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**SPECIAL REPORT
EXCERPT FOR SPECIAL DISTRIBUTION**

BARGAINING BRILLIANCE FOR THE WIN!



Bargaining Brilliance for the Win!

KEY TAKEAWAYS:

- Maximizing your effectiveness as a negotiator can mean huge wins for your business, your personal wealth and your overall ability to get exactly what you want in life.
- You must walk away from a negotiation as a winner, irrespective of the ability of the other person to reach his or her goals.
- Master the four key components of highly successful negotiating: perspective, purpose, preparation and process.



One area where successful business owners are interested in enhancing their existing knowledge and skills is negotiations.

It isn't that accomplished entrepreneurs aren't capable negotiators—they are, generally. But many of them believe that by boosting their abilities even further, they can generate even more—and more significant—wins.

They're right! Even small, incremental improvements in negotiation skills tend to translate into superior outcomes. Furthermore, a heightened level of expertise at negotiating and networking has numerous applications when growing a business. When it comes to dealmaking, negotiating prowess is of critical importance—whether on the sales or the buy side of the table.

Bonus: By being better bargainers, successful business owners also can be more effective with nonbusiness endeavors, such as adding value to charitable organizations. Better bargaining also has tremendous benefits when selecting and working with professional advisors. By being more proficient negotiators, they're more likely to get superior arrangements.

In researching and consulting with the self-made Super Rich (\$500 million or more of net worth), we have been able to develop a highly systematic approach to negotiation excellence that we call *bargaining brilliance*.

The foundation of bargaining brilliance

Let's begin with the foundation of the bargaining brilliance methodology:

"I Win, You Whatever"

The "I win, you whatever" philosophy doesn't mean that one party in a negotiation must be a winner *and* the other party must be a loser. Both parties can certainly walk away from the bargaining table feeling like winners. In fact, that's the optimal scenario.

However, the "I win, you whatever" philosophy says that it's essential for success that *you* walk away a winner, irrespective of the ability of the other party to reach his or her goals.

Simply put, the self-made Super Rich realize that the only way they're going to win when negotiating is by carefully and forcefully looking out for their own interests.

Important: This "I win, you whatever" attitude is not about being selfish or egotistical. It's about being realistic—and succeeding.

But wait, you say—what about the win-win approach to negotiation? While advocates of the win-win philosophy frequently talk about the value of long-term relationships and fairness for all, most self-made extreme wealth creators tell us that if you're not looking out for yourself, it's highly unlikely anyone you're negotiating with will be looking out for you.

To see the potential alternatives, consider the matrix in Exhibit 2.

As noted, the optimal scenario is one where all parties conclude the negotiations as winners.

EXHIBIT 2
Negotiating Results Matrix

| | | YOU | |
|-----------|------|-------------|-----------|
| | | Lose | Win |
| ADVERSARY | Win | Substandard | Optimal |
| | Lose | Substandard | Excellent |

Source: Russ Alan Prince and Bruce H. Rogers, *I Win, You Whatever*, 2013.

All things considered, this is the result you are doing your very best to accomplish.

Unfortunately, this outcome is not always possible. If everyone cannot be successful, then the negotiations are still a success as long as you achieve your goals.

Think about it this way: If you lose, the result of the negotiation was substandard—regardless of whether your adversary wins or loses. Losing is losing, and by losing you damage your ability to become successful—and wealthy.

This philosophy is at the core of how many of the self-made Super Rich bargain, and it is part of the reason they are repeatedly so effective. While they usually have no problem with seeing their adversaries doing well, they *must win*.

The lesson is clear: If you want to truly excel, then you too *must win* when you bargain.

The Performance Equation

Extreme wealth creators usually approach negotiating business deals in profoundly different ways than do less financially successful individuals. Whether establishing joint ventures, creating strategic alliances, or selling and buying companies, they are not only exceedingly focused and disciplined, but they also employ an array of strategies and tactics that are likely to radically increase their ability to achieve the outcomes they're looking for. They're effective at getting the terms they want and skillfully structuring the deal for *their benefit*.

Based on extensive ethnographic research with the self-made Super Rich, we identified the various components of highly successful negotiating. At its core is the Performance Equation:

$$\text{Perspective} + \text{Purpose} + \text{Preparation} + \text{Process} = \text{Performance}$$

Let's briefly examine each of the Performance Equation's components.

1. Perspective

Perspective is a person's bargaining mindset. Mindset is foundational to negotiating success. It's a mental orientation to be highly successful when negotiating. The negotiator intensely focuses on achieving his or her agenda, maintaining a single-mindedness toward goals. All else is just noise.

Select key concepts:

- *Everyone—yes, everyone—is dysfunctional.* The negotiator's intent is to gain an advantage, however slight, by understanding the other parties' issues while not allowing the people sitting on the other side of the table to exploit the negotiator's dysfunctional characteristics.
- *Success breeds "enemies."* This is a structural phenomenon that often results in the vilification of some of the best negotiators. As such, antagonistic feelings from the less prosperous side in the negotiation are inevitable. That's why it's so important for a negotiator not to let the possibility of becoming denigrated impede his or her ability to get great results.

2. Purpose

Purpose is what a negotiator wants out of the negotiation. It's the outcomes he or she seeks. The self-made Super Rich are very good at defining their range of goals—and maintaining their focus on the high end of that range—because they conscientiously and thoroughly establish them in advance of starting to negotiate. Moreover, they're proficient at connecting their negotiating goals to their overall business goals.

Select key concepts:

- *The negotiating goals need to be slightly unreasonable.* Negotiating goals are very likely to prove motivating and attainable when they make enough sense to the opponent but still make that person feel uneasy. This requires an intense understanding of the rationale—on all sides—for the goals.
- *Sticking to key goals is often essential.* Many negotiators surrender on key terms or ratchet down their demands just so they can get a deal done. This results in remorse and can contribute to subsequent actions that derail future opportunities. Astute negotiators understand that doing no deal at all is infinitely better than accepting a bad deal, and so they define their limits in advance of a negotiation.

3. Preparation

This is the work the negotiator conducts before facing off with his or her adversary. It's how a person evaluates the character of the negotiation, the overall strategic approach he or she chooses to take, the formulation of key arguments and how he or she derives (or intends to derive) advantages.

To obtain the best results, negotiators prepare intensely—even passionately. They *always* have a plan.

Select key concepts:

- *Negotiate the people.* While understanding the terms of a deal is very important, success will more likely come from understanding the people sitting across the table. Being attuned to their strengths, their dysfunction, their need for the deal, their alternatives, and other relevant issues and concerns can greatly empower a negotiator.
- *Candidly evaluate the situation.* An honest assessment of the position a negotiator has relative to his or her counterparty will dictate the most appropriate bargaining strategies to employ.

4. Process

Process is the give and take between parties in the negotiation. It's how a person makes his or her case tempered by the way the interaction is progressing. The nature and quality of the relationship between the negotiating parties is central to being effective here—you might negotiate one way with a person who you will regularly interact with going forward after the deal, and another way with a party you will never see or hear from again.

Select key concepts:

- *Active listening is a cornerstone skill.* Through active listening, high-caliber negotiators truly capture and understand the messages other people are sending. That involves assessing verbal as well as nonverbal messages. Active listening also entails understanding the context—the current situation, the person's and scenario's backstory, and the person's expectations.
- *Communication skills are critical in framing the negotiation.* The adroit use of rhetorical tools and techniques is usually instrumental in getting the desired outcomes. Defining the value of the terms in the context of the adversary's enlightened self-interest can be a very powerful way to close a desired deal.

Turn knowing into doing

From increasing the effectiveness of their professional endeavors to enhancing their philanthropic effectiveness to being able to craft superior arrangements when employing professionals, the ability of people to bargain brilliantly can make a resounding difference in entrepreneurs' fortunes.

Bargaining brilliance with an "I win, you whatever" philosophy at its core embodies the best negotiating thinking and practices of the self-made Super Rich. What's more, bargaining brilliance is very learnable. There aren't any secrets to negotiating at this level of proficiency, as the knowledge is easily accessible. Therefore, being extraordinarily successful at negotiating is much more a matter of doing than know-how.





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