

## Dealing with dirty tricks

Here's how to respond to 'surprises' thrown at you while negotiating

### Question:

**In a recent negotiation with a buyer, an executive whom I had never met with unexpectedly walked into our meeting. The buyer and I were finalizing key points of our agreement when the executive said, "Here's the deal ... and this is our final offer, take it or leave it." I was stunned. To save the deal, I accepted the terms of his offer which of course, favored him. How do I prepare for these types of situations in the future?**

### Response:

Responding to the unexpected is never easy. And in this case, the other party played two dirty tricks on you. The first is called the "surprise." This is when the other party deliberately changes the agenda without telling you. In your situation, they changed both negotiators and the agenda.

Behind this tactic is the intent to emotionally destabilize you. The other party gains an upper hand when you are emotionally off your mark. Unable to think clearly, they hope you will play into their hands, just as you did.

The second tactic was the "take it or leave it" threat. The intent behind this tactic is to create the impression that they have reached their bottom line and are no longer interested in negotiating. To that end, they present their final offer for you to either accept or reject.

Unfortunately, while this might be their real position, often times it is unsubstantiated. The problem is that it is difficult to detect the difference.

### Differentiating between strategies and tactics

To help you better prepare for future negotiations, let's begin by understanding the difference between a strategy and a tactic. Then, we will review the five dirty tricks used to gain strategic advantage.

Tactics differ from strategies in one funda-

mental way. Tactics are used at specific points within a negotiation, while strategies refer to the whole process of negotiating. They are generally used at a critical point during a negotiation. This might include when a deadline is looming, or to weed out inexperienced negotiators, or to use intimidation at the onset of a negotiation, hoping to gain strategic advantage.

I am of the opinion that dirty tricks distort the negotiation process and produce unstable agreements. People have long memories. And when they feel they are have been or are being manipulated, they get even — sooner or later.

As companies intensify their efforts to reduce costs and produce higher profitability, dirty tricks are becoming more common. Buyers who have incentives to reduce costs are making rash decisions. For example, they buy on initial price but are not looking at the total cost of ownership.

To illustrate, let's say you have two suppliers who produce equal parts. Supplier A manufactures and delivers your order in two weeks at a cost of \$13.49/unit. Supplier B has a 10-week lead time, but the cost is only \$12.25. Most buyers would choose supplier B, hands down. But a closer look at the numbers reveals a different story. Assuming the cost of inventory is \$1.50/week, the real cost of selecting supplier B is actually \$14.09 while supplier A is \$13.49. So much for a good deal.

While many suppliers understand this value-proposition, they are ineffective in taking this message to the right people. A buyer is usually not the right person because he/she doesn't have the authority to make change happen. However an executive who is looking for cost reductions and productivity gains would certainly consider the implications. Unfortunately, because it means reinventing the acquisition and reward systems, few companies are taking corrective action.

As a result, many suppliers are being treated like a commodity when in fact they have a strong value-proposition.

Moving on, let's look at some of the dirty tricks. The first two are described below; the next three will be discussed in my May 14 column.

### Dirty Trick #1: The written agreement

Beware of people who say, "This is our stan-

dard contract." Just because something looks standard, doesn't mean it is, nor does "standard" mean it is designed to protect both parties. A closer look may reveal critical conditions or terms designed to benefit the other party.

Read every agreement or contract over carefully, especially if there's a lot at stake. Any time you are not 100% sure of the meaning behind the language, get counsel. The golden rule in negotiating is whenever you have doubt about language, wait 24-hours before agreeing to sign it.

Another approach to be cautious of is when the other party offers to put together a draft of the final agreement as you conclude the negotiation. This might seem like a gracious offer on the surface, but beware it is not in your best interest. How language is written can work to your advantage or disadvantage. Take control whenever possible. Don't relinquish your authority.

### Dirty Trick #2: Puppy dog close

This tactic is named after clever pet store owners who upon seeing a child looking at a puppy dog and hearing the parents objections to buying the dog would say, "The best way to find out if the dog is a good fit is to try it out. Why don't you take the puppy home for a week. If it doesn't work out, you can always bring her back next week."

If you have ever tried to separate a dog from a child after a few days, you know it's unlikely.

This tactic can be difficult to counter. However, you might find these ideas helpful:

- 1) Refuse the offer.
- 2) Get the return provisions in writing. Watch out for restocking charges, depreciation allowances, damage assessments, etc.
- 3) Ask for an alternative other than returning the product — perhaps a price reduction.



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