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### Planning Steps for Negotiations: An Important Strategy to Maximize Success

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## Planning Steps for Negotiations: An Important Strategy to Maximize Success

### Abstract

This is the first article in a two-part series on developing effective negotiation skills.

“Plans are nothing. Planning is everything.” — President Dwight D. Eisenhower

Negotiations are at the heart of our daily interactions. The ability to negotiate effectively may have never been so important as during the COVID pandemic. Whether re-negotiating business deals with vendors, landlords, employees or shareholders (including family members), the COVID pandemic has presented challenges and opportunities for retail owners to thrive by being creative and strategic in negotiation planning and execution. This first of two articles will focus on preparing for successful negotiations. The second article will focus on strategies for effective negotiation meetings. While this article focuses on negotiating with family business stakeholders, the strategies apply to all stakeholders in the retailing realm.

### Disciplines

Business

### Comments

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# Planning Steps for Negotiations: An Important Strategy to Maximize Success

DR. CAROL WITTMAYER AND DR. DAVID KUNSCH

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Brothers Tom and Jeff are in their late 30s and are devoted employees at their Dad's flooring company. Tom works in commercial sales and Jeff in residential. Both have been successful and would be attractive hires to competitors. Tom has a young family and Jeff is very serious with his girlfriend. They are both wondering about their future at their family business. Their Dad, Josh, has not shared financials and his long-range planning is unclear to them, although Josh has spent thousands of dollars working with consultants who meet

regularly with the three on strategic planning and coaching. Tom and Jeff are trying to sort out how to approach Josh to ask questions and get clarity on their future.



Dr. Carol Wittmeyer



Dr. David Kunsch

One of the most difficult things that the "next" gen(eration) family business

employees like Tom and Jeff face is being able to orchestrate such difficult conversations about the future with the "now" gen(eration) leaders – typically their parents. What can result is their feeling frustration, trapped and unappreciated. It's very difficult for the "now" gen leaders to discuss topics that require significant sharing such as the company financials. And it's most difficult for them to talk about topics related to scenario planning that often-times relate to the now gen not being a part of the business – whether death, disability or preferably fully and happily retired.

So not surprisingly, one of the things we are asked to advise next gens on is how they can approach topics related to their future with the now gens. Bringing it up is not the only problem, so is how to handle a conversation once it is brought up.

Based on years of experience in working with next gens, we have put together a curriculum on how to prepare for negotiations with family members, a step that is typically overlooked or underestimated.

## Four Key Perspectives to Consider

When faced with a situation where there may be a negotiation, the most-sage piece of advice is to prepare. Time spent on preparation is never wasted and almost always will result in a better result. There are several perspectives to contemplate for proper preparation of any negotiation. You may never have all the information you would like, but try-

ing to think of scenarios helps to develop clarity in your own goals as well as a sense of empathy for the other side(s).

There are **four key perspectives** you need to address and they can be accounted for by answering the following questions.

**1. What do you know about yourself?**

While it seems as though the easiest question to answer is what do you know about yourself, we find that many times people do not take the time to figure out what it is they want and why. The first thing to think about regarding your situation is *what are the issues of concern for you in the negotiation*. At this point, you are only worried about what issues are of concern to you. For example, Tom and Jeff are wanting to know what plans Josh has for them including a timeline. Secondly, you then want to think about *what are the goals you have for each issue*.

If you enter a negotiation without a clear idea of what your goals are you will be at an immediate and probably enduring disadvantage thereby decreasing the optimal result of the negotiation. It is all right to have several issues and goals and it is to be expected if the negotiation is a complicated one. Using the Self-Analysis Worksheet (below) as a guide, list the issues and your goals vis-a-vis each issue, and then you need to formally or informally rank the importance to you of each of these issues.

**Self-Analysis Worksheet and Example:**

Issues	Goals	Rank
Lack of Information on Succession	Understand Now Gen's succession plan and my role (president and owner)	1
Lack of clarity on non-family employees' future	Understand if Next Gen has potential to lead the company (president and owner)	2
Lack of information (financial)	Understand the drivers of the business and how decisions are made	3

**BATNA Worksheet for Succession Information Negotiation**

Alternative	Rank	Comments
Succession plan is clear and my role is defined and desirable	1	Best agreement and would accept this.
Plan including process and timeline for succession is outlined	2	BATNA – Best alternative and might accept it.
No commitment is made to share plans or future process	Last	Not acceptable alternative. Discussion possibility on family business exit strategy.

Completing such an exercise will give you a foundation for appreciating what direction you wish to take in respecting each issue.

that: *what is your Best Alternative to a Negotiated Agreement* (BATNA). Thinking about and answering these questions will set you up to have a more

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**BATNA Analysis**

There are two more concepts you need to think about before you are ready to go onto the next step. The first is to think about *what is the worst agreement you will accept before you walk away* (and even consider leaving the family business as a result), and the second is related to

rationale and thereby less emotional negotiation. We find that many times people struggle to answer these questions as they feel trapped and have no alternatives...this is usually not true, they may not be attractive alternatives, but are alternatives just the same. For all of the above you should have enough information to be comfortable in the analysis from your perspective. (See BATNA Worksheet, above.)

**2. What do you know about the other side(s)?**

The next part of the preparation is to answer the same questions of the other side that you answered about yourself. Namely; what do they think the issues are, what are their goals with respect to these issues, how important are each of these issues and goals for the other side, what is their Best Alternative to

**continued on page 18**

a Negotiated Agreement (BATNA) and what is the worst agreement they will accept? It is almost always the case that you will have to guess somewhat as to what the other side's position is on each of these questions. However, if you do not have this information ahead of time the information can be elicited during the negotiations themselves. Depending on the relationships involved you may even ask these questions rather directly to the other side, but more on that later. As this information becomes available you can juxtapose it with the information on your perspective and see where there may be common ground. (See *Other Side Empathy Worksheet*, at right.)

**When faced with a situation where there may be a negotiation, the most-sage piece of advice is to prepare. Time spent on preparation is never wasted and almost always will result in a better result....You may never have all the information you would like, but trying to think of scenarios helps to develop clarity in your own goals as well as a sense of empathy for the other side(s).**

**3. What do you know about the situation?**

The next series of things to consider is about the negotiating situation itself. Are there any deadlines that either or both sides are concerned about? What is considered "fair play" between these parties? Are there any issues you do not want to be brought up or dealt with? If so, what will your response be if these issues are brought up? Once again, consideration of these items before

*Other Side Empathy Worksheet and Example:*

Issues	Goals	Rank
Lack of clarity on non-family employees' future	Take time to observe and train Next Gen	1
Not wanting to share information	Lack of confidence in Next Gen in terms of ability to understand and possibly thinking things are rosier than they might be	2

entering a negotiation leaves you better prepared in assessing your negotiating strategy.

**4. What do you know about the relationship between the parties?**

Finally, consider what the relationship is and may be between the parties.

In the family business case described earlier, the sons should con-

approach it differently than if there is expected to be an ongoing relationship that may involve future negotiations. You would consider the same trust questions outlined above as well as, do you know if the other side has limited authority (and therefore is an intermediary in the negotiations)?

The answers to all these questions above will then give you the lay of the land so you can think about how you want to negotiate – the subject of the article.

Planning for negotiating can help now gens and next gens bring up difficult discussions about the future in well thought out ways that include defining goals, ranking possible outcomes and considering empathy for those on the other side of the negotiating table. ■

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