

6 critical rules

Negotiation expert shares tips on how to strike a better deal

Perhaps the greatest challenge in negotiating a tech transfer deal is getting to the number you really want. Author **Jim Thomas**, CEO and president of Common Ground International and an expert on negotiations, tried to make hitting that goal just a little bit easier for tech transfer executives during the plenary session at the recent AUTM Eastern Regional meeting in Atlanta.

Thomas outlined “the six really, really, really critical rules of negotiating,” starting with number one: No free gifts! In other words, he explained, you must seek a tradeoff for each concession you make.

“If you can’t think of a trade, don’t make a concession,” Thomas warned. “You can’t count on the other side to reciprocate.” In addition, he noted, the longer a concession sits on the table, the more value it gains.

Hitting your number

Of all the tips, perhaps tips numbers two (“start high”) and three (“follow a dramatic initial concession with sharply diminishing concessions”) speak most directly to guiding the negotiating process towards your pre-set dollar goal.

“Don’t pre-negotiate in your head,” warns Thomas. “You can make or break the negotiations with your opening offer, because your entire upside is eliminated -- that makes it the most important single moment, and the most stressful, in the negotiation process.”

If it’s a choice between being too “wimpy” and too aggressive, he continued, always be too aggressive. “You can’t escalate later,” he noted, “and you don’t want your initial offer to be accepted.”

Thomas used the following example to illustrate both tip two and tip three: If your goal is to agree on a price of 200 “units,” you might want to start with an initial offer of 300 units.

“So, you’ve got 100 units of concessions; how do you do it?” He posed. Not too quickly or easily, he stressed. If in the next round you go right to 200, you not only reward the patience of your counterpart, but “you virtually guarantee you will be driven below your target,” Thomas noted.

Another option Thomas rejected was to agree

to drop the price in specific intervals -- say, from 300 to 275, then 250, then 200. The problem with that strategy, he pointed out, is that “there is then nothing special about 200; except that round numbers have a certain degree of legitimacy.”

He also rejected the “small, big, big, small” approach -- i.e., 295, 285, 265, and then you cut to the chase and say ‘200, that’s it.’ “At that point your counterpart’s expectations are highest,” he explained.

The best way to get to your target, he noted, is to follow a dramatic initial concession -- say from 300 to 250 -- with sharply diminishing concessions -- i.e., 230, 215, 210, 205, 203, 201, and 200. “They will then assume that 200 is as far as you will go,” said Thomas.

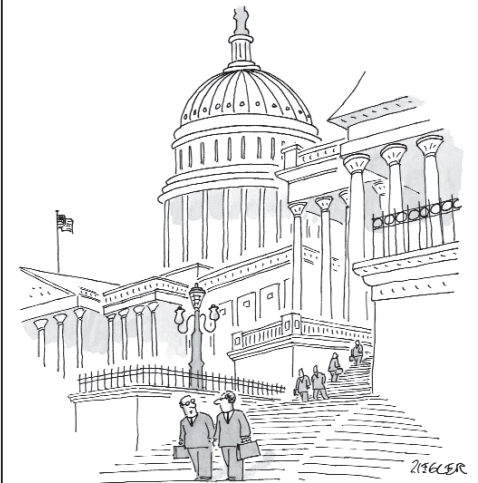
When it’s ‘krunch’ time

Rule #4, according to Thomas, is to “krunch early and often.” What is a ‘krunch?’ It’s a comment you make during negotiations that potentially breaks the pattern of discussion and perhaps throws your counterpart off balance. Here are several examples of krunches:

- Where might there be some flexibility?
- That’s pretty aggressive.

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License to Laugh



“Of course it would be a different story entirely if we could extract crude oil from stem cells.”

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Negotiation continued from p. 111

- You really need to put your pencil to this.
- Give me a bone, here.
- I'm still not feeling the love.
- That's not in our plans.
- You're not hearing me.
- It's still too skinny.
- That doesn't change the landscape.
- Your proctologist called. They found your head.

Thomas also outlined three negotiating reflexes to develop "ASAP." When the other side opens, he advised, respond with a krunch. When they make an offer, respond with a krunch. And when they 'krunch' you? Respond with "make me an offer."

Rules number five and six both apply to the end of negotiations. "Settle everything at the end," advised Thomas, and "remember to nibble at the end."

Thomas closed with several other "important but obvious" rules:

- Do your homework.
- Keep the climate positive.
- *Never* assume that an issue is non-negotiable just because the other side says it is. In reality, almost everything is negotiable.
- *Never* accept the other side's first offer.

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