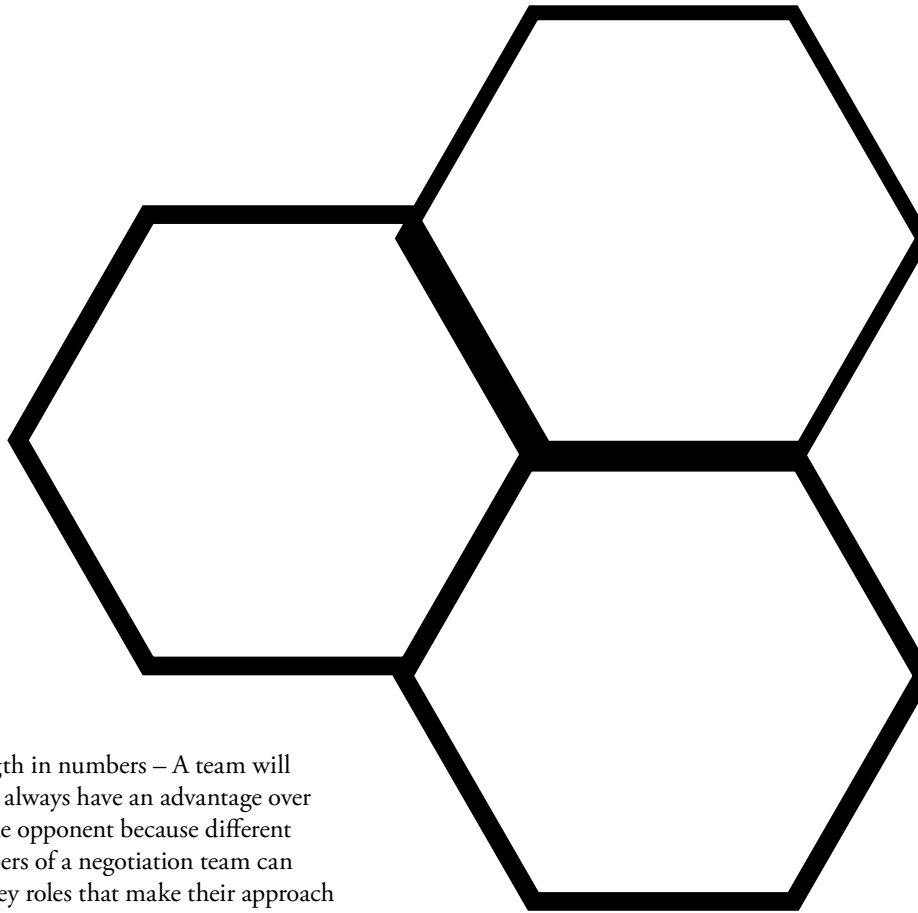


Modes of negotiation



Your choice ...in person, phone or email

by Mark Trowbridge

TODAY'S PROCUREMENT professionals often find themselves conducting negotiations in a variety of mediums. Some complex negotiations take place in the same room as the supplier's representation (in team or individual forums). Other negotiations take place remotely via telephone or email. Each of these modes has unique variables that the procurement practitioner must consider...otherwise they may hand over an advantage to a skilled opponent.

Mode 1 – Negotiating “in person”

Negotiations are generally most productive when conducted in person. This is because the participants have the advantage of both verbal and non-verbal indicators from the other party. And they do not suffer from the technical limitations (discussed later) inherent in telephone or email communications. Factors that help make “in person” negotiations most beneficial include the following:

In-person team:

- Group synergy – The benefit of team negotiations is based upon the well-known principle that “The whole is greater than the sum of its parts.” More simply stated, a group will usually make better decisions together than would any of the individuals who comprise the group, working alone. This is extremely true in negotiations, as a well-prepared team can almost always achieve better results than a sole negotiator.

- Strength in numbers – A team will nearly always have an advantage over a single opponent because different members of a negotiation team can play key roles that make their approach highly effective.
- In-person team negotiations are the optimal format for multi-element, high-value, and sole/single source negotiations.
- Team negotiations are particularly important when decisions must be made during the actual negotiation process. A team comprised of key stakeholders can use quick “caucus” or “breakout” discussions to make decisions that can immediately be re-introduced into the negotiation dynamic with the other party.

In-person individual:

- Many of our negotiations are one-on-one. This is especially true for standard procurement transactions. It's just not practical to pull stakeholders out of business operations for standard negotiations. Having the procurement professional represent stakeholders in standard transactions optimizes staff time and resources.
- The downside to one-on-one negotiations is that the mode increases the responsibility of the sole negotiator for preparation, success, and failure.
- This format also may require greater communication time in advance (with stakeholders, internal customers, etc) to gain consensus.

- This format is inefficient for multiple changing negotiation issues, as it may take too long to communicate concessions with decision makers.
- Being the sole negotiator may put the buyer at a disadvantage if the supplier brings multiple negotiators.

Mode 2 – Negotiating “by phone”

Many negotiations occur over the telephone, but it's important for the procurement professional to remember that things happen more quickly on the phone (than in person). Small talk is minimized, and participants are more willing to take extreme positions. People are less inclined to take extreme positions in person. So be prepared!


- You lose 80 percent of the communication content (non-verbal) when speaking over the phone.
- Telephone negotiations make it very important to focus on everything said. A poor connection (i.e., cell phone) may further complicate the clarity of communication. Be ready to ask the other party to repeat themselves when they've said something critical. It is also a good idea to take notes, and confirm key discussion points via email to the other party.

- Conference calls allow the other party to have advisors in room on mute, etc. You may never know the other people are there.
- Conference call services also allow the host to record the conversation, sometimes without your knowledge. If that is a concern, use your own conference service and be the host.
- Don't be caught by surprise by an unplanned phone call. Phone interaction allows the supplier to call you without an appointment. If a supplier phones you without warning, you may not be prepared to negotiate. Instead, ask them if a later time would be acceptable...and schedule a time that allows you to be prepared.
- However, calling a supplier by surprise can work to your advantage. The person who initiates the call is often at a distinct advantage. They have time to prepare, are not taken off guard, can prepare a checklist, and can organize support data and materials. You can also use the surprise to "set the agenda" and thus control the issues being discussed.
- Don't multi-task while negotiating via phone!

Mode 3 – Negotiating "by email"

Email is frequently used today to negotiate pricing and key points. Complicating this is the increased use of handheld communication devices such as Blackberrys and texting via cell phones, in which case the communications are often truncated significantly.

- Email negotiations may go even faster than those on the phone, because there is less "give and take." The medium also makes interaction more "positional" because the parties are putting everything in writing. This means there is less ability to change your position once the other party has seen your position in writing.
- Email does allow exact details to be proposed and received with a good amount of certainty.
- Email allows the negotiator to bypass "gatekeepers" and allow you to interact directly with a decision maker.
- Email encourages prompt and direct response, and can be utilized 24/7.
- Some people get in trouble because they answer too quickly via email. This is especially true in the new "texting" universe. Don't reply without thinking.

- An opponent who chooses to use email can be a clue that they're not comfortable negotiating in person. They may also be escalating points to a senior decision maker before replying.
- Even more so than in phone negotiations, emails lose the advantage of both body language and auditory clues.
- You may technically have a legally-binding "contract" if you agree to something the other party offers in an email. That's because a court can interpret a contract being formed by a written offer and acceptance.
- If things aren't going well in an email exchange, pick up the phone to speak directly with the other party. Contentious subjects or complex elements are much-better handled in person.
- And lastly, **always** be aware that email communications **may not** be kept confidential (forwarding, bcc, etc). 

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