

The Art of Negotiation

Virtual Workshop, 8 July 2021

Overview

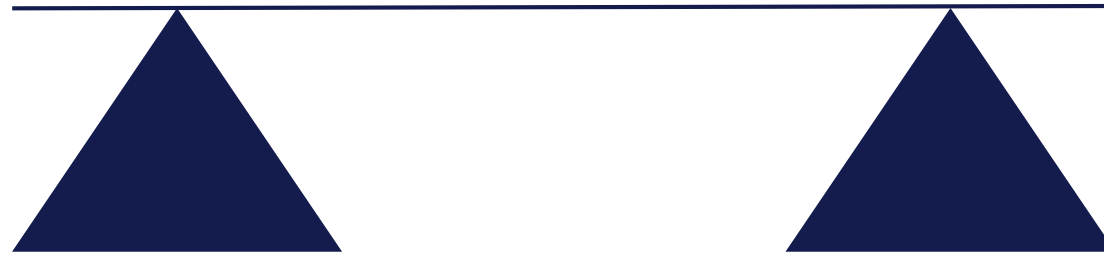
- Three principles that underlie successful negotiations:
 1. The right mindset
 2. The right process
 3. The right execution
- Key principles in M&A negotiations



The Right Mindset

Two Key Beliefs

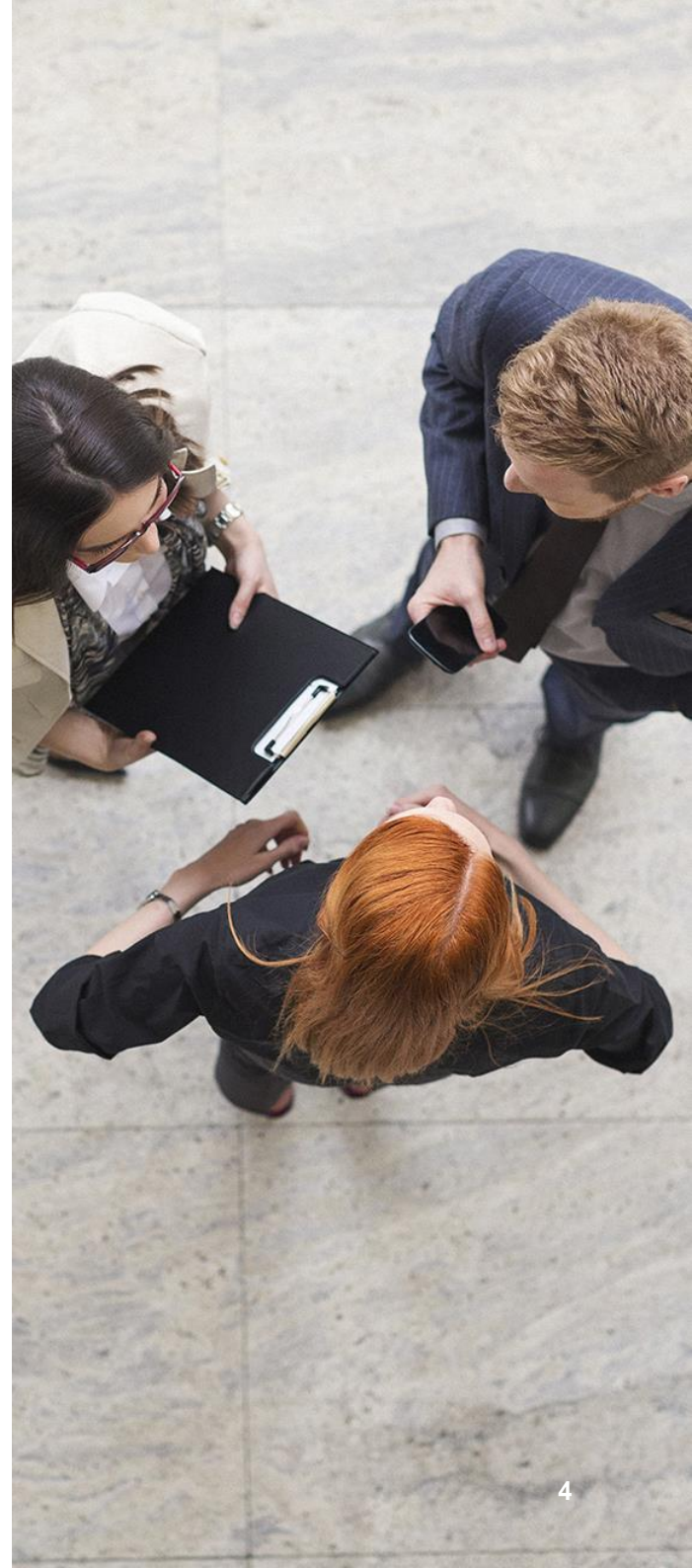
- Everything is negotiable
- A better deal can be found if you ask



The Right Mindset

Negotiation is a process of convergence

- Types of negotiation
- Interests vs. Positions
- The factors Time/Information/Power



The Right Mindset

Technique is important, BUT honesty, integrity and fairness trump technique

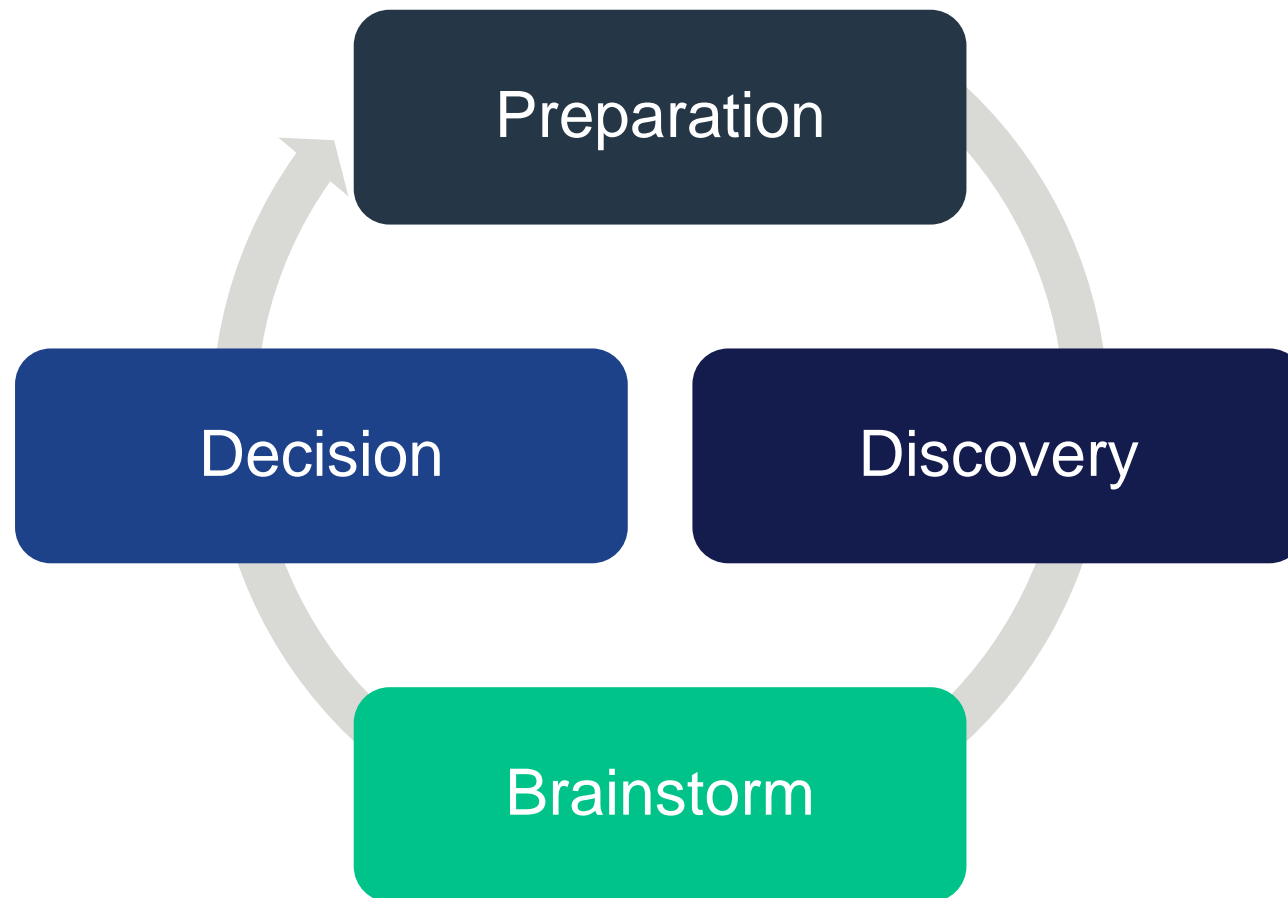
Let the other party
save face

The ultimatum game

A successful
negotiation

The Right Process

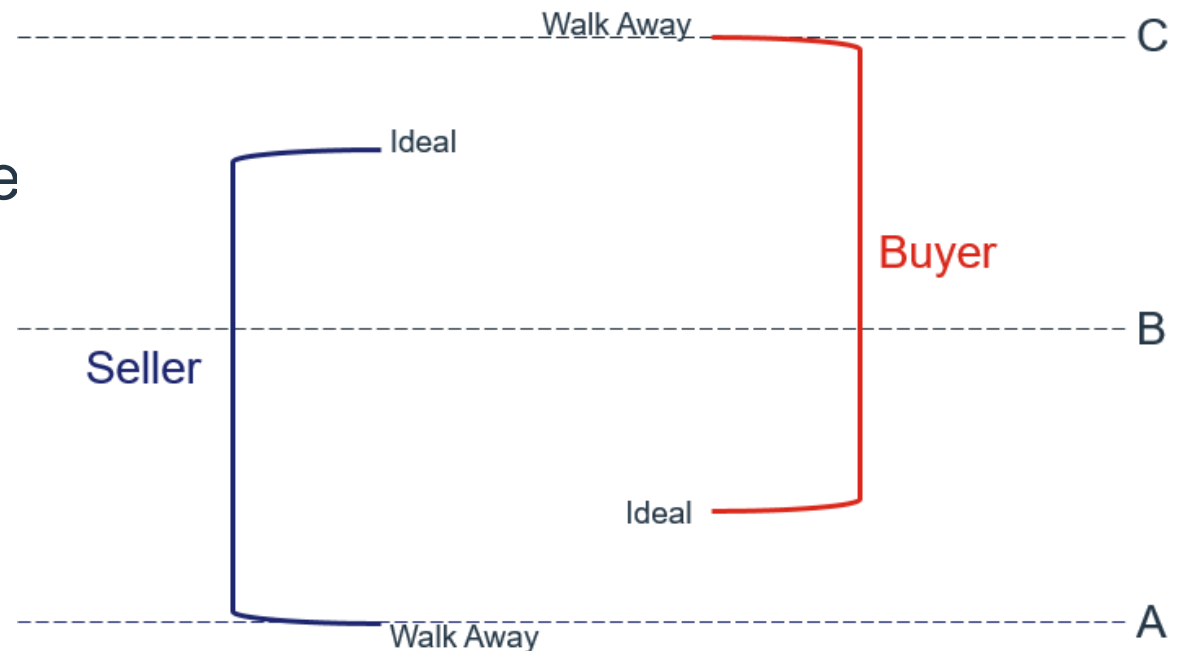
Negotiation is a process, not an event



The Right Process

Preparation is the single most important element to a successful outcome

1. Core Interests
2. Alternatives (BATNA)
3. Walk-Away Price
4. Zone of Possible Agreement
 - a. Milestones
 - b. Options
 - c. Standards
5. Messages



The Right Execution

6 Principles of Influence

- Avoid Confirmation Bias
- Avoid Anchoring Effect
- Avoid Loss Aversion
- Play Addictive „No“
- Play Tactical Empathy
- Play Flexibility

Key Principles in M&A Negotiations

Preparation Rule

Sell-Side Considerations

- ✓ Buyer motives
- ✓ Buyer resources
- ✓ Buyer plans

Buy-Side Considerations

- ✓ Reasons for selling
- ✓ Price rationale
- ✓ Alternative to no sale

Key Principles in M&A Negotiations

Key Takeaways

- The best offer in M&A is a combination of price, term and conditions.
- Negotiation is based on two key beliefs and it is a process of convergence, not a battle of positions.
- Important to take the lead and beware of deal heat.
- Flexibility:
give the other side more than one way to improve their offer.
- Never make a concession without getting something in return.

In Conclusion

**The best attitude by far of
an excellent negotiator...
I care... But not that much!**

Europe > Middle East > Asia

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