U.S. Marine Corps officer with my own reconnaissance platoon. I began studying the elements of leadership because I knew that my leadership abilities could mean someone's life someday — maybe mine. You probably don't think that giving orders in the Marine Corps has anything to do with negotiation. Marine Corps officers do operate under many preset limits. But I found that the better the preparation (mostly in the form of good training) and the clearer the orders, the better the troops followed. Our little platoon was selected to be the first Marine ground combat unit in Vietnam. We shared our missions with a group of Navy Seals. Careful negotiations within our unit and with the Seals resulted in many successful missions.

I went to law school at the University of California at Berkeley in the mid-1960s where I was student body president. You better believe that job required a lot of negotiating between those who wanted to close the school down and those who wanted nothing to do with the undergraduate student strikes after graduation. I hung a

shingle in what was probably the most challenging facet of the law — entertainment law — in what was probably the least compassionate environment — Hollywood! I started without a single entertainment client; all I had was my skill in negotiating. At the time, very little was written on the subject. No college I had attended offered courses on negotiation. I continued my self-study of the field. My knowledge paid off on my first (and, at that time, only) entertainment client, and he recommended me to another person, and so on, and so on.

Since then, I have enjoyed great successes. I have negotiated for and against some of the biggest names in Hollywood and against every single studio in town (in all their incarnations). I negotiated every production deal for Michael Landon during the most productive years of his life. I still negotiate the use of the names and likenesses of such Hollywood greats as Donna Reed and Elizabeth Montgomery. Today, my book *Clearance and Copyright* is used in more than 50 film schools around the country.

For examples in the book, I draw primarily from my law practice as a full-time negotiator in the entertainment industry where I represent actors, writers, directors, and independent producers in their negotiations with studios, financiers, and each other. In the text, I also use examples from my family life as a father, grandfather, and partner to one of the master negotiators of all time.

Push the pause button

Everyone has a *pause button* — a little device inside our heads that helps us maintain emotional distance in a negotiation. Some use it more than others. Others don't use it all. The pause button can take many forms — it can be a break during a heated negotiation, or it can be a moment of silence when you don't agree with someone's argument.

When you use your pause button during a negotiation, you prevent yourself from saying things you may later regret. Your pause button also allows you a moment of reflection. When you don't use your pause button, you may jump into a deal too quickly because you didn't spend enough time thinking about your words and actions.

Never let your emotions take control of your actions. Figure out in advance what sets you off. Identify your hot buttons. When you know what upsets you, talk about it with others on your team so you and they are ready if this kind of situation arises. We all have hot buttons, so we may as well deal with them upfront. I talk more about the benefits of using the pause button and ways to cool your hot buttons in Chapter 12.

If a negotiation looks to be headed south and talks are at a standstill, don't panic. Use your pause button. Think about the steps that got you to this point. Instead of making outlandish demands or angrily storming out of the negotiating room, take a breather and suggest meeting at a later time.

Closing the deal

Sometimes deals don't seem to close even when the parties are more or less in agreement on all the important issues. Sometimes this happens because someone in the room is being difficult. This takes all forms. Maybe a person is being a bully or trying to pull the wool over your eyes. Maybe someone is disrupting the proceedings by yelling or being bossy. Pushing past these problems involves pushing the pause button — hard. Take breaks as often as necessary so everyone has a chance to regroup. You are not the only person in the room who is affected by these people, and Chapter 13 can help you deal with people who make negotiations unnecessarily difficult.

Sometimes deals get hung up because of the other side's tactics. You probably can list them as well as anyone: a constant change of position, playing good cop/bad cop, having to check with an invisible partner. I cover these behaviors and other disruptive actions in Chapter 15. When you run into one of these behaviors, push the pause button. When you're on a break, analyze your opponent's tactics, and when you return to the negotiating table, ask specific questions of the other side. Listen carefully to get around the obstruction.

Closing is the culmination of the negotiation process, which I focus on in Chapter 14. It's the point where everything comes together, when two parties mutually agree on the terms of the deal. But how soon is too soon to close? The answer: It's never too soon to close. You want to start closing as quickly and efficiently as possible — under reasonable parameters, of course. You don't have to close the whole deal right away. You can close a piece of it by agreeing tentatively and moving on to other issues.

Closing the deal isn't always a smooth process. Sometimes you are dealing with someone who fears making a bad deal or is afraid of his or her boss who never likes a result no matter how good it is and how hard everyone worked. Again, ask a lot of questions to find out what is going on, and then help this person with his or her problem.



A good negotiator is often just someone who helps the other side understand all the good points of his or her proposal and gives the other person the tools and arguments to sell the proposal to whoever needs to be sold.

Handling All Sorts of Negotiations

You can apply the six basic skills to every negotiation, no matter what. But some of the negotiations you'll encounter may seem beyond the scope of these skills. Trust me, they aren't. You simply have to remain focused on the six skills.

Negotiating is like tennis. You have to serve the ball whether you are playing a rank amateur or in the finals at Wimbledon. Like the backhand and forehand shots in tennis, your negotiating skills stay with you no matter what court you are on or who your opponent is.

Negotiations can become complex for any number of reasons, and male-female negotiations often have an element of complexity to them. And as the world seems to grow smaller and move faster, you're likely to face international negotiations and negotiations that take place over the telephone and Internet.

When negotiations get complicated

In simple negotiations, you can apply the six basic skills without too much trouble. But what happens when a negotiation gets complicated? Complex negotiations happen when the negotiation becomes larger in scope, and the amount of work and organization requires more than two people (one on each side of the negotiating table) can handle alone. When the negotiation shifts from a two-person affair to a 20-person affair, the negotiation is complicated.

On a personal level, a negotiation becomes complicated when you invest all your emotion and effort into getting the deal closed. For example, a salary negotiation, although simple in theory, carries a lot of emotional weight behind it.



No matter the size and factors involved in the negotiation, the six basic skills serve as your core to making the negotiation a success.

Complicated negotiations often involve multiple issues, multiple parties, handling the media, and other fun factors. I expand on these further in Chapter 18.

International negotiations

International negotiation (or cross-cultural negotiation) is one of many specialized areas in the world of negotiating. The six basic skills are just as critical, if not more critical, in international negotiations as they are when you're negotiating on home turf. International deals require more preparation because you have to tailor your negotiating approach to the customs of the country you're negotiating in.

Preparing for cross-cultural negotiating requires more than just understanding how foreigners close a deal. You have to know the differences in communication, their attitude toward conflict, how they complete tasks, their decision-making processes, and how they disclose information. Even the body language in other countries is very different from what we're accustomed to in the United States. Eye contact, personal space, and touch vary among countries. Chapter 16 has more points to consider and advice for making international negotiations less stressful.



Research the country's traditions before walking into a negotiating room on foreign soil. Watch foreign language films, read travel guides, and learn key phrases in your counterpart's language during the preparation process. Bridge the communication gap as much as possible. When you start behaving like a native, you'll earn the respect and confidence of your foreign counterpart.

Negotiations between men and women

Communication between the sexes is much different now than it was during our grandparents' time. For one, women are now leaders in large businesses and politics, two worlds once dominated solely by men. As we begin the 21st century, the communication gap between men and women has slowly narrowed, but not completely. Fundamental differences still separate the two sexes. In Chapter 17, I discuss the different communication styles between men and women.

Giving people tools to enhance their lives

For years, I have been teaching negotiating courses at universities and for private clients across the country and in Europe and Asia. Good negotiating skills translate into good working relationships with employees, clients, vendors, and customers. The ever-challenging task of managing people entails delegating tasks, which means empowering people to get results for which you are ultimately responsible. Managers engage in these negotiations every day. All of us must negotiate in one way or another.

Included in most of the courses I teach is a nod to gender differences. This material builds on the work of Mimi Donaldson, who was the co-author of the first edition of *Negotiating For Dummies*. I give people tools to communicate

and negotiate with the opposite sex at home and at work. Now with women gaining power and position, the language of power is no longer gender based. Role models are no longer just male; they are also female.

I have always taught men and women to negotiate fairly and appropriately. You can get what you need and want, and build relationships in the process. You may have to risk upsetting someone for the moment. You may have to risk not being liked by everyone all the time. That comes with achieving results. You always have to choose between comfortable safety and risking discomfort to go for what you want. I use these principles as the basis for my courses in negotiation.

Negotiation on the phone and via the Internet

We're riding on the information superhighway and never looking back.

The landscape of communication has changed dramatically, thanks to the telephone and the Internet. These forms of telecommunication have made communication faster and sometimes simpler. More importantly, they've created a new mode of negotiating. You can now negotiate from the comfort of your own home, in a car while driving to your office, or from a different part of the world.

Negotiating via the telephone and Internet requires the same preparation and etiquette as a face-to-face negotiation. The only difference is that the negotiation happens at the lift of a headset or the push of a button. Although simpler, using the telephone or Internet to negotiate is not as good as negotiating in person. You miss the human interaction, the body language, and the gestures that are so important in gauging others when negotiating in a room. For more on telephone and Internet-based negotiations, see Chapter 19.