



## 7 Habits of Highly Effective Negotiators in Insurance & Financial Services

by

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### Learning objectives

By the end of the session, participants will be able to:

- understand the key elements of a negotiation process.
- identify the 7 habits of a highly effective negotiator.
- implement a strategy to negotiate with confidence in future business dealings.



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### Essential Personal Qualities

- Nerve
  - ❖ Display confidence in your position and remain calm.
- Self-discipline
  - ❖ Stick to facts and don't let emotion interfere.
- Tenacity
  - ❖ Be confident in the face of challenges, though remain reasonable and open-minded.
- Assertiveness
  - ❖ Be in control but don't cross the line and be disrespectful.
- Instinct
  - ❖ Trust your initial reaction to a proposal that is made.



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- Caution
  - ❖ Take time to think and be patient.
- Curiosity
  - ❖ Use effective questioning techniques to find out more.
- Numerical reasoning
  - ❖ Be able to back up your valuations and have a strategy for proposals.
- Creativity
  - ❖ Be prepared to adapt and think of novel solutions.
- Humility
  - ❖ The other party will mirror your behaviour if you are too competitive.

Source: Stephen Gates, *The Negotiation Book*, John Wiley & Sons, 2012




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### Style: positional v interest-based

- Positional negotiation is reaching a compromise on two initial positions:
  - adversarial in nature.
  - neither party feels fully satisfied after making concessions.
- Interest-based negotiation is assessing each party's interests and then finding a solution:
  - based on collaboration.
  - neither party has to give up their interests.




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### Style & Strategy

- Always aim to secure the cooperation of the person you are dealing with. If they seem uncooperative, ask a simple question – why?
- Keep to the facts and don't start arguing about reasons.
- Consider the other person's point of view. The level to which you consider their point of view will be mirrored in the way they consider your views.




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- Always think about proving yourself right, rather than proving the other person wrong.
- Acknowledge the responses you get. Even if you disagree.
- Don't discredit what the other person says. They won't listen to what you have to say next.
- Don't make a concession after each point the other person makes as it will just encourage them to keep coming back for more.



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### Virtual communications

- Trust is built through perceived expertise.
  - "I am hearing and seeing .... in the market, what about you?"
- Disinhibition:
  - don't get sucked in.
- Ghostbusting:
  - use headings and numbering
  - plan your responses.



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- Convergence:
  - language matching and mannerisms
- Q&A writing style:
  - "As I understood it, the level of the deductible is going to be an issue for your client, is that right? If so, I can help with this issue. I am able to ..."
- The grey effect:
  - positive = neutral
  - neutral = negative
  - negative = ?



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## The 7 Habits

Highly effective negotiators habitually:

- 1) prepare.
- 2) seize power.
- 3) control emotions.
- 4) thinking critically.
- 5) actively listen.
- 6) communicating clearly and effectively.
- 7) honour their word.



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## Preparation

- Recognise when the process begins.
- Creating and claiming value.
- To engage in integrative negotiations, you need to identify your partner's and your:
  - needs
  - interests
  - goals



Trust is built through frequent communication and information sharing.

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- 1912: Roosevelt's election campaign.
- 3,000,000 copies a photo have been used in a leaflet. It has not yet been distributed. The photographer has not given permission.
- Copyright law allows the photographer to claim 1\$ per copy.
- Options: pay 3,000,000\$ or re-print 3,000,000 brochures?



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➤ The campaign manager's response:

- He sent the following telegram: "Planning to distribute three million copies of campaign speech with photographs. Excellent publicity opportunity for photographers. How much are you willing to pay to use your photographs? Respond immediately."

➤ The photographer's response:

- "Appreciate opportunity but can only afford 250\$"

➤ The campaign manager has created value and claimed it. Note: claiming value doesn't mean equal shares. You still aim to obtain the "lion's share."

➤ Value is about what someone wants.



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➤ The ICAP questioning process is an effective tool.

**Interests:** what are their objectives and concerns?

**Constraints:** find out where they are least flexible and most flexible.

**Alternatives:** you should avoid in the early stages asking what alternative proposals they have. Ask open questions. For example, "what's your perspective on the market at the moment?"

**Perspectives:** what is their historic relationship with you and how do they view your potential offering?



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➤ BATNA: best alternative to a negotiated agreement.

➤ Reservation Point: when you are they are indifferent about walking away.

➤ ZOPA: zone of possible agreement.

➤ Interests:

- distributed
- integrative
- common



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## Seizing power, handing over control

- By delivering a proposal first you create the “anchor”.
- It should test the other party but not be extreme.
- Have a strategy for proposals – negotiation by diminishing scales!
- You force the other part to reassess their evaluations. You have seized the power.
- All counter offers and proposals will become relative to your “anchor”. The other person often forgets their position.



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- Multiple Equivalent Simultaneous Offers.
- This only works where there are multiple issues being negotiated.
- Provides control to your partner and allows you to see what their true values and priorities are:
  - preferences
  - interests
  - needs
  - constraints
- Each time, ask...why?



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- Who holds the balance of power? Is this real or just perceived?
- If someone makes a threat or if they set a deadline, you need to assess the credibility.
- Will carrying out a threat harm them? Do they really have the options open to them?
- Test the credibility of the threat. Ask a probing question.



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## Controlling emotions

- Remove hidden agendas.
- Identify the right agenda.
- Focus on the solution and not the problem.
- Look for a sensible outcome and not a win/lose outcome (agreement v acceptance).



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- Intellectual humility: the ability to recognise that your beliefs or opinions may be incorrect.
- Questioning skills are key.
- A balance between:
  - efficiency and effectiveness.
  - open-mindedness and overly conciliatory.



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## Critical Thinking

- Without critical thinking, you cannot solve problems and make decisions.
- Many of the issues raised in the 'preparation' section are examples of critical thinking.
- The following are indicators of a good critical thinker.



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1. Focusing on obtaining the right solution rather than trying to prove they are right.
2. Not rushing the decision making process and weighing up the options.
3. Verifying information (listening out for phrases like, "it is generally accepted" etc.).
4. The process of information gathering stops when they have enough to make a decision.



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- Critical thinking will lead to the need to make decisions. Each decision has four stages:
- **Observe:** what does the information from all sources reveal?
  - **Orient:** analyse the information to update your situation.
  - **Decide:** select the correct path to reach your goal.
  - **Act:** implement the decision as soon as possible.



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## Active listening

- The 4 levels of communication.
- Listen with your ears, eyes, head and heart!
- Mirror principle. Communication is a partnership.
- Face the person speaking and maintain eye contact. It's harder to hit a moving target!
- Don't ghost issues in emails.



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- Keep an open mind. What you assume is what you get, so assume everyone has a valuable contribution to make. Remember, they're processing their internal thoughts and feelings.
- What I think (fact) and what you think (a guess).



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- We think faster than someone can speak.
- The average rate of speaking is 125 words per minute.
- We have the capacity to understand up to 400 words per minute.
- This means we are using just over 25% of our mental capacity. This is why our minds drift!
- Take notes if appropriate.



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### Clear and effective communication

- Plain language: paraphrase complex information.
- Stick to facts rather than opinions.
- The following statement expresses an opinion:
  - I don't think that is correct.
- You can turn this into an observation based on fact:
  - There are inconsistencies in what you have said because ...



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- Use positive phrases and avoid threats.
- If someone uses emotional words, pay special attention. Show empathy.
- Never say “but” or “however” as it removes the empathy.
- Never tell someone they need to be patient. Instead, say you want to work with the other person to resolve things as quickly and as efficiently as possible.
- If you ask someone to “trust” you, it suggests there is a reason why they shouldn’t trust you!



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- If you ask someone to calm down, you’re likely to make them even more excitable.
- Never tell someone they need to be reasonable or even worse, they are being unreasonable. Reinforce the reasons to back up your valuation or your viewpoint.
- If you use the words “offer” it suggests to the other person that there is still room to negotiate. Use terms such as “valuation”.
- Never refer to figures as being “approximate” or “about”.



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- If you have properly planned the negotiation, you will have reached an evaluation of your desired outcomes. You need to ensure the negotiation remains focused on this and not the other person’s demands.
- Think of the difference between the following two openings:
  - “Good afternoon Mr Roberts, this is John from XYZ Ltd. I am calling to confirm we received your proposal of £4,500 and I am afraid we cannot accept this.”
  - “Good afternoon Mr Roberts, this is John from XYZ Ltd. I am calling to discuss your proposal of £4,500. I am afraid that we cannot accept this. Based on all the information provided, and my assessment, I am prepared to agree a valuation of £5,500 and this figure is broken down as follows ...”



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## Honour your word

- This habit really speaks for itself.
- It creates a trusting and open environment.
- Don't use empty threats / ultimatums.
- You must execute promises made and within the timescales agreed.



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## Restatement of the 7 habits

- 1) Preparation.
- 2) Seizing power.
- 3) Controlling emotions.
- 4) Critical thinking.
- 5) Active listening
- 6) Clear and effective communication.
- 7) Honouring your word.



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