



# Five Negotiation Secrets Exposed

By Gary L. Beal



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Negotiation Training | Coaching

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America is not a negotiating culture. For more than 100 years we've cultivated a "pay one price" mind-set or "you get what you pay for." That's meek consumerism. Travelers to Asia or the Middle East know what a "negotiating culture" is. Young children develop better skills for negotiating than many seasoned American negotiators; they learn for their survival and practice every day. They are what they negotiate.

Our senior level executives are rarely involved in key negotiations more than a few times a year. They don't practice enough to sharpen their negotiating skills. In the market place, if you don't bring your "A" game skills to the negotiating table, the consequences are serious.

Fortune 500 corporate executives know this. They bring me in to hone those skills needed for high stakes negotiations. Over the years I've participated in nearly 300 negotiations. As I've done so, I've noted that the best negotiators use skills most others simply do not have. Here are five of their not-so-obvious secrets to good negotiating:

**1. Redefine the Problem.** A client wanted to sell desktop computer security for the Y2K threat to a huge insurance company. The client had little interest because they had focused solely on their mainframe computer storage; to them, desktops were a minor issue. To get their attention, we redefined the problem. "You've got a \$250 million plane you're hoping to land safely after January 1, 2000. No matter how sound the plane is, if cheap tires jeopardize the landing, that will have been a terrible mistake." The message hit home. We got the sale.

**Principle:** Your basic message can get lost in the blizzard of information thrown around in the thrust and parry of a typical negotiation. Good negotiators know this, and work to create a theme or context for their basic negotiating position. Often the theme paints a picture or captures the essence of what they are trying to present. Redefine the problem.

**2. Shut Up and Listen.** A client was asked to buy an unusual business concept in the fast food industry. The seller began with an exorbitant asking price, figuring he had a eager buyer and an irresistible product. Rather than arguing with them about the realism of their number, we simply asked them several friendly questions: "How did you come up with the asking price? What we would get if we paid that price? How does your number relate to market acceptance of the product? What level of development cost were you hoping to recoup with the initial license fee, etc." When it became apparent they had not thought through the implications of their number, their asking price collapsed of its own weight. The ultimate number they settled for was far less. In the meantime, we maintained a positive relationship and did not become argumentative with them to get their number down.

**Principle:** Far too many negotiators believe winning a negotiation happens by talking the other party into your point of view. They prepare long lists of arguments. Skilled negotiators patiently listen to the arguments, and then pick apart the weakest ones with carefully crafted questions. Game over. Ask lots of questions for the other negotiator to answer. Often he'll see the weakness of his position because he can't answer the questions in a believable fashion. Ask, then shut up and listen.

**3. Give the Other Party Options.** I encourage salespeople to find two or more options that they personally would find acceptable. Then I help them come up with an option that incorporates things the customer has said they must have in Choice A, and leave those things out of Choice B. Choice A, of course, is a broader solution with a higher price tag. The customer then is invited to consider whether a lower-priced option would really meet their needs. Both options are acceptable to the salesperson. In this way the game is changed from choosing our offering or the competition's, to choosing one of our two offerings.

**Principle:** As a negotiation unfolds, the temptation is for you to consider what it would require to "solve" the basic negotiation problem, and say something like, "... look, here's what it's gonna take to work this problem for me." You are forcing them to pick between your way and their way. Skilled negotiators give the other party options.

**4. Plan Your Concessions Carefully and Send The Message You Want To Send.** Early in a negotiation each party stakes out some kind of position. The timing and size of concessions from that first position tells something about one's true position and/or flexibility.

- Concessions when none are asked for: The other party has no conviction in their original proposal.
- Concessions made very early on: The other party is extremely anxious to have a deal.
- Whoever makes the first concession means: That party wants this deal more.
- Concessions given only in exchange for something: This person will work with me, but isn't a pushover.
- Concessions of similar or increasing size: Hold out for more because there is more to get!
- Concessions of decreasing size: You are getting near the bottom of this person's concession bucket.

Plan your concessions carefully and, send the message you want to send. Watch carefully how the other party concedes.

**5. Less is More.** A steel company president wanted to keep working with a coke supplier because of their good working relationship. But a new coke supplier offered a slightly better price. The president needed that new price and asked the coke salesman to meet it. After much internal agonizing, the salesman responded by arranging for a phone meeting between the steel mill president and the coke company president. When the steel company president asked for the price decrease, the coke supplier's president immediately said, "Yes, we can do that." The steel president paused and finally said, "You mean I have been paying this price for these years, and all I had to do was pick up the phone and ask for a better deal? I don't think I want to do business with a company like that." He hung up the phone, and the supplier lost the business. Had the coke supplier's president been slower to respond and reluctantly offering a smaller discount, or had he asked for something significant in return, the deal probably would have gone through.

**Principle:** When something comes too quickly or easily, people tend to question either their own skill, or the motives of the other side. Using less information, talking less and giving less actually create more positive momentum toward reaching an agreement. It doesn't mean being unpleasant or even uncommunicative. It does mean, however, that most of us need to stifle our inherent need to talk and "give in" during negotiation situations. This allows the other party to fill the gap. Hence, in negotiation, "less is more."

## The Five "Secrets" Summarized

To recap, here are five "secrets" that the pros know and use in negotiation:

1. Redefine the problem.
2. Shut up and listen.
3. Give the other party options.
4. Plan your concession timing and messages you want to send.
5. Less is more.

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