



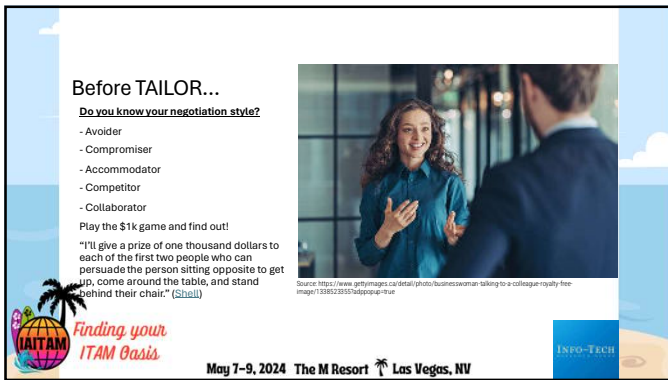
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TAILOR Your Negotiation Strategy to Maximize Your Chances for Success

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Before TAILOR...

Do you know your negotiation style?

- Avoider
- Compromiser
- Accommodator
- Competitor
- Collaborator

Play the \$1k game and find out!

"I'll give a prize of one thousand dollars to each of the first two people who can persuade the person sitting opposite to get up, come around the table, and stand behind their chair." (Shell)

Source: <https://www.gettyimages.ca/detail/photo/businesswoman-talking-to-a-colleague-royalty-free-image/131852355>

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What is TAILOR?

An acronym for a negotiation framework

- T: Time
- A: Alternatives
- I: Information
- L: Leverage
- O: Outcomes
- R: Relationships

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Time & timing

Time can be your friend or your enemy

Time to Prepare for Negotiations
 - Customers often don't prepare adequately
 - Give 30 calendar days for the time required

Preparation 70% **Information Exchange 20%** **Proposals & Concessions 10%** **Commitment**

Plan for Appropriate Times to Negotiate
 - Timeline may not be in your control
 - Building often leads to better results and outcomes

Timing of the Deal
 - Plan to land the deal at a time that favors your position (e.g., End of quarter/End of fiscal year)

“If you are not prepared for a negotiation, you might as well not show up. You have given the other side an undue, unearned advantage.”
 - Ronald M. Shapiro
 Source: The Power of Now by Ronald M. Shapiro with James Dale, 2015

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Alternatives

Alternatives can provide flexibility and leverage

- What alternatives do you have?
 - Think BATNA – best alternative to a negotiated agreement
 - Alternatives must be credible
 - Be “creative” in your approach
- Ask, “Which side has the most (or least) to lose from a failure to agree?”

The biggest mistakes negotiators make are...

- Not believing they have alternatives

Not looking at what the account manager has to gain/lose

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Alternatives in Action

Houston Power & Lightning v. Burlington Northern

- \$195M/YR in rail costs for coal transport
- Create “Janie-Rail” – new 10-mile spur owned by the utility (Janie Mitcham)
- Union Pacific broke the sole source dilemma – saving \$10M/YR on the way to \$50M/YR

Source: (Shell)

Amazon.com – Seasonal Rolling Stock

- \$1M in freight costs to ship crappy equipment to FCs for Peak Season – world’s largest renter of rolling stock
- Vendor proposed an innovative win-win opportunity
- Negotiated “killer deal”...what was unique about this deal?

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Information

Gaining and controlling information are critical

- What information do you have?
- What information does the vendor have?
- If your vendor knows more than you do, you will lose (value)


The biggest mistakes negotiators make are...

- Not being protective of their information
- Not researching the vendor and industry
- Not learning about the vendor's negotiators



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Information in Action


Zoom Renewal Scenario

- MS Teams is included with E3/E5 SKUs
- Zoom responding with up to 50% discounts on renewals (or free service terms)
- Did you know? How would you find this market intel? What is this information worth?

Consider Bi-furcated Negotiations


- Commercial-facing negotiation vs. reality "on the ground"
- Use information to shape perception and build leverage

Level the Playing Field: Third party services for benchmarking, contract review, and negotiation assistance



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Leverage


Leverage is multi-faceted and fluid

- Leverage is something used to influence a party to change or move its position, stance, or request
- Leverage depends on the other party's **perception** of the situation
- Leverage can be
 - Real or perceived
 - Positive, negative, and normative



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Leverage
 The biggest mistakes negotiators make are...

- Not using leverage appropriately
- Not understanding perceived leverage
- Not protecting leverage (when possible)



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Leverage in Action
 Revenue Generating Project – Emergency Schedule

- IBM quote of \$800k for Informix DB
- Determine that pricing can be improved via competition
- Develop parallel architecture based on Oracle DB...how much did we save in 48 hours by creating leverage?

Negative Leverage Example


- Trump Tower: Needed air rights over building owned by Tiffany & Company (and their hard-nosed CEO Walter Hoving)
- Willing to pay \$5M for air rights...but what if he says "no"?

Presents alternate proposals for Trump Tower to "lever" the playing field to his advantage



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Leverage in Action
 Don't Confuse Leverage with Power

- Ever try to get your child to eat their broccoli?
- Vera Coking – holdout to sell her house so Trump could build a casino
- One decade later and surrounded on three sides by the casino, facing an order to condemn the property, Vera sought legal counsel
- Vera was supported by a constitutional rights legal foundation; Trump became the butt of endless jokes in Garry Trudeau's newspaper comics

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Outcomes


Know what is acceptable prior to negotiating

- Identify your goals and priorities
- Each side needs some sort of trophy
- Is there a viable ZOPA (zone of possible agreement)?
- Is it a fixed-pie negotiation or expanding-pie negotiation?
- Let your vendors suggest solutions/outcomes



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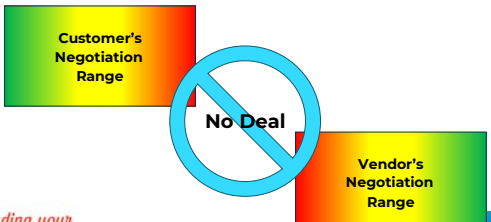
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Outcomes


ZOPA example



Customer's Negotiation Range


No Deal

Vendor's Negotiation Range



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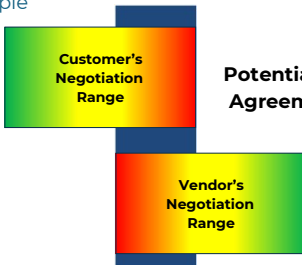
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Outcomes


ZOPA example



Customer's Negotiation Range


Potential for Agreement

Vendor's Negotiation Range



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Outcomes


The biggest mistakes negotiators make are...

- Not identifying negotiation ranges
- Not knowing their "absolutes"/having too many "absolutes"
- Not realizing that someone else will be living with the deal after it is negotiated



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Outcomes

Understand the Negotiation Pyramid of Purpose...



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Relationships


Relationships help drive outcomes

- Negotiation relationships require trust, and trust is built around behaviors such as reciprocity
- Treat others fairly and point out when you believe you are not being treated fairly
- Relationships in today's virtual world are difficult to create and maintain
 - Get beyond the sales team
 - Establish a connection
- The key is to use a "friendly without being friends" approach



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Relationships in Action


"Fast Car" 2024 Grammy Performance – Tracy Chapman/Luke Combs

- Copyright law allowed the re-make of the song, required Tracy Chapman's approval to promote it which was obtained – the song became a Pop/Country cross-over hit
- Grammy producers Raj Kapoor and Patrick Menton wanted a live performance with Tracy/Luke at the Grammys
- Challenge:
 - Tracy Chapman lives a reclusive lifestyle out of the limelight
 - Away from the music industry for 15 years
 - Did not know how to reach her...
 - Apprehensive on how to approach her in the best manner – typical approach was direct/hardnosed




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Relationships in Action Continued




- > March 2023: Fast Car launched
- > July 2023: Hit #1 Hot Country Song
- > Nov. 2023: Song of the Year (AMA Update w/Combs)
- > Nov. 2023 – started outreach for Grammy performance
- > Jan. 2024 – Chapman agrees to performance w/Luke Combs

Source: [Harvard EdEd](#)



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Relationships in Action Continued

Lessons from this negotiation...

- **Know Your Audience:** Low-pressure approach coupled with a High level of respect for Chapman as the artist. Demonstrated integrity through actions (extended timeframe, creative autonomy, collaborative approach).
- **Change Your Style:** Modify your negotiation approach to engage your counterparty. Chapman appreciated the soft-touch approach. It's OK not to be hard-nosed and direct just because you can most of the time.
- **Build on the Trusted Network:** Connections and trusted relationships are the glue that binds. Introductions can be made that otherwise would not happen or would be more formal in nature. Trust nurtures collaboration.

Closing thought

"Negotiation is about finding solutions, not making demands."
– Daniel H. Pink



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Thank You


Learn more about TAILOR and Negotiations

Reach out to Scott Bickley (me)! You can also see our published research around the Negotiations Process here:

- [Prepare for Negotiations More Effectively](#)
- [Implement Your Negotiation Strategy More Effectively](#)
- [Evaluate and Learn From Your Negotiation Sessions More Effectively](#)



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