

**CUSTOMER DISCOVERY: Module 8, Episode 4****Managing & Scaling Up a Successful Pilot**

TITLE:

Navigating Negotiations While Scaling Up

DESCRIPTION:

Learn the practices, phrases, and questions you'll want to keep in your back pocket to successfully negotiate

[LEARN@LIFT Episode Intro]

Welcome back everyone. Toward the end of our last episode, I mentioned it's fairly common for a decision about expanding your pilot to take some time. After the pilot phase and an evaluation of the results, you'll enter into a period of negotiations to decide the long-term structure for working together at scale.

In this episode, we're going to dive into the practices, phrases, and questions you'll want to keep in your backpocket to successfully navigate this post-pilot negotiation process, which will apply regardless of the partner structure you're moving toward. Regardless of whether your partnership fits into a certain "category" like a traditional vendor/supplier relationship, a technology license, joint development agreement, or another category like an investment, you'll find these points helpful to keep in mind.

The first practice to set up for a successful negotiation begins even before your conversation does. Before you're sitting at the proverbial 'negotiating table,' visualize the conversation going really, really well. Picture your corporate counterpart smiling, and feeling excited by the bright future you're creating together. Imagine how grateful you'll feel to have that long-term partnership contract fully signed and locked in place. This practice of visualization is

sometimes called guided imagery or meditation, and generally speaking, the goal is two-fold. First, you want to create a rich mental image of what you want to happen in reality. This allows you to simply "step into" that same feeling at the start of the actual negotiation. Second, this technique puts you at a state of rest, while feeling calm, safe, and a sense of well-being. If you're approaching the conversation from a place of stress, fear, survival, or from a fight-or-flight perspective, you'll find that what can already be a tense meeting slides into ultimatums, aggression, and an eroding negotiation.

Second, you'll want to create this same feeling of calm in your counterpart. Practice using an even, metered tone of voice that conveys to your partner you've thought through the points you're raising in a logical way, that they can trust what you're sharing, and that you're open to reasonable points you may not have considered. Injecting sharp emotions into the conversation can swing this feeling of calm.

That said, another technique to create a safe place for your counterpart is called mirroring. A part of mirroring is matching your partner's tone — for example, if they become increasingly animated during a certain point in your conversation, and they're at an 8 or 9 on a 10-point scale, it's okay to increase the level of intensity of your voice, but stay one notch lower than them. Say a 7, to let them know that you understand how strongly they feel about the topic, but you're still in a balanced frame of mind. The same goes for body language. If your partner is relaxed and reclining in their chair, doing the same let's the partner know you're in a similar place.

The other way to practice mirroring is repeating the last few words of your partner's sentences with a slight, upward intonation. For example, if your partner says, "We couldn't possibly expect to have a contract in place before the end of the quarter." Then, just say, "End of the quarter?" with a curious, upbeat tone. All you have to do next is wait and listen. Your partner will fill the silence with a deeper explanation of where they're coming from. They might say, "Yeah, the end of the quarter, because that's when the new fiscal year's budget will be finalized." To press for even deeper insights, you might then repeat the practice. "It'll be finalized?" You might ask, to which you could hear, "Right, finalized, because our division president won't approve any new spend over \$100,000 without looking at the fiscal year

budget, and weighing it against other priorities.” In this case, you’ll have discovered something pretty critical — and if you’ve never met the division president before, you’ll want to make sure she’s seen the results of your pilot, and that you understand what other priorities may be up in the air for her to consider.

Now, keep in mind that despite your best efforts, there will be moments when a tense conversation escalates. In that moment, it’s incredibly important that your counterpart believes that you see the nuances of how they’re feeling. To assure them of this, proactively label their emotions and potential fears. Phrases like “It sounds like…” and “It seems like…” or “It feels to me that…” will help disarm the other side of the table and lower their intensity. For example, saying, “It seems like you’re concerned that your president won’t approve our budget request,” can be a much more effective tact than saying, “Do you think your president will approve our budget request?” The reason is that this approach addresses two problems — one, how your partner is feeling, which will affect their level of interest in presenting your request to their president — and two, it creates the space your partner needs to expand on what’s driving their concerns, because they feel you truly understand where they’re coming from.

Now, as you work to disarm and de-escalate negative emotions, you also want to encourage and dial up more positive emotions. The phrase you’ll want to listen for is, “That’s right!” There’s something cathartic about hearing another person verbalize what you’re already thinking, so when your partner chimes in with this phrase, you’re on the right track. To elicit this reaction from them, try to summarize what you believe to be a key point from their perspective. For example, you might say, “Before talking about the budget with your president, you want to share a few stories from our work in a less formal setting, right?”

Your main objective during a negotiation, which all of these phrases are creating the space for is this: uncovering the unknown unknowns. This is why there are deals that fall apart and leave us feeling mystified. On paper, a deal should have worked out, your negotiating conversations may have seemed positive, and your counterpart was optimistic. And then everything slides south and you’re left with nothing because there were unknown unknowns.

Okay, so to continue, if you know there are certain terms you don't want to negotiate around, you can try to frame the conversation around that term as a given. For example, this might sound like, "Because we'll retain full ownership over the future IP that's created, we'll want to include some terms that provide for a perpetual and royalty-free license for you." In essence, you're anchoring the discussion toward full IP ownership for you, and setting up yourself to "give away" a free license to the partner.

Another tactic that can be helpful is the use of hypotheticals to isolate an underlying issue. If it feels like you're facing one objection after another, and you're not quite sure what the true concern is, use the phrase, "Let's suppose that..." For example, you might try saying, "Let's suppose your president grants you the full \$300,000 budget tomorrow, when would you ideally want to have our partnership rolled out at a national level?" This could help you remove the unknown of a budget approval and the timing of the organizational budgeting process from other concerns that may drive your timeline for scaling up.

This brings me to the last phrase you'll want to keep in mind when you uncover a new objection or concern. "How?" and "What?" questions. Remember, you're in this together. If your pilot was successful, your counterpart will want to find a way to make things work. So when you're at a roadblock, or even a "yes" that feels too soft to be a commitment you can count on, ask them to invest more brainpower in figuring out the answer for you. For example, you might want to ask your counterpart, "How should we put together a compelling storyline for your president to review?" instead of making your team guess at the right set of slides to put together. Or you might say, "What milestones will we need to hit for a national rollout by that date?" instead of trying to draw up the process yourself.

There you have it. A list of practices you'll want to use to successfully navigate your next negotiation. To review them:

1. Remember to visualize a positive outcome
2. Create a feeling of calm in your counterpart
3. Use mirroring and labeling to strategically disarm conflict
4. Summarize key points to have your partner saying, "That's right!",

5. Frame the discussion around your non-negotiables
6. Use hypotheticals to isolate objections
7. Ask "How?" and "What?" questions.

In our next episode, we'll wrap up this module with an overview of key legal terms to look for once you've moved from negotiating to contracting.

[Insert Episode Closing]