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CHOOSE LANGUAGE WHEN MAKING OFFERS, CONCESSIONS

"Oh, I don't know. My first offer? Boy, I hate this. I suppose I could offer you somewhere around \$125 to \$150 per hour to do some marketing consulting for me. Of course, I know you're busy and I'm in a rush myself, so I'd really like you to seriously consider it."

Is it possible to make a worse first offer? Probably not.

This one:

- Signals uncertainty and lack of preparation by saying "Oh, I don't know."
- Is vague and ambiguous by offering "somewhere around \$125 to \$150 per hour."
- Communicates too much flexibility by noting it's a "first offer."
- Fails to justify its fairness by pointing to standards such as market value or precedent.
- Weakens leverage by stating the person is in a "rush" and "hates" the process.

It even uses a range, which often leads to miscommunication. After all, the consultant probably focused on the \$150 rate, while the potential client probably focused on the \$125 rate.

So how should we make offers? As I've written in past columns, it's important in your offers and concessions to:

- Be specific and detailed.
- Explain the offer's rationale and tie it to standards such as market value or precedent before introducing numbers.
- Sometimes point out the consequences if it's not accepted.
- Often put it in writing.
- Avoid ranges.

- Promote an air of finality and increasing rigidity.

In many ways, this last point is the most difficult. How, after all, can we promote an air of finality and increasing rigidity in our offers and concessions, especially in the heat of a negotiation?

Start by understanding that your counterparts -- before you even open your mouth -- often already have certain expectations about how you will start and end the process.

One major expectation is that your "first offer" includes a substantial amount of value you will concede during the negotiation. Overall, many expect that parties will start with a lot of flexibility and end with relative inflexibility.

In most negotiations, this not only is an expectation but something you should incorporate into your offer-concession strategy.

In general, start by using words and phrases that signal significant flexibility, then signal middle flexibility (you have some room but are approaching the rigid point), and finally, when you've reached the end, use words signaling inflexibility.

What specific phrases should you use, and which should you avoid?

1. At the start, signal significant flexibility with these phrases: *"My asking price is ..." and "I'm looking to get ..."*

Be serious, straightforward and confident, especially at the start. And avoid any explicit mention of the phrase "first offer." That phrase undermines the validity of your offer.

Generally, avoid initially using words like "non-negotiable" or "best offer," unless you really mean it and will not make any further moves in

the negotiation. Your credibility will take a hit if you use words like these and then move.

I only recommend using these words, if at all, at the very end. There, as noted below, you then are signaling total inflexibility.

2. In the middle, signal some flexibility with these phrases: *"I'm willing to accept ... because ..." and "This is fair and reasonable because ..."*

Again, be straightforward and factual. But don't overtly signal flexibility or inflexibility. Instead, send a strong, reasoned rationale and implicitly state: "I'm not going to move unless you give me a good reason to move."

3. At the end, signal inflexibility with these phrases: *"I've given this a great deal of thought, and it's the best I can do. Any more and it's not worth it for me to do the deal."*

This is it. No more. Be firm but not stubborn. And be more explicit here about your leverage -- what you may do if you can't reach a deal with this counterpart. If you have a good alternative to a deal with this counterpart, consider sharing it.

Also, avoid the phrase "take it or leave it." These words often create unnecessary resistance and put your counterpart on the defensive. This usually is counterproductive.

Finally, please don't wing it in the offer-concession stage.

Consider the exact language and phrases you want to use and then use them. It's extremely difficult to take back off-the-cuff remarks that may inadvertently come out.

It's often expensive to take them back, too.