

# Negotiation Guide

ROADMAP TO SUCCESS

Penny Rosema

NEGOTIATE LIKE AN EXPERT

# **NEGOTIATE LIKE AN EXPERT**

***Every successful negotiation  
starts by being prepared.***

Being prepared means following a negotiation process like the one outlined in this Negotiation Guide. You don't need killer instincts and you don't have to be a bully or condescending.

Follow this guide to save time, create stronger long-term relationships, and avoid giving unnecessary concessions.

Here you will find a repeatable process that will help you avoid common negotiation mistakes. Professional buyers follow a process, document lessons, and share what they learn with other buyers in their organization. My Negotiation Guide offers you the opportunity to apply those same steps to your negotiation.

Preparation is the foundation to a successful negotiation. This Negotiation Guide is a roadmap to show you how.

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# STEP 1: THE STRATEGY WISH LIST

## YOUR LIST

The goal is to list anything that would improve the outcome of the agreement. A list of every little and big item that would make the final agreement more profitable for you.

What ideas do you have for negotiable items that would add value to the deal for you?

Think beyond sale price. Look for ideas that mean a lot to you and might cost your counterpart very little.

# YOUR COUNTERPART'S STRATEGY LIST

Next list anything that would improve the outcome of the agreement for your *counterpart*. A list of every little and big item that would make the final agreement more profitable for them.

- Brainstorm with a mentor, coach or other team members in your organization.
- Ask your counterpart directly
- Highlight items that you estimate mean the most to them and may cost you very little.

# STRATEGY LIST EXAMPLES

Description	Comments
<b>Buyer</b> example <ul style="list-style-type: none"><li>- Payment terms net 90 days</li><li>- Exclusive rights to innovation</li><li>- Free training</li></ul>	<ul style="list-style-type: none"><li>- Cash flow advantage</li><li>- New product features</li><li>- Reduce internal costs</li></ul>
<b>Seller</b> example <ul style="list-style-type: none"><li>- Become preferred supplier</li><li>- Approval to use their logo</li><li>- Access to customer list</li></ul>	<ul style="list-style-type: none"><li>- Future business</li><li>- Market recognition</li><li>- Noncompetitive business</li></ul>
Job Candidate example <ul style="list-style-type: none"><li>- Salary</li><li>- High profile project</li><li>- Budget for Business Coach</li></ul>	<ul style="list-style-type: none"><li>- More money</li><li>- Promotion potential</li><li>- Acclimate to the new role</li></ul>

# STEP 2: ALTERNATIVES

How will you respond to a counteroffer?

What will you do if you CANNOT come to an agreement?

Negotiating can release a wave of emotions, which can be exciting or terrifying and often distracting. Identifying your alternatives will help you stay focused on “just the facts.”

**Negotiating requires compromising, also known as asking for or giving into a concession.** Think of the concession as “giving something up.”

Your list of alternatives help you refrain from giving unnecessary concessions.

**Expect** your counterpart will ask for a concession.



## That's a Good Idea

Never accept an offer that is worth **less than** one of your alternatives.

# WHY DO ALTERNATIVES MATTER?

You are in the best position to consider making a concession when you have a list of the alternatives you have if you do **NOT** come to an agreement. The list of alternatives will help:

1. Avoid making a poor decision
2. Refrain from giving unnecessary concessions
3. Consider what your counterpart will do if there is no agreement



## That's a Good Idea

Rank the desirability of *each of your alternatives*.

Also, make an estimated list of the alternatives *your counterpart* may have.



## Alternatives are not always obvious. Ask yourself:

- What are the alternatives *we have* if we don't reach an agreement?
- What are *their* alternatives if we don't reach an agreement?

### Do nothing.

You ALWAYS have the option of doing nothing even if it is for a *short period of time* (one week, one day, a couple hours).

This is your pause alternative. It gives you time to think, consult with your team, your mentor, or your coach.



### That's a Good Idea

Use the list of alternatives to help you refrain from giving unnecessary concessions. Even a pause to review your notes is a best practice to follow.

# STEP 3: TARGET GOAL

Be prepared to ask for what you want. Professional buyers, sales teams, and hiring managers *expect* you will negotiate.



That's a Good Idea

- Ask for it. No one can read your mind.

# SETTING THE TARGET

Finding your Target Goal begins with clarity. Estimate what a great deal looks like for you and your counterpart. There are three points to consider:

1. Consult with other professionals such as your mentor or coach. Work with internal team members to identify assumptions and validate pricing goals.
2. Compare feedback from other professional resources. Use the information to adjust the upper and lower Target Goal.
3. Repeat the process and estimate the Target Goal of your counterpart.

There are four price points that will help you find the negotiation zone for win-win outcome:

1. Buyer reservation price: The most the buyer will pay.
2. Buyer aspiration price: The price the buyer aspires to achieve.
3. Seller reservation price: The least the seller will accept.
4. Seller aspiration price: The price the seller aspires to achieve.

**Buyer's Target**

A Great Price



**Buyer's - Max**

we have alternative that is better



Zone of Opportunity



**Seller's Min**

We have an alternative that is better

**Seller's Target**

A Great Sale

Write an estimate on the diagram for each of the four price points.

Buyer's Target: \_\_\_\_\_

Buyer's Max: \_\_\_\_\_

Seller's Min: \_\_\_\_\_

Seller's Target: \_\_\_\_\_

With the price points above you can estimate the zone of opportunity for a win-win Negotiation!

# STEP 4: ASSUMPTIONS

*Strive to see the way it is  
and not the way you assume it to be*

Assumptions will influence your confidence to ask for what you want, hesitate to question what does not make sense, and lead you to make concessions when you should not.

Assumptions come in the form of advice from well-intentioned friends and family, the news, and even your past experience. They could be phony facts.

## **Phony Facts**

- She will never pay that much.
- They have a better alternative.
- They don't want to do business with a woman/a startup
- They can get the same thing cheaper.
- They will never hire me.
- If I ask for more money or vacation time, they might retract the job offer.
- We need this contract more than they need our business.

We create most of our negotiation challenges because we make Assumptions and ***believe ALL of them*** are true.

## **Bad Assumptions can:**

- Cause sellers to lower their price.
- Persuade a buyer to accept a false deadline.
- Trick candidates into believe the hiring manager will retract an offer.
- Persuade a candidate to give a rushed response when taking a pause would have been a better choice.

Making a list of all your Assumptions is an important step. Remember not **ALL** Assumptions are negative. Regardless of whether you are on the buy side or the sell side of the negotiation, even your positive Assumptions should be validated.

## **Relevant Positive Assumptions**

- We have a positive long-term relationship.
- She wants a win-win negotiation too.
- He is willing to work with a new supplier.
- They are focused on **total** value not just price.

**Before** sitting down for the negotiation, cross check your target goal against your Assumptions. Do you need to make an adjustment?

**During** the negotiation, keep the Assumptions list in front of you. Make notes on what is said, any new information, or unexpected comments. Could any of the assumption on the list be wrong?

# STEP 5: NEGOTIATE

Follow the Negotiation Guide and you will be ready to negotiate like an expert and find an agreement that is a win for both you and your counterpart.



That's a Good Idea

***Never open the negotiation without being prepared.***



## Recap on the Negotiation Steps:

- Step 1: Identify the Strategy Wish List—the list of *every* negotiable item. Items on the list may be related to the purchase price, but do not have to be. Examples may include exclusive rights to technology, delayed payment terms, social media testimonial.
- Step 2: Create the list of Alternatives. If you do not come to an agreement what are your Alternatives?
- Step 3: Identify your Target Goal. Identify your aspiration and reservation targets. These are the target price you are willing to pay, and the price at which you know you must walk away from an agreement.
- Step 4: Identify all Assumptions. What assumptions have you made. Are they valid? Have they been tested?
- Step 5: Ready to Negotiate



### **FOR YOUR EYES ONLY**

- *Bring the Strategy Wish List, Alternatives List, Target Goal Diagram and the Assumptions List.*
- *Ask relevant questions, pause, be comfortable with silence*
- *When you are asked for a concession remember the phrase “There may be a path to that...” look at your Strategy Wish List and ask for a similar concession from your counterpart.*

## Quick Tips

### Preparing for the Negotiation

1. Don't skip the planning and research step.
2. Reach out to others who have already negotiated with the industry, organization or individual.
3. Know when to talk. Know when to walk. Know what your alternatives are.
4. Test your assumptions - some will be wrong.
5. Avoid extreme estimating.
6. Focus beyond "price."
7. Ask a question, then shut up.
8. Never go it alone. Leverage a coach, mentor, or brainstorm partner.
9. Ask for what you want because no one is a mind reader.
10. You may never have ALL the information. Your goal is to keep looking and asking for information so you get as close as you can to the **full** view of the negotiation.

## Quick Tips

### Responding to an Offer

Respond to the offer with appreciation, even if it was less than you anticipated. Do not try to negotiate any details or terms of the agreement, yet. Simply acknowledge the offer:

1. Thank them for the offer.
2. Show polite enthusiasm.
3. Remind them why the offer is appealing.
4. Request additional information if needed.
5. Clarify the details as you understand them.
6. Request the offer in writing.
7. Ask for time to review the details.



#### That's a Good Idea

Whether it is a written or verbal offer, pause. Put space and time between receiving and responding to the offer.

# About the Author

Hi, I'm Penny Rosema.

I've had the privilege of an exciting career as a procurement professional, negotiation speaker and coach. I'm here to share my experiences, resources and even the negotiation mistakes I've made.



Are you eager to learn more about the dynamics of business negotiations? I'm ready to share what I wish I knew when I negotiated my first salaried position and what I have learned negotiating multimillion-dollar contracts with global companies.

I hope to meet you soon!

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