

The Top 10 Negotiation Mistakes



And How To Avoid Them!

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The Top Ten Mistakes Executives Make In International Sales Negotiations – And How To Avoid Them!

Proven strategies for effectively creating better business deals!

Dear Reader,

The challenges sales specialists and key account managers face when negotiating with corporate clients today often include:

- **Massive price pressure and psychological power-tactics**
- Complex purchasing processes and delayed decisions
- Expensive or blocked negotiations and scope creep

Failure to deal with these problems successfully can be fatal.

Yet many of the traditional sales techniques will not produce successful results when **negotiating with the new, well-trained breed of corporate buyers**, procurement experts and supply chain specialists.

Understanding how to effectively deal with their tactics will enable your sales team to

- **accelerate and increase your sales revenue and profit**
- craft larger, more profitable deals and secure better bottom-line results
- reduce the risk of failed negotiations, especially in an intercultural context

However, we often see even the most experienced specialists stumble over the following 10 major mistakes in their business negotiations.

Avoiding these mistakes can help your sales team to **leapfrog your competitors**.

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Mistake # 1: Lack of effective scenario planning & preparation

Too many negotiators we meet default to their personally preferred standard procedure in negotiating deals, because this approach has enabled them to succeed in the past.

There is absolutely nothing wrong with this cookie-cutter approach, as long as you always work on the same kind of deals, with the same type of people, in similar cultural and economic settings.

If you find yourself getting involved in **more complex, international or intercultural deals**, more **robust planning and preparation** is required, in which you take into account all of the interdependencies and power-factors influencing the deal, develop multiple scenarios both at the strategic and the tactical level, and recalibrate or refine your negotiation plan on an on-going basis during the actual negotiation, based on the **cultural and interpersonal patterns** you observe.

Having said that, I am always amazed to see how many negotiators try to win even the most complex deals, flying by the seats of their pants!

Experience shows that the best negotiators prepare their interactions meticulously, which allows them to be more **present, agile, powerful and effective** during the actual negotiations.

Mistake # 2: Not setting the scene properly

The best negotiators we have met over the years seem to initially spend a lot of their negotiation time setting the scene, priming their counterpart, framing their position, and anchoring the value their product or solution offers.

If there is **ONE** thing which seems to separate the experts from the amateurs in negotiation, it must be the quality of the priming, framing and anchoring applied.

This is especially true for international, intercultural negotiations, where framing provides a means of maintaining a clear focus throughout the business conversations.

As the saying goes – *frame or be framed!*

Mistake # 3: Unclear team roles & responsibilities

Most negotiation teams we work with seem to fare relatively well when it comes to appointing the lead negotiator and expert roles.

However, we often find that despite all of the power-mapping negotiation teams seem to go through during the preparation phase, in order to better understand the power-distribution and interdependencies of their opposing team, they relatively rarely map out who on their team will be developing what type of relationship with which person on the other side. They also rarely seem to **consciously plan** who will be making which concession at what point in time to which person on the opposing team.

In addition, experience shows that it is important to have at least one person on your team charged with managing the agenda, timelines, milestones and deliverables, as well as **observing and interpreting** the potential changes in team-dynamics, roles, body-language cues and priorities in the opposing team.

I am often amazed to see even highly experienced, seasoned negotiators totally **ignoring the obvious body-language cues** their counterparts share during the negotiations. The danger here is that we get so involved in the conversation, especially when the tension and complexity levels increase, that we no longer consciously see what is really happening right before our eyes.

Mistake # 4: Lack of constructive contention

Many business leaders and sales people seem to dislike the conflict, tension and emotional stress, which are simply a natural ingredient of most negotiations.

Most professional purchasers and sourcing specialists know this fact intuitively, leveraging tension as a strategic tool during their negotiations, in order to destabilize the sales people.

The best sales negotiators we know have learned to reframe such tension and use it as an opportunity to create innovative solutions with their clients.

In the context of intercultural negotiations, it is important to note that the amount, timing and the way in which concessions or trades are made can differ significantly. Not using a culturally appropriate concession-style is one of the main reasons why intercultural negotiations frequently stall or become totally blocked.

Mistake # 5: Ineffective management of complexity

When negotiations get too complex, the tension level tends to increase fast, and the resulting sense of frustration can quickly lead to dangerous black-or-white solutions, which usually don't satisfy the underlying needs of any of the parties involved.

Managing complexity usually requires us to limit the number of negotiables we focus on at any one point in time. Experience shows us that a range of 6 – 8 negotiables provides a manageable level of complexity, which most negotiators seem to be able to work with effectively.

Experience tells us that having too few negotiables is just as bad as having too many. In both cases most negotiators tend to focus on the obvious, quantitative negotiables more, which usually leads to a discussion purely around price, rather than value.

Furthermore, it is normally helpful to focus on solutions instead of problems, pro-actively managing the expectations of all parties involved, the respective team-dynamics, personal style preferences, differing personal agendas, cultural backgrounds, and the number of deal-scenarios you work on with the parties involved at any given point in time.

Mistake # 6: Not preparing breakthrough strategies in advance

Handling tactics, power-play, and blocked situations on the spur of the moment often doesn't provide successful results, unless you happen to have a long track-record and a wealth of relevant experience in business negotiations, or if you are equipped with an unusually strong intuitive guidance system.

We have seen even the most seasoned negotiators getting into totally blocked situations, especially when tension levels increase and their brain goes into fight-or-flight mode. A key breakthrough strategy thus is to monitor and actively manage your **personal emotional state**, as well as leading your counterparts towards a constructive process of creating common ground and co-creating a mutually beneficial outcome.

We normally suggest brainstorming potential breakthrough strategies with your team in advance, as part of the scenario-planning, and involving a seasoned negotiation coach where needed.

Mistake # 7: Selling and challenging instead of co-creating

Although there clearly are many exceptions to this rule, we find that especially in Europe many business leaders do not like being sold to.

They also often don't respond especially well to having their business strategies, plans and activities challenged by sales-people.

And increasingly, we hear executives state that the *win-win approach* often produces compromises which aren't really satisfying.

One of our clients has even coined the term *win-win is for losers!*

In today's complex, multinational, multi-option, multi-polar world, we need to go beyond cleverly crafted compromises, and instead orchestrate the context for **co-creating** more holistic, sustainable, truly satisfying solutions with our counterparts in the business-negotiations we get involved in.

Mistake # 8: Not probing and checking assumptions deeply enough

We often find in our business negotiation coaching assignments that our clients believe they have understood what their counterparts really want – and they usually have already developed a whole host of potential solutions for the perceived problem.

It seems that many negotiators enjoy the sense of satisfaction involved in the problem-solving process. So as soon as they see a problem, they immediately start solving it.

This highly transactional problem-solving approach often leads sales teams to present their clients with *the perfect solution for the wrong problem!*

Even if you provide clients with exactly what they asked you for, you may find that they are still not truly satisfied with what you give them.

Especially in complex business negotiations we need to take time to check our assumptions and dig deeper, in order to understand the true underlying personal and business motives, as well as the respective **hierarchy of needs** driving the dynamics of the negotiation.

Mistake # 9: Not structuring the negotiation process effectively

Our negotiation coaches are often called to intervene and provide support in negotiations that have become blocked – or totally unstuck.

One of the first things we do in such situations is to conduct a *meta-negotiation* with all parties involved, to redefine or recalibrate the rules of engagement, clarify the expectations, define the desired deliverables, develop a common denominator, and agree on mutually acceptable ways to take the negotiation forward.

Such *meta-negotiations* are especially important and effective in the context of intercultural business negotiations, as they help to create the common ground, which is usually required, in order to establish a sense of mutual trust and transparency.

Creating such small but significant incremental agreements, and linking them up logically, can provide a quick and effective way to **break through blocked situations** and to create solutions that satisfy the real needs of all parties involved.

Mistake # 10: Ineffective deal closing and post-deal implementation

Many procurement professionals admit to experiencing what they call *purchaser's remorse* after closing a deal, especially if they learn later that they could have got a better deal, if only they had fought longer and harder.

The best sales negotiators seem to help their procurement partners by putting together a sound business case and **coherent, relevant business story** (that is why relevant **storytelling** is so important in the sales process), enabling the buyers to make a better case for their purchase within their own organization.

When I work with procurement specialists, they often tell me that **this is the most important thing** they would like to receive support with from the sales people they meet.

And at the same time it is the **MAIN** thing they usually don't get.

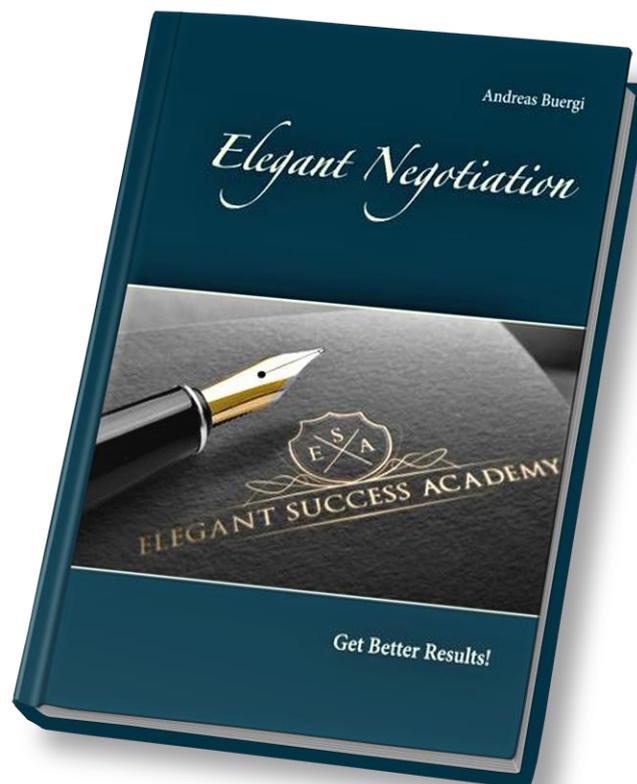
But frankly, it takes two to tango – and often procurement specialists don't give the sales-executives the time or opportunity to develop a powerful business case or sales story with them.

And finally: The moment of truth happens after you close the deal.

Clients usually have long memories.

If you don't help them in the internal sales process, if you try to cut corners after the deal is done, your short-term success may come back to haunt you.

For more information about our advanced negotiation techniques, check out our new publication, which you can obtain through our webshop, as well as on Amazon / Kindle or in the Itunes store:



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Andreas is the **Managing Partner of LWI AG** based in Switzerland, as well as an International Faculty Member of the **Red Bear Negotiation** network.

He is a seasoned executive coach and corporate management consultant with more than 33 years of hands-on leadership experience in business, servicing clients around the world. He has successfully trained and coached more than 18'000 executives, entrepreneurs, business development and sales specialists in advanced negotiation and deal-closing techniques in Europe, the Middle East, Africa, Asia and North America.

Andreas worked in the financial services industry in Europe for 10 years at the beginning of his career, from where he went on to become a **Partner with PricewaterhouseCoopers**, before starting his own business. Andreas holds an **MBA** from City University of Seattle, as well as a Diploma of English Studies from Cambridge University. He graduated from Zurich University and he studied systemic solution-oriented coaching at the University of North-Western Switzerland, as well as CoachU, USA. Andreas is a **Master Practitioner of NLP** and a certified Birkman consultant.

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