How to Improve Your Business Negotiation Skills

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Negotiation is an everyday skill, in both life and business. It is used in boardrooms and contract disputes and also to solve disagreements and make important decisions — such as what to prioritize with a limited budget and how to schedule appointments in a busy calendar.

Business negotiation skills can help individuals strengthen relationships and partnerships and successfully close deals. Good negotiation involves striking a balance between our own needs and those of others, leading to results that benefit everyone and promote lasting success.

As an important leadership quality, business negotiation skills can be developed through the right education. Executive MBA programs help professionals hone their business negotiation skills and other key leadership competencies to tackle complex challenges and achieve organizational success.

6 Essential Business Negotiation Skills

Negotiations often hinge on first impressions. During the initial stage, the other party will be evaluating you closely, assessing whether you actually mean what you say. Each side must also be willing to make concessions to reach a mutually beneficial outcome.

1. Communication

Effective, clear communication unlocks successful negotiations and fosters trust. In-person negotiation is more than just speaking — it involves reading the room to deliver an on-target message. When negotiations occur through email or text, negotiators must maintain cordiality and use straightforward language to avoid misinterpretation.

2. Active Listening

Active listening is key to uncovering potential solutions while easing tensions. With active listening, a negotiator demonstrates to other parties that they are recognizing their needs. Beyond paying full attention and acknowledging the other party’s perspective, active listening is a courteous act in the negotiation process that helps everyone recall important details and find common ground.

3. Emotional Intelligence

Emotions can run high in high-stakes negotiations. If not correctly managed, emotions can lead to flare-ups and sidetrack negotiations. Emotional intelligence helps negotiators stay composed while recognizing others’ feelings. This skill is key

to maintaining a calm demeanor so that negotiations can move toward an outcome that everyone can agree on.

4. Empathy

Often, objections in negotiations extend beyond dollars-and-cents issues. The other party's position may have deeper motivations that go beyond business outcomes. Empathy includes practicing patience and understanding where the other party is coming from, helping build trust and collaboration.

5. Flexibility

Negotiations are not always smooth. Negotiators can expect challenges and surprises that may hamper the success of the talks. Therefore, negotiators must be able to adapt to changing circumstances. Flexibility helps build trust and ultimately moves the conversation forward past obstacles.

6. Persuasion

Persuasion is often tied to negotiation. Persuasion is about illustrating how a solution mutually benefits all parties. Some assertiveness may be required, but never at the cost of losing trust and collaboration.

Tips for Improving Business Negotiation Skills

Anyone interested in improving their business negotiation skills should understand the four stages of negotiation.

Stage 1: Preparation

Making a strong case depends on having the right information. In preparation for a negotiation, researching, planning, and asking questions are essential to gain relevant insights and data. One useful question to ask is, "What does the other party want to achieve?" Understanding the core objectives of the negotiation process can help a negotiator's chances of finding common ground.

Stage 2: Sharing Information

Negotiations begin when both parties understand and share their goals openly. Effective negotiators communicate their positions clearly while working to understand the other party's perspective. Exchanging information creates value and opportunities for compromise for both parties, increasing the likelihood of reaching an agreement.

Stage 3: Bargaining

Once both parties are clear, the bargaining process begins. Anticipating the other party's stance allows negotiators to clarify their BATNA: best alternative to a negotiated agreement. It is important not to be dismissive or argumentative, which can undermine progress. Knowing when to walk away is difficult, but entering negotiations with the awareness that an agreement may not be reached is essential.

Stage 4: Closing the Deal

When both parties are satisfied, the negotiation ends. An oral agreement may seal the deal, but a written contract is the best way to ensure that each party fulfills their commitment.

Why Executives Need Negotiation Skills

Negotiation is a necessary tool and skill for leaders for effective decision-making, conflict resolution, and uncovering new opportunities for their organizations. With strong business negotiation skills, leaders can strike a balance between priorities, settle disputes, and find mutually beneficial solutions.

To drive team success, leaders leverage these skills to build trust through empathy and clarity, strengthen relationships, forge lasting partnerships, and encourage collaboration. Strong leaders may also consider varied perspectives and identify outcomes that benefit everyone involved.

At Tulane University's Executive MBA program, individuals collaborate with peers from diverse backgrounds, creating a natural environment to refine negotiation skills and practice finding common ground when opinions differ.

Advance Your Business Leadership Qualifications

With the many types of MBA options available, professionals can choose the program that best fits their goals. The A. B. Freeman School of Business at Tulane University offers an Executive MBA program designed for experienced managers who want an industry-focused education while balancing their work and personal lives. Classes meet two weekends a month and cover decision modeling, finance, strategy, negotiations, and leadership.

Find out how Tulane's Executive MBA can help transform your career today.

Sources:

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