



Deal making: optimal outcomes

Do we ever stop negotiating?

We all know that when you're in business – starting up, selling, buying, resolving conflict, managing clients, managing staff or partners, winding down, building up or splitting up – negotiation skills are critical. And whilst entrepreneurs are keen to seize on new business opportunities, the key to great outcomes is doing optimal deals and avoiding disastrous ones.

Want to make better negotiation decisions? Let's explore how. Old thinking: Hard or Soft? There are still 'experts' that categorise negotiation styles into two types: hard or soft. The notion endures that being hard in business dealings is about being confrontational or stubborn, fixed or intimidating. And that being soft requires friendliness and manners, concessions and favours. Born out of clichéd thinking around win/win and win/lose outcomes, these notions would have one believe that negotiation is more about style than substance, more about competition than commerce. We call that 'old thinking'.

A new direction: The science of negotiation

Thinking, skills and strategy around the notion of influence have moved on with the times. Building confidence and achieving optimal outcomes in negotiation requires an ability to analyse negotiation from a far more complex, multi-dimensional perspective.

7 elements of effective negotiation

You've heard of DeBono's *6 Thinking Hats* or Stephen Covey's *7 Habits*. Fewer people are aware that *Harvard University* in the US changed the face of negotiation by isolating the seven core categories of any negotiation that must be managed to optimise deals and outcomes. These seven key elements are: Relationship, Communication, Interests, Options, Standards, Alternatives, Commitments.

Systematic, comprehensive and applicable everywhere

The power of the framework is that it enables you to think through the key components of any

negotiation context: from buying, selling and collaborating, to internal management and external deal making and conflict resolution.

And, having thought through each element, you're well placed to make systematic and strategic decisions about how you'll manage each component in the negotiation – and about whether to accept, reject or re-negotiate the deal.

So, when do you accept the deal? And what is an optimal deal anyway?

A very small percentage of business people have the in-born gift to do great deals intuitively. But the rest of us need to be systematic. So it makes sense that if there are seven pieces to the negotiation puzzle, you need to assess how effectively you've managed each of those pieces.

Deal-evaluation checklist.

1. Interests – Does the deal satisfy as many core needs and concerns as possible – mine and theirs?
2. Options – Is the solution the best of all the innovative possibilities?
3. Standards – Are the terms and conditions founded on legitimate bases?
4. Alternatives – Does the deal serve our interests better than doing business elsewhere?
5. Relationship – Are we clear about our roles and expectations of each other?
6. Communication – Is there clarity around the meaning of terms and details?
7. Commitment – Is the agreement operational and robust?

For any deal to be considered optimal, it should achieve all seven objectives. So if your answer to any of these questions is no, then the deal may be flawed and we'd either recommend further negotiation to fix the identified problem or to leave the deal altogether.

Sound demanding? Maybe. But just remember: anyone can do an ordinary deal; only systematic negotiators do great deals! [wcm](#)



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