



NEGOTIATIONS: LIFEHACKS FROM THE PROFESSIONALS

Management Workshop: *The Art of Negotiations* (<https://businesspractices.ru/programs/webinar/422/>) has taken place on the SIBUR Business Practices platform.

The speakers shared their experience live during the webinar, presenting success stories from personal experience and insights from academic research, and discussing how the art of negotiation can be leveraged in specific situations. More than 500 participants joined the workshop and had the opportunity to ask the speakers their own questions live.

More than business practice

“Negotiation is much more than business practice. It’s a tool we use all the time: whether at work, at home, on holiday, or when travelling around,” said Andrey Frolov. “It’s a huge part of our lives, involving psychology, parts of our social nature and knowledge of personality types.” Dmitri Svatkovsky continued in the same vein, comparing the skill of negotiation with sport. “Negotiations require discipline, preparation and training. You need a symbiosis of knowledge, emotional management, situational control and the ability to compromise. The side that has worked through more possible options and that knows how to make decisions will be more successful.”

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The whole audience noted that they owe a lot in their lives to being good negotiators. Rooted in the diversity of his professional life, one of Dmitri Svatovsky’s examples clearly demonstrates the importance of negotiation in all areas of our lives: “Sport involves achieving your personal ambitions, but at the same time, you are highly dependent on your team. You need to be very flexible in order to defend your point of view while keeping the team together. When I became a public official, I needed to interact with a huge number of people, listen to them and not be afraid to admit when I didn’t understand something. In politics, it is crucial to be able to answer to society for what you say, something that is even more apparent in the era of social media. Nowadays, you can’t hide from your promises. It is very important to understand what you are saying, when you are saying it and what the next steps will be. Only a bad politician makes throwaway promises. Say it, then deliver.”

The secrets to success in negotiations

To return to the sports analogy, negotiations rest on preparation. In this light, it is important to have structure, or a training plan. Usually,

the more complex the negotiations are, the more complex the structure is. Ilia Melman spoke about a universal negotiation preparation template (its key elements being price range, knowledge about the other side and their interests, and room for manoeuvre), working from the example of preparing to speak with an employer.

The psychological atmosphere of the meeting is pivotal. Negotiations are about creating value for both sides and building trusting relationships. A positive approach does not only help to close one-off deals, it also builds long-term relationships. You can not belittle your partner, nor the quality of their offer: you need to show how far it meets your needs. As one of audience members noted in the chat: “You need to truly believe in the idea that you are trying to convey. Your tone and mindset are key. This principle really helps you to emphasise the benefits to the other side – and it brings results.”



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It is crucial to stay calm and confident during the meeting. Dmitri Svatkovsky shared some psychological tricks that can help you cope with any nerves: “Prior to negotiations, everyone gets nervous, especially before important ones. Don’t believe the people who say they don’t! This is a classic fear of failure, and there is a very effective method of dealing with it: imagine the worst outcome in the event of a failed negotiation. Tell yourself that this has already happened, but you have been given a second chance to put things right. If you get worked up, breathe deeply for 20–30 seconds. Breathing suppresses the adrenaline rush and helps you to pull yourself together.” The speakers noted that many people use tough psychological tools during negotiations. For example, they ignore questions or answer them in quite a vague manner. Some even try to intimidate the other side. It is important to quickly recognise any attempts to manipulate and not to fall for them. “If a person ignores your question, rephrase it,” recommends Dmitri Svatkovsky. “What’s more, attempts to intimidate are a sign of weakness. If a person is really ready to do something radical, they will usually not show it. On the whole, manipulation can serve to give a temporary advantage, but it only causes damage in the long run.” “A good joke is much more effective in a conversation than manipulation,” added Andrey Frolov.

ANDREY YANOVSKY:

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The specifics of different cultures

Andrey Frolov stressed that you must take into account the culture of the other side of the discussion. “In America, a firm handshake shows you mean business. However, if you grab a Japanese person’s hand and start shaking it, they will see it as an invasion of privacy. In China, the seating arrangement is important. In the Middle-Eastern countries, crossing your legs is a serious no-no. Read up on what different gestures mean in different countries and how people from different cultures perceive different tones of voice.”

Preparations for negotiations with people from a different culture require you to invest more time. Pay attention to personal aspects and do not neglect the details. Andrey Yanovsky illustrated this with an interesting example of his own. “I learned that the son of the head of a large Chinese company was interested in building models. So, I brought a wooden model of a Soviet submarine to our meeting, and quite unexpectedly received a 20% discount. He appreciated that I took the time to look into something that he cared about.

In general, when working with an eastern country, be aware that a big deal may take six months or more to close. You should be prepared for the fact that for several days in a row, you may be treated to a bottle of their finest from 11 am, but if you find yourself unable to play the national board game with an important manager by the evening, then you should know that tomorrow, you will not be invited to discuss any discounts. It’s just like when you are in a Korean house, you mustn’t forget to slurp at the table as a sign of gratitude to the hostess. Otherwise, they will say that you thought the kimchi was awful, and that you have extremely bad manners”.



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Useful tips and negotiation tricks

The event participants found the psychological aspect of negotiating the most interesting. Having knowledge of cognitive biases increases your chances of achieving your goal; for example, the concept of “anchoring”. A person always takes the number that they see first as a reference point. The price of the first offer should follow a clear logic, but should always be higher than the one you can actually afford to offer. This gives you the opportunity to make concessions. As Andrey Frolov noted, this is an effective technique; however, it must be used skilfully. If you hike the price, you can end up losing the client forever.

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You should also make concessions consciously. Decreasing discounts signal that you are reaching the limit, and help you come away with a favourable position. On the other hand, if your preferences become more stable, it is a sign to continue haggling. Based on his own negotiating experience, Mr Frolov pointed out that concessions should always be reciprocal, clearly marked out and rooted in the value of the deal.

One of the most effective negotiation techniques is called Multiple Equivalent Simultaneous Offers (MESO): by inviting your partner to choose a form of cooperation that they like the most, you can identify their priorities and interests, and prove that you are genuine in your intentions. In addition to this, MESO helps to establish a more effective “anchor” and make small, but important, concessions during the meeting. Even if none of your options are accepted, the choice itself will make the relationship between the two sides warmer and more transparent.

Once the negotiations are over, everything has been discussed and you have reached a decision, you must then make sure that everyone has the same understanding of the agreement. The next day, try to analyse your results: it will help you avoid future mistakes. Even if the meeting did not end how you wanted it to, leave the door open and come back to the table, this time with a stronger position.