

When to Hold 'Em, When to Fold 'Em: Negotiation Skills for the Credit Professional

"You've got to know when to hold 'em,
Know when to fold 'em,
Know when to walk away,
And know when to run."

– Kenny Rogers, "The Gambler"

Though the song is about a gambler, the lyrics hold good advice for anyone involved in a negotiation. After all, according to an expert, negotiating is a game.

At NACM's Graduate School of Credit and Financial Management held this past June, Bill Russell, vice president and regional director at Transaction Partners, presented a course on *Advance Negotiations* that took advice from Rogers' song. "Knowing" is an important part of negotiating, since the person with knowledge has the upper hand. Also, smart negotiators give in when they should. When you know when to walk away, that's playing it smart.

Negotiation is inherently about compromise at some level, Russell said. Both sides need to be tolerant with the results and understand the consequences of a failure to agree. Those consequences may include loss of business, loss of a beneficial relationship and even litigation. Litigation is compulsory; negotiation is voluntary. Both sides must say "yes" in a negotiation.

Though knowledge is power, don't hoard information, Russell said. The person across the table cannot make a decision based on information that you have withheld from him or her. Negotiations between friends is more likely to be successful than negotiations between stone walls.

Don't be afraid to make the first offer. Stake out your ground and define the first parameter. And what if the other side takes your first offer? Doesn't that mean it was a weak one? If they take it, don't worry about it, as long as you're comfortable with your offer in the first place.

It takes two sides to build a bridge across a canyon, Russell said. Don't be offended by the other side's first position. Let the bridge building begin. Don't bid against yourself, either. Once you've made an offer, wait it out. If they ask for another offer from you, saying that you need to go lower, then they need to put something on the table first. Otherwise, you're bidding against yourself.

Russell covered some points from Herb Cohen, bestselling author of *You Can Negotiate Anything*, particularly Cohen's advice to care ... but only to a certain degree. "For at least 40 years I have referred to negotiating as a game, where you should care, really care ... but not t-h-a-t much," Cohen says on his website.

Cohen emphasizes a calm, gentle approach. The harsher the environment, the softer you must be. Demonstrate respect. Ask questions, listen patiently, write down what is being said, and control your reactions. Enforce humility upon yourself. Ask yourself if you are entering a negotiation with the intent

only to win, or if you are also looking for a way for the other side to win. The idea is to get to a win/win situation rather than win/lose.

“So always try to keep your composure and a detached view—distancing yourself from your natural impulses and emotions,” Cohen says. “This relaxed attitude (a balance between irrational exuberance and utter despair) can provide a bulwark against the onset of stress-producing emotions (self-doubt, anxiety and hostility) —a psychological shield between the ego and the aggressiveness of others.”

Any offer can be withdrawn until it is agreed to, so don't count your chips too soon. That's in the song too. Staying relaxed, building bridges and leaving the table happy—on both sides—can all lead to satisfactory results “when the dealin's done.”

Adam Fusco, associate editor