



BREXIT OR HOW NOT TO CUT A DEAL

The troubled Brexit negotiations have been unfolding before our eyes for months. What are the key lessons we should learn?

As the deadline for leaving the EU draws closer, one factor has come to unite leave and remain voters: dissatisfaction with the negotiations.

But, on the plus side, Brexit has got more people thinking about what makes for good negotiations. Open any newspaper or turn on the TV news and you'll soon find someone discussing how

they would have approached the Brexit talks.

For accountants, negotiating skills are essential. Whether it's negotiating fees with prospective clients or agreeing budgets, you need to know how to get the right result. That means you need to understand the two approaches to negotiation: interest-based and position-based (see box).

"Interest-based negotiation is generally the best way to go in negotiations where the aim is to sustain any kind of long-term relationship," says Tony Hughes, CEO of business consultancy Huthwaite International. "So far, Brexit negotiations have generally taken this approach, particularly when agreeing elements within the statement of future relations where

NEGOTIATION EXPLAINED

Interest-based negotiation is all about mutual benefits. Position-based negotiation is about taking a firm stance on an issue.

For accountants, interest-based negotiation is the ideal approach, as they are likely to be negotiating on the basis of a long-term professional relationship. The key thing to remember is this: interest-based negotiation is about working with people, not against them.

Effective interest-based negotiation requires everyone on your side of the table to be on the same page. If you aren't joined up in your approach, you can't communicate your interests and objectives clearly, and the talks will fall apart.

The Brexit negotiations are a good example of the importance of unity, says Clothier: "The UK government mirrors the corporate world. You have a lot of different stakeholders – here the Conservatives, Labour, Lib Dems and the DUP. They should have all agreed a mandate before going to Brussels, but they didn't. You can't negotiate a deal unless you've got approval from all stakeholders."

When at the table, listening to what the other party wants is crucial. What are their needs and how can they be met?

trade, defence and security are involved. But, with some high-profile issues, such as the Irish backstop and free movement, position-based negotiation has been the order of the day – with headline-grabbing results."

Here, Neil Clothier, head of negotiations at Huthwaite, explains how to strike the right balance in your negotiations.

Why do negotiations fail?

It's often due to a lack of strategy, or the desire to close a deal quickly. People negotiate too soon and then focus too much on price. If a firm reduces its fees right from the start without changing the scope of its service, what does that say about its original offer? It's a credibility thing. I'd advocate selling first and negotiating later.

NEIL STEVENS

How can you ensure your negotiations are effective?

Preparation and planning. Preparation means collecting data. Planning means working out how you will use that data to negotiate a deal. Planning is vital. For interest-based negotiations, you need to put yourself in the other party's shoes: who do they have to please, how, and what would be a great outcome?

You can then work out tactics and have alternatives ready if you need to make concessions. You can't negotiate if you're not prepared to make concessions. It's about saying: "If you take something out of the deal that's valuable to me, you'll have to replace it with something else."

What psychological factors were at play in the Brexit negotiations?

We've seen some very interesting things going on, such as the irritator tactic and defend/attack behaviours. Boris Johnson has taken on the irritator role. You might hear

is that, if you take a stance of 'We aren't going to bend', what happens later if you do move? Your credibility goes out the window. Ideally, you'll prioritise the issues that are most important to you, so you'll take a tough stance on some things and a flexible stance on others. The trick is to give way on something unimportant in order to get something more important.

How do you break deadlocks?

If it becomes a haggle over one issue, that's when your preparation skills come into play. You already should have a number of viable alternatives that you can put to the other party. That puts pressure on them as it will be uncomfortable to continually say no. People don't like social pressure.

What can Brexit tell us about the flaws of position-based negotiation?

The government set 'red lines' from the start, with no flexibility, so they left themselves no room for manoeuvre. They haven't brought any viable alternatives to the table and that should have been a big part of the planning and preparation process.

Theresa May has got an impossible task, given the timescales. That's been one of the biggest issues – we've had years to prepare and plan, but there has been a distinct lack of a plan. It's been a catalogue of disasters.

Where have interest-based negotiations come into play?

May's speech in Florence in 2017 was excellent. She used common ground as a ploy. She sent messages of win-win collaboration. She said things like: "We both need each other, we've traded for years and we have a good relationship."

"The trick is to give way on something unimportant in order to get something more important to you"

things like: "This is in your best interests" or "We're bending over backwards to help you".

Defend/attack behaviours can really damage a relationship and the ability to negotiate. If one party attacks, the other will want to defend themselves and it will be difficult to agree a deal after that. Donald Tusk's "special place in hell" comments were very much part of defend/attack.

Is a position-based stance ever a good idea?

Only if it's genuinely a non-negotiable issue. The problem