



NEGOTIATION AND THE PROBE TECHNIQUE

When I became General Manager of Harvey Norman's computer division in the 1990s, it was little more than a discount store. I knew that to grow the business we needed to get the big computer brands on board — brands such as Hewlett Packard, IBM and Apple.

The problem was that those suppliers did not want to necessarily be associated with a discount house. They did not want to change the way they did business. Our discount store was little more than a joke to many of the big computer brands at the time.

And that's where we needed to fine-tune the art of negotiation. One thing I learned fast was that bargaining is not negotiation. We needed to learn how to really negotiate. And we succeeded, with the help of the PROBE technique. Harvey Norman's computer division grew from a \$12 million operation to an astonishing \$570 million operation, transforming Harvey Norman in the process.

What does PROBE stand for? Preparation, Rapport, Opening, Bargaining and the End. Let's go through each of these steps.

Preparation

Sometimes I prepare for a negotiation about two or three months before they start. The way I would prepare is that I would learn an enormous amount about your business. How would I go about this? In the current day and age of the Internet, nothing is sacred. I would do Google searches, LinkedIn searches; in fact, I would go so deep down the rabbit hole. Remember, information is power. My aim is to generate as much information as possible prior to the negotiation. I want the other party at the negotiation to say, 'Wow, how did you find out about that?'

Rapport

Rapport is when you make the other party feel at ease to set the stage for the rest of the negotiation. If I want to create a positive environment, I may position the chairs strategically in order to create the best environment. If I do not want a confrontational meeting, I might offer to have the meeting over a cup of coffee. I may use a round table or use humour at the beginning. All of this is a type of body language that helps present a good image of me.

Opening

The opening is really important. It sets the scene. The key here is that I want to be the one who drives the agenda so

I can steer it where I want it to go. I may be upfront and state that I want to come to such and such an agreement and if we cannot come to an agreement, let's set a rule that we do nothing at all. This just told the other party that I am willing to walk away and helped make sure that I do not get emotionally attached to the negotiation. If I am afraid of the possibility of not getting what I want at the beginning, then it creates anxiety and weakens the negotiation process.

Bargaining

There are a couple of things that you have to understand about bargaining. When I am bargaining, I will occasionally ask for all these things to be included in the agreement, even though I do not really need all of these things. I have listed all of these things so that if I reach a point that I need to change to seal the transaction, I can release some of the items in the agreement. This is called making concessions. The reason that I have introduced them, though they mean nothing to me, is that I have set a precedent that if I am willing to give them away, you will, too.

Another form of bargaining is the flinch. This is where you exaggerate your disgust of the terms. Something like, 'You are insane. You have to do better than that. That is a ridiculous price.' Other forms of bargaining include pitting your competitors against each other. I would schedule several days of meetings with suppliers, scheduling one right after the other. I would then make sure that the competitors were scheduled in back-to-back appointments. Then when the meetings would hold over — and I would make sure that they did — the competitors would see each other. That is a form of bargaining.

End

The end is very important. I have seen many negotiations falter because they have just taken a verbal agreement. What I would strongly suggest you do when you get an agreement, is to put it in writing. In fact I often send an email within 24 hours confirming the terms of that agreement. It is simply amazing what can be accomplished when a negotiation is put in writing.

A lot of people think that business is always about selling, but I will tell you that it is also about buying. If you know how to buy well, you can make a fierce amount of money in business. Applying the PROBE method not only can help you negotiate, but it will also build the strength of your business. Harvey Norman is living proof that it works. **mb**

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ABOUT ACHIEVERS GROUP
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