

# Negotiations for Start-ups

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LECTURER KHOLOVA GULNORA

# Leadership

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# Ground Rules

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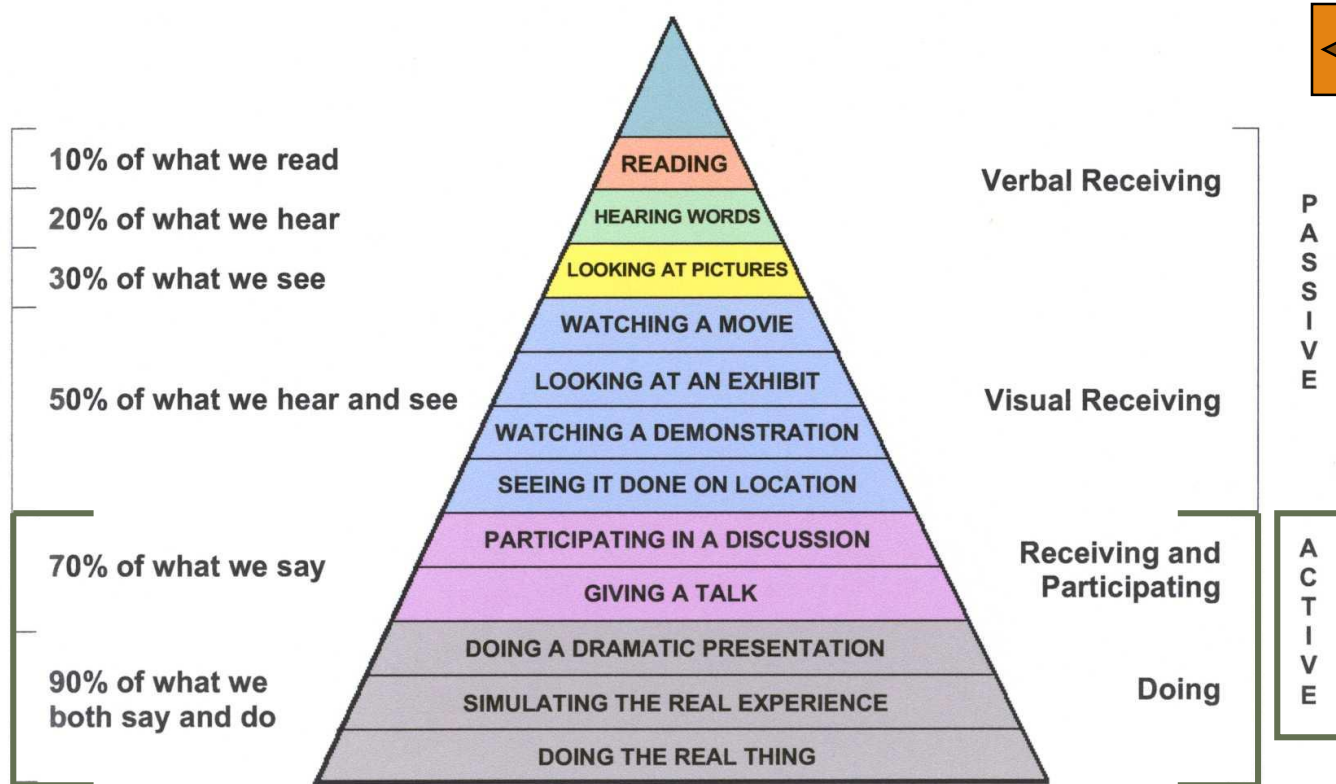
Participative presentation. Feel free to ask questions, and make comments during my presentation. 

Please: Cell phones/pagers off or in silent ring mode •

# CONE OF LEARNING

WE TEND TO REMEMBER OUR LEVEL OF INVOLVEMENT

(developed and revised by Bruce Hyland from material by Edgar Dale)



Edgar Dale, *Audio-Visual Methods in Teaching* (3<sup>rd</sup> Edition). Holt, Rinehart, and Winston (1969).

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Let's get into it!

# Negotiations

*MUTUAL DISCUSSIONS FOR THE  
PURPOSE  
OF ARRIVING AT THE TERMS OF A*

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*TRANSACTION OR AGREEMENT*

# Negotiation Skills

## *Learned or Natural Ability?*

- ~~Definition: **Negotiation:** Mutual discussions for the purpose of arriving at the terms of a transaction or agreement.~~
- “Successful negotiating is a skill. It is not something you have or don’t have.” (Gerard Nierenberg, The Art of Negotiating)
- Like playing a sport, flying an airplane, or driving a car, becoming an effective negotiator is a skill that can be learned.
- Some people have a natural talent for it. Others do not.
- If you do not have a natural inclination for negotiating, you can learn how to do it, and do it well!
- If you do have a natural talent for it, you can improve that skill with training and practice.
- This presentation will give you some tools to help you become an effective negotiator •

## *Win - Win Negotiations*

“Negotiations in which both parties come away winners and both parties are committed to upholding their ends of the agreement”

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(The Win-Win Negotiator) •

## Win - Win Negotiations

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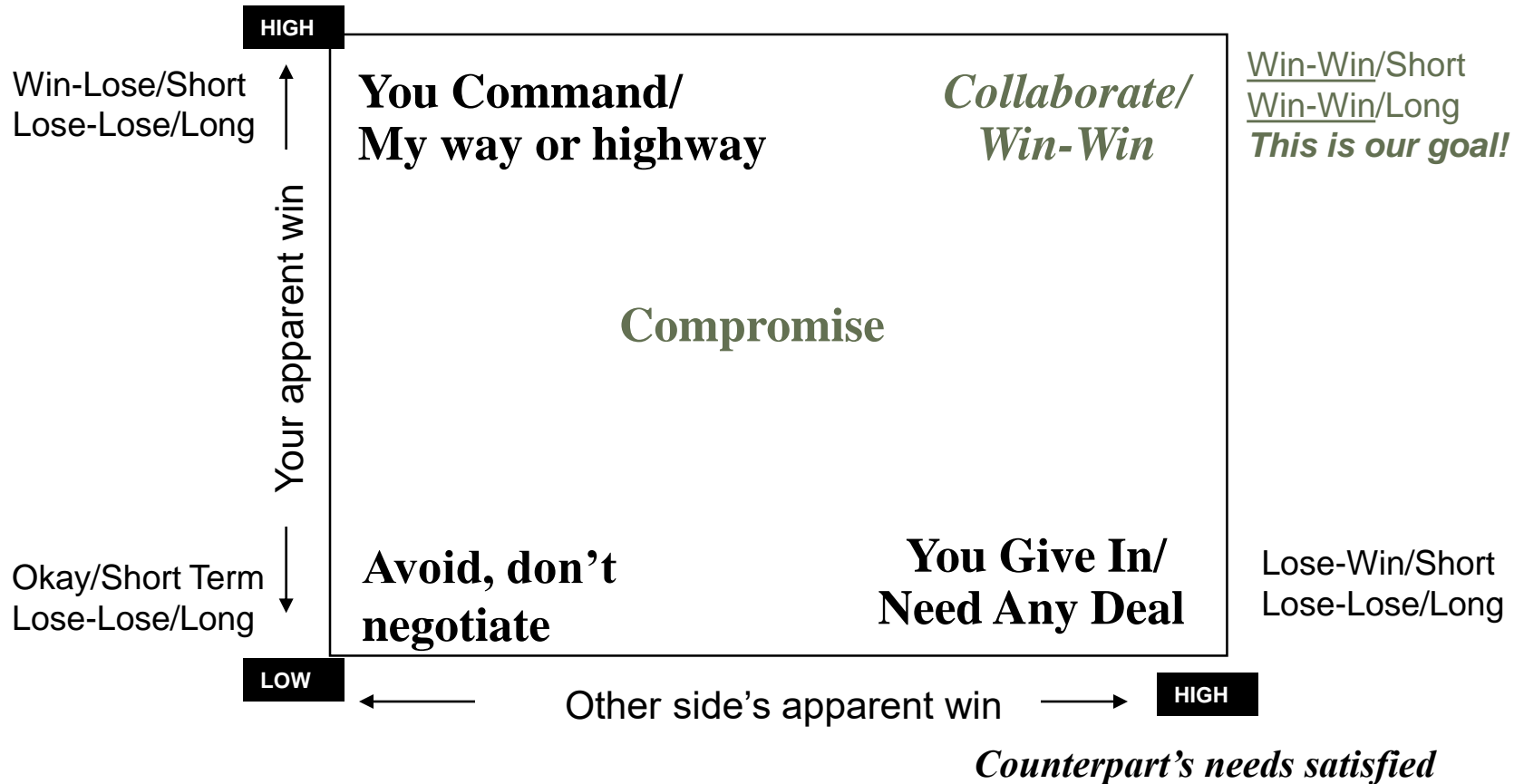
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(The Win-Win Negotiator) •

- **Negotiation**
- **Both parties**
- **Winners**
- **Committed**
- **Upholding their ends of the agreement** •

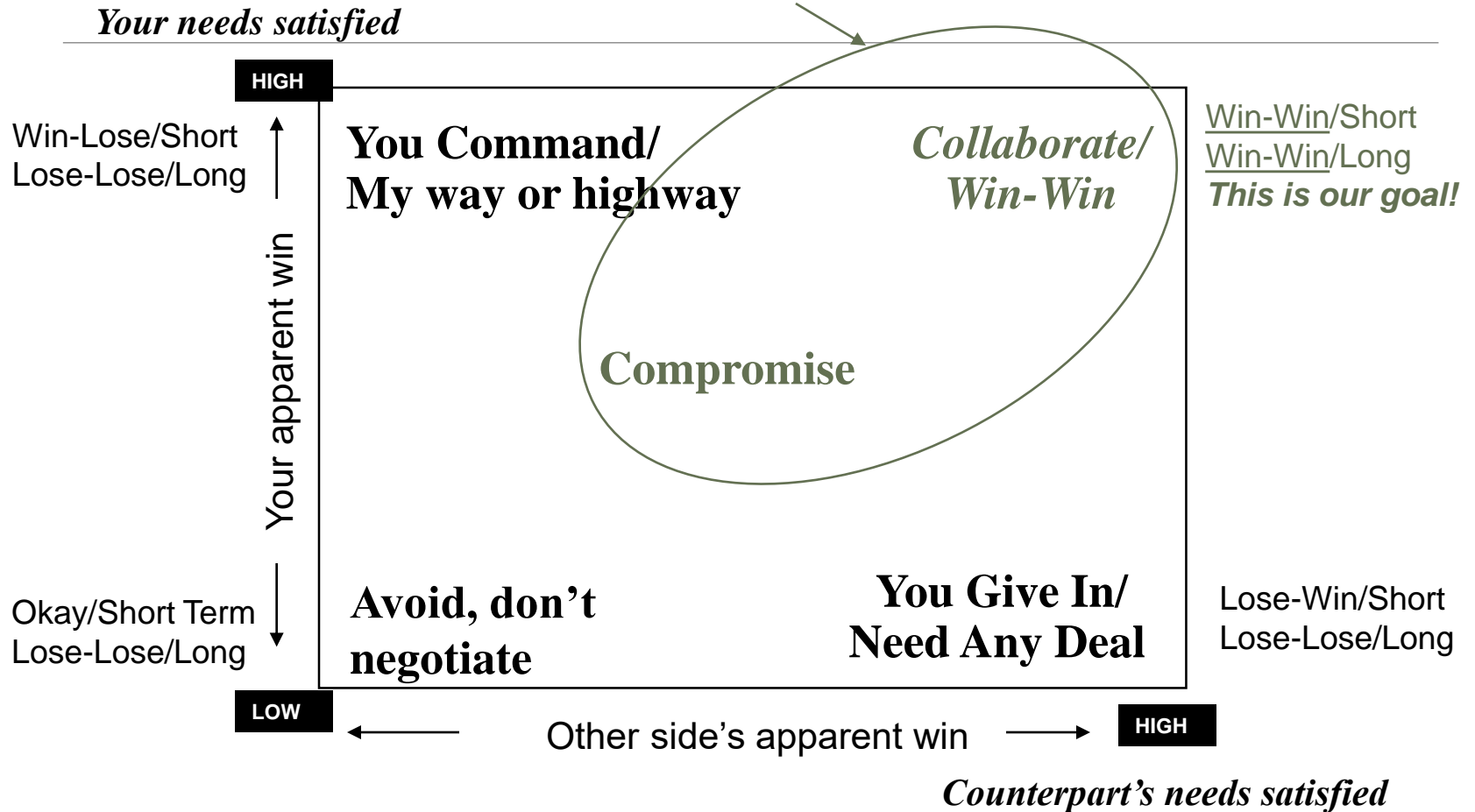
# Possible Negotiating Strategies

*Your needs satisfied*



# Possible Negotiating Strategies

Winner's Circle!



# Principles of Win – Win Negotiating

What it is not: A game — where one side wins and the other side loses

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What it is: A relationship whereby *We both win (1+1 = 4)*

Why?

Fundamental principle in negotiations — **need satisfaction**

Look for creative ways to satisfy your and your counterpart's needs

Establish a friendly climate of mutual interests and trust

Negotiation is the beginning of a process, not the end —  
Look for a long-term mutually beneficial relationship

Don't be afraid to give up something to get something

Be open to creative ways to satisfy critical needs — look beyond current situation for  
*win - win*

**Everyone is better off than before the negotiation** •

Negotiating involves communicating  
with **people**.

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Let's look at how we can communicate with  
people better.

# Why Effective Communication is Important in Negotiations

Engineers are good at calculations and equations

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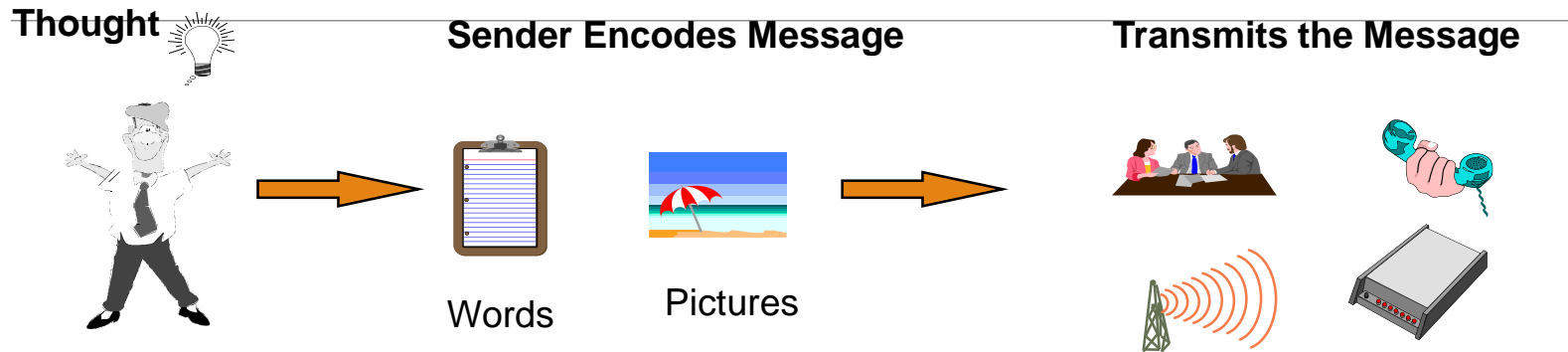
However, we deal with people all the time, especially in negotiating

It is imperative that we work well with people, listen effectively, and be able to communicate with them to accomplish our goals

This part of my presentation will give you tools to do that •



# Communication Model



How many opportunities are there for miscommunication ?



# Personality Types/ Communication Styles

# *Personality Types/ Communication Styles*

Research by Swiss psychologist Carl Jung suggested there are recognizable differences in personality types among people.

Isabel Briggs Myers and her mother Katharine Briggs extended and refined Jung's theory into what is now known as the *Myers-Briggs Type Indicator*<sup>®</sup> (*MBTI*<sup>®</sup>)

The following slides summarizes four different personality types that will help you work with and communicate with people more effectively. •

# Behavioral/Communication Style Differences

## Feeler

- Considers people and friendships important. They are genuinely concerned about other people's feelings and go out of their way not to offend.
- Strength: People sense the Feeler's concern and are put at ease by them.
- Weakness: Can miss the big picture and mission by being overly concerned with others' feelings. May not give you bad news out of a desire not to hurt.
- Tips for working with Feelers:
  - Be prepared for small talk ("schmoozing") before getting to the issues needing consideration. Allow time for small talk.
  - Listen and be responsive.
  - Don't be domineering or threatening.
  - Be supportive of the Feeler's issues in seeking to accomplish your own. •

# Behavioral/Communication Style Differences (cont.)

## Sensor

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- Sensors are strong, decisive, results-oriented people. They tend to keep their emotions to themselves.
- Strength: They are energetic, dynamic implementers. Highly mission-focused. They get things done!
- Weakness: Can appear overly pushy or demanding at times. May not pickup on human dynamics of a situation. May make a decision before having all relevant facts
- Tips for working with sensors:
  - Be brief, specific and to the point.
  - Be well-prepared.
  - Provide alternative solutions with pros and cons of each.
  - Don't waste their time. •

# Behavioral/Communication Style Differences (cont.)

## Thinker

- Thinkers are logical and organized. They deal with facts, data, logic, details. Thinkers have tendency toward perfection. They tend to keep their feelings and emotions inside, and do not usually reveal them to others.
- Strength: The information they provide is usually very accurate.
- Weakness: Can be overly cautious. May not pickup on human dynamics of a situation.
- Tips for working with Thinkers:
  - Prepare. Be as logical, practical, orderly and accurate as you can.
  - Provide tangible and practical evidence or at least be prepared to do so if asked.
  - List pros and cons of any suggestions you make.
  - Don't be disorganized.
  - Don't rush the decision-making process if at all possible. •

# Behavioral/Communication Style Differences (cont.)

## Intuitor

- Intuitors are highly enthusiastic and creative people. They have strong conceptualization skills, and can think outside the box. They enjoy the world of possibilities, group activities (like parties) and feel less comfortable in restrictive environments.
- Strength: Think big picture. Future oriented. Long-range thinkers. Many ideas. Often see opportunities others miss.
- Weakness: Can often appear to be abstract or vague, unresponsive to deadlines.
- Tips for working with Intuitors:
  - Plan interactions that support their dream.
  - Allow time for exploring their ideas.
  - Help them focus by providing ways for implementing action.
  - Try to stay on agenda or you will take many tangents. •

*Win - Win*

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Negotiating Principles

# Preparation

Congratulations — you have been selected for negotiations!

Now it's time to prepare for success

First step — review this presentation and your notes to refresh yourself on the fundamentals of effective negotiations

Strategize with your negotiation teammates to develop a strategy

Develop a plan incorporating your negotiation knowledge and the needs of your customer

Practice, refine, practice, refine, practice 🔄

## *Establish Win – Win Climate*

Seek to establish a climate of mutual trust and shared goals

Get to know your counterpart as a person (family, likes & dislikes, college, sports teams, etc.). But don't be intrusive.

Some clients like to small talk (schmooze) before beginning negotiations. If you are a sensor, have patience.

It's okay to get coffee for your counterpart

Don't miss an opportunity to personalize the relationship:

- Congratulatory note on your counterpart's new baby, promotion, favorite team victory, etc.

Consider sharing with your customer how you arrived at your fee proposal. BENATECH sent our fee spreadsheet to our DOD customers. First step in establishing trust relationship.

➔ Seeking to establish a positive climate with counterpart •

## *It's Not Always About Money*

Everyone would like to earn more money, but other things may be just as important in any particular negotiation

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You may be willing to accept a lower fee if you could stretch out the project a few months to complete some existing projects and free resources

Your customer might be willing to stretch out the schedule to obtain a reduced fee

Same issues with your subcontractors. •

## *Be Willing to Leave Something On the table*

Contrary to Gordon Gekko (movie *Wall Street*), in win – win negotiating, greed is not good.

Even when you have the stronger negotiating position (e.g., negotiating with a subcontractor who you know needs the work), treat the other firm fairly. Don't wring everything you can out of a deal.

It's not worth the bad feelings and resentment, and it may result in your sub cutting corners on quality and or seeking to recoup the funds through elevated change-order fees.

Similarly, by treating the subconsultant fairly, when you need some help (and all firms do from time to time), the consultant might fix a mistake your firm made at little or no extra cost.

Your experiences on this point . . . •

## *Other Tips*

If possible, have flexible travel arrangements. Don't put yourself in a position that you need to make critical concessions because you have to catch that last flight today.

Similarly, ensure you have fallback hotel reservations if the negotiations should go on for another day.

Caucus as needed. If part of a negotiating team and you are hit with a totally unanticipated question, comment or strategy, it's okay to say something like "That's an interesting point. Would it be okay to caucus with my team to see how we can make this work for both us?" •

# Relationship Management

Always remember, the effects of negotiations outlast the actual negotiations.

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Think of your negotiations as the beginning of a relationship with your counterpart.

- **Perform, Perform, Perform!**
- If you are the contractor, you want to do such a good job that the customer will give you favorable consideration for the next job. Make your customer's life easy.
- If you are working with a subcontractor, treat the sub with respect and as a valuable member of your team. Seek to establish a relationship with the sub such that the last thing he/she would want to do is let you down. Pay the sub on time, thank him/her for good work, provide positive recommendations, if earned •

# PRACTICE

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# Practice

Now that you have reviewed the guidance in this presentation, developed a negotiation strategy and prepared for your upcoming negotiation you will want to practice:

- In front of a mirror
- Feedback and refine
- With a colleague / spouse / significant other
- Feedback and refine
- With negotiation team members — ABSOLUTE MUST — even if by conference call
- Feedback and refine •

# *Next Steps*

A course on win-win negotiating skills: \_\_\_\_\_

- It should cover the principles of win – win negotiating and include job-relevant role plays that allow you to practice applying win – win negotiating skills and to receive feedback from the facilitator and your colleagues
- It's a plus if the course will allow you videotape/DVD your role plays so you can refine and critique them back at your office or home.

A course on personality types such as the Myers-Briggs Type Indicator<sup>®</sup> (MBTI<sup>®</sup>). •

# *Review*

Negotiation Skills — Learned or natural ability? 

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Definition of negotiation

Negotiation Strategies

Personality Types / Communication Styles

*Win - Win* Negotiating Principles

Prepare and Practice

Continuing education on negotiating skills •

Thank you for  
your attention.

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I appreciate your interest and participation.

Questions?

# References and sources

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