

Negotiations for Start-ups

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Learning outcomes

Define what is meant by negotiation and apply that to a number of different contexts

Identify factors that can determine the outcome of a negotiation

Plan a strategy for successful negotiation

Understand the principle of 'win-win' negotiations

What is negotiation?

Negotiation takes place when two or more people, with differing views, come together to attempt to reach agreement on an issue. It is persuasive communication or bargaining.

“Negotiation is about getting the best possible deal in the best possible way.”

Types of negotiation

Distributive (win-lose)

Integrative (win-win)

Benefits of win-win

Negotiation factors

What have you negotiated?

What have you successfully negotiated ?

What factors helped enable your success?

Planning to negotiate

Establish your objectives

Establish other party's objectives

Frame negotiation as a joint search for a solution

Identify areas of agreement

Trouble shoot disagreements: bargain & seek alternative solutions, introduce trade offs

Agreement and close: summarise and ensure acceptance

Negotiation factors

Group exercise: The Winkleybottom Mast



How to influence others

The three 'Ps':

- Position (power?)
- Perspective (empathy)
- Problems (solutions)

Factors for success

- **Legitimacy** of your case
- **Confidence** in presenting it
- **Courtesy** to the other party
- **Adaptation** to the other party's style
- **Rapport**
- **Incentives and trade offs**
- **Research** the bigger picture

Tips

Aim high to begin with – easier to lose ground than gain

Give concessions ‘reluctantly’

Break down complex deals

Language:

- Make proposals with open questions such as:
 - *“what would happen if we...?”*
 - *“suppose we were to...”*
 - *“what would be the result of?”*
- Dealing with stone-walls: *“what would need to happen for you to be willing to negotiate over this?”*

Always get agreement in writing

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Preparation of Communication Skills

Argument

Persuasion

Reading Body Language

Probing

Listening

Preparation of Communication Skills

Relating to the Other Negotiator

Be prepared

Proceed with sensitivity

Seek common ground

Understand their wants and needs

Be wary of emotions – mine and theirs

Do you value other stakeholders?

Preparation of Communication Skills

If I...

Don't want to be around people

Neglect to listen

Don't offer people help

Ignore people

Am indifferent...

Then... I Don't Value People

From *How Successful People Think* by John C. Maxwell

Preparation of Communication Skills

If I...

Want to spend time with people

Listen to people

Want to help people

Am influenced by people

Respect people

Then... I Value People

From *How Successful People Think* by John C. Maxwell

Preparation of Attitude

Mine:

Attitude toward others

Your self-evaluation

Difficult? Proving something?

Which is mine: selfish or selfless?

Other Negotiator:

Background of the decision maker

Personality of decision maker

Difficult? Proving something?

Preparation B: Critical Variables During the Negotiating Process

- Recognize the hand you're dealt
- Make the best lemonade from the lemons you have
- Here are 3 critical variables:
 - Power
 - Time
 - Information



Critical Variable: Power COMPETITION

Leverage, Leverage, Leverage!

You need alternative building choices and tenants

BATNA

Critical Variable: Power

BATNA

Best Alternative To a Negotiated Agreement

Defined as the “if the wheels fall off the cart” plan; that is, if negotiation fails for any reason, then this is the solution we’re willing to accept.

- The process is as follows:
 - Develop a list of criteria on which the decision is being made.
 - Determine your BATNA for each item.
 - Utilize this tool as needed.
- Take in to consideration: cost, feasibility and consequences.
- Improve weak BATNA position by:
 - brainstorming
 - creativity
 - experts who may not currently be on the team.

Roger Fisher and William Ury in “Yes: Getting to Yes: Negotiating Without Giving In”, 1981; also credit goes to Nobel Laureate John Forbes Nash with undergraduate research

BATNA Strategy Worksheet

				PRIORITY ASSIGNED		
Requirements or Contract Term	RFP Reference Location	Proposal Reference Location	Known Issue/Associated Concern	Priority Assigned: Non-Negotiable (NN), Key (K), Secondary (S) or Walk-Away (WA)	Strategy	BATNA
<i>These should be customized for your needs. Additional lines may be added under each</i>	<i>Section/Subsection/Page</i>	<i>Section/Subsection/Page</i>	<i>Describe from Project Perspective</i>	<i>Apply a symbol to each item</i>	<i>Describe</i>	<i>Describe</i>
Size						
Location						
Price						
Proximity to Movie Theaters						
Proximity to Banks						
Age						
Floor						
Asking Rental Rate						
TI Allowance						
Required Lease Term						
Scope						
Schedule						
Milestones/Deliverables						
Performance Measurement/Remedies						
Final Acceptance Criteria						
Project Management						
Key Personnel, if any						
Subcontractors, if any						
Reporting Requirements						
Security						
Invoicing/Payment						
Payment/Withhold Schedule, if any						
Terms and Conditions						

Critical Variable: Power

LEGITIMACY

True authority

Can be confused with:

Perceived authority

Imagined authority

Critical Variable: Power

RISK TAKING

The keys to success in risk taking are:

Be willing to walk

AND...

Willing for negotiations to be unsuccessful

How?

Be patient

Without spite

Critical Variable: Power

COMMITMENT

With commitment, it is easier to make an amicable deal.

How?

- Communicate your position point by point

- Obtain commitments on each point

Critical Variable: Power

EXPERTISE

Establish expertise with:

- <http://adfiap.org/wp-content/uploads/2010/12/EDI-ADFIAP-Cambodia-Presentation-Final-Dinesh-Awashtth.pdf>
- 3rd party experts
- Documentation

How?

- Be humble

Expanse of the Activity

Nearly 500 organizations in the country follow the EDI-EDP approach.

- **Taken together, they conduct about 5000 programmes per year.**

An estimated 125,000 entrepreneurs are thus trained every year.

EDI's INTERNATIONAL CONTRIBUTIONA

- Institutionalized ED & Investment Promotion In Mozambique Through Setting up of an Investment Advisory Centre (IAC)**
- IN Bahrain, Set Up Arab Regional Centre for Entrepreneurship & Investment Training.**
- Facilitated setting up of Saudi Entrepreneurship Development Institute (SEDI), Jeddah, Saudi Arabia**
- Selected 4 countries viz., Sudan, Yemen, Mozambique and Lao PDR for New Enterprise Creation and Enterprise Up-gradation**
- European Union supported ENTRIXIE Project: SME Collaboration between European Countries (UK, GERMANY & AUSTRIA) and INDIA.**

International Interventions

- ➔ **2500 professionals from 55 countries trained on project development cycle and various dimensions of Entrepreneurship Development**
- ➔ **388 trainers trained for micro enterprise development**
- ➔ **128 NGO professionals trained on micro enterprise & micro finance management and NGO Governance**
- ➔ **10 Asian & African countries supported in ED activity institutionalization**
- ➔ **Developed international partnership promotion with support from European Union**

- **Initiatives in CLMV Countries (Cambodia, Laos, Myanmar, Vietnam) with the support of Govt. of India & ASEAN Secretariat**
 - **Trained ‘Resource Persons’ For NEC**
 - **Full-fledged Centers Set Up in 4 Countries.**
- **Collaboration With ASARIM, Sri Lanka, For Initiating Entrepreneurship And Investment Promotion Activities In Sri Lanka And Maldives**
- **SDC Project In GMS Region for Entrepreneurship**
- **Set Up South Asia Forum For Entrepreneurship Education And Research (SAFEER), in Collaboration with UCSD, San Diego**
- **Setting up Uzbekistan EDC at Tashkent, shortly**

Categories of Entrepreneurs

- 1. Innovators**
- 2. Imitators**
- 3. Fabian**
- 4. Drones**



References and sources

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THANK YOU