

5 STEPS TO SHIFT POWER

Power is everything is negotiation. Have it and get your way. Don't, and be at the other party's mercy. Skilled negotiators always look to increase the balance of power in their favor.

Power is all about perception. If you think the other party is powerful, then they are. But we can change a person's perceptions, therefore, we can change the balance of power. Skilled negotiators know they don't need real power (although it helps.) they need the perception of power.

Below is a simple five step process to evaluate and influence power.

1. **YOUR POWER:** Make a list of three (yes, only three) reasons why you have power. Next to each reason note with a "Yes" or "No" if the other party perceives this fact. For example:

<u>Reason</u>	<u>Perceived by other side</u>
Market share of 55%	Yes
Time is on our side	No
Their next best option for us is poor	Yes

Be sure to consider the following elements:

- Who is under a time constraint – us or them?
- Where is the level of dependency?
- Do they need us, or do we need them? Why? How?

2. **THEIR POWER:** Do the same exercise as if you were them. What would they say about their power? Do they think you know this? For example:

<u>Reason</u>	<u>Perceived by other side (in this case, you)</u>
This is a very big deal	Yes
Our Plan B is very strong	No
We are not in a hurry	Yes

Note: Time is a key lever in any negotiation. Make sure you consider this aspect. Those that have a time constraint rarely negotiate from a position of power.

3. **YOUR POWER ASSESSMENT:** Based on the work above, give your side a number from 1 "No Power" to 10 "Ultimate Power." Whatever number you give your side, the other party gets the opposite. For instance, 7 for you and 3 for them means you have more power. 5 to 5 would be balanced. If the numbers don't add up to 10, you most likely need to re-evaluate.

4. **COMMUNICATION CAMPAIGN AND INFORMATION GATHERING:** For all the “No’s” identified in Step 1, develop a communication campaign where you change this perception. This could be subtle messaging, or more formal presentations. For all “Yes” in Step 2, your communication campaign should look to diminish these perceptions.
5. **TIMING EVALUATION:** Given the above, will slowing the negotiation down give you more perceived power? Will it allow you to shift their perception of power, or allow you time to gain valuable information about their position? If so, do it. If not, speed it up as best you can.

Remember power comes from perception, not reality. How do you change perception, without changing reality?

Case Story

Procurement manager in Brazil needed to buy a raw ingredient from the only supplier in Brazil. The next nearest supplier was in China. The Brazil supplier knew this fact and the power held. As such, for the last 5 years the supplier implemented massive price increases. Unfortunately, the China option was not an option for the procurement manager – just too complicated no matter the cost. But the Brazil supplier did not know this.

So, we developed a simple communication strategy. The next time the supplier and procurement manager were scheduled to meet and continue the negotiation; the procurement manager cancelled the meeting at the last minute. He would be “out of the country travelling in China on business.” The “Out of Office” email was enough.

At the next meeting the Brazil supplier lowered the pricing by 30% and signed a two-year deal. We simply changed his perceived power – the China supplier was a serious option. (Psst...it never was. As the procurement manager was on a beach vacation, the supplier was stuck inside their own mind figuring out how low to go.)

IF YOU...	THE OTHER PARTY...	THEN...
are weak	perceives you weak	Be careful and build power over time.
are weak	perceives you to be strong	Leverage your perceived power, but be careful as you are bluffing.
have ‘real’ power	perceives you strong	Leverage your power carefully.
have ‘real’ power	perceives you weak	You must show them why you are powerful before you can leverage this power.

Power is everything in negotiation. The more you have, the better the deal. Always understand your power and strive to increase it. Whether you use this power is up to you. But you cannot use something you do not have.