

Negotiations for Start-ups

LECTURER KHOLOVA GULNORA

Negotiation Terms



How would you define a negotiation?

What are the alternatives to negotiation as a technique?

Negotiation

Negotiation is a process which takes place when two or more interdependent parties who have different needs and goals, work together to find a mutually acceptable & beneficial outcome.

This often involves both parties making concessions.

Alternatives

PERSUASION (convincing the other party)

GIVING IN

COERCION (threatening)

PROBLEM SOLVING

INSTRUCTION (employer / employee relationship)

ARBITRATION (seeking fairest 3rd party ruling)

Why do negotiations fail?

Getting too emotional

Focus on personalities, not issues

Not trying to understand the other person (too focused on our own needs)

Wanting to win at all costs

Regarding negotiation as confrontational

A successful negotiator needs to be....

Professional

Confident, Relaxed, at ease

Open, honest, sincere & credible

Respectful of other peoples values

Show empathy, and understanding

Committed to a WIN:WIN result

Continually enhancing their skills

Four Stages of Negotiation



From Shell, Richard. *Bargaining for Advantage: Negotiation Strategies for Reasonable People* (Penguin 1999)

Stage 1 : Preparation

You are fully briefed on the subject matter of the negotiation

You are clear about your objectives and what you are trying to achieve:

The LIM Model:

Like to Achieve (most favoured option, ideal settlement)

Intend to Achieve (expected result, realistic settlement)

Must Achieve (fall back position, bottom line)

You have worked out your tactics and how best to put your case.

You have tried to figure out what the other parties objectives will be

You have gathered background information (personalities involved, power balance, attitudes etc.)

Stage 2 : Exchanging Information

This is the single most important stage of negotiation. Both parties will be trying to find out and understand the other's position and requirements.

Successful negotiators ask twice the number of questions and spend over twice the amount of time acquiring and clarifying information than do average negotiators.

Stage 3 : Bargaining

As soon as a number or term is mentioned by one party, you have begun to move out of information exchange and into bargaining....

Exchange of terms

Never give a concession....trade it reluctantly

Bargaining

Reject constructively: Do not cause offence. “I’m afraid we can’t possibly agree to a reduction in the service charge, but there might be room for manoeuvre on the wording of clause 16”. Retain a constructive atmosphere.

Note the moving base line: As each issue is agreed, acknowledge the fact, summarise it, and move on to the next point after you have noted the issue of agreement.

Be firm on broad issues: be flexible on specifics.

Look for the agreement signals: Certain formulae of words indicate that agreement is very close. “If...then...” “Let’s put that in round numbers.” “Well, that’s hardly worth holding us up..”

Stage 4 : Closing and Commitment

Your judgement : Is this best and final offer? If yes:

- List the agreement in detail
- List the points of explanation, clarification and interpretation
- Record agreed summary with all at the table
- Re-start negotiations if any dispute over agreement

Most people can be categorised as “**hard**” or “**soft**” negotiators.

Do you fall into either category?

Soft

Tends to see negotiators as friends

Sees agreement as the goals prepared to make concessions to cultivate the relationship

Is willing to trust the other side

Is willing to modify position at an early stage

Discloses “bottom line” early in discussions

Avoids contests of will on particular points

Concedes to pressure

Hard

Sees negotiators as opponents or adversaries

Sees victory as the goal

Demands concessions to establish a relationship

Tends to mistrust the other side

Is reluctant to alter position in any way

Misleads as to “bottom line”

Expects to win contests of wills

Applies pressure

You?

We all have certain tendencies influenced by our socialisation, our personalities, and above all by our managerial histories....

Rate yourself as **'hard'**; or **'soft'**, and give some evidence for this.

- Does your preference work for you?

The Successful Combination :

- (a) **Separate personality and issues:** don't see the issues as necessarily reflecting in any way on your personality – hard or soft. An important point should be made with conviction, and without fear as to the negotiator's image
- (b) **See the other side's case unemotionally:** try to be objective about your case, and the case of your opponent. This is the best way to serve your client.
- (c) **Avoid confrontation:** confrontation is the weak point of hard and soft negotiators alike. The hard negotiator will find that (s)he is required to lose face to accept a compromise, or allow negotiations to fail when it is not in client's best interests that they should do so. The soft negotiator is more likely to succumb to pressure from a more aggressive counterpart. Be calm!

Final Advice

Be unconditionally constructive. Approach a negotiation with this—‘I accept you as an equal negotiating partner; I respect your right to differ; I will be receptive.’

Some criticize my approach as being too soft. But negotiating by these principles is a sign of strength.”

R. Fisher, Getting to Yes

Critical Variable: Power

ATTITUDE

It takes the right combination of attitudes.

- Have a winning attitude

- Do not seem hungry or desperate

- Have “win some” attitude

Be able to recognize their attitude.

- If their attitude is negative, then remember, “it’s just a game.”

Critical Variable: Power

SILENCE

CAN BE POWERFUL BECAUSE
IT MAY:

KEEP THEM TALKING
HELP YOU LEARN MOTIVE
HELP YOU GAIN INFORMA
AND KNOWLEDGE



HOW?

PROBE AND HUSH

Critical Variable: Power

MOMENTUM

THE PROCESS IS FLOWING
IT HAS FLUIDITY
THINGS COME TOGETHER QUICK
CREATIVITY SEEMS TO BE ABUND

HOW?

KEEP ENGAGING
REDEFINE GOALS AND OBJECTIV
NECESSARY
MOMENTUM HAPPENS



Time Used as a Negotiating Tool: The “Game Changer”

Different Power Strategy

Time is a continuum

No Beginning

You are always negotiating



Time is a Continuum

Take Your Time

Time Can Be Advantage

Time Limits

Be Credible



Time as a Deadline

Whose deadline?

It is real or imagined?

Make your own deadline

Use proposals for evolving solutions



Time as a Tool

Leave yourself room

Patience Pays

Beware of foot dragging

Problems?

Probe

Concessions



Face to Face Meeting

What are the factors to consider?

What message does your choice send?

Housekeeping?

Face to Face Meeting

Where do we meet and why?

Your office

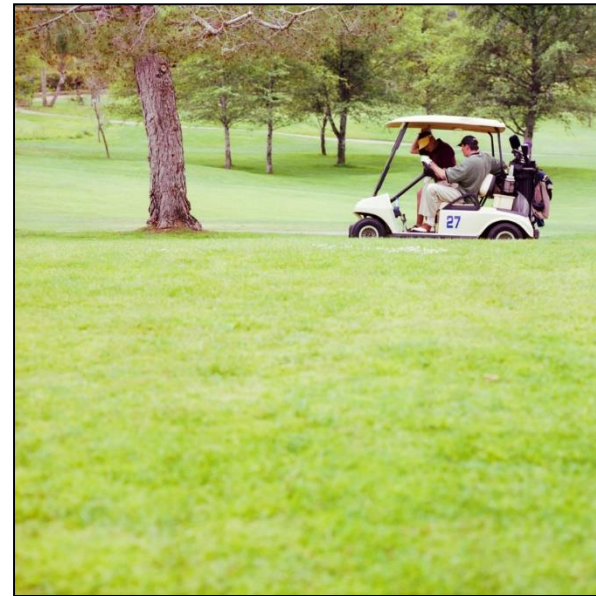
Neutral place

Lessor's office

Lessee's office

Country Club

Favorite Restaurant



Face to Face Meeting

Factors to Consider

Time of Day

- AM vs. PM?

Choose your seat carefully

- Head of table
- Facing door or window
- Next to opponent or client

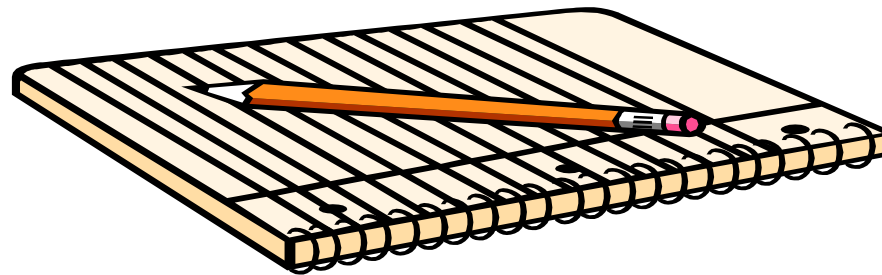
Who will attend? What are the roles of each attendee?

Face to Face Meeting

Factors to Consider

“He/She who controls the agenda, controls the meeting.”

What is/are the goal(s) for the meeting?



Face to Face Meeting

Prepare the Room

Coffee

Pens

Paper

WiFi

Technology needs

References and sources

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