

Negotiating a deal

What are the warning signals?

In negotiation, pay careful attention to the attitudes and behaviour of your potential partners. If you get the sense that something is not quite right, take the feeling seriously. The following are warning signals that you might be entering a venture with a high risk of failure:

- You experience difficulty agreeing on what is proprietary data.
- They are trying to push you into making quick commitments.
- You sense they are not being honest and straightforward with you.
- They are uncomfortable discussing their intentions and plans.
- They are spending a lot of money without serious thought.

Negotiations between prospective partners are the heart of the strategic alliance process. They will set the tone and create the structure of your relationship.

It is important that the communication be honest and frank. Cooperation depends on an atmosphere of mutual respect and trust. But trust does not mean ignoring difficult questions or brushing aside serious reservations. Trust allows partners to meet challenges and solve problems together.

Nor does trust mean ignoring real security issues. Frank and clear definitions of intent, of the scope of cooperation, and of the terms of confidentiality are important. Clarity builds trust, while avoidance of important and legitimate concerns can only lead to confusion, unease, and suspicion.

In many successful strategic alliances, the negotiations never actually come to an end. While it is important to structure your alliance so that it will be able to face every challenge you and your partners can anticipate, it is unlikely you will anticipate every new development that will occur. After all, alliances are designed to succeed in rapidly changing environments. No matter how well you structure your alliance, there will probably be areas that need to be renegotiated. It is not enough to structure an alliance so that it is flexible. The partners themselves need to be flexible and open to renegotiating their agreement as vital circumstances change. In successful alliances, negotiations are often on-going and open-ended.

Your negotiating team should be drawn from a variety of areas and management levels, ensuring that it has a command of all of the issues affecting your strategic alliance from broad strategic concerns to legal and technical details. It is important that your team does its homework, studying your partner's firm, your own firm, as well as material relating specifically to the strategic alliance.

It is vital that team members have the sensitivity and confidence to be able to bridge cultural gaps. Where partners speak different languages, make sure that you have the means to make sophisticated translations. If your communication is inadequate or limited to simple words, subtle misunderstandings can easily become major obstacles.

Some involvement by top management is important. Its presence signals real commitment on the part of the firm, helping to bring both the partner and your own employees on side. Senior executives have the broad strategic understanding and the clout that can help to keep talks on track and that can break deadlocks in negotiation.

But it is usually a good idea to limit their involvement. At a certain point, personnel with a better grasp of technical, operational, and legal details should be used. Senior executives have been known to avoid raising thorny questions in order to maintain a pleasant, collegial atmosphere. They may also lack detailed familiarity with issues that are the province of lower levels of management and assume difficult details will be ironed out later.

Every alliance needs a champion. You should appoint at least one person with enough clout to make things happen. The champion becomes the key catalyst for the alliance within your firm. He or she is the driving force, taking responsibility for its creation and often serving as the chief negotiator.