

Creativity in B2B Negotiations:

A Competitive Edge

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Creativity in B2B Negotiations: A Competitive Edge

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Introduction

Thinking creatively will increase your success.

I have seen many examples of those who effectively engage in a mutual gains approach to negotiation, building value; yes, the price is still part of the mix, but it doesn't become the main discussion point. During the negotiation process both parties work together to meet interests and maximise value creation; this is where having multiple substantive issues allow you to be creative.

Creativity helps you generate new ideas so you can generate solutions that expand the size of the pie. Expanding the pie is beneficial to both parties.



Creativity involves breaking out of established patterns in order to look at things in a different way.

Edward de Bono

To engender a creative environment conducive to integrative negotiations, you need to ask lots of questions and listen carefully to the answers. Use the answers to help reconcile your respective differences during the negotiation.

Opening up the table to multiple proposals acts as a social cue that you are flexible and open to suggestions, inviting similar behaviour from your counterpart.



Create Options

Always try for at least three different ways of getting a better result. For example, one way may be to agree to stop delivering to many locations and start delivering to one central location; another way is to agree to develop new products and share the intellectual property (IP); another way is to change payment terms.

Time

One of the most common keys to unlocking a deadlock is time. Can you agree to try a different way for a short time and then review it to see how well it works? Can you do something in one long session or several short sessions? Can you change delivery to just once a month? Can you change your scheduled maintenance during the school holidays?

Trading

Trade what you both see as measurable so that it is tangible. What activities do your top customers value and what activities are no longer valuable to them? Use the words, “If you... then I will...” For example, “If you help me work through the JIT issue, then I can put a proposal to management on how to avoid future costs for both of us”. Trading like this does not affect your margin, because reducing costs is good for both businesses.



Necessity Fosters Creativity

Challenge your conventional mode of thinking. Step out of your habitual way of thinking and get your creative juices flowing.

Roger Von Oech has many ways of looking at different situations which are significant for negotiating. His thoughts on creativity are more inspiring because of his originality in packaging the message in a pack of cards. His Creative Whack Pack cards use stories, questions and images to help you think more creatively.

One story from his *Creative Whack Pack* cards:

In days long gone, small villages in Europe sometimes fell victim to strange plagues. One particular plague left its victims in a death-like coma and death normally followed some 24 hours later. It was only after a couple of lucky townsfolk magically recovered while they were awaiting burial that the villagers realised with horror that they had no doubt buried a few victims alive.

The villagers held a hurried conference. What were they going to do?

Thankfully the majority decided it was best to put food and water in the coffin, allowing time before the burial, so that if the victims were still alive, at least they would survive. This creative solution was a classic win-win scenario for everyone (especially for the person in the coffin).

But the plan did not meet with universal approval. The villagers were poor, and some objected, suggesting a cheaper solution. A classic 'quick-fix'.

Why not, they suggested, implant a foot-long stake in every coffin lid directly over the victim's heart? Once they closed the coffin lid – no more worries. The plague victim had no chance of being buried alive.





The story was designed to make the reader think about the type of questions they might ask in a situation, and to look carefully at solutions. **Examine carefully how you interpret any available information.**

Always look for a creative approach which will lead to the best solution. Your ability to be creative depends on your personal view of the negotiation. Do you see it as a battle of egos? As a situation where victory goes to the toughest or the biggest? Or as a process to reach better agreements?

If you're the type of negotiator who views the negotiation process as a starting point for a long-term relationship with your customers, you're already a creative negotiator.

Taking this view will allow you to adopt a flexible, creative approach to the negotiation. It will give you a chance to create many options so that both sides can come to a successful agreement.

In negotiation, creativity – the ability to generate new ideas – enables parties to generate solutions that expand the pie of value. The common view is that creativity is a talent that can't be taught. So, most organisations seek out creatively minded employees rather than fostering creativity in the workforce.

Creativity is a process of having original ideas that have value.
It's a process; it's not random.

Ken Robinson



Professor Seth Freeman of NYU Stern School of Business and Columbia University tells a story about finding a creative solution when necessity demands it, even when you can't do what your client wants. Focusing on interests and not positions, and reconciling these with creative options is the basis of the video below and his new book, *The Ready and Able Negotiator*.



Creativity Adds Value

People and companies that have enjoyed significant success acknowledge that creativity is a key part of that journey.

Companies like 3M, Microsoft, Google, Sanofi, Merial, Apple, Bayer and many others innovate so they can continue to grow and change. Often, there will be both support and resistance to any creative idea you raise in a B2B negotiation. The hardest level of acceptance will be from internal stakeholders.

Kodak was once creative

Kodak was extremely creative and creative before its time, but they saw the digital camera as a ho-hum issue rather than a breakthrough discovery that should have propelled Kodak to greater heights. In 1975, Steve Sasson, a Kodak engineer who invented the first digital camera reflected on the initial Kodak executive's response to filmless photography, 'that's cute but don't tell anyone about it'.

Vince Barabba, a former Kodak executive, shares some of the reasons that caused Kodak not to handle a disruptive technology allowing them to be bypassed by other companies. There were many strategic errors and poor negotiations. For more detail on the story read his book:

[The Decision Loom: A design for interactive
Decision-Making in Organisations](#)

BOOK





Creativity requires the courage to let go of certainties.

Eric Fromm

The late 70's and early 80's Kodak's senior management's inability to sense the future of digital meant that every subsequent decision was not based on creative design or solving impossible problems, they just focused on their cash-cow: film.

Kodak had much market intelligence about its changing paradigm but stuck to what was comfortable and what was making them heaps of money. Internal negotiations were around maintaining the status quo instead of grasping with both hands the creative future that was theirs!

Kodak is not alone

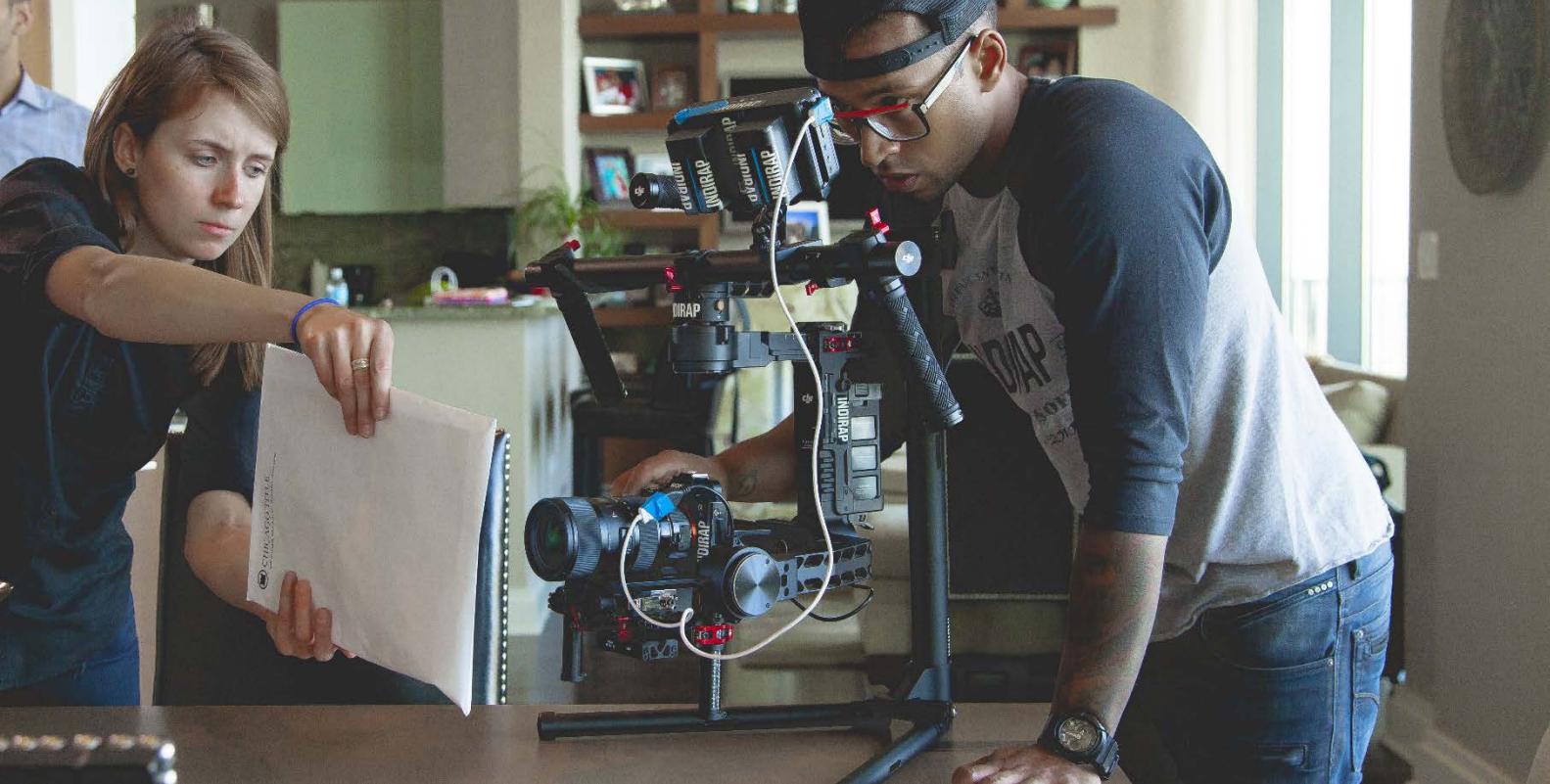
In industries all over the world, the pace of change is accelerating. One of the immediate effects you will notice is that your customers' expectations rise – they want more for less.

The Creative Process

The creative process begins with an idea, opportunity or problem that needs to be solved. Most successful creative breakthroughs results from a conscious, purposeful search.

A Tale of Innovation: An Unlikely Solution

During World War One, poisonous gas emerged as a dangerous new weapon. Even non-fatal exposure to the gas could result in permanent damage to health. There was desperate need for way to protect soldiers and civilians against the gas. A mask was invented that covered the whole face. It cleaned the air by filtering it through charcoal. Who would have thought that charcoal could be used to purify air? Sometimes a pressing need finds solutions in the strangest places!



Creativity in Negotiations

Getting the best possible outcome for everyone means coming up with new, unique solutions. An example from a Forbes article by Keld Jenson:

Mark wanted to sell his business – a production company. He hired a negotiation adviser, and they went out to market with a sales presentation. Within six weeks, Mark had received three different proposals.

Company A: \$8 million

Company B: \$13 million

Company C: \$19 million

The decision seems easy. Mark's initial reaction was, "Go with proposal C". The adviser suggested they find out more about each of the companies and their proposals before making a decision. Mark was skeptical at first but agreed in taking the time to better understand their motivations and offers.

Company A was interested in Mark's customer base.

Company B was in real estate, and was interested in the property to develop.

Company C's sole interest was in the company's intellectual property and patents.

Mark ended up splitting the company and selling each part separately to all three companies. In the end he sold his company for \$39 million.

Armed with more information you will make better deals and avoid costly mistakes.

Read the full article below.

[Creativity Is More Important Than Knowledge In Negotiations](#)

ARTICLE

Six Thinking Hats® encourages Creative Thinking

Six Thinking Hats is a flexible and easy-to-use thinking process that leads to amazing results with innovative thinking and improved results.

In traditional thinking you constantly find yourself in conflict. Each side seeks to criticise the others point of view. Often you find negotiating situations very similar – difficult deals, high anxiety, a mix of people in the bid team and crucially a mix of opinions.

The Six Thinking Hats method encourages parallel thinking where everyone explores all sides of an issue at the same time. In parallel thinking, confrontation is replaced by a cooperative exploration of the subject. It encourages the sharing of information, reduces argument, and allows talkers to think and thinkers to talk.

A discussion should be a genuine attempt to explore a subject rather than a battle between competing egos.

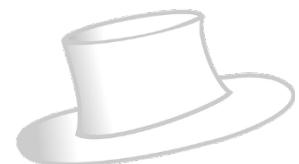
Edward de Bono





Edward de Bono's Six Thinking Hats is a simple tool for any negotiator. For over 25 years hundreds of thousands of people across the world have used the 'Hats' to:

- Look at problems, decisions, and opportunities systematically
- Create dynamic, results-oriented negotiations that make people want to participate
- Go beyond the obvious to find alternative solutions
- Spot opportunities where others see only problems
- View problems from new and unusual angles
- Keep egos at bay and puts everyone on an equal footing



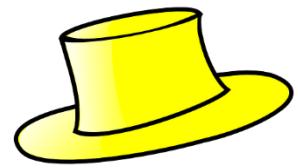
White Hat Thinking: Information

Often a negotiator is blessed with a natural ability to drive the deal forward. A competitive edge is instilled at a young age. Using the White Hat, the negotiator will spend time checking the facts and asking questions such as, "What information do you need?" "What information do you have?"



Blue Hat Thinking: Process

Manage the thinking process, focus, next steps, action plans. Every good team needs a leader. The Blue Hat allows a team to keep control of the negotiations. The Blue Hat is critical to setting timelines, keeping the team on track and asking for decisions.



Yellow Hat Thinking: Positivity

Values and benefits, why something may work. In every deal, there will be periods of desperation where no-one can see a positive outcome. However, you will be surprised how many you find when you consciously look for positives. When Plan A fails, is there any value in Plan B? Does it give savings in another area of the business? Does Plan B give any additional competitive advantages that you haven't seen?



Black Hat Thinking: Risk

Difficulties, potential problems. Why something may not work. Negotiations mostly follow a similar path and there will always be hurdles to jump. Typically, a bid team will identify a strategy for the negotiations – a winning strategy. But will that be enough? Have you thought through all the pitfalls? Have you countered all the risks?



Green Hat Thinking: Creativity

Creativity, possibilities, alternatives, solutions, new ideas. Every deal is different, and the winning team is likely to have understood the brief well but more importantly solved the client's issue. Solving the client's issue needs creativity, ideas and energy. Ask questions like, "Are there any other possibilities?" "Do you need alternatives?" "What will overcome the (Black Hat) difficulties?"



Red Hat Thinking: Intuition

Feelings, hunches, gut instinct and intuition. Negotiations can sometimes be a long and difficult process. Sometimes not being able to see the wood for the trees is difficult and you need to check how everyone is feeling. The Red Hat gives permission to check-in from time to time and gauges the 'temperature' of the team – enthused, tired, challenged, happy, excited.

In summary, Six Thinking Hats puts everyone on an equal footing, keeps egos in check, objectifies criticism and creates an open environment. It encourages the unique contributions of each individual, even those who are typically more reserved.

It is the mark of an educated mind to be able to entertain a thought without accepting it.

Aristotle

Creative Negotiators are Adaptable Communicators

Lack of communication skills is the biggest block in all business relations, including negotiation.

Analyse the causes of failure at the negotiation table, and you'll find that it is not just the issues that everyone's fighting about but also the lack of communication that destroys the negotiation.

If you want to minimise this happening to you, then try to establish a robust situation by concentrating on the **people** issues. Every negotiation is ultimately about people.

There are only two ways to influence human behaviour:
you can manipulate it or you can inspire it.

Simon Sinek



Communication skills are vital to the effective negotiator's repertoire. To be a creative negotiator, you need to have the ability to build trust and build relationships throughout the negotiation.

While this may sound tough, stop and think about the top negotiators that you know. Why do they close deals consistently? Why do they have the other side coming back for more? Learn from these men and women who have tapped the secrets of successful negotiation.

They win because they are adaptable negotiators with a range of skills and knowledge about human behaviour. In the global marketplace of today, you'll find competitive forces flying at you from every side. You need to be quick in analyzing these forces before, during and after each negotiation.

Even in the toughest of negotiations, it's the negotiator who, applying creative ways to solve problems, will continue to reach agreement.

Creative negotiators don't view issues as roadblocks; they view them as opportunities for reaching a solution. Often, people have no idea of their true capacity for original solutions until they're asked to consider unusual ways around a problem. Wherever possible try and flex your creative muscles, and actively look for creative ways around problems.

Every time this happens, you will come up with better solutions than the 'obvious' which occurred the first time around. You'll also think of ideas and innovations to solve other problems in your organisation or for your particular negotiation.

Jay Hewlin shares his thoughts on this subject in a great article below. He discusses focusing on learning by asking questions and treating the unknown as a place of hidden potential.

[The Most Overused Negotiating Tactic Is Threatening to Walk Away](#)

ARTICLE





Aesop's fable shows some great creative thinking:

Aesop's Fable

The north wind and the sun were disputing which was the stronger and agreed to acknowledge as the victor whichever of them could strip a traveler of their clothing.

The wind tried first, but its violent gusts only made the traveler hold onto the clothes more tightly. The wind blew harder still, but the cold made the traveler so uncomfortable that an extra wrap was put on.

Eventually, the wind got tired of it and handed the traveler over to the sun.

The sun shone with moderate warmth at first. The warmth made the traveler take off the coat. Then the sun blazed fiercely until the traveler was unable to stand the heat. The traveler stripped off the remaining clothes and went off to a nearby river to bathe.

The fable tells you to plan on how you are going to achieve your goals, just like the sun did. Set about implementing your plan step-by-step. The sun took this approach, and before long, the unsuspecting traveler was frolicking naked in the river. Leave the tactic of brute force to the poor planner.

Emotions Kill Creativity

Your emotions influence the choices you make in life. Emotions are part of every impulse, human decision and behaviour.

Neuroscientists have found that without emotions you can't make choices or decisions. So, emotions play an important role in negotiation.

Using an MRI to scan the emotional activity in the brain before a decision, Neuroscientists can predict with 70% accuracy the decision people will make in a negotiation.

Peter Sullivan, a leading business educator and trained psychologist shares his view on emotions and negotiation.

**Never let your emotions
overpower your intelligence.**

Jean Houston

Understanding your emotions is critical in reading the emotions of others. Empathy can put you in the shoes of others so you can understand their issues, position and interests. But, strong emotions like fear and anger can derail the negotiation process. It would be wise when powerful emotions are running to delay decision making until your emotions cool.





When you experience emotions like anger or fear, you limit your thought processing abilities. When you are in this state, you lose up to half your short-term memory limiting your reasoning power.

Research by Dr Joseph Ledoux shows the brain has a specialist part for emotions: the amygdala. When you are upset or threatened, the amygdala stops you slowing down and thinking things through. The amygdala acts like an alarm and your emotions highjack reason.

When you experience an amygdala highjack, no matter how good your previous negotiation skills, your abilities and skills are reduced and your performance deteriorates. An important skill for you to learn is how to manage your emotions and impulses in negotiation.

If your emotional abilities aren't in hand, if you don't have self-awareness, if you are not able to manage your distressing emotions... then no matter how smart you are, you are not going to get very far.

Daniel Goleman

How to Avoid Price Pressure: Be More Creative

Be creative and increase the possibilities. The most common problem people complain about in negotiations, is the pressure to reduce the price. There are several ways to prevent price pressure.

Start by setting limits

Decide what the maximum and minimum limits are that you can accept. In theory this range will give you endless possibilities. However, in practice that is too much for our brains to cope with particularly in the pressurized situation of a negotiation. With a range between \$80 - \$100 your brain will break this into either 10s or 5s. So that will give you 3 or 5 options.

\$80 \$90 \$100 – 3 options

\$80 \$85 \$90 \$95 \$100 – 5 options

“... concession must not only be mutual – it must be equal also... there can be no hope that either will yield more than it gets in return.”

Supreme Court Justice John Marshall





With just one variable (price) it's hard to resist when faced with the statement, 'You will have to do better than that..'. You have two choices, say 'No' or decide how much to drop your price. It is tough to repeatedly say 'No', especially when you want to maintain a relationship with the other party.

Add more variables

What happens if you add another variable. For example, if you were selling a house you could consider price and days of settlement. When you have two variables, if you get pressure on price you can resist by moving the other variable.

If you want to sell for \$900,000 but are willing to wait for a 90 day settlement. If the other party offers \$700,000 which you think is unreasonable, then you can say that you would consider that with a seven day settlement. The other party will say that they can't do that and you can move the discussion to how many days they can do and then increase the price accordingly. Adding another variable makes it easier to resist price pressure.

"The most critical thing in a negotiation is to get inside your opponent's head and figure out what they really want."

Jacob Lew

Plan for three levels for each variable

Having three levels gives you flexibility because they give you packages. If you have two variables: price and days over three levels, you have the following packages.

	Price 1	Price 2	Price 3
Days 1	Package 1	Package 2	Package 3
Days 2	Package 4	Package 5	Package 6
Days 3	Package 7	Package 8	Package 9

Level 3 is the best outcome for your company, and level 1 is the worst. So, planning with two variables and three levels gives you nine packages.

Most business negotiations involve four major issues. With four variables and three levels, you can create 81 packages.

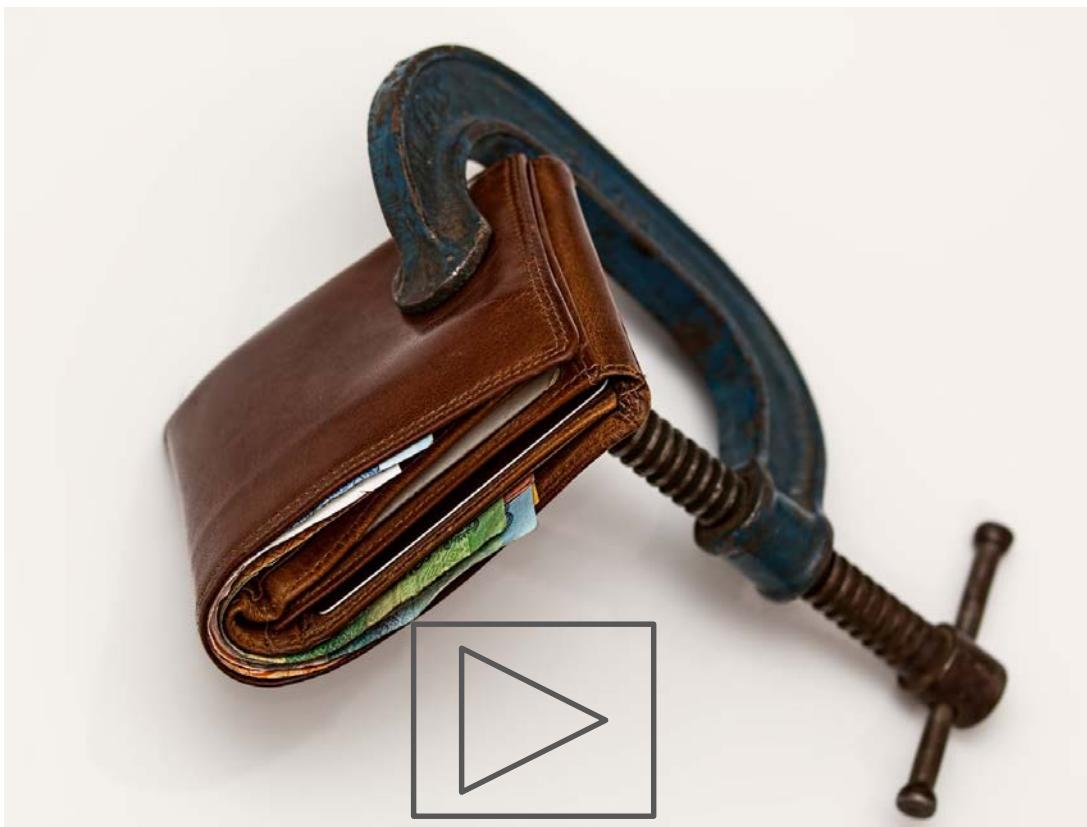
$$3 \times 3 \times 3 \times 3 = 81$$





What would that look like:

	Fee	Service Level	Payment	Length of Project
Level 3	8%	7 days	7 days	32 weeks
Level 2	4%	48 hours	30 days	25 weeks
Level 1	3%	24 hours	55 days	7 weeks





**Don't limit your challenges;
challenge your limits.**

Jerry Dunn

Chapter

Questions to Challenge You

1. How do you plan your questions for your negotiation?
2. How do you ensure your focus on interests during your negotiation?
3. How do you use a structured process to find creative breakthrough results?
4. How many of the six thinking hats do you incorporate in your negotiation?
5. How do you ensure that communication is clear during your negotiation?
6. How do you manage emotion during your negotiation?
7. How do you decide the substantive issues in your negotiation? Have you got three levels for each of these issues?

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The Problem

Negotiations in the B2B marketplace are becoming increasingly complex, calling for more creative solutions. Creating an environment that is conducive to creativity will become a top priority.

With increasing demand to grow profits, the size of the pie in a negotiation keeps shrinking. Creative thinking is required to expand the value available in negotiations.

The Future

To be creative in a B2B negotiation you need to be able to solve a problem that your top customer brings to the negotiating table.

Fixing a problem for your top customer gives you a competitive edge. The harder the problem is to solve, the greater the value that you can deliver with your solution – providing a barrier for competitors.

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