

6 essential business negotiation skills to master

Whether you're engaging in a million-dollar business deal or disputing a property line with a neighbor — negotiating is something that people do all the time, regardless of professional status. Strong business negotiation skills are also a must for managers, and not for the reasons you may think.

Sure, successfully negotiating an enterprise-level acquisition is impressive, but it's probably not something you'll do every day. Instead, you'll likely take part in countless salary negotiations and conflict resolution sessions, which is where understanding the art of negotiation really pays off.

Managers with staunch negotiation skills are able to secure better outcomes for their employees and business owners. In fact, companies that have no negotiation process experienced an [average net income decline of 63.3%](#) — reinforcing the need for strong negotiation strategies.

However, learning effective negotiation is easier said than done, as there are plenty of beginner pitfalls you need to avoid.

For example, a lack of patience, listening skills, and empathy can all hurt your chances of achieving the best possible outcome. It's also common for new negotiators to want to 'win' every negotiation, which typically backfires due to being too aggressive. Good negotiators understand that it's more about listening, problem-solving, and making concessions to achieve a win-win situation for both parties.

In this article, we're going to cover **6 crucial business negotiation skills** that will help you master the process, so read on to learn more.

What's negotiation?

The word negotiation is often misinterpreted, as most people picture business deals and corporate bargaining table tactics when they think of it. However, at its core, **negotiation is a form of everyday communication that applies to both business and personal relationships.**

People negotiate every day, from neighborly disputes to negotiating for more money at work. Even deciding where to have dinner with your spouse is a negotiation, typically involving trade-offs where one partner gets their way with the understanding that the other gets to choose next time.

If you pay attention, you'll be able to spot negotiations taking place every day, both in your personal life and at work. That's why learning effective negotiation techniques is beneficial for anyone, even if your job doesn't require you to negotiate million-dollar business deals.

Also, the most skilled negotiators understand that negotiating is all about effective communication. If you can communicate with clarity, empathy, and firmness, you'll have a much easier time reaching a reasonable agreement for both parties.

6 business negotiation skills You Should Bring to the Bargaining Table

While there are many different negotiation styles, these 6 skills are crucial for any type of approach:

1. Planning
2. Active listening & body language
3. Value creation
4. Clarity of purpose
5. Emotional control
6. Problem solving

Here's an in-depth look at each business negotiation skill.

#1: Planning

Unless it's a spur-of-the-moment thing, you should always prepare for a negotiation thoroughly. The planning phase is where you'll choose the negotiation tactics that you want to use, such as if you want to lowball or highball your first offer.

Why do that?

Lowballing/highballing is a classic negotiation technique that can help you achieve a better bottom line. It involves making a first offer that's either lower or higher than what you're actually willing to pay.

The idea is that you know that the offer is too high or too low and that they'll almost certainly reject it. However, whenever you offer closer to what you're actually willing to pay, it will seem like a better deal than it is due to your original offer.

ZOPA and BATNA

The planning phase is also where you need to decide on your **zone of possible agreement (ZOPA)** and your **best alternative to a negotiated agreement (BATNA)**.

Your ZOPA represents the range that you're willing to agree to, such as \$20,000 - \$40,000 for a new forklift.

Your BATNA exists to give you an out if a successful negotiation isn't possible.

For example, if your negotiation partner wants to charge a minimum of \$45,000 for a new forklift, your BANTA could be to take your business elsewhere instead. It's important to develop a BANTA just in case things don't work out – otherwise, you may end up agreeing to a figure below your ZOPA.

During the planning phase, it's important to take some time to consider your negotiation partner's needs.

What do you think their ZOPA will be? Ultimately, what do they want out of the deal?

Considering your partner's needs is actually a wise tactic, as it can help you consider possible concessions you can make in order to reach a mutually beneficial agreement. If you completely ignore your negotiation partner's needs, you may wind up putting them in a position where reaching an agreement isn't possible for them — in which case they'll pursue their BATNA.

#2: Active listening skills



At the negotiation table, listening is a more valuable skill than speaking. In particular, active listening is a skill that the savviest negotiators share, regardless of their industry.

You need to make sure that you're paying full attention whenever your negotiation partner is speaking. While it's tempting to tune them out to focus on what you're going to say next, stay strong and listen to everything they have to say.

While they're speaking, take notes of any important points that may lead you both to an agreement.

For example, if your negotiation partner mentions a potential figure or scenario that lands within your ZOPA, write it down or take a mental note. That way, you can reference what they said later when it's your turn to speak.

It can't be understated how powerful a technique of active listening in this way can be for negotiations.

Referencing what your negotiation partner said during your turn to talk shows that you listened – and they're also more likely to agree with you since you're directly quoting them.

They contradict themselves if they disagree with you, which is never good for a negotiation.

Learn to listen dispassionately

A common mistake beginner negotiators make is to look for signs that their negotiation partner shares the same views. As a result, they look for body language cues like nods and smiles to show agreement.

Why is this a mistake?

It is because you shouldn't look for signs of approval from the other party, which can cause you to get your emotions involved.

Instead, don't attach a right or wrong label to what you hear or see from your negotiation partner. Listen dispassionately, keep an open mind, and absorb everything that you hear – regardless if it lines up with your beliefs or not.

By doing this, you're listening to establish a mutual understanding, which will lead to a better outcome for both parties.

#3: Clarity of Purpose

When you do verbally communicate, it's critical to retain a narrow focus during the entire negotiation process. By that, I mean that you need to establish a clear goal for what you want to achieve by the end of the talks and then stick to it relentlessly.

You should never change your mind in the middle of negotiation talks, nor should you try to tackle too many objectives at once.

Instead, remain firm by sticking to your guns. Don't let minor distractions or diversion tactics from your partner avert you away from your primary goal. You've got a strict ZOPA in mind and a BATNA as a backup in case you can't reach an agreement – so there's no reason to give in and accept a number far beneath your ZOPA.

Why is clarity of purpose an essential business negotiation skill?

Consider this example of an employee meeting with their boss to discuss a promotion. The boss attempts to butter them up by complimenting their performance and vaguely promising future rewards. This is an attempt on the boss's part to dismiss the employee without providing anything concrete, but the employee has clarity of purpose. As a result, they don't let their boss off the hook and get them to tie their vague promises to an actual promotion.

#4: Value creation

While negotiations tend to focus on securing the biggest 'slice of the pie' for each party, value creation increases the size of the pie so that both parties receive more. If you're able to create value in a negotiation, you can come to a true win-win situation where neither party is worse off.

Before you can create value, however, you need to build rapport and trust with your negotiation partner. Otherwise, they may view your attempts to create value as a bluff or a cheap trick to rip them off.

How can you build trust?

An effective (yet slightly risky) technique is to share information that could potentially compromise your position. However, a bold move like this shows that you're willing to provide insight into your organization's operations to reach a mutually beneficial agreement.

This nice gesture may influence your negotiation partner to do the same, building trust as a result. You can also show interest in understanding your partner's priorities and goals, which can help establish trust.

Once you have a trusting relationship, you can attempt to add value to the negotiation by focusing on your key differences. While that may seem counterintuitive at first (since most negotiation strategies are about finding

common ground), differences in your priorities can actually lead to win-win outcomes.

As an example, let's say that by analyzing your differences, you discover that the other party's main concern is issue A, while your main concern is issue B. This presents an opportunity for a trade-off without having to make any major sacrifices.

#5: Emotional control

Being able to control your emotions is one of the most vital business negotiation skills. Notice that I said 'control,' not 'eliminate' — which is a common misconception. While it's crucial not to get frustrated or angry, you shouldn't be an emotionless robot, either.

The key thing to remember here is that you want your emotions to work for you, not against you.

Here are a few scenarios demonstrating what I mean.

Example #1: Your negotiation partner kicks things off by offering you a lowball figure. You respond by getting angry and flipping the table.

In this example, your emotions worked against you by making you upset and ruining the entire deal.

Example #2: Your negotiation partner offers you a lowball figure. You make a dissatisfied face and respond with a dismissive wave.

This is a far better reaction to the same scenario. Not only did you not escalate the situation, but you weren't a total robot, either. You were still able to convey your disappointment with the low figure but in a far more restrained manner.

Showing emotions in a controlled way can actually lead to better outcomes, but restraint is key.

#6: Problem solving

At its core, a negotiation represents a problem that two parties are attempting to solve. As such, it goes without saying that problem-solving is a crucial skill for business negotiations. This is where a healthy amount of empathy helps, as problem-solving involves more than trying to secure the best outcome for your organization.

Remember, if you get too pushy with your offers, your partner can always default to their BATNA.

To reach the best possible outcome, approach everything in an analytical and logical manner, even if it means making some reasonable concessions on your part (as long as it doesn't cause you to dip below your ZOPA).

Final thoughts: 6 key business negotiation skills

Negotiations will continue to take place in your personal and professional life whether you plan for them or not, so it's wise to acquire some business negotiation skills. The savvier you are at negotiating, the easier it'll be to resolve conflicts, earn more money, and land better jobs.