

Business is all about negotiation



By Matthew Kwan

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Do you realize how much negotiation do you do everyday? Perhaps you negotiate with your customers for the most favourable price, order quantity, delivery time and condition. Maybe you push your sub-ordinates and co-workers to deliver jobs on time and at the high quality that meet your expectations. You probably try hard to make sure your boss and managers are aware of your job performance in order to get a better pay rise or promotion in the next review cycle. All these show that *doing business is all about negotiation!*

Fundamentals of negotiation

The Chinese characters for business (“生意”) have a wonderful meaning of “flexibility of an intention” (i.e. 靈活生動的意向). Hence, you must view doing business as a negotiation process to reach an ultimate goal which leads to a mutually agreeable intention. I personally think that you will never reach the ultimate and sustainable results if you are not thinking win-win during any business processes! You may win once or twice but you will not get far if you are not geared towards a mutual benefit in a business agreement. Believe it or not, giving way may actually result in gaining ground! This is precisely the platform for negotiation.

Negotiation strategy

Understanding of the intention of the other party is the fundamental skill of negotiation. Without realizing the other party’s underlying needs and intention you will not be able to reach agreeable results. Another very important basis of negotiation is focusing on the big picture rather than on specific details. You may trade off something small in exchange for a bigger, more meaningful and longer term benefit. Therefore, at the end of the day, negotiation is all about a return on investment calculation in the macro view.

Negotiation tactics

You have to be courageous enough to explore the depth of the water. In the same sense, you have to be courageous enough to make your offer during a negotiation. Otherwise, you will never know exactly how far the other party is willing to give way. Don’t be shy about making an offer, yet the offer must be reasonable enough to justify itself. You could start high as this gives you enough room to back down. Don’t hit your baseline too early and easily. By doing this, you are likely to gain ground than hitting a dead end!



The best negotiators are those who have a high emotional quotient and who show calm and firm responses. Sometimes, a sense of humour can be a very good tool to ease tension during tough negotiations, but never overdo it with sarcasm as this will create a disrespectful impression. This is definitely not easy when you are facing an unfavourable situation without much ground. And so, before entering into a negotiation, no matter whether it is a customer meeting, a job interview or a performance review, you should prepare yourself with options of possibilities including competitive information and competitive offers from other parties in order to gain ground. However, as mentioned earlier, striving for a win-win situation should be the ultimate objective; even though we have to admit that it is not always easy to achieve this.

Conclusion

In certain cultures, negotiations are just part of life and people expect to negotiate at all time. The majority of us, however, are not natural born negotiators. But with some very simple training, we can become better negotiators in a relatively short time. One very practical thing to do is to remind ourselves in all circumstances to ask if the offer made by the others is the best they can do? You will be surprised that 80% of time you will get a discount, a better offer, a faster response or even a better career at the end without much negotiation! So, are you willing to ask?

Matthew Kwan is a Principal Consultant of Adams Company Limited (www.adamshk.com) and is responsible for business consulting and enterprise training. He is an entrepreneur, author, speaker, lecturer and consultant working with enterprises and organizations in the commercial and Christian communities. He served for many years in multi-national companies including Intel, JP Morgan and Jardine and has broad experience in sales & marketing and management in multicultural and international settings.