

THE PROPOSAL

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The proposal is the single most important thing you will do at the negotiation table. If no-one makes a proposal, there can be no agreement. It is the only thing that you cannot do without in negotiation. The proposal or, more realistically, a series of proposal and counter- proposal is the mechanism by which negotiators work towards a mutually acceptable outcome.

Why do we do it?

By making a series of proposals, negotiators can exert control over a negotiation because they are effectively anchoring the conversation around their position – or a slight modification of their position. It is a general truth that, the more proposals you make, the better the deal you secure. If your counterparty is making all the proposals, they are directing the discussion, you are merely reacting to what they have suggested.

How do we do it

In single-variable negotiations where there is only one issue to be agreed, you can only move unilaterally. In other words, all you can do is to modify your position by compromising and moving towards your counterparty. As soon as you have more than one variable, you open up the opportunity to trade rather than simply compromise. You can do this in a process of Give and Take by offering a concession but attaching it to a condition. The simplest way to do this is to use the 4 word technique of “If You..., Then We...”. If you do X for me, then I will do Y for you. You are indicating to your counterparty that you are prepared to do Y but only if you get

X in return. You have not committed to conceding Y because, implicitly, it is conditional on you getting X.

When do we do it?

Throughout an entire negotiation until you have reached a point where you are aligned on all the issues you need to agree on. If you find that you cannot align on all the variables, you may well have to introduce new, additional variables to give you more trading options.

Cast your mind back to the last lengthy, more complex negotiation you conducted. Let's say it lasted an hour. Now, imagine that it had been recorded on video and you were tasked with producing a 5 minute, edited highlights package to show to others. What would you include in your 5 minutes? The proposals, right? You would show the moments where there was material progress towards the ultimate agreement and you would drop all the other stuff. Just like a TV editor producing the highlights of a football match would show only the goals - one-nil, one-one, two-one, final whistle, goodnight.

If all that sounds a bit flippant, it is not meant to be. It is meant to underline how important, how absolutely crucial, the Proposal is as a negotiating technique. The proposal is the lifeblood of negotiation – without a proposal, there is no negotiation and there is no agreement. More than that, the proposal is also one of the ways in which you control and direct a negotiation. By making proposals, you are offering a variety of scenarios *which you can accept*. If your counterparty is making all the proposals, the conversation is anchored around scenarios which are favourable to them, you are playing a reactive rather than a proactive role.

If you are negotiating one single issue, then all you can do is concede by moving your position unilaterally. When you have multiple variables, however, things start to get a lot more exciting because now you can do more than compromise, now you can TRADE by exchanging one thing for another. This is what we call Conditional Trading.

How do you do this? Sit up straight and pay attention because we're about to introduce you to the four single most important words in the negotiator's vocabulary:

“If You..., Then We...”

Now you don't have to concede unilaterally. By using this simple technique, you can ensure that, for everything you are prepared to give away, you get something back. The attachment of a condition means that you are withholding the concession because, unless your counterparty accepts the condition, they don't get what they want. This heightens the perception of value and, by consequence, the level of satisfaction, in your counterparty. Because they have had to work hard and meet certain conditions to get their reward, they appreciate what they have secured much more than if you just offered it to them on a plate.

It is important that you state the condition first and follow this with the concession. This is for two reasons - one psychological, one tactical. Psychologically, your counterparty needs to hear and understand what they must fulfil in order to obtain what they seek. Personal fitness enthusiasts talk about, “putting the pain before the gain” when they work out in the gym and, in the same way, your counterparty needs to grasp that they must jump through a few hoops in order to get to a deal. Tactically, if you lead with the concession, you run the risk of being interrupted before you have a chance to state the condition. Make sure that you don't let your counterparty “cherry-pick” by trying to pocket the concession without agreeing to the condition.

The beauty about this technique is that it liberates you. It allows you to allude to all the things you could potentially do without committing to do them because they are protected by the condition. That is why complexity, in terms of the number of variables you are negotiating, is so vital in more collaborative negotiations. The more variables under simultaneous discussion, the more options you have to reach an agreement.

When you make your proposal, just say it. “If you increase the length of our contract by one year, then we will increase our payment terms to 45 days.” Don't explain, embellish, justify, elaborate. That simple sentence is a thing of beauty. It clearly states what you are prepared to do and what you expect in return. It doesn't require anything further. The more concise your proposal, the better.

The “If You..., Then We...” formula is the simplest way of phrasing a proposal but there are, of course, other words you can use that embody the same principle, “On condition that you..., then we are prepared to...”, “Subject to you..., we can...,” and so on. Whatever words you choose to use, make sure that you are observing the core principle of always attaching a condition to every concession.

Right, so you have made your proposal and you are waiting for a response. There are three things that can happen:

1. They say Yes.
2. They say No.
3. They make a counter-proposal.

If they say Yes, then the job’s done. You shake hands and have some cake. Although you might ask yourself if you should have asked for 15%.

If they say No, there is one thing you must avoid. Don’t, under any circumstances try to persuade them that they should accept your proposal by force of argument. They are not going to agree. Your argument can be as eloquent, compelling and forceful as it likes, if it is not in their commercial interest to agree then they will not do it. In fact, all they will do is argue back and tell you how unacceptable your position is and you’ll spend the next 15 minutes taking verbal lumps out of each other and creating only frustration instead of delivering satisfaction.

In fact, No is good. Because now you get to make another proposal. They think they are in control because rejecting your offer makes them feel that they are powerful, that they are winning. In reality, you are in charge because you are dictating the terms of the deal. Your next proposal could be, “If you increase the level of investment by 10% *and* give us the right of Sale or Return on all promotions, then we can list your new product from April and give you one extra promotional slot.” You just keep on making proposals until you uncover circumstances under which they can agree to your terms.

The third possibility is that they make a counter-proposal. This is also good news because the nature of their counter-proposal will tell you something about what

they want and what you might need to offer in order to get what you require. They might come up with something you hadn't thought of, like "If you let us deliver all products to one central warehouse and place minimum orders of 10,000 units, then we can increase our funding by 8% and offer you Sale or Return on a maximum of 20% of promotional volumes." Again, don't argue about how rubbish their offer is, just make a counter-proposal. Remember, the best way to beat a proposal...is to make a proposal. And so it continues, with a series of proposals and counter-proposals. It is like a little voyage of exploration and discovery with each of you making suggestions as to what you can do until, gradually, you arrive at a deal that you both can sign up to.

The proposal, in negotiation, is like the ace of trumps; it beats everything. It stops arguments because a new proposal gives everyone something new to think about and moves the negotiation onto fresh ground.

So, don't argue, don't debate, don't persuade, just Keep Calm and Make Proposals.

