



Over my career I have interviewed hundreds of candidates for purchasing positions. I always ask candidates to describe their last negotiation and am shocked when candidates can not recall a single negotiation.

All of us started negotiating before we learned to talk. As infants we negotiated for food, bottles, rattles and diaper changes. As we grew, our needs and our negotiation techniques evolved. But every day brought new negotiations providing us with the opportunity to assess techniques we and our counterparts used.

I recently participated in a short, but rich negotiation that illustrates that many techniques can be utilized in a very short period of time.

My family frequently goes to the Indianapolis 500. This year I had the task of selling our 2 surplus tickets to ticket scalpers outside of the entrance gate. (Note to law abiding citizens: Scalping is legal, licensed and taxed in Indiana.)

Having scalped Indy 500 tickets before I knew that the price I would get for my tickets would be less than face value. However, the demand and pricing for the tickets varies from year to year based upon interest in the race and the weather. Luckily, it was a sunny day signaling good pricing.

I started the process by trying to figure out the value of deals that were being done. I listened in on some deals and heard transactions being done at \$20 per ticket. Since the value of my tickets was \$70 each this was not welcome news. But, how high of a price could I attain?

To find out I approached my first scalper. He immediately took possession of the tickets to “find out where the seats were located”. Taking possession of the tickets was the first set up a “fait accompli”. This is when one party moves forward as if the deal is inevitable. By taking my tickets and placing them with his, he was signaling that a deal would be struck.



The scalper asked me for a price. I declined to provide one. He offered \$20 for both tickets. This was 50% less than other deals that were being transacted. In effect, he was leaving room to negotiate.

Without waiting on me to respond, he immediately tried to hand me \$20 and complete his fait accompli technique. I did not take possession of the money and asked for my tickets back. Once I had them, the power shifted in the discussion. I had delivered clear message that his price was too low.

I asked him to name a higher price. He came back with \$20 per ticket. Thus, without declaring a position, I had obtained a concession - - I had successfully utilized the technique of conceding slowly.

I countered with a price of \$70 for both. This was higher than my objective of getting \$30 per ticket utilizing the technique of leaving room to negotiate.

He indicated that my position was unacceptable. I asked for another concession from him. He refused and we parted ways. Things were not going as easy as I thought they would.

It appears that every ticket scalper goes to the same training because the 2<sup>nd</sup> scalper I negotiated with utilized the same techniques as the 1<sup>st</sup>; he set up the fait accompli and set an initial, low price.

However, with the second scalper I signaled a willingness to move by lowering my offer to \$65. He then surprised me by moving to \$60. Since I wanted to get into the track I accepted his offer.

The scalper changed his physical position when he counted out my money so that a fellow scalper could not see how much money he was giving me. I took this as a sign that he had negotiated beyond the \$20 per ticket that I had heard as the agreed price for other transactions.



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A couple came to occupy the seats I had sold. They told me that they purchased the tickets for \$80 giving the scalper a \$20 margin. However, I do not know the scalper's profit after taxes, license fees and cost of unsold inventory are taken into account.

The total time I spent on these negotiations was below 10 minutes. However, in the 10 minutes I can identify the following techniques the scalper and I used:

- Prepare, understand the market. I know from previous years that prices fluctuate year to year. By eavesdropping on other negotiations for less than a minute I gained valuable information about the current market.
- Fait accompli. Both scalpers demonstrated the technique of moving forward as if their "reasonable" offers were going to be accepted.
- Best Alternative to a Negotiated Agreement. By taking my tickets back I blocked the fait accompli and signaled to the scalpers that I had other options than negotiating with them.
- Leave room to negotiate – both scalpers and myself gave initial offers that were lower than what we would accept
- Concede slowly – in both negotiations I tried to get the scalpers to concede before I gave them my initial offer.

Whether as obvious as this one or not, each of us is involved in many negotiations during the day. Recognizing this simple fact, planning ahead and recounting the negotiations after they occur will help us become better negotiators.

***APD's Strategic Negotiation Course is focused to provide buyers and sellers in manufacturing companies with tools and strategies to improve their negotiation results. For more information, call 734-927-0836 or e-mail [jburriss@apurchasingqd.com](mailto:jburriss@apurchasingqd.com).***