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The Key to Success: Negotiating 101 For Engineers

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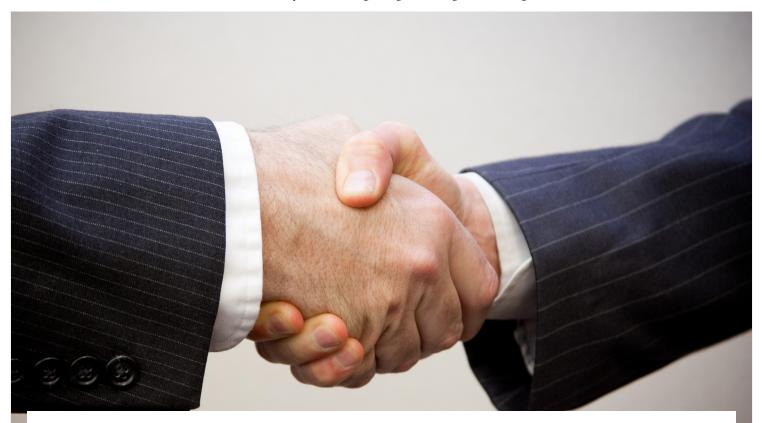
Viewpoint

Professor Lawrence Susskind

The importance of negotiating skills is often neglected in engineering training. Prof Susskind, who teaches at MIT, explains why this is a mistake; and why it presents different problems from those engineers are used to

It's one thing to come up with an innovative idea; it's another to take that idea to market.

Many engineers can conceive of promising inventions, produce a business plan and find interested investors. Trouble arises, though, when they have to negotiate on their own behalf. Negotiation requires specialised skills and knowledge; it's not intuitive. Unfortunately, most engineers haven't invested in acquiring the negotiating skills needed to bring an idea to market or to further innovative practices within an existing company.



Reaching an agreement requires skills engineers may lack. Image by www.flazingo.com/creativecommons

Typical engineering logic can get in the way. I find that many inventors or innovators repeat the same mistakes when they negotiate with investors or potential partners. They assume they can convince the "other side" to do what they want by presenting the right evidence. They don't understand that the other side has real constraints that limit the "zone of possible agreement." They let emotions get the best of them. They try to reduce uncertainty by generating "better" forecasts, but these rarely help. They assume they can bring the other side up-to-speed on technical matters, but that only makes things worse. Finally, they concentrate exclusively on the terms of the deal and ignore the need to build trust and pay attention to relationships. Relationships and trust-building are essential when partners or co-venturers have to work together to implement whatever deal they come up with.

There are ways to avoid these mistakes.

- **Ego and Emotion:** When training engineers how to negotiate, one of the biggest problems I run into is ego and emotion. Inventors have spent countless hours on a project and are likely to take any criticism as a personal attack. When negotiations begin, it's vital to leave emotions out of it.
- Dealing with Uncertainty: If you've ever watched the television show "Shark Tank,"

then you already know that investors want to minimize risk and increase their reward. Inventors and investors will look at the same risks differently. When entering a negotiation, it's key for inventors and innovators to be ready with contingent proposals that will minimise the risk to their investors.

- Handling Technical Complexity: It's rare for an investor to understand the
 complexities of a prototype as well as the inventor does. It may be necessary for
 both sides to engage in joint fact finding to ensure that they have a shared
 understanding grounded in mutually acceptable data.
- Building Trust and Working Relationships: During the negotiation process it's very common for inventors to over promise. When claims don't come to fruition, trust can be broken. Cooperation and trust are at the core of any relationship. To maintain good working relationships, successful negotiators know how to say what they mean and mean what they say.

While negotiation is like problem-solving, it is not like the problem-solving at which most engineers excel. Rather than breaking a problem into smaller parts and piecing smaller solutions together, negotiators have to know how to keep multiple agenda items open as long as possible. This allows them to develop "packages" that create value by incorporating trades across multiple issues. Most untrained negotiators spend too much time trying to stop the other side from defeating them and not enough time trying to find low-cost ways of meeting their counterpart's most important interests. Skilled negotiators know how to make the pie larger before attempting to divide it up.

At MIT, our approach is to emphasise the link between hand and mind, or theory and practice. I encourage all engineers to improve their negotiation skills by practicing in norisk settings. With a reflective frame of mind, it is possible to keep learning from your own experience. You have to be willing to draw lessons from your own experience and make adjustments. The six week online course I offer, *Entrepreneurial Negotiation: The MIT Way* provides a way for engineers to acquire the knowledge and skills they need to become successful innovators or entrepreneurs.

Professor Susskind has been a member of the MIT faculty for more than 40 years. He is a co-founder of the Program on Negotiation at Harvard Law School (an inter-university research consortium) as well as the Consensus Building Institute, a company that provides mediation services in some of the worlds' most complex resource management disputes. His book, "Good for You, Great for Me" (Public Affairs, 2014) is provided to everyone who signs up for the Entrepreneurial Negotiations: The MIT Way course.

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