



The negotiators dilemma; who proposes first?

Like most areas of business life, negotiating is a dynamic, moving process which requires a flexible and creative approach if there is a chance of reaching a mutually acceptable solution.

During preparation for our negotiations we have to try to anticipate a number of possible acceptable outcomes so that we are able to adapt our original plans if we recognise that our favoured solution is completely incompatible with the other party's requirements.

Planning a degree of flexibility into your negotiation strategy is essential; rather like physically stretching creates a benefit to the body when exercising, mentally stretching and flexing your negotiation strategies will aid the negotiation process.

That is not to say that we should go into a meeting and be utterly reliant on the other party then simply react to their proposals. Military tacticians tell us that they enter all conflicts with a clear plan, but that 5 minutes into the battle they then have to adapt to events. Indeed, we encourage participants on our negotiation skills courses to have at least 3 options to achieve their objectives. The objective doesn't change, but the strategies might.

One tactical dilemma that negotiators face is 'who should make the first proposal?' Negotiators often allow the other party to go first, in the hope that they might be offered a deal better even than they had hoped for or would have asked for themselves. Our view – fat chance!

Proposals advance the negotiating process, and give power to the proposal maker. Rather like a duel at the OK Corral, we believe that the negotiator who goes first is likely to be the one who takes the advantage.

Consider the problem. If you allow your opponent to open are they likely to open with an offer better than the one you are looking for or not? More likely their opening proposal will tend to be just that, a highly selfish positional offer, or a sighting shot. Your job will be then be to create movement from it, and it may be an uphill struggle.

One of the problems with all negotiations is uncertainty. If they are not sure what you want, what your issues are, what motivates and de motivates you they become suspicious and prone to conspiracy theories, and that makes finding a mutually acceptable outcome harder.

So we suggest as a general rule you are far better putting your proposal on the table first. This will set the negotiation at your end of any bargaining spectrum and will manage their expectations as to how you see a solution working.

Making a credible realistic proposal to open the negotiation can be crucial. As a general rule open realistically, move modestly and conditionally. If you educate the other party that movement from your opening position will be infrequent and small, they will quickly learn that your moves can be read with a degree of accuracy and there will be less uncertainty than might otherwise be the case.

We are not suggesting that you are 'soft' in your opening proposals. On the contrary; opening at a challenging but defensible position is good negotiation advice. As a business negotiator you are expected to act decisively and not be embarrassed to act in your company's best interests.

The next challenge you face is how you manage rejection of your first proposal. I often tell negotiators that the first question they should ask themselves is 'What do I do when my proposal is rejected'? Managing any movement and checking what degree that movement is really required is the next dilemma the negotiator faces.



Stephen White, Managing Partner Scotwork LLP

