



Preparing For Your Next Negotiation

By: Carolyn Smith, APR, TRA, ASA

Has the COVID-19 pandemic left you feeling somewhat bruised and battered from constant phone or Zoom negotiations? Now that you are meeting again in person, does the path to negotiation success need to be so treacherous?

Not at all. However, you need to have a strategic plan before you enter a negotiation – pre-planning can make the difference between success and failure.

Negotiating as a Professional

Try practicing the following core concepts in your mind before you negotiate with a prospect, client, or underwriter. Then role play with a friend or colleague. These strategies will increase your confidence while providing you with a framework for negotiation success.

1. Stay calm and confident.

In 2011, the Wharton School of Business, University of Pennsylvania, conducted a research study showing that anxiety is harmful to negotiator performance. Anxiety makes negotiators seem weak and easily exploitable, expect poorer outcomes, settle more quickly, and, ultimately, obtain inferior results.

On the other hand, when negotiators are calm and clear-headed with a high degree of belief in their abilities and skills, the difference is dramatic. How do you achieve that calm mentality? By gaining a sense of control through rigorous preparation. The bigger the issue, the more important it is to identify core interests, weigh walkaway options, and assess how the other party sees his or her options. When you are practicing, identify your emotions and learn from them so you can

adapt during the negotiation and engage successfully. In other words, get emotionally prepared to serve as an advisor rather than growing anxious or tuning out during the actual negotiation.

The key is to confidently stand your ground and maintain a trusted partnership approach to the negotiation, even if the prospect takes an adversarial stance.

During a Trusted Risk Advisor™ program, Megan Smith, CPCU, API, Company Partners Manager for the Ohio Insurance Agents Association, shared how she applies the concept: “When confronted with an issue where the other party and I have a difference in perspective, I try my best to control my emotions and listen. I am very passionate about what I do, so it can be tough sometimes to just sit back and listen to a prospect or a client and truly hear them out in order to better understand where they are coming from. I try not to jump to conclusions. Reflecting on past experiences, the best outcomes happen when I remain calm and listen.”

2. Ask for what you want in an empathetic way.

Figure out exactly what you want from the negotiation before it takes place. Being sure of what you want helps you make informed decisions throughout the negotiation process. It also gives you an aura of confidence and knowledgeability that may positively influence the other party.

Practice asking for what you want in a non-threatening way and use “I” statements. For example, instead of saying, “You shouldn’t do that,” try saying, “I don’t feel comfortable when you do [or say] that.”

3. Talk to the decision-maker when you are negotiating.

Make it your personal best practice to reduce your odds of dealing with the someone who doesn’t have the final say in the process.

4. Consider the other person’s feelings.

Chris Voss, former hostage negotiator for the FBI, and author of *Never Split the Difference*, suggests putting yourself in the other person’s shoes. When you notice their feelings, turn them into words and calmly repeat their emotions back to them by saying, “It seems like you think I’m being unfair,” or “It sounds like you really understand this business.”

5. Determine how you can drive value during the negotiation.

Think of the strategic considerations and terms that are acceptable to you. This allows you to create possibilities that the other party will value while making you differentiated and trusted. It will also satisfy your prospects, clients, and underwriters while increasing the strength of your relationships.

6. Be a detective and practice active listening.

Active listening is humbling and forces you to put yourself in the other person's shoes. This approach deepens rather than diminishes relationships. Failing to listen to the other party’s views,

wishes, or goals makes them feel that you are simply trying to make a sale or complete a transaction.

Think of yourself as a detective – ask probing questions, then be quiet. Listen. Your prospect or client may start by asking for a lower bid when they really want more value, less risk, and enhanced safety or security. And they will tell you everything you need to know – all you have to do is listen 80% of the time.

Carlo Ferrara with Streetsmart Insurance serves small businesses in New Jersey. He understands the art of active listening: “When confronted with an issue where there are differences, the best thing to do is stop talking. Active listening to the other party and being optimistic are the two best remedies to creating a win-win situation where everyone is happy.”

7. Slow down and be patient.

Is being patient is challenging for you? Do you want to get the negotiation over with? Sometimes when a negotiation is moving slowly, we grow so frustrated that our emotions erupt and destroy the progress we’ve made. When you are in a rush, you are likely to make mistakes. Conversely, when you are flexible about time, you gain the advantage.

When the other party is in a hurry and you exhibit patience, they will recognize that you are not under pressure to conclude the deal. What do they do then? They offer concessions as an incentive for you to say, “Yes!”

According to Jack Cambria, a former New York City Police hostage negotiator (jackcambria.com), patience gives a negotiator time to develop rapport that leads to trust. He says that it is critical to remain patient and give the other party sufficient time to work through their emotions and expectations.

8. Focus on the Other Party’s Reasons for Negotiating

Most of us focus on ourselves and why we need to win or make a deal.

Instead, ask yourself, “What pressure is the other person feeling in this negotiation? What are their worries and concerns?” Uncover the other party’s pain and struggles. Bring them to the prospect’s attention and quantify their financial and emotional costs out loud to the prospect, client, or underwriter.

Rather than caving in or being pressed on price, meet the other party with new, problem-solving ideas. When you focus on solutions to their worries and concerns, you will almost always come up with collaborative win-win ideas rather than price.

9. Prepare with a Plan to Create Value

In preparation of your negotiation, know what you want. This ensures you don’t make promises in the heat of the moment that you’ll later regret.

According to Harvard Business School, 90 percent of negotiation can be anticipated. If you know what you want, anticipate what your prospects, clients, or underwriters want, set your strategy, and plan for any tactics you might face, you can usually resolve any problems to everyone's satisfaction.

10. Develop a Strong BATNA (Walk Away Power)

According to Dr. Gabrielle Lopiano, a professor at the Owen Graduate School of Management at Vanderbilt University, your BATNA (Best Alternative to a Negotiated Agreement) is your biggest source of power in a negotiation. Being able to walk away is a safety net that allows you to ask for and claim more value. She suggested:

Develop a strong BATNA in advance of a negotiation. In other words, secure another offer (or multiple offers) you would be happy accepting should a deal not work out. Then signal your strong BATNA to your counterpart during the negotiation to leverage it. When your BATNA is strong, you'll be less likely to make concessions.

Before and during the negotiation, consider the other party's BATNA. Do research ahead of time and look for clues in their words or body language that signal how likely they are to walk away from the negotiating table. Being aware of your counterpart's BATNA lets you know when to push and when to back off.

Preparation is key to a successful negotiation. To adequately prepare, you want to know your own interests, as well as your counterpart's. Know what you're willing to concede on and when you're willing to walk away from the deal. You also want to be aware of your sources of power (e.g., a strong BATNA) and potential weaknesses (e.g., your counterpart having a strong BATNA) before you walk to the table. Being well-prepared for a negotiation will help you to remain calm and confident, and ultimately lead to greater value creation and value claiming.

Bottom line, by preparing in advance and equipping yourself with the best resources, you will build your confidence and be ready to handle any challenges that come up during the negotiation.

About the Author

Carolyn Smith serves as the Chief Training Officer for Beyond Insurance and leads strategy and execution for new program development. To learn more about programs offered by Beyond Insurance, contact her at csmith@beyondinsurance.com.

Beyond Insurance is a consulting firm that offers leadership training, cultural transformation, and talent and tactical development for enlightened professionals who are looking to take their organization to the next level. Since 2007, the proven and repeatable processes of Beyond Insurance have transformed organizations as measured by enhanced organic growth, productivity, profitability, and value in the marketplace.

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