

NATALIE REYNOLDS'

WE HAVE A DEAL
MEMORIZATION BOOKLET



MentorBox

WHY YOU NEED TO FILL OUT THIS BOOKLET!

Theory is useless compared to action.

This booklet is what will separate you from everyone else.

The science is unequivocal: Learning Science has shown that retention increases dramatically when new information is immediately recalled (verbally or via writing), as well as when it is practically applied to your life.

NOW WHAT?

Watch the video online or on your USB Flash Drive.

Pause the video as needed to fill out the booklet.

Don't worry about finishing all at once. Stop. Start. Come back. It's all up to you.

Apply the techniques discussed in the booklet to your life.

Notice the results. Then double down on what especially works for you.

WHAT YOU WILL LEARN

1. "People negotiate with people." Understanding the habits and behaviors of the people involved in a negotiation is key to your success.
1. To be human is to negotiate. It's not a choice, it's how we navigate life. By learning how to negotiate well, and by being proactive in what you ask for, you can ensure the best chance of success at obtaining what you need, want, and deserve.
2. Find the balance between persuasion and facts, as you cannot succeed at negotiation without either one. Emotions have a strong role in our actions at the negotiation table, and how and what we communicate are both equally important in their effect on the ways in which your counterparty will respond.

NOTE - You do NOT need to read *We Have a Deal* to learn and apply its key points. You SHOULD read it, but you don't have to.

BIG IDEA #1: THE VOICE IN YOUR HEAD & THEIRS

WHISPER & MINDSET

No amount of confidence, experience, or preparation can eliminate the “voice” in every negotiator’s head that whispers doubts about the validity or reasonability of his or her own side. It is an internal questioning of your strategy, and one that can often negate all prepared plans, proposals, or research in favor of an emotional and debilitating lack of self-confidence.

This voice causes you to lose faith in your strategy, to limit your asks, and to jeopardize the success of the entire negotiation process. Learning how to recognize this voice, however, can give you the tools to leverage this weakness to your advantage.

Think of the voice in your head as the party that barges in at the most inopportune moments with questions like, “Do you really think they are going to accept that offer? You sound greedy and out of touch,” or “They think you don’t understand your own market, and they’re right.” Invited or not, they are always there and ready to object. No matter what your position or how much experience you have.

THE LITTLE VOICE

Natalie has seen every negotiator fall prey to the stress and panic caused by this voice. It is important, too, to recognize that your counterparty *also* has this voice, and when you leverage that knowledge to understand *their* fears and anxieties, you can increase your own power within a negotiation.

The voice in your head only has as much power over you and the negotiation as you allow it to. By inwardly acknowledging it, and understanding that what it is trying to tell you isn’t helpful or even true, you can more successfully push back against it with preparation and confidence—returning your attention to a successful outcome.

“The little voice in your head is the forgotten party in many negotiations, and yet it has the ability to derail the most prepared and intelligent of people.”

BIG IDEA #2: KNOW YOUR NEGOTIATION

CLAIM & CREATE

Negotiations can be broken down into two main types: haggling & hard bargaining (“Value Claim”), and trading & working together (“Value Create”). Each type is unique and requires its own style of preparation and strategy. Misidentifying the type of negotiation you are in can often lend your counterparty a significant advantage.

One of the easiest ways to understand what kind of negotiation you are facing is through the “Five Factors Test.” There are five main factors that are present, at some level, in every negotiation: trust, dependency, complexity, relationship, and risk. It is often the case, however, that the stronger the presence of these factors, the more likely you are to be moving away from a Value Claim negotiation and into a Value Create. Mapping out these factors before entering into a negotiation can help you better prepare for the road that lies ahead.

Often, people make the mistake of assuming that there is a blanket strategy for all forms of negotiation, and fail to identify the factors that make each scenario unique. By not understanding what kind of negotiation you will be involved in, you put yourself at an immediate disadvantage, and risk the ultimate success of your strategy. Your counterparty may also try to mislead you as to the type of negotiation you are in, to gain the upper hand.

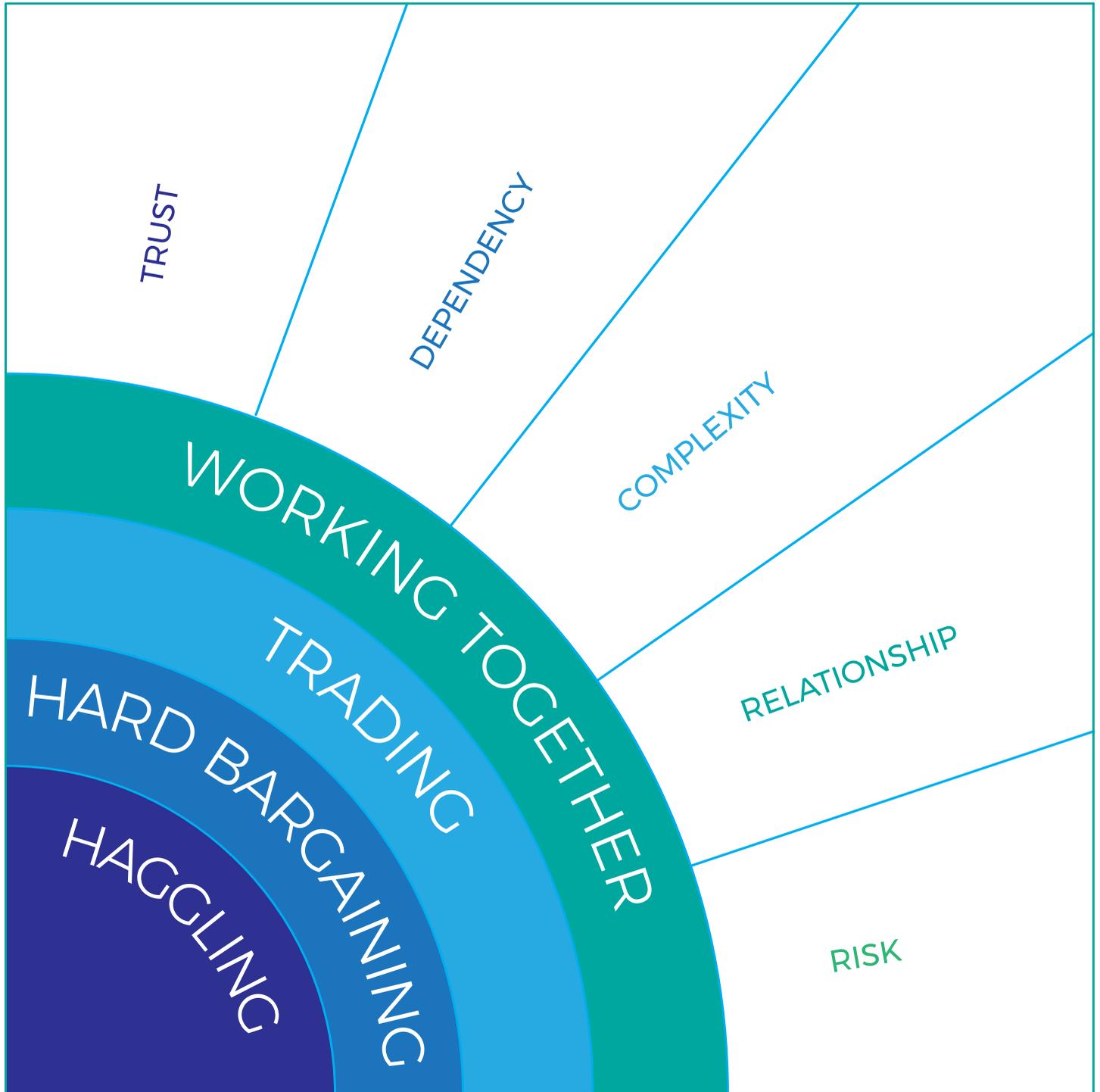
SCENARIOS

Natalie compares the scenarios of a person attempting to haggle on price with a street vendor versus a company outsourcing part of its operations to a private sector firm. In the first scenario, which she describes as “Value Claim,” you can easily walk away from the vendor if you cannot reach a reasonable price. It is a one-time transaction, with little at risk in terms of the product or relationship. In the second scenario, however, both sides must consider that they will be working closely together for an extended period. The negotiation must be thought of in terms of “Value Create” and both parties must work to achieve a result that is deemed mutually acceptable.

For every negotiation, you must determine the importance of each of the Five Factors to understand whether you are on the spectrum of “Value Claim” or “Value Create.” Look not only for the presence or absence of these factors, but also try to understand the strength that each factor carries in your scenario. Knowing what type of negotiation you will be entering into will allow you to prepare your strategy and guide you through the ups and downs of the negotiation process.

“There is no such thing as a standard negotiation. Each one is different and as a result requires a difference in your approach.”

NATALIE'S FIVE FACTOR TEST



VALUE CLAIM · VALUE CREATE

BIG IDEA #3: ANCHORING

OPEN FIRST

Often, people will avoid making the first move in negotiations, preferring, instead, for the counterparty to voice their opening offer before responding accordingly. However, it is by going first, and starting with a proposal that is much higher or lower than what you actually need or expect, that you have the best chance of leaving the negotiation with the most preferable terms.

Research has shown that humans have a tendency towards “anchoring”— they will form a bias in favor of the first information they hear, regardless of what comes next. It is important to anchor the other party to your starting point and thus set the bar for the rest of the negotiation. It then follows that the more ambitious your anchor is (i.e. the more room you leave between your opening offer and what you actually expect to receive), the more success you are likely to have in the negotiation.

OPEN AMBITIOUSLY

Natalie illustrates this idea in the context of a simple shirt sale. You, as the seller of the shirt, believe it to be worth about £20. However, a buyer walks up and immediately offers £6, causing you to question whether you had priced the shirt too high to start. You immediately drop your opening proposal to £14, hoping to sound more reasonable against theirs. Without knowing the real value of the shirt to the buyer, you have automatically lost the opportunity to make anything above £14, and have “anchored” yourself to a lower number because they happened to make the first offer.

If you cannot open first, avoid anchoring yourself to their proposal. Acknowledge it, thank them for it, and move on to something more in line with your own goals.

“Negotiation is not about waiting to hear what they are prepared to give and then responding. It is about developing and presenting proposals and packages in such a way that you get them to agree to what you want.”

BIG IDEA #4: DISCOVER

PLAN AND PREPARE

When faced with a hectic schedule, the first part of a negotiation that many people skimp on is the planning and preparation. However, it is imperative to the success of any negotiation, no matter how large or small, that all issues, concerns, priorities, and background information, as they apply to *both* parties, be well researched and thoroughly understood prior to sitting down at the negotiating table.

The more information you have in any scenario, the more power you have. By failing to prepare, you may overlook key issues of the agreement that could provide critical leverage in negotiating with your counterparty. Having a thorough understanding of the available information can also help you to “pre-condition” the opposing side through the careful placement of biased or anchoring information that works to your favor.

THE INSIGHT LOCKER

Natalie describes a story of two parties signing a partnership agreement. One party assumes that the negotiation is fully collaborative, and – intent on creating a sustainable and long-term partnership – readily offers to cut prices and extend payment terms. The final contract heavily favors the other party, under the assumption that there will be additional orders down the road. Those contracts, however, never appear. The buyer has worked the system to their advantage, driven down pricing, and walked away with a great one-time agreement.

For every negotiation, create an “insight locker” that outlines the “who, what, when, where, and why” for both parties. Then, map out every potential issue that could arise within the context of that negotiation from either side, as this will help you to prepare for road bumps along the way. And be aware of information that may have been planted by your counterparty. Information that comes too easily, or is definitively biased to your counterparty’s argument, may have been put there to derail you. Remain skeptical of everything during the research phase.

“Your planning and preparation should have been extensive and effective enough that you have pre-empted everything... There should be no such thing as an actual surprise at the negotiation table.”

APPLICATION TO LIFE: SHARPENING THE AXE

QUESTION

Consider an upcoming negotiation (hint: it may be in your personal life). Create your own “Insight Locker Checklist” that answers the *who*, *what*, *when*, *where*, and *why* of the upcoming scenario.

- *What? I am negotiating over the price of a used car.*
- *Who? With the sales associate at our local car dealership.*
- *When? This Sunday.*
- *Where? In the dealership office.*
- *What are the associated risks? I may walk away without a new car, and my current car is running on fumes.*
- *Do you have an alternative? Yes, but the history of the alternative vehicle is not as comprehensive.*
- *What does success look like? I walk away \$2000 under asking price.*
- *What does failure look like? The dealership refuses to budge on Price.*

What?

Who?

Where?

What are the associated risks?

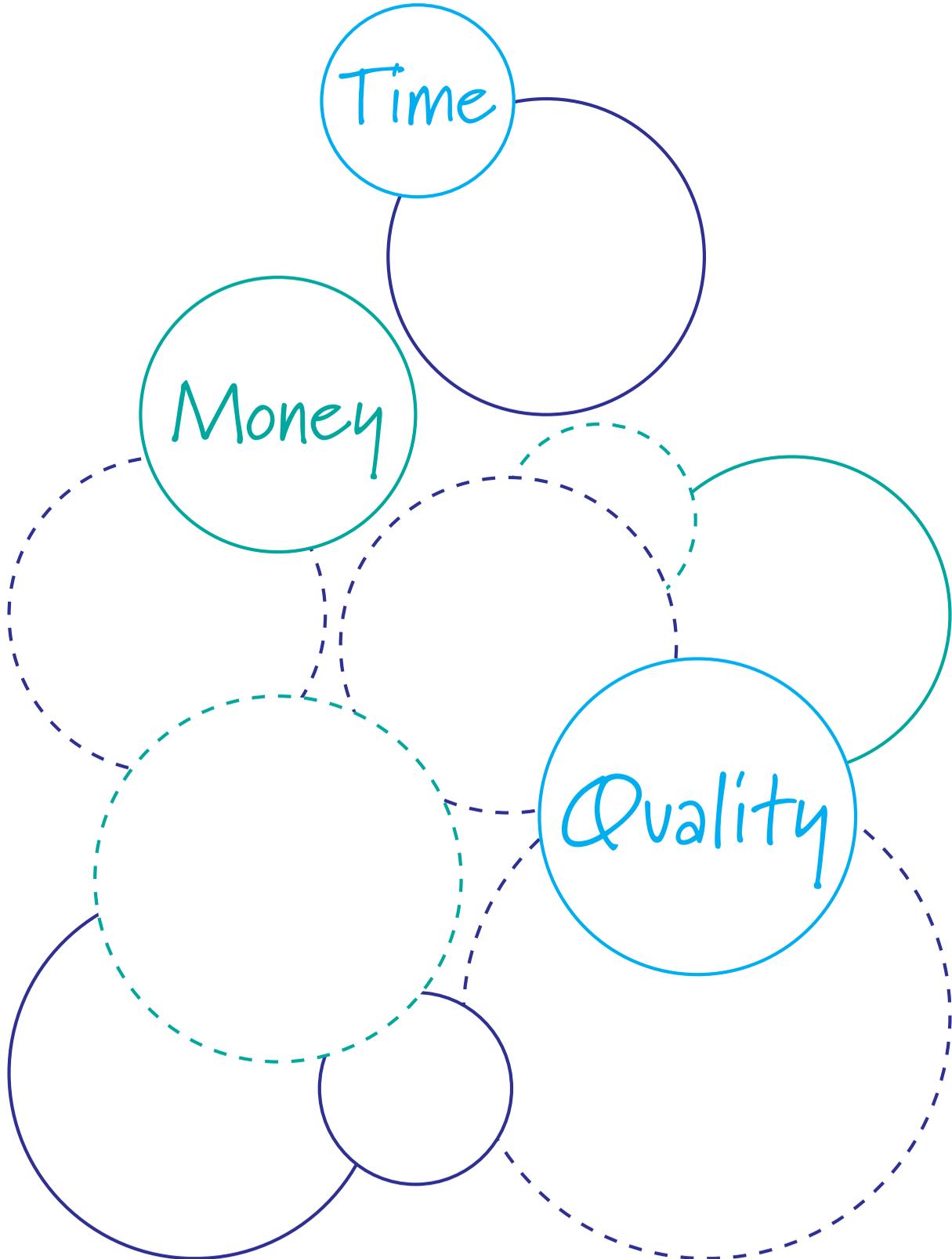
Do you have an alternative?

What does success look like?

What does failure look like?

NATALIE'S VARIABLE MAPPER

Using the previous scenario, brainstorm all potential issues that could be negotiated as part of the deal.
Map an incoming negotiation into the "Variable Mapper" below for a visual overview.



BIG IDEA #5: ESTABLISH

THE NEGOTIATION ZONE

All the preparation and research in the world means nothing if you don't know how to use it to your advantage within the context of your negotiation. After gathering as much information as possible, it is imperative to refine and prioritize what you have mapped out, thus setting the limits of your potential "Negotiation Zone."

To establish the Negotiation Zone you must first identify your own "breakpoint" – the limit past which you will not make a deal in a negotiation. You must then determine your counterparty's breakpoint. This limit usually lies somewhere between their opening offer and the point at which making the deal would be absurd. Once these limits have been defined, you can then create a visual map of your Negotiation Zone - the area between the Seller's and the Buyer's breakpoints where you are most likely to reach an agreement.

BREAKPOINT

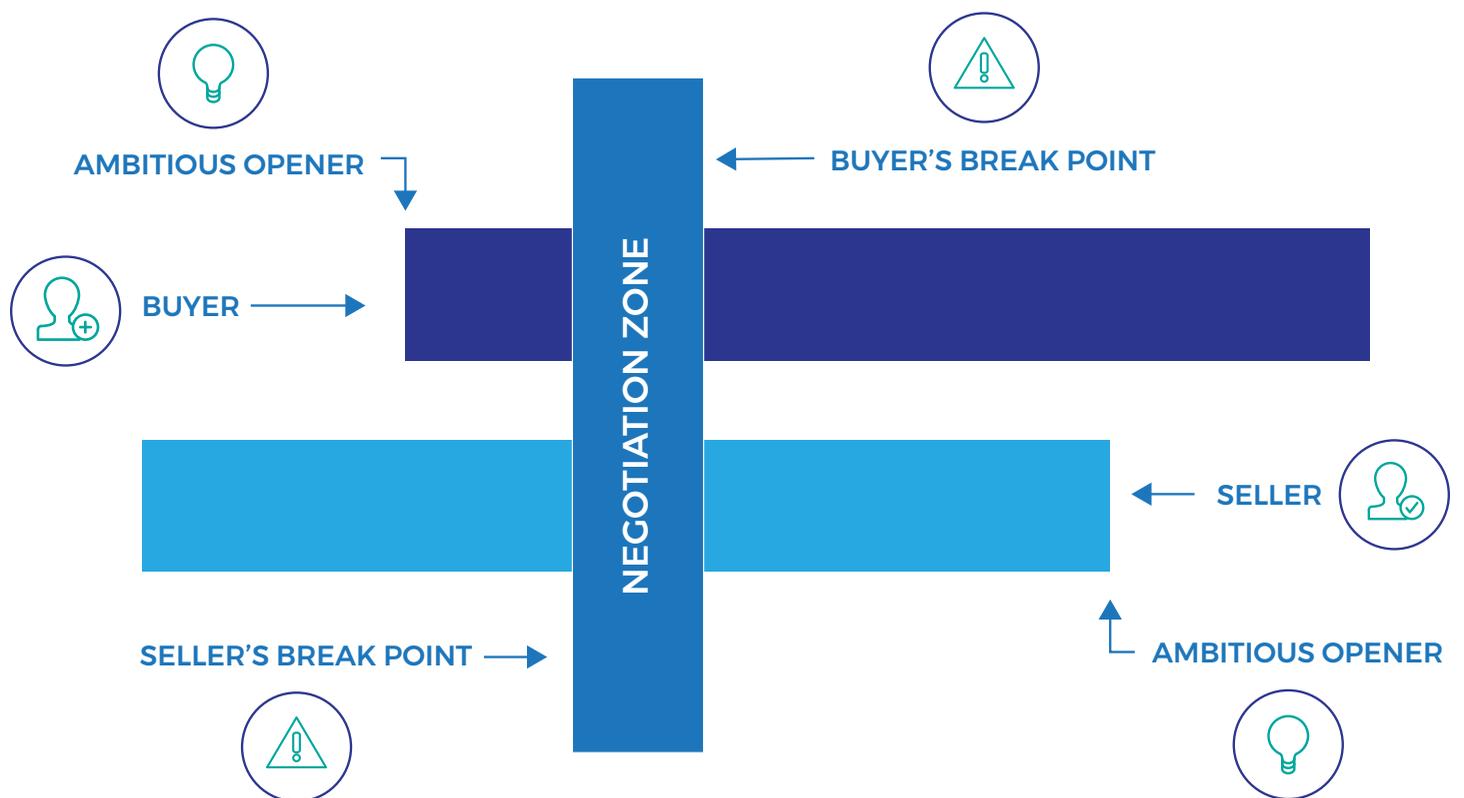
By establishing the priorities for each side, and understanding the cost of a trade at each potential negotiation point, you put yourself in a stronger position and are less likely to give up too much too soon. If you do not map each issue in advance, you may trade less effectively, offer something that is outside a reasonable scope, or find yourself in a final agreement that does you more harm than good.

Natalie illustrates the usefulness of the Negotiation Zone through a simple buyer-seller example, where the variable in question is price. You, as the buyer, have established that the highest price you are willing to pay for an item is £14. After doing some initial research, you believe that the Seller's breakpoint is somewhere around £10. The Negotiation Zone, therefore, is between £10-£14. Your goal is now to seal the deal as close as possible to £10, giving you the best possible outcome.

For each negotiation, you must work to understand not only *what* the issues are, but the level of priority for each party. Map out the breakpoint for each variable (i.e. cost, distance, quality, delivery date, etc) and establish your Negotiation Zone. Armed with this information, you will have a point of reference from which to trade throughout the process.

"Different things mean different things to different people. Not everyone will [prioritize] the same things. People are different. Companies are different. Countries are different...It is essential therefore that we work out exactly what makes them tick."

NATALIE'S BUYER-SELLER EXAMPLE



BIG IDEA #6: ASK

REACTIONS & PREPARATION

No matter how well prepared, or confident in their understanding of the issues at play within a negotiation, many negotiators will still fail to draft a list of proposals prior to sitting down to the table. They prefer, instead, to wait for their counterparty to make the first move, and to launch the negotiation as a series of reactions from there. However, not being proactive in your asks, and failing to draft your proposals in an “If you..., Then I...” format beforehand, can leave you at a distinct disadvantage when it comes to securing the best possible outcome.

Having a set of strong, well-researched proposals already prepared will ensure that you are ready to control the direction of the negotiation. You will be more confident and proactive in “anchoring” the discussion, and can avoid allowing your counterparty to take the lead. Additionally, having a list of well-researched and logical “asks” will help you to avoid those critical moments when your mind goes blank in response to your counterparty’s offer.

DO YOUR HOMEWORK

Natalie highlights this idea in a story about a buyer-seller negotiation. The seller in her scenario opens the discussion with a simple proposal, “If you can pay £500, then we can guarantee the product by next Wednesday.” The buyer, however, to whom these terms are not advantageous, looks down at their list of prepared proposals and restructures the negotiation in a way that redirects the conversation back towards something more mutually beneficial: “Thanks for the proposal. Looking at the bigger picture, we would struggle with that. But I like the idea of working towards Wednesday... So how about: if you can guarantee delivery by Wednesday, we could offer you £440 and a written testimonial.” By being prepared, the buyer recognizes the problem, reframes the issue, and brings the negotiation back onto solid ground.

Always be sure to do your research and then put that research to good use before ever sitting down at the negotiation table. Based on what you know, create a list of qualified proposals that will help to guide you through the negotiation and allow you to be more proactive in securing the things you most need or want. Be sure to draft these proposals in an “If you... Then I...” format to ensure that you are not giving things away for nothing and that there is a level of reciprocity built into the final agreement. Getting to the right outcome may take some creativity, so don’t be afraid to mix and match different issues to ensure both parties walk away with the highest total value.

“Negotiation is not about you passively waiting to hear what their proposals might be. It is about you being smart enough to understand that their proposals are merely going to be exaggerated versions of what works for them.”

BIG IDEA #7: LEAD

THE DEAL SHEET

Negotiations, by their very nature, can often be high-pressured, complicated, and extremely complex. Twisting and turning through a maze of issues, even the most intelligent and well-prepared negotiators can get lost unless they take the lead. Therefore, the best negotiators will employ a variety of tools (including agendas, Deal Sheets, progress summaries, and a “holding pen” for unresolved issues) to ensure that they remain in control of both themselves and the negotiation, without being consumed by the process.

The Deal Sheet is a particularly useful tool in this step. Often, when faced with a complex negotiation around multiple issues, it can be difficult to track what progress has been made vs. what remains to be addressed, as well as what issues have been leveraged vs. what may still be in play. This is where the Deal Sheet comes in. By tracking the progress of each issue in “real time,” the Deal Sheet provides you with a visual representation of every proposal that has been made against every issue, and provides a clear forecast of the deal as it stands in its entirety.

By surrendering control of the negotiation to your counterparty or to the process itself, you lose the opportunity to develop and build the final agreement to its highest potential.

SOOTHE & MOVE

Physical “tells,” imposed time constraints, confusion on what has already been agreed to – these can all be used against you to the advantage of your counterparty. Each person at the negotiating table is negotiating in his or her own best interest, and to lose control of the negotiation is to open yourself up to weakness and to allow the process to control both you and the final outcome.

A variety of different factors can cause you to lose control within a negotiation, and your counterparty will always be on the lookout for ways in which to gain the upper hand. To tip the scales in their favor, your counterparty may try to push the conversation outside the scope of the agenda or pressure you through time constrictions. They may also try to leverage your emotions, or read your physical “tells” to understand when and how to best press their advantage. Thus the successful negotiator, Natalie explains, is the one who is able to maintain their calm and control throughout it all, and can remain focused on the success of the final outcome.

Focus on finding “words that soothe, phrases that move.” Your goal is to remain as cool, calm, and collected as possible throughout the negotiation process. Don’t be afraid of taking a time-out to collect yourself and realign to your goals, and make sure that everyone beside you is exercising the same level of self-discipline.

“Taking the lead means being in control. Executing the deal brilliantly. Managing the negotiation. Managing any team members with you. Managing the environment. But also, managing yourself.”

BIG IDEA #8: SEAL

THE CRITICAL GAP

The deal is signed. You have crossed all the hurdles, overcome the challenges, and have found a way to negotiate the issues at play to best serve your needs and wants. However the hard work is not finished and it would be dangerous to assume that the negotiation is over. The time between *agreement* and *execution of the deal* is perhaps one of the most critical and complicated periods of any negotiation. During this time a negotiator must turn their attention to “future-proofing” the deal.

Just as you have taken the lead throughout the negotiation process, you must also take the lead in ensuring that you have created a deal that will last past the date of signing. Because what happens if one party does not hold up their end of the bargain? What if circumstances change drastically and the deal no longer makes sense? Or if the other party, unhappy with the outcome of the agreement, starts to challenge the validity of everything you have negotiated so carefully? The time just after an agreement is the most critical, and should be navigated carefully and jointly between the two parties.

BUILT TO LAST

Guiding us through the importance of this step in the “DEALS” process, Natalie illustrates various scenarios of potential failure following the time an agreement is reached. The counterparty, she warns, may claim that they “didn’t know what they were signing up for” in an attempt to break the deal. Or they may under-deliver on key promises without fear of repercussions. Alternatively, by not providing for future unknowns, you may lock yourself into a deal that becomes damaging or unsustainable, or find yourself on the losing side of a lopsided agreement.

To ensure that your deal is as sustainable and “future proof” as possible, make sure the language of your agreement is clear and fully understood by both parties. Include details on what will be measured to evaluate success, and at what point both sides would consider the deal a failure. Build in a requirement for regular reviews of the agreement, and the flexibility for either party to make changes to the deal if/when circumstances change. And, finally, consider a mediation clause that will allow you to address particularly hot issues with the help of an unbiased third party.

“There will often be a period of time between the agreement of a deal, as marked by the shaking of hands, and the signing of formal contracts. If not managed correctly, this is the period of time when you could start to see the deal you thought you had agreed to being eroded, chipped away, or potentially changed beyond all recognition.”

BIG IDEA #9: POWER BIAS

THE GLOBAL PICTURE

Power is rarely, if ever, spread evenly across the parties present in a negotiation. Someone will always hold a bit more (or a lot more), and someone will always hold a bit less. And it is a proven tendency of human nature to automatically assume that your counterparty is the one in the stronger position. Often, however, the reality of the situation is far different from your initial perceptions, and it is only when you evaluate the entire picture that you can better utilize the imbalance of power to your advantage.

There are four main sources of power to consider: personal, organizational, information, and moral power. **Personal power** can be defined along the lines of individual characteristics: courage, intelligence, appearance, etc. **Organizational power** is assigned based upon an individual's role within the structure of a company. **Information power** is based on a person's knowledge of a particular field or topic, with the highest level of "information power" assigned to credible experts. And finally, **moral power** is the power obtained by a person who appeals to another person's (or organization's) sense of fairness.

EVALUATING STRENGTH

The amount of power you hold within a negotiation (from any source), and the perceptions you have of that power in relation to your counterparty, can have a significant effect on the final outcome. "If you go into a negotiation thinking you will be a loser... 99 times out of 100 you will walk away as the loser." The key lies in understanding that power in any negotiation can be re-evaluated, repositioned, and even redefined, but only when you understand its source.

In a scenario where the two groups came together to negotiate, Natalie asked each group, "Who has the power in your negotiation?" The salespeople immediately pointed to the buyers, and the buyers to the salespeople. Each side thought the other had the inherent advantage, and neither took the time to assess the reality of the situation.

Consider the differences between "perceived power" and "actual power." Analyze the entire scenario and all background information before assigning power to either party. Once you have determined where power lies, find ways to use your own position to your advantage. If you carry much less weight in the negotiation than your counterparty, get creative. If you have the power in the negotiation, however, know how to wield it to your advantage, but avoid abusing it.

"The power that you possess is only going to have an impact if you are either willing to utilize it or if your counterparty believes that you will. Power loses its force and becomes benign if no one around you believes that you will use it to get an advantage over them."

BIG IDEA #10: GENDER BIAS

STEREOTYPES

Negotiation, much like any other field, has its own fair share of stereotypes to bring to the table. One of the most prevalent is around gender. Men are often seen as being tough, ruthless negotiators who are ready to get down and dirty should the situation require it. Women are seen as being less likely to negotiate, less ambitious, or less skilled at negotiating on behalf of their own self interests. And while sometimes these stereotypes may ring true, it is your job to challenge them, root them out, and learn how to turn perceived weaknesses into strengths.

Do not ignore the fact that you will inherently make assumptions about the person sitting across from you. And these assumptions (consciously or unconsciously) inform the way you navigate the negotiation and how you strategize against your counterparty. Men and women are viewed differently in negotiations, and it is something that must be taken into account. The more you know about these stereotypes, the better you can understand them, challenge them, and break them down.

Natalie illustrates the power of the gender bias in negotiation through a story about Ellen Pao, previously the CEO of Reddit.

PERCEPTION VS REALITY

Recognizing the damaging nature of gender stereotypes in negotiations, Pao believed that she could promote equality by banning all salary negotiations at the company. What Pao did not consider, however, was that by trying to level the playing field she was actually perpetuating and strengthening the very foundations of the stereotype. By banning everyone from negotiating, she was saying, “women can’t negotiate as well as men, so no one should be able to.” This, however, is very different from saying, “let’s ensure a way to strengthen the negotiating power of both men *and* women by leveraging what we know about stereotypes to improve the situation across the board.”

Be aware of all the stereotypes that may apply to each person taking part in the negotiation, and understand how to use perception of those stereotypes in a way that increases your power at the table. Evaluate yourself and the people around you, understand how stereotypes affect the ways in which they operate, and be ready to challenge those that contribute to a perception of weakness. Encourage each other’s strengths, play to your differences, and break down the damaging stereotypes that would exclude or preclude a person’s participation in a negotiation.

“If you’re a woman you have to understand that it isn’t just whether you think that the stereotypes apply to you. It’s whether the decision-makers or influencers around you sub-consciously think they apply to you. If you’re a man, undertake a rigorous assessment of your behaviors to see if you are holding the stereotypes or being unconsciously influenced by them. Also, look to the men around you to see if they are guilty of perpetuating the negative stereotypes –and if so what are you going to commit to doing about it?”



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